



# Transit Innovations, LLC In Partnership with Bombardier Transportation

Private Commuter Rail/Station System

Related Real Estate Development

Milwaukee, Wisconsin



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# Overview

- Transit Innovations, LLC (“Transit”) is seeking +/- \$1.456 billion of private capital to develop: i) a commuter rail system (“E-Way”) using existing freight train tracks in the major metro areas of Milwaukee and surrounding counties; and ii) related real estate development (multifamily, office, hotel and retail)
- Approximately 70% of capital will be used to develop the real estate surrounding the stations - significant demand for transit oriented development
- Partnership with Bombardier Transportation, which will be the rail operator, provide technical expertise, and negotiate rail access leases on existing rail owned by Union Pacific and Canadian Pacific Railroads
- E-Way will have 23 stations (2 existing, 21 new) along 55 miles of existing rail, bridges, crossings and operations
- Transit’s subsidiary Transit Oriented Development, LLC (“TOD”), the Master Developer, will develop and manage the stations, platforms and adjacent TOD real estate and parking lots
- Funded privately, possibly in conjunction with public funding such as tax credits, Tax Incremental Financing (TIDS), grants and loans
- Transit’s subsidiary Milwaukee Passenger Rail Company (“MPRC”) will manage all rail operations including leasing tracks and building platforms, lighting, security, warming houses and restrooms
- E-Way will provide commuter connections, including Last-Mile connections from train stations to final destinations, for downtown Milwaukee, Menomonee Valley, Waukesha, New Berlin, Brookfield, Elm Grove, Wauwatosa, West Allis, Century City and the Airport
- Future expansion of the system will be incremental, based on ridership projections for each added station

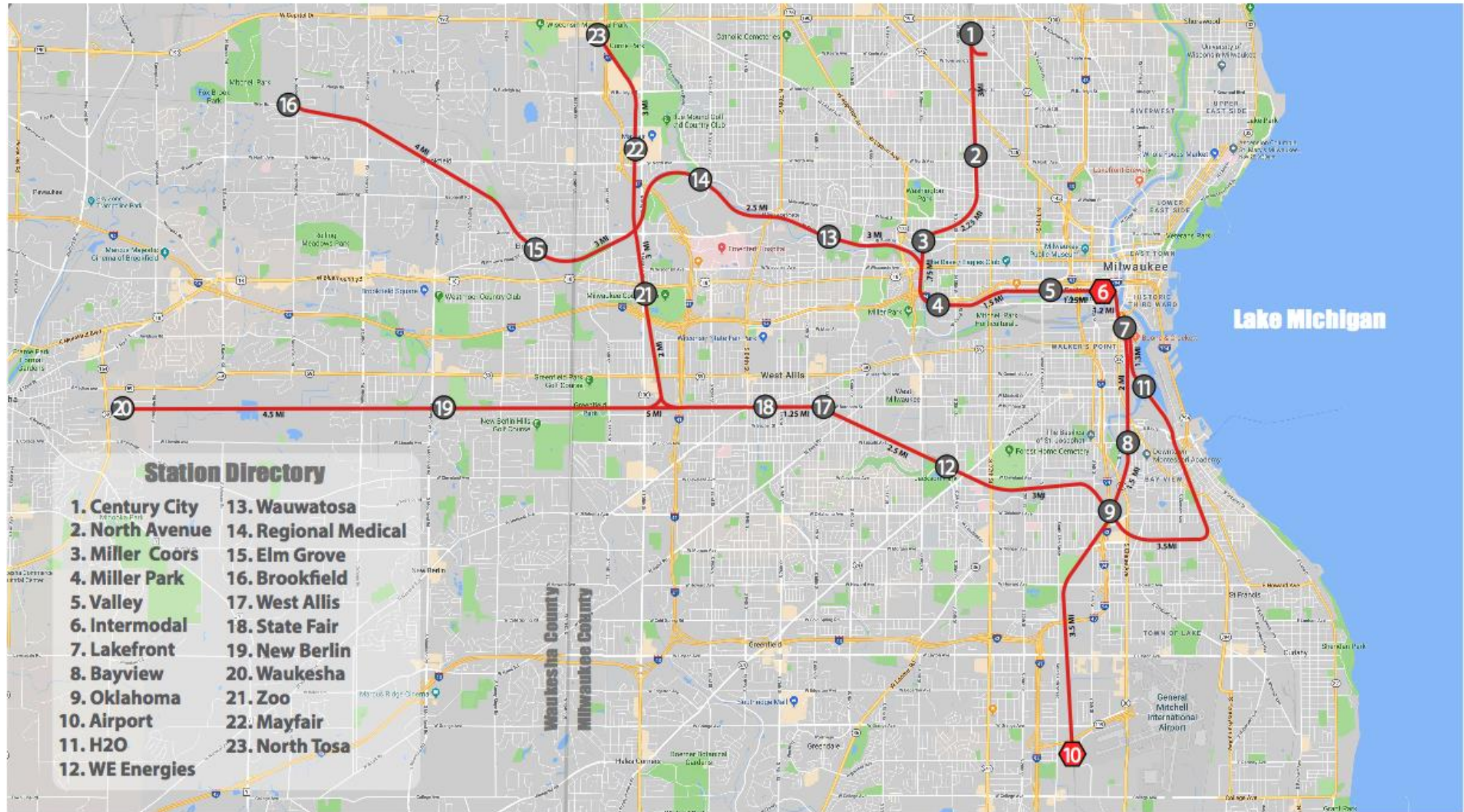






# E-Way System

- Planned Commuter Stations
- Existing Commuter Stations



Graphic by Studio 420b Milwaukee WI



# Opportunity

**Milwaukee is the largest city in Wisconsin, the fifth largest city in the Midwestern U.S. and the 31st largest city in the US**

- Milwaukee lacks a comprehensive transportation solution - no commuter rail or cohesive public transportation system to connect the public to their jobs or major events
- Tremendous demand for housing, office, retail, and hotels near commuter rail stations
- Significant public benefits
  - Reduced land use and reduced highway congestion
  - Economic development, job creation and connectivity with large job centers
  - Reduced fuel consumption, reduced automobile emissions and greenhouse gas emissions
  - Transportation affordability
  - Promotes “Smart City” principles and development guidelines



# Solution/Strategy

- Transit, along with Bombardier Transportation as the rail operator, is developing E-Way, an innovative commuter rail transit system and TOD real estate development for the greater Milwaukee area
- Approximately 70% of capital will be used to develop the real estate surrounding the stations - significant demand for transit oriented development (multifamily, office, hotel and retail)
- Supported by state and local governments, business communities and advocacy groups to create new jobs in the Milwaukee area
- Favorable political climate - Republicans and Democrats aligned in support of the project
- Bombardier Transportation will be the rail operator, providing key services such as Last-Mile connection, ticketing, carrier negotiations and rail operations consulting
- Advanced negotiations with Canadian Pacific and Union Pacific rail carriers to lease their tracks

*Financial models and other supporting information regarding historical data, hypothetical target returns, contextual analysis, and other pertinent matters will be made available to prospective investors upon request. There is no guarantee of success, and there is a potential for loss of your investment. For use by institutional investors only; not for use by retail investors.*





# Significant Benefits

- E-Way system expected to provide an estimated economic impact of about \$1.3 billion
  - Regional job creation is projected at 10,947 over ten years
  - E-Way stations will generate property tax for station communities
  - Revitalize existing rail and real estate resources that are dormant or underutilized
  - Estimated 7,000 units of new multi-family housing and other real estate (retail, office, etc.) will be constructed
- E-Way provides multi-modal connectivity with systems such as bus, job center shuttles, streetcar, cabs and Uber and bike systems which are being coordinated in partnership with station communities and private business
- Working with WiDOT in coordination with Amtrak service to coordinate additional passenger service with each freight carrier
- E-Way provides inter-modal connectivity with business, housing, medical, airport, education/university, markets/shops, zoos, sports, casinos and other entertainment venues
- TOD provides real estate developments in the form of market-rate housing, training facilities, mixed-use, and manufacturing

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# Sources and Uses (US\$ Millions)

## Sources<sup>1</sup>

Rail Investor Capital	\$ 300
Real Estate Investor Capital	\$ 571
Partner and Local Private Equity	\$ 35
Construction Loan	\$ 550
<b>Total Sources</b>	<b>\$1,456</b>

*1) Public debt may be available to provide attractive leverage.*

## Uses

Trains	\$ 100
Track/Signal Improvements	\$ 100
Platforms	\$ 100
Stations/Parking lots	\$ 100
Multi-Family	\$ 610
Office/Retail/Industrial/Other	\$ 233
Hotel	\$ 144
Land for Stations	\$ 34
Working Capital/Liabilities	\$ 5
Transaction Fees/Expenses	\$ 30
<b>Total Uses</b>	<b>\$1,456</b>



# Management



## **Brian Kliesmet – CEO**

34 years of experience in master planning and real estate development throughout the country. Executed both strategic economic development plans and public/private partnerships as a consultant to developers and cities. As a private developer, built over \$100 million of mixed-use and hotel developments throughout Wisconsin. Specifically, his work in both the private and public sectors in downtown Milwaukee equipped him to lead the MPRC Team as CEO. As company founder, led project coordination with WiDOT, Southeastern Wisconsin Regional Planning Commission, all Station Community Mayors and Plan Commissions, and Union and Canadian Pacific Railroads to achieve consensus to implement this project. Led negotiations with WHEDA, has begun early positioning for TOD to acquire all station real estate while negotiating favorable Tax Increment Financing Districts and access to New Market Tax Credits with station communities. Working closely with community banks, private investors and other State and Federal agencies, such as DNR, MMSD, FTA, FRA in preparation of launching the project.



## **Greg Dugan – President**

40 years of experience helping businesses both large and small to develop their sales, marketing and operations. Partner in a private capital firm and founding member of the CEO OPEN Forum with the Waukesha Business Alliance, is a founding member of WESA, Inc. a world-wide power and water marketing, engineering and construction consortium. Founding member of WEB International, a private equity firm specializing in the funding and coordination of infrastructure projects specifically in the areas of transportation, renewable energy, water desalination and power distribution. Brings solid financial investors to the project and manages risk reduction and monitors the increase for future financial success. Management/operational philosophy covers a solid strategy to succeed while overseeing operational plans, contingency planning, and doing right by the investor and success of the project.



## **Antonio Riley – TOD Member**

Midwest Regional Administrator of the United States Department of Housing and Urban Development Chicago Regional Office from October 2010 through January 2017 and a former member of the Wisconsin State Assembly. First elected to the Assembly in 1992. Served as an Assemblyman for ten years. Prior to assuming current role, Executive Director of the Wisconsin Housing and Economic Development Authority. Graduated from Riverside University High School in Milwaukee and Carroll College. Served on the boards of the Milwaukee chapters of the YMCA and the American Red Cross.



## **Ken Benka – Comptroller**

40 years of experience in real estate and business administration. Chief architect of the MPRC and TOD financial assumptions, preparing specific proformas and finance strategies for real estate financing. Worked with Brian Kliesmet over 20 years in structuring public/private partnerships and providing legal advice for past real estate developments and Transit Innovations. Worked with accountants, attorneys, and management team preparing the companies for launch. Will work closely with rail operator and all real estate accountants in day-to-day business management of the companies.



# Contact Information

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# Potential Risks

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## POTENTIAL RISKS

### **Risks related to market conditions and governmental programs**

- We may be adversely impacted by weakness in the local economies we serve.
- New legislation and/or regulatory laws affecting our operations may affect our performance.

### **Risks related to our business/operations**

- We may be unable to successfully execute and manage our growth strategy.
- Our success will depend on our ability to hire, train and retain key personnel.

### **Risks related to our industry**

- The industries in which we operate are highly competitive and many of our competitors have access to greater financial resources, lower funding costs and greater access to liquidity.
- Unfavorable future conditions could adversely impact our business, financial position, results of operations and/or cash flows.

### **Risks related to funding sources and interest rates/debt markets**

- We are substantially dependent upon our secured and unsecured funding arrangements. If any of our funding arrangements are terminated, not renewed or otherwise become unavailable to us, we may be unable to find replacement financing on economically viable terms, if at all, which would have a material adverse effect on our business, financial position, results of operations and cash flows.
- Changes in economic and legal conditions could materially and adversely affect our transactions, business, financial position, results of operations or cash flows.
- Our earnings and reputation may be adversely affected if risk is not properly managed.

### **Risks related to proposed financing transaction**

- There is no assurance that we will be able to obtain additional capital as needed.
- There is no guarantee of success, and there is a potential for loss of your investment.
- There can be no assurance that any financial projections delivered to a prospective investor will accurately reflect the predicted profitability of our business.
- There is currently no market for our securities; and it is unlikely that a market will develop in the future, which would impact your ability to resell our securities in an orderly fashion.



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# Transit Innovations, LLC

Commuter rail system and real estate development

## Industry

Infrastructure

## Company Type

Transportation

## Location

Milwaukee, Wisconsin

## Size

+/- \$1.4 billion

## Investment Type

Equity, Senior Debt, Mezzanine Debt