



Department of City Development

City Plan Commission
Historic Preservation Commission
Neighborhood Improvement
Development Corporation
Redevelopment Authority

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

October 2, 2009

Mr. Ronald D. Leonhardt
City Clerk
City Hall, Room 205
Milwaukee, WI 53202

Dear Mr. Leonhardt:

Enclosed is a fully executed duplicate original of the Cooperation Agreement between the City of Milwaukee and the Redevelopment Authority of the City of Milwaukee, Contract No. 05-160 (RA). This pertains to Tax Incremental District 59.

Please insert this agreement into Common Council Resolution File No.050395, adopted September 27, 2005.

Sincerely,

Scott Stange
RACM Compliance Officer

CITY OF MILWAUKEE
2009 OCT -5 AM 10:52
RONALD D. LEONHARDT
CITY CLERK

**DUPLICATE
ORIGINAL**

**COOPERATION
AGREEMENT**

**Tax Incremental District No. 59
(Bronzeville Cultural and
Entertainment District Project)**

COOPERATION AGREEMENT
for
Tax Incremental District - Number 59
(Bronzeville Cultural and Entertainment District)

THIS COOPERATION AGREEMENT (hereinafter referred to as "Agreement") is entered into as of the 1st day of September, 2007 by and between the City of Milwaukee, Wisconsin, a municipal corporation (the "City") and the Redevelopment Authority of the City of Milwaukee, a public body corporate and politic organized and existing under the laws of the State of Wisconsin (the "Authority").

WITNESSETH:

WHEREAS, the Authority, with the cooperation of the City, has undertaken to develop and carry out the Bronzeville Cultural and Entertainment District Project (the "Project") which is located in the City and County of Milwaukee, Wisconsin and is generally described on Exhibit "A"; and

WHEREAS, the Authority adopted Resolution Number 9753 (hereinafter the "Authority Resolution") on September 13, 2005 approving the Redevelopment Plan for the Project; and

WHEREAS, the Authority Resolution is attached hereto as Exhibit "B-1"; and

WHEREAS, the Common Council adopted File Number 050395 approving a resolution (the "Council Resolution") establishing Tax Incremental District No. 59 and authorizing this Cooperation Agreement, a copy of which Council Resolution is attached hereto as Exhibit B-2; and

WHEREAS, the boundaries of Tax Incremental District Number 59 (hereinafter "TID - 59) is depicted on the map attached hereto as Exhibit "C;" and

WHEREAS, the City intends to provide the Authority with the funds necessary to finance all TID - 59 project costs, as set forth on the budget attached hereto and by this reference incorporated herein as Exhibit "D" (the "Budget"); and

WHEREAS, the activities to be undertaken within TID - 59 are described in the Project Plan for Tax Incremental District - 59, City of Milwaukee (the "TID - 59 Project Plan") which is attached as Exhibit "E"; and

WHEREAS, All costs set forth on the Budget are to be expended within the boundaries of TID - 59.

NOW, THEREFORE, The parties hereto mutually agree as follows:

1. Project Definition. The Authority shall implement and to carry out the Project as well as the TID - 59 Project Plan, contingent upon the Authority receiving adequate financing therefor from the City. The City shall provide the Authority with the funds necessary to carry out the TID - 59 Project Plan, said funds being provided in aid of the activities of the Authority relative to the Project.

2. Establishment of Fund Account. Subject to available funds, the City will provide to the Authority, from Tax Incremental Bond Account No. 06580000 or from any other source as determined by the Common Council, funds in an amount not to exceed the amount set forth in the TID - 59 Project Plan for TID - 59 expenditures (hereinafter referred to as the "Funds") for costs specified in the Budget. Available Funds are to be made available to the Authority upon requisition by the Secretary of the Authority according to a procedure mutually agreed upon between the City Comptroller and the Secretary. The Funds, to the extent received by the Authority, shall be placed in a separate bank account (the "Fund Account") by the Authority and shall not be commingled with other funds of the Authority.

3. Administration of the Fund Account. The City Comptroller shall review and approve the accounting and financial reporting systems necessary to administer the Fund Account.

4. Use of Funds. Funds granted by the City to the Authority shall be utilized for the purpose of implementing the Project, as specified in the Budget, and to provide for the public improvements and other activities specified in the TID - 59 Project Plan.

5. Verification by Comptroller. The City Comptroller shall, from time to time as in the Comptroller's judgment is appropriate, review the receipts and expenditures of the Authority in connection with the Project and TID - 59 activities and the Comptroller shall make an accounting to the City. The Comptroller shall conduct an audit and report to the Common Council with respect to the results of such audit. Upon completion of the Project and TID - 59 activities, the Authority shall make a full accounting to the City of income received and amounts expended and shall return to the City all unused and unneeded Funds.

6. Construction of Improvements. The Authority may construct or cause to be constructed within TID - 59 such improvements as are provided for in the TID - 59 Project Plan or as shall be determined by resolution of the Common Council amending the TID - 59 Project Plan (the "Improvements"). The cost of the Improvements shall be fully paid from the Fund Account.

7. Supplemental Redevelopment Activity by City.

- a. The City, in furtherance of the Project, will vacate, if necessary, streets and other public ways and will take other lawful actions as may be deemed by the City and the Authority to be necessary or desirable in connection with the Project and TID - 59.

- b. The Department of City Development, Department of Neighborhood Services and the Department of Public Works shall assign personnel to implement and complete the Project and TID - 59 in accordance with the annual service contract between the City and the Authority.
- c. The Department of Public Works shall assist the Authority in the implementation of all construction contracts in respect of the Improvements to which the Authority is a party.

8. Interest Payments. Any sums due and payable hereunder by either party to the other shall not bear any interest, but any interest earned on the Funds shall be for the account of the City.

Signatures appear on following page.

IN WITNESS WHEREOF, The parties have executed this Agreement as of the date set forth above.

CITY OF MILWAUKEE

Tom Barrett

TOM BARRETT, Mayor

Date: 9/17/09

Ronald D. Leonhardt

RONALD D. LEONHARDT

City Clerk

Date: 9/21/09

COUNTERSIGNED:

Michael J. Moricson DEPUTY

W. MARTIN MORICSON

City Comptroller

Date: _____

REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE

By: Michael J. Moricson

Chairman

Office of the City Attorney
Approved as to Form and Execution

Dated 9/28/09

By Ken P. Sullivan
Assistant City Attorney

By: Ray Mary
Executive Director

Date: 9/22/09

Index of Exhibits

Exhibit A	Project Description
Exhibit B-1	Authority Resolution
Exhibit B-2	Council Resolution
Exhibit C	TID 59 Map
Exhibit D	Project Budget
Exhibit E	Project Plan

EXHIBIT B-1

Redevelopment Authority of the City of Milwaukee

Resolution No.: 9753
Adopted on: September 13, 2005
Aldermanic District: 6th

Resolution adopting the boundaries and Project Plan for Tax Incremental District No. __ (Bronzeville).

Whereas, The Common Council of the City of Milwaukee, pursuant to Sec. 66.1105(3)(f), Wisconsin Statutes, has designated the Redevelopment Authority of the City of Milwaukee as the agency responsible for preparation and review of proposed tax incremental districts; and

Whereas, Boundaries and a Project Plan for the Bronzeville Incremental District, No. ____, have been prepared and duly noticed; and

Whereas, On July 12, 2005, the Redevelopment Authority conducted the required public hearing on the boundaries and Project Plan for Tax Incremental District No. __; now, therefore, be it

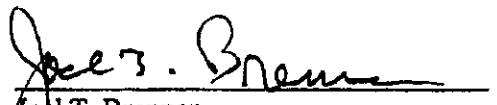
Resolved, By the Redevelopment Authority of the City of Milwaukee that the boundaries and Project Plan for Tax Incremental District No. __ a copy of which were submitted to the Journal of Proceedings, are adopted; and, be it

Further Resolved, That the Executive Director is directed to transmit copies of this resolution, the Project Plan and boundaries of Tax Incremental District No. __ to the Common Council for its approval.

CERTIFICATION

I certify that the forgoing is a true and exact copy of a resolution adopted by the Redevelopment Authority of the City of Milwaukee, WI on the date set forth above.

(seal)


Joel T. Brennan
Assistant Executive Director -- Secretary

City of Milwaukee

Office of the City Clerk

200 E. Wells Street
Milwaukee, Wisconsin 53202
Certified Copy of Resolution

FILE NO: 050395

..Number

050395

..Version

SUBSTITUTE 2

..Reference

..Sponsor

ALD. MCGEE

Substitute resolution approving a Project Plan and creating Tax Incremental District No. 59 (Bronzeville Cultural and Entertainment District) and approving the terms of a Cooperation Agreement to implement the Project Plan, in the 6th Aldermanic District.

Adoption of this substitute resolution approves a tax incremental district Project Plan to redevelop the Bronzeville Cultural Arts and Entertainment District along West North Avenue from Martin Luther King Jr. Drive from Garfield to Center and the commercial corridor on Martin Luther King Jr. Drive from Garfield to Burleigh and authorizes a Cooperation Agreement with the Redevelopment Authority to implement the Project Plan. The Project Plan provides for \$3,617,350 in funding for costs associated with the acquisition, site preparation, business development, housing incentives and installation of public improvements for the new development.

Whereas, Chapter 105 of the Laws of 1975 of the State of Wisconsin, with amendments from other chapters of said Laws, created Section 66.1105, Wisconsin Statute titled "Tax Increment Law;" and

Whereas, Section 66.1105(4) of the Tax Increment Law sets forth certain criteria that the Common Council of the City of Milwaukee ("Common Council") and the Redevelopment Authority of the City of Milwaukee ("Redevelopment Authority") must follow to create a Tax Incremental District ("TID") and approve a Project Plan for the TID; and

Whereas, Pursuant to Section 66.1105(4)(a) through (gm), Wisconsin Statutes, the Redevelopment Authority conducted a public hearing on the Project Plan for the Bronzeville Cultural and Entertainment District Tax Incremental District ("District"), designated the boundaries of the District, recommended that the District be created and submitted such recommendation to the Common Council for approval with a proposed Project Plan for the District ("Plan"), a copy of which is

attached to the Common Council File; and

Whereas, Under the provisions of Section 66.1105(4)(gm)4.a., Wisconsin Statutes, not less than 50 percent, by area, of the real property within a proposed TID must qualify as either a "blighted area" within the meaning of Section 66.1105(2)(a), Wisconsin Statutes; an area "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(2m)(b), Wisconsin Statutes; or must be suitable for "industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes, and be zoned for industrial use; and

Whereas, Based upon field survey and available public information and records, more than 50 percent, by area, of the real property located within the proposed District, as identified in Map 1 - Exhibit 1 of the above referenced Plan, consists of properties, which in the aggregate, are blighted or in need of rehabilitation or conservation work and, therefore, meets one of the criteria essential to creation of a TID as set forth in Section 66.1105(4)(gm)4.a., Wisconsin Statutes; and

Whereas, Based upon field survey and available public information and records, 21 percent, of the real property located within the proposed District, as identified in Map 3 - Exhibit 3 of the above-referenced Plan, consists of properties that are "vacant" within the meaning of Section 66.1105, Wisconsin Statutes; and

Whereas, The Plan contains statements and other factual information indicating that the improvement of the area is likely to enhance significantly the value of real property in the District, that project costs directly serve to promote the development of the District consistent with the purposes for which the District is created under Section 66.1105(4)(gm)4.a., Wisconsin Statutes, and that the aggregate value of equalized taxable property in the District plus the incremental value of all existing TID's has been determined to be less than 12 percent of the total value of equalized taxable property within the City of Milwaukee ("City"); and

Whereas, To implement the Plan, a Cooperation Agreement between the City and the Redevelopment Authority is required and should be prepared consistent with the Term Sheet for said Agreement, a copy of which is attached to this Common Council File; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it is found, determined and reaffirmed that:

1. The District is a "blighted area" within the meaning of Section 66.1105(4)(gm)4.a., Wisconsin Statutes.
2. The improvement and/or redevelopment of such area, as herein after provided, is likely to enhance significantly the value of substantially all of the other real property in such District.
3. Project costs relate directly to promoting development consistent with the City's Master Plan and with the purposes for which the District is created under Section 66.1105(4)(gm)4.a., Wisconsin Statutes.

4. The percentage of the aggregate value of the equalized taxable property of the District plus the incremental value of all existing TID's does not exceed the statutory maximum 12 percent of the aggregate value of total equalized value of taxable property within the City; and, be it

Further Resolved, That to implement and facilitate this acquisition, certain official action to support the new land use after redevelopment may be taken with general references, among other things, to changes in zoning; the vacation and removal of streets, alleys and other public ways; the location and relocation of sewer and water mains and other public facilities; and other public actions deemed necessary to effectuate the purpose of this acquisition including the prohibition of any new construction in the proposed easement area, and accordingly, the Common Council pledges its cooperation to carry out this acquisition; and, be it

Further Resolved, That the District is created as of January 1, 2005 and that the boundaries of said District are approved as described in the Plan; and, be it

Further Resolved, That the Plan is approved as the Project Plan for said District and that the Plan is feasible, in conformity with the Master Plan for the City and will promote the orderly development of the City; and, be it

Further Resolved, That the proper City officials are authorized and directed to enter into a Cooperation Agreement with the Redevelopment Authority to implement the Plan; and, be it

Further Resolved, That:

1. The City Clerk is authorized and directed to apply in writing to the Wisconsin Department of Revenue for a "Determination of Tax Increments and Tax Incremental Base" for the District, pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.

2. Pursuant to the provisions of Section 66.1105(5)(f), Wisconsin Statutes:

a. The Assessment Commissioner is authorized and directed to identify upon the assessment roll, returned and examined under Section 70.45, Wisconsin Statutes, those parcels of property which are within the District, specifying thereon the name of the District.

b. The City Clerk is authorized and directed to make notations on the tax roll for the District similar to those required to be made under Section 70.65, Wisconsin Statutes.

c. The Commissioner of the Department of City Development is authorized and directed to act on behalf of the Common Council as coordinator of all Plan activities, which in his judgment are necessary to carry out the Plan and the intent of this resolution.

d. The City Comptroller is authorized and directed to transfer the sum of \$3,288,500, plus capitalized interest (estimated at \$328,850), from the Parent TID Account to the Project Account for the purpose of providing funds necessary to implement the Plan.

e. The City Comptroller, in conjunction with the Commissioner of the Department of City Development, is authorized and directed to perform such acts and to create such accounts and subaccounts and make appropriate transfers upon written request by the Department of City Development for all revenue or expenditure activity under this resolution.

f. The City Clerk is directed to transmit a certified copy of this Common Council resolution, along with a copy of the Plan, to the Commissioner of the Department of Public Works, the Commissioner of the Department of Neighborhood Services, the Commissioner of the Department of City Development, the Assessment Commissioner and the City Engineer, for administrative and/or informational purposes, respectively, and to the Joint Review Board established for the District.

DCD:RFM:rfm
09/22/05



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on September 27, 2005.

Ronald D. Leonhardt

Ronald D. Leonhardt, City Clerk

October 14, 2005

Date Certified

**Draft Plan
Tax Increment District
Bronzeville District**

**Bronzeville
Milwaukee, WI**

**Prepared for:
Redevelopment Authority City of Milwaukee**

Prepared by:



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Map #1 – Amended TID Boundary with Parcels
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Appendix A – Legal Boundary Description (amended area)
Appendix B – Attorney's Opinion
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Introduction

This document is the plan for the proposed Tax Increment District (TID), City of Milwaukee (the "District"). The Plan has been prepared in conformance with the provisions of Wisconsin Statutes Section 66.1105 ("Tax Increment Law").

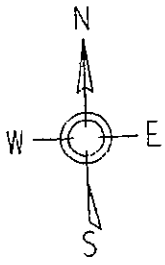
The plan for proposed TID No. [X] supports the planning efforts outlined in the Bronzeville Market Analysis and District Plan ("Plan").

The Plan proposed a series of public improvements to create a distinct character for the commercial streets in the Bronzeville District and to serve as a catalyst for private development and redevelopment. The proposed TID will provide the majority of the funding for these improvements, which will encourage and support the efforts of existing businesses to upgrade and expand facilities and make the Bronzeville District more attractive for new investment. Some public improvements will be completed initially and others will be completed in conjunction with private development. This conservative approach will minimize risk to the financial performance of the proposed TID.

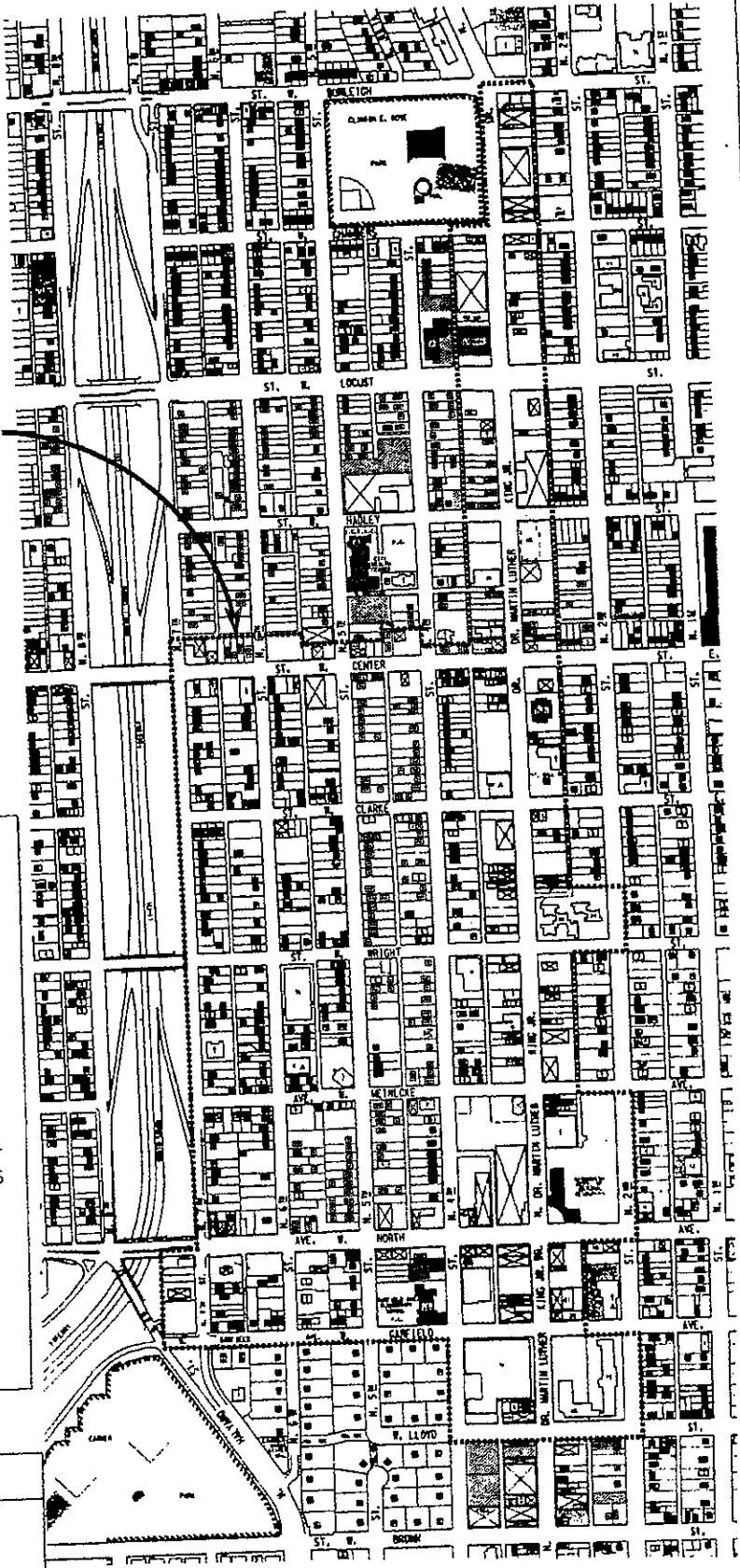
The TID is also helping create a development spark in the neighborhood to attract significantly more private investment. Funds will be deployed in the commercial and the residential neighborhoods of the District to assist in attracting private investment only to the extent warranted by market conditions. Said another way, any public assistance to private development will be limited to that which is necessary to attract private equity and development capital at market rates.

Project Area

The project area is located in the City of Milwaukee. *Map #1* shows the proposed District boundary with the parcels. *Appendix A* contains the legal description of the area.



TID BOUNDARY



LEGEND

-----	PROJECT BOUNDARY
I	CHURCH
J	HOTEL / MOTEL
R	ROOMING HOUSE
P	POLICE STATION
F	FIRE STATION
H	HOSPITAL
C	CONDOMINIUM
U	UTILITY COMPANY
T	STORAGE TANK
	PARK
P.S.	PUBLIC SCHOOL
P.G.	PLAYGROUND
□	PARKING LOT
□	PARKING STRUCTURE
□	SINGLE OR DUPLEX RESIDENTIAL
□	MULTI-FAMILY RESIDENTIAL
□	MIXED COMMERCIAL / RESIDENTIAL
□	COMMERCIAL OR LOCAL BUSINESS
□	OFFICE / PROFESSIONAL SERVICES
□	MIXED COMMERCIAL
□	SKILLED CARE FACILITY
□	VACANT PARCEL
□	NON - PUBLIC EDUCATION
□	PUBLIC BUILDING
□	MANUFACTURING AND WAREHOUSING
□	ACCESSORY BUILDING
□	CEMETERY
□	TENNIS COURT
□	BASKETBALL COURT
□	DORMITORY

TID - 64
Bronzeville

1
&
2

BOUNDARY AND
EXISTING LAND USE

DATE

Project Goals and Objectives

The following is a list of goals and objectives that were created to guide the plan for the proposed TID and to promote the orderly development of the Bronzeville District.

Goals

1. Strengthen the economic vitality of the Bronzeville District by supporting the retention and expansion of existing businesses, attracting new development and businesses and creating new job opportunities.
2. Strengthen the residential housing stock by offering financial assistance and incentives to owners seeking to build new housing and to improve and better maintain their homes.
3. Eliminate blighted, vacant and underutilized buildings and parcels.
4. Reposition the Bronzeville District to be unique in comparison to other commercial areas in the City by elevating its level of design, updating its infrastructure and promoting uses that are compatible and have market demand.
5. Improve the aesthetics of the Bronzeville District to help attract and retain businesses and preserve property values.
6. Increase the property tax base of the Bronzeville District and protect property values of adjacent neighborhoods.
7. Ensure that Bronzeville District will realize its full economic potential.

Objectives

1. Encourage existing businesses and homes to upgrade their facilities.
2. Build at least 26 new residential homes (infill development).
3. Eliminate underutilized land and environmental hazardous conditions.
4. Reconfigure parcel size and shape to optimize development opportunities and meet current development standards.
5. Improve vehicular and pedestrian safety and provide better access to Bronzeville Properties.
6. Rehabilitate or remove deteriorated, functionally obsolete, blighted and structurally unsound buildings for uses permitted in the Bronzeville Market Analysis and District Plan.

-
7. Facilitate and promote redevelopment of the area through development that is consistent with the Bronzeville Market Analysis and District Plan and surrounding neighborhoods.
 8. Implement aesthetic improvements such as streetscaping, landscaping, architectural design standards, amenity lighting and site design standards.
 9. Promote economic development that will generate new employment and housing opportunities and provide goods and services for neighborhood residents.
 10. Provide economic development loans, grants or other incentives to qualified developers or property owners that seek to improve their properties.
 11. Provide project and site improvements, including the installation, construction, or reconstruction of streets, alleys, pedestrian ways, parking lots, utilities, and other related improvements necessary for carrying out the goals of the Project Plan.

Promotion of Orderly Development

The Bronzeville District was historically the area that became the business, economic and cultural center to many of Milwaukee's African-American residents between the early 1900s and the 1960s. By the 1930s, the number of African American-owned businesses exceeded all others with the highest concentration between 6th and 9th Streets. Over the past few decades, the Bronzeville District has declined due to changing demographics of the City and region, construction of the interstate and economic cycles. There is growing interest in redeveloping the neighborhood as a special destination and business, entertainment and cultural center for those who want to partake and participate in the Bronzeville spirit and new business venues on North Avenue.

The presence of empty lots, vacant properties, poor aesthetics, outdated retail facilities, and few site amenities has led to a less than expected assessed value for the Bronzeville District. The City is concerned that doing nothing will lead to further vacancies, loss of tax base and increased blight in the Bronzeville District. It is the intention of the City to prevent this from happening.

The proposed TID promotes the orderly development of the Bronzeville District because it will provide the community with the financial resources to implement the public improvements recommended in the Bronzeville Market Analysis and District Plan and to attract private development in the

neighborhood consistent with the Market Analysis and District Plan. The actions outlined in the District Plan will also improve the aesthetics of the area, promote a distinctive and compatible mixture of land uses, improve connections to the surrounding neighborhoods and enhance vehicular and pedestrian circulation. Public improvements and financial assistance will encourage existing businesses to upgrade facilities and attract new businesses to the District.

Without an investment from the City, the private marketplace is not likely to invest significant amounts of money in the area and the Bronzeville District will continue to decline.

Existing Land Uses and Condition of Real Property

A site visit was conducted and current property data files were analyzed to determine existing land uses and the condition of real property in the amended District area.

Land Use

The most prevalent land use within the proposed areas is residential. The District area also contains retail uses. *Map #2* shows the District area's existing land use.

Condition of Real Property

The Bronzeville District has several long-time businesses that will serve as strong anchors for the redevelopment of this area. The Black Holocaust Museum has been a local destination for many of the exhibits it has hosted over the years, however, the Museum is limited in its ability to host exhibits by the size of their facility. An expanded facility would increase their number of exhibits as well as provide opportunities for other cultural activities. The Wendy's Restaurant on 7th Street does a significant volume of drive-thru business. However, the overall condition of the area is blighted as several parcels are vacant and/or underutilized. The blighted nature of the District discourages business development, reduces property values, threatens the vitality of surrounding neighborhoods and diminishes the quality of life for residents.

Throughout the District area there are prevalent examples of blight, including unkempt properties and deteriorating structures. Also, vehicular

circulation is poor, and parcel configuration in some areas is not conducive to new development standards. Furthermore, there are few pedestrian and bicycle amenities.

Map #3 shows the condition of property in the proposed District area boundary.

If the assessed value of land is greater than the assessed value of improvements, it is generally an indication that the property is not reaching its full potential and is considered underutilized. **Table #1** lists the properties within the District area that meet this criterion. The properties include:

TABLE #1: ASSESSED VALUE ANALYSIS

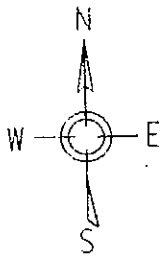
Parcel	Type	Land	Improvements	Difference
2721 N. Martin Luther King Jr.	Local Commercial	\$ 3,900	\$ -	\$ (3,900)
3048 North Martin Luther King Jr.	Local Commercial	\$ 3,300	\$ 1,200	\$ (2,100)
516 W. Center Street	Local Commercial	\$ 1,600	\$ -	\$ (1,600)
2813-2815 N. Martin Luther King Jr.	Local Commercial	\$ 2,300	\$ -	\$ (2,300)
2967 N. Martin Luther King Jr.	Local Commercial	\$ 4,000	\$ -	\$ (4,000)
2354 N. Martin Luther King Jr.	Local Commercial	\$ 67,500	\$ 27,500	\$ (40,000)
2403-2409 N. Martin Luther King Jr.	Manufacturing	\$ 24,000	\$ 6,000	\$ (18,000)
2417-2423 N. Martin Luther King Jr.	Manufacturing	\$ 17,400	\$ 4,600	\$ (12,800)
2231 N. Martin Luther King Jr.	Local Commercial	\$ 56,300	\$ -	\$ (56,300)
2670-2676 N. 7th Street	Local Commercial	\$ 1,400	\$ -	\$ (1,400)
527 W. Clarke Street	Residential	\$ 1,800	\$ -	\$ (1,800)
2212-2228 N. 4th Street	Local Commercial	\$ 112,500	\$ 21,500	\$ (91,000)
2554-2566 N. 6th Street	Local Commercial	\$ 3,500	\$ -	\$ (3,500)
2548 N. 6th Street	Residential	\$ 2,700	\$ -	\$ (2,700)
2512 N. 6th Street	Residential	\$ 2,700	\$ -	\$ (2,700)
2429 N. 6th Street	Residential	\$ 2,100	\$ -	\$ (2,100)
627-629 W. Meinecke	Residential	\$ 2,500	\$ -	\$ (2,500)
2316-2318 N. 7th Street	Residential	\$ 2,700	\$ -	\$ (2,700)
2317-2325 N. 6th Street	Residential	\$ 500	\$ -	\$ (500)

The following paragraphs describe the condition of specific properties within the District area that are classified as underutilized or vacant on **Map #3**.

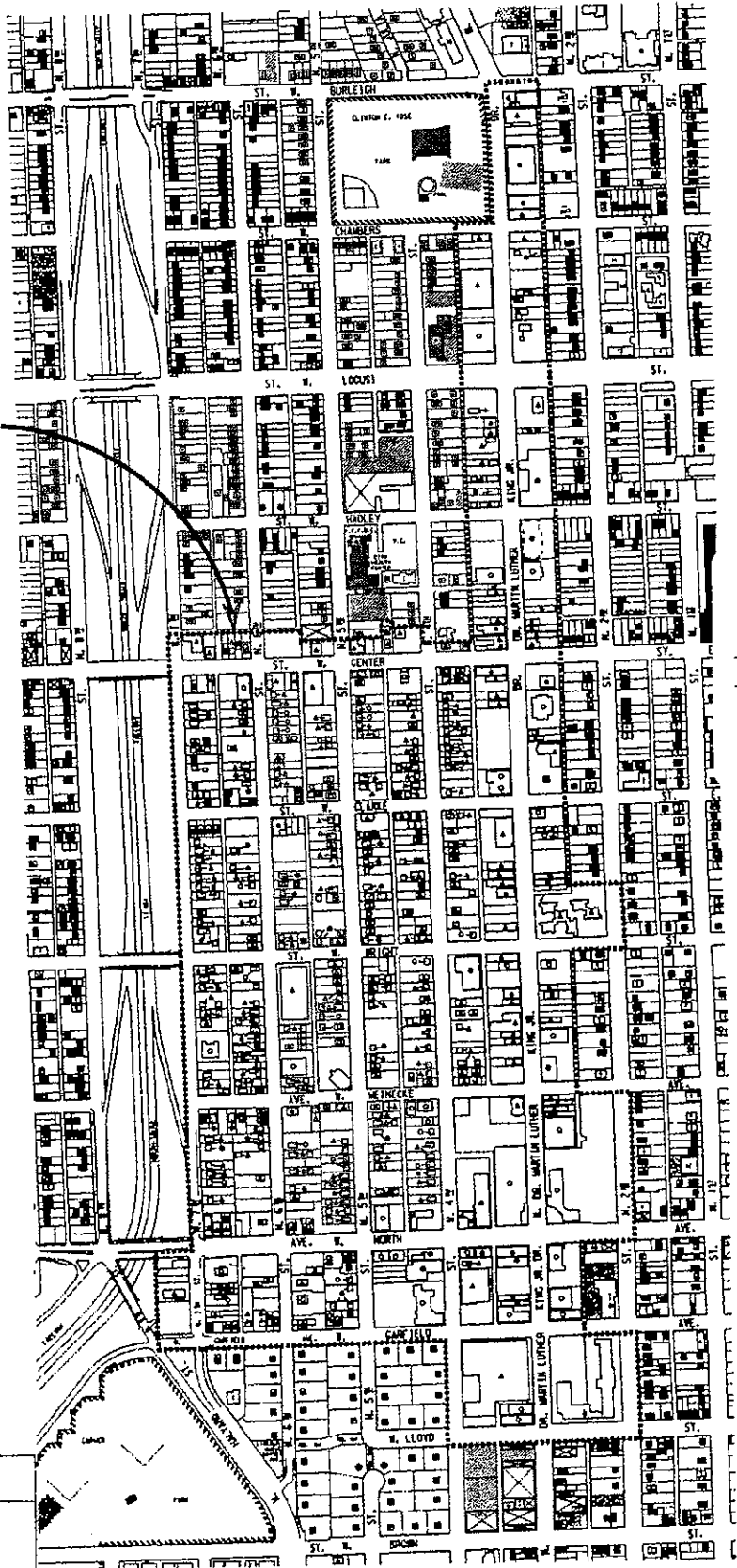
Vacant Parcels

Vacant parcels in the area include infill residential lots and several parcels acquired by the Redevelopment Authority of the City of Milwaukee.

289	352
312	313
323	324
332	333



TID BOUNDARY



EXHIBIT

LEGEND

- STANDARD
- △ MINOR DEFICIENCY
- ▲ MAJOR DEFICIENCY
- SUBSTANDARD

MAP NO. **TID - 64**
Bronzeville

3 STRUCTURE CONDITION

DATE

Public Improvement Plan

Staying competitive in today's retail marketplace is a continual effort by retail districts across the country. The Bronzeville District is no exception to this rule. Retail districts need to continually reinvent their image, update their mix of uses, and look for ways to create a marketing edge over their competitors. Residential districts must also keep a well-maintained appearance and exhibit pride of ownership to attract new buyers and to keep existing homeowners.

In order to maintain the Bronzeville District's competitive edge, the City and private businesses must work together to improve the quality of the retail experience within the Bronzeville District. The public improvements described in this section demonstrate the City's commitment to this area, which, in return, should attract new investment.

This section describes in greater detail the public improvements and aesthetic enhancements proposed for the proposed TID area. Elements of the public improvement plan are described below. **Map #4** shows the public improvement plan.

Urban Design/Streetscape Elements

The proposed urban design/streetscape elements will create a distinctive character for the area and make the area a more pleasant place for customers and businesses to shop, work, and recreate. The following urban design/streetscape features are proposed for the Bronzeville District.

North Avenue Streetscape

Streetscape along North Avenue will include the City's selected ornamental lighting on both sides of the roadway. A few locations along North Avenue will include the installation of benches and trash receptacles.

Wayfinding Signage

Wayfinding signage helps direct vehicles and pedestrians to area shops and businesses. It should be used throughout the Bronzeville District with special emphasis placed at the intersections of 7th Street and North Avenue and Martin Luther King Drive and North Avenue.

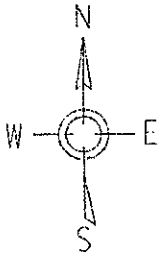
Roadway Improvements

New roadway improvements are planned for the District area to improve traffic circulation and make businesses more accessible to customers. Roadway improvements will curb bump outs, paving and colored stamped concrete crosswalks.

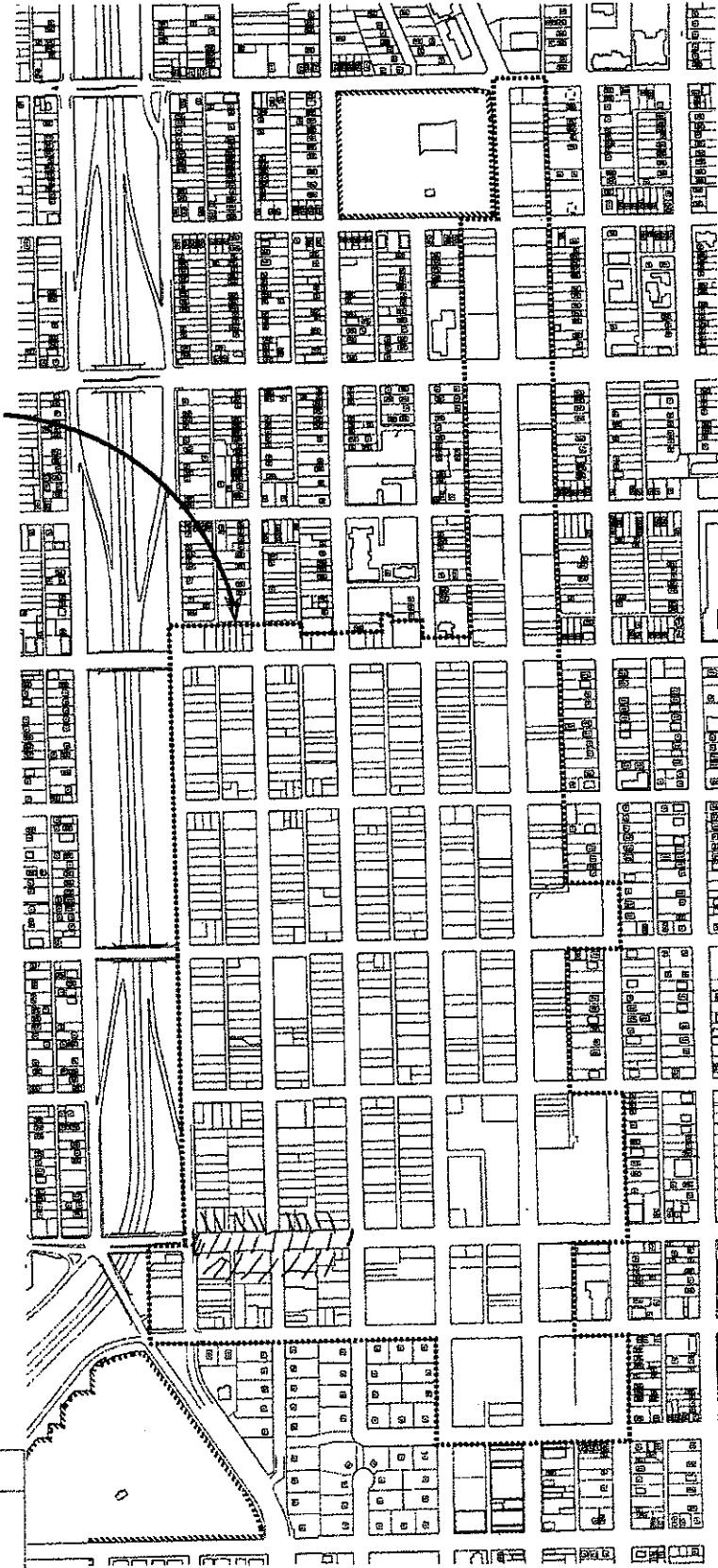
Economic Development Fund

To ensure the success of this plan, an economic development fund, dedicated to the Bronzeville District, will be created. The fund includes incentives for developers and business owners to make site improvements such as landscaping and lighting and to update building façades. The City could also utilize these funds for site clean up costs and acquisition and demolition of properties. This fund also dedicates money to develop and implement a marketing plan that can be used to attract developers, entrepreneurs, investors, business owners and retail brokers to the Bronzeville District.

281	282
312	313
323	324
325	326



TID BOUNDARY



MAP NO. TID - 64

4 PROPOSED PUBLIC IMPROVEMENTS PLAN AND USES

DATE

NOTE: THE NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS DEEM NECESSARY FOR THE ACHIEVEMENT OF THE OBJECTIVES OF THIS PLAN ARE KEYS NUMERICALLY ON THIS MAP TO CORRELATE WITH THE LISTING PROVIDED AND DESCRIBED IN SECTION III B.1.0. OF THIS PLAN

① FOR EXAMPLE, DETAILS THE PUBLIC WORKS AND IMPROVEMENTS PLANNED FOR NORTH 27TH STREET

VII. Capital Spending Plan

The Capital Spending Plan identifies the cost of public improvements and identifies when those costs will be incurred. The project costs for the entire proposed TID area are estimated to be \$3,431,673. Spending is spread across 5 years and is expected to end in the year 2010. **Exhibit #1** shows the Capital Spending Plan.

VIII. Description of Financing Methods

It is assumed the project costs will generally be financed through Taxable and Tax Exempt General Obligation (G.O.) Bonds. Other sources of funding could come from land sale proceeds, and federal and state grants such as Community Development Block Grants (CDBG), Wisconsin Department of Commerce Brownfield Grants and applicable Wisconsin Department of Natural Resources grants. Financing methods are included in the Capital Spending Plan in **Exhibit #1**.

MAP 4
Proposed Land Use

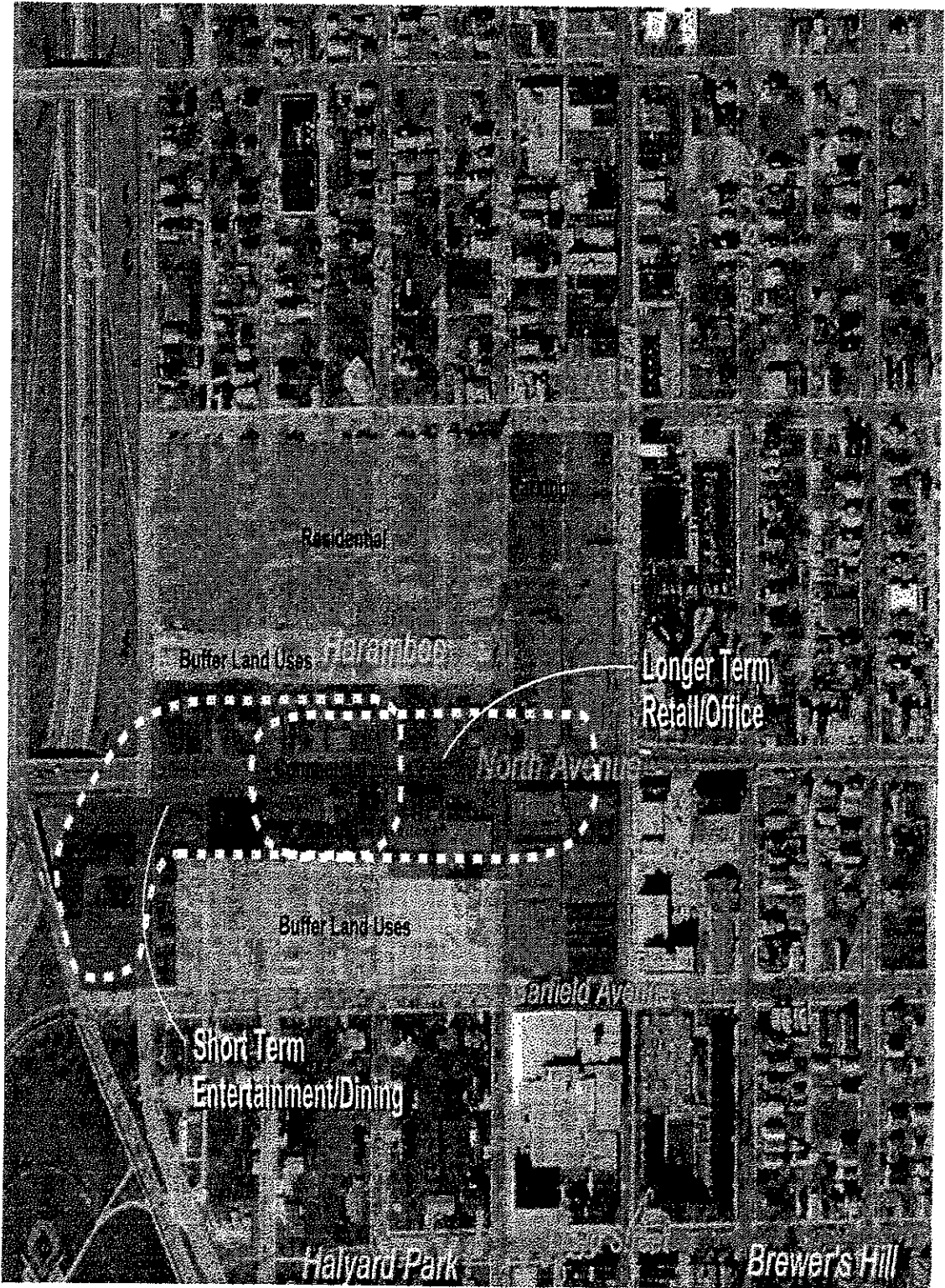


Exhibit #1: Bronzeville TID Capital Spending Plan

Project Series	Capital Spending Plan							
	Total	2005	2006	2007	2008	2009	2010	2011
Phase II Improvements								
Curb Bump Outs/Paving	\$ 180,000		\$ 90,000	\$ 90,000				
Colored Stamped Concrete Crosswalks	\$ 125,000		\$ 65,000	\$ 60,000				
Directional Signage/Informational Kiosks	\$ 100,500		\$ 50,250	\$ 50,250				
Street Furniture/Trash Receptacles	\$ 45,000			\$ 45,000	\$ -	\$ -		
Extensive Landscaping	\$ 38,000			\$ 38,000		\$ -	\$ -	
Subtotal	\$ 488,500	\$ -	\$ 205,250	\$ 283,250	\$ -	\$ -	\$ -	\$ -
General and Admin. Costs								
Admin., CDA Staffing, Legal	\$ 200,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		
Land Acquisitions	\$ 1,000,000		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000		
Marketing & Promotion	\$ 100,000		\$ 50,000	\$ 50,000				
E.D. Master Fund/Developer Incentives	\$ 1,000,000		\$ 250,000	\$ 500,000	\$ 250,000			
Residential Assistance Program	\$ 500,000		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
Capitalized Interest	\$ 143,173			\$ 24,774	\$ 69,074	\$ 49,325		
Subtotal	\$ 2,943,173	\$ -	\$ 700,000	\$ 874,774	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Total Use of Funds	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Sources of Funds								
TID-Backed Debt	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Tax Exempt	\$ 788,500	\$ -	\$ 305,250	\$ 383,250	\$ 50,000	\$ 50,000	\$ -	\$ -
Taxable Debt	\$ 2,643,173	\$ -	\$ 600,000	\$ 874,774	\$ 669,074	\$ 399,325	\$ 100,000	\$ -
Total Sources of Funds	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -

EXH1

IX. Proposed Changes to Zoning Code, Master Plan, Building Code or other Ordinances

No changes are proposed to the zoning code, building code or other ordinances. Advisory design guidelines that create a sense of continuity, historic authenticity and high quality may be promulgated for the District.

The District will be redeveloped with retail and commercial development, housing preservation initiatives and infill residential development, that meet the current zoning requirements. Some mixed-use residential development is also a possibility.

X. Economic Feasibility Study

An economic feasibility study was conducted to determine the financial feasibility of the proposed TID. The viability of the District will be determined by the amount of planned expenditures and the amount of expected revenues generated by new development. The economic feasibility analysis involves four steps that are explained below.

Public Improvement Expenditures

The first step in the analysis is to incorporate the capital spending plan discussed in Section VII of this plan. As mentioned in that section, public expenditures for the District are \$3,431,673. Planned improvements include urban design/streetscape improvements, utility improvements, roadway improvements and an economic development fund.

Projected New Development

The second step was to determine the anticipated new development in total and on an annual basis. **Exhibit #2** shows the projected new development for the proposed TID area. Approximately, \$4.7 million of new development is expected to occur in the Bronzeville District by the end of the year 2010. These estimates reflect likely costs of anticipated development and subsequent market values of the land and improvements.

The projected development value was prepared in consultation with the City of Milwaukee Department of City Development and the Bronzeville Market Analysis and District Plan. The estimates shown in *Exhibit #2* are reasonable and exemplify realistic development possibilities, but cannot be guaranteed.

TID Pro Forma (Increment Analysis)

The third step in the analysis was to create the TID Pro Forma as shown in *Exhibit #3*. This analysis estimates future incremental revenue streams that are expected to occur within the District.

Incremental revenues can be used to fund planned public expenditures and include tax revenues from projected new development as well as projected future increases in property values from general price escalation.

To begin the pro forma analysis, the annual inflation increment was calculated. According to the City of Milwaukee, property in the District has been increasing in value by approximately 2.5 percent per year plus the value of new development.

Next, the inflation increment was added to the tax base generated by the projected new development to obtain the annual total value of the District. Since incremental TID values can only be used to pay for public improvements, the base value of the District was taken out of the total value to provide the future increment value. The future increment value was multiplied by the assumed tax rate to provide the annual tax increment value. This figure determines how much money is available for annual debt service and other TID related expenses.

The annual tax increment is shown on the last column of *Exhibit #3*. In the revenue year 2007 the annual tax increment is estimated to be \$27,147 and in the revenue year 2030, the annual tax increment is estimated to be \$1,078,624.

Tax rates were assumed to remain constant throughout the life of this proposed TID. The proposed tax levy freeze legislation contained in the State of Wisconsin 2005-2007 budget may have some effect on the tax increment available for the Bronzeville District. Should the tax freeze become a constitutional amendment, the tax rates may decrease and lengthen the time this TID remains effective.

Debt Service Plan (Cash Flow)

The final step in the economic analysis was to calculate the debt service. This determines if the annual incremental tax revenues (cash flow) will be sufficient to repay the debt that was incurred to pay for planned public improvements. The debt must be repaid within the TIF statutory time limits. *Exhibit #4* shows the economic model that was used to determine the debt service plan. The model makes simplifying assumptions of debt instruments used to finance the public improvements.

The debt service plan assumes that all spending in the proposed TID is funded with borrowed funds and the majority of the spending will be eligible for tax exempt financing. Spending for developer incentives and loan funds are assumed to be taxable.

The biggest variable in debt financing is the interest rate. The debt service plan used conservative interest rate assumptions that are based on current market conditions. An interest rate of 4.5 percent is assumed for tax exempt bonds and an interest rate of 6.0 percent is assumed for taxable bonds. Actual borrowing costs may be improved by the underwriters and financial advisors that serve the City of Milwaukee.

Exhibit #4 shows all debt can be repaid by 2023. This is well within the allowable time for TID expiration. Total repayment costs are estimated to be \$5,569,099. The proposed TID is financially feasible.

Conclusion

Based on the assumptions for public improvement costs, projected new development and costs of financing, the proposed TID creates sufficient incremental tax revenues to repay the debt required to fund the public improvements planned for the proposed TID.

Exhibit #2: Bronzeville TID Projected New Development

Description	Est. Total Value	2005	2006	2007	2008	2009	2010	2011
<i>Catalytic Projects/New Development</i>								
Residential Development - Single Family Homes- 26 lots @ \$125,000; Year 1:8 units; Years 2 & 3: 9 units	\$ 3,250,000		\$ -	\$ 1,000,000	\$ 1,125,000	\$ 1,125,000		
Local Entertainment Venue (3,500 sq ft)	\$ 333,796		\$ -	\$ 333,796				
Local Entertainment Venue (3,500 sq ft)	\$ 333,796		\$ -	\$ -	\$ 333,796			
Regional Entertainment Venue (8,000 sq ft)	\$ 762,962		\$ -	\$ -	\$ 762,962			
Sandwich Shop (1,500 sq ft)	\$ 143,055		\$ -	\$ 143,055				
Specialty Retail (1,400 sq ft)	\$ 133,518		\$ -	\$ 133,518				
Specialty Retail (1,400 sq ft)	\$ 133,518		\$ -	\$ -	\$ 133,518			
(2) Mixed Use/Specialty Retail Developments (2,800 sq ft each)	\$ 534,073			\$ 267,037	\$ 267,037			
Specialty Foods (1,700 sq ft)	\$ 135,108				\$ -	\$ -	\$ 135,108	
Total New Development	\$ 5,759,826	\$ -	\$ -	\$ 1,877,406	\$ 2,622,312	\$ 1,125,000	\$ 135,108	
<i>Demolition and Reduction of Value</i>								
Regional Entertainment Venue	\$ 334,500				\$ 334,500			
Sandwich Shop	\$ 83,900			\$ 83,900				
Specialty Retail	\$ 346,600			\$ 346,600				
Mixed-Use Development with Specialty Retail	\$ 161,600			\$ 80,800	\$ 80,800			
Cultural Center	\$ 118,300			\$ 118,300				
Local Entertainment Venue	\$ 16,000				\$ 16,000			
Total Value of Development	\$ 4,714,926	\$ -	\$ -	\$ 1,247,806	\$ 2,207,012	\$ 1,125,000	\$ 135,108	\$ -
	\$ 4,714,926	\$ -	\$ -	\$ 1,247,806	\$ 2,207,012	\$ 1,125,000	\$ 135,108	\$ -

Exhibit #3: Bronzeville TID Pro Forma and Increment Value

TID Pro Forma (Increment Value)								
Base Value				Tax Rate (2005)		0.02596		
\$ 41,828,800				Inflation Factor		2.5%		
Construction Year	Valuation Year	Revenue Year (RevYr)	Inflation Increment	Real Increment / (Decrement)	Total Value at 12/31/RevYr	Future Value Increment	Assumed Tax Rate	Tax Increment
2004	2005	2006	\$ -	\$ -	\$ 41,828,800	\$ -	\$ 0.02596	\$ -
2005	2006	2007	\$ 1,045,720	\$ -	\$ 42,874,520	\$ 1,045,720	\$ 0.02596	\$ 27,147
2006	2007	2008	\$ 1,071,863	\$ -	\$ 43,946,383	\$ 2,117,583	\$ 0.02596	\$ 54,972
2007	2008	2009	\$ 1,098,860	\$ 1,247,805.94	\$ 48,282,849	\$ 4,464,049	\$ 0.02596	\$ 115,887
2008	2008	2010	\$ 1,157,321	\$ 2,207,012.32	\$ 49,657,182	\$ 7,828,382	\$ 0.02596	\$ 203,225
2009	2010	2011	\$ 1,241,430	\$ 1,125,000.00	\$ 52,023,612	\$ 10,194,812	\$ 0.02596	\$ 264,657
2010	2011	2012	\$ 1,300,590	\$ 135,107.80	\$ 53,459,310	\$ 11,830,510	\$ 0.02596	\$ 301,928
2011	2012	2013	\$ 1,336,483	\$ -	\$ 54,795,792	\$ 12,866,992	\$ 0.02596	\$ 336,623
2012	2013	2014	\$ 1,369,895	\$ -	\$ 58,165,687	\$ 14,336,887	\$ 0.02596	\$ 372,186
2013	2014	2015	\$ 1,404,142	\$ -	\$ 57,588,829	\$ 15,741,029	\$ 0.02596	\$ 408,837
2014	2015	2016	\$ 1,439,246	\$ -	\$ 59,009,075	\$ 17,180,275	\$ 0.02596	\$ 448,000
2015	2016	2017	\$ 1,475,227	\$ -	\$ 60,484,302	\$ 18,655,502	\$ 0.02596	\$ 484,297
2016	2017	2018	\$ 1,512,108	\$ -	\$ 61,996,410	\$ 20,167,810	\$ 0.02596	\$ 523,551
2017	2018	2019	\$ 1,549,910	\$ -	\$ 63,546,320	\$ 21,717,520	\$ 0.02596	\$ 563,787
2018	2018	2020	\$ 1,588,658	\$ -	\$ 65,134,978	\$ 23,306,178	\$ 0.02596	\$ 605,028
2019	2020	2021	\$ 1,628,374	\$ -	\$ 68,763,352	\$ 24,934,552	\$ 0.02596	\$ 647,301
2020	2021	2022	\$ 1,669,084	\$ -	\$ 68,432,436	\$ 26,603,636	\$ 0.02596	\$ 690,630
2021	2022	2023	\$ 1,710,811	\$ -	\$ 70,143,247	\$ 28,314,447	\$ 0.02596	\$ 735,043
2022	2023	2024	\$ 1,753,581	\$ -	\$ 71,896,828	\$ 30,068,028	\$ 0.02596	\$ 780,566
2023	2024	2025	\$ 1,797,421	\$ -	\$ 73,694,249	\$ 31,865,449	\$ 0.02596	\$ 827,227
2024	2025	2026	\$ 1,842,356	\$ -	\$ 75,536,605	\$ 33,707,805	\$ 0.02596	\$ 875,055
2025	2026	2027	\$ 1,888,415	\$ -	\$ 77,425,020	\$ 35,596,220	\$ 0.02596	\$ 924,078
2026	2027	2028	\$ 1,935,628	\$ -	\$ 79,360,648	\$ 37,531,848	\$ 0.02596	\$ 974,327
2027	2028	2029	\$ 1,984,016	\$ -	\$ 81,344,662	\$ 39,515,862	\$ 0.02596	\$ 1,025,832
2028	2029	2030	\$ 2,033,617	\$ -	\$ 83,378,278	\$ 41,549,478	\$ 0.02596	\$ 1,079,624
2029	2030	2031	\$ 2,084,457	\$ -	\$ 85,462,735	\$ 43,633,935	\$ 0.02596	\$ 1,132,737
2030	2031	2032	\$ 2,136,568	\$ -	\$ 87,599,304	\$ 45,770,504	\$ 0.02596	\$ 1,188,202
2031	2032	2033	\$ 2,189,983	\$ -	\$ 89,789,288	\$ 47,960,486	\$ 0.02596	\$ 1,245,054
2032	2033	2034	\$ 2,244,732	\$ -	\$ 92,034,018	\$ 50,205,218	\$ 0.02596	\$ 1,303,327
TOTAL				\$	4,714,928			\$ 18,135,929

Exhibit #4: Bronzeville TID Debt Service Plan and Cash Flow

Debt Service Plan

Assumptions:						Results							
Blended Interest Rate-TID Debt	5.62%	Project Cost		\$	3,288,500	Total Borrowing Costs & Bond Discounts		\$	85,770	Capitalized Interest		\$	143,173
Interest rate-Tax Exempt	4.50%	Total Interest Cost		\$	2,071,856	Total Repayment Cost		\$	5,569,099	Net Tax Base Creation		\$	4,714,926
Interest rate-Taxable	8.0%	Net New Tax Base per \$1 Borrowed		\$	1.35								
Borrowing Fees & Bond Discount	2.0%												

Period	Year	Total Debt Financed Project Costs	Capitalized Interest	Borrowing Costs & Bond Discount	Blended Rate Capital Debt	Cumulative Debt/Unpaid Principal	Interest Payment	Principal Payment	Total Payment	Incremental Tax Revenues	TID Account Balance (Loss)	Capitalized Interest
1	2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	2006	\$ 905,250	\$ -	\$ 18,105	\$ 923,355	\$ 923,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	2007	\$ 1,233,250	\$ 24,774	\$ 24,865	\$ 1,282,889	\$ 2,208,044	\$ 51,921	\$ -	\$ 51,921	\$ 27,147	\$ (24,774)	\$ 24,774
4	2008	\$ 650,000	\$ 88,074	\$ 13,000	\$ 732,074	\$ 2,938,118	\$ 124,047	\$ -	\$ 124,047	\$ 84,972	\$ (69,074)	\$ 89,074
5	2009	\$ 400,000	\$ 49,325	\$ 8,000	\$ 457,325	\$ 3,395,443	\$ 165,212	\$ -	\$ 165,212	\$ 115,887	\$ (49,325)	\$ 49,325
6	2010	\$ 100,000	\$ -	\$ 2,000	\$ 102,000	\$ 3,497,443	\$ 190,927	\$ 10,000	\$ 200,927	\$ 203,225	\$ 2,298	\$ -
7	2011	\$ -	\$ -	\$ -	\$ -	\$ 3,422,443	\$ 198,100	\$ 65,000	\$ 263,100	\$ 264,657	\$ 3,557	\$ -
8	2012	\$ -	\$ -	\$ -	\$ -	\$ 3,317,443	\$ 192,445	\$ 105,000	\$ 297,445	\$ 301,928	\$ 4,483	\$ -
9	2013	\$ -	\$ -	\$ -	\$ -	\$ 3,167,443	\$ 186,541	\$ 150,000	\$ 336,541	\$ 338,623	\$ 82	\$ -
10	2014	\$ -	\$ -	\$ -	\$ -	\$ 2,977,443	\$ 178,107	\$ 180,000	\$ 368,107	\$ 372,186	\$ 4,079	\$ -
11	2015	\$ -	\$ -	\$ -	\$ -	\$ 2,737,443	\$ 167,423	\$ 240,000	\$ 407,423	\$ 408,637	\$ 1,214	\$ -
12	2016	\$ -	\$ -	\$ -	\$ -	\$ 2,447,443	\$ 153,928	\$ 280,000	\$ 443,928	\$ 446,000	\$ 2,072	\$ -
13	2017	\$ -	\$ -	\$ -	\$ -	\$ 2,102,443	\$ 137,821	\$ 345,000	\$ 482,621	\$ 484,297	\$ 1,676	\$ -
14	2018	\$ -	\$ -	\$ -	\$ -	\$ 1,697,443	\$ 118,221	\$ 405,000	\$ 523,221	\$ 523,551	\$ 330	\$ -
15	2019	\$ -	\$ -	\$ -	\$ -	\$ 1,232,443	\$ 95,448	\$ 465,000	\$ 560,448	\$ 563,787	\$ 3,339	\$ -
16	2020	\$ -	\$ -	\$ -	\$ -	\$ 697,443	\$ 69,301	\$ 535,000	\$ 604,301	\$ 605,028	\$ 728	\$ -
17	2021	\$ -	\$ -	\$ -	\$ -	\$ 82,443	\$ 39,218	\$ 605,000	\$ 644,218	\$ 647,301	\$ 3,083	\$ -
18	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,198	\$ 92,443	\$ 97,641	\$ -	\$ -	\$ -
19	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	2031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	2032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL		\$ 3,288,500	\$ 143,173	\$ 65,770	\$ 3,497,443	\$ 36,842,275	\$ 2,071,856	\$ 3,497,443	\$ 5,569,099	\$ 5,356,226		\$ 143,173

Proposed Plan for Relocating Displaced Persons or Businesses

A statement regarding a proposed plan to relocate displaced persons or businesses is required by the TIF law. It is placed in this report to inform individuals of all possibilities associated with TIF; however, it is not necessarily indicative of future actions.

The City and the Redevelopment Authority are authorized to make relocation payments to, or with respect to, persons (including families, business concerns and others) being displaced from the project for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, when such projects and expenditures are approved by the Common Council. Any persons being displaced during the course of the project execution, shall be afforded the opportunity to be relocated in available accommodations which are decent, safe, sanitary, and otherwise habitable and which are within their financial means, all in accordance with a Relocation Plan, prepared pursuant to Chapter 32 of the Wisconsin Statutes and subsequently approved by the Wisconsin Department of Commerce.

Attorney's Opinion

When the final Plan for proposed TID is completed, the City will seek the opinion of an attorney. The attorney will determine if the plan is complete and complies with the Wisconsin TIF law.

Appendix A – Legal Boundary Description

**City of Milwaukee
TAX INCREMENTAL DISTRICT
Bronzeville District**

Appendix B – Attorney’s Opinion

Correspondence from the attorney - when available

Appendix C – Feasibility Analysis

Introduction

Hurtado Consulting, LLC was engaged by the City of Milwaukee Department of City Development to conduct an analysis of the economic feasibility of creating a tax incremental financing district to assist in the redevelopment of the Bronzeville Cultural Entertainment District.

The feasibility analysis included a review of potential development opportunities for the Bronzeville TID District. These are potential future projects that may occur given the market analysis of the neighborhood, existing buildings within the District and available parcels that are suitable for redevelopment.

The proposed TID consists of approximately 20 blocks, generally encompassing Garfield Street to the south, 7th Street to the west, Center Street to the north and the west side of Martin Luther King Jr. Drive on the east.

As part of our efforts, we conducted the following tasks:

- Reviewed potential development opportunities in the proposed TID
- Estimated the property value of the potential future developments
- Evaluated the need for financial assistance to these developments in order to achieve economic feasibility
- Forecast total taxable value in District
- Forecast tax incremental revenues and total revenues
- Prepare cash flow forecast and analyze cash flow
- Evaluate the project terms of the statutory tests to be applied by the Joint Review Board.

The following report presents the results of these analyses.

Proposed District and Potential Projects

The proposed TID is located north of downtown Milwaukee in the historic Bronzeville cultural and entertainment district centered around North Avenue and 4th Streets.

The boundaries are generally described as Garfield Street to the south, 7th Street to the west, Center Street to the north and the west side of Martin Luther King, Jr. Drive.

Map #1 in the TID Plan shows the boundaries of the proposed TID.

Potential Projects

There are currently no firm project proposals for retail and commercial development in the Bronzeville District. A market study was completed and several persons have come forward to express strong interest in developing retail, other commercial and entertainment venues in the District.

Our assessment of potential projects was done in conjunction with economic development and real estate staff at the Department of City Development and represents a consensus opinion of the realistic development possibilities in the District that is founded on the market study and on expressions of interest by potential developers and business owners. It is not unreasonable to anticipate that actual development will occur in potentially different locations in the District and in buildings of different sizes than those anticipated here. Overall, it is expected that the value of new development will be comparable to that shown here.

Nine potential projects within the TID are outlined below. They are summarized below. Detailed information about how the assessment values were calculated are shown later in this report.

Local Entertainment Venue –Two (2) 3,500 square foot local entertainment venues, each assessed at \$334,000, along North Avenue near 4th Street.

Regional Entertainment Venue – A 10,000 square foot regional entertainment venue, assessed at \$763,000, along North Avenue near 4th Street.

Specialty Retail – Two (2) 1,400 square foot specialty retail stores, each assessed at \$134,000, along North Avenue.

Sandwich Shop – A 1,500 square foot sandwich shop, or other small restaurant establishment, assessed at \$143,000 along North Avenue near 6th Street.

Specialty Foods – A 1,700 square foot specialty foods store, assessed at \$135,000, along North Avenue as part of a mixed-use development or a stand-alone structure.

Mixed-Use Development – Two (2) 2,800 square foot mixed-use developments with retail below and condominiums or apartments above, each assessed at \$267,000 along North Avenue near 6th Street.

Infill Single-Family Homes – Twenty-six (26) parcels developed as single-family homes valued at \$125,000, built over a three-year period.

Black Holocaust Museum – Relocation of the Black Holocaust Museum to a large facility/parcel at the corner of 7th Street and North Avenue. An expanded facility would increase the number of exhibits at the Museum and could incorporate a broader cultural center. The facility could potentially include a gift shop and café. It is assumed that this organization would remain as a non-profit and would not add to the overall tax revenue.

In addition, other property owners have expressed an interest in making improvements to their buildings/property, but would be dependent upon the overall development within the District.

Conclusion

At the time of this report, the City had not received any proposals for retail development. These projects are considered potential opportunities based on the market analysis that was completed for the Bronzeville District.

The vacant, City-owned land are the primary opportunities for redevelopment.

Valuation and Need for Financial Assistance

The developments outlined in this report are potential opportunities for redevelopment based upon the Bronzeville Market Analysis and District Plan. The valuation of these potential developments was estimated. These valuations provide a foundation on which to estimate the impact such projects would have on the TID and to estimate the need for public assistance for these projects.

The approach used to evaluate potential development projects was to prepare a stabilized year financial analysis. These analyses were intended to provide estimates of the expected financial performance of a particular type of development project.

The financial analysis includes construction cost, tenant improvements (if applicable); professional fees; developer fees; construction period interest and other soft costs.

Construction cost estimates were based on various construction cost databases including R.S Means Unit Costs and our in-house database. We confirmed these estimates with several developers. Soft costs are based on comparable projects we have been involved with. A/E fees may be somewhat high compared to market rates. Developer fees, on the other hand, are at or near the low end of acceptable returns. We anticipate that many of the developers will be business owners looking to develop for their own account or business and will require a lesser return because the primary return to them will come from operation of their new business.

Costs for residential development is based on the Department's recent experience in Landsay Heights.

Debt potential is based on current market conditions of 8.0% interest, 20-year amortization and 1.20 debt coverage ratio. Equity returns on stabilized cash flow were set at 15%.

The results are briefly summarized below and detailed in Tables I through IX.

Local Entertainment Venue (2)

- Construction costs: \$407,750 per venue
- Estimated valuation: \$333,796 per venue
- Public assistance: \$73,953 per venue

Regional Entertainment Venue

- Construction costs: \$932,000

-
- Estimated valuation: \$762,962
 - Public assistance: \$169,038

Specialty Retail (2)

- Construction costs: \$163,100 per store
- Estimated valuation: \$133,518 per store
- Public assistance: \$29,582 per store

Sandwich Shop

- Construction costs: \$174,750
- Estimated valuation: \$143,055
- Public assistance: \$31,695

Specialty Foods

- Construction costs: \$198,050
- Estimated valuation: \$135,108
- Public assistance: \$62,942

Mixed-Use Development (2)

- Construction costs: \$326,200 per development
- Estimated valuation: \$267,037 per development
- Public assistance: \$59,163 per development

SUMMARY

Construction Costs- For the potential new developments, the assumed development sites were clearly City-owned parcels. We assume the sites are clean of hazardous substances and either that no environmental remediation is required or that costs of environmental remediation will be paid for by other sources.

The estimated hard construction cost was \$70 per square foot and that tenant improvements would add another \$25 per square foot. Land is assumed to be provided to the developer at \$0. Total Hard cost of construction is approximately \$95 per square foot. The all-in cost estimate, including hard costs, FF&E, fees, and other soft costs, is approximately \$116.50 per square foot. These costs may vary depending on the type of building constructed and on the amount of FF&E furnished to the project.

Assessed Valuation. New value will be created from development of retail, entertainment and other commercial structures. Development of 26 residential

infill homes will also add considerable value. We anticipate that home improvement incentives will generate some increases in taxable assessment but for this analysis, we have assumed \$0 increases in taxable value from home improvement work in the District.

Assessed value will also be lost due to demolition of existing structures.

Increased assessments are shown in the table below.

Estimate of Assessed Value Creation

CATEGORY	ASSESSMENT
Commercial	\$ 2,509,826
Residential - New	\$ 3,250,000
Residential - Renovations/Improvements	\$ -
TOTAL INCREMENT	\$ 5,759,826
Less: Decrement from existing improvements	\$ (1,060,900)
NET INCREMENT	\$ 4,698,926

Need for Public Assistance. The contemplated retail and entertainment projects have a financing gap of approximately 18% of project costs and total \$589,073 as enumerated below.

Project	Financing Gap
Local entertainment Venue-1	\$ 73,954
Local entertainment Venue-2	\$ 73,954
Regional Venue	\$ 169,038
Specialty Retail - Art Gallery	\$ 29,582
Specialty Retail - clothing	\$ 29,582
Sandwich Shop	\$ 31,695
Specialty Foods	\$ 62,942
Mixed Use-1	\$ 59,163
Mixed Use - 2	\$ 59,163
Total	\$ 589,073

Financing gaps also exist for the residential in fill developments and home improvements in addition to the financing gaps identified above. In those cases, we have identified gaps for infill housing based on recent experience in Lindsay Heights and historical averages for home improvements provided by Department Real Estate staff.

Table I. Local Entertainment Venue

Project Scope		
Local Entertainment Venue	3,500 net rentable sq ft	
Development Costs		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 245,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 87,500
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 39,900
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 8,750
Developer Fee	8% Hard Costs	\$ 26,600
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 407,750
Cost per Square Foot		\$ 116.50
Financial Analysis		
Net Rent	\$ 12.00 per sq. ft.	\$ 42,000
Vacancy Adjustment	-10% Net Rent	\$ (4,200)
Net Operating Income		\$ 37,800
Supportable Debt [3]		\$ 309,272
Annual Debt Service		\$ 34,121
Cash Available After Debt Service		\$ 3,679
Supportable Equity [4]		\$ 24,524
Public Support Needed		\$ 73,954
Valuation Estimate		
Assessed Value		\$ 333,796
Property Taxes	0.02596	\$ 8,665

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table II. Local Entertainment Venue

Project Scope		
Local Entertainment Venue	3,500 net rentable sq ft	
Development Costs		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 245,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 87,500
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 39,900
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 8,750
Developer Fee	8% Hard Costs	\$ 26,600
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 407,750
Cost per Square Foot		\$ 116.50
Financial Analysis		
Net Rent	\$ 12.00 per sq. ft.	\$ 42,000
Vacancy Adjustment	-10% Net Rent	\$ (4,200)
Net Operating Income		\$ 37,800
Supportable Debt [3]		\$ 309,272
Annual Debt Service		\$ 34,121
Cash Available After Debt Service		\$ 3,679
Supportable Equity [4]		\$ 24,524
Public Support Needed		\$ 73,954
Valuation Estimate		
Assessed Value		\$ 333,796
Property Taxes	0.02596	\$ 8,665

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table III. Regional Entertainment Venue

Project Scope			
Regional Entertainment Venue		8,000 net rentable sq ft	
Development Costs			
Land Costs		0	\$ -
Hard Costs [1]		\$70.00 per sq. ft.	\$ 560,000
Tenant Improvements	\$	25.00 per sq. ft.	\$ 200,000
Soft Costs			
Professional Services [2]		12% Hard Costs	\$ 91,200
Marketing/Leasing Commissions	\$	2.50 per sq. ft.	\$ 20,000
Developer Fee		8% Hard Costs	\$ 60,800
Initial Operating Losses		0% Hard Costs	\$ -
Total Development Cost			\$ 932,000
Cost per Square Foot			\$ 116.50
Financial Analysis			
Net Rent	\$	12.00 per sq. ft.	\$ 96,000
Vacancy Adjustment		-10% Net Rent	\$ (9,600)
Net Operating Income			\$ 86,400
Supportable Debt [3]			\$ 706,907
Annual Debt Service			\$ 77,992
Cash Available After Debt Service			\$ 8,408
Supportable Equity [4]			\$ 56,055
Public Support Needed			\$ 169,038
Valuation Estimate			
Assessed Value			\$ 762,962
Property Taxes		0.02596	\$ 19,806

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table IV. Specialty Retail

Project Scope			
Specialty Retail	1,400 net rentable sq ft		
Development Costs			
Land Costs	0	\$	-
Hard Costs [1]	\$70.00 per sq. ft.	\$	98,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$	35,000
Soft Costs			
Professional Services [2]	12% Hard Costs	\$	15,960
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$	3,500
Developer Fee	8% Hard Costs	\$	10,640
Initial Operating Losses	0% Hard Costs	\$	-
Total Development Cost		\$	163,100
Cost per Square Foot		\$	116.50
Financial Analysis			
Net Rent	\$ 12.00 per sq. ft.	\$	16,800
Vacancy Adjustment	-10% Net Rent	\$	(1,680)
Net Operating Income		\$	15,120
Supportable Debt [3]		\$	123,709
Annual Debt Service		\$	13,649
Cash Available After Debt Service		\$	1,471
Supportable Equity [4]		\$	9,810
Public Support Needed		\$	29,582
Valuation Estimate			
Assessed Value		\$	133,518
Property Taxes	0.02596	\$	3,466

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table V. Specialty Retail

Project Scope		
Specialty Retail	1,400 net rentable sq ft	
Development Costs		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 98,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 35,000
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 15,960
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 3,500
Developer Fee	8% Hard Costs	\$ 10,640
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 163,100
Cost per Square Foot		\$ 116.50
Financial Analysis		
Net Rent	\$ 12.00 per sq. ft.	\$ 16,800
Vacancy Adjustment	-10% Net Rent	\$ (1,680)
Net Operating Income		\$ 15,120
Supportable Debt [3]		\$ 123,709
Annual Debt Service		\$ 13,649
Cash Available After Debt Service		\$ 1,471
Supportable Equity [4]		\$ 9,810
Public Support Needed		\$ 29,582
Valuation Estimate		
Assessed Value		\$ 133,518
Property Taxes	0.02596	\$ 3,466

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table VI. Sandwich Shop

Project Scope		
Sandwich Shop	1,500 net rentable sq ft	
Development Costs		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 105,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 37,500
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 17,100
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 3,750
Developer Fee	8% Hard Costs	\$ 11,400
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 174,750
Cost per Square Foot		\$ 116.50
Financial Analysis		
Net Rent	\$ 12.00 per sq. ft.	\$ 18,000
Vacancy Adjustment	-10% Net Rent	\$ (1,800)
Net Operating Income		\$ 16,200
Supportable Debt [3]		\$ 132,545
Annual Debt Service		\$ 14,623
Cash Available After Debt Service		\$ 1,577
Supportable Equity [4]		\$ 10,510
Public Support Needed		\$ 31,695
Valuation Estimate		
Assessed Value		\$ 143,055
Property Taxes	0.02596	\$ 3,714

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table VII. Specialty Foods

Project Scope			
Specialty Foods		1,700 net rentable sq ft	
Development Costs			
Land Costs		0	\$ -
Hard Costs [1]		\$70.00 per sq. ft.	\$ 119,000
Tenant Improvements	\$	25.00 per sq. ft.	\$ 42,500
Soft Costs			
Professional Services [2]		12% Hard Costs	\$ 19,380
Marketing/Leasing Commissions	\$	2.50 per sq. ft.	\$ 4,250
Developer Fee		8% Hard Costs	\$ 12,920
Initial Operating Losses		0% Hard Costs	\$ -
Total Development Cost			\$ 198,050
Cost per Square Foot			\$ 116.50
Financial Analysis			
Net Rent	\$	10.00 per sq. ft.	\$ 17,000
Vacancy Adjustment		-10% Net Rent	\$ (1,700)
Net Operating Income			\$ 15,300
Supportable Debt [3]			\$ 125,181
Annual Debt Service			\$ 13,811
Cash Available After Debt Service			\$ 1,489
Supportable Equity [4]			\$ 9,926
Public Support Needed			\$ 62,942
Valuation Estimate			
Assessed Value			\$ 135,108
Property Taxes		0.02596	\$ 3,507

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table VIII. Mixed-Use Development

Project Scope		
Mixed Use with Specialty Retail	2,800 net rentable sq ft	
Development Costs		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 196,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 70,000
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 31,920
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 7,000
Developer Fee	8% Hard Costs	\$ 21,280
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 326,200
Cost per Square Foot		\$ 116.50
Financial Analysis		
Net Rent (Blended Rate)	\$ 12.00 per sq. ft.	\$ 33,600
Vacancy Adjustment	-10% Net Rent	\$ (3,360)
Net Operating Income		\$ 30,240
Supportable Debt [3]		\$ 247,417
Annual Debt Service		\$ 27,297
Cash Available After Debt Service		\$ 2,943
Supportable Equity [4]		\$ 19,619
Public Support Needed		\$ 59,163
Valuation Estimate		
Assessed Value		\$ 267,037
Property Taxes	0.02596	\$ 6,932

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

Table IX. Mixed Use Development

Project Scope		
Mixed Use with Specialty Retail	2,800 net rentable sq ft	
Development Costs		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 196,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 70,000
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 31,920
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 7,000
Developer Fee	8% Hard Costs	\$ 21,280
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 326,200
Cost per Square Foot		\$ 116.50
Financial Analysis		
Net Rent (Blended Rate)	\$ 12.00 per sq. ft.	\$ 33,600
Vacancy Adjustment	-10% Net Rent	\$ (3,360)
Net Operating Income		\$ 30,240
Supportable Debt [3]		\$ 247,417
Annual Debt Service		\$ 27,297
Cash Available After Debt Service		\$ 2,943
Supportable Equity [4]		\$ 19,619
Public Support Needed		\$ 59,163
Valuation Estimate		
Assessed Value		\$ 267,037
Property Taxes	0.02596	\$ 6,932

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

TID Economic Feasibility Analysis

The proposed tax incremental financing district is estimated to generate a cumulative surplus beginning in Year 5 and to have sufficient reserves so that it could retire debt in Year 18 or 2023.

Overall, this suggests that the District will be economically feasible particularly since assistance will be provided on a project basis in parallel to increases in valuation.

Tables X through XIII present the analysis of the size and amortization schedule of the tax increment bond issue that would be needed to assist the assumed projects. The analysis assumes annual inflation in values and costs of development at 2.5%.

Table X. Capital Spending

Capital Spending are based upon the Financing gaps identified earlier plus an additional amount for unknown financing gaps in the retail, commercial and entertainment sectors. We have also added costs for public improvements, residential development, marketing and other administrative costs. Details are shown in Table X.

Table XI. New Development

The projected development value was prepared in consultation with the City of Milwaukee Department of City Development and the Bronzeville Market Analysis and District Plan. The estimates shown in Table XI are reasonable and exemplify realistic development possibilities, but cannot be guaranteed.

Approximately, \$4.7 million of new development is expected to occur in the Bronzeville District by the end of the year 2010. These estimates reflect likely costs of anticipated development and subsequent market values of the land and improvements.

Table XII. Tax Increment

Incremental revenues can be used to fund planned public expenditures and include tax revenues from projected new development as well as projected future increases in property values from general price escalation.

According to the City of Milwaukee, property in the District has been increasing in value by approximately 2.5 percent per year plus the value of new development.

Next, the inflation increment was added to the tax base generated by the projected new development to obtain the annual total value of the District. Since incremental TID values can only be used to pay for public improvements, the base value of the District was taken out of the total value to provide the future increment value. The future increment value was multiplied by the assumed tax rate to provide the annual tax increment value. This figure determines how much money is available for annual debt service and other TID related expenses.

The annual tax increment is shown on the last column of Table XII. In the revenue year 2007 the annual tax increment is estimated to be \$27,147 and in the revenue year 2030, the annual tax increment is estimated to be \$1,078,624.

Tax rates were assumed to remain constant throughout the life of this proposed TID. The proposed tax levy freeze legislation contained in the State of Wisconsin 2005-2007 budget may have some effect on the tax increment available for the Bronzeville District. Should the tax freeze become a constitutional amendment, the tax rates may decrease and lengthen the time this TID remains effective.

Table XIII. Cash Flow

The final step in the economic analysis was to calculate the debt service. This determines if the annual incremental tax revenues (cash flow) will be sufficient to repay the debt that was incurred to pay for planned public improvements. The debt must be repaid within the TIF statutory time limits. Table XII. shows the economic model that was used to determine the debt service plan. The model makes simplifying assumptions of debt instruments used to finance the public improvements.

The debt service plan assumes that all spending in the proposed TID is funded with borrowed funds and the majority of the spending will be eligible for tax exempt financing. Spending for developer incentives and loan funds are assumed to be taxable.

The biggest variable in debt financing is the interest rate. The debt service plan used conservative interest rate assumptions that are based on current market conditions. An interest rate of 4.5 percent is assumed for tax exempt bonds and an interest rate of 6.0 percent is assumed for taxable bonds. Actual borrowing costs may be improved by the underwriters and financial advisors that serve the City of Milwaukee.

Table XIV. shows all debt can be repaid by 2023. This is well within the allowable time for TID expiration. Total repayment costs are estimated to be \$5,569,099. The proposed TID is financially feasible.

Table X: Bronzeville TID Capital Spending Plan

Capital Spending Plan								
Project Series	Total	2005	2006	2007	2008	2009	2010	2011
Phase II Improvements								
Curb Bump Outs/Paving	\$ 180,000		\$ 90,000	\$ 90,000				
Colored Stamped Concrete Crosswalks	\$ 125,000		\$ 65,000	\$ 60,000				
Directional Signage/Informational Klosks	\$ 100,500		\$ 50,250	\$ 50,250				
Street Furniture/Trash Receptacles	\$ 45,000			\$ 45,000	\$ -	\$ -		
Extensive Landscaping	\$ 38,000			\$ 38,000		\$ -	\$ -	
Subtotal	\$ 488,500	\$ -	\$ 205,250	\$ 283,250	\$ -	\$ -	\$ -	\$ -
General and Admin. Costs								
Admin., CDA Staffing, Legal	\$ 200,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		
Land Acquisitions	\$ 1,000,000		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000		
Marketing & Promotion	\$ 100,000		\$ 50,000	\$ 50,000				
E.D. Master Fund/Developer Incentives	\$ 1,000,000		\$ 250,000	\$ 500,000	\$ 250,000			
Residential Assistance Program	\$ 500,000		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
Capitalized Interest	\$ 143,173			\$ 24,774	\$ 69,074	\$ 49,325		
Subtotal	\$ 2,943,173	\$ -	\$ 700,000	\$ 974,774	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Total Use of Funds	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Sources of Funds								
TID-Backed Debt	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Tax Exempt	\$ 788,500	\$ -	\$ 305,250	\$ 383,250	\$ 50,000	\$ 50,000	\$ -	\$ -
Taxable Debt	\$ 2,643,173	\$ -	\$ 600,000	\$ 874,774	\$ 669,074	\$ 399,325	\$ 100,000	\$ -
Total Sources of Funds	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -

Table XI: Bronzeville TID Projected New Development

Exhibit #2: Bronzeville TID Projected New Development	Est. Total Value	2005	2006	2007	2008	2009	2010	2011
Catalytic Projects/New Development								
Residential Development - Single Family Homes- 26 lots @ \$125,000; Year 1:8 units; Years 2 & 3: 9 units	\$ 3,250,000		\$ -	\$ 1,000,000	\$ 1,125,000	\$ 1,125,000		
Local Entertainment Venue (3,500 sq ft)	\$ 333,796			\$ 333,796				
Local Entertainment Venue (3,500 sq ft)	\$ 333,796			\$ -	\$ 333,796			
Regional Entertainment Venue (8,000 sq ft)	\$ 762,962			\$ -	\$ 762,962			
Sandwich Shop (1,500 sq ft)	\$ 143,055			\$ 143,055				
Specialty Retail (1,400 sq ft)	\$ 133,518			\$ 133,518				
Specialty Retail (1,400 sq ft)	\$ 133,518			\$ -	\$ 133,518			
(2) Mixed Use/Specialty Retail Developments (2,800 sq ft each)	\$ 534,073			\$ 267,037	\$ 267,037			
Specialty Foods (1,700 sq ft)	\$ 135,108				\$ -	\$ -	\$ 135,108	
Total New Development	\$ 5,759,826	\$ -	\$ -	\$ 1,877,406	\$ 2,622,312	\$ 1,125,000	\$ 135,108	
Demolition and Reduction of Value								
Regional Entertainment Venue	\$ 334,500				\$ 334,500			
Sandwich Shop	\$ 83,900			\$ 83,900				
Specialty Retail	\$ 346,600			\$ 346,600				
Mixed-Use Development with Specialty Retail	\$ 161,600			\$ 80,800	\$ 80,800			
Cultural Center	\$ 118,300			\$ 118,300				
Local Entertainment Venue	\$ 16,000				\$ 16,000			
Total Value of Development	\$ 4,714,926	\$ -	\$ -	\$ 1,247,806	\$ 2,207,012	\$ 1,125,000	\$ 135,108	\$ -
	\$ 4,714,926	\$ -	\$ -	\$ 1,247,806	\$ 2,207,012	\$ 1,125,000	\$ 135,108	\$ -

Table XII: Bronzeville TID Pro Forma and Increment Value

TID Pro Forma (Increment Value)								
					Tax Rate (2005)		0.02596	
					Inflation Factor		2.5%	
Base Value			\$ 41,828,800					
Construction Year	Valuation Year	Revenue Year (RevYr)	Inflation Increment	Real Increment / (Decrement)	Total Value at 12/31/RevYr	Future Value Increment	Assumed Tax Rate	Tax Increment
2004	2005	2006	\$ -	\$ -	\$ 41,828,800	\$ -	\$ 0.02596	\$ -
2005	2006	2007	\$ 1,045,720	\$ -	\$ 42,874,520	\$ 1,045,720	\$ 0.02596	\$ 27,147
2008	2007	2008	\$ 1,071,863	\$ -	\$ 43,946,383	\$ 2,117,583	\$ 0.02596	\$ 54,972
2007	2008	2009	\$ 1,098,660	\$ 1,247,805.94	\$ 46,292,849	\$ 4,464,049	\$ 0.02596	\$ 115,887
2008	2009	2010	\$ 1,157,321	\$ 2,207,012.32	\$ 49,657,182	\$ 7,828,382	\$ 0.02596	\$ 203,225
2009	2010	2011	\$ 1,241,430	\$ 1,125,000.00	\$ 52,023,612	\$ 10,194,812	\$ 0.02596	\$ 264,657
2010	2011	2012	\$ 1,300,590	\$ 135,107.80	\$ 53,459,310	\$ 11,630,510	\$ 0.02596	\$ 301,928
2011	2012	2013	\$ 1,336,483	\$ -	\$ 54,795,792	\$ 12,968,992	\$ 0.02596	\$ 336,623
2012	2013	2014	\$ 1,389,895	\$ -	\$ 56,185,687	\$ 14,336,887	\$ 0.02596	\$ 372,186
2013	2014	2015	\$ 1,404,142	\$ -	\$ 57,569,829	\$ 15,741,029	\$ 0.02596	\$ 408,637
2014	2015	2016	\$ 1,439,246	\$ -	\$ 59,009,075	\$ 17,180,275	\$ 0.02596	\$ 446,000
2015	2018	2017	\$ 1,475,227	\$ -	\$ 60,484,302	\$ 18,655,502	\$ 0.02596	\$ 484,297
2016	2017	2018	\$ 1,512,108	\$ -	\$ 61,996,410	\$ 20,187,610	\$ 0.02596	\$ 523,551
2017	2018	2019	\$ 1,549,910	\$ -	\$ 63,548,320	\$ 21,717,520	\$ 0.02596	\$ 583,787
2018	2019	2020	\$ 1,588,658	\$ -	\$ 65,134,978	\$ 23,308,178	\$ 0.02596	\$ 605,028
2019	2020	2021	\$ 1,628,374	\$ -	\$ 66,763,352	\$ 24,934,552	\$ 0.02596	\$ 647,301
2020	2021	2022	\$ 1,669,084	\$ -	\$ 68,432,438	\$ 26,603,836	\$ 0.02596	\$ 690,830
2021	2022	2023	\$ 1,710,811	\$ -	\$ 70,143,247	\$ 28,314,447	\$ 0.02596	\$ 735,043
2022	2023	2024	\$ 1,753,581	\$ -	\$ 71,896,828	\$ 30,068,028	\$ 0.02596	\$ 780,568
2023	2024	2025	\$ 1,797,421	\$ -	\$ 73,694,249	\$ 31,865,449	\$ 0.02596	\$ 827,227
2024	2025	2026	\$ 1,842,358	\$ -	\$ 75,536,605	\$ 33,707,805	\$ 0.02596	\$ 875,055
2025	2026	2027	\$ 1,888,415	\$ -	\$ 77,425,020	\$ 35,596,220	\$ 0.02596	\$ 924,078
2026	2027	2028	\$ 1,935,628	\$ -	\$ 79,360,646	\$ 37,531,848	\$ 0.02596	\$ 974,327
2027	2028	2029	\$ 1,984,016	\$ -	\$ 81,344,662	\$ 39,515,862	\$ 0.02596	\$ 1,025,832
2028	2029	2030	\$ 2,033,617	\$ -	\$ 83,378,278	\$ 41,549,478	\$ 0.02596	\$ 1,078,624
2029	2030	2031	\$ 2,084,457	\$ -	\$ 85,462,735	\$ 43,633,935	\$ 0.02596	\$ 1,132,737
2030	2031	2032	\$ 2,136,568	\$ -	\$ 87,599,304	\$ 45,770,504	\$ 0.02596	\$ 1,188,202
2031	2032	2033	\$ 2,189,983	\$ -	\$ 89,789,286	\$ 47,960,486	\$ 0.02596	\$ 1,245,054
2032	2033	2034	\$ 2,244,732	\$ -	\$ 92,034,018	\$ 50,205,218	\$ 0.02596	\$ 1,303,327
TOTAL			\$		4,714,926			\$ 18,135,929

Table XIII: Bronzeville TID Debt Service Plan and Cash Flow

Debt Service Plan												
Assumptions:						Results						
Blended Interest Rate-TID Debt	5.62%					Project Cost	\$ 3,288,500					
Interest rate-Tax Exempt	4.50%					Total Borrowing Costs & Bond Discounts	\$ 85,770					
Interest rate-Taxable	6.0%					Capitalized Interest	\$ 143,173					
Borrowing Fees & Bond Discount	2.0%					Total Interest Cost	\$ 2,071,666					
						Total Repayment Cost	\$ 5,589,099					
						Net Tax Base Creation	\$ 4,714,928					
						Net New Tax Base per \$1 Borrowed	\$ 1.35					
Period	Year	Total Debt Financed Project Costs	Capitalized Interest	Borrowing Costs & Bond Discount	Blended Rate Capital Debt	Cumulative Debt/Unpaid Principal	Interest Payment	Principal Payment	Total Payment	Incremental Tax Revenue	TID Account Balance (Loss)	Capitalized Interest
1	2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	2006	\$ 905,250	\$ -	\$ 18,105	\$ 923,355	\$ 923,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	2007	\$ 1,233,250	\$ 24,774	\$ 24,665	\$ 1,282,689	\$ 2,206,044	\$ 51,921	\$ -	\$ 51,921	\$ 27,147	\$ (24,774)	\$ 24,774
4	2008	\$ 550,000	\$ 69,074	\$ 13,000	\$ 732,074	\$ 2,938,118	\$ 124,047	\$ -	\$ 124,047	\$ 54,972	\$ (69,074)	\$ 69,074
5	2009	\$ 400,000	\$ 49,325	\$ 8,000	\$ 457,325	\$ 3,395,443	\$ 165,212	\$ -	\$ 165,212	\$ 115,667	\$ (49,325)	\$ 49,325
6	2010	\$ 100,000	\$ -	\$ 2,000	\$ 102,000	\$ 3,487,443	\$ 190,927	\$ 10,000	\$ 200,927	\$ 203,225	\$ 2,298	\$ -
7	2011	\$ -	\$ -	\$ -	\$ -	\$ 3,422,443	\$ 196,100	\$ 65,000	\$ 261,100	\$ 264,857	\$ 3,557	\$ -
8	2012	\$ -	\$ -	\$ -	\$ -	\$ 3,317,443	\$ 192,445	\$ 105,000	\$ 297,445	\$ 301,928	\$ 4,483	\$ -
9	2013	\$ -	\$ -	\$ -	\$ -	\$ 3,167,443	\$ 186,541	\$ 150,000	\$ 336,541	\$ 336,823	\$ 82	\$ -
10	2014	\$ -	\$ -	\$ -	\$ -	\$ 2,977,443	\$ 178,107	\$ 190,000	\$ 368,107	\$ 372,186	\$ 4,079	\$ -
11	2015	\$ -	\$ -	\$ -	\$ -	\$ 2,737,443	\$ 167,423	\$ 240,000	\$ 407,423	\$ 408,637	\$ 1,214	\$ -
12	2016	\$ -	\$ -	\$ -	\$ -	\$ 2,447,443	\$ 153,926	\$ 290,000	\$ 443,926	\$ 446,000	\$ 2,072	\$ -
13	2017	\$ -	\$ -	\$ -	\$ -	\$ 2,102,443	\$ 137,821	\$ 345,000	\$ 482,621	\$ 484,297	\$ 1,676	\$ -
14	2018	\$ -	\$ -	\$ -	\$ -	\$ 1,697,443	\$ 118,221	\$ 405,000	\$ 523,221	\$ 523,551	\$ 330	\$ -
15	2019	\$ -	\$ -	\$ -	\$ -	\$ 1,232,443	\$ 95,448	\$ 465,000	\$ 560,448	\$ 563,787	\$ 3,339	\$ -
16	2020	\$ -	\$ -	\$ -	\$ -	\$ 697,443	\$ 69,301	\$ 535,000	\$ 604,301	\$ 605,028	\$ 726	\$ -
17	2021	\$ -	\$ -	\$ -	\$ -	\$ 82,443	\$ 39,218	\$ 605,000	\$ 644,218	\$ 647,301	\$ 3,083	\$ -
18	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,198	\$ 92,443	\$ 97,641	\$ -	\$ -	\$ -
19	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	2031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	2032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL		\$ 3,288,500	\$ 143,173	\$ 85,770	\$ 3,497,443	\$ 36,842,275	\$ 2,071,666	\$ 3,497,443	\$ 5,589,099	\$ 5,355,226		\$ 143,173

Joint Review Board Tests

Three (3) tests must be applied by the Joint Review Board in determining whether or not to approve the establishment of a tax increment financing district. The three (3) tests include the "but for", economic benefits and impacts on other jurisdictions.

But for....

The Joint Review Board must consider whether development would occur without the use of tax incremental financing. To evaluate this criterion, we have tested whether or not projects would be financially feasible without TIF assistance.

Without TIF assistance, the potential developments identified by the Bronzeville Market Analysis and District Plan would not be feasible. The identified projects need to support either additional debt or additional equity in the amount of approximately \$589,073. Sufficient cash flows would have to be available to support additional interest, principal payments or the equity would have to earn a reasonable return.

The analysis assumed that investors would require 15% annual cash-on-cash return on their investment. Additional equity would decrease returns further and makes the projects unattractive to investors.

Increasing the amount of debt financing is also difficult. Increasing debt, and therefore, debt service, increases risk, decreases cash flow and negatively impacts equity returns. From the debt prospective, raising loan amounts also increases risk and the ratio of debt to equity. Under these circumstances, it would be difficult to obtain additional debt.

On the residential side, actual experience in Lindsay Heights shows, conclusively, that new residential development requires a subsidy of the magnitude included in this analysis. Similarly, experience demonstrates that improving the existing housing stock requires incentives to encourage investment in the homes.

It is our opinion that, without TIF assistance, future projects will not proceed.

Economic Benefits

The Joint Review Board is charged with determining whether the economic benefits are sufficient to justify the investment of public funds.

The ability to retire the TIF debt was the first consideration. As structured, the debt is retired within the life of the TID. The TID will be retired in 18 years or by 2023.

Second, there are significant benefits to fostering entertainment, retail and residential development near the downtown. Retail and entertainment development will economically benefit the City by retaining individuals who may otherwise look outside the City for housing and attracting new residents to the City. These residents will invest their income in household goods, food, entertainment and other services that will provide a new benefit to City businesses.

The area is a historic neighborhood, and new investment through rehabilitation of selected buildings will restore its character.

The City owns several parcels within the proposed TID. Clearly, the land is underutilized and not realizing its tax generating potential.

New developments will create construction jobs and those wages will filter throughout the economy. Permanent jobs will also be created within the neighborhood by the new development.

Impacts on Other Jurisdictions

The Joint Review Board must also consider whether the benefits outweigh the anticipated tax increments to be paid by the owners of the property in the overlying tax districts. In this case, the economic feasibility of large scale redevelopment in this area without assistance is such that the buildings not yet under renovation would sit in their current state for many years. The City already owns a large number of the parcels, so they are off of the tax rolls. Hence, without the TID to help spur private investment, tax revenues from those parcels represent a foregone opportunity. With the TID, tax revenue will be significantly increased and, starting in year 13, the other taxing bodies should enjoy an increase in revenue. Further, specific projects will assist in stabilizing values in the community and could provide impetus to other, complementary projects which would further enhance the overall area's tax base.

In our opinion, the project clearly meets the Joint Review Board tests.