

GERMANIA HISTORIC APARTMENTS

On behalf of Germania Historic LLC, Cardinal Capital Management is seeking approval to issue tax exempt and taxable bonds in conjunction with the Public Finance Authority. Please see below additional details on the project.

a. Project description

i. A description of the project including the borrower, municipality where the issuance will occur, project end use, and

Located on 135 W. Wells Street in Milwaukee, WI - the Germania building was built in 1896 to house the publishing business of George Brumder. The steel-framed, eight-story, brick-and-terra-cotta, Beaux Arts style-building was designed by architects Eugene Liebert and Paul Schnetzky. At the time, it was the largest building in Milwaukee and has endured as a regional landmark with its copper pickelhaube (the Prussian spiked army helmet) domes and terra-cotta cherubs adorning the pediments above both the entrance and rooftop.

Per WHEDA's request, Cardinal Capital Management led the development of the building in 2016 and 2017. With the use of LIHTC, Historic Tax Credits, tax exempt bonds, and WHEDA loans Cardinal converted the building into 90 apartments with a mix of 44 affordable units and 46 market rate units. The project has won numerous awards and is recognized by the National Park Service as an exemplary project. Cardinal Capital has continued to stand behind the project and has supported it financially.

Most recently, Cardinal had to advance significant proceeds to rehab the historic roof and historic cornices of the building in addition to the replacement of the main entry doors. Due to these capital expenditures and additional rehab still needed to be completed, the projects needs to be refinanced using tax exempt and taxable bonds.

ii. A description of the type of bond being issued.

Tax exempt bonds and taxable bonds are being issued. Approximately \$9.25 million in tax exempt bonds will retire the existing WHEDA tax exempt bonds in the same amount. \$5.6 million of taxable bonds will pay off the other WHEDA loans and reimburse Cardinal Capital for funds advanced to repair the roof, cornices, and historic doors. It is estimated that \$500,000 will go towards completing the continuing work on the historic cornices and roof. The repairs are needed for safety reasons and to maintain the historic integrity of the building.

b. Economic Impact –



- i. Estimated total jobs created in the project and induced through construction.

Approximately 110 jobs were created when the building was originally redeveloped in 2017. The new rehab work will not require the same amount of jobs. The 2022-2024 rehab work on the front door, cornices, and rooftop renovation work will likely require 15-20 jobs to be created. Best efforts will be used to use Target Business Enterprises, however this will depend the availability of skilled craftsman that can work on a historic building. Completing these repairs is important due to safety reasons but also because this building is a culturally significant building to Milwaukee's history. Furthermore, the building provides much needed and high quality affordable housing to approximately 44 residents with average median incomes of 60% or lower.

- ii. Anticipated tax base created.

Tax base created was \$4,725,200 when the property was redeveloped in 2017. No additional tax base is expected with this rehab.

- c. Project viability

Project is completed and stabilized. Additional rehab work needs to be done to the cornices and rooftop.

- d. No County Liability

- i. Bond counsel must confirm as a condition of Milwaukee County's consent that the bonds, when and if issued, do not constitute a debt or pecuniary liability, or a legal or moral obligation of Milwaukee County for any reason whatsoever. A written statement or other similar contract from the requesting entity declaring the same shall be submitted with the request for consent to the County Board.

Cardinal Capital and Germania Historic LLC confirm that there is no legal or financial obligation to Milwaukee County. Bond Counsel (Attolles Law, s.c.) has confirmed that the Bond documentation will contain express statements disclaiming any obligation on the County's part for repayment of the Bonds.

Section 66.0304(9)(c), Wis. Stats., provides that "[a] bond issued under this section does not obligate the state or a political subdivision to levy any tax or make any appropriation for payment of the bonds. All bonds issued by a commission are payable solely from the funds pledged for their payment in accordance with the bond resolution or trust agreement or indenture providing for their issuance."

- e. Municipal Support

i. Milwaukee County will begin its review after receiving written consent from the local municipality where the bonds will be issued. A certified resolution of this support shall be submitted with the initial request.



Erich Schwenker, President

Cardinal Capital Management, Inc.

Date:

9/1/23