

AMENDMENT NO. 2

**PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO.
42
(Capitol Court/Midtown Center)**

CITY OF MILWAUKEE

Public Hearing Held:

**Redevelopment Authority Adopted
Common Council Adopted:**

Joint Review Board Adopted:

**AMENDMENT NO. 2 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 42
CITY OF MILWAUKEE
(Capitol Court/ Midtown Center)**

Introduction

Section 66.1105 (4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority, subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district.

The City of Milwaukee created Tax Incremental District Number 42 in 2000. The District contains 2,457,081 square feet (56.4 acres) and was created to assist developer Boulder Venture, Inc. with the redevelopment of the former Capitol Court shopping mall into a town center concept known as Midtown Center. When Capitol Court opened in 1956, the open air mall was considered a key regional shopping area in Milwaukee with three major department store anchors. In the 1970's Capitol Court was converted to an indoor mall. With the departure of anchor stores and other merchants in the 1990's, Capitol Court faced a decline in occupancy, rents, and sales, and lost its status as a regional shopping center.

The mall was sold to Boulder Venture, Inc. in 2000 for redevelopment into the Midtown Center. Boulder Venture collaborated with the Redevelopment Authority and City of Milwaukee in efforts to among others, eliminate the obsolete mall; promote the coordinated development of underutilized land and vacant buildings; add public improvements and new infrastructure to the site; and to create new employment opportunities with the development of the Midtown Center. In 2002, Midtown Center opened with anchors Walmart, Pick N Save, and various service, apparel and restaurant retailers. In 2005, Lowe's opened its first Wisconsin location at Midtown Center.

Following significant retail development, Midtown Center was sold to Inland Western Real Estate Investment Trust (now named Retail Properties of America, Inc.) in 2005. In 2007, the new owner constructed several new buildings including an Office Depot (20,930 square feet); a Junior Anchor building containing several junior anchor spaces (25,180 square feet); and three separate buildings on 56th Street totaling (40,768 square feet). The project plans anticipates 600,000 square feet of retail space to be built in the District once fully developed, and over 1,200 permanent jobs created. Currently Midtown has a gross leasable area of 408,499 square feet, and vacancy at nearly 13%. Midtown employs approximately 700-800 people, with its largest employers being Walmart (approx. 250 employees) and Pick 'N Save (approx. 109 employees). There are a few pad sites available for development and being marketed.

In 2009, one of the District's largest employer/retailers, Lowe's Home Improvement, vacated its approximately 135,000 square foot property. This site has remained for sale, but vacant, since then. An Applebee's restaurant also closed in the District. In November 2012, Marshall's department store closed its doors at Midtown. In efforts to ensure the objectives of the tax increment district are being reached; to ensure continued success of the tax increment district and the Midtown Center overall; to add new retail opportunities; and to ensure the Center remains vibrant and to create new employment opportunities, this amendment to the TID is to being requested. In addition, this amendment serves to ensure the largest retail shopping area in the City of Milwaukee continues to serve its residents.

In summary, Amendment No. 2 to the Project Plan will provide \$3,500,000 for the purposes of creating an economic development fund to assist with continued redevelopment efforts and new development projects within the TID project area. TID 42 currently has surplus of \$2,332,829. With this amendment, the TID is estimated for retirement in 2015, and will have a surplus at that time also.

To date \$11,733,773 of project costs have been incurred, including interest on debt and associated carrying charges, and approximately \$14,066,603 of incremental revenue has been generated in the TID.

Amendments to the Project Plan:

The following amendments are made to the Project Plan.

II. PLAN PROPOSALS

Table A in Section II(B)(2) is restated as follows:

Table A
List of Estimated Project Costs

Midtown Improvements	\$ 333,218
Grants/Loans to developer	6,498,340
Remaining Appropriations & Encumbrances	185,819
Capitalized Interest	804,292
Administration	104,668
Current Total Project Costs Exc. Financing	7,926,337
Financing Costs, Net of Earnings	3,807,436
Total Including Financing Costs	11,733,773
Proposed Development Fund	3,500,000
Estimated Total Project Costs	\$ 15,233,773

Schedule A of Section II (B) (3) (a) “Description of Timing and Methods of Financing” is deleted and restated, as follows:

Schedule A
Estimated Timing of Project Costs (Excl. Financing)

Year	Estimated Project Costs	Cumulative Total
2000-12	7,740,518	7,740,518
2013-15	3,685,819	11,426,337

Sub-Section 4, “Economic Feasibility Study” is amended by adding the following:

“4. Economic Feasibility Study

Please see forecast of District Cash Flow and District Breakeven analysis, attached. Based on the forecast, following the expenditure of the additional funds for development projects, the District is expected to close-out in 2015. “

ATTACHMENTS

District Cash Flow forecast / Breakeven Analysis

	MidTowne Center TID-42
12-31-12 Lifetime-to-date expenditures	7,740,518
Add:	
Remaining appropriation-DCD	123,688
Current encumbrances	62,131
Total current project costs excluding financing	7,926,337
Lifetime-to-date interest 12-31-12	3,140,749
Scheduled bond interest costs - 2013 to maturity	733,205
Interest on estimated future borrowing	111,758
Future capitalized interest	18,710
Cumulative City of Milwaukee carrying cost	(154,131)
Difference between proceeds and principal debt service	(42,855)
Total current project costs including interest and other charges	11,733,773
Project revenues	-
Tax increments levied:	
2002	82,011
2003	867,446
2004	818,888
2005	1,294,215
2006	1,401,229
2007	1,469,485
2008	1,790,874
2009	1,858,586
2010	1,554,473
2011	1,364,079
2012	1,565,317
2013 estimated	1,500,000
2014 estimated	1,500,000
2015 estimated	1,500,000
Total tax increments levied	18,566,603
Proposed development fund	3,500,000
Net amount to be recovered through future tax increments	<u>(3,332,830)</u>