PROJECT PLAN

FOR

TAX INCREMENTAL DISTRICT NO. 52

ALDRICH CHEMICAL COMPANY, INC.

- Public Hearing Held: May 15, 2003
- Redevelopment Authority Adopted: May 15, 2003
- Common Council Adopted:

Prepared by Redevelopment Authority of the City of Milwaukee May, 2003

I. DESCRIPTION OF PROJECT

A. Introduction

Section 66.1105(4)(d), Wisconsin Statutes, requires the "preparation and adoption... of a proposed project plan for each tax incremental district." This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries

The Aldrich Chemical Company, Inc. ("Aldrich") Tax Incremental District Number 52, City of Milwaukee, consists of the property located at 6000 N. Teutonia Ave. (Tax Key No. 159-0051-000-1) and adjacent public rights-of-way in N. Teutonia Ave. The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description." The area consists solely of whole units of property as are assessed for general tax purposes.. A list of properties in the District is provided in Exhibit 2, "Property Characteristics."

The District contains property totaling 2,884,172 square feet (66.2acres), more or less, exclusive of public streets and alleys. All of the real property located within the District is "suitable for industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes and is zoned for industrial use. Exhibit 2 documents how the properties in the District meet the statutory criteria for Tax Incremental Districts.

C. Plan Objectives

The Plan objective is to assist in the development and expansion of Aldrich's approximately 610,000 s.f. packaging, distribution, and warehousing complex at 6000 N. Teutonia Ave. The company's current facility at 940 W. St. Paul Ave. has been acquired by the State of Wisconsin in connection with the planned reconstruction of the Marquette Interchange. Functions performed at this location and in nearby facilities at 1001 and 1101 W. St. Paul Ave. are to be transferred to the Teutonia Ave. complex. The project, based on preliminary plans, consists of constructing and equipping new facilities for production, research and development, quality control, warehousing, and administration having a combined area of approximately 184,000 s.f.; and the renovation of existing facilities used for administration, packaging, and environmental services, and related services, having a combined area of approximately 90,000 s.f. Upon completion, the expanded complex will have a combined area of approximately 784,000 s.f.

The more detailed objectives of this Project Plan are to:

- 1. Retain and create employment opportunities in the City of Milwaukee.
- 2. Provide public improvements and assist in funding on-site private improvements necessary for the expansion of the Aldrich complex.
- 3. Revitalize the general economy in the vicinity of the Aldrich complex.
- 4. Increase the tax base of the City of Milwaukee.

D. Proposed Public Action

Under a Cooperation, Contribution and Redevelopment Agreement (the "Cooperation Agreement") with the City of Milwaukee, and the Redevelopment Authority of the City of Milwaukee ("RACM") Aldrich will undertake certain on-site improvements, and incur such other costs necessary to implement its expansion, including but not limited to, access improvements, utility relocation, environmental remediation, roadway construction, stormwater management improvements and other site related improvement costs. The company may also fund certain improvements in the public right-of-ways within the District.

The City's contribution will consist of a limited and conditional Monetary Obligation to repay the company an amount equal to the cost of the above improvements, and expenses, in the maximum amount of \$5,000,000, plus interest at an interest rate provided in the Cooperation Agreement. Payments from the City of Milwaukee are to be made annually, but only in an amount equal to the tax incremental revenue actually received by the City from the District. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation and the Monetary Obligation will not constitute a general obligation of the City, or count against its statutory debt limits.

II. PROJECT PLAN PROPOSALS

A. The following is a description of the kind, number and location of all proposed Public Works, Improvements and expenses to be incurred within the District:

A contribution for the purposes of carrying on redevelopment and assisting in a redevelopment project of the Redevelopment Authority, pursuant to Section 66.1333 Wis. Stats., or other costs or obligations incurred by the City for the purpose of funding the cost of the following projects to be implemented by Aldrich, or an affiliate thereof:

- Traffic and signalization improvements in N. Teutonia Ave.
- Access improvements to the Aldrich site, north of the main entrance at W. Florist Ave.

- Site improvements and removals work: Including environmental remediation; removal of foundations, spoils piles, abandoned underground storage tanks, and subsurface debris; backfilling, chain link fence relocation at new parking, new fencing at stormwater detention pond, fencing along Teutonia Ave., and related activities.
- Stormwater management and civil work: Including construction of stormwater detention system, erosion control, utilities, trenching, access road and paving.
- Mechanical and Electrical work: Including heating, electrical, and communications utility relocation.
- Construction management, engineering, and general conditions related to above.
- Such other extraordinary site-related, construction, or relocation costs incurred by the company and approved by the City.
- Administrative costs, including legal expenses, and engineering consulting for the City and Aldrich.

B. The following is an estimate of project costs:

1.	ESTIMATED CONSTRUCTION COSTS (See Exhibit 3)	\$4,810,000
2.	ADMINISTRATION, LEGAL, CONSULTING	190,000
3.	EST. DISTRICT CAPITAL COST	\$5,000,000
4.	EST. INTEREST COST (see feasibility study)	529,000
5.	EST. TOTAL DISTRICT PROJECT COST	\$5,529,000

See Exhibit 3 for detailed cost estimates. The kind, number, location and estimated costs of improvements and projects identified above, and in Exhibit 3, are based on preliminary plans and specifications and may be modified as to the kind, number, and location and the costs allocated at any time during project execution based on more definitive engineering studies and construction plans.

The costs included in this subsection and detailed in Exhibit 3 are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Wis. Stats. Sec. 66.1105(2)(f) and in any Cooperation Agreement(s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment

Authority of the City of Milwaukee, and/or eligible designated redeveloper(s).

- 3. "Description of Timing and Methods of Financing."
 - a. Estimated Timing of Project and Financing Costs

All construction activities are expected to be completed by July, 2007. Aldrich will provide all financing for the TID Project Capital Costs estimated above. The City will repay funds advanced by Aldrich, including an interest charge, but only to the extent of incremental revenue actually generated by the District

4. "Economic Feasibility Study."

The Economic Feasibility Study for this District, prepared by the Department of City Development and titled *Economic Feasibility Study: Tax Increment District No.52*, *May*, 2003, is attached hereto.

Pursuant to the Cooperation Agreement, the District shall terminate no later than 2022 and any remaining balance on the City's Monetary Obligation shall be extinguished. The City is not obligated to repay any more than the District generates in tax incremental revenue. Consequently, the District is feasible for the City and the company bears the risk that incremental revenue may be insufficient to fully amortize the Monetary Obligation.

5. "Map Showing Existing Uses and Conditions."

Please refer to Map No. 1, "Boundary and Existing Land Use."

6. "Map Showing Proposed Improvements and Uses."

Please refer to Map No. 2, "Proposed Improvements and Uses," attached.

7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances."

The proposed project is consistent with the existing IL2 zoning, and the existing master plan, map, building codes, and other city ordinances; the project will not require

amendments to their provisions.

8. "List of Estimated Non-Project Costs."

The District's assistance is a portion of the estimated \$52 to \$60 million total cost of the Aldrich project.

9. "Proposed Method for Relocation."

This Plan does not anticipate the acquisition of property by the City of Milwaukee or by the Redevelopment Authority. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquisition of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to sec. 66.1333 and ch. 32, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

10. "Statement Indicating How District Creation Promotes Orderly City Development."

The creation of the District will assist in relocating Aldrich from its current location within the Marquette Interchange, thus facilitating the reconstruction and redevelopment of that key transportation asset for southeastern Wisconsin. In addition, the District will promote industrial growth and employment within the city of Milwaukee, and in particular the retention and expansion of jobs at Aldrich for citizens in the city.

11. "Opinion of the City Attorney."

Please refer to the letter of the City Attorney in the Exhibits Section.

EXHIBITS

Exhibit

Exhibit 1 Boundary Description

Exhibit 2 Property Characteristics

Exhibit 3 Project cost estimate

Exhibit 4 City Attorney's Letter (in preparation)

Exhibit 5 Economic Feasibility Study

Map 1 Boundary and Existing Land Use

Map 2 Proposed Uses and Proposed Improvements

<u>Title</u>

Exhibit 1

Boundary Description

PART OF PARCEL 1 OF CERTIFIED SURVEY MAP NO. 6559 IN THE NORTHEAST 1/4, NORTHWEST 1/4, SOUTHWEST 1/4 AND SOUTHEAST 1/4 OF THE NORTHEAST 1/4 AND THE NORTHEAST 1/4 AND NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 25, TOWN 8 NORTH, RANGE 21 EAST, IN THE CITY OF MILWAUKEE, AND LANDS IN THE NORTHWEST 1/4 AND SOUTHWEST 1/4 OF THE NORTHEAST 1/4 AND THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 25, ALL IN THE CITY OF MILWAUKEE, MILWAUKEE COUNTY, WISCONSIN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 25; THENCE SOUTH 00°11'27" EAST ALONG THE EAST LINE OF SAID SOUTHEAST 1/4 SECTION 427.94 FEET TO A POINT; THENCE SOUTH 89°15'09" WEST 1212.32 FEET TO A POINT; THENCE NORTH 00°11'27" WEST 6.45 FEET TO A POINT; THENCE SOUTH 89°15'16" WEST 326.00 FEET TO THE WEST LINE OF NORTH TEUTONIA AVENUE; THENCE NORTH 09°06'17" WEST ALONG SAID WEST LINE 381.56 FEET TO THE SOUTH LINE OF WEST FLORIST AVENUE; THENCE NORTH 08°37'59" WEST 105.90 FEET TO THE NORTH LINE OF WEST FLORIST AVENUE; THENCE NORTH 08°25'42" WEST ALONG THE WEST LINE OF NORTH TEUTONIA AVENUE 360.80 FEET TO A POINT; THENCE NORTH 05°13'49" WEST ALONG SAID WEST LINE 206.10 FEET TO A POINT; THENCE NORTH 81°33'04" EAST ALONG SAID WEST LINE 0.22 FEET TO A POINT; THENCE NORTH 05°29'40" WEST ALONG SAID WEST LINE 640.20 FEET TO A POINT; THENCE NORTH 08°26'56" WEST 459.05 FEET TO THE SOUTH LINE OF WEST DOUGLAS AVENUE; THENCE NORTH 27°27'33" WEST 101.31 FEET TO THE NORTH LINE OF WEST DOUGLAS AVENUE; THENCE NORTH 08°26'56" WEST ALONG THE WEST LINE OF NORTH TEUTONIA AVENUE 225.80 FEET TO THE SOUTH LINE OF THE UNION PACIFIC RAILROAD COMPANY; THENCE EASTERLY 34.72 FEET ALONG SAID SOUTH LINE AND THE ARC OF A CURVE WHOSE CENTER LIES TO THE SOUTH, WHOSE RADIUS IS 1846.88 FEET AND WHOSE CHORD BEARS SOUTH 80°21'23" EAST 34.72 FEET TO A POINT; THENCE NORTH 08°26'56" WEST ALONG SAID SOUTH LINE 13.84 FEET TO A POINT; THENCE SOUTHEASTERLY 566.31 FEET ALONG SAID SOUTH LINE AND THE ARC OF A CURVE WHOSE CENTER LIES TO THE SOUTHWEST, WHOSE RADIUS IS 1860.00 FEET AND WHOSE CHORD BEARS SOUTH 71°13'54" EAST 564.13 FEET TO A POINT; THENCE SOUTH 50°53'26" EAST ALONG SAID SOUTH LINE 900.00 FEET TO A POINT; THENCE SOUTH 49°05'01" EAST ALONG SAID SOUTH LINE 665.00 FEET TO THE WEST LINE OF THE SOO LINE RAILROAD COMPANY; THENCE SOUTH 18°57'16" EAST ALONG SAID WEST LINE 381.31 FEET TO THE EAST LINE OF THE NORTHEAST 1/4 OF SAID SECTION 25; THENCE SOUTH 00°15'34" EAST ALONG SAID EAST LINE 469.11 FEET TO THE POINT OF BEGINNING.

CONTAINING 72.4491 ACRES.

PREPARED BY:

DONALD C. CHAPUT, RLS

DATE:

MAY 22, 2003

SURVEY NO.:

151099

Exhibit 2

Property Characteristics

Parcel No.	Tax Key No.	Address	Owner	Land Assessment	Improvement Assessment	Zoning	Area (S.F.)
1	159- 0051- 000-1	6000 N. Teutonia Ave.	GLM Holdings, Inc.	\$2,019,700	\$4,526,600	IL2	2,884,172

Percent Area Zoned for Industrial Use:

100%

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Exhibit 4 CITY ATTORNEY'S OPINION

Exhibit 5

ECONOMIC FEASIBILITY STUDY

The Aldrich Chemical Company, Inc., located at 940 W. St. Paul Ave. and 6000 N. Teutonia Ave., in the City of Milwaukee is a member of the Sigma-Aldrich family of companies and a world-wide leader in the research and fine chemicals market. Aldrich is the world's largest supplier of organic, inorganic, and organometallic research chemicals. The company focuses on leading-edge research activities in biotechnology, drug discovery, genomics, proteomics, diagnostics, immunology, cell culture, and molecular biology.

Founded in Milwaukee in 1951 by Dr. Alfred Bader, Aldrich Chemical employs over 600 people throughout the City of Milwaukee, 37% of which are minorities.

Aldrich's facility at 940 W. St. Paul Ave. has been acquired by the State of Wisconsin in connection with the planned reconstruction of the Marquette Interchange. The company is presently leasing the facility from the state and is required to relocate by mid-2005, at which time the building will be demolished.

Functions performed at this location and at 1001 and 1101 W. St. Paul Ave. are to be transferred to the company's approx. 610,000 s.f. Teutonia Ave. complex. The project, based on preliminary plans, consists of constructing and equipping new facilities for production, research and development, quality control, warehousing, and maintenance having a combined area of approximately 184,000 s.f.; and the renovation of existing facilities used for administration, packaging, and environmental services, and related services, having a combined area of approximately 90,000 s.f.

The City of Milwaukee proposes to assist Aldrich with its expansion project by establishing a Tax Increment District to fund certain extraordinary site improvement expenses necessitated by the move, including, but not limited to access improvements, utility relocation, environmental remediation, , roadway construction, stormwater management improvements and other on-site costs, as well as traffic improvements to facilitate access to the expanded location. The current Aldrich complex on N. Teutonia Ave. consists of 610,000 s.f. on 66 acres. The facility, while adequately maintained, is generally over 40 years old, and the Wisconsin Dept. of Revenue assigns a 78% depreciation and obsolescence factor to the complex when valuing it for tax purposes.

The existing complex is a former can manufacturing facility now used by Aldrich for its extensive packaging and distribution functions. The facility was not designed, obviously, to readily incorporate the additional buildings now planned as part of the expansion, and the TID Project Plan has identified an estimated \$5 million of site costs just to enable the construction and renovation work to proceed. These are scheduled on Exhibit 3 of the Plan, and are based on preliminary design and engineering estimates.

The overall expansion was originally estimated to cost \$52 million, but current estimates have exceeded \$60 million – a cost increase and level of construction uncertainty sufficient to cause the company to consider building elsewhere, even out of state, in order to minimize the expense of the project. Much of this investment takes the form of engineering and design cost, as well as manufacturing machinery and equipment, which is exempt from local real or personal property taxation.

As proposed in the Project Plan, Aldrich will advance all TID Project Costs, and the City, pursuant to a Cooperation Agreement, will repay this sum, with interest at 5%, (the Monetary Obligation) but only in an amount equal to actual tax incremental revenue generated annually by the District. Aldrich, accordingly accepts the risk that revenues will be sufficient to fully repay the funds it advances on behalf of the City.

The District Value and Cash Flow Forecast, following this narrative, estimates the value of the expanded complex on a building-by-building basis, and concludes the District will achieve a maximum value of \$17.8 million, upon completion and initial assessment in 2006. This will generate an overall valuation, for property tax purposes, of nearly \$20 / s.f., of building, up considerably from its current assessment of \$7.50 /s.f. This projection of value is, in our view, a high-side estimate — particularly if the assessment takes into consideration the sales price of other complexes of similar size throughout the region.

As provided on the second page of the District Value and Cash Flow Forecast, incremental value in the District is expected to be \$10.7 million by 2006 and grow to \$16 million by the end of the repayment period for the City, 2021 (based on the 2020 levy), assuming a 2% annual rate of growth in assessed value. Assuming the City's Monetary Obligation reaches \$5 million in 2004, the forecast of revenue indicates that Aldrich will be repaid interest for the full term of the obligation, plus an amount sufficient to amortize approximately \$1 million of the obligation's principal.

Should future values or tax rates increase significantly above this forecast, Aldrich will recover a correspondingly greater amount of its principal contribution to the TID project.

Given that the City can never pay out an amount greater than what it actually collects from the TID, this situation, never-the-less, produces a feasible financial outcome for the District.

			TOTALOR AND CASH FLOW FORECAST	
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			Assessment	
	S.F.	Assm't / S.F.		
Renovated space	89,200	\$ 7.45	\$ 664,198	
Balance of bidg.	518,670	\$ 7.45	\$ 3,862,102	
Total Bldg.	607,870		\$ 4,526,300	
pue				
			\$ 2,019,700	
Total Taxable Value			\$ 6,546,000	
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Proposed Proj	Project			
	New or		Assessment	Total 2006
Building Function	Renovated	S.F.	Per S.F.	Assessment
Administration	~	31,200	30.00	\$ 938,000
Administration	Z	30,000	\$ 40.00	-
Production, R&D,				
Quality Contol	Z	114.000	\$ 53.00	000 000
Packaging	œ	50,000		
Maintenance	Z	10,000	30.00	
Environ. Services	œ	8,000	30 00	
Warehouse	z	30,000		-
Balance of Complex	From Above	518,670	\$ 7.45	\$ 3.862.102
Land				\$ 2,019,700
	2006 Assm't	791,870	\$ 19.30	\$ 17,299,802

DISTRICT VALUE AND CASH FLOW FORECAST	1
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