

TID 78 – Northwestern Mutual Life Insurance Co.
Periodic Report
12/31/14

District Created: 2013

Authorized expenditure (excluding interest): \$73,300,000

Authorizing resolution(s): #121429

Projected TID cost recovery: 2038 (levy year)

Maximum legal life: 2040

Base property value: \$44,582,700

Completion Status: Ongoing

Project description

This district was created to fund extraordinary costs related to the demolition of the Northwestern Mutual Life Insurance Company (“NM”) East Building and its replacement with a new high-rise office tower, as well as to fund the public improvements associated with the Lakefront Gateway project.

NM’s new 32-story building will cost over \$400 million and contain over 1.1 million square feet of office and common space. The district project plan provides a \$50 million grant to NM for extraordinary building costs and an additional \$4 million grant for improvements to the public infrastructure surrounding their campus. The new building will allow NM to retain 1,100 employees currently in the East Building and add an additional 1,900 employees to their downtown campus by 2030. Demolition of the East Building began in the fall of 2013 and was completed the summer of 2014. Construction of the new office tower began in the fall of 2014 with completion of the project expected in 2017.

The district will also provide \$18 million for City-obligated public infrastructure changes in the Lakefront Gateway plan, such as the city streets and pedestrian amenities. The 2010 Downtown Plan Update identified the area around, and main access points to, the downtown Milwaukee NM campus as the Lakefront Gateway Catalytic Project. The update included plans for improving the access to and between the eastern end of downtown Milwaukee and the lakefront.

In 2011, a Long Range Lakefront Committee was created to further refine that concept and issued a report with a series of recommended changes to the infrastructure in the area, including the Lakefront Interchange.

In 2012, the City, WI Department of Transportation and other stakeholders conducted preliminary engineering on the proposed changes and developed a final plan for the Lakefront Gateway that includes reconfigured freeway ramps, reconstructed city streets, new city streets and pedestrian amenities. The 30% plans for the Lakefront Gateway work was finalized in the summer of 2014, final design will be completed in mid-2015 and construction will begin on portions of the infrastructure in 2016.

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Incremental Value:

Year	Incremental Value
2014	\$ (7,846,300)
2013	\$ -

Expenditures - Life to Date (as of 12/31/14)

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 600,000	\$ 5,650	\$ -	\$ 5,650	\$ -
Public Improvements	15,000,000	1,448,100	229,701	320,961	897,438
Contingency	3,000,000				-
Business Development program	700,000	500,000		500,000	-
Office Project	54,000,000				-
Capitalized Interest	7,330,000				-
Total	\$ 80,630,000	\$ 1,953,750	\$ 229,701	\$ 826,611	\$ 897,438

Financing Costs – Interest Paid through 12/31/2014: \$213

Revenue/Value Performance (as of 12/31/2014)

	Projected	Actual
Property value	\$ 54,000,000	\$ 36,736,400
Incremental value	*	\$ (7,846,300)
Incremental taxes	*	\$ -

* Not projected.

Is the project within budget? Yes No If no, explain:

Is the project on schedule? Yes No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future: None.