

**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.

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 56<sup>th</sup> Street totaling (40,768 square feet. 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 [but it is successful, in fact it has a surplus] 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 \$3.5 million (includes Administration fees of \$200,000) for the purposes of creating an economic development funds to assist with continued redevelopment efforts and new development projects within the TID project area. In addition, this amended Project Plan will provide up to \$1.5 million for the purposes of paving six street

segments located within one-half mile of the current TID boundary. TID 42 currently has surplus of \$2,332,829. With this amendment, the TID is estimated for retirement in 2015.

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**

**Section II (B)(1)(a) is amended by adding the following:**

**Creation of a \$3.5 million development fund to finance redevelopment, tenant improvements and new retail facilities in the district.**

**Paving of the following street segments:**

- N. 52nd St. - W. Nash St. to W. Capitol Dr.
- N. 52nd St. - W. Capitol Dr. to W. Fond Du. Lac Ave.
- N. 53rd St. - W. Vienna Av. to W. Capitol Dr.
- N. 53rd St./W. Frank Moore II Pl. - W. Capitol Dr. to W. Fond Du. Lac Av.
- W. Hope Av./W. Maxwell Pl. - N. 51st Bl. to W. Fond du Lac Av.
- W. Medford Av.- W. Congress St. to N. 68th St.

These projects will upgrade the access in and around the District and contribute to its long- term viability.

**Section II (B)(1)(b) is amended by adding the following:**

Contribution to the cost of paving the following street segments.

• N. 52nd St. - W. Nash St. to W. Capitol Dr.	\$ 300,000
• N. 52nd St. - W. Capitol Dr. to W. Fond Du. Lac Ave.	\$ 75,000
• N. 53rd St. - W. Vienna Av. to W. Capitol Dr.	\$ 200,000
• N. 53rd St./W. Frank Moore II Pl. - W. Capitol Dr. to W. Fond Du. Lac Av.	\$ 120,000
• W. Hope Av./W. Maxwell Pl. - N. 51st Bl. to W. Fond du Lac Av.	\$ 150,000
• W. Medford Av.- W. Congress St. to N. 68th St.	\$ 600,000
 Total	 \$ 1,445,000

**Section II (B)(2) is amended by adding the following:**

• Economic Development Master Fund, Tenant Improvement Master Fund, Administration (see Attachment 1)	
 Total	 \$ 3,500,000

**Table A in Section II(B)(2) is restated as follows: Amendments to the Project Plan:**

The following amendments are made to the Project Plan.

**III. 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
<b>Current Total Project Costs Exc. Financing</b>	<b>7,926,337</b>
Financing Costs, Net of Earnings	3,807,436
<b>Total Including Financing Costs</b>	<b>11,733,773</b>
<b>Proposed Economic Development Master Fund, Tenant Improvement Master Fund, Administration</b>	3,500,000
<b>Proposed Street Paving</b>	1,500,000
<b>Estimated Total Project Costs</b>	<b>\$ 16,733,773</b>

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)**

<u>Year</u>	<u>Estimated Project Costs</u>	<u>Cumulative Total</u>
2000-12	7,740,518	7,740,518
2013-15	5,185,819	12,926,337

**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 (see Attachment 2), attached. Based on the forecast, following the expenditure of the additional funds for development projects, the District is expected to close-out in 2015. “

## Attachment 1

### TERMS FOR LOANS OR GRANTS

**Parties:**

City of Milwaukee, and Redevelopment Authority of the City of Milwaukee

**Project:**

The Capitol Court/Midtown Tax Incremental Finance District project, as set forth in the Project Plan, was adopted by File No. 000806 on November 28, 2000. The Amended Project Plan sets forth a spending plan in the total amount of \$3,500,000 allocated between these general categories: Economic Development Master Fund, Tenant Improvement Master Fund, and Administration. The final terms of loans or grants for specific projects shall be subject to review by the City Comptroller and the approval of the Common Council.

**Economic Development Master Fund:**

This fund may be used for commercial building redevelopment. Loans shall not exceed 40% of a project's cost. Loan terms shall be flexible depending upon the need of the project, and may be subordinated to conventional lenders, have reduced or adjustable interest rates, allow for payments to accrue until a certain occupancy level is achieved, etc.

**Tenant Improvement Master Fund:**

This Fund is designed to stimulate successful leasing and redevelopment of vacant retail space in and around Midtown Center by assisting with costs to make interior improvements and upgrade vacant space. Additionally, use of Funds should spur job creation or retain existing jobs within the greater Midtown Center area.

- The Fund will reimburse costs related to improving retail space for commercial tenants. Eligible costs include reusable base finish improvements such as ceilings, lighting, plumbing, interior walls, electric outlets, concrete walls, demising walls, restrooms and HVAC modifications.
- The Fund will offer reimbursement up to \$15 per square feet. These funds may be in the form of a low interest loan that shall not exceed fifty-percent of the total tenant improvement costs. Funds shall be subject to review by the City Comptroller and approval of the Common Council.
- Property owners and retailers may qualify for these funds.
- Only one allocation will be allowed from this Fund per retail unit/address each year.
- An executed lease shall be supplied for a project to access funds. Lease term must be 60 months or greater.
- Improvements made prior to application approval may not be eligible for funding.
- For projects that have been submitted and approved, reimbursement shall occur following (1) executed lease; (2) submittal of contracts showing work to be completed; and (3) cancelled checks showing payments have been made.

**Attachment 2**

**District Cash Flow forecast / Breakeven Analysis**

	<b>MidTowne Center TID-42</b>
12-31-12 Lifetime-to-date expenditures	7,740,518
Add:	
Remaining appropriation-DCD	123,688
Current encumbrances	62,131
<b>Total current project costs excluding financing</b>	<b>7,926,337</b>
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)
<b>Total current project costs including interest and other charges</b>	<b>11,733,773</b>
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
<b>Total tax increments levied</b>	<b>18,566,603</b>
Proposed Development fund and street paving	5,000,000
<b>Net amount to be recovered through future tax increments</b>	<b>(1,832,830)</b>