

BUSINESS IMPROVEMENT DISTRICT NO. 15
MILWAUKEE RIVERWALK
2023 OPERATING PLAN

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I. INTRODUCTION

On March 31, 1994 the Common Council of the City of Milwaukee (the "Common Council") approved the creation of Business Improvement District No. 15 (the "BID") and the initial Operating Plan for the BID. The objective of the initial Operating Plan was to establish a development scheme and funding mechanism for the construction of a series of riverwalks and related amenities along the Milwaukee River in downtown Milwaukee (the "Riverwalk System"). Subsequent to the creation of the BID, the BID and the City of Milwaukee entered into a Riverwalk Development Agreement dated as of May 23, 1994 (and the parties have subsequently entered into a series of amendments thereto) to further implement the development of the Riverwalk System consistent with the framework established in the initial Operating Plan. (The May 23, 1994 Riverwalk Development Agreement and all amendments thereto are collectively referred to as the "Development Agreement").

Section 66.1109(3)(b), Wisconsin Statutes, requires that a business improvement district board "shall annually consider and make changes to the operating plan.....the board shall then submit the operating plan to the local legislative body for approval." The board of the BID (the "Board") hereby submits this 2023 Operating Plan in fulfillment of its statutory requirement.

This Operating Plan proposes a continuation and expansion of the activities described in the initial BID Operating Plan. Therefore, it incorporates by reference the initial Operating Plan as adopted by the Common Council. In the interest of brevity, this Operating Plan emphasizes the elements which are required by section 66.1109, Wis. Stats., and does not repeat the background information that is contained in the initial Operating Plan.

II. DISTRICT BOUNDARIES

Boundaries of the BID are shown on Exhibit A of this Operating Plan. A listing of the properties included in the BID is provided in Exhibit B. Section 66.1109(1)(b), Wisconsin Statutes, provides that the boundaries of a business improvement district shall include parcels that are contiguous to the district but that were not included in the original boundaries of the district because the parcels were tax-exempt when the boundaries of the district were initially determined and such parcels subsequently became taxable. Two properties shown on Exhibit B fall into the category of properties described under section 66.1109(1)(b) and were added to the BID and assessed for the first time under the 2012 Operating Plan. Accordingly, the boundaries of the BID shown on Exhibit A vary from the boundaries of the BID shown in Operating Plans prior to the 2012 Operating Plan, when these two properties were added to the BID by operation of law. The two properties that were so added to the BID are: (1) 1122 North Edison Street (Tax Parcel No. 392-1209-100); and (2) 1150 North Water Street (Tax Parcel No. 392-292-2000).

III. DEVELOPMENT OF PROPOSED OPERATING PLAN

A. Plan Objectives

The objective of the BID is to complete the riverwalk and riverwalk-related improvements described in Exhibit C of this Operating Plan and to maintain and foster the usage of these improvements. These improvements will increase public access to the Milwaukee River and promote, attract, stimulate and revitalize commerce and industry within the City. In particular, these improvements will further the City policies identified in the initial Operating Plan for the BID.

B. Proposed Activities

A description of the improvements to be completed by the BID, including both those improvements already commenced or undertaken and those improvements that remain to be completed, is set forth in Exhibit C of this Operating Plan. Much of the work is dependent upon obtaining easements and/or other access rights from owners of property within the BID and upon the City agreeing to finance those portions of the Riverwalk System originally contemplated by the Development Agreement but not completed within the time frame set forth therein. Accordingly, the Board may alter the schedule of the work as it deems necessary or appropriate.

C. Financing Method

The actual and estimated costs for each of the BID's completed and proposed development activities are set forth on Exhibit C of this Operating Plan (the "Development Costs"). The BID and the City shared the Development Costs in accordance with the terms of the Development Agreement. The Board shall have the authority and responsibility to prioritize expenditures and to revise the budget as necessary to match the funds actually available.

To date, the BID's share of the Development Costs has been obtained through the issuance of bonds by the City. The City loaned the proceeds of the bonds to the BID and the BID has repaid the loans through annual assessments against the assessable properties within the BID. The assessments for Development Costs first commenced in 2000 in accordance with the BID's 2000 Operating Plan and appeared on the property tax bills of the assessable properties within the BID toward the end of 2000. Interest on funds advanced to the BID prior to commencement of the annual assessments for Development Costs has accrued. The interest rate charged to the BID on the loans from the City is equal to the interest rate paid on the funds raised to finance the loans to the BID. If the City subsequently refinances all or parts of any funds it loans to the BID at a lower interest rate, such interest rate savings shall be passed through to the BID. The proposed terms of the initial City loan to the BID, including the estimated annual payments due the City throughout the life of the loan, were set forth on Appendix F of the initial Operating Plan for the BID and were revised and restated on subsequent Operating Plans.

Pursuant to the 11th and 12th Amendments to the Development Agreement, the City and the Board agreed to increase the Development Costs to make certain improvements benefiting the Riverwalk System as a whole. These improvements included a new riverwalk segment linking the BID's Riverwalk System to the riverwalk system developed by Business Improvement District No. 2 in the Historic Third Ward as well as the installation of a signage program and the construction of other amenities along various parts of the Riverwalk System (collectively, the "Upgrades and Amenities"). The total cost of the Upgrades and Amenities is set forth on Exhibit C. The BID's aggregate share of the cost for the Upgrades and Amenities is \$210,100 (\$45,100 for the connector segment to the Historic Third Ward Riverwalk System and \$165,000 for the additional amenities to the BID's Riverwalk System).

Pursuant to the 14th Amendment to the Development Agreement, the City and the Board agreed to increase the Development Costs to fund a series of accessibility improvements throughout the Riverwalk System (the "Accessibility Improvements"). As shown on Exhibit C, the total budget for the Accessibility Improvements is \$4,797,473, of which the BID's share is \$910,714.00.

In 2020, the BID entered into a Riverwalk ADA Ramp Funding Agreement with the City and the owner of the property located at 111 East Michigan to replace an exterior elevator/lift (which is owned and maintained by the BID) with an ADA accessible ramp. The ramp will provide better accessibility to the Riverwalk System and eliminate the long term maintenance costs of the elevator/lift. The City and the BID each committed to contribute \$213,000 toward the cost of constructing the ramp. The BID's contribution (the "ADA Ramp Contribution") is being funded through a loan to the BID from a commercial bank which will be repaid over a period of three years. The first year's loan payment was made in 2021 so there is one year remaining on this loan.

The current repayment schedule for the remaining outstanding BID loans is set forth on Exhibit D. All loans to the BID will constitute long-term contractual obligations of the BID, necessitating the continuous existence of the BID for at least the term of the loans.

In addition to the assessments necessary to repay the funds loaned to the BID by the City, the BID will incur annual operating expenses. These expenses will include costs required for the administration of the BID, for marketing and promotional activities supporting the use of the BID-funded improvements, for overall maintenance for the Riverwalk System and for operational, maintenance and repair costs (including energy costs and a maintenance/replacement reserve fund) of any elevator/lift components of the Riverwalk System that may be installed and located on privately owned project segments. Such elevator lift components shall remain the property of the BID. The estimated annual operating expenses for 2023 are \$187,000. This sum will pay for Riverwalk System maintenance, accounting, administrative, marketing and legal expenses for the BID as well as the above-referenced maintenance of the BID-owned elevators/lifts. Included in the foregoing sum are the following: a \$50,000 contribution to Milwaukee Riverwalk District, Inc. for marketing and promotion of the Riverwalk System and a contribution to the lift maintenance/replacement reserve fund of \$22,000. The Board contemplates

expending approximately \$200,000 in 2023 for elevator/lift improvements and/or replacements. This sum will be paid out of the BID's elevator/lift reserve fund; thus, no assessments will be required for such expenditures.

The Board may also make Improvement Loans, enter into Maintenance Agreements or perform BID Repair Work as provided in Article IV.B.1. of this Operating Plan. Any funds so expended on behalf of or for the benefit of specific property owners will be recouped (including any interest allocable thereto) from special assessments against the property of such owners. The Board will be levying special assessments against two properties under this Operating Plan for BID Repair Work that will be undertaken by the Board. Such special assessments are shown on Exhibit B. The amount of the BID Repair Work assessments shown on Exhibit B represent the estimated costs of completing the BID Repair Work. If the actual costs of the BID Repair Work on a property's riverwalk improvements exceed the amount of the assessment shown on Exhibit B, an additional BID Repair Work assessment will be levied against such property in the BID's 2024 Operating Plan in order to recoup such excess; if the actual costs of such work are less than the assessment, then the property will receive a credit in the amount of such difference against the Operating Expense assessment levied against it in the BID's 2024 Operating Plan. Pursuant to an agreement entered into by the Board and the City of Milwaukee in 2022, the Board will also be arranging for and overseeing certain repair work on portions of the Riverwalk System owned by the City. The costs for such work will be funded by the City and will not be an expense of the BID. The BID will be paid a management fee by the City for its services.

During calendar year 2020, the BID repaid all of the loans from the City for the Development Costs with the exception of the loans allocable to a portion of the Upgrades and Amenities. The method of assessing the BID's remaining share of the Upgrades and Amenities, the ADA Ramp Contribution, the Improvement Loans, the costs incurred under Maintenance Agreements and the annual operating expenses against properties located within the BID is set forth in Article IV of this Operating Plan. Subsequent revisions to this Operating Plan will specify any additional categories and amounts for operating expenses.

D. Organization of BID Board

Upon creation of the BID, the Mayor appointed members to the Board. The Board's primary responsibility is implementation of this Operating Plan. This requires the Board to negotiate with providers of services and materials to carry out this Operating Plan; to enter into various contracts; to monitor development activity; to periodically revise this Operating Plan; to ensure compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of BID assessments.

State law requires that the Board be composed of at least five members and that a majority of the Board members be owners or occupants of property within the BID.

The Board is structured and operates as follows:

1. Board size - Seven. The current board roster is as follows: Dennis Scherr; Sam Denny; Edward Mordy (Chair); Peter Pacetti, David Gebel, Lisa Tatro; and Becky Groth.
2. Composition - At least four members shall be owners or occupants of property within the BID. Any nonowner or nonoccupant appointed to the Board shall be a resident of the City of Milwaukee. The Board shall elect its Chairperson from among its members.
3. Term - Appointments to the Board shall be for a period of three years.
4. Compensation - None.
5. Meetings - All meetings of the Board shall be governed by the Wisconsin Open Meetings Law.
6. Record Keeping - Files and records of the Board's affairs shall be kept pursuant to public records requirements.
7. Staffing - The Board may employ staff and/or contract for staffing services pursuant to this Plan and subsequent modifications thereof.
8. Meetings - The Board shall meet regularly, at least twice each year. The Board shall adopt rules of order to govern the conduct of its meetings.

E. Relationship to the Milwaukee Riverwalk District, Inc.

The BID is a separate entity from the Milwaukee Riverwalk District, Inc., a private, not for profit corporation exempt from taxation under section 501(c)(3) of the Internal Revenue Code, notwithstanding the fact that members, officers and directors of each may be shared. The Milwaukee Riverwalk District, Inc. shall remain a private organization, not subject to the open meeting law, and not subject to the public records law except for its records generated in connection with the Board. The BID previously entered into agreements with Milwaukee Riverwalk District, Inc. whereby Milwaukee Riverwalk District, Inc. served as the BID's agent with respect to the development and construction of the BID-funded improvements. Prospectively, it is anticipated that the BID will enter into agreements with and/or make donations to Milwaukee Riverwalk District, Inc. in connection with the marketing and promotion of the BID-funded improvements.

IV. METHOD OF ASSESSMENT

A. Annual Assessment Rate and Method

The general principle behind the assessment methodology for this BID is that each property should contribute to the BID in proportion to the benefit derived from the BID. After due consideration, it was determined that the following assessment methods will be applied:

1. The annual assessment for BID operating expenses will be levied against each property within the BID in proportion to the current assessed value of each property for real property tax purposes (thus, the percentage of annual assessments for operating expenses allocable to a particular property may change from year to year if that property's assessed value changes relative to other properties within the BID). Exhibit B shows the estimated 2023 assessment for operating expenses for each property within the BID.
2. The annual assessment for the BID's remaining share of the Upgrades and Amenities and the ADA Ramp Contribution will be levied against each property in the same manner as the annual assessments for BID operating expenses. Exhibit B shows the estimated 2023 Upgrades and Amenities assessment and ADA Ramp Contribution assessment for each property within the BID.
3. The annual assessments under Maintenance Agreements and Improvement Loans (as such terms are defined in Article IV.B., herein) shall be levied directly against the property benefited by such agreement or loan. The amount of such assessment shall match the actual annual costs of the BID in providing services or funds; thus, the amount of the assessment will not vary as a result of changes in the benefited property's assessed value. Exhibit B shows the estimated 2023 Maintenance Agreement and Improvement Loan assessments for each property that may be subject to same.
4. As was explained in the 2003 Operating Plan (for calendar year 2002), the annual BID assessments for 2002 were calculated and fixed based upon the City of Milwaukee real property assessments as of August 1 of such year. As was also explained in the 2003 Operating Plan, for calendar year 2003 and subsequent years, the annual BID assessments shall be calculated and fixed based upon the City of Milwaukee real property assessments as of June 1 of such year. No BID assessment for a given year shall be modified for such year as a result of an increase or decrease in the assessed value of a property for such year that occurs after June 1 of the year in which such BID assessment has been levied. However, as noted in subsections 1, 2 and 3, above, the amount of some BID assessments levied against a particular property may change from year to year to the extent that the property's assessed value changes in relation to the assessed values of other properties within the BID.

B. Unique Assessment Categories and Methods

1. The Development Agreement between the City and the BID and the riverwalk easements granted by property owners require those property owners who will have new improvements constructed on their river frontage or for their benefit to maintain such improvements to a standard acceptable to the City and the Board and/or perform other obligations with respect to the new improvements as set forth in the Development Agreement and easements. If any property owner fails to so maintain its improvements or fulfill its obligations (after expiration of all

applicable cure periods), either the City or the BID may perform any necessary work on such improvements or carry out any unfulfilled obligations and the cost therefor shall be specially assessed directly (and exclusively) against such property owner and the property of such owner. Further, one or more of such property owners may elect to enter into an agreement with the BID pursuant to which the BID shall be responsible for certain maintenance or repair activities (such as cleaning, landscaping, watering of plants or performing repairs) on their respective riverwalk improvements (a "Maintenance Agreement") or request that the BID make a loan to fund certain upgrades or modifications to their respective riverwalk improvements (an "Improvement Loan"). If the Board agrees to enter into a Maintenance Agreement or to make an Improvement Loan, the maintenance costs and/or loan repayment shall be specially assessed directly against the property owners who have requested such services or received such loan and the property of such owner. Further, pursuant to the terms of the easements encumbering the privately owned riverwalk improvements, the BID may undertake necessary maintenance or repair work on riverwalk improvements that a property owner has failed to perform or has elected to allow the BID to perform ("BID Repair Work"). If the BID performs any BID Repair Work, the costs associated with such work shall be specially assessed directly against the property of the owners on whose behalf such work has been performed.

Furthermore, one of the obligations imposed upon property owners under the easement agreements granted in connection with new riverwalk improvements is to provide electricity for the harp lights located on such improvements. With respect to the entire stretch of riverwalk segments along the east side of North Plankinton between Wells Street and Kilbourn, from 800 North Plankinton through 850 North Plankinton (collectively, the "Plankinton Properties"), there is one electric feed, from the 800 North Plankinton property, that provides electric service to all of the harp lights servicing such riverwalk segments. The owner of the 800 North Plankinton property maintains the electrical feed and receives the electric bill for the harp lights for all of the Plankinton Properties. Accordingly, until such time as any owner of one of the Plankinton Properties provides electric service to power the harp light(s) on its riverwalk segment, the owner of the 800 North Plankinton property may annually submit the maintenance costs of the electrical feed, if any, and the electric bills for the Plankinton Properties' riverwalk segments to the Board and the Board shall reimburse such owner for such costs and assess each of the Plankinton Properties for its respective share of such bills. Such assessments shall be based upon the lineal footage of each riverwalk segment. (The Board will bill the City directly for the City's share of such costs based upon the lineal footage of riverwalk owned by the City along this stretch of riverwalk.) The 2023 assessments for electricity charges for the Plankinton Properties, reflecting each of the Plankinton Properties' share of the electricity invoices received during the twelve month period ending July 31, 2021, are set forth on Exhibit B.

2. Any improvements made by property owners within the BID to their properties that will increase access to and use of the Riverwalk System will further the public purposes and objectives set forth in Article III.A. of this Operating Plan. Accordingly, future loans from the City may be available to or through the BID for owners of property located within the BID and adjacent to riverwalks for improvements that enhance the use and enjoyment of the Riverwalk System. In the event such loans become available from the City, the BID may lend such funds to individual property owners who shall repay such funds through special assessments incorporating such terms and conditions as the City requires.

C. Excluded and Exempt Property

The BID law requires specific consideration of certain classes of property. In compliance with the law the following statements are provided:

1. State Statute 66.1109(1)(f)lm: The BID will contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this Operating Plan because it is assumed that they will benefit from development in the BID.
2. State Statute 66.1109(5)(a) and 66.1109(5)(d): Property used exclusively for residential purposes will not be assessed; such properties will be identified as BID Exempt Properties in Exhibit B, as revised each year. Further, with respect to mixed use property, only the portion of any such property that is not tax-exempt or residential may be assessed.
3. In accordance with the interpretation of the City Attorney regarding State Statute 66.1109(1)(b), property exempt from general real estate taxes at the time of creation of the BID has been excluded from the BID. (Such property may subsequently become part of the BID at such time as it becomes taxable.) Privately owned, tax exempt property adjoining the BID and which is expected to benefit from BID activities may be asked to make a financial contribution to the BID on a voluntary basis.

D. Prepayment and Acceleration of Assessments

1. Any property owner shall be entitled to prepay at any time either: (a) the then outstanding principal portion (together with accrued interest) of the general BID assessment (i.e., the assessment for Development Costs, including the Upgrades and Amenities and Accessibility Improvements) allocable to such owner's property (with such allocation to be determined by the Board); or (b) as to a recipient of an Improvement Loan, the principal amount (together with accrued interest) of the Improvement Loan. For administrative convenience, no partial prepayments shall be permitted. Any interested owner of property that is subject to general BID assessments may make a written request to the Board for a

statement of the outstanding principal portion (together with accrued interest) of the general BID assessment allocable to such property. Upon receipt from a property owner of payment of all principal and accrued interest for either category of assessments identified above, the Board shall prepare and deliver to the respective property owner a written confirmation of payment and satisfaction of assessment in recordable form. The released property shall continue to be assessed for annual BID operating expenses and for any subsequent expenses (capital or otherwise) incurred by the Board pursuant to future operating plans. A schedule of the principal portion, and accrued interest, of the BID's assessment for Development Costs allocable to each assessable property is attached hereto as Exhibit B. The allocations set forth on Exhibit B are effective only for calendar year 2023, and will be revised, at the discretion of the Board, in subsequent operating plans.

2. The entire outstanding principal portion (together with accrued interest) of the general BID assessment (i.e., the assessment for Development Costs, inclusive of the Upgrades and Amenities and Accessibility Improvements) allocable to a particular property (as determined by the Board) and, if applicable, the entire outstanding principal amount (together with accrued interest) of any separate assessment allocable to a particular property shall become immediately due and payable in full in either of the following events: (a) if the particular property or any portion thereof becomes wholly residential such that the property in its entirety or any portion thereof would not be assessable under subsequent operating plans pursuant to Chapter 66.1109, Wis. Stat.; or (b) if the particular property becomes exempt from general real estate taxes. If either of such accelerated assessments is not paid in full within 15 days following the event giving rise to such acceleration, the Board may commence any action it deems appropriate to collect same, including initiation of proceedings to foreclose the statutory lien securing such assessments.

V. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY

A. City Plans

In February 1978, the Common Council of the City of Milwaukee adopted a Preservation Policy as the policy basis for its Comprehensive Plan and as a guide for its planning, programming and budgeting decisions. The Common Council reaffirmed and expanded the Preservation Policy in Resolution File Number 881978, adopted January 24, 1989.

The Preservation Policy emphasizes maintaining Milwaukee's present housing, jobs, neighborhoods, services, and tax base rather than passively accepting loss of jobs and population, or emphasizing massive new development. In its January 1989 reaffirmation of the policy, the Common Council gave new emphasis to forging new public and private partnerships as a means to accomplish preservation.

This BID is a means of formalizing and funding the public-private partnership between the City and property owners in the River Walk Corridor area and for furthering preservation and redevelopment in this portion of the City of Milwaukee. Therefore, it is fully consistent with the City's Comprehensive Plan and Preservation Policy.

The BID is also compatible with, and intends to follow, the recommendations in applicable comprehensive planning studies such as:

1. Historic Preservation Planning Recommendations for Milwaukee's Central Business District, September 1993;
2. Milwaukee Riverlink Guidelines, March 1992;
3. A Planning Guide for the Middle and Upper Portions of the Milwaukee River, June 1988; and
4. Planning and Zoning Concepts for Downtown Milwaukee, Spring 1985.

B. City Role in District Operations

The City of Milwaukee has committed to helping private property owners in the BID promote its development. To this end, the City has played a significant role in the creation of the BID and in the implementation of the initial Operating Plan. In furtherance of its commitment, the City will:

1. Provide technical assistance to the BID in the adoption of this and subsequent Operating Plans, and provide such other assistance as may be appropriate.
2. Monitor and, when appropriate, apply for outside funds which could be used in support of the BID.
3. Collect assessments, maintain same in a segregated account, and disburse the monies of the BID.
4. Receive annual audits as required per Section 66.1109(3)(c) of the BID law.
5. Provide the Board, through the Office of Assessment on or before June 1st of each plan year, with the official City records on the assessed value of each tax key number within the BID, as of January 1st of each plan year, for purposes of calculating the BID assessments.
6. Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the BID.

VI. FUTURE YEARS OPERATING PLANS

A. Phased Development

It is anticipated that the BID will continue to revise and develop this Operating Plan annually, in response to changing development needs and opportunities in the BID, in accordance with the purposes and objectives defined in this Operating Plan.

Section 66.11.09(3)(b) of the BID law requires the Board and the City to annually review and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms the development program, information on specific assessed values, budget amounts and assessment amounts are based solely upon current conditions. Greater detail about subsequent years' activities will be provided in the required annual plan updates, and approval by the Common Council of such plan updates shall be conclusive evidence of compliance with this Operating Plan and the BID law. In later years, the BID Operating Plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. However, the method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

B. Amendment, Severability and Expansion

This BID has been created under authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this Statute invalid or unconstitutional its decision will not invalidate or terminate the BID and this Operating Plan shall be amended to conform to the law without need of re-establishment.

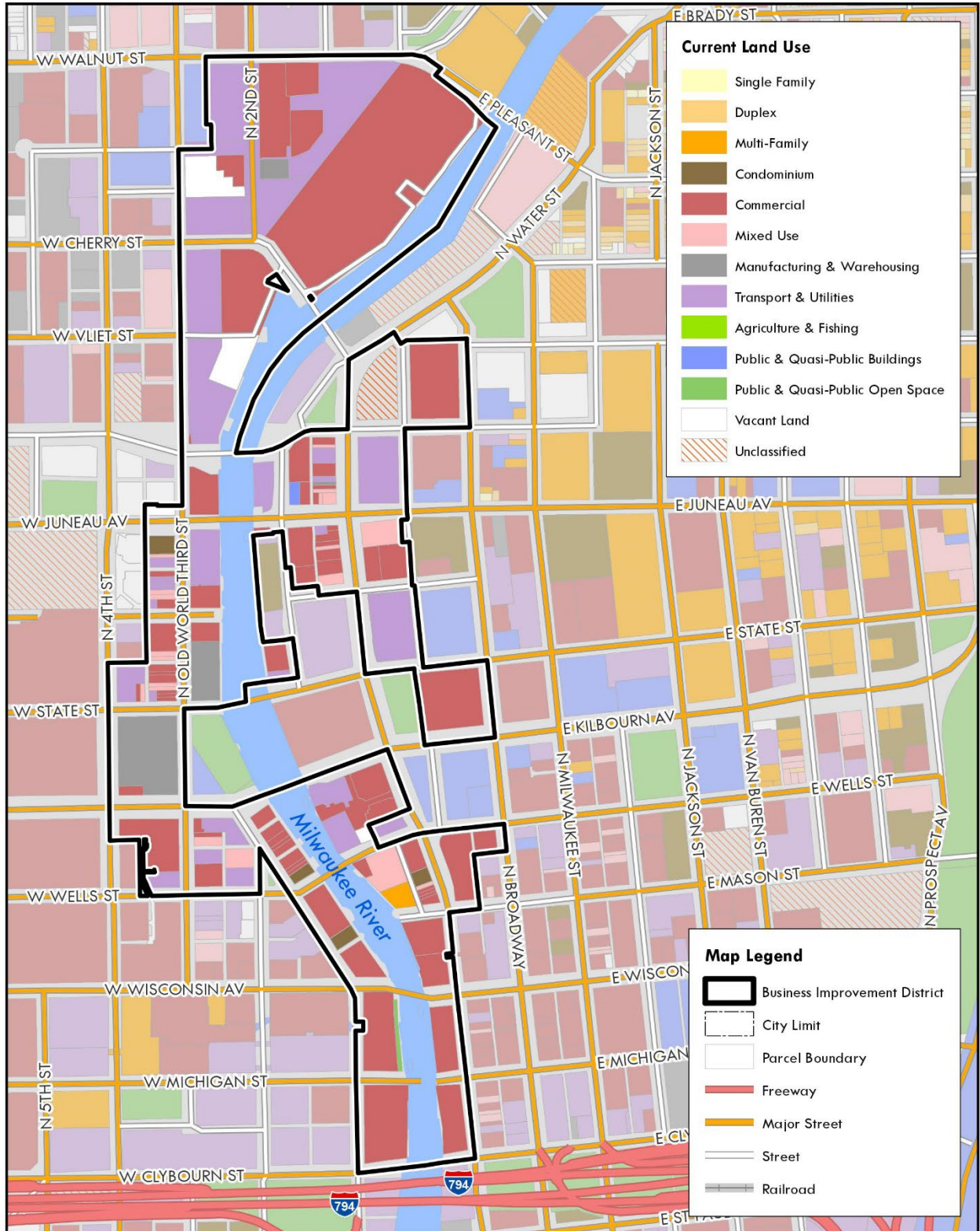
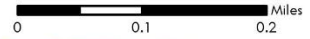
Should the legislature amend the Statute to narrow or broaden the process of a BID so as to exclude or include as assessable properties a certain class or classes of properties, then this Operating Plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual Operating Plan approval and without necessity to undertake any other act. This is specifically authorized under Section 66.1109(3)(b).

EXHIBIT A - DISTRICT BOUNDARIES

BID NO. 15: MILWAUKEE RIVERWALK CITY OF MILWAUKEE

Prepared by the Dept. of City Development Planning Division, 7/6/2017
Source: City of Milwaukee Information Technology Management Division;
Dept. of City Development Commercial Corridors Team

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CITY OF MILWAUKEE BID #15

Calculation of the 2022 Riverwalk Capital Assessment

Proposed Assessments

Annual Iroquois Ramp \$67,830
Annual Riverwalk Upgrade Project \$14,868
Annual Operating Costs \$187,000

Table with columns: Tax key, Chk Dgt, Assessment Factor, Property Address, Owner Name, Assm't Class, Land Use, Current Assessment, Assessable Percentage, Bid Assessable Amount, Assessment/Agreement Class 1 ratio of 1 to 0.16667, Debt Payments Riverwalk Upgrade, Percentage of Riverwalk Upgrade Debt Payment, Debt Payments Iroquois Ramp, Percentage of Iroquois Ramp Debt Payment, Amount of Upgrades Debt Payment In Full, Amount of Iroquois Debt Payment In Full, Amount of Total Debt Payment In Full.

CITY OF MILWAUKEE BID #15
 Calculation of the 2022
 Riverwalk Capital Assessment

Proposed Assessments

Annual Iroquois Ramp	\$67,830
Annual Riverwalk Upgrade Project	\$14,868
Annual Operating Costs	\$187,000

Tax key	Chk Dgt	Assessment Factor	Property Address	Owner Name	Assm't Class	Land Use	Current Assessment	Assessable Percentage	Bid Assessable Amount	Assessment/Agreement Class 1 ratio of \$ to 1	Debt Payments Riverwalk Upgrade	Percentage of Riverwalk Upgrade Debt Payment	Debt Payments Iroquois Ramp	Percentage of Iroquois Ramp Debt Payment	Amount of Upgrades Debt Payment In Full	Amount of Iroquois Debt Payment In Full	Amount of Total Debt Payment In Full
										0.16667							
										Debt - Riverwalk Upgraded - Assessment Ratio*	0.0000175471						
										*Based upon full assessment value of	<u>847,321,714</u>						

CITY OF MILWAUKEE BID #15

Calculation of the 2022 Riverwalk Capital Assessment

Proposed Assessments

Annual Iroquois Ramp \$67,830
Annual Riverwalk Upgrade Project \$14,868
Annual Operating Costs \$187,000

Table with columns: Tax key, Chk Dgt, Assessment Factor, Property Address, Owner Name, Assm't Class, Land Use, Current Assessment, Assessable Percentage, Bid Assessable Amount, Assessment/Agreement Class 1 ratio of \$ to 1 0.16667, Proposed Operating Assessments, Electrical Charges Assessments, Debt Payments Riverwalk Upgrade, Debt Payments Iroquois Ramp, BID Repair Work, Final Proposed Assessments, Amount of Total Debt Payment In Full.

CITY OF MILWAUKEE BID #15
 Calculation of the 2022
 Riverwalk Capital Assessment

Proposed Assessments

Annual Iroquois Ramp	\$67,830
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Tax key	Chk Dgt	Assessment Factor	Property Address	Owner Name	Assm't Class	Land Use	Current Assessment	Assessable Percentage	Bid Assessable Amount	Assessment/ Agreement Class 1 ratio of 6 to 1 0.16667	Proposed Operating Assessments	Electrical Charges Assessments	Debt Payments Riverwalk Upgrade	Debt Payments Iroquois Ramp	BID Repair Work	Final Proposed Assessments	Amount of Total Debt Payment In Full
Debt - Riverwalk Upgraded - Assessment Ratio*										0.0000175471							
*Based upon full assessment value of										<u>847,321,714</u>							

EXHIBIT C – DESCRIPTION OF PROPOSED ACTIVITIES AND COSTS

Construction Budget				
Project Segment	Budget	Private/BID Share	City Share	City Source
1. Sidewalk (Highland to Edison)	\$ 45,927.00	\$ 10,000.00	\$ 35,927.00	Dwntwn Fund
2. Highland Plaza East	\$ 560,810.00 (note #1)	\$ 183,000.00	\$ 377,810.00	Dwntwn Fund
3. Highland to State - East Side (Rojan)	\$ 596,611.00	\$ 164,000.00	\$ 432,611.00	Dwntwn Fund
4. Highland Pedestrian Bridge	\$ 3,611,833.00 (note #13) (note #14)	\$ 545,000.00	\$ 3,066,833.00	TID 13 Dwtwn Fund & Bridge Fund
5a. Michigan to Clybourn - Eastside (Bank One Parking)	\$ 519,533.00	\$ 155,000.00	\$ 364,533.00	Dwntwn Fund
5b. Michigan to Clybourn - Eastside (connection to 3rd Ward)	\$ 660,000.00	\$ 90,200.00 (note #16)	\$ 569,800.00	Stewardship Grant Development Fund
6. Wisconsin to Riverbank Plaza	\$ 659,368.00	\$ x	\$ 659,368.00	TID 9
7. Wells to Kilbourn - West side (Multi-Owner)	\$ 1,790,158.00	\$ 1,080,567.00	\$ 709,591.00	Dwntwn Fund
8. State to Highland - West side (Usingers)	\$ 762,362.00 (note #5)	\$ 302,000.00 (note #5)	\$ 460,362.00	Dwntwn Fund
9. Highland Plaza West	\$ 298,765.00 (note #1)	\$ 86,000.00	\$ 212,765.00	Dwntwn Fund & Bridge Fund
10a. Commerce Street park & River Walk (Perimeter lighting)	\$ 343,381.00 (note #2)	\$	\$ 343,381.00	TID 13
10b. Commerce Street park & River Walk (Warner Cable Segment)	\$ 2,407,916.00 (note #12)	\$ 529,742.00 (note #12)	\$ 1,878,174.00	TID 41
10c. Commerce Street park & River Walk (Harley Segment)	\$ 1,635,979.00 (note #12)	\$ 359,915.00 (note #12)	\$ 1,276,064.00	TID 41
10d. Commerce Street park & River Walk (Switch House)				TID 41
11. Crosswalk Connections	\$ 362,000.00	\$ 80,000.00	\$ 282,000.00	TID 9 and Dwntwn Fund
12. Mason Street Plaza	\$ 573,565.00	\$ 159,000.00	\$ 414,565.00	Dwntwn Fund
13. Pedestrian Alley - 3rd to 4th Street	\$ 64,889.00	\$ 17,000.00	\$ 47,889.00	Dwntwn Fund
14. Kilbourn to State - West Side (Pere Marquette Park)	\$ 896,152.00	\$ 100,000.00	\$ 796,152.00	Dwntwn Fund
SUBTOTALS	\$ <u>15,789,299.00</u>	\$ <u>3,861,424.00</u>	\$ <u>11,927,875.00</u>	
15. Wells to Kilbourn - East Side (Milwaukee Ctr. Enhancements)	\$ 37,527.00	\$ 22,400.00	\$ 15,127.00	Dwntwn Fund
16. Wisconsin to Michigan - East Side (Bank One Enhancements)	\$ 16,600.00	\$ 16,600.00		Dwntwn Fund

17. Clybourn to Michigan - West Side (Town Garage Enhancements)	\$ 345,665.00	\$ 67,000.00	\$ 278,665.00	Dwntwn Fund
18. Michigan to Wisconsin - West Side (Marshall Fields Entrance)	\$ 141,113.00	\$ 51,000.00	\$ 90,113.00	Dwntwn Fund
19. Highland to Juneau - West Side (Weissgerber Enhancements)	\$ 128,658.00	\$ 39,000.00	\$ 89,658.00	Dwntwn Fund
20. Wells South - West Side (Riverbank Plaza Enhancements)	\$ 292,000.00 (note #3)	\$ 209,000.00	\$ 83,000.00	Dwntwn Fund
21. Kilbourn to State - East Side (PAC Enhancements)	\$ 14,459.00	\$ 8,000.00	\$ 6,459.00	Dwntwn Fund
22. Fine Arts Building Enhancements	\$ 438,302.00 (note #4)	\$ 205,414.00 (note #4)	\$ 232,888.00	Dwntwn Fund
23. Empire Building & Towne Garage Enhancements	\$ 55,000.00 (note #7)	\$ 55,000 (note #7)		Dwntwn Fund
SUBTOTALS	\$ <u>1,469,324.00</u>	\$ <u>673,414.00</u>	\$ <u>4,792,333.00</u>	
24. Monitoring & Inspections (DPW Engineers)	\$ 181,000.00	\$ 42,000.00	\$ 139,000.00	Dwtwn Fund
25. System Upgrades	\$ 750,000.00 (note #17)	\$ 165,000.00	\$ 585,000.00	Development Fund
26. ADA Improvements	\$ 4,797,473.00 (note #18) (note #19)	\$ 910,714.00	\$ 3,886,759.00	Development Fund Contingent Borrowing
27. Building Amenities (Signage. Etc) (note #6)	\$ 238,574.00 (note #11)	\$ 57,000.00	\$ 181,574.00	Dwtwn Fund & Dev. Opp Fund
SUBTOTALS	\$ <u>5,967,047.00</u>	\$ <u>1,174,714.00</u>	\$ <u>4,792,333.00</u>	
GRAND TOTALS	\$ <u>23,225,670.00</u>	\$ <u>5,709,552.00</u>	\$ <u>17,516,118.00</u>	

2023 BID #15 Budgeted Operating Expenses	Proposed Expenses
Kiosk Panels	0.00
Auditor	1,000.00
Assessment Review and Calculation - Vanderbloemen	5,000.00
Insurance	8,000.00
Legal Services	15,000.00
Management & Accounting Services - Westtown Association	40,000.00
Trellis Maintenance	500.00
Banners (Banner/Hardware Replacement)	9,000.00
Misc./Contingency (Storage)	5,000.00
Operational and Maintenance Costs for Lifts	22,000.00
Code Compliance Repairs	0.00
Lift Consultant - Performance Elevator	0.00
Lift Upgrades (Painting, Repair)	0.00
Riverwalk Cleaning (Power Washing)	16,500.00
Wayfinding Signage Update	0.00
Riverwalk Maintenance Project - Gardner Builders	0.00
Riverwalk Marketing - Milwaukee Riverwalk District Contribution	50,000.00
Lift Replacement Reserve Contribution	15,000.00
Total BID #15 Operating Expenses	187,000.00
Debt Service Payment	82,700.00
Total Amount Submitted for Assessment	269,700.00

2023 BID Projects Covered by Reserves	Proposed Expenses
Lift Replacement Project	200,000.00

Total Expenses for 2023	469,700.00
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FOOTNOTES

1. Includes \$125,000 for dockwall repairs authorized by Common Council Resolution No. 941733 and \$40,000 for additional enhancements authorized by Common Council Resolution No. 990128.
2. This figure includes installation of pedestrian lighting on North Martin Luther King Jr. Drive and on West Cherry Street adjacent to the commerce Street/WEPCO Power Plant block. It also includes design plans for dockwall improvement and a temporary Riverwalk. This temporary Riverwalk will not be constructed as part of the overall project.
3. Includes \$100,000 added by Common Council File No. 950603 to upgrade the Riverbank Plaza plus an additional \$80,000 added by File No. 960465.
4. Includes \$100,000 added by the Common Council File No. 950603 to upgrade the Fine Arts Building.
5. Includes \$100,000 for dockwall repairs added by Common Council File No. 941184.
6. This line includes funds for project signage, building amenities; water taxi stops not included with other segment improvements and general project contingency funds.
7. Added by Common Council File No. 950957.
8. In addition to the budget shown, \$495,400 was previously approved for the segment per Common Council File No. 940926. Of this total, \$336,000 will be provided through a Federal Grant and \$159,400 will be provided by the City. The total budget for this segment is \$933,702.
9. The budget for each individual project components has been adjusted to reflect actual and expected costs as of September 1, 1997.
10. Includes \$1,278,000 added per amendment number 7 (common Council File No. 970824). Of this amount, \$871,035 is for the project up-grades to be paid back to the City by benefited property owners. The remaining \$406,965 reflects increases in base project costs and will be split 78% City and 22% BID 15. The \$871,035 for project up-grades was subsequently reduced by \$200,000 (see footnote #13).
11. Includes \$75,000 added per amendment number 7 (Common Council File No. 970824). This \$75,000 addition will be used as a building amenity grant in the multi-owner block.
12. These funds were established per amendment number 9 (Common Council File No. 000690)
13. This figure includes \$200,000 transferred from the multi-owner block budget. The \$200,000 was allocated 78% City, 22% BID.
14. Includes \$62,000 added per amendment number 10 (Common Council File No. 011165). This \$62,000 will be used to fund the Change Order #8 for the Highland Avenue Bridge (pressure switches).
15. These funds were established per amendment number 11 (Common Council File No. 031225) and amendment number 12 (Common Council File No. 040010). Included in the \$660,000 total is a \$250,000 State of Wisconsin Stewardship Grant.
16. The \$90,200 private share will be split equally between BID #15 (Downtown Riverwalk) and BID #2 (Historic Third Ward Riverwalk). The amount to be paid back to the City by BID #15 under the terms of this development

agreement is \$45,100.

17. These funds were established per amendment number 11 (Common Council File No. 031225).
18. These funds were established per amendment number 13 (Common Council File No. 051694). Includes a total amount of \$1.5 million, with \$330,000 to be paid back to the City by BID #15 under the terms of this development agreement.
19. These funds were established per amendment number 14 (Common Council File No.) Includes the \$1.5 million established per amendment number 13 (Common Council File No. 051694), with an additional \$3,297,473 for a total project amount of \$4,797,473. The total amount to be paid back to the City for this project by the BID #15 under the terms of this development agreement is \$910,714.

EXHIBIT D – LOAN REPAYMENT SCHEDULE

Interest Rate	5.12%	5.25%	6.30%	4.59%
Original Balance	4,728,671	45,100	165,000	200,000
Assessment Dates	Total Riverwalk	Connector Segment	Enhancements (Upgrade)	Iroquois Ramp Construction
	Payment	Payment	Payment	Payment
Dec. 2002	\$334,236			
Dec. 03	\$337,578			
Dec. 04	\$340,954			
Dec. 05	\$344,364	\$4,418.77		
Dec. 06	\$347,807	\$4,418.77		
Dec. 07	\$351,285	\$4,418.77		
Dec. 08	\$354,798	\$4,418.77		
Dec. 09	\$358,346	\$4,418.77		
Dec. 10	\$361,930	\$4,418.77		
Dec. 11	\$365,549	\$4,418.77		
Dec. 12	\$369,205	\$4,418.77		
Dec. 13	\$372,897	\$4,418.77		
Dec. 14	\$376,626	\$4,418.77		
Dec. 15	\$380,392	\$4,418.77		
<i>Prepayment</i>	\$38,839		\$35,662.00	
Dec. 16	\$384,195	\$4,418.77	14,868.00	
Dec. 17	\$377,505	\$4,418.77	14,868.00	
<i>Prepayment</i>	\$10,532			
Dec. 18	\$381,283	\$4,418.77	14,868.00	
Dec. 19	\$359,667	\$4,418.77	14,868.00	
Dec. 20			14,868.00	72,521.19
Dec. 21			14,868.00	70,175.53
Dec. 22			14,868.00	67,829.86
Dec. 23			14,868.00	
Dec. 24			14,868.00	
Dec. 25			14,868.00	
Dec. 26			14,868.00	
Dec. 27			14,868.00	
Dec. 28			14,851.64	
Total	6,498,616	66,282	259,549	210,526.58

**BUSINESS IMPROVEMENT DISTRICT #15
MILWAUKEE, WISCONSIN**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020**

Business Improvement District #15
Milwaukee, Wisconsin

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Independent Auditor's Report

Board of Directors
Business Improvement District #15
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of Business Improvement District #15 (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – cash basis as of December 31, 2021 and 2020, and the related statements of support and revenue, expenses and changes in net assets – cash basis, functional expenses – cash basis and cash flows – cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Business Improvement District #15 as of December 31, 2021 and 2020, and its revenue and expenses and changes in net assets and cash flows for the years then ended in accordance with the basis of accounting as described in Note A.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Business Improvement District #15 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note A, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Business Improvement District #15's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Business Improvement District #15's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Business Improvement District #15's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Krause & Associates, SC
Grafton, Wisconsin
September 19, 2022

BUSINESS IMPROVEMENT DISTRICT #15
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS
 DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents:		
Cash in bank - checking	\$ 8,169	\$ 6,336
Cash in bank – money market	<u>267,411</u>	<u>307,526</u>
TOTAL ASSETS	<u>\$ 275,580</u>	<u>\$ 313,862</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Note payable	\$ 133,333	\$ -
TOTAL LIABILITIES	133,333	-
 NET ASSETS		
Without donor restrictions:		
Undesignated	(157,912)	47,303
Board designated – lift maintenance reserve	<u>300,159</u>	<u>266,559</u>
TOTAL NET ASSETS	<u>142,247</u>	<u>313,862</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 275,580</u>	<u>\$ 313,862</u>

The accompanying notes are an integral part of these financial statements.

BUSINESS IMPROVEMENT DISTRICT #15
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Unrestricted	
	2021	2020
SUPPORT AND REVENUE		
Bid assessment	\$ 256,336	\$ 535,568
Interest and other	<u>14,193</u>	<u>1,094</u>
Total support and revenue	<u>270,529</u>	<u>536,662</u>
EXPENSES		
Program expenses:		
City of Milwaukee debt service	14,868	378,954
Riverwalk improvements	212,618	-
Project operations	104,944	94,126
Milwaukee Riverwalk District support	50,000	25,000
Insurance	7,093	7,650
Interest	3,521	-
Legal	<u>10,644</u>	<u>10,402</u>
Total program expenses	403,688	516,132
Supporting services:		
Management and administrative:		
Accounting	4,875	3,650
Project administration	30,521	23,097
Other	<u>3,060</u>	<u>100</u>
Total management and administrative	38,456	26,847
Fundraising	<u>-</u>	<u>-</u>
Total supporting services	<u>38,456</u>	<u>26,847</u>
Total expenses	<u>442,144</u>	<u>542,979</u>
Change in net assets	(171,615)	(6,317)
Net assets, beginning of year	<u>313,862</u>	<u>320,179</u>
Net assets, at end of year	<u>\$ 142,247</u>	<u>\$ 313,862</u>

The accompanying notes are an integral part of these financial statements.

BUSINESS IMPROVEMENT DISTRICT #15
STATEMENT OF CASH FLOWS – CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (171,615)	\$ (6,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	200,000	-
Repayments of note payable	<u>(66,667)</u>	<u>-</u>
Net cash provided by investing activities	133,333	-
Net decrease in cash and cash equivalents	(38,282)	(6,317)
Cash and cash equivalents, beginning of year	<u>313,862</u>	<u>320,179</u>
Cash and cash equivalents, end of year	<u>\$ 275,580</u>	<u>\$ 313,862</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 3,521</u>	<u>\$ -</u>
In-kind contributions	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

BUSINESS IMPROVEMENT DISTRICT #15
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization and business activity

The Business Improvement District #15 (BID 15) was created by the Common Council of the City of Milwaukee in 1994 as one of the financing components of the Milwaukee Riverwalk project. BID 15 and the City of Milwaukee share the Riverwalk project costs in accordance with the terms of the development agreement.

Business Improvement Districts are authorized by Wisconsin Statutes Section 66.1109. The purpose of a BID is to allow businesses to develop, manage and promote their districts, and to establish an assessment method to fund those activities.

The Mayor of the City of Milwaukee appoints a seven member Board of Directors to oversee the BID 15. BID 15 has contracted with an outside party to implement BID 15's operating plan and handle the administrative services of BID 15.

2. Cash and cash equivalents

BID 15 considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

3. Net assets

BID 15 reports its financial information on the cash basis of accounting. Funds are recognized as revenue when received and the corresponding administrative and operating costs are recognized as expenditures when the funds are paid. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a lift replacement reserve fund.

BUSINESS IMPROVEMENT DISTRICT #15
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Net assets – continued

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

BID 15 reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of support, revenue and expenses as net assets released from restrictions.

4. Revenue and Revenue Recognition

Under the cash basis of accounting, revenue is recognized when received.

5. Allocation of functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, professional services, office expenses, supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

6. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

BUSINESS IMPROVEMENT DISTRICT #15
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Income taxes

BID 15 is a quasi-public entity which is exempt from Federal and Wisconsin income taxes.

BID 15 evaluates its tax positions and assesses their uncertainty, if any, through review and application of various sources of tax authority including statutes, regulations, rulings, court cases and widely held administrative practices.

8. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through September 19, 2022, which is the date that the financial statements were available to be issued.

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date of December 31, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>\$ 275,580</u>	<u>\$ 313,862</u>

As part of its liquidity plan, BID 15 invests cash in excess of daily requirements in short-term money market funds. Occasionally, the Board designates a portion of any operating surplus to its lift replacement reserve fund, which was \$300,159 and \$266,559 as of December 31, 2021 and 2020, respectively.

C – NET ASSETS

Contributions received are recorded as donor restricted net assets depending on the existence and or nature of any donor-imposed restrictions. As restrictions are met and funds expended, assets are released from restrictions. As of December 31, 2021 and 2020, BID 15 had no net assets with donor restrictions.

The board designated the use of certain BID 15 assessment payments for the purpose of establishing a lift replacement reserve fund. As of December 31, 2021 and 2020 the amount of board designated funds are \$300,159 and \$266,559, respectively.

BUSINESS IMPROVEMENT DISTRICT #15
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2021 AND 2020

D – REPAYMENT OF CITY OF MILWAUKEE ADVANCE

BID 15’s share of the project costs will be recovered through special tax assessments and loan repayments from BID members through the 2028 levy year. The projected annual assessments and debt service amounts, including interest at annual rates of 6.30% are as follows:

<u>Repayment Year</u>		
2022	\$	14,868
2023		14,868
2024		14,868
2025		14,868
2026		14,868
2027 and thereafter		<u>44,588</u>
	\$	<u>118,928</u>

F – NOTE PAYABLE

During 2020, the board of directors of BID 15 authorized BID 15 to borrow up to \$200,000 from a local bank. The proceeds of the loan were used to underwrite BID 15’s share of the construction costs associated with removing a lift at 105 W. Michigan St. The costs of the project were be split with the City of Milwaukee. A project funding agreement was signed with the City of Milwaukee in October 2020. Due to delays in fabrication and installation, the project did not commence in 2020. Funds for the project were used in 2021.

The note is payable in three annual installments, beginning May 2021. The note bears interest at an annual rate of 3.47% and is payable in quarterly installments. Future maturities of the note payable are as follows:

2022	\$	66,667
2023		<u>66,666</u>
	\$	<u>133,333</u>

E – CONCENTRATION OF RISK

BID 15 maintains cash balances at a bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured portion, without regard to outstanding checks and deposits in transit were \$25,580 and \$63,862 as of December 31, 2021 and 2020, respectively.

BID 15 receives the majority of its revenue from the City of Milwaukee as tax assessments, which totaled \$256,336 and \$535,568 for the years ended December 31, 2021 and 2020 respectively.

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September 19, 2022

To the Board of Directors
Business Improvement District #15

In planning and performing our audit of the financial statements of the Business Improvement District #15 (Organization) as of and for the year ended December 31, 2021, in accordance with U.S. generally accepted auditing standards, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Organization's internal control to be significant deficiencies:

Drafting of Financial Statements

A consequence of the size, combined with the specific expertise of your accounting and financial reporting department, is that management has elected to rely on the knowledge of its auditors to prepare its annual financial statements and related disclosures. The Organization, like many others, has made the determination that because of the ever changing and numerous reporting requirements associated with preparing financial statements that are in conformity with accounting principles generally accepted in the United States of America, it is more cost advantageous to rely on the expertise of its outside auditors to assist in the preparation of its financial statements.

However, since the financial statements are the responsibility of the Organization's management, the control over the financial statements being prepared in conformity with accounting principles generally accepted in the United States of America, lies with management. When this condition exists, management's and the board's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities.

Segregation of Duties

Due to a limited number of personnel performing accounting functions, the Organization does not have adequate segregation of duties over accounting transactions. As a result of this condition, there is a higher risk that errors or misappropriations could occur and not be detected within a timely period. Proper internal controls dictate that one person should not have control of two or more of the following duties related to any one cycle (disbursements cycle, revenue cycle, payroll cycle, etc.):

- Authorization
- Custody
- Recordkeeping
- Reconciliation

The Organization's accounting and reporting function is staffed with a limited number of personnel, which precludes a proper segregation of duties. The lack of segregation of duties represents a significant deficiency in internal controls. This condition is not unusual in entities the size of the Organization. When this condition exists, management's and the board's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities.

Communications to Those Charged with Governance

We have audited the financial statements of Business Improvement District #15 for the year ended December 31, 2021, and have issued our report thereon dated September 19, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Business Improvement District #15 are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Allocation of expenses to program, general and administrative and fundraising

We evaluated the key factors and assumptions used to develop the aforementioned estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all

such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management of Business Improvement District #15 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Krause & Associates, SC". The signature is written in a cursive style with a large initial 'K' and a stylized 'A'.

Krause & Associates, SC

BID #15- Downtown Riverwalk 2022 Overview and Re-Cap

- **BID Management** – 2022 was year seven of the Westtown Association’s contract to manage the Riverwalk Business Improvement District #15.

Budget - The BID budgeted \$269,700 in Administrative costs for 2022, which covers expenses for management, legal, accounting and maintenance of the Riverwalk’s four handicap lifts. Also budgeted, is an allowance of \$15,000 to contribute to a restricted fund for replacement of the Riverwalk’s four handicap lifts. The BID Board also budgeted a \$50,000 contribution to the Milwaukee Riverwalk District, Inc. to underwrite the organization’s events, marketing and public art activations on the Riverwalk. To underwrite the cost of a replacement project for the BID’s four handicap lifts on the Riverwalk, the BID board will use about \$200,000 in restricted reserve funds that have been set aside specifically over the course of the last ten years to pay for the replacement project.

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- **Riverwalk Debt Service and Assessments** – BID #15’s original loan with the City of Milwaukee, which was used to pay for Riverwalk construction costs, commenced in 1994 and was retired in 2020. The BID also retired the Connector Loan in 2020, which was initiated in 2005 in order to connect the original downtown Riverwalk to the portion constructed to the south in the Historic Third Ward. In 2017 the loan for “System Enhancements” or Riverwalk Upgrades repayment started and will run through 2029. Items paid for by this loan are signage (wayfinding and kiosks with event and historical information, banners), landscaping infrastructure such as trellises and planters, dock wall repair on the 800 block of N. Plankinton and costs for Edison Park, which were shared with the City of Milwaukee. In 2020, BID #15 financed \$200,000 through Old National Bank to underwrite half of the cost to remove the handicap lift located at 105 W. Michigan and replace it with a ramp. The City of Milwaukee shared the cost with the BID. This lift was the first installed on the Riverwalk as a part of the ADA upgrades in 2008 and was in need of significant repair. Rather than replace the lift, the BID Board decided to install a ramp at the site, which will result in less long-term maintenance cost for the BID. The construction of this ramp was included in the upgrade of the Riverwalk segment adjacent to the Rexnord build at 111 W. Michigan and was completed in early 2021. The loan with Old National Bank to underwrite the ramp construction has a three-year term that will be retired in 2023.

With the large construction debt for the Riverwalk paid off, each property owner’s assessment includes the following items: their share of BID administrative costs and two remaining loans (for Riverwalk enhancements/upgrades and the ramp construction at 105 W. Michigan). The BID #15 assessment is levied in proportion to the current assessed value of each property in the district. The principle behind the assessment methodology is that each property owner should contribute to the BID in proportion to the benefit they derive from it.

In 2022, there were 254 total properties within the BID #15 boundaries (150 Commercial & 104 not assessable). In 2022, the total assessed value of the commercial properties in the BID was \$840,133,187 which is an increase of \$32,830,062 over 2021.

- **Maintenance and Cleanliness** - Each year the BID spends a significant amount of time overseeing the infrastructure of the Riverwalk. The original development agreement between the City of Milwaukee and the BID as well as the property owner easements require property owners with frontage on the river to maintain their segments of the Riverwalk to a standard acceptable to the BID, who strives to make the area inviting and friendly for visitors and residents. This property owner required maintenance includes trash removal, maintenance of the harp lights, railing and other infrastructure. Due to the increased foot traffic on the Riverwalk as well as the increased use of the river by boaters and kayaks, the amount of garbage and debris has increased considerably. As a result, BID #15 increased their monitoring of the trash receptacles and communicated with property owners as issues with trash

arose - requesting timely remediation of the situation. Because the handicap lifts are property of the BID, the organization contracts with the Milwaukee Community Service Corps, who cleans the lifts on a bi-monthly basis.

- **Banners** – The BID oversees 360 decorative banners on the Riverwalk between Clybourn and Pleasant which are used as a wayfinding and branding tool. In 2018, the BID undertook a comprehensive replacement of Riverwalk banners. Each year the banners are reviewed quarterly to ensure they remain in a satisfactory condition and to replace any that are torn or missing. In 2022, the BID started the process to replace banner hardware on the Riverwalk segments that were experiencing banner loss due to wind.
- **Handicap Lifts** - To comply with a settlement agreement entered into in July of 2006 between the Department of Justice, City of Milwaukee, Milwaukee County and BID #15, measures were taken to ensure that the Riverwalk is accessible to all individuals and in compliance with the Americans with Disabilities Act. The BID and the City agreed to construct and install ramps, walkways, or lifts in nine locations, modify, replace, or install handrails in appropriate locations and modify existing curb ramps by grinding down the surface. The Improvement project began construction in the summer of 2007 and the final ramp was completed in January of 2016. As a result of this agreement, five handicap lifts were installed by the BID between Michigan and Wells. As mentioned previously, the lift located at 105 W. Michigan was removed in late 2020 and a ramp was constructed in its place.

Because the remaining four handicap lifts have reached the end of their operational lifespan of ten years due to mechanical issues, the BID board has contracted with elevator consultant Performance Elevator to develop a replacement plan for the lifts. Performance Elevator has developed a replacement RFP that will be sent out to various lift vendors and general contractors in the fourth quarter of 2022. By the end of 2022, Performance Elevator will present the vendor proposals to the BID board in order to solidify a vendor for the replacement process as well as necessary general and electrical contractors. The equipment replacement process is expected to start in March of 2023 and take 2-3 weeks per lift. To underwrite the cost of the lift replacement project, which is expected to be around \$200,000, the BID board will use restricted reserve funds that have been set aside specifically over the course of the last ten years to pay for the replacement project.

- **Railing & Infrastructure Maintenance Projects** - In 2022, the BID continued to make progress on supporting the efforts of property owners to oversee maintenance on Riverwalk infrastructure such as railing, concrete deck, harp lamps and benches. In 2022, the BID continued working with local general contractor, Gardner Builders, who previously completed a survey of the Riverwalk infrastructure. Property owners were given the choice to self-perform the work, contract directly with Gardner Builders or have the BID contract directly with Gardner Builders to have the work done and all work was required to be completed by July 1, 2022. In the fourth quarter of 2022, Gardner Builders along with BID representatives will do a final audit of the work to ensure all segments were done in a satisfactory manner. As a part of this project, Gardner Builders has also developed a proposal for maintenance all City-owned Riverwalk segments that totals \$181,977, which is slated to be completed before November of 2022.