

**BUSINESS IMPROVEMENT DISTRICT NO. 21
MILWAUKEE DOWNTOWN
YEAR TWENTY-ONE OPERATING PLAN**

SEPTEMBER 14, 2017

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I. INTRODUCTION

Under Wisconsin Statutes section 66.1109, cities are authorized to create Business Improvement Districts ("BIDs") upon the petition of at least one property owner within the proposed district. The purpose of the BID statute is ". . . to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities." 1983 Wis. Act 184, Section 1, legislative declaration. See Appendix A.

On or about July 16, 1997, the City of Milwaukee (the "City") received a petition from property owners which requested creation of a BID known as the Milwaukee Downtown Management District (the "District"). On October 14, 1997, the Common Council of the City adopted resolution no. 970900, creating the District and approving the initial operating plan for the District (the "Initial Operating Plan"). On November 4, 1997, the Mayor of the City appointed members to the board of the District (the "Board") in accordance with the requirements set forth in Article III.D. of the Initial Operating Plan.

On or about August 20, 2008, owners of additional properties on the fringes of the District's original boundaries petitioned the City to expand the District to include their properties. On October 29, 2008, the Common Council of the City adopted resolution no. 080617, expanding the District boundaries.

The original purpose of the District was to sustain the competitiveness of Downtown and ensure a safe, clean environment conducive to business activity. In connection with strategic planning conducted in 2011 and updated in 2014, a new mission and vision for the District surfaced. The District adopted as a new mission "to lead and inspire believers in Milwaukee to engage in efforts that build Downtown as the thriving, sustainable, innovative and vibrant heart of the community". The District's vision is "to be an economic catalyst. . ." causing Downtown to emerge as a premier destination of choice and Milwaukee to become a renowned world-class region.

Pursuant to the BID statute, this Year Twenty-One Operating Plan (the "Operating Plan") for the District has been prepared to establish the services proposed to be offered by the District, proposed expenditures by the District and the special assessment method applicable to properties within the District for its twenty-first year of operation. This Plan has been developed by the District Board with technical assistance from the Department of City Development, the Department of Public Works and the Police Department.

II. DISTRICT BOUNDARIES

When created in 1997, the District boundaries covered approximately 120 square blocks and encompassed the City's Downtown. The original District boundaries extended to North 4th Street and North 10th Street to the west; West St. Paul Avenue, the Menomonee River, and West Clybourn Street to the south; Lake Michigan to the east and Schlitz Park to the north. As a result of the expansion of the District in 2008, the District's current boundaries include expansion areas adjacent to its original boundaries. The District's current boundaries extend to I-43 on the west; West St. Paul Avenue, the Menomonee River and West Clybourn Street to the south; Lake Michigan and North Van Buren Street to the east; and Schlitz Park and McKinley Street to the north, as shown in Appendix B of this Operating Plan. A narrative listing of the properties now included in the District is set forth in Appendix C.

III. PROPOSED OPERATING PLAN

A. Plan Objectives

The historic objectives of the District are to increase pedestrian traffic Downtown and to better enable Downtown to compete for customers with suburban residential and commercial areas. As a result of strategic planning, the District has committed to elevate its role in Downtown economic development.

Since its inception, the District has attempted to achieve its objectives by, among other methods, supplementing the maintenance and security services provided by the City in order to increase the safety and cleanliness (and the perceived safety and cleanliness) of Downtown. The City will continue to provide its current level of maintenance and policing services. The City and the District have entered into the cooperation agreement on file in the District's office (the "Cooperation Agreement"). For several years, the District also has sought to achieve its objectives by marketing Downtown as a great place to live, work and play and by working with like-minded associates to attract and retain businesses.

The District's recent strategic planning update articulates new objectives, including: (1) to reposition the District as a driver of economic prosperity in Downtown; (2) to play a leadership role on catalytic projects, including the Street Car, West Wisconsin initiative, Sculpture Milwaukee, the new arena/convention center, the Park East corridor and technology/innovation incubator; and (3) to harness the energy and vibrancy of diverse Downtown residents, young professionals and other Downtown believers to position

them for leadership roles in the Downtown community. A summary of the District's objectives and priorities arising out of its 2014 strategic planning update are attached hereto as Appendix E.

B. Proposed Activities

The District offers Downtown owners and occupants additional safety personnel, enhanced sidewalk cleaning, supplemental public space maintenance and integrated marketing and promotional services to complement the base level of services currently being provided by the City. As a supplement to City services, the District retains and manages its own safety and maintenance contracts and develops and implements its own marketing initiatives. The District has hired a chief executive officer (or CEO), who reports to the Board, to implement and manage the day to day activities of the District, to supervise all District staff and independent contractors and to spearhead updated 2014 strategic planning objectives. District staff supervised by the CEO may include an economic development director, a marketing and events coordinator, an administrative assistant and/or up to four interns or other support staff. The following are the activities proposed by the District for calendar year 2018. The District may, from time to time and as it deems necessary, adjust the size and scope of the activities and staffing levels described below, but only so long as such adjustments in activities and staff are part of the activities identified in this Operating Plan. The District may not undertake new activities except as included in duly approved operating plans for future years.

1. Public Service Ambassadors Program. The District will continue to sponsor a Public Service Ambassador Program to provide safety and goodwill services to Downtown, supplemental to existing City police services. The aim of the program is to increase the public's comfort and sense of security through a visible, uniformed presence in addition to law enforcement.

The District may implement this program either by hiring staff directly or by hiring independent contractors to provide staff. In either case, a PSA director, who will report to the CEO, will be hired to manage this program, hire and supervise staff and maintain communications with police. Public Service Ambassadors ("PSAs"), including shift supervisors, will be retained to provide approximately 35,000 on-duty hours subject to dictates from the District. The District, in cooperation with the City Police Department, Visit Milwaukee and other City departments and resources, will develop an intensive initial training program, as well as on-going in-service

and field training, for PSAs. Training will focus on available City services, preventing and reporting crime, dealing with panhandlers and the homeless, applicable sanitation and building codes, radio communications, first aid and CPR, Milwaukee history and local attractions, general retailing, communications skills and interactions with residents and visitors. For a portion of their training PSAs will be paired with police officers or experienced PSAs patrolling their beats. Training will be supplemented by a book of Operating Rules and Procedures serving as a guide for handling both common and unusual incidents.

Following their training, uniformed but unarmed PSAs will be assigned "beats" to patrol on foot. Beat assignments will be based on the amount of foot traffic in the area, hours of business operation, special event schedules, police beat assignments, crime statistics and trends, and Responsible Hospitality Task Force recommendations for night-time economy management. Generally, PSAs will be deployed on beats to maximize the provision of security services during peak hours like weekday lunch hours, before and after business hours at burgeoning nighttimes and for special events. PSAs shall employ smart phone/GIS tracking technology to determine appropriate PSA deployment. A schedule for deploying PSAs on their beats shall be developed by the District's CEO together with the PSA director and altered as appropriate for weather, redeployment for special events and for changing circumstances.

PSAs' primary responsibilities will be to assist and direct workers, shoppers and visitors, and to observe and report suspicious behavior. PSAs must familiarize themselves with the businesses and residents in their beats and be able to recognize suspicious behavior. PSAs will be supplied with uniforms to create an official but approachable appearance and will be equipped with smart phone-type devices to report any incidents to a PSA supervisor/dispatcher linked directly to the City Police Department. One PSA supervisor/dispatcher shall be on duty whenever PSAs are on patrol. Using handheld smart phone-type devices, the PSA supervisor will maintain communications among PSAs, other Downtown security personnel and City police.

The City Police Department shall provide the District with the ability to monitor police calls for service. The District will permit any on-duty police officers assigned to the Downtown area to work out of the District office. The agreement between the District and the

City Police Department regarding services to be provided is more fully described in the letter from Chief of Police Arthur L. Jones dated July 17, 1997 on file in the District's office.

The District will pursue partnerships with other service providers. These partnerships may include development of a policy for referring panhandlers and the homeless to appropriate resources and/or working with other Downtown security resources to share information and develop response strategies.

2. Clean Sweep Ambassadors Program. The District will continue to sponsor a Clean Sweep Ambassador Program to provide additional sidewalk cleaning and public space maintenance, to implement special projects and, more generally, to introduce an active, positive force in Downtown.

The District may provide cleaning, maintenance, graffiti removal and landscaping services in any manner deemed reasonable by the District Board, including hiring staff directly or hiring independent contractors to provide staff. In any event, a CSA director will be selected, who will report to the District's CEO, to manage this program, hire and supervise staff and serve as a liaison among City departments and property owners and businesses. During the summer months, a minimum of 7.5 full-time equivalent Clean Sweep Ambassadors ("CSAs") will report directly to the CSA director. Fewer CSAs may service the District during the winter months. Full-time CSA staff will be trained in maintenance, safety and informational services and furnished with identifiable uniforms. In addition, the District may retain other staff and/or independent contractors as it deems reasonable to perform the tasks necessary to implement the program.

The maintenance efforts of CSAs, other staff and independent contractors retained, paid and uniformed by the District will complement the efforts of the City Department of Public Works. CSAs will manually sweep sidewalks and riverwalks, pick up litter and remove graffiti each day. Weather permitting, CSAs will mechanically sweep public sidewalks and riverwalks in a rotation consistent with the City's street sweeping schedule--with approximately one fifth of the District being swept each working day. From April through October, CSAs will also power wash and steam clean sidewalks and clean, maintain, water, plant and weed tree wells and planters. CSAs will be assigned "beats" depending on

the public use of the area and the need for services. A schedule for deploying CSAs and their tasks, shall be developed by the District's CEO and the CSA director and altered as appropriate for restrictions imposed by weather and redeployment as necessary in the judgment of District staff.

In addition to their daily cleaning and maintenance duties, the District may deploy CSAs to accomplish special projects. These projects may range from the installation and removal of holiday lights to set up and clean up for special events to "Super-Block" clean up.

In servicing all aspects of the CSA program, CSAs and other staff servicing this program will maintain a friendly and helpful presence Downtown. Working during busy hours in recognizable uniforms, they will create an aura, not only of cleanliness, but also of safety. CSAs will be trained in crime resistance and to furnish helpful information and directions to residents and visitors. CSAs will remain in contact with the District office and its other resources using handheld PDA-type devices.

3. Economic Development; Marketing; Business Recruitment and Retention. In furtherance of its 2014 strategic planning objectives, District staff, generally, and an economic development director, in particular, shall strive to attract, retain and grow businesses paying family-supporting wages in Downtown Milwaukee. District efforts shall include, but not be limited to, maintaining relevant market and demographic data, linking business and government resources and providing and/or identifying expertise to assist in business growth.

District staff will coordinate and/or contract to implement public relations programming to promote the cleaner, safer, friendlier Downtown being created through District efforts. Marketing and programming will aim to encourage increased use of Downtown, to attract businesses to locate, remain and expand in Downtown and to convince both constituents of the District and potential users that Downtown is a positive destination with unique qualities and amenities.

District staff will continue the District's marketing campaign based on a fresh "Downtown" theme. District staff will continue an internal communications program to inform members about District activities and benefits. Internal communications may include a semi-

annual newsletter, an annual report, various print and e-mail notices and increased social media. District staff will maintain an umbrella-advertising theme, graphics package and media relations program. District staff will cross sell Downtown's assets with various seasonal promotions.

In addition, District staff will develop and/or contract for other marketing initiatives, attractions and/or events promoting Downtown. These marketing initiatives may include a comprehensive marketing campaign targeted at appropriate constituencies and/or traveling information kiosks and/or similar devices which may be staffed and deployed at various events (inside and outside of Downtown) to increase District visibility and outreach.

District staff will strive to attract and retain synergistic businesses. District staff will administer, together with the City of Milwaukee, a program of grants and forgivable loans for retailers and landlords to upgrade storefront spaces within the District. The District also will allocate up to \$70,000 for catalytic economic development special projects, provided that each project must be approved by the District Board consistent with criteria adopted and applied by the Board. The District may also sponsor or co-sponsor special events such as the Holiday Lights Festival, Downtown Dining Week, Taste and Toast, Downtown Employee Appreciation Week and Sculpture Milwaukee.

The District may undertake other economic development and/or marketing initiatives and programming reasonably estimated to attract and retain businesses, residents and tourists to Downtown as deemed appropriate by the District Board.

Finally, the District will continue its sponsorship of holiday lighting each November. Each year, the District will cause lighting purchased by the District in previous years and remaining in good condition to be reinstalled. In addition, the District may spend and/or solicit additional money as it deems necessary to purchase additional and/or replacement holiday lighting. For the winter of 2017-2018, the District will sponsor the nineteenth annual Holiday Lights Festival in Downtown. This festival will continue previous year's street lighting efforts and implement intense lighting displays in select Downtown parks such as Pere Marquette Park, Zeidler Union Square and Cathedral Square.

The District may contract with Milwaukee Downtown, Inc. to coordinate and implement the marketing initiatives described above, as well as related activities. In connection with contracting with Milwaukee Downtown, Inc., the District intends to donate approximately \$1,440,520 to Milwaukee Downtown, Inc. to provide operating funds necessary to implement marketing initiatives and related activities.

4. Contracting to Extend Activities/Services Outside of the District. Given the District's success, various constituencies periodically request the District to extend activities or provide services outside of the District boundaries. The District is authorized to contract to extend its activities and/or services outside District boundaries so long as, by majority vote of the Board, any such contract is deemed to (a) advance the District's objectives and (b) provide activities and/or services on a revenue-neutral basis such that the District avoids incurring any costs not directly benefiting properties within the District.

C. Proposed Expenditures and Financing Method

The 2018 proposed annual operating budget for the District is \$3,751,864. \$3,719,364 will be the amount received from District assessments from properties within the District. \$32,500 is additional income that is anticipated to come from several sources, including voluntary contributions from tax-exempt properties. See Appendix D. Of these amounts, \$792,905 will finance the Public Service Ambassadors Program, \$885,270 will fund the Clean Sweep Ambassadors Program, \$1,755,235 will pay for economic development, marketing, promotions and business retention and recruitment efforts, including retail marketing efforts, and \$318,454 will be reserved for administrative expenses and a contingency (including, without limitation, the salaries of a full-time CEO, an economic development director, a marketing/events coordinator, an administrative assistant, interns and other District staff, legal fees, insurance costs and office expenses). In the event that the Board reasonably determines that amounts allocated to any particular program are not needed for that program, unneeded amounts for one program may be used for another program. In addition, any funds collected but unspent pursuant to previous years' operating plans and any unanticipated voluntary contributions or other income will be made available in 2018 (for any purpose set forth in this Operating Plan, including without limitation for public information, marketing, promotions and/or economic development efforts). The Board shall have the authority

and responsibility to prioritize expenditures and to revise the budget as necessary to match the funds actually available.

The Board shall approve an annual operating budget for the District each year. Prior to approving any annual operating budget, the District will mail a public hearing notice and make available a copy of the proposed annual operating plan and budget to all owners of real property within the District. In addition, a Class 2 notice of the public hearing will be published in a local newspaper of general circulation, and the notice, annual operating plan and budget will be posted on the District's website. The District Board will hold a public hearing and approve the annual operating plan and budget for the District for that year. If any year's annual operating budget exceeds the prior year's annual operating budget by 4% or more, such budget must be approved by a 2/3 majority of the entire District Board. (This Year Twenty-One Operating Plan was unanimously approved by fourteen (14) Board members in attendance at the Board meeting of September 14, 2017. Any capital improvements costing more than \$15,000 each or \$40,000 in the aggregate for any one year must be approved by a 2/3 majority of the entire District Board. For the purposes of this Operating Plan, "capital improvement" means any physical item that is permanently affixed to real estate including, without limitation, street lighting and sidewalk improvements. The term "capital improvement" shall not include, among other things, any maintenance equipment or supply, any communications equipment, any vehicles, any seasonal improvement or any holiday lighting or decorations. After the District Board has approved the annual operating plan and budget, they will be sent to the City for approval, adoption and inclusion in the City's annual budget for that year.

The 2017 assessed valuation of all property subject to assessment within the original District boundaries was approximately \$2,334,079,600. The method of assessing annual operating expenses against properties located within the District is set forth in Article IV of this Operating Plan. Any change in the method of assessing annual operating expenses against properties located within the District must be approved by a 3/4 majority of the entire District Board and a majority of the Common Council of the City. Subsequent revisions to this Operating Plan will specify any additional assessment methodologies and amounts for operating expenses. In addition, if any year's annual aggregate assessment to property owners exceeds the prior year's annual aggregate assessment by 6% or more, such increased assessment must be approved by the owners of property assessed by the District having a property tax assessed valuation equal to at least 3/4

of the aggregate property tax assessed valuation of all property assessed by the District.

The District may not borrow funds without approval of a 2/3 majority of the entire District Board.

D. Organization of the District Board

The Mayor shall appoint members to the District Board. The Board shall be responsible for implementation of this Operating Plan. This requires the Board to negotiate with providers of services and materials to carry out the Operating Plan; to enter into various contracts; to monitor the effectiveness of the District's activities; to ensure compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of District assessments.

Wisconsin Statutes section 66.1109(3)(a) 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 District.

The Board shall be structured and operate as follows:

1. Board size - 19 members.
2. Composition -
 - (a) Three members shall be representatives of each of the three largest (as measured by assessed valuation) multi-tenant office buildings in the District. In 2018, U.S. Bank Center (777 and 811 East Wisconsin Avenue), 411 East Wisconsin Avenue and 100 East Wisconsin Avenue are the three largest office buildings.
 - (b) Two members shall be representatives of the fourth through the ninth largest (as measured by assessed valuation) multi-tenant office buildings in the District. In 2018, 833 East Michigan Avenue, The Milwaukee Center (107 East Kilbourn Avenue), 875 East Wisconsin Avenue, Schlitz Park (at the intersection of 2nd and Pleasant Streets), Plaza East (330 East Kilbourn Avenue), and Cathedral Place (555 East Wells Street) are the fourth through the ninth largest multi-tenant office buildings.

- (c) Three members shall be representatives of any multi-tenant office buildings in the District.
- (d) Three members shall be representatives of owner-occupied or single tenant buildings in the District with assessed valuations in excess of \$5,000,000. One member from this category shall be a representative of The Northwestern Mutual Life Insurance Company.
- (e) One member shall be an owner or operator of a street-level retail business located within the District (which business may, but need not, be a restaurant).
- (f) Two members shall be representatives of hotels located within the District. Such hotels shall not be owned or controlled by the same or related entities or individuals.
- (g) One member shall be a representative of a tax-exempt entity making a voluntary contribution to the District of not less than \$45,000 annually.
- (h) Two members shall be "at large" members who shall not represent any particular constituency but who shall be owners or occupants of real property located within the District used for commercial purposes.
- (i) Two members shall be the immediate two past chairs of the District Board.

For purposes of measuring the assessed valuations of any building or site set forth above, all contiguous buildings and/or sites connected above- or below-ground, separated only by an intervening street and with identical ownership shall be included as one building or site. (For example, the U.S. Bank Center, consisting of property located at 777 and 811 East Wisconsin Avenue, constitutes one site.) Each year, the Board shall reconfirm the assessed valuations, ownerships and occupancies of all properties located within the District. If the assessed valuation, ownership or occupancy of any particular building or site in any year ceases to satisfy the criteria set forth above, the Board shall rearrange such building or site in the appropriate category. In addition to the composition requirements set forth above, one member of the Board shall also be a member of the board of directors of Westtown Association as long as the

Westtown Association remains in existence, and one member of the Board shall also be a member of the board of directors of East Town Association as long as the East Town Association remains in existence. In satisfying the categories for Board members set forth above, the geographic representation of Board members shall be varied to the extent possible.

3. Term - Appointments to the Board shall generally be for a period of three years. To the extent possible, the terms of members representing each of the categories set forth in subparagraph (2) above shall be staggered so that the terms of not more than 60% of the representatives of any one category shall expire simultaneously. Despite the expiration of a Board member's term, the member shall continue to serve, subject to the by-laws adopted by the Board, until the member's successor is appointed.
4. Compensation - None.
5. Meetings - All meetings of the Board shall be governed by the Wisconsin Open Meetings Law if and as legally required.
6. Record Keeping - Files and records of the Board's affairs shall be kept pursuant to public record requirements.
7. Staffing and Office - The Board may employ staff and/or contract for staffing services pursuant to this Operating Plan and subsequent modifications thereof. In 2018, the Board may employ a full-time CEO, a full-time administrative assistant, an economic development director, a marketing and events coordinator and/or interns up to four interns and other support staff. The Board shall maintain an office for the District, which shall be centrally located in Downtown. The District's current office is located at 600 East Wells Street and shall be upgraded consistent with the budget approved by the Board. The District's office may be relocated as the District Board deems reasonable. All District staff, including PSAs and CSAs, may work out of the District office.
8. Meetings - The Board shall meet regularly, at least once quarterly. The Board has adopted rules of order (by-laws) to govern the conduct of its meetings. In the event of a tie in any matter on which an even number of Board Members vote, the vote of the Chair shall be deemed the tie-breaker.

9. Executive Committee - The Board shall elect from its members a chair, a vice-chair, a secretary, a treasurer and an assistant secretary who, together with the immediate past Chair of the Board, shall comprise an Executive Committee of the Board. At least one member of the Executive Committee shall be elected from the category of members set forth in subparagraphs (2)(a) or (b) above. Moreover, the member representing The Northwestern Mutual Life Insurance Company under subparagraph (2)(d) above shall be elected to some office on the Executive Committee. The immediate past chair of the Board shall serve on the Executive Committee until the current Chair ceases to serve as Chair, in which case the immediately past serving Chair shall become immediate past Chair. The Executive Committee shall be authorized to oversee the day to day operations of the District, subject to the by-laws adopted by the Board. In the event of a tie in any matter on which all officers vote, the vote of the Chair shall be deemed the tie-breaker.
10. Non-voting Members - At the option of a majority of the members of the Board, representatives of Visit Milwaukee, the Milwaukee Development Corporation, the Metropolitan Milwaukee Association of Commerce, and one or more significant Milwaukee arts venues (and/or similar organizations) may be invited to attend meetings of the Board or Executive Committee as nonvoting members.
11. Emeritus Members – By resolution of a majority of the members of the Board, former Board members who have demonstrated extraordinary service to the District may be appointed "emeritus" members in honor and recognition of their exceptional contributions.
12. No public bidding – Notwithstanding anything herein to the contrary and/or any contrary decisions by the Board relative to specific contracts, the District shall not be subject to any prevailing wage and/or public bidding requirements under either Wisconsin Statutes and/or City of Milwaukee ordinances.

E. RELATIONSHIP TO MILWAUKEE DOWNTOWN, INC. AND ALLIANCE FOR DOWNTOWN PARKING AND TRANSPORTATION, INC.

The District is a separate entity from Milwaukee Downtown, Inc., a private, not for profit corporation, exempt from taxation under section 501(c)(3) of the Internal Revenue Code, notwithstanding the fact that some or all of the members, officers and directors of each entity may be shared. Milwaukee

Downtown, 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 Board may contract with Milwaukee Downtown, Inc. to provide marketing and promotional services to the District and to retain an economic development director. The Board shall donate operating funds to Milwaukee Downtown, Inc. to facilitate the provision of such services and staffing, all in accordance with this Operating Plan.

The District and Milwaukee Downtown, Inc. are also separate entities from Alliance for Downtown Parking and Transportation, Inc. (the "Alliance"), a private, not for profit corporation, notwithstanding the fact that the District Board appoints all members to the board of directors of the Alliance. The Alliance 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 Board may work in tandem with the Alliance and other Downtown commercial organizations to improve and mitigate adverse parking and transportation issues impacting Downtown Milwaukee and to promote positive parking and transportation options within the area, consistent with the purposes of this Operating Plan.

IV. METHOD OF ASSESSMENT

A. Annual Assessment Rate and Method

The annual assessment for District operating expenses will be levied against each property within the District in direct proportion to the assessed value of each property for real property tax purposes on record with the District as of the date the District held the public hearing regarding its Year Twenty-One Operating Plan (September 14, 2017). No owner of property within the District shall be eligible to receive or be subject to any reductions or increases in its assessment as a result of a decrease or increase in the assessed value for their property occurring after such date. The Board may, however, at its sole option, consider updated assessment information until the Common Council approves this Operating Plan. In addition, the amount of an assessment against a particular property may change from year to year if that property's assessed value changes relative to other properties within the District.

Appendix C identifies each property included in the District and shows the proposed BID assessment for each property for the twenty-first year of operation. Such proposed assessments are based on the assessed value and classification estimated in 2017 pursuant to the foregoing formula.

In addition, any amounts due to the District from a property owner pursuant to a contract between the District and the property owner may, at the option of the District Board, become a special assessment or special charge against that property upon 30 days' prior written notice to the property owner.

B. Excluded and Exempt Property

The BID statute requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided.

1. Wisconsin Statutes section 66.1109(1)(f)(1m): The District 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 District.
2. Wisconsin Statutes section 66.1109(5)(a): Property used exclusively for residential purposes will not be assessed. Mixed use properties containing some residential use will be fully assessed by the District.
3. Consistent with Wisconsin Statutes section 66.1109(5)(a), property within the District boundaries but exempt from general real estate taxes under Wisconsin Statutes section 70.11 may not be specially assessed by the District but will be asked to make a financial contribution to the District on a voluntary basis. Funds collected in this manner in any given year may be used in any manner deemed appropriate by the Board. In addition, consistent with Wisconsin Statutes section 66.1109(1)(b), those tax exempt properties within the original or amended boundaries of the District which later become taxable shall automatically become included within the District and subject to assessment under any current operating plan without necessity to undertake any other act.

V. PROMOTION OF ORDERLY DEVELOPMENT OF THE CITY

A. Enhanced Safety and Cleanliness

Under Wisconsin Statutes section 66.1109(1)(f)(4), this Operating Plan is required to specify how the creation of the District promotes the orderly development of the City. The District will enhance the safety and cleanliness of Downtown and, consequently, encourage commerce in the

City. Increased business activity in the City will increase sales tax revenues and property tax base.

B. City Role in District Operation

The City has committed to assisting owners and occupants in the District to promote its objectives. To this end, the City has played a significant role in creation of the District and in the implementation of this Operating Plan. In furtherance of its commitment, the City shall:

1. Perform its obligations and covenants under the Cooperation Agreement.
2. Provide technical assistance to the District in the adoption of this and subsequent operating plans and provide such other assistance as may be appropriate.
3. Collect assessments, maintain the same in a segregated account and disburse monies to the Board.
4. Receive annual audits as required per Wisconsin Statutes section 66.1109(3)(c).
5. Provide the Board, through the Office of Assessment, on or before July 1 of each year, and periodically update, with the official City records on the assessed value of each tax key number within the District as of January 1 of each year for purposes of calculating the District assessments.
6. Promptly appoint and confirm members to the Board, consistent with this Operating Plan.

VI. PLAN APPROVAL PROCESS

A. Public Review Process

The BID statute establishes a specific process for reviewing and approving operating plans. Pursuant to the statutory requirements, the following process will be followed:

1. The District shall submit its proposed Operating Plan to the Department of City Development.
2. The Community and Economic Development Committee of the Common Council will review the proposed Operating Plan at a

public meeting and will make a recommendation to the full Common Council.

3. The Common Council will act on the proposed Operating Plan.
4. If adopted by the Common Council, the proposed Operating Plan is sent to the Mayor for his approval.
5. If approved by the Mayor, this Year Twenty-One Operating Plan for the District is approved and the Mayor will appoint, in accordance with Article III.D., new members to the Board to replace Board members whose terms have expired or who have resigned.

VII. FUTURE YEAR OPERATING PLANS

A. Changes

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

Wisconsin Statutes section 66.1109(3)(b) 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 proposed activities, 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 statute.

In later years, the District 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 approval of a 3/4 majority of the entire District Board and consent of the City of Milwaukee. In addition, if any year's annual aggregate assessment to property owners exceeds the prior year's annual aggregate assessment by 6% or more, such increased assessment must be approved by the owners of property assessed by the District having a property tax assessed valuation equal to at least 3/4 of the aggregate property tax assessed valuation of all property assessed by the District. Further, as set forth in Article III.C. above, a 2/3 majority of the entire

District Board must approve increases in the District operating budget exceeding 4% of the prior year's budget and capital improvement expenditures of over \$15,000 in any one instance or of \$40,000 in the aggregate in any one year.

B. Early Termination of the District

The City shall consider terminating the District if the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified herein, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the Operating Plan, file a petition with the City Plan Commission requesting termination of the District. On or after the date such a petition is filed, neither the Board nor the City may enter into any new obligations by contract or otherwise until the expiration of thirty (30) days after the date a public hearing is held and unless the District is not terminated.

Within thirty (30) days after filing of a petition, the City Plan Commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a Class 2 notice. Before publication, a copy of the notice with a copy of the Operating Plan and a copy of the detail map showing the boundaries of the District shall be sent by certified mail to all owners of real property within the District.

Within thirty (30) days after the date of such hearing, every owner of property assessed under the Operating Plan may send a written notice to the City Plan Commission indicating, if the owner signed a petition, that the owner retracts the owner's request to terminate the District or, if the owner did not sign the petition, that the owner requests termination of the District.

If, after the expiration of thirty (30) days after the date of the public hearing, by petition or subsequent notification and after subtracting any retractions, the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified in the Operating Plan, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all properties assessed under the Operating Plan have requested the termination of the District, the City shall terminate the District on the date that the obligation with the latest completion date entered into to implement the Operating Plan expires.

C. Amendment, Severability and Expansion

This District has been created under authority of Wisconsin Statutes section 66.1109. Except as set forth in the next sentence, should any court find any portion of this statute invalid or unconstitutional its decision will not invalidate or terminate the District and this Operating Plan shall be amended to conform to the law without need of re-establishment. Should any court find invalid or unconstitutional the organization of the entire District Board, any requirement for a 2/3 or 3/4 majority vote of the District Board, the budgeting process or the automatic termination provision of this or any subsequent Operating Plan, the District shall automatically terminate and this Operating Plan shall be of no further force and effect.

Should the legislature amend the statute to narrow or broaden the definition 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 a 2/3 majority of the entire District Board and a majority of the Common Council of the City of Milwaukee as and when they conduct their annual Operating Plan approval and without necessity to undertake any other act. This is specifically authorized under section 66.1109(3)(b).

D. Automatic Termination Unless Affirmatively Extended.

The District Board shall not incur obligations extending beyond twenty-one years from the date on which the District was created. At the end of the twenty-fifth year of the District's existence, the District Board shall prepare an operating plan for the twenty-sixth year that contemplates termination of the District at the commencement of the twenty-sixth year as set forth in Wisconsin Statutes section 66.1109(3)(b), unless the owners of property assessed by the District having a valuation equal to 60% of the valuation of all property assessed by the District affirmatively vote to continue the District.

In addition, the Board may elect by majority vote to terminate the District if the City is in default of any obligation or covenant of the City set forth in the Cooperation Agreement. In such event, the District shall terminate as set forth in Wisconsin Statutes section 66.1109(4m).

APPENDIX A

Wisconsin Statutes section

66.1109 Business improvement districts. (1) In this section:

(a) "Board" means a business improvement district board appointed under sub. (3) (a).

(b) "Business improvement district" means an area within a municipality consisting of contiguous parcels and may include railroad rights-of-way, rivers, or highways continuously bounded by the parcels on at least one side, and shall include parcels that are contiguous to the district but that were not included in the original or amended boundaries of the district because the parcels were tax-exempt when the boundaries were determined and such parcels became taxable after the original or amended boundaries of the district were determined.

(c) "Chief executive officer" means a mayor, city manager, village president or town chairperson.

(d) "Local legislative body" means a common council, village board of trustees or town board of supervisors.

(e) "Municipality" means a city, village or town.

(f) "Operating plan" means a plan adopted or amended under this section for the development, redevelopment, maintenance, operation and promotion of a business improvement district, including all of the following:

1. The special assessment method applicable to the business improvement district.

1m. Whether real property used exclusively for manufacturing purposes will be specially assessed.

2. The kind, number and location of all proposed expenditures within the business improvement district.

3. A description of the methods of financing all estimated expenditures and the time when related costs will be incurred.

4. A description of how the creation of the business improvement district promotes the orderly development of the municipality, including its relationship to any municipal master plan.

5. A legal opinion that subs. 1. to 4. have been complied with.

(g) "Planning commission" means a plan commission under s. 62.23, or if none a board of public land commissioners, or if none a planning committee of the local legislative body.

(2) A municipality may create a business improvement district and adopt its operating plan if all of the following are met:

(a) An owner of real property used for commercial purposes and located in the proposed business improvement district designated under par. (b) has petitioned the municipality for creation of a business improvement district.

(b) The planning commission has designated a proposed business improvement district and adopted its proposed initial operating plan.

(c) At least 30 days before creation of the business improvement district and adoption of its initial operating plan by the municipality, the planning commission has held a public hearing on its proposed business improvement district and initial operating plan. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the proposed initial operating plan and a copy of a detail map showing the boundaries of the proposed business improvement district shall be sent by certified mail to all owners of real property within the proposed business improvement district. The notice shall state the boundaries of the proposed business improvement district and shall indicate that copies of the proposed initial operating plan are available from the planning commission on request.

(d) Within 30 days after the hearing under par. (c), the owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40% of the valuation of all property to be assessed under the proposed initial operating plan, using the method of valuation specified in the proposed initial operating plan, or the owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40% of the assessed valuation of all property to be assessed under the proposed initial operating plan, have not filed a petition with the planning commission protesting the proposed business improvement district or its proposed initial operating plan.

(e) The local legislative body has voted to adopt the proposed initial operating plan for the municipality.

(3) (a) The chief executive officer shall appoint members to a business improvement district board to implement the operating plan. Board members shall be confirmed by the local legislative body and shall serve staggered terms designated by the local legislative body. The board shall have at least 5 members. A majority of board members shall own or occupy real property in the business improvement district.

(b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for its business improvement district. The board shall then submit the operating plan to the local legislative body for its approval. If the local legislative body disapproves the operating plan, the board shall consider and may make changes to the operating plan and may continue to resubmit the operating plan until local legislative body approval is obtained. Any change to the special assessment method applicable to the business improvement district shall be approved by the local legislative body.

(c) The board shall prepare and make available to the public annual reports describing the current status of the business improvement district, including expenditures and revenues. The report shall include an independent certified audit of the implementation of the operating plan obtained by the municipality. The municipality shall obtain an additional independent certified audit upon termination of the business improvement district.

(d) Either the board or the municipality, as specified in the operating plan as adopted, or amended and approved under this section, has all powers necessary or convenient to implement the operating plan, including the power to contract.

(4) All special assessments received from a business improvement district and all other appropriations by the municipality or other moneys received for the benefit of the business improvement district shall be placed in a segregated account in the municipal treasury. No disbursements from the account may be made except to reimburse the municipality for appropriations other than special assessments, to pay the costs of audits required under sub. (3) (c) or on order of the board for the purpose of implementing the operating plan. On termination of the business improvement district by the municipality, all moneys collected by special assessment remaining in the account shall be disbursed to the owners of specially assessed property in the business improvement district, in the same proportion as the last collected special assessment.

(4m) A municipality shall terminate a business improvement district if the owners of property assessed under the operating plan having a valuation equal to more than 50% of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the operating plan, file a petition with the planning commission requesting termination of the business improvement district, subject to all of the following conditions:

(a) A petition may not be filed under this subsection earlier than one year after the date the municipality first adopts the operating plan for the business improvement district.

(b) On and after the date a petition is filed under this subsection, neither the board nor the municipality may enter into any new obligations by contract or otherwise to implement the operating plan until the expiration of 30 days after the date of hearing under par. (c) and unless the business improvement district is not terminated under par. (e).

(c) Within 30 days after the filing of a petition under this subsection, the planning commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the operating plan and a copy of a detail map showing the boundaries of the business improvement district shall be sent by certified mail to all owners of real property within the business improvement district. The notice shall state the boundaries of the business improvement district and shall indicate that copies of the operating plan are available from the planning commission on request.

(d) Within 30 days after the date of hearing under par. (c), every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under this subsection, that the owner retracts the owner's request to terminate the business improvement district, or, if the owner did not sign the petition, that the owner requests termination of the business improvement district.

(e) If after the expiration of 30 days after the date of hearing under par. (c), by petition under this subsection or subsequent notification under par. (d), and after subtracting any retractions under par. (d), the owners of property assessed under the operating plan having a valuation equal to more than 50% of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the operating plan, have requested the termination of the business improvement district, the municipality shall terminate the business improvement district on the date that the obligation with the latest completion date entered into to implement the operating plan expires.

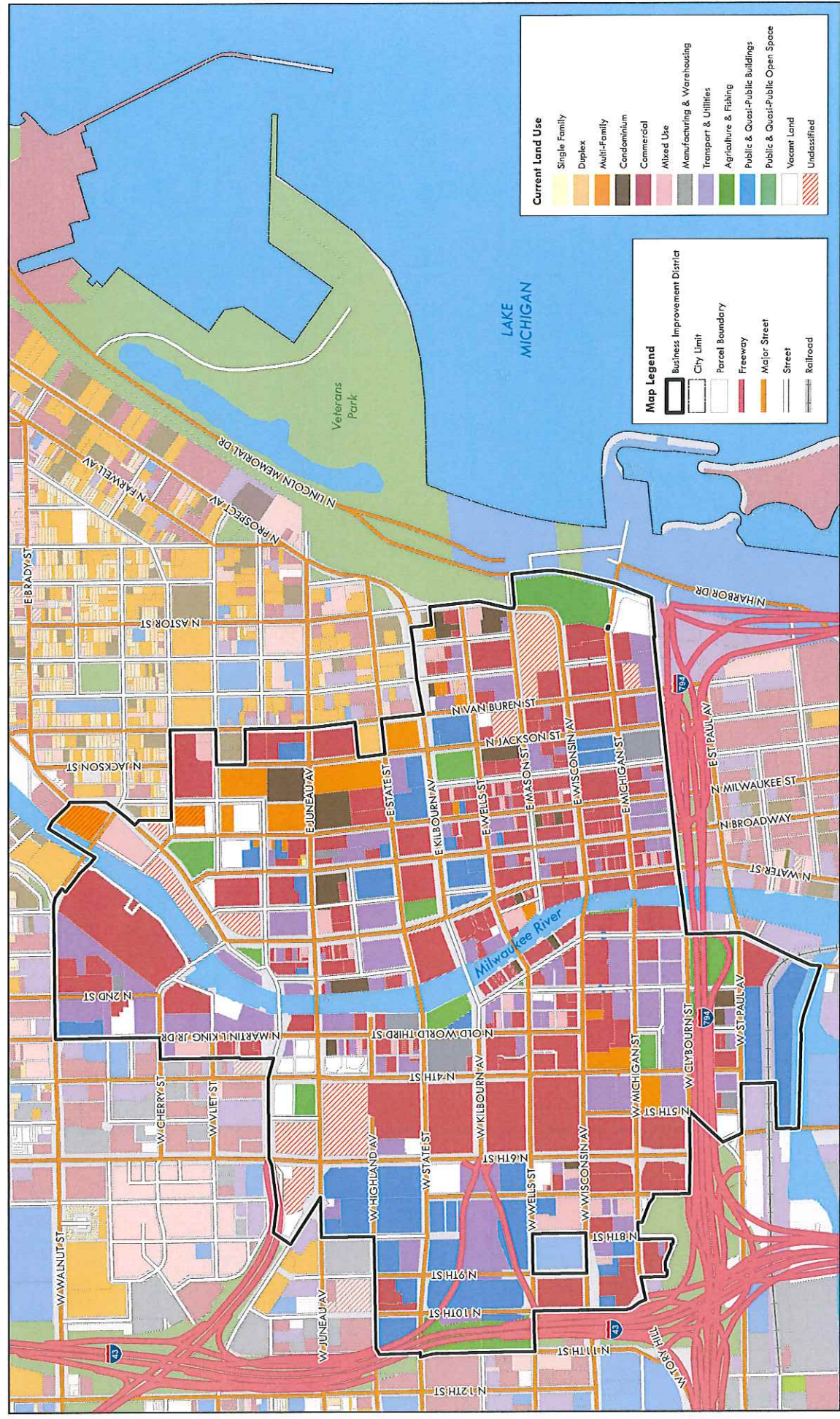
(5) (a) Real property used exclusively for residential purposes and real property that is exempted from general property taxes under s. 70.11 may not be specially assessed for purposes of this section.

(b) A municipality may terminate a business improvement district at any time.

(c) This section does not limit the power of a municipality under other law to regulate the use of or specially assess real property.

BID NO. 21: DOWNTOWN MANAGEMENT DISTRICT CITY OF MILWAUKEE

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



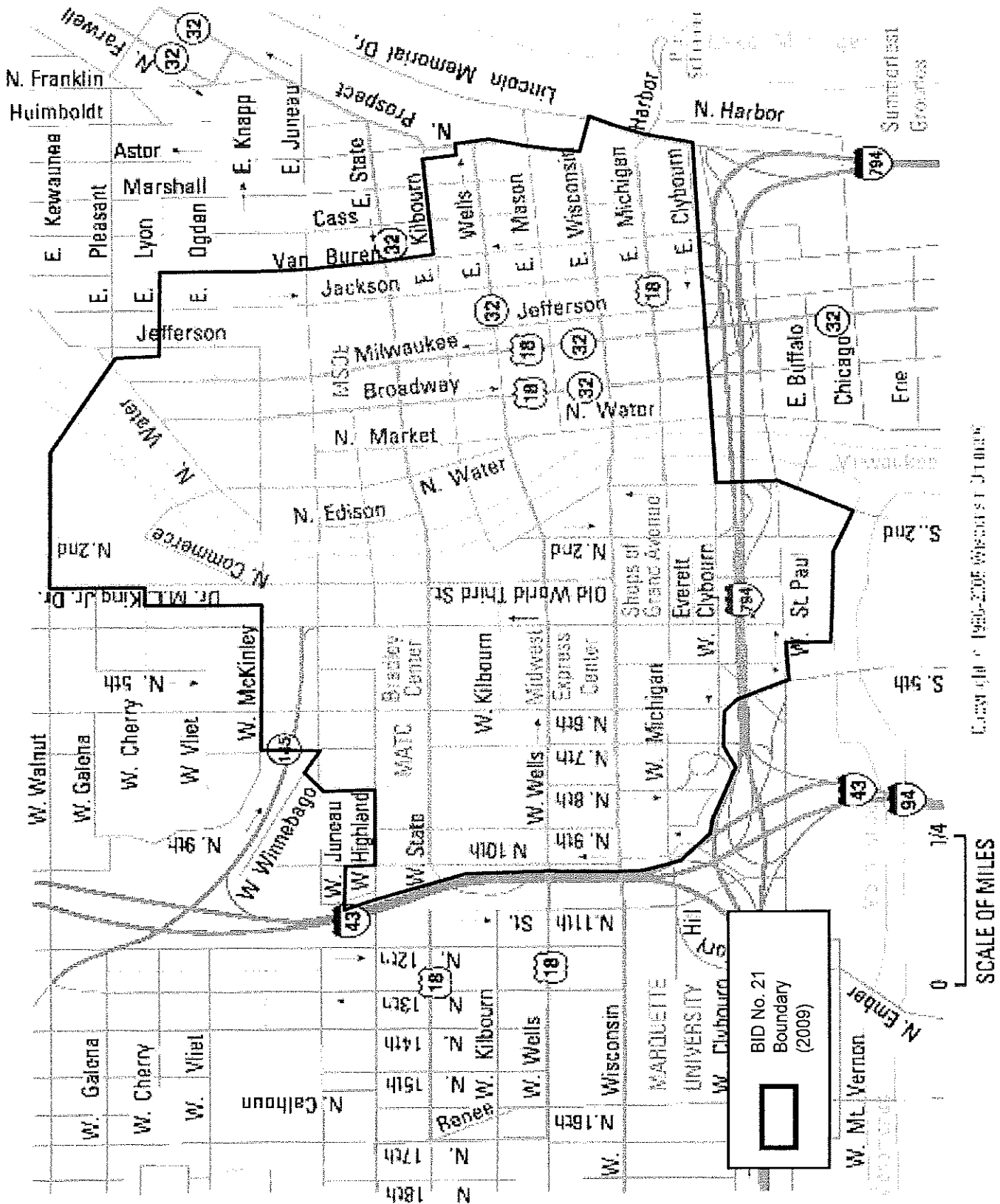
Current Land Use

- Single Family
- Duplex
- Multi-Family
- Condominium
- Commercial
- Mixed Use
- Manufacturing & Warehousing
- Transport & Utilities
- Agriculture & Fishing
- Public & Quasi-Public Buildings
- Public & Quasi-Public Open Space
- Vacant Land
- Unclassified

Map Legend

- Business Improvement District
- City Limit
- Parcel Boundary
- Freeway
- Major Street
- Street
- Railroad

APPENDIX B



APPENDIX D
Proposed 2018 Budget (Subject to Change)

BUSINESS IMPROVEMENT DISTRICT #21
CLEAN*SAFE*FRIENDLY
2018 BUDGET

INCOME

2018 BID #21 Assessments (Based on a mill rate of \$1.62 per \$1,000 of assessed value)	\$ 3,719,364
Additional Income	\$ <u>32,500</u>
TOTAL INCOME	\$ 3,751,864

EXPENSES

Clean Sweep Ambassador Program	
Sidewalk Cleaning	\$ 542,292
Landscaping	\$ 338,478
Graffiti Removal	\$ <u>4,500</u>
	\$ 885,270 (24% of total)
Public Service Ambassador Program	\$ 792,905 (21% of total)
Administrative	\$ 318,454 (8% of total)
Economic Development/Marketing/Business Retention/Recruitment	\$ <u>1,755,235</u> (47% of total)
TOTAL EXPENSES	\$ 3,751,864

APPENDIX E

Milwaukee Downtown BID #21 Strategic Plan - Updated V6 – New Objectives

Mission¹ Statement

We lead and inspire believers in Milwaukee to engage in efforts that build Downtown as the thriving, sustainable, innovative, and vibrant heart of the community.

Vision² Statement

Milwaukee Downtown is an economic catalyst. Downtown emerges as a premier destination of choice. Milwaukee becomes a renowned world class city (suggested change to "region" from "city").

Proposed Top Priorities

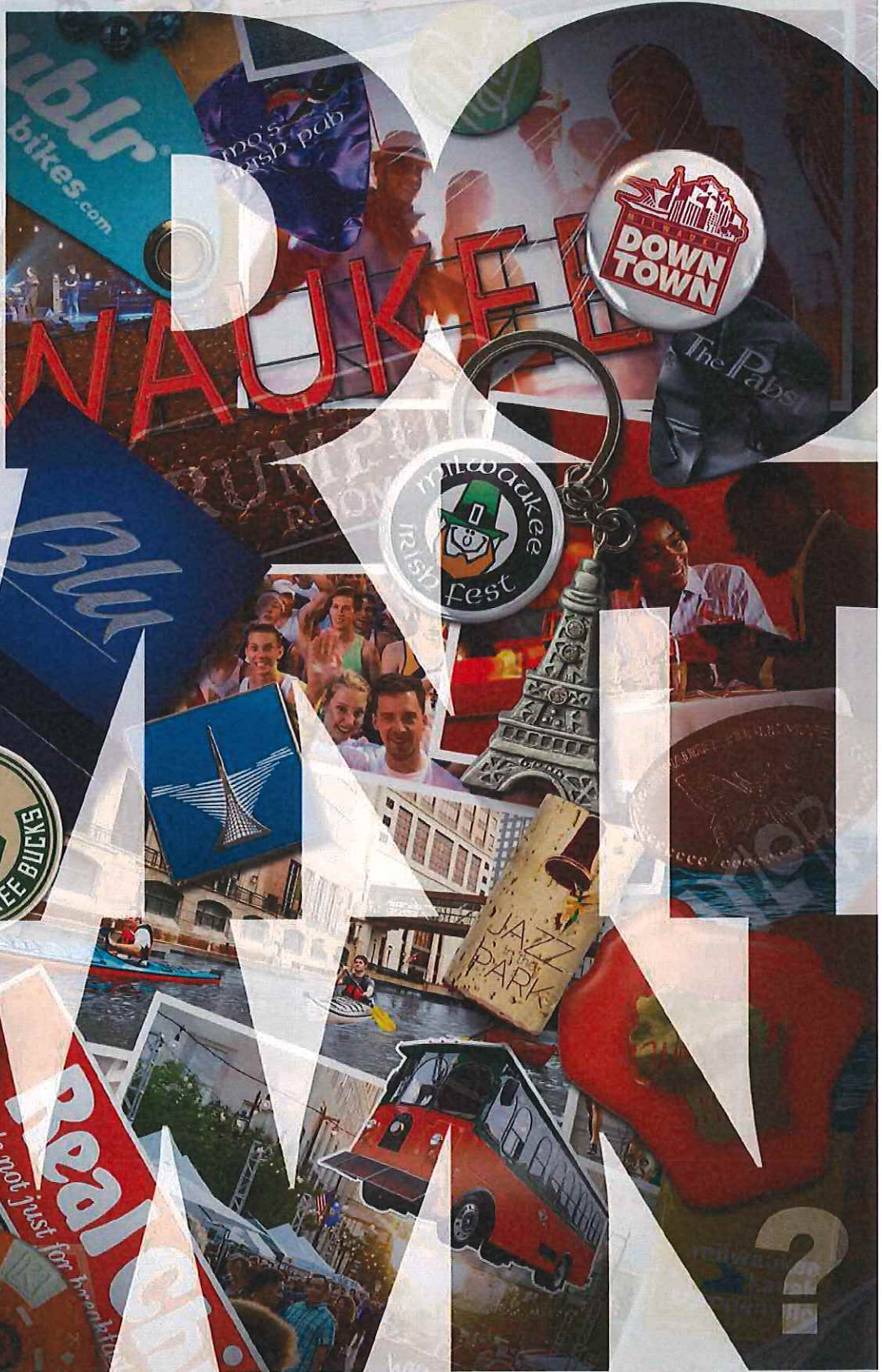
- Priority 1** -- Downtown Economic Development Leader: Reposition BID 21 as a driver of economic prosperity of Milwaukee's Downtown
- Priority 2** -- Leadership position on Catalytic Projects including the Street Car, West Wisconsin Initiative, new arena/convention center, Park East Corridor, and technology/innovation incubator (new)
- Priority 3** -- Energy and vibrancy of downtown: Harness the energy and vibrancy of diverse downtown residents, young professionals and other downtown believers to position them for leadership roles in the Downtown community. (new)


¹ Mission: Broad description of what we do, with/for whom we do it, our distinctive competence, and why we do it.

² Vision: Image or description of future impact we intend to have in the future.

How do you

flicks
At the Martin Center



2016  2017 Achievements

INTRODUCTION

Message from Board Chair & CEO



This year marked the 20th year of operation for Milwaukee Downtown, BID #21. It was back in 1997 when several property owners had the gumption and foresight to desire greater things for our city.

We are forever indebted to these visionaries, as well as the many board members, contracted partners and friends of the organization who have invested countless volunteer hours to position Downtown Milwaukee as the competitive player it is today.

Since 2005, \$3.6 billion in public and private projects has been completed, while another \$3.6 billion is in the pipeline. Cranes are in the air, and businesses and residents are moving in droves to get in on the action. It's no wonder why *Condé Nast Traveler* named Milwaukee as one of six U.S. cities to watch in 2017.

Our clean, safe and friendly foundation has made the central business district one of the hottest neighborhoods in the region, state and country. Couple that with more than six million social media impressions, surrounding Taste & Toast, Downtown Dining Week, Downtown Employee Appreciation Week, the Milwaukee Holiday Lights Festival and more – a true testament to our vast appeal.

We have a great product to sell and we look forward to writing the playbook for the next 20 years. As we take a brief moment to relish in the successes of the past two decades, one thing's for certain. Our commitment to you, our stakeholders, remains unwavered. Thank you for your ongoing support and confidence in the mission of our organization.

Joseph G. Ullrich

Chair
U.S. Bank

Beth Weirick

CEO
Milwaukee Downtown, BID #21

About Milwaukee Downtown, BID #21

Mission

We lead and inspire believers in Milwaukee to engage in efforts that build Downtown as the thriving, sustainable, innovative and vibrant heart of the community.

Vision

Milwaukee Downtown is an economic catalyst. Downtown emerges as a premier destination of choice. Milwaukee becomes a renowned world-class region.



Priorities

- Downtown Economic Development Leader - Reposition BID #21 as a driver of economic prosperity of Milwaukee's Downtown.
- Take a Leadership Position on Catalytic Projects - Advocate for catalytic projects including The Milwaukee Streetcar, West Wisconsin Avenue initiatives, new arena/convention center, Park East corridor and technology/innovation incubator.
- Energy and Vibrancy of Downtown - Harness the energy and vibrancy of diverse downtown residents, young professionals, and other downtown believers to position them for leadership roles in the Downtown community.

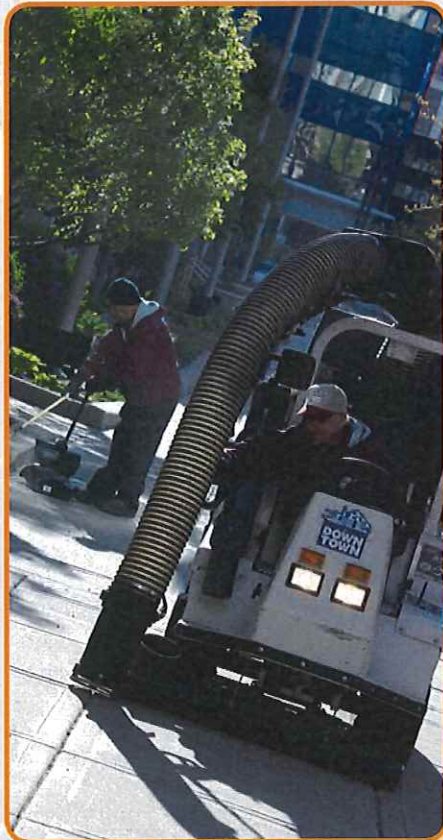
Goals

- Expand BID #21's leadership position in growing the economy in Downtown Milwaukee.
- Be a catalyst for an effective, feasible, affordable, accessible, and connected transportation and parking system.
- Continue and expand efforts that make Downtown Milwaukee a safe destination.
- Brand and consistently market Downtown Milwaukee to targeted constituencies.
- Harness the energy and vibrancy of downtown residents, young professionals, and other downtown believers to position them for leadership roles in the Downtown community.

CORE PROGRAMS

CLEAN SWEEP AMBASSADORS

- Maintained cleanliness of BID #21 sidewalks by sweeping, power washing, removing gum and scrubbing daily. Collected 115,900 gallons of trash in the process.
- Continued weekly Super Block Cleaning initiative, which included gumbusting, power washing, machine scrubbing, and scouring reachable signage in high-traffic areas.
- Installed electrical wiring and décor for the Milwaukee Holiday Lights Festival. This included stringing lights in trees, the placement of animated displays in Pere Marquette Park and Zeidler Union Square, plus the installment of 150 live Christmas trees and a 50-ft. tree of lights in Cathedral Square Park.
- Coordinated setup and teardown of signage, tents, games and tables for Downtown Employee Appreciation Week.



LANDSCAPE CREW

- Installed and maintained over 250 planters and 100 hanging baskets along Wisconsin Avenue, the Milwaukee RiverWalk and Old World Third Street.
- Rotated arrangements in spring, summer and fall to ensure visual interest.
- KEI provided additional support with enhanced landscaping in conjunction with Sculpture Milwaukee.



GRAFFITI REMOVAL TEAM

- Removed 921 graffiti tags within 24 hours of discovery – adding to the cumulative total of 19,783 tags since 2000.
- Since the program's inception, over 99% of graffiti tags have been eliminated by the Public Service Ambassadors for an estimated savings of \$356,986.22.



PUBLIC SERVICE AMBASSADORS

- Over 130,000 brochures were placed into the hands of visitors between September 2016 and August 2017.
- Since 2000, over 9.7 million info packets have been delivered to guests.
- Over 125,000 PR contacts were made, bringing the grand total of visitor interactions to over 4 million since 2000.
- Conducted over 9,200 patrols of downtown businesses, parking structures and high-traffic pedestrian areas.
- Utilized Secure Trax devices to track incidents and report activity.
- Staffed the Traveling Information Kiosk and Bicycle Information Kiosk at dozens of downtown events.
- Staffed the Visitor & Newcomer Info Center at 214 W. Wisconsin Ave. for more than 2,300 hours between September 2016 and August 2017.



CORE EVENTS

Milwaukee Holiday Lights Festival

A six-week festival establishing Downtown Milwaukee as a premier Midwestern destination, dazzling guests with light displays and an abundance of family-friendly events.

Community Spirit Park - Coordinated the transformation of Cathedral Square Park with the help of 2,556 students from 80 public and private schools.

Kick-Off Extravaganza - Organized the city's largest switch-flipping ceremony in Pere Marquette Park with 5,000+ guests and a live broadcast on WISN 12. Fireworks and free Jingle Bus rides, of which 650 passengers took advantage of, topped off the night.

Santa's Mailbox - Collaborated with Interfaith Older Adult Programs to deliver 1,676 personalized letters to boys and girls.

Holiday Ornament - Developed and marketed the 2016 Wisconsin Club ornament, sixteenth in the series.

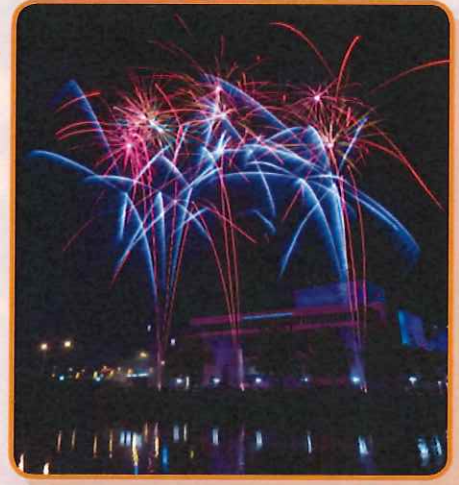
Website - Received 101,435 sessions between November 1, 2016 and January 1, 2017. Users accessed from Milwaukee (25.8%), Chicago (20.1%) and Madison (3.5%).

Cocoa with the Clauses - Attracted 500+ guests for free outdoor fun in Cathedral Square Park. Neighboring restaurants extended kid-friendly menus to lengthen stays.

Brochure - Bundled activities and businesses into a 48-page guide distributed throughout metro Milwaukee and the Fox Valley region.

Jingle Bus - Delivered 7,049 Meijer Jingle Bus rides. Passengers boarded at The Shops of Grand Avenue's Center Court where free holiday punch, Happy Dough Lucky mini donuts and coloring books awaited.

Advertising - Placed a multimedia ad campaign targeting residents of southeastern Wisconsin and northern Illinois.



Sponsorship - Raised \$83,500 in cash sponsorships.

Social Media - During the Festival, social media engagement totaled 66,120 among Facebook, Twitter and Instagram. Followership grew by 2,500 across the three platforms. Organic impressions totaled 1.7 million.

Taste & Toast

A small plates and craft cocktails promotion, which serves as a teaser to Downtown Dining Week and gives restaurants a first-quarter boost.

Program Dynamics - Secured 24 restaurant participants for the March 6 - 10, 2017 promotion.

Menu Creation - Produced customized menus for each restaurant's offerings. Pricing was open ended.

Patron Survey - Gathered patron data through 240 online surveys, which indicated 44% were first-timers to a restaurant, 58% were ages 25-39, 38% neither lived nor worked downtown, and 42% learned of the event through social media.

Satisfaction - Scored 80% or greater in patron satisfaction for food, beverage service and environment.

Attendance - Attracted over 6,000 diners.

Website - Received 13,921 sessions and 36,286 pageviews between February 27 and March 10, 2017. Approximately 72.5% of all sessions were by new visitors.



Social Media - During the promotional period, social media engagement totaled 13,631 among Facebook, Twitter and Instagram. Followership grew by 1,063 across the three platforms. Organic impressions totaled 546,204. Special features included all-new customized posts and tweets highlighting each restaurant's menu items.





Downtown Dining Week

Spurring spin-offs in nearby neighborhoods, Downtown Dining Week has become the premier dining event attracting over 600,000 diners to downtown restaurants - many to experience a restaurant for the very first time.



Program Dynamics - Featured three-course meals at \$12.50 for lunch, and \$25 or \$35 for dinner at 43 invited eateries, June 1-8, 2017.

Menu Creation - Produced customized menus for each restaurant's offerings.

Patron Survey - Gathered patron data through 1,226 online surveys, which indicated 55% were first-timers to a restaurant, 40% were ages 40-64, and 49% neither lived nor worked downtown.

Satisfaction - Food, service, environment and menu options were rated "Excellent" or "Good" by 84% or more survey respondents.

Attendance - Attracted approximately 77,451 diners during the eight-day promotion.

Partners - Established new partnership with cash sponsor Society Insurance. Continued promotional partnerships with Yelp and OpenTable, generating 2,360 OpenTable reservations. Partnered with Feeding America for rack card distribution.

Website - Received 101,500 sessions and 750,692 pageviews between May 1 and June 12, 2017. Approximately 60.6% of all sessions were by new visitors.

Social Media - During the event, social media engagement totaled 31,905 among Facebook, Twitter and Instagram. Followership grew by 1,035 across the three platforms. Organic impressions totaled 1.3 million. Special features included a social media-based gift certificate giveaway.

Downtown Employee Appreciation Week

An annual "spirit week" for Downtown's 83,490 employees to build camaraderie and position the central business district as a great place to conduct business.

Sponsorship - Secured \$7,750 in cash sponsorships and \$80,861 of in-kind product.

Partners - Initiated new partnerships with Farbman Group, Gold's Gym, Cupcake-a-Rhee, DOC's Commerce Smokehouse, Eggs & Bakin', Falafel Guys, Gouda Girls, Meat on the Street, Press., SafeHouse, Sushi Go, Alderaan Coffee, Boot Connection, DanceWorks, Ellipse Fitness Third Ward, Fred Astaire, Grohmann Museum, Hot Yoga, Mexican Fiesta, Old German Beer Hall, Pastiche, SPIRE Fitness and Sophisticated Man.

Office Challenge Games - Featured life-size Giant Connect 4 and Yardzee, in addition to returning favorites Paper Clip Toss and Precision Pitch. Games were presented by Farbman Group.

New Events - Hosted Streetcar Appreciation Breakfast/Mayor's Walk 100, Western Hoedown, and Thursday on the Avenue food truck event.

Lunch Giveaways - Distributed 19,250+ free food items during lunchtime giveaways at Red Arrow Park, Pere Marquette Park, Schlitz Park, Chase Plaza, The Blue, Wisconsin Center District and Cathedral Square Park.

Prizes - Secured 251 prize items from 44 businesses, approximating \$48,051 of in-kind donation value.

Volleyball Tournament - Hosted 16 teams and 105 participants in the "I Work Downtown" Volleyball Tournament.

Trivia Competition - Hosted 18 teams and 107 participants in the "I Work Downtown" Trivia Competition.

Passports - Coordinated a passport collection program to track employee event participation. Collected 326 passports, awarded five grand prizes and 25+ small prizes.

Website - Received 34,519 sessions and 98,734 pageviews between July 1 and August 4, 2017. Approximately 73.9% of all sessions were by new visitors. On kick-off day, the site received 3,194 sessions.

Social Media - During the event, social media engagement totaled 20,537 among Facebook, Twitter and Instagram. Followership grew by 1,065 across the three platforms. Organic impressions totaled 658,537.



MARKETING & BRANDING

Marketing



COMMUNICATION TOOLS

- Implemented biweekly Hotlist email campaign to educate subscribers on downtown happenings - 18,036 active subscribers and a 20.8% open rate.
- Deployed monthly e-Ripple Effect newsletter to deliver timely news, information on events, and ways businesses and organizations can become involved - 2,784 active subscribers and a 27% open rate.
- Produced two Ripple Effect magazines to keep downtown stakeholders in the loop and acclimate external audiences with the organization.
- Interfaced with other Milwaukee agencies, companies, social groups and organizations such as East Town Association, Westown Association, Historic Third Ward Association, ArtSpin, NEWaukee, WAM DC, Downtown Neighbors Association, and VISIT Milwaukee to ensure the marketing of Downtown is integrated and leveraged through partner resources.

PUBLIC RELATIONS

Milwaukee Downtown relies on a year-round public relations strategy to increase awareness of its many projects and programs. From September 2016 through August 2017, the organization secured over \$758,330 in media coverage.

- Milwaukee Holiday Lights Festival - \$291,750+
- Taste & Toast - \$58,452+
- Milwaukee Trolley Loop - \$36,333+
- Downtown Dining Week - \$184,617+
- Downtown Employee Appreciation Week - \$79,481+
- Utility Box Mural Project - \$50,005+
- Miscellaneous (includes staff announcements, Otocast, strip club opposition and economic development) - \$57,692+

SOCIAL MEDIA

Highlights - Grew total engagement across all three platforms. Initiated user-generated content strategy on Instagram. Increased usage of new media options like Facebook Live and Instagram Stories.

- **Facebook (all organic growth)**
 - Followers: 32,645 (+5%)
 - Total engagement: 226,332 (+18%)
 - Engagement rate: 5.1% (-0.9%)
 - Reach: 3.3 million (-5%)
 - Impressions: 5.7 million (+0.5%)
- **Twitter**
 - Followers: 53,110 (+27%)
 - Total engagement: 9,606 (+100%)
 - Engagement rate: 18.1% (+6.6%)
 - Impressions: 356,200 (+29%)
- **Instagram**
 - Followers: 9,802 (+85%)
 - Total engagement: 38,879 (+1,059%)
 - Engagement rate: 397% (+334%)
 - Impressions: 570,152
- **Pinterest**
 - 680 followers: 5% growth
 - 2,400 monthly views

RANDOM ACTS OF KINDNESS

- Reinstated bimonthly giveaways in conjunction with community partners such as Harley-Davidson, Summerfest and downtown restaurateurs.

WELCOME BAGS

- Coordinated donations and delivered welcome bags to 13 new businesses, totaling 505 new employees. Welcome bags included brochures, coupons and downtown swag for all employees.



WEBSITE

- Continued Business Spotlight of the Month column.
- Continued hosting seasonal itineraries for families, young professionals and boomers.
- Between September 1, 2016 and August 31, 2017, the site received 359,335 sessions and 1,385,007 pageviews.
- Approximately 72.5% of all visitors were new visitors.
- Notable peaks included 6,338 visits on the 2016 Milwaukee Holiday Lights Festival Kick-Off Extravaganza, 3,501 visits on New Year's Eve, 2,405 visits on the first day of Taste & Toast, 9,114 visits on the first day of Downtown Dining Week and the Milwaukee Trolley Loop, and 3,194 visits on the first day of Downtown Employee Appreciation Week.
- On average, visitors are spending about two minutes and 40 seconds on the site, 57% are accessing with a mobile device or tablet, and 17.3% were direct visitors while 71.5% located the site organically through keyword searches.

Branding

REGIONAL CAMPAIGN

- Relunched "How Do You Downtown?" campaign in June 2017.
- Utilized new sound bed recorded with Lex Allen.
- Produced two (:30) TV spots and one (:30) radio spot, which aired through August 31, 2017.
- Print ads featured a collage of downtown activities, events and venues.

PARTNER INITIATIVES

SCULPTURE MILWAUKEE

- Served as administrator, collecting donations and paying expenditures.
- Prepared sponsorship opportunities and assisted with recognition efforts.
- Assisted with installation and provided PSA patrols to ensure pedestrian safety.
- Led outreach efforts to engage businesses with sanctioned programming.
- Collaborated with VISIT Milwaukee on JEM grant submission - \$30,000 was awarded.
- Drafted The Herzfeld Foundation grant application - \$50,000 was awarded.
- Coordinated VIP reception for 300+ VIP guests.
- Coordinated entertainment, giveaways, mayoral proclamation and infrastructure for ribbon-cutting ceremony. Attracted 750+ attendees.
- Secured ongoing programming partners, offers and events.
- Assisted in developing social media strategy in conjunction with marketing partners.
- Led local media outreach efforts, which to date tally over \$601,168 in coverage.
- Continue to assist with maintenance and vandalism issues.

QUALITY OF LIFE INITIATIVES

- Continue to meet regularly with the Community Intervention Team - Milwaukee County's Housing Division, District Attorney's Office, City Attorney's Office and MPD - to address chronic homelessness and public nuisance behaviors.
- Preparing to unveil Key to Change - a community-giving program to end chronic homelessness. Donations will be collected online and at seven repurposed parking meters positioned throughout downtown.



UTILITY BOX MURAL PROJECT

- Prompted by Wisconsin Avenue property owner, created Downtown Placemaking Task Force to lead initiative.
- Issued Request for Creativity to transform 10 utility boxes along Wisconsin Avenue.
- Mauricio Ramirez selected as sole artist for the project.
- Worked with task force to identify subject matters. Chosen themes depict the Avenue's past, present and future.
- Raised \$5,000 in cash sponsorships.
- Programmed three live paint/DJ sessions throughout installation.
- Coordinated public ribbon-cutting event at 411 East Wisconsin Center for 150+ guests.
- Program replication occurring in other BIDs.

DOWNTOWN DIGGS

- Partnered with Greater Milwaukee Association of REALTORS® on 5th annual downtown condo showcase.
- Held in conjunction with Downtown Dining Week to capitalize on influx of visitors.
- Acquainted prospective residents with 26 available units.

BETTER BUILDINGS CHALLENGE

- Working with the City's Environmental Collaboration Office to promote the Better Buildings Challenge, an energy efficiency campaign, to BID #21 property owners.
- Assisting in developing a toolkit, which can be transferable to other BIDs.

MILWAUKEE TROLLEY LOOP

- Led fundraising campaign for summer trolley service operated by Transit Express.
- Offered \$1 fare and 14-stop "Hop 'n Shop, Wine 'n Dine" route, Thursdays - Sundays, June 1 - August 27, 2017, 11 a.m. to 6 p.m.
- Adjusted route to highlight Wisconsin Avenue, the Third Ward, Lakefront and Old World Third Street. Added Sunday to accommodate leisure travelers.
- Raised \$37,200 in private contributions.
- Processed survey data, indicating 64% of riders were leisure travelers and 71% were first-time riders. 78% gave the service a five-star rating.
- 44% of survey respondents indicated the trolley itself was a downtown attraction. Other primary destinations included festivals (10%), conventions (5%) and Sculpture Milwaukee (5%).
- Ridership was 4,891 during 329 total hours of operation.

DISABLED PARKING ABUSE INITIATIVE

- Working with DPW, MPD and IndependenceFirst on a public information campaign to identify misuse of a disabled plate or hangtag.
- Vehicles identified with improper use will be issued a warning followed by a ticket.

OTOCAST APP

- Unveiled West Wisconsin Avenue audio tour highlighting 13 points of interest. Free app available on iTunes and Google Play. 2,498 interactions since June 2017.
- Hosted community walking tour and assessed possible expansion to East Wisconsin Avenue.

2017

BOARD OF DIRECTORS

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Matt Dorner

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Erica Chang

Marketing & Events Coordinator



www.milwaukeedowntown.com

ECONOMIC DEVELOPMENT

DOWNTOWN AREA INVESTMENT MAP

- Produced fall and spring editions to showcase over \$7.2 billion in completed, underway, and proposed private and public developments, and key market data points.
- In-demand tool used by private and public sector partners to depict investments.
- Available online and distributed 2,000 copies.

DEVELOPMENT INCENTIVES

- Supporting small business expansion and commercial revitalization with \$50,000 YTD in Business Development Loan Pool (BDLP) funds that leveraged more than \$400,000 in private investment.
- Continuing to promote the innovative use of City grant tools, KIVA Zip loans, BDLP loans, PACE financing and more.
- Collaborating with the City's Better Buildings Challenge to assist commercial properties with energy efficiency upgrades.

THE MILWAUKEE STREETCAR

- Updated the MKE Streetcar Development Opportunities Guide to showcase investment and lease opportunities along the under-construction route. Distributing 1,500 hard copies and utilizing OppSites.com to highlight development prospects to a national audience.
- Participant on the Open for Business committee to promote businesses near or along the route.
- Partnered to host Streetcar Socials to bring supporters together and patronize businesses.
- Participating in the Plan Advisory Group for the Equitable Growth through Transit Oriented Development Study, examining future streetcar extensions.

NIGHTTIME ECONOMY

- Contracting with Responsible Hospitality Institute to re-engage nighttime economy stakeholders and build upon successes.
- Engaged with 60+ participants in a two-day workshop to create 2017/2018 priorities.

WISCONSIN AVENUE INITIATIVES

- Leading strategic collaboration with WAM DC LLC and BID #21 to advance development initiatives.
- Developed catalytic projects map.
- Continuing to update WisconsinAve.com, which highlights development and opportunities in the corridor.
- Leading a pilot lighting design project for West Wisconsin Avenue.
- Unveiled a West Wisconsin Avenue audio walking tour through Otocast.

COMMUNICATION TOOLS

- Published 11 Real Results e-newsletters with development news, toolbox highlights, and stakeholder interviews to 493 subscribers with a 41.7% open rate.
- Published MKE BluePrint, an economic development magazine, as an insert in the semiannual Ripple Effect magazine and distributed 1,000 copies.
- Published business spotlights on new downtown businesses.
- Continued to promote economic development news on social media (750+ Twitter followers).

ADVOCACY WORK

- Participant in Commercial Real Estate Government Day in Madison.
- Coalition member advocating for the Historic Preservation Tax Credit program to remain in its current state. Submitted letters regarding BID #21's position.

TELLING THE STORY

- Completed the CEO Call Program update and engaged nearly 70 companies. Key survey results are part of new recruitment and retention brochure.
- Resource to the media on a variety of economic development topics.

COMMERCIAL PROPERTY SEARCH

- Launched a commercial property search tool through Xceligent.
- Exclusively highlights BID #21 property owners with available retail and office opportunities, and links users to available spaces, potential incentive programs and more.

COLLABORATIVE INITIATIVES

- Ambassadors to the MKE United Greater Downtown Action Agenda, which is working to create a shared and inclusive vision for downtown and its adjacent neighborhoods.
- Continuing as a member of the Wisconsin Economic Development Corporation Connect Communities network.
- Contributing member of the NAIOP Public Affairs Committee and Better Buildings Challenge team.
- Hosted Bus Rapid Transit information meeting, Lakefront Gateway Plaza public engagement meeting, and more.

ENHANCEMENT PROJECTS

- Working with selected designer from West Wisconsin Avenue lighting installation RFP on a feasible lighting project.
- Planning for lighting improvements under the I-794 overpass.
- Implementing downtown Milwaukee's first organized PARK(ing) Day, which will include temporary pop-up parklets in on-street spaces.

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(With Summarized Totals for the Year Ended December 31, 2015)

RitzHolman
CPAs

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE

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Independent Auditor's Report

Board of Directors
Milwaukee Downtown Business Improvement District No. 21 and Affiliate

We have audited the accompanying financial statements of Milwaukee Downtown Business Improvement District No. 21 and Affiliate which comprise the balance sheet as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Downtown Business Improvement District No. 21 and Affiliate as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP
Serving businesses, nonprofits, individuals and trusts.

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ritzholman.com

Board of Directors
Milwaukee Downtown Business Improvement District No. 21 and Affiliate

Report on Summarized Comparative Information

We have previously audited Milwaukee Downtown Business Improvement District No. 21 and Affiliate's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter(s)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and schedule of activities by organization are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 28, 2017

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
BALANCE SHEET
DECEMBER 31, 2016
(With Summarized Totals for December 31, 2015)**

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 716,331	\$ 441,886
Accounts Receivable	25,097	31,867
Prepaid Expenses	17,040	15,943
Investments	250,000	300,000
Inventory	64,442	55,040
Total Current Assets	<u>\$ 1,072,910</u>	<u>\$ 844,736</u>
FIXED ASSETS		
Holiday Light Fixtures	\$ 195,508	\$ 194,468
Clean Sweep Equipment	271,616	266,268
Office Equipment	52,967	50,357
Leasehold Improvements	34,364	34,364
Intangible Assets - Website Redesign	26,250	26,250
Total Fixed Assets	<u>\$ 580,705</u>	<u>\$ 571,707</u>
Less: Accumulated Depreciation	(430,012)	(369,509)
Less: Accumulated Amortization	(26,250)	(20,417)
Net Fixed Assets	<u>\$ 124,443</u>	<u>\$ 181,781</u>
TOTAL ASSETS	<u><u>\$ 1,197,353</u></u>	<u><u>\$ 1,026,517</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable and Accrued Payroll	\$ 212,063	\$ 189,816
Assessment Settlement Liability	33,334	50,000
Total Liabilities	<u>\$ 245,397</u>	<u>\$ 239,816</u>
NET ASSETS		
Unrestricted	\$ 951,956	\$ 786,701
Total Net Assets	<u>\$ 951,956</u>	<u>\$ 786,701</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,197,353</u></u>	<u><u>\$ 1,026,517</u></u>

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

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	Unrestricted	
	2016	2015
REVENUE		
Assessment Income	\$ 3,363,735	\$ 3,252,445
City of Milwaukee	20,000	20,000
Contributions	19,000	8,000
Holiday Lights	90,495	114,916
Special Events Income	43,900	43,862
Trolley Loop	41,500	41,000
Sculpture Milwaukee	21,265	---
In-Kind Revenue	96,906	83,331
Interest Income	6,058	5,346
Ornament Revenue	12,801	10,617
Contract Income	3,190	2,520
Miscellaneous Income	549	2,679
Total Revenue	\$ 3,719,399	\$ 3,584,716
EXPENSES		
Program	\$ 3,289,614	\$ 3,233,668
General and Administrative	238,490	250,457
Fundraising	26,040	27,167
Total Expenses	\$ 3,554,144	\$ 3,511,292
CHANGE IN NET ASSETS	\$ 165,255	\$ 73,424
Net Assets at Beginning of Year	786,701	713,277
NET ASSETS AT END OF YEAR	\$ 951,956	\$ 786,701

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

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 165,255	\$ 73,424
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	66,336	63,365
(Increase) Decrease in Accounts Receivable	6,770	(24,197)
(Increase) Decrease in Prepaid Expenses	(1,097)	11,847
(Increase) Decrease in Inventory	(9,402)	(10,306)
Increase (Decrease) in Accounts Payable and Accrued Payroll	22,247	(31,138)
Increase (Decrease) in Assessment Settlement Liability	(16,666)	---
	\$ 233,443	\$ 82,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (2,400,000)	\$ (2,350,000)
Proceeds from Sale of Investments	2,450,000	2,190,000
Purchase of Fixed Assets	(8,998)	(67,224)
	\$ 41,002	\$ (227,224)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 274,445	\$ (144,229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	441,886	586,115
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 716,331	\$ 441,886

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

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A - Summary of Significant Accounting Policies

Organization

The Milwaukee Downtown Business Improvement District No. 21 (MDBID) was created by the Common Council of the City of Milwaukee pursuant to Wisconsin Statutes. The mission of MDBID is to lead and inspire believers in Milwaukee to engage in efforts that build Downtown as the thriving, sustainable, innovative, and vibrant heart of the community.

Milwaukee Downtown Business Improvement District No. 21 is exempt from tax as an affiliate of a governmental unit under Section 501(a) of the Internal Revenue Code.

Combined Financial Statements

The combined financial statements include the accounts of Milwaukee Downtown Business Improvement District No. 21 and Milwaukee Downtown, Inc. (MDI). MDI is incorporated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. MDI's board of directors is appointed by MDBID. All significant intercompany transactions and accounts are eliminated.

Accounting Method

The financial statements of Milwaukee Downtown Business Improvement District No. 21 and Affiliate have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A - Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Inventory

Inventory consists of holiday ornaments which are recorded at cost.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of assets. The Organizations capitalize expenses greater than \$500.

Allowance for Uncollectible Accounts

Management believes all receivables will be collected in accordance with the terms of the agreement. Thus, no allowance for uncollectible accounts is necessary at year-end.

NOTE B - Comparative Financial Information

The financial information shown for 2015 in the accompanying financial statements is included to provide a basis of comparison with 2016. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

NOTE C - Assessment Income

In order to provide revenues to support the MDBID's mission, the Common Council of the City of Milwaukee enforced an assessment on property located within a specified downtown area. The assessment is calculated based on the assessed values of the properties as of every fall. The assessment levied on the downtown properties was \$.00169 for every dollar of assessed property value for the year ended December 31, 2016. Resulting assessment revenues recorded in 2016 were \$3,363,735.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE D - Commitments

MDBID has various management contracts for landscaping, holiday street decorations, public service, and street sweeping which expire December 31, 2018.

Future payments for the year ended December 31, 2016, are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$1,682,149
2018	<u>1,715,675</u>
Total	<u>\$3,397,824</u>

NOTE E - Grants to Others

The Organization awards grants to its affiliate, Milwaukee Downtown, Inc. The grant for the year ended December 31, 2016, was \$1,148,587 and is for the accomplishment of the Affiliate's objectives.

NOTE F - Leases

The Organization has a non-cancelable operating lease for the rental of a building in Milwaukee, Wisconsin, that expires June 30, 2018. The Organization will pay a monthly base rent with an approximately 1% increase each mid-year for the term of the lease.

The Organization has a non-cancelable copier lease with monthly payments of \$415 to Wells Fargo Financial Leasing, Inc. The lease ends on April 30, 2018.

The Organization has a non-cancelable postage meter lease with monthly payments of \$149 to Competitive Mailing Solutions, LLC. The lease ends on April 30, 2019.

Future minimum lease payments under operating leases that have remaining terms in excess of one year for the year ended December 31, 2016, are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$51,490
2018	25,997
2019	<u>596</u>
Total	<u>\$78,083</u>

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE G - Investments

Investments consist of certificates of deposit totaling \$250,000 as of December 31, 2016.

Investment income consists of \$6,058 of interest income at December 31, 2016.

NOTE H - SEP Retirement Contribution

The Organization has a SEP plan that covers all employees who worked at MDBID for at least one year. Eligible wages are based on total calendar year wages. The Organization made a contribution of 10% of eligible wages and incurred expenses of \$37,540 during 2016.

NOTE I - Assessment Settlement Liability

The Organization entered into a settlement agreement with the City of Milwaukee regarding business improvement property tax assessments. The Organization has agreed in good faith partnership to pay a total of \$50,000 beginning in 2016 with 3 equal installments. The balance of the obligation is \$33,334 as of December 31, 2016.

Future minimum settlement payments for the year ended December 31, 2016, are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$16,667
2018	<u>16,667</u>
Total	<u>\$33,334</u>

NOTE J - Related Party

The CEO is married to a board member of the Organization through the first quarter of 2016.

NOTE K - Concentration of Risk

The Organization maintains its cash balances in one financial institution. The combined account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. At December 31, 2016, the Organization's uninsured cash balances total \$717,982.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE L - Intangible Assets

Intangible assets of \$26,250 presented on the balance sheet as of December 31, 2016, consist of the following:

<u>Amortized Asset</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Residual Value</u>	<u>Life</u>
Website	\$26,250	\$26,250	\$ ---	3 years
Total	\$26,250	\$26,250	\$ ---	

NOTE M - In-Kind Revenue

At December 31, 2016, the Organization received \$96,906 of in-kind revenue, which consisted of goods, prize packages and services for holiday lights and special events.

NOTE N - Income Tax

The MDI is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2016, MDI had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. MDI does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE O - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2016, the date of the most recent balance sheet, through the date financial statements are available to be issued, June 28, 2017, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)**

EXPENSES	Program	General and Administrative	Fundraising	2016 Total	2015 Total
Salaries and Wages	\$ 352,221	\$ 61,492	\$ 20,190	\$ 433,903	\$ 418,755
Contract Labor -					
Public Service Ambassadors	690,426	---	---	690,426	690,523
Clean Sweep Ambassadors	523,066	---	---	523,066	507,909
Planter Maintenance	344,485	---	---	344,485	308,172
Graffiti Removal	2,949	---	---	2,949	599
Employee Benefits	65,936	12,850	4,635	83,421	79,473
Payroll Taxes	22,266	3,430	1,215	26,911	25,770
Supplies	7,431	7,431	---	14,862	18,975
Telephone	5,704	1,007	---	6,711	7,382
Postage and Shipping	8,501	1,500	---	10,001	7,785
Occupancy	37,694	6,652	---	44,346	43,488
Equipment Rental and Maintenance	6,327	1,116	---	7,443	8,373
Insurance	15,467	2,729	---	18,196	18,941
Depreciation and Amortization	50,415	15,921	---	66,336	63,365
Personal Property Tax	5,058	1,597	---	6,655	---
Payroll Fees	---	3,079	---	3,079	3,013
Accounting Fees	---	49,448	---	49,448	42,851
Legal Fees	---	52,833	---	52,833	72,197
Other Professional Fees	4,812	4,811	---	9,623	9,543
Dues, Licenses and Permits	6,104	6,104	---	12,208	8,957
Bank Charges	---	1,106	---	1,106	1,151
Lights and Decorating	407,337	---	---	407,337	400,061
Jingle Bus	12,544	---	---	12,544	13,360
Trolley Loop	67,200	---	---	67,200	67,633
Contingency	---	---	---	---	13,180
Marketing	424,091	---	---	424,091	564,511
Downtown Dining Week	37,802	---	---	37,802	2,300
Downtown Employee Appreciation Week	101,403	---	---	101,403	78,461
Taste and Toast	16,723	---	---	16,723	788
Other Events	29,537	---	---	29,537	1,749
Awards and Promotions	5,022	886	---	5,908	6,272
Sculpture Milwaukee	21,265	---	---	21,265	---
Travel	6,444	---	---	6,444	17,571
Conferences and Meetings	7,509	---	---	7,509	---
Economic Development	1,387	73	---	1,460	2,441
Meals and Entertainment	1,809	4,222	---	6,031	5,743
Miscellaneous	679	203	---	882	---
Totals	<u>\$ 3,289,614</u>	<u>\$ 238,490</u>	<u>\$ 26,040</u>	<u>\$ 3,554,144</u>	<u>\$ 3,511,292</u>

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT NO. 21 AND AFFILIATE
SCHEDULE OF ACTIVITIES BY ORGANIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	Milwaukee Downtown Business Improvement District No. 21	Milwaukee Downtown, Inc. ("Affiliate")	2016 Total	2015 Total
REVENUE				
Assessment Income	\$ 3,363,735	\$ ---	\$ 3,363,735	\$ 3,252,445
City of Milwaukee	20,000	---	20,000	20,000
Contributions	9,000	10,000	19,000	8,000
Holiday Lights	---	90,495	90,495	114,916
Special Events Income	---	43,900	43,900	43,862
Trolley Loop	41,500	---	41,500	41,000
Sculpture Milwaukee	---	21,265	21,265	---
In-Kind Expenses	---	96,906	96,906	83,331
Interest Income	3,471	2,587	6,058	5,346
Ornament Revenue	---	12,801	12,801	10,617
Contract Income	3,190	---	3,190	2,520
Miscellaneous Income	249	300	549	2,679
TOTAL REVENUE	\$ 3,441,145	\$ 278,254	\$ 3,719,399	\$ 3,584,716
EXPENSES				
Salaries and Wages	\$ 279,002	\$ 154,901	\$ 433,903	\$ 418,755
Contract Labor -				
Public Service Ambassadors	690,426	---	690,426	690,523
Clean Sweep Ambassadors	523,066	---	523,066	507,909
Planter Maintenance	344,485	---	344,485	308,172
Graffiti Removal	2,949	---	2,949	599
Employee Benefits	58,789	24,632	83,421	79,473
Payroll Taxes	15,220	11,691	26,911	25,770
Supplies	14,802	60	14,862	18,975
Telephone	6,711	---	6,711	7,382
Postage and Shipping	10,001	---	10,001	7,785
Occupancy	44,346	---	44,346	43,488
Equipment Rental and Maintenance	7,443	---	7,443	8,373
Insurance	14,403	3,793	18,196	18,941
Depreciation and Amortization	---	66,336	66,336	63,365
Personal Property Tax	---	6,655	6,655	---
Payroll Fees	3,079	---	3,079	3,013
Accounting Fees	30,540	18,908	49,448	42,851
Legal Fees	52,833	---	52,833	72,197
Other Professional Fees	9,623	---	9,623	9,543
Dues, Licenses and Permits	11,718	490	12,208	8,957
Bank Charges	---	1,106	1,106	1,151
Lights and Decorating	---	407,337	407,337	400,061
Jingle Bus	---	12,544	12,544	13,360
Trolley Loop	67,200	---	67,200	67,633
Contingency	---	---	---	13,180
Marketing	---	424,091	424,091	564,511
Downtown Dining Week	---	37,802	37,802	2,300
Downtown Employee Appreciation Week	---	101,403	101,403	78,461
Taste and Toast	---	16,723	16,723	788
Other Events	---	29,537	29,537	1,749
Awards and Promotions	5,908	---	5,908	6,272
Sculpture Milwaukee	---	21,265	21,265	---
Travel	4,962	1,482	6,444	17,571
Conferences and Meetings	---	7,509	7,509	---
Retention and Recruitment	---	1,460	1,460	2,441
Meals and Entertainment	6,031	---	6,031	5,743
Miscellaneous	882	---	882	---
TOTAL EXPENSES	\$ 2,204,419	\$ 1,349,725	\$ 3,554,144	\$ 3,511,292
CHANGE IN NET ASSETS BEFORE TRANSFER	\$ 1,236,726	\$ (1,071,471)	\$ 165,255	\$ 73,424
TRANSFER	(1,148,587)	1,148,587	---	---
CHANGE IN NET ASSETS	\$ 88,139	\$ 77,116	\$ 165,255	\$ 73,424

BID #21 (Downtown) Board Member Sheet

Board Organization: 17 members, 3 year terms

BID 21 Board Category	Board Member	Current Term Expiration
3 largest office multitenant buildings (US Bank, 833, Schlitz Park)	Joseph Ullrich (US Bank) Tom Irgens (833 East Michigan) John Grunau (Schlitz Park)	05/01/18 02/18/19 10/26/18
2 from 4th–9th largest multitenant office buildings (411, 100 East, Milwaukee Center, 875 Plaza East and Cathedral Place)	Tammy Babisch (100 East) Phyllis Resop (Cathedral Place)	07/28/17* 09/24/18
3 from any multitenant office building	Susan Johnson (Riverview Realty Management) Thomas Bernacchi (Towne Realty) Scott Welsh (Inland)	07/20/19 06/20/19 06/16/17*
3 owner occupied or single tenant building of \$5M assessed value or more	Kevin Kennedy (NML) Kurt Thomas (MGIC) John Creighton (JCI)	11/29/19 04/25/17* 07/14/17*
1 owner or operator of street level retail businesses	Paul Ruby (Bon Ton)	07/06/19
2 representatives of hotels	Katie Falvey (Marcus Hotels) Mark Flaherty (Wis & Milw. Hotel)	05/08/17* 02/16/19
1 tax exempt making a voluntary contribution of \$45,000 or more	David Hughes (We Energies)	05/14/17*
2 at large	Kevin Behl (Madison Medical & East Town) George Meyer (Kahler Slater)	01/27/20 07/28/19
Total: 17	17	*Reappointment pending

