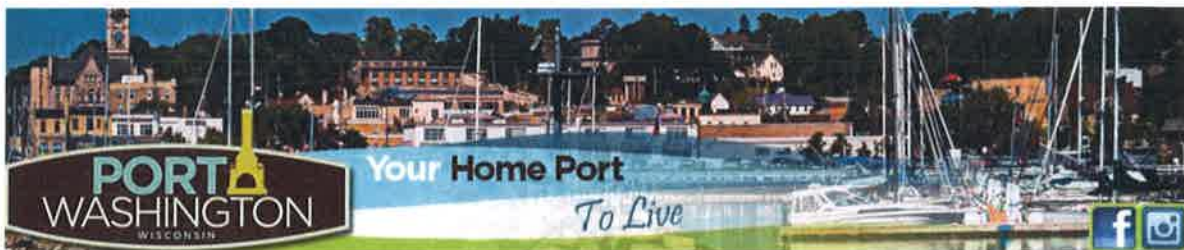

Tax Incremental District No. 2

Amended Project Plan

**City of Port Washington, Ozaukee
County, Wisconsin**

February 15, 2017



TRILOGY
CONSULTING, LLC
MUNICIPAL & UTILITY ADVISORS

INTRODUCTION

Tax Incremental District No. 2 (TID 2 or the District) was created by the City of Port Washington in 2010 to promote and support the rehabilitation and redevelopment of the City's historic downtown business district. Planned projects for the District included a mix of public infrastructure projects and developer incentives that would be directly invested into specific redevelopment sites. Since 2010, the City has completed number of the planned infrastructure projects and provided developer assistance for the Harbour Lights redevelopment project. Additional redevelopment opportunities have also been identified, both within the District and properties adjacent to the District; however, these redevelopment projects require TIF assistance in order to be financially feasible. This amendment to the project plan for TID 2 is proposed to expand the boundaries of the District to include additional properties for which there are redevelopment proposals and increase the District budget to allow for additional developer incentives to support the redevelopment proposals.

What is Tax Incremental Financing?

Tax incremental financing (TIF) is a financing tool that municipalities can use to invest in infrastructure improvements and other project costs that increase the property value in a defined area or district. A certain area is defined as the tax incremental district (TID) and projects are identified to support new development or redevelopment within the district. As new development or redevelopment occurs, the tax incremental district collects all of the property taxes on the increases in property value (tax increments) that would normally be collected by the city, county, school district, and vocational college district (overlying taxing jurisdictions). These tax incremental revenues are used to repay debt incurred to finance project costs or to cash finance project costs on a 'pay-as-you-go' basis. After all project costs are paid off, the district is closed and all of the taxing jurisdictions share in the benefit of increased tax revenues from the new development in the district.

When a TIF district is created, the base value is determined. The base value is the value of all real and personal property in the district as of the date the district is created. Taxes collected on the base value of the district continue to go to each of the taxing jurisdictions as normal. Each year, the increase in property value over the base value (incremental value) is determined. All of the taxes collected on this incremental value are turned over to the district to be used for projects to support development within the district. Property in a TIF district pays the same tax rates as other property within the same taxing jurisdictions.

TIF districts may be used to eliminate blight, or support redevelopment or rehabilitation work, industrial development or mixed use development. A wide variety of costs may be paid for by a TIF district, including:

- Capital costs for the construction of public works or improvements
- Demolition costs
- Removal or containment of environmental pollution
- Financing costs, including interest payments and debt issuance or premium costs
- Property assembly costs
- Architectural, planning, engineering and legal expenses
- Expenses related to the relocation of existing homes or businesses

- Planning and organizational costs for creating the district
- Costs for the containment or removal of lead contamination costs
- Costs for the construction or alteration of wastewater treatment plants or water treatment plants
- Costs for sanitary sewer lines, water mains, or road improvements outside of a tax incremental district if the improvements are needed to support development in the district
- Payments which are found to be necessary and convenient to the creation of a tax incremental district or the implementation of a project plan

This District was created as a “rehabilitation and conservation” district under Wisconsin Statutes §66.1105(2)(cm). As a rehabilitation District, the District has to meet the following requirements:

1. The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the city.
2. At least 50% of the area of the District must be in need of rehabilitation and conservation work. “Rehabilitation and conservation work” is defined as carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements; acquisition of real property and demolition, removal or rehabilitation of buildings and improvements on the property where necessary to eliminate unhealthful, unsanitary or unsafe conditions, lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; or installation, construction or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of an urban renewal project.
3. The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.
4. The project costs directly serve to rehabilitate or conserve the area

How is a TIF District Created?

There are several steps required in the creation of a TIF district. First, a project plan must be written. The project plan must contain the following:

- A statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided by statute, outside the district
- An economic feasibility study
- A detailed list of estimated project costs
- A description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred
- A map showing existing uses and conditions of real property in the district
- A map showing proposed improvements and uses in the district
- A list of proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances
- A list of estimated non-project costs
- A statement of the proposed method for the relocation of any persons to be displaced
- A statement indicating how creation of the tax incremental district promotes the orderly development of the city

- An opinion of the city attorney or of an attorney retained by the city advising whether the plan is complete and complies with Wisconsin Statutes

The city plan commission must hold a public hearing on the project plan and proposed boundaries of the district. Before holding the public hearing, the city must provide notice of the hearing and convene a Joint Review Board. The Joint Review Board consists of a representative of each of the overlying taxing jurisdictions. After conducting the public hearing the plan commission may adopt the project plan.

Following adoption of the project plan, the city council must approve the proposed district. Creation of the district requires approval of a resolution which:

- Describe the boundaries of the district
- Determines the date the district is created (If a district is created between January 2 and September 30, the creation date is January 1 of the current year. If a district is created between October 1 and December 31, the creation date is January 1 of the following year.)
- Assigns a name to the district (i.e. Tax Incremental District No. 2)
- Contains findings that:
 - Not less than 50%, by area, of the real property within the district is at least one of the following: a blighted area; in need of rehabilitation or conservation work; suitable for industrial sites and has been zoned for industrial use; or suitable for mixed-use development;
 - The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district. It is not necessary to identify the specific parcels meeting the criteria;
 - The project costs relate directly to eliminating blight, directly serve to rehabilitate or conserve the area or directly serve to promote industrial development, consistent with the purpose for which the tax incremental district is created; and
 - The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the city.
- Declares that the district is a blighted area district, rehabilitation or conservation district, an industrial district, or a mixed-use district. If the district is not exclusively blighted, rehabilitation or conservation, industrial, or mixed use, the declaration under this subdivision shall be based on which classification is predominant.
- If the district is an industrial district, confirms that any real property within the district that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the tax incremental district.

Finally, for the district to be created, the resolution adopted by the governing body must be approved by the Joint Review Board within 30 days after adoption by the governing body.

How is a TIF District Amended?

A TIF project plan may be amended to add territory to or subtract territory from a District or change the project costs for a District. A district's boundaries may be amended up to four times during the life of a district. The process for amending a district is essentially the same as the process for creating a district, and the amended District must meet the same requirements as a newly created district, as listed above. Once a district is created, the type of district cannot be changed (i.e. industrial, mixed use, rehabilitation and conservation) and territory added to the district must be predominantly of the same type. If

territory is added to a district, the value of the added parcels as of the date of the amendment is added to the base value of the District for purposes of determining the allocation of tax incremental revenues. The equalized value of the added parcels plus the value increment of all existing districts (including the district being added to) must not exceed 12 percent of the total equalized value of the city.

DESCRIPTION OF THE DISTRICT

Existing Uses and Conditions

The existing District includes parcels totaling approximately 44 acres in downtown Port Washington. Table 1 lists the properties in the existing District, along with the base property values from the original project plan and the current property values. As shown on the table, some of the parcels have been combined or split since the district was created. Map 1 depicts the boundaries of the District and the existing uses and conditions of the properties.

Most of the property in the existing District is zoned B4 Central Business District. Land owned by We Energies is zoned PUL Public and Utility Lands. There are also a few parcels zoned CCM Multiple Family Central City Mixed, and one parcel zoned I1 Existing Industrial. Most of the properties are currently assessed for commercial uses. Multiple properties are tax-exempt as they are owned by the City of Port Washington, the Port Washington Historical Society, or We Energies. Two properties are assessed for residential use and one is assessed as manufacturing property.

The base value of the existing District was established as \$13,361,700. Through January 1, 2016, the District added \$2,572,200 of value increment, increasing in value to \$15,933,900.

This amended project plan adds five parcels, totaling approximately 1.0 acre, to the boundaries of TID 2. The existing uses and property value of the parcels is shown in Table 1. Map 1 depicts the parcels that are to be added to the District and the existing uses and conditions of the properties.

City of Port Washington
Tax Incremental District No. 2 Project Plan Amendment

Table 1 - Existing Uses and Property Values

Base Value (2010 Project Plan)			2016 Values						
Address	ID	Base Value (Equalized)	Address	ID	Existing Use	Parcel Size (Acres)	Land - Equalized Value	Improvements - Equalized Value	Total Equalized Value
Existing District Boundaries									
100 N Franklin Street	16 098 26 07 009	\$1,251,600	201 E Main Street	16 098 26 04 001	Commercial	0.313	\$309,300	\$1,603,700	\$1,913,000
122 N Franklin Street	16 098 26 05 000	\$370,800			Residential	0.330	\$211,100	\$67,300	\$278,400
128 N Franklin Street	16 098 26 06 001	\$290,500							
Combined Parcels ⁽¹⁾		\$661,300	Combined Parcels			0.330	\$211,100	\$67,300	\$278,400
118 N Franklin Street	16 098 26 05 002	\$0	City of Port Washington	16 098 26 02 001	Commercial	0.051	\$0	\$0	\$0
205-211 N Franklin Street	16 098 18 10 003	\$754,100			Commercial	0.248	\$123,300	\$1,653,700	\$1,777,000
222 E Main Street	16 098 17 01 001	\$1,339,300			Commercial	0.886	\$437,600	\$964,600	\$1,402,200
218 E Washington Street	16 098 12 09 002	\$240,000			Commercial	0.253	\$81,400	\$134,600	\$216,000
101 E Grand Avenue	16 098 31 05 003	\$2,987,400			Commercial	0.425	\$292,800	\$2,694,600	\$2,987,400
235 W Grand Avenue	16 050 05 62 001	\$319,400			Manufacturing	3.599	\$162,000	\$157,400	\$319,400
City of Port Washington	16 098 26 01 001	\$0			Public	0.079	\$0	\$0	\$0
114 N Franklin Street	16 098 26 07 008	\$255,800			Commercial	0.061	\$71,300	\$331,900	\$403,200
City of Port Washington	16 098 26 09 001	\$0			Public	0.270	\$0	\$0	\$0
City of Port Washington	16 098 26 02 000	\$0			Public	0.373	\$0	\$0	\$0
201 N Franklin Street	16 098 18 11 001	\$275,600			Commercial	0.058	\$71,000	\$269,300	\$340,300
205 N Franklin Street	16 098 18 11 002	\$21,400			Public	0.053	\$0	\$0	\$0
120 E Main Street	16 098 18 10 002	\$90,400			Commercial	0.124	\$59,500	\$0	\$59,500
City of Port Washington	16 098 18 03 000	\$0			Public	0.303	\$0	\$0	\$0
134 E Grand Avenue	16 098 25 11 005	\$142,500			Commercial	0.037	\$68,300	\$87,900	\$156,200
134 E Grand Avenue	16 098 25 11 006	\$14,800			Commercial	0.042	\$17,300	\$0	\$17,300
City of Port Washington ⁽²⁾	16 098 13 08 000	\$0	City of Port Washington ⁽²⁾	16 098 13 08 001	Public	0.342	\$0	\$0	\$0
City of Port Washington ⁽²⁾	16 098 17 01 000	\$0	City of Port Washington ⁽²⁾	16 098 17 01 002	Public	0.316	\$0	\$0	\$0
City of Port Washington	16 098 13 01 000	\$0	City of Port Washington ⁽²⁾	16 098 16 01 000	Public	0.395	\$0	\$0	\$0
			City of Port Washington ⁽²⁾	16 098 16 01 000	Public	0.180	\$0	\$0	\$0
City of Port Washington ⁽³⁾	16 098 14 04 000	\$0	City of Port Washington ⁽³⁾	16 098 29 01 001	Recreational	1.250	\$0	\$0	\$0
101 East Grand Avenue LLC	16 113 09 14 002	\$56,200	City of Port Washington ⁽³⁾	16 098 14 04 001	Public	4.510	\$0	\$0	\$0
					Commercial	0.379	\$65,600	\$0	\$65,600
BMG LLC	16 113 09 17 000	\$54,400			Commercial	0.312	\$63,500	\$0	\$63,500
101 East Grand Avenue LLC	16 113 09 19 000	\$57,700			Commercial	0.468	\$67,500	\$0	\$67,500
101 W Grand Avenue	16 098 32 01 000	\$351,800			Commercial	0.331	\$157,900	\$153,900	\$311,800
108-110 E Grand Avenue	16 098 25 08 002	\$219,400			Commercial	0.083	\$74,100	\$125,000	\$199,100
114 E Grand Avenue	16 098 25 09 001	\$201,600			Commercial	0.083	\$74,100	\$123,900	\$198,000
118 E Grand Avenue	16 098 25 09 002	\$212,500			Commercial	0.083	\$74,100	\$156,400	\$230,500
City of Port Washington	16 098 25 10 001	\$0			Public	0.276	\$0	\$0	\$0
301 E Pier Street	16 098 13 06 000	\$453,700			Commercial	0.154	\$249,200	\$282,600	\$531,800
301 E Pier Street	16 098 13 07 001	\$17,000			Commercial	0.053	\$19,900	\$0	\$19,900
City of Port Washington	16 098 11 03 003	\$0	102 E Pier Street	16 098 11 05 002	Public	0.269	\$78,100	\$119,600	\$197,700
City of Port Washington	16 098 11 03 002	\$0	City of Port Washington	16 098 11 03 001	Public	0.216	\$0	\$0	\$0
City of Port Washington	16 098 11 02 002	\$0	City of Port Washington	16 098 11 02 003	Public	0.157	\$0	\$0	\$0
115 E Pier Street	16 098 11 08 001	\$425,300	120 E. Washington Street		Commercial	0.551	\$66,500	\$0	\$66,500
222 N Wisconsin Street ⁽⁴⁾	16 098 18 04 001	\$994,700	222 N Wisconsin Street ⁽⁴⁾	16 098 18 04 002	Commercial	0.358	\$190,300	\$1,044,300	\$1,234,600
222 N Wisconsin Street ⁽⁴⁾	16 098 18 05 001	\$0							
117-119 E Main Street	16 098 25 03 001	\$285,400			Commercial	0.248	\$94,900	\$181,200	\$276,100
121 S Wisconsin Street	16 113 09 12 000	\$191,300			Commercial	0.402	\$74,900	\$120,300	\$195,200
We Energies	16 113 09 10 000	\$0			Utility	0.312	\$0	\$0	\$0
139 S Wisconsin Street	16 113 09 07 003	\$148,200			Residential	0.138	\$59,300	\$67,300	\$126,600
147 S Wisconsin Street	16 113 09 07 002	\$188,700			Residential	0.186	\$64,700	\$121,400	\$186,100
We Energies ⁽⁵⁾	16 113 06 00 000	\$0	We Energies ⁽⁵⁾	16 113 06 00 001	Utility	5.389	\$0	\$0	\$0
131-133 W Grand Avenue	16 098 32 05 001	\$283,200	We Energies ⁽⁵⁾	16 113 06 00 002	Utility	18.188	\$0	\$0	\$0
					Commercial	0.118	\$78,500	\$141,000	\$219,500
139 W Grand Avenue	16 098 32 06 002	\$261,400			Commercial	0.121	\$79,000	\$185,300	\$264,300
201 W Grand Avenue	16 098 33 01 002	\$286,900			Commercial	0.152	\$82,800	\$184,100	\$266,900
Total Real Property		\$13,043,000				43.525	\$3,619,800	\$10,971,300	\$14,591,100
Estimated Personal Property		\$318,700							\$1,342,800
Total Property Value		\$13,361,700							\$15,933,900
Territory Additions									
318 E Pier Street	16 098 13 02 002	\$196,100			Commercial	0.115	\$56,100	\$140,000	\$196,100
312 E Pier Street	16 098 13 03 002	\$143,300			Residential	0.138	\$59,300	\$84,000	\$143,300
304-306 E Pier Street	16 098 13 04 002	\$142,700			Residential	0.161	\$62,500	\$80,200	\$142,700
300 E Pier Street	16 098 13 05 002	\$209,000			Commercial	0.069	\$52,100	\$156,900	\$209,000
407 E Jackson Street	16 098 14 01 000	\$690,600			Commercial	0.548	\$310,000	\$380,600	\$690,600
Total Additions		\$1,381,700				1.031	\$540,000	\$841,700	\$1,381,700
Estimated Value with Additions		\$14,743,400				44.56	\$4,159,800	\$11,813,000	\$17,315,600

Notes:

- (1) These two parcels were combined and re-split into two parcels different from the original.
- (2) These two parcels were combined and re-split into three parcels.
- (3) Parcel split into two parcels.
- (4) These two parcels were combined.
- (5) Parcel was split into two parcels.

Proposed Improvements and Uses

This Tax Incremental Finance District is a rehabilitation and conservation district under Wisconsin Statutes §66.1105(2)(cm). The plan for the District includes a combination of public infrastructure improvements and developer incentives to support redevelopment of specific properties. Map 2 depicts the proposed public improvements within the District.

Table 2 shows the properties that are anticipated to be redeveloped as a result of this project plan, as well as the anticipated increment from the redevelopment and the anticipated TIF assistance. Since some of the properties are currently owned by the City of Port Washington, redevelopment of the properties will result in some revenue from land sales, which will be used to finance district projects.

Table 2 - Anticipated Redevelopment Projects

Project	Construction Year	Address(es)	Parcel(s)	Base Value (EV)	Anticipated Value (EV) (1)	Anticipated Increment (EV)	Land Sales Revenues	Development Incentives	Year of Expenditure
Harbour Lights		122 N Franklin Street	16 098 26 05 000	\$370,800					
		128 N Franklin Street	16 098 26 06 001	\$290,500					
Subtotal	2016			\$661,300	\$7,500,000	\$6,838,700		\$1,750,000	2015-2016
Ansay Apartments		City of Port Washington	16 098 13 01 000	\$0			\$75,000		
		318 E Pier Street	16 098 13 02 002	\$196,100					
		312 E Pier Street	16 098 13 03 002	\$143,300					
		304-306 E Pier Street	16 098 13 04 002	\$142,700					
		300 E Pier Street	16 098 13 05 002	\$209,000					
Subtotal	2018			\$691,100	\$6,288,200	\$5,597,100	\$75,000	\$1,000,000	2017
Smith Townhomes	2018	City of Port Washington	16 098 13 08 001	\$0	\$4,000,000	\$4,000,000	\$140,000		2017
Blues Factory	2018	City of Port Washington	16 098 16 01 000	\$0	\$4,750,000	\$4,750,000	\$250,000	\$1,000,000	2017
Marina Shores - Mixed Use	2022	407 E Jackson Street	16 098 14 01 000	\$690,600	\$12,000,000	\$11,309,400		\$1,730,000	2021
Port Center Redevelopment	2021	222 E Main Street	16 098 17 01 001	\$1,339,300	\$7,000,000	\$5,660,700		\$1,000,000	2020
Jadair Redevelopment	2021	235 W Grand Avenue	16 050 05 62 001	\$319,400	\$7,000,000	\$6,680,600		\$1,000,000	2020
Total				\$3,701,700	\$48,538,200	\$44,836,500	\$465,000	\$7,480,000	

Notes:

(1) Redevelopment values provided by City staff and/or developers of the proposed redevelopment projects based on current estimates. To the extent that the value of future redevelopment projects differ from the amounts shown here, the City reserves the right to adjust the development incentives, provided that the overall project plan budget is not exceeded.

Proposed changes of zoning ordinance, master plan, map, building codes and city ordinances

To implement this project plan, no changes are required to the City's zoning ordinance, master plan, map, building codes or ordinances.

A special exception will be needed for buildings heights exceeding 35 feet for the apartments and Marina Shore development projects.

Proposed method of relocation

No persons or businesses are expected to be relocated because of this project plan. If any persons or businesses are to be relocated, the City will follow the procedures and make the payments required under Wisconsin Statutes 32.19 and 32.195.



Promotion of orderly development of the City

The redevelopment of the proposed land uses in Tax Incremental District No. 2 are consistent with the goals and objectives of the City's Comprehensive Plan and promote the orderly development of the community.

The development of the District meets the following goals of the City of Port Washington Comprehensive Plan: 2035:

- Promote redevelopment of underutilized commercial and industrial land in the City through 2035.
- Promote commercial redevelopment in the downtown area.
- Promotion of the redevelopment of land with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial, and industrial structures.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, State government, and utility costs.
- Capitalize on tourism amenities, including eco-tourism that capitalizes on Lake Michigan recreational opportunities and the City's lakefront marina.

The provision of infrastructure improvements and financial assistance for property redevelopment through tax incremental financing will directly serve to promote the redevelopment of underutilized properties and properties that need rehabilitation. Redevelopment of underutilized properties will increase densities and property values in the downtown. Since this area is already served with existing infrastructure and public services, redevelopment will improve the efficiency of providing services to residents and businesses. Finally, the proposed redevelopment projects for the District will improve the City's marina district and bring in new shopping and entertainment destinations, enhancing existing tourism and recreational opportunities.

ESTIMATED PROJECT AND NON-PROJECT COSTS

The estimated project costs, excluding interest payments on debt service, are shown in Table 3. The original project plan, adopted in 2010, included approximately \$2.3 million of project costs, of which more than half was for public infrastructure costs. Other costs included bond issuance and capitalized interest, direct cash incentives for redevelopment projects, and administrative costs. Through 12/31/2015, the City made approximately \$1.2 million in expenditures within the District.

Certain infrastructure projects cost more than originally anticipated. In addition, new redevelopment projects have been proposed since the creation of the District. These projects require additional developer incentives and public infrastructure improvements that were not anticipated in the original project plan. As shown in Table 3, this amended project plan includes project costs totaling \$11.2 million, including \$2.6 million for infrastructure costs, \$8.1 million for development/redevelopment incentives, \$400,000 for financing and capitalized interest, and \$100,000 for administrative expenses.

In accordance with Wisconsin Statutes 66.1105(2)(f) 2.d., no cash incentives will be provided to a property owner without a signed development agreement. In addition to the \$11.2 million of direct project costs, the City expects to incur financing costs, described below. Actual costs may vary from the amounts shown. The City may choose to reallocate direct project expenditures between budget categories, if the total amount does not exceed \$11.2 million. This project plan does not obligate the City to undertake any of the projects or provide any of the development incentives shown in Table 3.

Non-project costs for the district include approximately \$200,000 of utility relocation costs associated with the proposed Ansay apartment project. The developer is expected to pay these costs.

Table 3 - Project Costs and Non-Project Costs

	Estimated Future Expenditures											Total Amended Project Costs
	2010	Actual Expenditures thru	2016	2017	2018	2019	2020	2021	2022	2023-2038		
	Estimate ⁽¹⁾	12/31/15 ⁽²⁾										
Project Costs												
Alley Improvements												
Between the Schooner and the former M&I	\$20,000	\$13,352										\$13,352
Between PWSB and Sharbano Jewelers	\$10,000	\$10,020	\$20,000									\$30,020
Between the former Lueptow's and Harbor Temptations	\$10,000	\$27,436										\$27,436
Street Improvements												
Harborview Lane	\$50,000					\$60,000						\$60,000
Main Street - Trees	\$1,000											\$0
Main Street - Eliminate cul-de-sac	\$19,000											\$0
E Grand Avenue - Trees and sidewalk leveling	\$20,000						\$20,000					\$20,000
E Grand Avenue - Streetscape	\$50,000						\$50,000					\$50,000
S Milwaukee Street	\$80,000						\$100,000					\$100,000
S Wisconsin Street	\$150,000											\$0
N Lake Street	\$10,000											\$0
E Washington Street	\$10,000											\$0
Parking Lot Improvements												
Behind Smith Bros. and lot used by Port Center and PWSB (including overhead utility relocation)	\$320,000	\$502,995										\$502,995
Behind the former Lueptow's	\$40,000	\$222,951										\$222,951
Next to Pebble House	\$30,000						\$30,000					\$30,000
Pier / Jackson Street Parking	\$10,000						\$10,000					\$10,000
Marina	\$50,000											\$0
Wayfinding signs along Grand and Franklin	\$20,000	\$14,564	\$20,000									\$34,564
Infrastructure Improvements to the Coal Dock	\$90,000						\$90,000					\$90,000
Marina District Improvements												
Relocate WTP outfall sewer for Marina Shores project	\$0						\$160,000					\$160,000
Relocate 8" gravity sewer	\$0			\$50,000								\$50,000
Relocate force main	\$0			\$110,000								\$110,000
Marina District parking improvements	\$0				\$580,000							\$580,000
Environmental remediation	\$0			\$150,000								\$150,000
Subtotal Public Improvement Costs	\$990,000	\$791,318	\$40,000	\$310,000	\$580,000	\$60,000	\$460,000	\$0	\$0	\$0	\$0	\$2,241,318
Engineering, Design and Contingency (25%)	\$237,500	\$9,741	\$10,000	\$77,500	\$145,000	\$15,000	\$115,000	\$0	\$0	\$0	\$0	\$372,241
Total Public Improvement Costs	\$1,227,500	\$801,059	\$50,000	\$387,500	\$725,000	\$75,000	\$575,000	\$0	\$0	\$0	\$0	\$2,613,559
Property Acquisition												
Developer Incentives	\$750,000	\$250,000	\$1,500,000	\$2,000,000	\$0	\$0	\$2,000,000	\$1,730,000	\$0	\$0	\$0	\$7,480,000
Total Incentives	\$750,000	\$250,000	\$1,500,000	\$2,000,000	\$0	\$0	\$2,600,000	\$1,730,000	\$0	\$0	\$0	\$8,080,000
Bond Issuance Costs												
Capitalized Interest	\$32,530			\$38,900	\$11,800		\$53,900	\$29,300				\$133,900
Organization, Administration, Professional Svcs.	\$220,000	\$55,321		\$0	\$0		\$130,000	\$70,000				\$255,321
	\$65,000	\$74,553	\$15,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$16,000	\$111,553
Total Project Costs	\$2,295,030	\$1,180,933	\$1,565,000	\$2,427,400	\$737,800	\$76,000	\$3,359,900	\$1,830,300	\$1,000	\$16,000		\$11,194,333
Non-Project Costs - Marina District												
Relocate 8" gravity sewer				\$50,000								\$50,000
Relocate force main				\$110,000								\$110,000
Engineering, Design and Contingency (25%)				\$40,000								\$40,000
Total Non-Project Costs	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000

Notes:

(1) Source: "Downtown Tax Incremental Finance District Project Plan", April 2010.

(2) Source: "City of Port Washington Tax Incremental District No. 2 Compiled Financial Statements, From the Date of Creation through December 31, 2015."

METHODS AND TIMING OF FINANCING

The City incurred debt for District project costs in 2013, 2015 and 2016. In 2013, the City issued bonds in the amount of \$730,000. In 2015, the City borrowed \$250,000 through the Wisconsin State Trust Fund program. Again in 2016, the City borrowed an additional \$1,500,000 through the State Trust Fund program. In addition to the existing outstanding debt, it is anticipated that the City will issue debt for future project costs including developer incentives. The amounts and timing of existing and estimated future borrowings and debt service payments are shown in Table 4.

These estimates were developed based on conditions at the time of the preparation of this project plan. The interest rate shown for future issuances is 4.0%, which is equal to the current rate for State Trust Fund loans of 11-20 years. This rate is higher than current market rates for municipal bonds; however, the program does not charge any issuance fees. The debt service table shows both a 4.0% interest rate and bond issuance fees. The use of both the higher interest rate charged by the State Trust Fund program and issuance fees results in estimated financing costs that are somewhat higher than the City could expect to pay under current conditions. However, interest rates for municipal bonds and for the State Trust Fund Loan Program have increased in the last quarter. A conservative interest rate of 4.0% was used to evaluate the feasibility of the proposed project plan under the possibility of rising interest rates.

Estimated payment structures were developed based on the forecast amount and timing of future tax incremental revenues for purposes of evaluating the overall feasibility of the project plan, and are not intended to be recommendations as to the payment structures of future bond issues. Actual payment structures will be developed at such time that the City prepares to issue any future debt. Actual financing costs may vary from the amounts shown depending on the amounts and timing of bond issues, issuance fees, interest rates and the payment structure of the bonds. The City reserves the right to finance the project costs in the manner that is most advantageous to the City and to the successful implementation of this project plan.

Table 4 - Actual and Estimated Bond Issuances and Debt Service Payments

Existing Debt				2016 State Trust Fund Loan				2017				2018				2020				2021			
G.O. Refunding Bonds (2013)				\$730,000				Project Cost				\$2,387,500				Capitalized Interest				\$3,175,000			
State Trust Fund Loan (2015)				\$250,000				Bond Issuance				\$0				Capitalized Interest				\$130,000			
Total Issuance				\$980,000				Total				\$1,500,000				Total Issuance				\$3,358,900			

Notes:

(1) Assumes bonds issued on the open market with 4.00% interest. The current Wisconsin State Trust Fund interest rate for loans of 11-20 years is 4.00% but the program does not charge issuance fees. Current market rates for municipal bonds are generally less than 3.50% but have increased in the last quarter.

ECONOMIC FEASIBILITY STUDY

For the proposed district to be economically feasible, district revenues must be sufficient to cover district expenses within the 27 years that Wisconsin Statutes allow for a rehabilitation and conservation district. District expenses will consist of the project costs listed in Table 3, plus the interest expenses shown on Table 4, plus any expenses that are cash financed.

District revenues are expected to consist of taxes levied by the City, county, school district and vocational school district on the increase in property value over the base value of the district, plus land sales revenue and any interest earnings on the District's fund balance. The amount of revenues generated over the life of the district will depend primarily on the value and timing of the increases in property value within the district, as well as the tax rates of each of the overlying taxing entities.

Table 5 shows the actual increases in real and personal property value in the District for the years 2011 through 2015, as well as the tax incremental revenue generated by such increases. As of January 1, 2016, the total equalized value of the City was \$931,484,300, the value increment of the existing TID No. 2 was \$2,572,200 and TID No. 3, created in 2015, had no value increment. In total, the existing value increment was 0.28 percent of the City's total equalized value. The value of the new parcels to be added to the District with this amendment was \$1,381,700 as of January 1, 2016. The estimated value of the properties to be added to the District, plus the existing value increment of TID No. 2 is not expected to exceed 12 percent of the City's total equalized value. The Wisconsin Department of Revenue will determine the actual base value of the added properties as of the date of the amendment, which is expected to be January 1, 2017. The base value will include both real property value and personal property.

Table 5 shows the base value, the beginning of year value, the projected value of new improvements in future years, and the end of year value for each year. Future increases in property value from the redevelopment projects listed in Table 2 are shown in future years. The beginning of year incremental value is the beginning of year value within the district minus the base value. This amount is the projected amount of incremental value that will generate tax incremental revenues for the district during the next calendar year. The projected tax rate for the district is based on the equalized tax rates for taxes assessed in 2014 and collected in 2015. Current year tax increment is the projected collection of tax incremental revenues per year. Improvements constructed in 2016 will become value increment as of January 1, 2017. Taxes on this value increment will be assessed in 2017 and collected in 2018.

In total, the existing District has generated \$2,572,200 in value increment through January 1, 2016. An additional \$44.8 million of increment is anticipated from redevelopment projects for the years 2016 - 2022. With the added territory and redevelopment projects, the District is expected to generate \$47.4 million in new property value, not including any inflationary increases in property value or increases in the value of neighboring properties created by redevelopment projects. Assuming the continuation of tax rates similar to those of recent years, the increase in property value is projected to generate more than \$15.6 million in property taxes over the life of the District. Tax incremental revenues will also be collected on any increases in personal property value in the district; however, revenues from future increases in personal property value were not estimated for purposes of this economic feasibility analysis.

Table 5 - Tax Increment Schedule Based Upon Planned Development Costs

Year	Territory Additions	Base Value	Beginning of Year Equalized Value	Increment	Year End Value	Beginning of Year Value Increment	Tax Rate Per 1,000 EV ⁽²⁾	Current Year Tax Increment ⁽³⁾	Cumulative Increment
2010		\$13,361,700	\$13,361,700	-\$84,100	\$13,277,600	\$0		\$0	
2011		\$13,361,700	\$13,277,600	\$579,400	\$13,857,000	-\$84,100		\$0	\$0
2012		\$13,361,700	\$13,857,000	\$718,700	\$14,575,700	\$495,300	\$19.29	\$0	\$0
2013		\$13,361,700	\$14,575,700	\$1,582,300	\$16,158,000	\$1,214,000	\$19.78	\$9,553	\$9,553
2014		\$13,361,700	\$16,158,000	-\$527,800	\$15,630,200	\$2,796,300	\$17.99	\$24,012	\$33,565
2015		\$13,361,700	\$15,630,200	\$303,700	\$15,933,900	\$2,268,500	\$19.20	\$50,302	\$83,867
Thru 12/31/2015 ⁽¹⁾		\$13,361,700	\$15,630,200	\$2,572,200	\$15,933,900	\$2,268,500	\$19.06	\$83,867	\$83,867
2016	\$1,381,700	\$14,743,400	\$17,315,600	\$6,838,700	\$24,154,300	\$2,572,200	\$18.96	\$43,557	\$127,424
2017		\$14,743,400	\$24,154,300	\$0	\$24,154,300	\$9,410,900	\$18.47	\$48,757	\$176,181
2018		\$14,743,400	\$24,154,300	\$14,347,100	\$38,501,400	\$9,410,900	\$18.47	\$173,839	\$350,020
2019		\$14,743,400	\$38,501,400	\$0	\$38,501,400	\$23,758,000	\$18.47	\$173,839	\$523,859
2020		\$14,743,400	\$38,501,400	\$0	\$38,501,400	\$23,758,000	\$18.47	\$438,860	\$962,720
2021		\$14,743,400	\$38,501,400	\$12,341,300	\$50,842,700	\$23,758,000	\$18.47	\$438,860	\$1,401,580
2022		\$14,743,400	\$50,842,700	\$11,309,400	\$62,152,100	\$36,099,300	\$18.47	\$438,860	\$1,840,440
2023		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$666,830	\$2,507,270
2024		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$3,383,009
2025		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$4,258,747
2026		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$5,134,486
2027		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$6,010,224
2028		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$6,885,963
2029		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$7,761,701
2030		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$8,637,440
2031		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$9,513,178
2032		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$10,388,917
2033		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$11,264,655
2034		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$12,140,394
2035		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$13,016,132
2036		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$13,891,871
2037		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$14,767,609
2038		\$14,743,400	\$62,152,100	\$0	\$62,152,100	\$47,408,700	\$18.47	\$875,738	\$15,643,348

Notes:

(1) Source: "City of Port Washington Tax Incremental District No. 2 Compiled Financial Statements, From the Date of Creation through December 31, 2015."

(2) Future tax rate is forecast as equal to the average of the two lowest tax rates during the life of the TID to date.

(3) Shows the year in which the incremental revenue is received. Values for 2010 through 2015 are from "City of Port Washington Tax Incremental District No. 2 Compiled Financial Statements, From the Date of Creation through December 31, 2015." Values for 2016 and 2017 were provided by the City Administrator based on the tax increment worksheets filed annually with the Wisconsin Department of Revenue.

A cash flow analysis was prepared to compare the district revenues with expenses over the life of the district, as shown in Table 6. Cash inflows for the district are expected to include proceeds from multiple bond issues, land sales and other miscellaneous revenues, tax increment revenues, and interest earnings on the district's fund balance. Cash outflows are expected to include the project costs listed in Table 3, bond issuance fees, and principal and interest payments on the bonds as shown in Table 4.

The top part of Table 6 shows actual cash flows from the date of creation through 12/31/2015. As shown, the District had cash inflows of \$1,228,040 and total cash outflows of \$1,180,933, generating a positive fund balance of \$47,107 as of 12/31/2015. With debt service increasing in 2016, it is estimated that the cash flow for 2016 will be negative. Cash flow in future years will vary depending on the specific timing of expenditures and the structure of debt service for future borrowings. It is projected that the district will maintain a positive cash balance throughout its life, and will have a sufficient cash balance to defease the bonds within the allowable 28 years to collect positive tax increments. After the district is terminated, any remaining cash balance in the district fund will be distributed to the overlying taxing jurisdictions and the taxing jurisdictions can collect taxes on the increased property value in the district.

Based on conservative estimates of the value and timing of proposed development, the amended TID No. 2 will generate sufficient revenues to pay for the project costs within the allowable time limit under Wisconsin Statutes. Therefore, the proposed amendment to the district is economically feasible under current conditions with respect to tax rates and interest rates. A material decrease in tax rates or a material increase in interest rates could affect the ability of the City to complete all the projects listed in this Project Plan.

Table 6 - Cash Flow Analysis

Year	Cash In								Cash Out					Net Cash Flow			
	Bond Issue	Land Sales	Debt Premium	Exempt Computer Aid	Misc Revenue	Tax Increments	Interest ⁽³⁾	Total Cash In	Improvement Costs	Incentives / Remediation	Administration	Bond Issuance	Principal & Interest	Total Cash Out	Net Cash Flow	Cash Balance	Debt Balance
Pre-Planning ⁽¹⁾											\$27,955			\$27,955	-\$27,955	-\$27,955	
2010						\$0	\$0	\$0	\$0		\$37,927	\$0	\$0	\$37,927	-\$37,927	-\$65,882	\$0
2011						\$0	\$0	\$0	\$0		\$1,119	\$0	\$0	\$1,119	-\$1,119	-\$67,001	\$0
2012						\$0	\$0	\$0	\$0		\$2,725	\$0	\$0	\$2,725	-\$2,725	-\$69,726	\$0
2013	\$730,000		\$24,525	\$8,334		\$9,553	\$826	\$773,238	\$120,557		\$3,107	\$0	\$14,858	\$138,522	\$634,716	\$564,990	\$730,000
2014				\$8,986		\$24,012	\$730	\$33,728	\$633,016		\$850	\$0	\$21,788	\$655,654	-\$621,926	-\$56,936	\$730,000
2015	\$250,000			\$12,704	\$108,067	\$50,302	\$1	\$421,074	\$47,486	\$250,000	\$870	\$0	\$18,675	\$317,031	\$104,043	\$47,107	\$980,000
Thru 12/31/2015 ⁽²⁾	\$980,000		\$24,525	\$30,024	\$108,067	\$83,867	\$1,557	\$1,228,040	\$801,059	\$250,000	\$74,553	\$0	\$55,321	\$1,180,933	\$47,107	\$47,107	\$980,000
2016	\$1,500,000	\$0		\$10,000		\$43,557	\$236	\$1,553,793	\$50,000	\$1,500,000	\$15,000	\$0	\$37,386	\$1,602,386	-\$48,593	-\$1,486	\$2,471,717
2017	\$2,426,400	\$465,000		\$10,000		\$48,757	-\$7	\$2,950,150	\$387,500	\$2,000,000	\$1,000	\$38,900	\$149,645	\$2,577,045	\$373,105	\$371,618	\$4,838,625
2018	\$736,800			\$10,000		\$173,839	\$1,858	\$922,497	\$725,000	\$0	\$1,000	\$11,800	\$301,702	\$1,039,502	-\$117,005	\$254,613	\$5,452,538
2019				\$10,000		\$173,839	\$1,273	\$185,112	\$75,000	\$0	\$1,000	\$0	\$359,936	\$435,936	-\$250,824	\$3,789	\$5,297,105
2020	\$3,358,900			\$10,000		\$438,860	\$19	\$3,807,779	\$575,000	\$2,600,000	\$1,000	\$53,900	\$382,512	\$3,612,412	\$195,367	\$199,157	\$8,473,090
2021	\$1,829,300			\$10,000		\$438,860	\$996	\$2,279,156	\$0	\$1,730,000	\$1,000	\$29,300	\$523,668	\$2,283,968	-\$4,812	\$194,345	\$10,106,581
2022				\$10,000		\$438,860	\$972	\$449,832	\$0	\$0	\$1,000	\$0	\$608,388	\$609,388	-\$159,556	\$34,788	\$9,892,930
2023				\$10,000		\$666,830	\$174	\$677,004	\$0	\$0	\$1,000	\$0	\$654,489	\$655,489	\$21,515	\$56,303	\$9,626,330
2024				\$10,000		\$875,738	\$282	\$886,020	\$0	\$0	\$1,000	\$0	\$863,464	\$864,464	\$21,556	\$77,859	\$9,141,796
2025				\$10,000		\$875,738	\$389	\$886,128	\$0	\$0	\$1,000	\$0	\$863,901	\$864,901	\$21,227	\$99,086	\$8,638,965
2026				\$10,000		\$875,738	\$495	\$886,234	\$0	\$0	\$1,000	\$0	\$859,026	\$860,026	\$26,208	\$125,294	\$8,122,841
2027				\$10,000		\$875,738	\$626	\$886,365	\$0	\$0	\$1,000	\$0	\$862,026	\$863,026	\$23,339	\$148,633	\$7,583,300
2028				\$10,000		\$875,738	\$743	\$886,482	\$0	\$0	\$1,000	\$0	\$861,226	\$862,226	\$24,256	\$172,888	\$7,023,304
2029				\$10,000		\$875,738	\$864	\$886,603	\$0	\$0	\$1,000	\$0	\$860,746	\$861,746	\$24,857	\$197,745	\$6,441,543
2030				\$10,000		\$875,738	\$989	\$886,727	\$0	\$0	\$1,000	\$0	\$861,547	\$862,547	\$24,180	\$221,925	\$5,835,965
2031				\$10,000		\$875,738	\$1,110	\$886,848	\$0	\$0	\$1,000	\$0	\$861,546	\$862,546	\$24,302	\$246,227	\$5,206,428
2032				\$10,000		\$875,738	\$1,231	\$886,970	\$0	\$0	\$1,000	\$0	\$860,747	\$861,747	\$25,223	\$271,450	\$4,552,831
2033				\$10,000		\$875,738	\$1,357	\$887,096	\$0	\$0	\$1,000	\$0	\$861,146	\$862,146	\$24,950	\$296,399	\$3,872,927
2034				\$10,000		\$875,738	\$1,482	\$887,220	\$0	\$0	\$1,000	\$0	\$861,666	\$862,666	\$24,554	\$320,954	\$3,165,601
2035				\$10,000		\$875,738	\$1,605	\$887,343	\$0	\$0	\$1,000	\$0	\$859,555	\$860,555	\$26,788	\$347,742	\$2,432,400
2036				\$10,000		\$875,738	\$1,739	\$887,477	\$0	\$0	\$1,000	\$0	\$862,296	\$863,296	\$24,181	\$371,923	\$1,667,400
2037				\$10,000		\$875,738	\$1,860	\$887,598	\$0	\$0	\$1,000	\$0	\$861,696	\$862,696	\$24,902	\$396,825	\$872,400
2038				\$10,000		\$875,738	\$1,984	\$887,723	\$0	\$0	\$1,000	\$0	\$907,296	\$908,296	-\$20,573	\$376,252	\$0
Total	\$10,831,400	\$465,000	\$24,525	\$260,024	\$108,067	\$15,643,348	\$23,833	\$27,356,196	\$2,613,559	\$8,080,000	\$111,553	\$133,900	\$16,040,933	\$26,979,945	\$376,252	\$376,252	\$0

Notes:

(1) Expenses incurred prior to TID creation for planning, engineering, legal and project plan preparation expenses.

(2) Source: "City of Port Washington Tax Incremental District No. 2 Compiled Financial Statements, From the Date of Creation through December 31, 2015."

(3) Assumes interest earnings of 0.5% on the TID fund balance. Wisconsin Local Government Investment Pool rate for January 2017 was 0.53%.

APPENDIX 1: OPINION OF THE CITY ATTORNEY



CITY OF PORT WASHINGTON | OFFICE OF CITY ATTORNEY
Eric E. Eberhardt, City Attorney

February 28, 2017

Mayor Tom Mlada
City of Port Washington
100 W. Grand Avenue
Port Washington, WI 53074

Re: Tax Incremental District No. 2 (Amended Project Plan) - City of Port Washington, Wisconsin

Dear Mayor Mlada:

As part of the amended project plan for Tax Incremental District No. 2, the Wisconsin Department of Revenue requires an opinion of the City Attorney advising whether the amended plan is complete and complies with §66.1105(f), Stats. This opinion letter is intended to fulfill that requirement.

§66.1105, Stats. generally provides that a project plan must comply with the following requirements:

1. Pursuant to §66.1105(f), Stats., the City Plan Commission must adopt a project plan for Tax Incremental District No. 2 and submit the plan to the Common Council for its approval by adoption of a resolution. Under §66.1105(h), Stats., a plan commission may, by resolution, adopt an amendment to a project plan. The amendment is subject to approval by the Common Council and approval requires the same findings as provided in §66.1105(g), and, if the amendment adds territory to a district under §66.1105(h)2., approval also requires the same findings as provided in § 66.1105(gm)4.c.
2. Specifically, pursuant to §66.1105(f), Stats., a project plan must include:
 - A. A statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided by statute, outside the district.
 - B. An economic feasibility study.
 - C. A detailed list of the estimated project costs.
 - D. A description of the methods of financing all estimated project costs.
 - E. The time when the estimated project costs or monetary obligations related thereto are to be incurred.
 - F. A map showing existing uses and conditions of real property in the district.

Mayor Tom Mlada
February 28, 2017
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- G. A map showing proposed improvements and uses in the district.
- H. Proposed changes of zoning ordinances, master plan, if any, map, building codes and City ordinances.
- I. A list of the estimated nonproject costs.
- J. A statement of the proposed method for the relocation of any persons to be displaced.
- K. A statement indicating how creation of the district promotes the orderly development of the City.

I reviewed the Amended Project Plan for Tax Incremental District No. 2, dated February 23, 2017, prepared by Trilogy Consulting, LLC, and it does include all of the above-described items. Therefore, it is my opinion that the Amended Project Plan, as of the date hereof, is complete and complies with §66.1105(f), Stats.

Very truly yours,



Eric E. Eberhardt
City Attorney

EEE:dms

cc Mark Grams, City Administrator
Randy Tetzlaff, City Planner
Christine Cramer, Trilogy Consulting, LLC

February 15, 2017

**CITY OF PORT WASHINGTON
DOWNTOWN TID BOUNDARY**

All that part of the Northeast one-quarter and Northwest one-quarter of Section 28, Town 11 North, Range 22 East, City of Port Washington, Ozaukee County, Wisconsin, bounded and described as follows:

Beginning at the intersection of the east line of North Wisconsin Street and the south line of East Jackson Street; thence Easterly along said south line 300 feet more or less to the east line of Lot 2, Block 11, Original Plat; thence Southerly along said east line 35 feet more or less to the south line of the North 35 feet of said Lot 2; thence Westerly along said south line 30 feet more or less to a point on the west line of the East one-half of said Lot 2; thence Southerly along said west line and its Southerly extension 125 feet more or less to a point on the south line of East Pier Street; thence Easterly along said south line 30 feet more or less to the east line of Lot 11 of said Block 11; thence Southerly along said east line 100 feet more or less to a point on the north line of East Washington Street; thence Westerly along said north line 50 feet more or less to the intersection with the Northerly extension of the east line of the West 10 feet of Lot 2, Block 18, Original Plat; thence Southerly along said east line and its Northerly extension 186 feet more or less to a point on the north line of an alley that bisects said Block 18; thence Easterly along said north line and its Easterly extension 176 feet more or less to a point on the east line North Franklin Street; thence Southerly along said east line 140 feet more or less to the north line of East Main Street; thence Easterly along said north line 180 feet more or less to the west line of Lot 10, Block 17, Original Plat; thence Northerly along said west line and the west line of Lot 3 of said Block 17, 260 feet more or less to a point on the south line of East Washington Street; thence Westerly along said south line 37 feet more or less to the Southerly extension of the East 37 feet of Lot 9, Block 12, Original Plat; thence Northerly along said west line and its Southerly extension 121 feet more or less to the north line of the South 55 feet of said Lot 9; thence Easterly along said north line 37 feet more or less to the west line of Lot 10 of said Block 12; thence Northerly along said west line 45 feet more or less to the south line of East Pier Street; thence Easterly along said south line 90 feet more or less to the west line of the East one-half of Lot 11 of said Block 12; thence Southerly along said west line 100 feet more or less to the north line of East Washington Street; thence Easterly along said north line 90 feet more or less to the west line of North Harbor View Lane; thence Northerly along said west line 326 feet more or less to the north line of East Jackson Street; thence Easterly along said north line 460 feet more or less to the intersection of said north line with the easterly line of North Lake Street; thence Southwesterly along said easterly line 173 feet more or less to the south line of Lot 2, Block 14, Original Plat; thence Easterly along said south line 300 feet more or less to the westerly shoreline of Lake Michigan; thence Southwesterly along said shoreline 1005 feet more or less to the Harbor entrance; thence Northwesterly along the Harbor shoreline 225 feet more or less; thence Northeasterly along the Harbor shoreline 550 feet more or less; thence Westerly along the Harbor shoreline 210 feet more or less to the easterly line of lands designated by Tax Key 16-098-17-01-000; thence Southwesterly along said easterly line and

said Harbor shoreline 275 feet more or less to the south line of East Main Street; thence Easterly along said south line and said Harbor shoreline 25 feet more or less to the easterly line of lands designated by Tax Key 16-098-26-02-000; thence Southwesterly along said easterly line and said Harbor shoreline 240 feet more or less to the south line of said lands; thence Southwesterly along said Harbor shoreline 21 feet more or less to the easterly line of lands designated by Tax Key 16-098-26-09-001; thence Southwesterly along said easterly line and said Harbor shoreline 40 feet more or less to the north line of East Grand Avenue; thence Southeasterly along said Harbor shoreline 68 feet more or less to the Northeast corner of Lot 3, Block 30, Original Plat; thence Southeasterly along said Harbor shoreline to the Easterly extension of the south line of said Block 30; thence Westerly along said south line and its Easterly extension 420 feet more or less to the Easterly line of lands designated by Tax Key 16-098-30-05-001; thence Northeasterly along said easterly line 127 feet more or less to the south line of East Grand Avenue; thence Westerly along said south line 500 feet more or less to the Northeast corner of Lot 1, Certified Survey Map No. 3296; thence Southerly along the easterly line of said Lot 1, 103 feet more or less to a point; thence Southwesterly along said easterly line 23 feet more or less to a point; thence Southerly along said easterly line 144 feet more or less to a point; thence Easterly along said easterly line 330 feet more or less to a point; thence Southerly along said easterly line 6 feet more or less to the southerly line of said Lot 1; thence Westerly along said southerly line 314 feet more or less to a point; thence Southerly along said southerly line 68 feet more or less to a point; thence Westerly along said southerly line 23 feet more or less to a point; thence Northerly along said southerly line 202 feet more or less to a point; thence Westerly along said southerly line 91 feet more or less to the east line of South Wisconsin Street; thence Southerly along said east line 240 feet more or less to the northerly most Northwest corner of lands designated by Tax Key 16-113-06-00-000; thence Easterly, Southerly and Easterly along the northerly line of said lands 900 feet more or less to the easterly line of said lands; thence Southwesterly along said easterly line 1180 feet more or less to the southerly line of said lands; thence Westerly along the southerly line of said lands 1265 feet more or less to the east line of South Division Street; thence Northerly along said east line 17 feet more or less to the south line of Lot 1, Block 5, South Addition; thence Easterly along said south line 140 feet more or less to the east line of said Block 5; thence Northerly along said east line and the east line of Block 4 of said South Addition, 426 feet more or less to the Northeast corner of Lot 6 of said Block 4; thence Easterly along the south line of Lot 7, Block 7, South Addition and its Westerly extension 236 feet more or less to the east line of said Lot 7; thence Northerly along said east line and the east line of Lot 8, said Block 7, 66 feet more or less to a point on the south line of lands designated by Tax Key 16-113-07-09-000; thence Easterly along said south line 10 feet more or less to the east line of said lands; thence Northerly along said east line 40 feet more or less to the southerly line of lands designated by Tax Key 19-113-07-20-000; thence Easterly along said southerly line 150 feet more or less to a point; thence Northeasterly along said southerly line 34 feet more or less to a point on the West line of South Milwaukee Street; thence Easterly, perpendicular to the east line of said South Milwaukee Street, 66 feet to a point on said east line; thence Southerly along said east line 55 feet more or less to the south line of lands designated by Tax Key 16-113-10-09-001; thence

easterly along said south line 190 feet more or less to the east line of said lands; thence Northerly along said east line 120 feet more or less to the south line of lands designated by Tax Key 16-113-10-15-000; thence easterly along said south line 10 feet more or less to the east line of said lands; thence Northerly along said east line 160 feet more or less to a point on the south line of West Chestnut Street; thence Easterly along said south line 70 feet more or less to the Southerly extension of the east line of the West 30 feet of Lot 7, Block 9, South Addition; thence Northerly along said east line and its Southerly extension 156 feet more or less to the north line of the South 90 feet of said Lot 7; thence Westerly along said north line 30 feet more or less to the west line of said Lot 7; thence Northerly along said west line and its Northerly extension 70 feet more or less to the south line of Lot 10, Block 9, South Addition; thence Westerly along said south line 50 feet more or less to the west line of said Lot 10; thence Northerly along said west line and the west line of Lot 11 of said Block 9, 80 feet more or less to the Easterly extension of the north line of Lot 22 of said Block 9; thence Westerly along said north line and its Easterly extension 190 feet more or less to the east line of South Milwaukee Street; thence Southerly along said east line 40 feet more or less to the Easterly extension of the southerly line of lands designated by Tax Key 16-050-0562-001; thence Westerly along said Easterly extension of said southerly line 66 feet more or less to the Southeast corner of said lands; thence Westerly, Northerly and Westerly along said southerly line 661 feet more or less to the west line of said lands; thence Northerly along said west line 140 feet more or less to the northerly line of said lands; thence Northeasterly, Southerly, and Easterly along said northerly line 840 feet more or less to the west line of lands designated by Tax Key 16-098-33-01-002; thence Northerly along said west line 110 feet more or less to the south line of West Grand Avenue; thence Easterly along said south line 213 feet more or less to the east line of lands designated by Tax Key 16-098-32-05-001; thence Southerly along said east line and its Southerly extension 145 feet more or less to a point on the north line of Block 9, South Addition; thence Easterly along the said north line 153 feet more or less to the Southerly extension of the east line of Lot 3, Block 32, Original Plat; thence Northerly along said east line and its Southerly extension 145 feet more or less to a point of the south line of West Grand Avenue; thence Easterly along said south line 200 feet more or less to the intersection with the east line of South Wisconsin Street; thence Northerly 70 feet more or less to the intersection with said east line and the north line of East Grand Avenue; thence Easterly along said north line 90 feet more or less to the west line of the East 30 feet of Lot 8, Block 25, Original Plat; thence Northerly along said east line 120 feet more or less to a point on the south line of an alley that bisects said Block 25; thence Easterly along said south line 190 feet more or less to a point on the west line of the East 20 feet of Lot 11 of said Block 25; thence Southerly along said west line and its Northerly extension 78 feet more or less to the north line of the South 43 feet of said Lot 11; thence Easterly along said north line and the north line of the South 43 feet of Lot 12 of said Block 25, 80 feet more or less to a point on the west line of North Franklin Street; thence Northerly along said west line 218 feet more or less to the south line of East Main Street; thence Westerly along said south line 150 feet more or less to the east line of lands designated by Tax Key 16-098-25-03-01; thence Southerly along said east line 120 feet more or less to the south line of said lands; thence Westerly along said south line 90 feet more or less to

the west line of said lands; thence Northerly along said west line 120 feet more or less to said south line of East Main Street; Thence Easterly along said south line 70 feet more or less to the Southerly extension of the Southerly extension of the east line of West 10 feet of Lot 10, Block 18, Original Plat; thence Northerly along said east line and its Southerly extension 200 feet more or less to a point on the south line of an alley that bisects said Block 18; thence Westerly along said south line 190 feet more or less to a point on the east line of North Wisconsin Street; thence Northerly along said East line 140 feet more or less to the south line of East Washington Street; thence Easterly along said south line 130 feet more or less to the Northwest corner of the East 50 feet of Lot 4, Block 18, Original Plat; thence Northerly along the Northerly extension of the west line of said East 50 feet of Lot 4 66 feet more or less to a point on the north line of East Washington Street; thence Westerly along said north line 70 feet more or less to the east line of Lot 7, Block 11, Original Plat; thence Northerly along said east line 100 feet more or less to a point on the south line of East Pier Street; thence Westerly along said south line 60 feet more or less to a point on the east line of North Wisconsin Street; thence Northerly along said east line 160 feet more or less to the point of beginning, containing 51 acres more or less of land.

Ruekert & Mielke, Inc.

Bruce K. Cross, R.L.S.
Martin E. Kulinski

BKC:jkc

cc: File