

**PROJECT PLAN**

**TAX INCREMENTAL DISTRICT NO. \_\_\_\_\_**

**CITY OF MILWAUKEE**

**(Chase Commerce Center Project)**

**Public Hearing Held: September 13, 2005**

**Redevelopment Authority Adopted :**

**Common Council Adopted:**

**Joint Review Board Approval:**

## **I. DESCRIPTION OF PROJECT**

### **A. Introduction**

Section 66.1105(4)(d), Wis. Stats. Requires the "preparation and adoption of a project plan for each tax incremental district." This Project Plan is submitted in accordance with this statutory requirement.

### **B. District Boundaries & Compliance with Statutory Eligibility Criteria**

Tax Incremental District No. , City of Milwaukee ( the " District") consists of a single 22.9 acre site located at 3073 S. Chase Ave.. (Tax Key No. 506-0012-115). The District is shown on Map 1, "Boundary and Existing Land Use," and described in Exhibit 4, "Boundary Description."

The District is presently zoned IH (Industrial Heavy). The 513,000 s.f. manufacturing building on the property was previously operated by Nordberg, Inc. and then by its parent company, Metso Minerals. With the exception of a small testing center, Metso ceased operations at this location in mid-2004. The property was then put up for bid, and subsequently acquired by Industrial Properties, LLC in early 2005. Approximately 85,000 s.f. of the building is leased to Bucyrus International, Inc. for the fabrication and welding of mining equipment; and, 20,000 s.f. is leased to Metso for its testing facility. The balance of the building is vacant and consists of high-bay manufacturing space that is largely vanishing from the Milwaukee area.

In addition to its high vacancy rate, the facility requires significant renovations and, accordingly, the District satisfies the requirements of Wis. Stats. Sec 66.1105(4)(gm)(4)(a) as being a "blighted area."

Over the last seven years, the assessment of improvements in the District has always exceeded the land assessment. Accordingly, the District is not "vacant" property, as provided in Sec. 66.1105(4)(gm)(1).

### **C. Project Plan Goals and Objectives**

Goals and objectives for the District are:

1. To redevelop the building in the District for manufacturing and office use. For example, as noted above, Bucyrus International is leasing space in the facility. Bucyrus expects to employ 50 welders at this location, plus an additional 30-40 support staff. The average wage for the welding positions is \$22 per hour. The primary goal for the District is to attract similar tenants to the balance of the

facility, making this location a significant concentration of employment in the city, at family-supporting wages.

2. To increase the property tax base of the community.

#### **D. Existing Land Uses and Conditions in the District**

As discussed above, the District contains a 513,000 s.f. heavy manufacturing plant, situated on 22 acres. Approximately 453,000 s.f. of this area is leasable, the balance being common areas.

The site is located at the intersection of S. Chase Ave., and W. Oklahoma Ave., and is approximately one-half mile from the Holt Ave. ramps to I-94. As such, the property was sought after by developers proposing to obtain the necessary zoning changes, demolish the current complex, and build big-box retail at this site. One proposal was to construct a major home-improvement store at this location, approximately one-quarter mile from the Home Depot now under construction on Holt Ave., in TID 55. Given the interest of Bucyrus to become the anchor tenant in the existing facility, bringing up to 90 jobs with it, the City strongly resisted the zoning change, and encouraged the site's redevelopment for manufacturing purposes.

The facility, however, is 80% vacant and required significant expenditures to accommodate Bucyrus and future tenants. A preliminary budget for the past and future renovations is shown in Exhibit 2, and consists of roof repair and replacement, parking lot repaving, update and repair of rail access, new loading docks, remodeling of existing offices, and furniture and fixtures. Total estimated renovations are \$2,685,000. Along with the purchase price of the property, total project cost is estimated at \$7,485,000.

#### **I. PROJECT PLAN PROPOSALS**

##### **A. The following is a description of the kind, number, and location of all proposed Public Works or Improvements within the District:**

1. Given the strong interest by the City to attract Bucyrus and similar manufacturing tenants, as well as the need for Bucyrus to expeditiously move into the facility, the Developer paid a premium over what the property was worth for continued industrial use. As an incentive to the Developer to proceed, the City proposed

funding, pursuant to a Development and Contribution Agreement, up to \$500,000 for the redevelopment or operating costs of the project. These funds will be advanced by the Developer and repaid, by the City, but only from future tax incremental revenue generated in the District. These payments will terminate when occupancy in the facility reaches 80%, or in ten years, which ever occurs sooner. All expenditures in the District will occur at 3073 S. Chase Ave., Milwaukee, WI.

**B. The following is an estimate of the project costs to be implemented as part of this Project Plan.**

<b>TASK</b>	<b>ESTIMATED COST</b>
City grant to Redevelopment Authority for Contribution to Developer Costs	\$ 500,000
<b>NET PROJECT CAPITAL COSTS</b>	\$ 500,000
Estimated Interest Costs	0
<b>TOTAL TID PROJECT COSTS</b>	\$ 500,000

The Developer will advance the \$500,000 noted above. These funds, will be repaid, pursuant to a Monetary Obligation with the Developer, but only from incremental taxes generated annually in the District.

The costs included in this subsection, without limitation hereof because of enumeration, are claimed as eligible Project Costs as defined under Wis. Stats. Sec. 66.1105(2)(f) and may be incurred directly by the City, or by the Redevelopment Authority of the City pursuant to a grant or cooperation agreement with the City, pursuant to Wis. Stats. Sec.66.1105(2)(f)(1)(h).

**C. Project financing and timetable for expenditures:**

All expenditures are expected to be incurred in 2005-2014; i.e. the term of the Monetary Obligation will be 2014.

As discussed above, the TID funding will be advanced by the Developer and amortized from future tax incremental revenue generated in the District.

**D. List of Estimated Non-Project Costs:**

Estimated costs of redeveloping the entire project are shown in Exhibit 2.

**E. Proposed Method of Relocating any Persons to be Displaced:**

No persons or businesses are to be displaced.

**F. Statement Indicating How District Creation Promotes Orderly Development:**

The Project Plan for the District anticipates the redevelopment of a 513,000 s.f., largely vacant industrial facility. Total investment is estimated at approximately \$7,500,000. Based upon prior experience with the City's Industrial Land Bank program, and the number of employees ultimately expected at Bucyrus, we estimate one job will be located here for every 1500 s.f. of manufacturing space, or a total of 320 employees. To the extent office and service businesses locate in the complex, employment could be markedly greater. The project, therefore, adds employment opportunities to the community as well as tax base.

**G. Proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances:**

The zoning for the District is currently IH ( Industrial Heavy). The zoning is not planned to be changed.

## APPENDIX

### List of Exhibits

Map 1: Map of Boundary and Existing Land Use

Map 2: Map of Site and Structure Condition

Map 3: Map of proposed improvements

Exhibit 1: Parcel listing and calculation of percent “blighted” and “vacant.”

Exhibit 2: Project budget

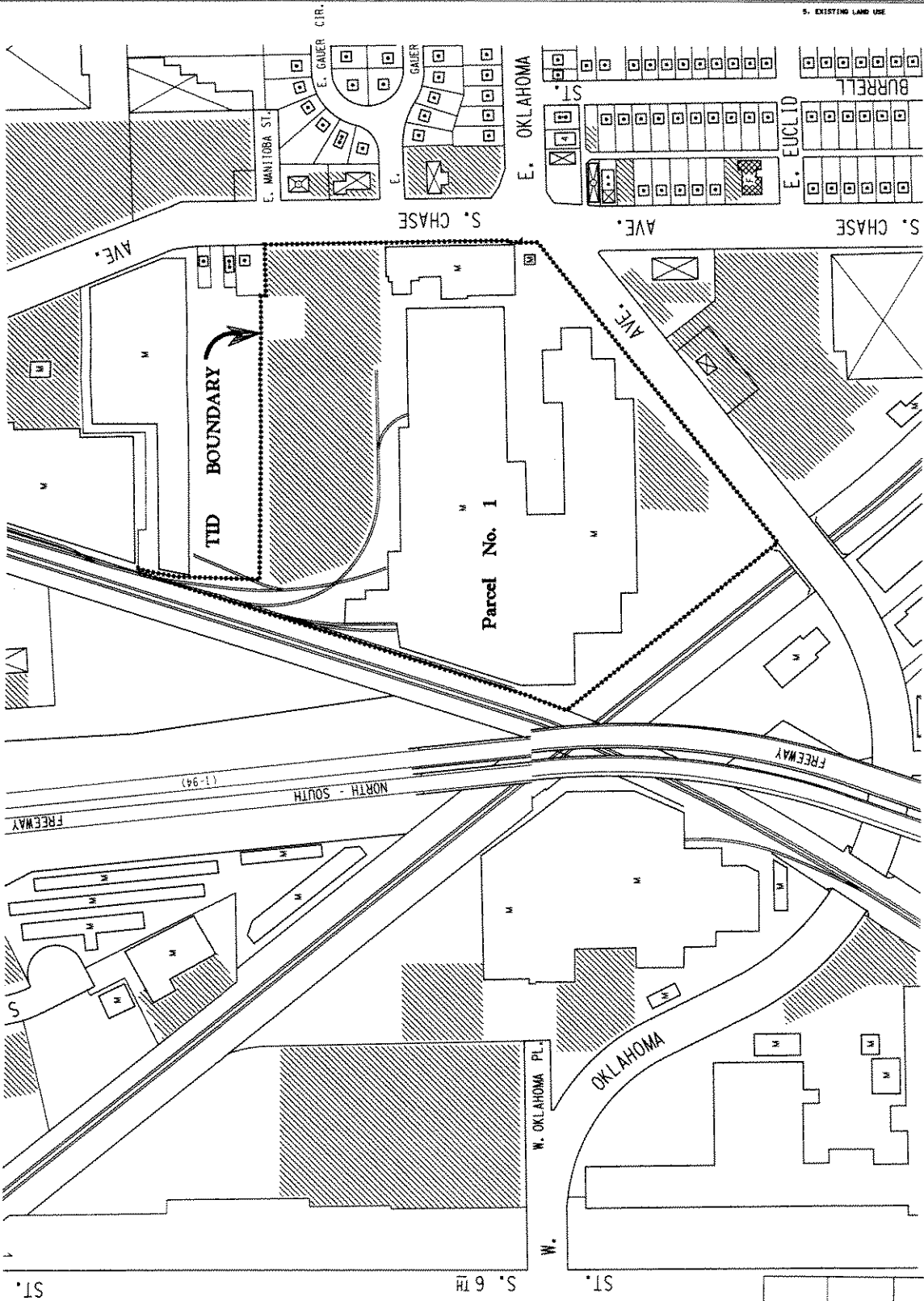
Exhibit 3: Economic Feasibility Study

Exhibit 4: Metes and Bounds description of District boundary.

Exhibit 5: City Attorney’s opinion.

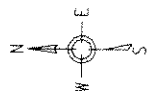
506 505  
537 538

5. EXISTING LAND USE



**LEGEND**

.....	PROJECT BOUNDARY
T	CHURCH
H	HOTEL / MOTEL
R	ROOMING HOUSE
P	POLICE STATION
F	FIRE STATION
H	HOSPITAL
C	CONDOMINIUM
U	UTILITY COMPANY
S	STORAGE TANK
P	PARK
P.S.	PUBLIC SCHOOL
P.G.	PLAYGROUND
□	PARKING LOT
□	PARKING STRUCTURE
□	SINGLE OR DUPLEX RESIDENTIAL
□	MULTI-FAMILY RESIDENTIAL
□	MIXED COMMERCIAL / RESIDENTIAL
□	COMMERCIAL OR LOCAL BUSINESS
□	OFFICE / PROFESSIONAL SERVICES
□	MIXED COMMERCIAL
□	SKILLED CARE FACILITY
□	VACANT PARCEL
□	NON - PUBLIC EDUCATION
□	PUBLIC BUILDING
□	MANUFACTURING AND WAREHOUSING
□	ACCESSORY BUILDING
□	CEMETERY
□	TENNIS COURT
□	BASKETBALL COURT
□	DORMITORY



MAP NO. **1**

**TID - 20**

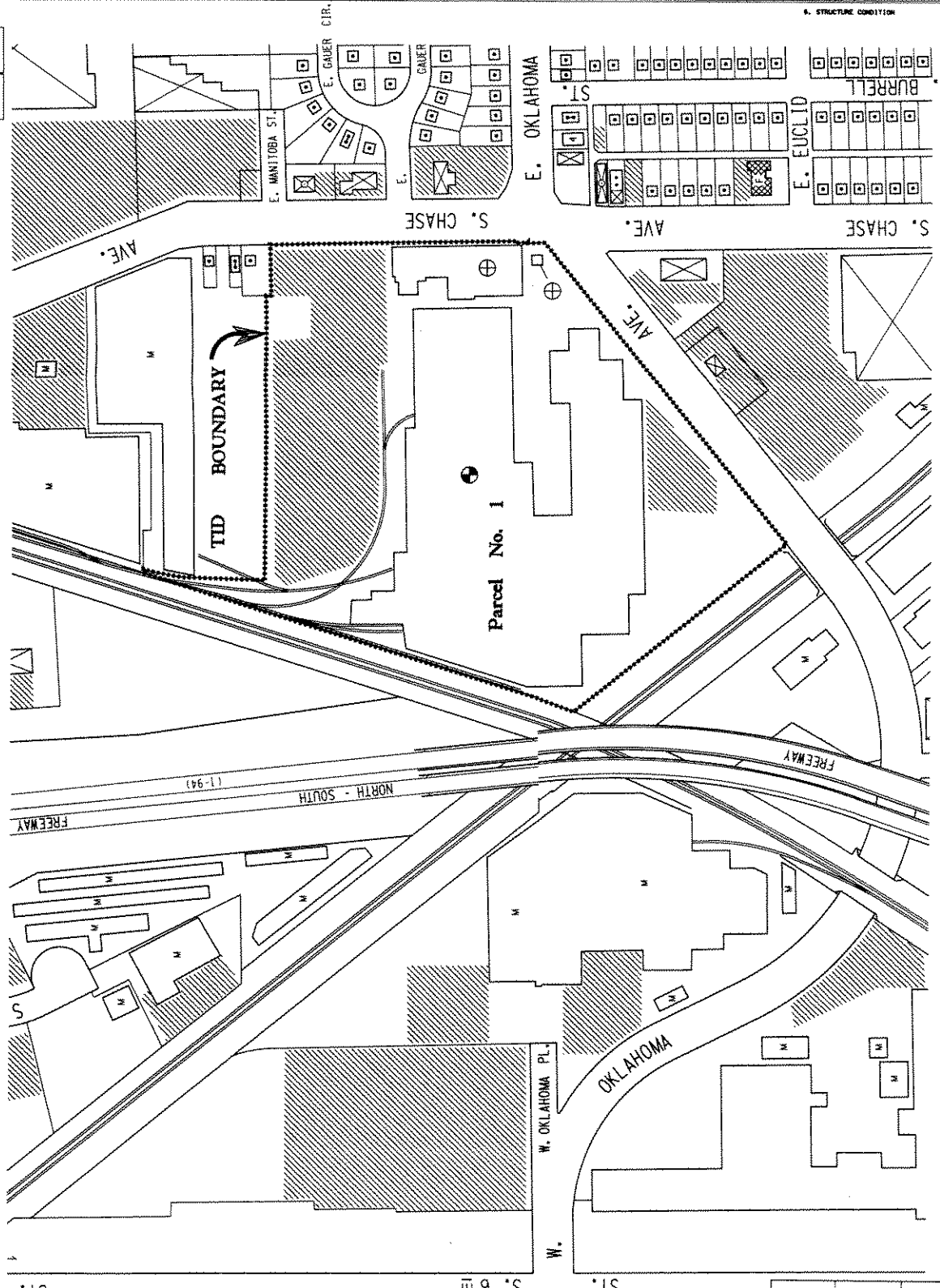
**Chase Commerce Center**

**BOUNDARY AND EXISTING LAND USE**

DATE

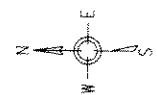
506 505  
537 538

6. STRUCTURE CONDITION



LEGEND

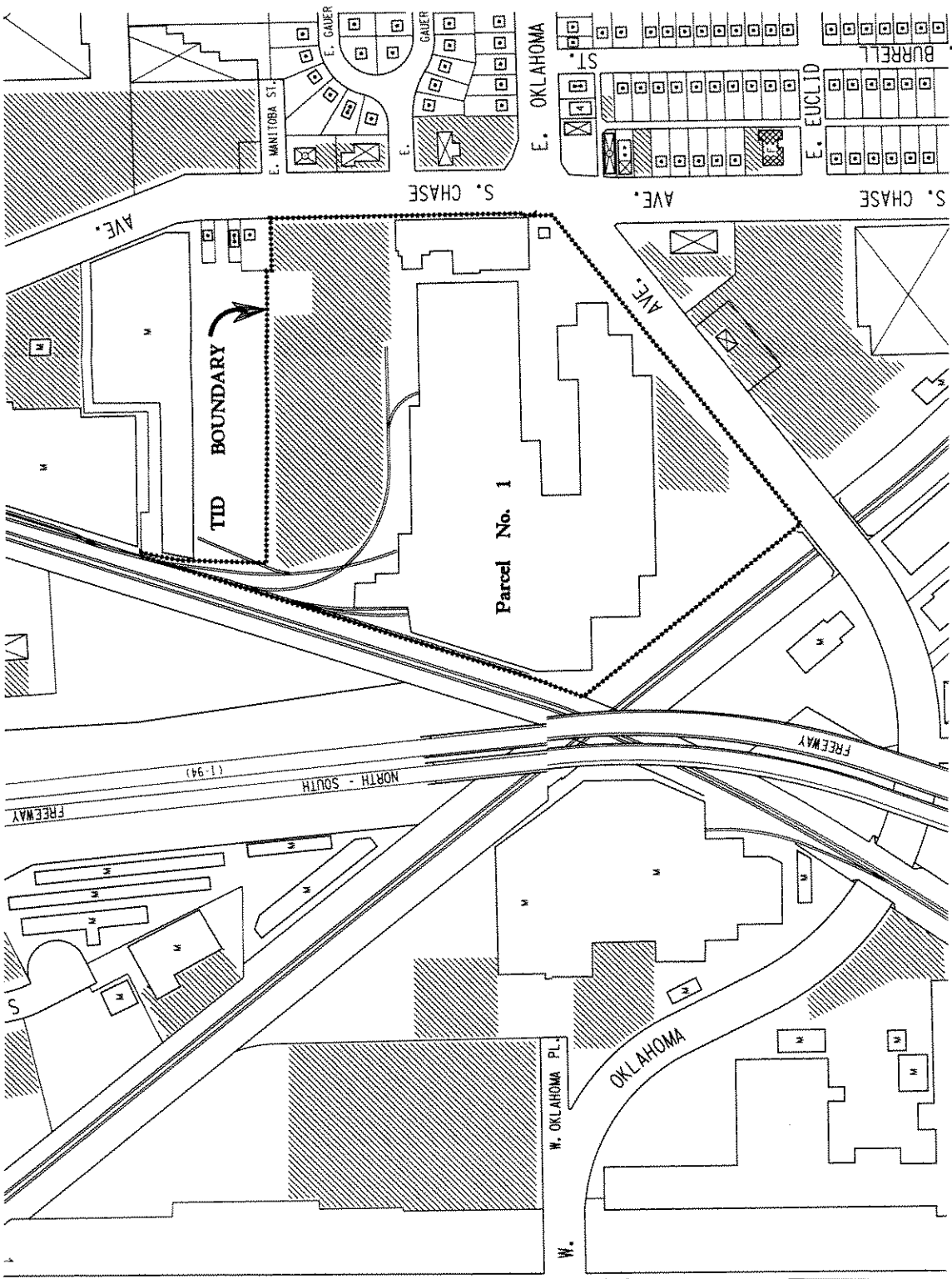
- STANDARD
- ⊕ MINOR DEFICIENCY
- ◌ MAJOR DEFICIENCY
- SUBSTANDARD



MAP NO.	2
TID - 20	Chase Commerce Center
STRUCTURE CONDITION	
DATE	



506 505  
537 538



NOTES: IN ORDER TO COMPLY WITH SPECIFIC DEVELOPMENT PROPOSALS AND WITH ENGINEERING DESIGN REQUIREMENTS, ESTABLISHED BY THE CITY ENGINEER AND THE COMMISSIONERS OF PUBLIC WORKS OF THE CITY OF OKLAHOMA, THE COURSE OF PROJECT EXECUTION WITHOUT ADEQUATE RECORD, AS PROVIDED IN SECTION 2.1 OF THIS PLAN, SHOULD BE MAINTAINED.

MAP NO.	TID - 20
	Chase Commerce Center
	PROPOSED IMPROVEMENTS AND USES
DATE	

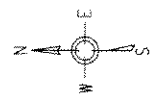


Exhibit 1: Listing of Properties in the District, and designation of "blighted" and "vacant" properties.												
PARCEL	TAXKEY	OWNER NAME	Address high	dir	STREET	ST	Land \$	Assess Val Improvement \$	Assess Val Total	Parcel Lot Area S.F.	Vacant S.F. Land Val > Repl Cost Improv.	Blighted
1	5060012115	INDUSTRIAL PROPERTIES LLC	3073	S	CHASE	AVE	1,160,000	1,725,500	2,885,500	995,825	0	995,825
									Total	995,825	0%	995,852
									%			100%

## EXHIBIT 2

### PROJECT BUDGET

Industrial Properties, LLC  
3073 S Chase Avenue  
Milwaukee, WI 53207

#### Project Cost

---

Site Acquisition	4,800,000
Site Improvement	
Bucyrus Improvements	215,000
General Repair	185,000
Signs	20,000
Roof repair and replacement	300,000
Parking lot repavement	385,000
Repair/Update Rail Access	300,000
New Construction (Dock Construction)	120,000
Remodeling of Existing (Demising)	300,000
Equipment (Metering, Docks, Security)	
Metering & Security and Fire Alarm	150,000
Docks	60,000
Furniture & Fixtures	0
Working Capital	500,000
Debt Refinancing	0
Other	150,000
Total	7,485,000

## **EXHIBIT 3**

### **ECONOMIC FEASIBILITY STUDY FOR: CHASE COMMERCE CENTER PROJECT**

#### **Background:**

The City of Milwaukee is proposing to assist in the redevelopment of the Chase Commerce Center Project, a 513,000 s.f. manufacturing facility located at 3073 N. Chase Ave. The property was acquired by Industrial Properties, LLC earlier in 2005 in an effort to attract Bucyrus International, Inc. to the site and to preserve manufacturing space in the city - rather than convert it to retail or commercial uses which support lower paying jobs. In order to implement the project, the Developer purchased the property at a significant premium over assessed value, despite the fact that the facility was essentially vacant and had only a lease for 20,000 s.f. from the facilities previous owner, Metso Minerals, Inc. Currently taxes on the facility are \$75,000 annually. Based on the higher purchase price, annual taxes would be \$120,000, a 62% increase.

As an incentive to the Developer to proceed with the acquisition, the City proposed funding, pursuant to a Development and Contribution Agreement, up to \$500,000 for the redevelopment cost of the project. These funds will be advanced by the Developer under a "pay-as-you-go" approach, and be repaid, by the City, but only from future tax incremental revenue generated by the project. These payments will terminate when occupancy in the facility reaches 80%, or in ten years, which ever occurs sooner.

The overall cost of the project is set forth in Exhibit 2 and totals 7,485,000.

#### **Anticipated Cash Flow for the Project:**

Table A sets forth the Developer's forecast of revenues and expenses for the project over the next ten years. Leasing up a project such as this is much less predictable than, for example, a residential project but the Developer has turned-around similar facilities - including the 507,000 s.f. former Louis Allis complex on E. Stewart St.- and this is their best judgment on space absorption and operating expenses.

As indicated in the forecast, occupancy grows from the current 30% to nearly 80% over the initial five years of the project. Rents for manufacturing space mirrors the market of \$2.50 to \$4.50 per square foot, and office rents at \$5.00 per square foot, gross.

Operating expenses, before real estate taxes are approximately \$1 / s.f. with utilities, principally heat, making up 60% of that cost. Real estate taxes are \$.15 /s.f. based on the

current assessment, and potentially \$.24 / s.f. based on the purchase price of the property, or an increase of \$45,000 per year.

Through the Monetary Obligation proposed in the Project Plan, this increase in taxes will be paid back to the Developer, until occupancy reaches 80%, or for ten years, whichever is sooner. The Monetary Obligation basically functions as a hedge against increased operating expenses that would significantly drive down the return to the Developer.

A review of Table A, which shows the Monetary Obligation payment as a revenue, indicates the Internal Rate of Return for the development is 12.1%, prior to any net sale proceeds should the project be sold. As shown in Table B, if the Monetary Obligation payment is eliminated, the IRR declines to 7.2% - a return generally unacceptable in the market place and an underlying reason why these types of industrial properties are often demolished for retail space rather than renovated for manufacturing use. The comparison between the IRR's clearly demonstrates the "But For" necessity of the District.

Given the terms of the Monetary Obligation, if taxes do not increase as would be suggested by the recent purchase price, the payment declines accordingly since incremental tax revenue declines accordingly. Likewise, if occupancy increases to over 80%, the payment stops. Finally, combined payments under the Monetary Obligation are limited to \$500,000. Payments on the Monetary Obligation will not bear interest to the city.

Given the above terms, and the fact that all funding for the redevelopment of the project is advanced by the Developer, the District will always generate sufficient increment to pay the Monetary Obligation. As such the District is feasible and will be dissolved on or before 2014.

Industrial Properties, LLC  
3073 S Chase Ave  
**TABLE A**

1	Projected Cash Flow/Profit	Loan Repay Year										2014	
		Sq Ft	Rate	2005	2006	2007	2008	2009	2010	2011	2012		2013
	Bucyrus International, Inc. NNN	63,800	4.80	\$306,240	\$317,877	\$329,956	\$342,495	\$355,510	\$369,019	\$383,042	\$397,597	\$412,706	\$428,589
	Bucyrus International, Inc. NNN	21,388	2.00	\$42,776	\$44,401	\$46,089	\$47,840	\$49,658	\$51,545	\$53,504	\$55,537	\$57,647	\$59,838
	Bucyrus International, Inc. - Reimbursement	20,000	30%	\$97,650	\$146,112	\$160,848	\$163,345	\$165,892	\$168,490	\$171,139	\$173,842	\$176,599	\$179,411
	Meiso	20,000	3.50	\$84,000	\$86,520	\$89,116	\$91,789	\$94,543	\$97,379	\$100,300	\$103,309	\$106,409	\$109,601
	Meiso Utilities	15,000	5%	\$16,275	\$24,352	\$26,808	\$27,224	\$27,649	\$28,082	\$28,523	\$28,974	\$29,433	\$29,902
	Doral Warehousing	8,000	4.80	\$60,500	\$72,600	\$87,120	\$104,544	\$104,544	\$104,544	\$104,544	\$104,544	\$104,544	\$104,544
	Existing Machinery Warehousing	8,000	4.80	\$38,400	\$45,000	\$46,000	\$48,672	\$50,619	\$52,644	\$54,749	\$56,939	\$59,217	\$61,586
	Existing Tenant Lead A	20,000	4.50	\$14,850	\$70,000	\$72,660	\$75,421	\$78,287	\$81,262	\$84,350	\$87,555	\$90,882	\$94,336
	Existing Tenant Lead B	10,000	3.50	\$23,100	\$50,000	\$52,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428
	New Office Tenants 2005	10,000	5.00	\$16,500	\$50,000	\$50,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428
	New Office Tenants 2006	10,000	5.00	\$16,500	\$50,000	\$50,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428
	New Mfg Tenants 2006	10,000	2.50	\$125,000	\$125,000	\$130,000	\$135,200	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071
	New Office Tenants 2007	10,000	5.00	\$50,000	\$50,000	\$50,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428
	New Mfg Tenants 2007	50,000	3.00	\$125,000	\$125,000	\$130,000	\$135,200	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071
	New Office Tenants 2008	5,000	5.00	\$23,100	\$50,000	\$52,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428
	New Mfg Tenants 2008	50,000	3.00	\$150,000	\$150,000	\$156,000	\$162,240	\$168,730	\$175,479	\$182,498	\$189,798	\$197,346	\$205,111
	New Office Tenants 2009	5,000	5.00	\$26,000	\$26,000	\$26,000	\$27,040	\$28,122	\$29,246	\$30,416	\$31,683	\$33,049	\$34,518
	New Mfg Tenants 2009	50,000	3.00	\$150,000	\$150,000	\$156,000	\$162,240	\$168,730	\$175,479	\$182,498	\$189,798	\$197,346	\$205,111
	New Office Tenants	5,000	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	New Mfg Tenants	50,000	3.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Incremental Taxes			\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
	<b>Leasable Area Efficiency</b>	<b>453,188</b>	<b>88%</b>	<b>706,291</b>	<b>1,031,862</b>	<b>1,313,397</b>	<b>1,546,690</b>	<b>1,771,075</b>	<b>1,829,313</b>	<b>1,889,755</b>	<b>1,952,486</b>	<b>2,017,593</b>	<b>2,085,167</b>
	Leased Space	168,188		228,188	288,188	343,188	398,188	453,188	508,188	563,188	618,188	673,188	728,188
	Unleased Space	344,812		284,812	224,812	169,812	114,812	59,812	14,812	14,812	14,812	14,812	14,812
	Vacancy as % Leasable area	67%	56%	44%	33%	22%	22%	22%	22%	22%	22%	22%	22%
	<b>Cash Expense</b>			<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>
	Licenses & Permits	-\$1,500		-\$1,500	-\$1,500	-\$1,500	-\$1,500	-\$1,500	-\$1,500	-\$1,500	-\$1,500	-\$1,500	-\$1,500
	Utilities	-\$400,000		-\$408,000	-\$416,160	-\$424,483	-\$432,973	-\$441,632	-\$450,465	-\$459,474	-\$468,664	-\$478,037	-\$487,593
	Insurance	-\$5,000		-\$5,100	-\$5,202	-\$5,306	-\$5,412	-\$5,520	-\$5,630	-\$5,743	-\$5,858	-\$5,975	-\$6,095
	Security Service	-\$6,000		-\$6,120	-\$6,242	-\$6,367	-\$6,495	-\$6,624	-\$6,757	-\$6,892	-\$7,030	-\$7,171	-\$7,316
	Legal & Accounting	-\$20,000		-\$20,400	-\$20,808	-\$21,224	-\$21,649	-\$22,082	-\$22,523	-\$22,974	-\$23,433	-\$23,902	-\$24,381
	Repairs & Maintenance	-\$60,000		-\$61,200	-\$62,424	-\$63,672	-\$65,144	-\$66,645	-\$68,170	-\$69,748	-\$71,270	-\$72,838	-\$74,452
	Office Expense	-\$5,000		-\$5,100	-\$5,202	-\$5,306	-\$5,412	-\$5,520	-\$5,630	-\$5,743	-\$5,858	-\$5,975	-\$6,095
	Wages	-\$100,000		-\$102,000	-\$104,040	-\$106,121	-\$108,243	-\$110,408	-\$112,616	-\$114,869	-\$117,166	-\$119,509	-\$121,897
	Real State Tax	\$74,500		-\$79,039	-\$83,628	-\$88,268	-\$92,958	-\$97,700	-\$102,494	-\$107,342	-\$112,144	-\$117,000	-\$121,812
	Interest Expense	-\$427,000		-\$427,000	-\$435,540	-\$444,251	-\$453,136	-\$462,199	-\$471,443	-\$480,871	-\$490,489	-\$500,299	-\$510,309
	Principal Repayment	\$0		\$0	-\$374,250	-\$374,250	-\$374,250	-\$374,250	-\$374,250	-\$374,250	-\$374,250	-\$374,250	-\$374,250
	<b>Total Cash Expenses</b>	<b>-\$950,000</b>		<b>-\$1,115,489</b>	<b>-\$1,551,429</b>	<b>-\$1,572,573</b>	<b>-\$1,594,139</b>	<b>-\$1,616,137</b>	<b>-\$1,638,575</b>	<b>-\$1,661,461</b>	<b>-\$1,684,805</b>	<b>-\$1,708,616</b>	<b>-\$1,732,889</b>
	<b>CASH FLOW</b>			<b>-\$249,789</b>	<b>-\$83,627</b>	<b>-\$238,032</b>	<b>-\$25,882</b>	<b>\$176,936</b>	<b>\$213,177</b>	<b>\$251,181</b>	<b>\$291,025</b>	<b>\$332,787</b>	<b>\$376,551</b>
	Principal Loan #1	\$6,100,000		\$6,100,000	\$7,485,000	\$7,110,750	\$6,736,500	\$6,362,250	\$5,988,000	\$5,613,750	\$5,239,500	\$4,865,250	\$4,491,000
	Term (Mo.)	240		240	240	228	216	204	192	180	168	156	144
	Interest (Mo.)	0.58%		0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
	Principal Repay/Mo.	\$25,417		\$25,417	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188
	Principal Repay/Yr.	\$305,000		\$305,000	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250
	Interest/Mo. (average)	\$35,583		\$35,583	\$43,663	\$41,479	\$39,296	\$37,113	\$34,930	\$32,747	\$30,564	\$28,381	\$26,200
	Interest/Yr. (average)	\$427,000		\$427,000	\$523,950	\$497,753	\$471,555	\$445,358	\$419,160	\$392,963	\$366,765	\$340,568	\$314,371

\*\* Interest Only for first two years

ROE (Cash on Cash)

**IRR on initial equity investment of \$200,000**

**12.1%**

188%

166%

146%

126%

107%

88%

-13%

-119%

-42%

-125%

-\$249,789

-\$200,000

-\$238,032

\$176,936

\$213,177

\$251,181

\$291,025

\$332,787

\$376,551

Industrial Properties, LLC  
3073 S Chase Ave

TABLE B

0	Projected Cash Flow/Profit	Sq Ft	Rate	Loan Repay Year										
				2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Bucyrus International, Inc. NNN	63,800	4.80	\$306,240	\$317,877	\$329,956	\$342,495	\$355,510	\$369,019	\$383,042	\$397,597	\$412,706	\$428,389	
	Bucyrus International, Inc. NNN	21,388	2.00	\$42,776	\$44,401	\$46,089	\$47,840	\$49,658	\$51,537	\$53,474	\$55,437	\$57,447	\$59,488	
	Bucyrus International, Inc. - Reimbursement	20,000	3.00	\$97,650	\$146,112	\$160,848	\$163,345	\$165,892	\$168,490	\$171,139	\$173,842	\$176,599	\$179,411	
	Metro	20,000	3.50	\$84,000	\$86,520	\$89,116	\$91,789	\$94,543	\$97,379	\$100,300	\$103,309	\$106,409	\$109,601	
	Metro Utilities	15,000	5%	\$16,275	\$24,352	\$26,808	\$27,224	\$27,649	\$28,082	\$28,523	\$28,974	\$29,433	\$29,902	
	Doal Warehousing	60,500	7.20	\$60,500	\$72,600	\$87,120	\$104,544	\$104,544	\$104,544	\$104,544	\$104,544	\$104,544	\$104,544	
	Existing Machinery Warehousing	8,000	4.80	\$38,400	\$45,000	\$46,800	\$48,600	\$50,619	\$52,644	\$54,749	\$56,939	\$59,217	\$61,586	
	Existing Tenant Lead A	10,000	4.50	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	
	Existing Tenant Lead B	20,000	3.50	\$23,100	\$70,000	\$72,600	\$75,421	\$78,287	\$81,262	\$84,350	\$87,555	\$90,882	\$94,336	
	New Office Tenants 2005	10,000	5.00	\$16,500	\$50,000	\$52,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428	
	New Office Tenants 2006	10,000	5.00	\$16,500	\$50,000	\$52,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428	
	New Mfg Tenants 2006	50,000	2.50	\$125,000	\$130,000	\$135,000	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071	\$177,901	
	New Office Tenants 2007	10,000	5.00	\$16,500	\$50,000	\$52,000	\$54,080	\$56,243	\$58,493	\$60,833	\$63,266	\$65,797	\$68,428	
	New Mfg Tenants 2007	50,000	3.00	\$125,000	\$130,000	\$135,000	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071	\$177,901	
	New Office Tenants 2008	5,000	5.00	\$12,500	\$25,000	\$26,000	\$27,040	\$28,122	\$29,246	\$30,416	\$31,633	\$32,898	\$34,211	
	New Mfg Tenants 2008	50,000	5.00	\$125,000	\$130,000	\$135,000	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071	\$177,901	
	New Office Tenants 2009	5,000	5.00	\$12,500	\$25,000	\$26,000	\$27,040	\$28,122	\$29,246	\$30,416	\$31,633	\$32,898	\$34,211	
	New Mfg Tenants 2009	50,000	3.00	\$125,000	\$130,000	\$135,000	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071	\$177,901	
	New Office Tenants	5,000	5.00	\$12,500	\$25,000	\$26,000	\$27,040	\$28,122	\$29,246	\$30,416	\$31,633	\$32,898	\$34,211	
	New Mfg Tenants	50,000	3.00	\$125,000	\$130,000	\$135,000	\$140,608	\$146,232	\$152,082	\$158,165	\$164,491	\$171,071	\$177,901	
	Incremental Taxes			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	<b>Leasable Area Efficiency</b>	<b>453,188</b>	<b>88%</b>	<b>700,291</b>	<b>1,031,862</b>	<b>1,268,397</b>	<b>1,501,690</b>	<b>1,726,075</b>	<b>1,784,313</b>	<b>1,844,755</b>	<b>1,907,486</b>	<b>1,972,593</b>	<b>2,040,167</b>	

	Tot. Rental Rev.	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Leased Space	168,188	228,188	288,188	343,188	398,188	398,188	398,188	398,188	398,188	398,188	398,188	398,188	398,188
Unleased Space	344,812	284,812	224,812	169,812	114,812	114,812	114,812	114,812	114,812	114,812	114,812	114,812	114,812
Vacancy as % Leasable area	67%	56%	44%	33%	22%	22%	22%	22%	22%	22%	22%	22%	22%
<b>Cash Expense</b>	<b>-\$1,500</b>	<b>-\$1,530</b>	<b>-\$1,561</b>	<b>-\$1,592</b>	<b>-\$1,624</b>	<b>-\$1,656</b>	<b>-\$1,689</b>	<b>-\$1,723</b>	<b>-\$1,757</b>	<b>-\$1,791</b>	<b>-\$1,825</b>	<b>-\$1,859</b>	<b>-\$1,893</b>
Licenses & Permits													
Utilities													
Insurance													
Security Service													
Legal & Accounting													
Repairs & Maintenance													
Office Expense													
Wages													
Real State Tax													
Interest Expense													
Principal Repayment													
<b>Total Cash Expenses</b>	<b>-\$950,000</b>	<b>-\$1,115,489</b>	<b>-\$1,551,429</b>	<b>-\$1,572,573</b>	<b>-\$1,594,139</b>	<b>-\$1,616,137</b>	<b>-\$1,638,575</b>	<b>-\$1,661,461</b>	<b>-\$1,684,805</b>	<b>-\$1,708,616</b>	<b>-\$1,732,891</b>	<b>-\$1,757,635</b>	<b>-\$1,782,848</b>
<b>CASH FLOW</b>	<b>-\$249,709</b>	<b>-\$83,627</b>	<b>-\$283,032</b>	<b>-\$70,882</b>	<b>\$131,936</b>	<b>\$168,177</b>	<b>\$206,181</b>	<b>\$246,025</b>	<b>\$287,787</b>	<b>\$331,551</b>	<b>\$375,315</b>	<b>\$419,079</b>	<b>\$462,843</b>

Principal Loan #1	\$6,100,000	\$6,100,000	\$7,485,000	\$7,110,750	\$6,736,500	\$6,362,250	\$5,988,000	\$5,613,750	\$5,239,500	\$4,865,250	\$4,491,000	\$4,116,750	\$3,742,500
Term (Mo.)	240	240	240	228	216	204	192	180	168	156	144	132	120
Interest (Mo.)	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Principal Repay/Mo.	\$25,417	\$25,417	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188	\$31,188
Principal Repay/Yr.	\$305,000	\$305,000	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250	\$374,250
Interest/Mo. (average)	\$35,583	\$35,583	\$43,663	\$41,479	\$39,296	\$37,113	\$34,930	\$32,747	\$30,564	\$28,381	\$26,200	\$24,017	\$21,834
Interest/Yr. (average)	\$427,000	\$427,000	\$523,950	\$497,753	\$471,555	\$445,358	\$419,160	\$392,963	\$366,765	\$340,568	\$314,371	\$288,174	\$261,977

\*\* Interest Only for first two years

ROE (Cash on Cash)

7.2%

IRR on initial equity investment of \$200,000