

PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. ____

CITY OF MILWAUKEE

(New Avenue Commerce Center)

Public Hearing Held: February 15, 2007

Redevelopment Authority Adopted : April 19, 2007

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 for each tax incremental district." This Project Plan is submitted in accordance with this statutory requirement.

B. District Boundaries & Compliance with Statutory Eligibility Criteria

The New Avenue Commerce Center Tax Increment District (the " District") consists of two city blocks bounded by W. North Ave., N. 24th St., W. Medford Ave., W. Meinecke Ave., and N. 24th St. The District is shown on Map 1, "Boundary and Existing Land Use," and described in Exhibit 5, "Boundary Description."

The entire District is vacant and underutilized, and consists of “ an area which is predominantly open and which consists primarily of an abandoned highway corridor, as defined in s. 66.1333 (2m)(a),” as set forth in to s. 66.1105(2)(b), the “blight” definition in the Tax Increment Law. The District therefore meets the requirement that more than 50% of it area is “blighted.”

Because the District is in the abandoned Park West freeway corridor in Milwaukee County, the vacant property in the District is specifically excluded from the definition of “vacant property” as provided in s. 66.1105 (4)(gm)(1). Consequently, less than 25% of the District consists of “vacant property.”

C. Project Plan Goals and Objectives

Goals and objectives for the District are:

1. To develop approximately 30,800 s.f. of retail space and a 44,000 s.f. grocery store on the site. Despite efforts to stimulate commercial development and housing opportunities in this area, the neighborhood lacks modern retailing facilities. In addition, the grocery store will replace the current Lena’s Food Store at N. Fond du Lac Ave. and W. Oak Streets, with a facility approximately twice the size of the current store.
2. The project will continue the redevelopment objectives of the Park West Corridor Redevelopment Plan, in which the District is located.
3. To increase employment opportunities, and add to the tax base.

D. Existing Land Uses and Conditions in the District

The District consists entirely of vacant land. The entire District is located in Tax Incremental District No. 21 (North Ave. Commerce Center) and will overlap that district which was created in 1993. Other tax increment districts created in the vicinity include TID 65 (N. 20 th & Brown) and TID 66 (Metcalf Park Housing).

Zoning in the District is IL1 (Industrial Light) and will be overlain with a Development Incentive Zone which will permit commercial and retail uses. The area in TID 21, to the west of this proposed District, and extending along North Ave. to N. 27th Street, has already been rezoned to permit retail and commercial uses.

As part of the project, N. 24th Place, between North Ave. and Meinecke Ave. will be vacated and adjacent streets will be repaved. North Ave., for the two blocks between N. 25th and N. 24th Streets will be widened to the same width of North Ave., west of N. 25th.

Beneath the District’s two blocks., a number of City sewers traverse the site, some on a diagonal along the intended route of the Park West freeway. These sewers will be relocated or abandoned to permit the proposed development. It is also recognized that the foundations of many of the original buildings on the site remain beneath the surface of the property. To the extent these foundations conflict with new building footprints, they will have to be removed.

Finally, since 1995 when the City acquired the last houses on these blocks, it has been monitoring ground water contamination on the site – consisting of “free product” petroleum. The presence of this contamination has finally abated to the point where DNR is planning to issue a ‘no further action’ letter for the property.

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. Sewer relocation [\$206,000]
 - 42” combined sewer between N. 25th St. and N. 24th Pl. [\$206,000]
 - 18” combined sewer in N. 24th Pl. located north of where above sewer joins this one [included above]

2. Sewer abandonment [\$19,000]

- 18” combined sewer in N. 24th Pl. located south of intersection with 42” segment [\$4000]
 - 36” combined sewer between N. 24th Pl. and vacated N/S alley between N. 24th Pl. and N. 24th St. [\$15,000]
3. Paving [\$239,200; TID funds widening and assessments. Balance funded by City / DPW]
- W. North Ave. from W. Fond du Lac Ave. to N. 25th St. [\$200,000]
 - W. Meinecke Ave. from W. Medford to N. 25th St. [\$15,400]
 - W. Medford Ave. from N. 24th St. to W. Meinecke Ave. [\$4,800]
 - N. 24th St. (West side only) from W. North Ave. to W. Medford Ave. [\$19,000]
4. Water Mains [\$15,000]
- Abandon main in N. 24th Pl. [\$10,000]
 - Hydrant alterations in North Ave.[\$5,000]
5. Street Lighting [\$25,000]
- Light removal in N. 24th Pl. [\$3000]
 - Relocate units in North Ave. [\$22,000]
6. Traffic signals [\$55,000]
- Install signal at entrance to project, vacated N. 24th Pl.
7. Demolition and extraordinary site costs [\$73,000]
- Demolition of existing foundations and alley
 - Removal of rubble fill on site
8. Participating Grant to Developer
- Up to \$950,000 of gap financing will be provided to the project. The provisions of the funding will include a participation in net proceeds derived from the sale of the project, including the outlots.
 - Up to \$150,000 to fund the first three years of payments on a loan of not less than \$500,000 to fund equipment and fixtures for the grocery store.

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

TASK	ESTIMATED COST
Public Improvements	\$ 560,000
Demolition and Extraordinary Site Costs	73,000
Contingency at 15%	95,000
Participating Grant to Developer	1,100,000
Administrative Costs	150,000
NET PROJECT CAPITAL COSTS	1,978,000
Estimated Interest Costs	1,285,000
TOTAL TID PROJECT COSTS	3,263,000

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 2007-2008.

The City expects to issue general obligation bonds to finance the TID Project Costs.

D. List of Estimated Non-Project Costs:

Estimated costs of developing the 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 development of 76,000 s.f. of retail and food store space. This project is consistent with the Redevelopment Plan for the Park West Freeway Corridor and will aid in stimulating additional retail development along North Ave. and along Fond du Lac Ave. The project should also reinforce the housing goals in the 20th & Brown and Metcalf Park Housing developments for which TIDs were created in the last year.

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

The zoning for the District is currently IL1 (Industrial Light) The zoning is planned to be overlain with a Development Incentive Zone which will permit commercial and retail uses.

APPENDIX

List of Exhibits

Map 1: Map of Boundary and Existing Land Use

Map 2: Map of Site and Structure Condition

Map 3: Map / Site Plan of proposed improvements

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

Exhibit 2: Project budget

Exhibit 3: Terms of Loans & Grants

Exhibit 4: Economic Feasibility Study

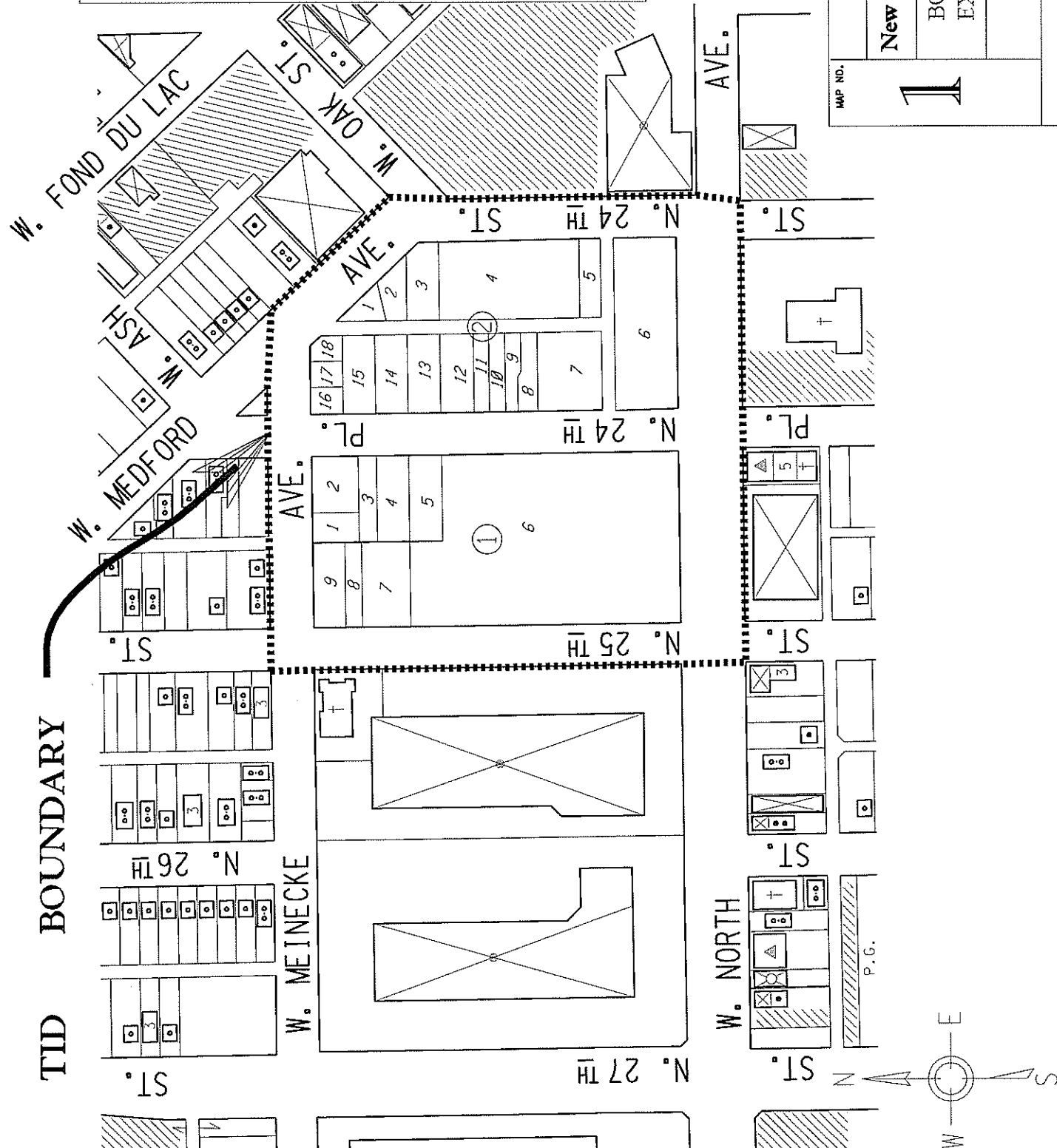
Exhibit 5: Metes and Bounds description of District boundary.

Exhibit 6: City Attorney's opinion.

326	325
349	350

LEGEND

--- ---	PROJECT BOUNDARY
T	CHURCH
H	HOTEL / MOTEL
R	ROOMING HOUSE
P	POLICE STATION
F	FIRE STATION
H	HOSPITAL
C	CONDOMINIUM
U	UTILITY COMPANY
T	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

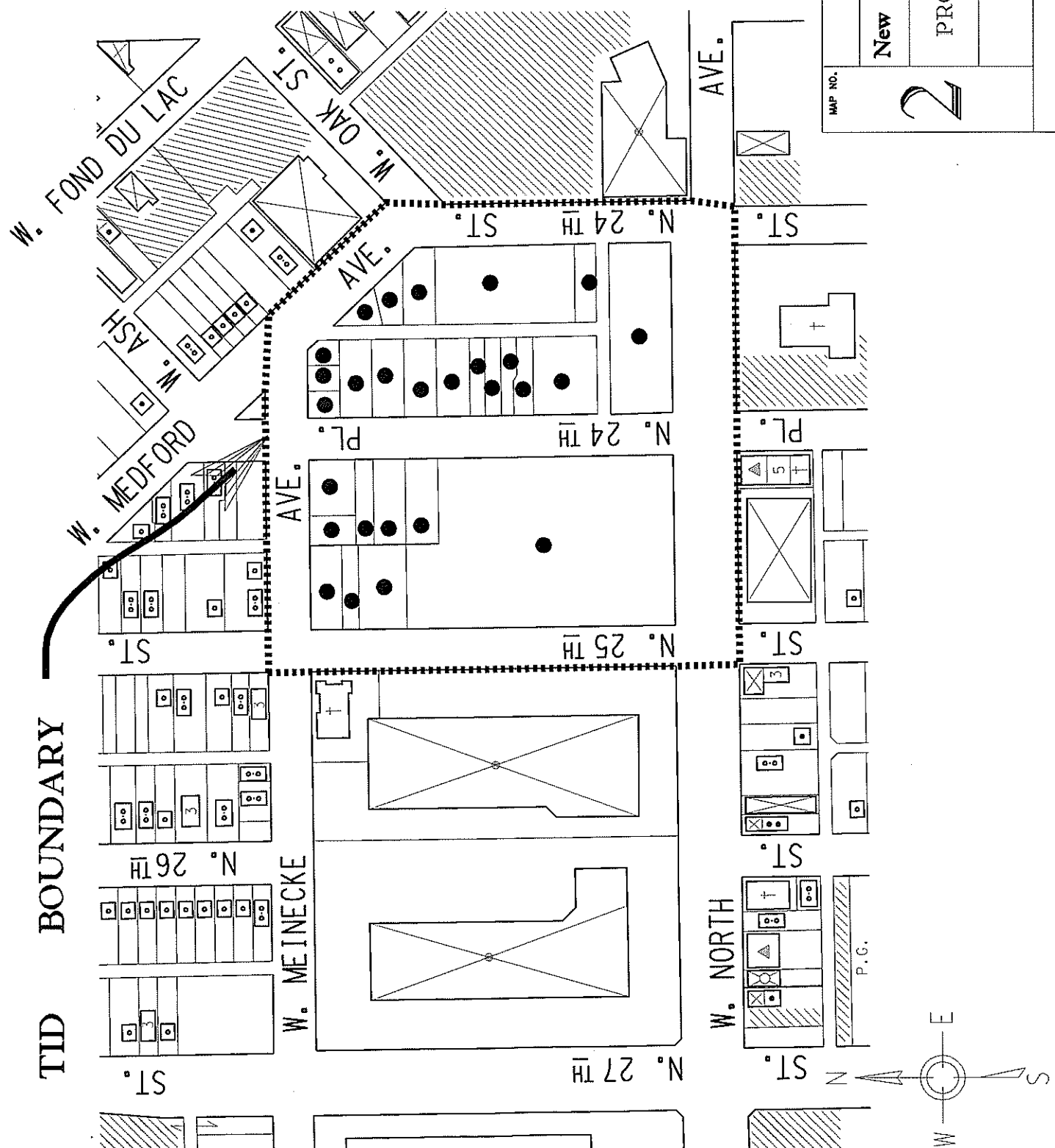


① BLOCK NUMBERS
2 PARCEL NUMBERS


MAP NO.	TID
New Avenue Commerce Center	
BOUNDARY AND EXISTING LAND USE	
<small> PREPARED BY: CITY ENGINEER APPROVED BY: CITY ENGINEER COLOR CODE - SURVEYED DATE: 11/15/2000 DRAWN BY: J. J. JENSEN </small>	
DATE	

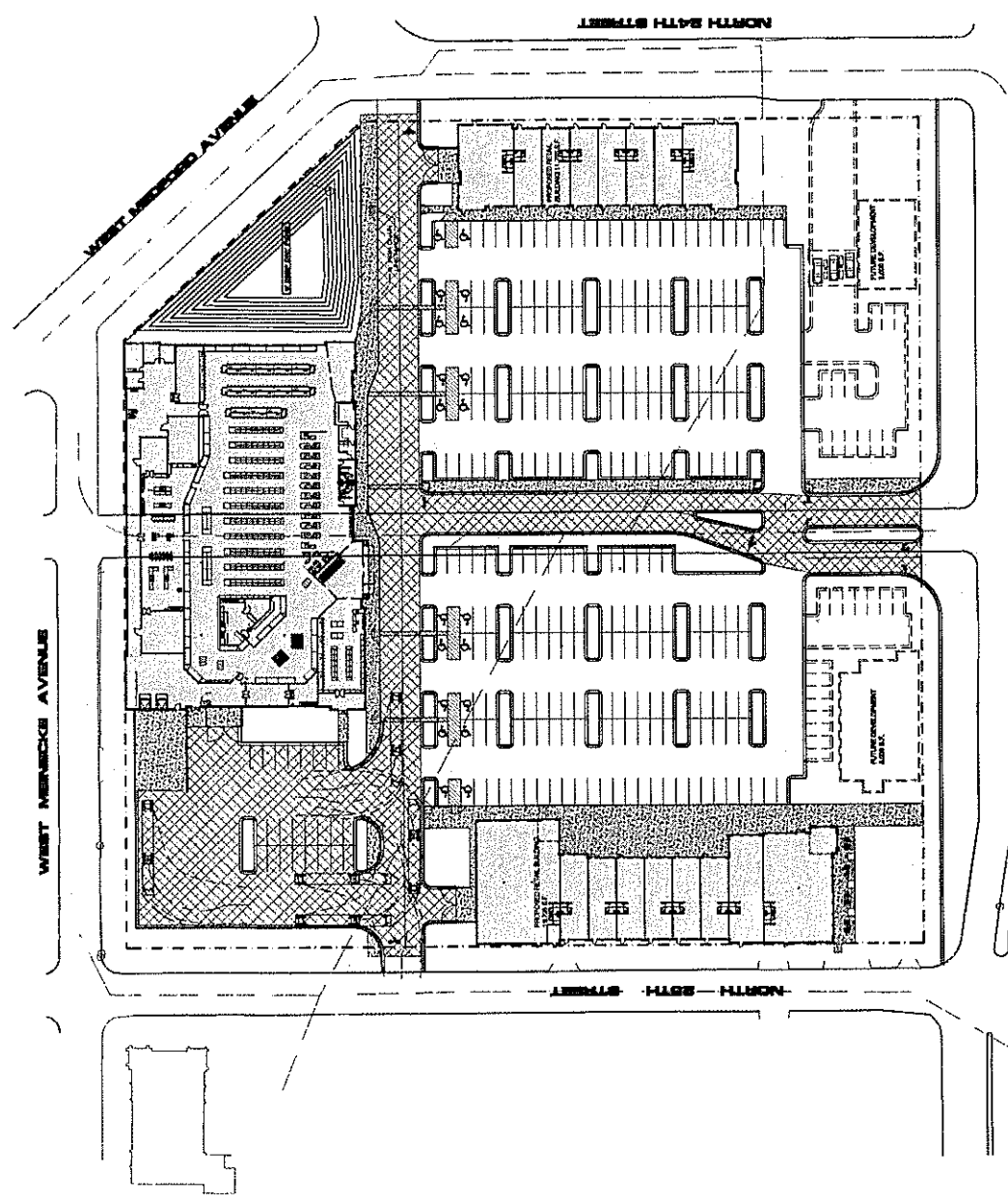
326	325
349	350

- LEGEND
- STANDARD
 - ⊕ MINOR DEFICIENCY
 - ◐ MAJOR DEFICIENCY
 - BLIGHTED



MAP NO.	TID
2	
New Avenue Commerce Center	
PROPERTY CONDITION	
<small> FOR ADDRESS IN THE JURISDICTION OF CITY BILLOWING TOWNING CENTER (Form No. 100-1001) (Form No. 100-1002) (Form No. 100-1003) City of Billings, Montana Billings, Montana Date: _____ Scale: 1" = 100' U.S. N.T.M.S. 11-10-83 County: _____ State: _____ U.S. 222520-11-00000 </small>	
DATE	

	ARCHITECTS CONTRACTORS ENGINEERS MANAGERS	1111 1st Street P.O. Box 100 Milwaukee, WI 53201 Phone: 414.224.1234 Fax: 414.224.1235 www.msi-engineers.com	All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage and retrieval system, without the prior written permission of the publisher.
	PROJECT NO. _____ SHEET NO. _____ DATE _____		





 SCALE: 1" = 30'-0"
 SITE PLAN

WEST NORTH AVENUE

Exhibit 1: List of Properties in District										
Parcel No.	Address	Owner	Key No.	Site Area S.F.	Building Area S.F.	Blighted S.F.	Vacant S.F.			
Block 1										
1	2463 W. MEINECKE AV	CITY OF MILWAUKEE REDEV AUTH	3250161100	3,314.0	0	3,314.0	na			
2	2375 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250162000	6,252.0	0	6,252.0	na			
3	2367 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250163100	3,735.0	0	3,735.0	na			
4	2363 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250164100	6,647.0	0	6,647.0	na			
5	2355 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250165100	6,749.0	0	6,749.0	na			
6	2329 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250166111	103,772.0	0	103,772.0	na			
7	2362 N. 25TH ST	CITY OF MILWAUKEE REDEV AUTH	3250186110	10,008.0	0	10,008.0	na			
8	2370 N. 25TH ST	CITY OF MILWAUKEE REDEV AUTH	3250188100	3,192.0	0	3,192.0	na			
9	2471 W. MEINECKE AV	CITY OF MILWAUKEE REDEV AUTH	3250190110	6,438.0	0	6,438.0	na			
Block 2										
1	2419 W. MEDFORD AV	CITY OF MILWAUKEE REDEV AUTH	3250191100	2,293.0	0	2,293.0	na			
2	2409 W. MEDFORD AV	CITY OF MILWAUKEE REDEV AUTH	3250192100	3,307.0	0	3,307.0	na			
3	2401 W. MEDFORD AV	CITY OF MILWAUKEE REDEV AUTH	3250193100	5,869.0	0	5,869.0	na			
4	2327 N. 24TH ST	CITY OF MILWAUKEE REDEV AUTH	3250194100	26,280.0	0	26,280.0	na			
5	2323 N. 24TH ST	CITY OF MILWAUKEE REDEV AUTH	3250195100	4,031.0	0	4,031.0	na			
6	2416 W. NORTH AV	CITY OF MILWAUKEE REDEV AUTH	3250200111	25,477.0	0	25,477.0	na			
7	2330 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250204110	12,077.0	0	12,077.0	na			
8	2334 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250205100	3,395.0	0	3,395.0	na			
9	2336 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250206100	2,689.0	0	2,689.0	na			
10	2340 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250207100	3,034.0	0	3,034.0	na			
11	2342 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250208100	2,871.0	0	2,871.0	na			
12	2348 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250209100	6,259.0	0	6,259.0	na			
13	2356 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250210100	6,094.0	0	6,094.0	na			
14	2364 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250211100	6,075.0	0	6,075.0	na			
15	2368 N. 24TH PL	CITY OF MILWAUKEE REDEV AUTH	3250212100	6,069.0	0	6,069.0	na			
16	2437 W. MEINECKE AV	CITY OF MILWAUKEE REDEV AUTH	3250213000	2,099.0	0	2,099.0	na			
17	2433 W. MEINECKE AV	CITY OF MILWAUKEE REDEV AUTH	3250214000	1,989.0	0	1,989.0	na			
18	2429 W. MEINECKE AV	CITY OF MILWAUKEE REDEV AUTH	3250215100	1,828.0	0	1,828.0	na			
			Total	271,843.0		271,843.0				
			% Blighted			100%				
			% Vacant			N.A.				

EXHIBIT 2
PROJECT BUDGET



Design Build
Since 1957

January 25, 2007

Mr. Mark Irgens, President
Mr. Gary Kautzer, Vice President
Irgens Development Partners, LLC
10201 Innovation Drive, Suite 600
Milwaukee, Wisconsin 53226

Mr. William Orenstein
Mr. Andrew Orenstein
William Development Corporation
648 North Plankinton Avenue, Suite 418
Milwaukee, Wisconsin 53203

Mr. Derrick C. Martin, President
Lena's Food Market
526 East Concordia Avenue
Milwaukee, Wisconsin 53212

RE: North 24th Street and North Avenue Development

Dear Mark, Gary, Bill, Andrew and Derrick:

We are pleased to present you our revised design and construction costs for the site work, grocery store, west retail shell, west retail white box build out, east retail shell, and east retail white box build out, all located at 24th Street and North Avenue in Milwaukee, Wisconsin.

The plans have been competitively bid to a minimum of (3) three subcontractors in each trade, ensuring we have obtained competitive prices for the project scope of work. Based on initial qualifications, we have concluded the following project costs:

	Site work	\$1,436,852
	Alternate #1 - Replace Sidewalk	\$56,162
	Alternate #2 - Remove Foundations	\$72,240
	Alternate #3 - Retain 100% of Storm Water	\$150,000
	Lena's Shell & Build out	\$2,834,127
MSI General Corporation	Alternate #4 - Add PMAC Panel	\$16,240
P.O. Box 7	Retail I Shell	\$1,198,357
Oconomowoc	Retail I White Box Buildout	\$305,891
Wisconsin	Retail II Shell	\$764,055
53066	Retail II White Box Buildout	\$218,654
262.367.3661		
Fax 262.367.7390	Total Cost	\$7,052,578

www.msigeneral.com

Lena's Food Market and Retail Development
January 25, 2007
Page 2

Based on the bids received and preliminarily qualified, the total projected savings is \$1,638,661.00. We have included detailed breakdowns of the costs outlined above as well as the scope of work as previously discussed for each section of work, for your review. We do not include costs for the 3,000 square foot and 5,000 square foot Outlot Retail Building in this proposal.

We are excited to continue the next steps towards finalizing plans and meeting with the City to obtain approvals for your proposed projects. If you have any questions, please do not hesitate to contact us.

Sincerely,


MSI GENERAL CORPORATION



Heather E. Turner
Sales/Project Director

Donald J. Frost, Jr., AIA
Vice President
Design & Estimating

Richard C. McKittrick
Manager of Estimating Services



Timothy R. Melan
Project Manager

HET:cal

SITework



SITWORK DEVELOPMENT

The items listed below are for the approximate 7.4 acre site located between North Avenue and Meinecke, North 24th and North 25th Streets in Milwaukee. We include the following:

- Local permit
- Soil testing
- Stakeout curbs
- Gas main & lateral
- Electrical fee
- Sewer & Water connection fee
- Compaction tests
- Street cleaning
- Temporary fence
- Job signage
- Job trainer
- Dumpster
- Clean-up - general
- Contingency
- Supervision
- Architectural & Engineering
- Civil Engineering
- Removal of fill on site
- Demolition of foundations, poles trees streets on site
- Excavation and grading
- Installation of retaining pond that will handle 50% of the site's storm water
- Site plumbing - convention system receiving 50% of the sites storm water and connecting to the City's storm system
- Fence around pond
- Concrete sidewalks not attached to the building
- Asphalt paving
- Curb and gutter
- Landscaping (per Milwaukee's "no decorative fence" requirements)
- Standard Site lighting

The total estimate for the Site Work is: \$1,436,852.00

EXCLUSIONS

The following items are excluded from our proposal:

- Monument Sign
- Street Improvements
- Sidewalk Improvements (see Alternate #1)
- Containment of 100% of the storm water on site (see Alternate #3)

ALTERNATES

Alternate #1

Cost to remove and replace the sidewalk around the entire site, with a City of Milwaukee approved walk. This to include all permit costs and fees.
ADD the sum of, tax included \$56,162.00

Alternate #2

Allowance to excavate and remove old foundations, and questionable fill materials.
ADD the sum of, tax included \$72,240.00

Alternate #3

Underground retention for site drainage for part of the site with the remaining area of the site drainage pond in lieu of conventional system that will contain 100% of the storm water on site in lieu of 50%.
ADD the sum of, tax included \$150,000.00

MSI General Corporation - Budget Estimates / Cost Breakdown			
24th Street & North Avenue Site Work Cost Comparison			
01/25/07		Revised Site Work	SITE WORK
Acres		Approx. 7.5	Approx. 7.5
Cost Code	Description	8/9/06 Budget	01/22/07
100	Survey / Topo	\$4,066	\$3,800
103	Soil Test	\$10,700	\$10,000
105	Municipal Fees	\$2,140	\$2,000
110	Stakeout Site	\$5,350	\$5,000
111	Stakeout Curbs	\$8,025	\$7,500
112	Gas/Main Lateral	\$16,050	\$15,000
113	Electrical Fee	\$32,100	\$30,000
113	Sewer / Water Fee	\$0	<i>by owner</i>
114	Local Permit	\$2,290	\$2,140
115	Winter Construction	\$0	\$0
116	AsBuilts	\$535	\$500
117	Job Trailer	\$856	\$800
118	Dumpsters	\$749	\$700
119	Compaction Tests	\$5,350	\$5,000
121	Cleanup -general & final	\$3,745	\$3,500
122	Street Cleaning	\$5,350	\$5,300
123	Contingency	\$25,627	\$25,000
126	Job Sign / Construction Signage	\$1,819	\$1,700
127	Temp. Toilets	\$161	\$150
131	Concrete Testing	\$1,605	\$1,500
153	Civil Engineering	\$18,832	\$17,600
153	Builders Risk Insurance	\$0	<i>by owner</i>
160	Fencing	\$9,737	\$9,500
177	Supervision	\$26,569	\$45,678
179	Arch./Eng.	\$36,898	\$52,604
180	Project Management	\$36,898	\$58,830
191	Reproduction Fees	\$535	\$500
210	Sitework	\$181,144	\$257,459
250	Asphalt Paving	\$155,979	\$226,200
252	Curb & Gutter	\$85,475	\$88,400
283	Decorative Fence	\$0	\$0
284	Pond Chain Link Fence	\$0	\$3,164
290	Landscaping	\$18,171	\$190,000
330	Masonry Piers at Fences	\$0	\$0
350	Monument Sign	\$0	\$0
1540	Site Plumbing	\$211,646	\$248,000
1580	Site Sprinkler System	\$0	\$0
1595	Underground Storm Retention System	\$0	\$0
1610	Site Electrical	\$107,000	\$60,000
	Overhead & Profit	\$40,618	\$59,327
	Total Contract Sum	\$1,056,020	\$1,436,852
	<i>Per Acre Cost</i>	<i>\$140,803</i>	<i>\$191,580</i>

MSI General Corporation - Budget Estimates / Cost Breakdown			
24th Street & North Avenue Site Work Cost Comparison			
01/25/07		Revised Site Work	SITE WORK
Acres		Approx. 7.5	Approx. 7.5
Cost Code	Description	8/9/06 Budget	01/22/07
City of Milwaukee Design Requirements (ALTERNATES)			
A	Demolition of Existing Foundations / Ally / Trees (Alternate #2)	\$56,598	\$72,240
B	4' High Decorative Fence / Concrete Piers	\$123,047	\$0
C	Removal of garbage fill on site	\$54,133	<i>included in item A</i>
D	Underground Storm Retention System - water enters receptor / then stored underground (Alternate #3 - Pond with Underground retention to hold 100% of storm water)	\$1,176,361	\$150,000
E	Curb & Gutter at (12) Parking lot islands - Parking islands required by City	\$16,297	<i>included in base</i>
F	Landscaping per City of Milwaukee - Full landscaping cost - add back into project as required	\$123,048	<i>included in base</i>
G	Replace sidewalks at Streets (Alternate #1)	\$0	\$56,162
	TOTAL CONTRACT COST	\$2,605,504	\$1,715,254
	<i>Per Acre Cost</i>	<i>\$347,401</i>	<i>\$228,701</i>

Total Sitework Savings **\$890,250**

LENA'S
GROCERY STORE
SHELL



LENA'S GROCERY STORE SHELL

The items listed below are for 43,686 square feet grocery store shell. We include the following:

- State permit
- Local permit
- Construction electricity
- Dumpster
- Clean-up - general and final
- Contingency
- Temporary toilet
- Knox box
- Concrete testing
- Supervision
- Architecture and Engineering
- Project Management
- Temporary overhead door
- Trenching and Backfill
- 6" Stone lift
- Concrete footings
- Concrete sidewalks abutting the building
- Masonry foundation
- Masonry walls
- Masonry loading dock wall
- Steel joists
- Steel girders
- Steel decking
- Steel framing for HVAC
- Steel erection
- Steel lintels
- Dumpster gates
- Window canopies
- Reinforcement at refrigeration house on roof
- Roof hatch
- Roof blocking
- Foundation insulation
- Wall insulation
- Caulking
- Roofing
- Metal coping, counter flashing and scuppers
- Hollow metal exterior doors & hardware
- Exterior glass and glazing
- Exterior block sealing masonry walls, loading dock wall

The following items will be included in the **Lena's Grocery Store Shell** price:

- Exterior block painting of masonry walls, dumpster enclosure
- Paint exterior pipe bollards, hollow metal frames, metal railings
- Dock doors
- Dock seals
- Standard wet pipe sprinkler system
- Plumbing rough in for restrooms
- Roof drains
- Exterior sanitary & storm stubbed in 5' inside building
- Water service brought into building with riser & tee
- HVAC roof curbs
- Electrical service and switch gear
- Exterior building lighting and outlets
- Exterior building sign wiring
- Rough-in for restrooms

The total estimate for the Lena's Grocery Store Shell is:

\$1,685,102.00

LENA'S GROCERY STORE INTERIOR BUILDOUT

The items listed below are for 43,686 sqft grocery store buildout. We include the following:

- State permits
- Local permits
- Construction electricity
- Dumpster
- Contingency
- Temporary toilet
- Concrete testing
- Supervision
- Architectural & Engineering
- Project Management
- Interior concrete floors
- Sawcutting for control joints
- Interior concrete freezer pads
- Concrete filled bollards at cooler corner
- Interior masonry walls
- Interior steel bollards
- Interior stud walls and drywall
- Studs and drywall for bulkhead at deli
- Caulking interior windows, door frames, floor joints, interior masonry walls
- Interior drywall laminated to cooler faces facing sales floor
- Interior insulation
- Rough carpentry - blocking in stud walls

The following items will be included in the **Lena's Buildout** price:

- 4' plywood attached to all coolers in backroom areas with 2 x 10 base
- Impact doors
- Interior wood doors and hardware
- Plastic laminate cabinet at breakroom
- FRP on drywall walls in prep areas (deli, produce)
- Interior frames for owner impact doors
- Interior hollow metal doors and hardware
- Interior glass and glazing for windows and auto doors
- Restroom mirrors
- Ceramic tile base at restroom
- Vinyl base
- Acoustical ceilings at deli prep, restrooms, offices and produce prep
- Paint interior drywall walls
- Paint interior exposed masonry walls
- Paint steel columns, joist, deck and exposed mechanicals
- Paint interior pipe bollards
- Paint interior railings
- Stain and seal interior wood doors and base
- Seal sales floor with high gloss sealer
- Clear epoxy floor sealer with medium grit in all prep areas: meat, deli, produce
- Furnish and install ADA signage
- Furnish and install grab bars, paper towel dispensers, toilet paper holders, napkin vendors and disposal, baby changing station and soap dispensers
- Fire extinguishers
- Underfloor plumbing for all cases, coolers and freezers per plan
- Case drain hook-up
- Hand sinks
- Preparation sinks
- Poured refrigeration pits (meat cases)
- Installation of owner supplied fixtures
- Furnish and install sinks at restroom and breakroom
- Dry pendant sprinkler system in coolers, freezers
- Extended sprinklers under refrigeration lines
- Install rooftop HVAC units
- Refrigeration rack drip pans
- Distribution system
- Control system
- Gas fired unit heaters
- Install ceiling fans (fans furnished by owner)
- Stainless steel back splash on hoods at deli
- Black iron ductwork and exhausting at hoods
- Fire suppression system to hoods
- Misc. exhausting systems

The following items will be included in the **Lena's Buildout** price:

- Gas piping to owner supplied kitchen equipment
- Electrical to rooftop units
- Store lighting throughout
- Electrical wiring to cases, coolers, freezers, registers
- Electrical requirements for liquor, deli, produce, bakery, meat, frozen, dairy, employee lounge, offices, restrooms, hallways, customer service, vestibule, receiving, back storage, and checkout which includes wiring, outlets, switching, lighting
- Emergency lighting
- Remote panels and transformers as needed for other trade equipment

The total estimate for the Lena's Grocery Store Buildout is: \$1,149,025.00

The total estimate for the Lena's Grocery Store Shell & Buildout is: \$2,834,127.00

Alternate #4

Wire a PMAC defrost / anti-sweat system to the refrigerated frozen food doors.
PMAC panel supplied by the refrigeration contractor.

ADD the sum of, tax included \$16,240.00

EXCLUSIONS

The following items listed below have been excluded from our scope of work for the 43,686 square foot grocery store buildout. We have estimated these items to be valued at approximately \$1,857,183.00, however we do not include this cost in our scope of work. This estimate is for budgeting purposes only. The following items will be the responsibility of Lena's Grocery Store to purchase, furnish, install and/or coordinate:

- Refrigeration systems
- Cases
- Coolers
- Freezers
- Shelving
- Tables
- Slicers, scales and other service/prep equipment
- Forklift
- Hydraulic pallet jacks
- Baler

EXCLUSIONS, Continued

- Compactor
- Office equipment
- Computer system
- Security system
- Sound system
- Cable system
- Phone system
- Fryers
- Roasters
- Ovens
- Chillers and Ice Makers
- Garbage cans
- Rotisserie
- Fly catchers
- Scales
- Misting system
- Time clock
- Safe
- Grocery carts
- Registers/check stands
- Paging system
- Millwork
- Office and Café furniture
- Wheelchair cart
- Lockers
- Decor package and design
- Case and cooler setting labor
- Building signage

MSI General Corporation - Budget Estimates / Cost Breakdown			
Lena's Grocery Store Comparison			
01/25/07		Revised Lena's	Revised Lena's
Project Sq. Ft.		43,683	43,683
Cost Code	Description	8/9/06 Budget	01/22/07
	General Condition Allowances:		
100	Misc., Copies	\$1,819	\$1,700
103	Stake Out Building	\$3,210	\$3,000
105	Soil Test	\$2,675	\$0
110	State Permit	\$2,140	\$2,000
111	Local Permit	\$12,148	\$11,500
112	Const. Electricity	\$1,712	\$1,800
113	Temp. Heat	\$0	\$25,000
114	Dry Air System - Flooring Curing	\$0	\$8,500
115	Winter Construction	\$0	\$25,000
116	Rendering	\$0	\$8,500
117	Job Trailer	\$1,712	\$1,600
118	Dumpsters	\$10,699	\$6,500
119	Compaction Tests	\$3,745	\$3,500
120	Building Pad Reinstatement	\$0	\$0
122	Cleanup -general & final	\$19,258	\$18,000
123	Contingency	\$46,539	\$30,000
126	Job Sign	\$0	\$0
127	Temp. Toilets	\$642	\$750
130	Knox Box	\$428	\$400
131	Concrete Testing	\$2,140	\$2,500
153	Temp railing / hole covers	\$0	\$0
153	Builders Risk Insurance	\$0	by owner
160	Fencing	\$0	\$0
165	DeWatering	\$0	\$1,500
177	Supervision	\$85,694	\$88,295
179	Arch./Eng.	\$116,280	\$101,142
180	Project Management	\$116,280	\$113,580
178	HVAC Consultant	\$0	\$0
181	Overtime Allowance	\$0	\$0
182	Interior Design	\$0	by Lena's
196	Store Planner	\$0	by Lena's
283	Monument Sign Box	\$0	\$0
300, 400	Concrete & Masonry	\$768,592	\$682,830
340	Precast concrete	\$0	\$0
500	Structural Joist, Girder, Deck, Misc.	\$244,539	\$259,222
512	Steel erection	\$90,053	\$78,695
600	Carpentry	\$67,241	\$44,650
620	Millwork	\$24,805	\$1,500
643	Steel Studs & Drywall	\$122,703	\$68,025
645	EFIS	\$0	\$5,000
750	Roofing (single ply)	\$137,210	\$125,950
781	Skylights	\$0	\$0

MSI General Corporation - Budget Estimates / Cost Breakdown			
Lena's Grocery Store Comparison			
01/25/07		Revised Lena's	Revised Lena's
Project Sq. Ft.		43,683	43,683
Cost Code	Description	8/9/06 Budget	01/22/07
790	Caulking	\$9,629	\$9,235
810,820	Hollow metal and hard.	\$16,043	\$11,785
825	Access Doors	\$1,605	\$0
833	Specialty Door	\$0	\$0
836	Coiling doors-Dock	\$3,045	\$2,932
835	Impact doors	\$0	\$2,400
846	Automatic doors	\$39,222	\$18,800
880	Glass & glazing	\$67,179	\$30,790
931	Ceramic tile	\$11,448	\$772
933	Thin brick	\$0	\$0
950	Acoustical ceiling	\$16,562	\$5,454
951	Linear soffit	\$4,810	\$4,200
966	VCT, and base	\$47,179	\$2,000
966	VCT Repair	\$0	\$0
900	Painting	\$58,629	\$69,080
910	Floor Prep	\$0	\$12,000
972	Epoxy floors	\$20,279	\$23,299
975	Stained Concrete	\$0	\$0
978	Seal Floors	\$44,399	<i>in epoxy cost</i>
1000	Toilet partitions & Accessories	\$2,134	\$1,514
1025	Fire ext. & cabinets	\$802	\$750
1030	Misc Signage / Lockers / Benches	<i>By Lena's</i>	<i>By Lena's</i>
1002	Hand Dryers	\$0	\$0
10536	Awnings/Trellis	\$25,463	\$17,500
11161	Dock equipment	\$8,666	\$8,300
12690	Vestibule flooring	\$0	\$0
14200	Elevator	\$0	\$0
1550	Sprinkler system	\$65,861	\$60,000
1520	Plumbing	\$295,711	\$166,950
1580	Heating & ventilation	\$223,882	\$202,151
1581	S. S. Cols. & Corners	\$3,745	\$3,500
1600	Electrical	\$363,755	\$345,500
1800	Overhead & Profit	\$128,579	\$114,576
	Total Contract Sum	\$3,340,891	\$2,834,127
	<i>Square foot cost</i>	<i>\$76.48</i>	<i>\$64.88</i>

ALTERNATES			
A	Install PMAC panel / defrost system to frozen doors. (Alternate #4)	\$0	\$16,240
	Total Contract Cost	\$3,340,891	\$2,850,367
	<i>Square foot cost</i>	<i>\$76.48</i>	<i>\$65.25</i>

Total Savings

\$490,524.00

MSI General Corporation - Budget Estimates / Cost Breakdown			
Lena's Grocery Store Comparison			
01/25/07		Revised Lena's	Revised Lena's
Project Sq. Ft.		43,683	43,683
Cost Code	Description	8/9/06 Budget	01/22/07
	Concrete Brick add - City of Milwaukee recommends the use of brick type materials. Base bid currently includes split-face concrete block, painted, on the East, West and North sides.	\$60,291	not known at this time
	Additional glass & glazing around 3 sides	\$10,513	not known
TOTAL CONTRACT COST		\$3,411,695	\$2,834,127
<i>Square foot cost</i>		<i>\$78.10</i>	<i>\$64.88</i>
LENA'S RESPONSIBILITY BUDGET ITEMS			
	Grocery Carts, Cafe' Seating, Safe, Office equipment, Lockers, Case and cooler setting/installation, Decor, Store Planner & Interior Design	\$1,510,453	\$1,510,453
	Security system, surveillance, sound, phone, paging	\$64,722	\$64,722
	Refrigeration system	\$248,453	\$248,453
	Store Planner	\$28,555	\$28,555
	Interior Design	\$5,000	\$5,000
SUB TOTAL		\$1,857,183	\$1,857,183
<i>Lena's Cost Per Square Foot for Store Equip.</i>		<i>\$42.52</i>	<i>\$42.52</i>
TOTAL PROJECTED COST WITH LENA'S ITEMS		\$5,268,878	\$4,691,310

WEST AND EAST
RETAIL BUILDING SHELL



WEST AND EAST RETAIL BUILDING SHELLS

The items listed below are for the 18,796 square foot and the 12,000 square foot retail building shells. We include the following:

- State permit
- Local permit
- Construction electricity
- Dumpster
- Clean-up - general & final
- Contingency
- Temporary toilet
- Knox box
- Concrete testing
- Supervision
- Architectural & Engineering
- Temporary overhead door
- Trenching and Backfill
- 6" stone lift
- Concrete footings
- Concrete sidewalks abutting the building
- Masonry foundation
- Masonry walls
- Masonry loading dock wall
- Steel joists
- Steel girders
- Steel decking
- Steel framing for HVAC
- Steel erection
- Steel lintels
- Dumpster gates
- Window canopies
- Roof blocking
- Foundation waterproofing
- Foundation insulation
- Wall insulation
- Caulking
- Roofing
- Metal coping, counter flashing and scuppers
- Hollow metal exterior doors & hardware
- Exterior glass and glazing
- Exterior block sealing masonry walls

The following items will be included in the **Retail Building Shell** price:

- Exterior block painting of masonry walls, dumpster enclosure
- Paint exterior hollow metal frames
- Standard wet pipe sprinkler system turned upright
- Plumbing rough in for restrooms
- Roof drains
- Exterior sanitary and storm stubbed in 5' inside building
- Water service brought into building with riser and tee
- HVAC roof curbs
- Electrical service and switch gear
- Exterior building lighting and outlets
- Exterior building sign wiring
- Rough-in for restrooms

The total estimate for the West, 18,796 square foot Retail Shell is: \$1,198,357.00

The total estimate for the East, 12,000 square foot Retail Shell is: \$764,055.00

MSI General Corporation - Budget Estimates / Cost Breakdown			
24th & North Ave. 18,796 sqft Retail			
01/25/07		West Retail Budget	West Retail Bid
Project Sq. Ft.		18,796	18,796
Cost Code	Description	08/09/06	01/22/07
	General Condition Allowances:		
100	Misc., Copies	\$856	\$1,300
103	Stake Out Building	\$2,140	\$2,000
104	Impact Fees	\$0	\$0
105	Soil Test	\$1,605	\$0
110	State Permit	\$877	\$820
111	Local Permit	\$5,617	\$5,250
112	Const. Electricity	\$856	\$800
113	Temp. Heat	\$0	\$10,000
114	Dry-Aire Heat	\$0	\$0
115	Winter Construction	\$0	\$10,000
116	Rendering	\$0	\$0
117	Job Trailer	\$856	\$800
118	Dumpsters	\$1,498	\$1,400
119	Compaction Tests	\$2,140	\$2,000
120	Building Pad Reinstatement	\$0	\$0
122	Cleanup -general & final	\$2,140	\$2,000
123	Contingency	\$26,215	\$20,000
126	Job Sign	\$0	\$0
127	Temp. Toilets	\$481	\$450
130	Knox Box	\$428	\$400
131	Concrete Testing	\$1,605	\$1,500
153	Temp railing / hole covers	\$0	\$0
153	Builders Risk Insurance	\$0	<i>by owner</i>
160	Fencing	\$0	\$0
165	Dewatering	\$0	\$1,500
177	Supervision	\$29,409	\$35,925
179	Arch./Eng.	\$39,786	\$41,059
180	Project Management	\$39,817	\$46,189
181	Overtime Allowance	\$0	\$0
283	Monument Sign Box	\$0	\$0
300, 400	Concrete & Masonry	\$492,938	\$484,815
340	Precast concrete	\$0	\$0
500	Structural Joist, Girder, Deck, Misc.	\$114,310	\$95,875
512	Steel erection	\$44,273	\$47,695
600	Carpentry	\$11,609	\$8,870
620	Millwork	\$0	\$0
643	Steel Studs & Drywall	\$4,558	\$3,820
645	EFIS	\$0	\$0
750	Roofing (single ply)	\$79,287	\$66,300

MSI General Corporation - Budget Estimates / Cost Breakdown			
24th & North Ave. 18,796 sqft Retail			
01/25/07		West Retail Budget	West Retail Bid
Project Sq. Ft.		18,796	18,796
Cost Code	Description	08/09/06	01/22/07
754	Facsia Panels	\$0	\$0
781	Skylights	\$0	\$0
790	Caulking	\$3,745	\$7,500
810,820	Hollow metal and hard.	\$5,350	\$1,090
825	Access Doors	\$0	\$0
880	Glass & glazing	\$67,277	\$84,983
900	Painting	\$14,445	\$7,350
978	Seal Floors	\$0	\$0
1000	Toilet partitions & Accessories	\$0	\$0
1025	Fire ext. & cabinets	\$80	\$75
1030	Misc Signage / Lockers / Benches	\$0	\$0
1002	Hand Dryers	\$0	\$0
10536	Awnings/Trellis	\$20,300	\$0
1550	Sprinkler system	\$24,824	\$19,700
1520	Plumbing	\$33,170	\$31,850
1580	Heating & ventilation	\$57,962	\$56,583
1581	S. S. Cols. & Corners	\$0	\$0
1600	Electrical	\$34,775	\$52,475
1800	Overhead & Profit	\$43,940	\$45,983
	Total Contract Sum	\$1,209,169	\$1,198,357
	<i>Square foot cost</i>	<i>\$64.33</i>	<i>\$63.76</i>

Total Savings

\$10,812

MSI General Corporation - Budget Estimates / Cost Breakdown			
24th & North Ave. 12,000 sqft Retail			
01/25/07		12,000 sqft Budget	12,000 sqft Retail Bid
Project Sq. Ft.		12,000	12,000
Cost Code	Description	08/09/06	01/22/07
	General Condition Allowances:		
100	Misc., Copies	\$546	\$1,300
103	Stake Out Building	\$1,366	\$2,000
104	Impact Fees	0	\$0
105	Soil Test	\$1,025	\$0
110	State Permit	\$560	\$820
111	Local Permit	\$3,586	\$3,654
112	Const. Electricity	\$546	\$800
113	Temp. Heat	\$0	\$8,000
114	Dry-Aire Heat	\$0	\$0
115	Winter Construction	\$0	\$8,000
116	Rendering	\$0	\$0
117	Job Trailer	\$546	\$0
118	Dumpsters	\$956	\$1,400
119	Compaction Tests	\$1,366	\$2,000
120	Building Pad Reinstatement	\$0	\$0
122	Cleanup -general & final	\$1,366	\$2,000
123	Contingency	\$16,737	\$20,000
126	Job Sign	\$0	\$0
127	Temp. Toilets	\$307	\$450
130	Knox Box	\$273	\$400
131	Concrete Testing	\$1,025	\$1,500
153	Temp railing / hole covers	\$0	\$0
153	Builders Risk Insurance	\$0	\$0
160	Fencing	\$0	\$0
165	DeWatering	\$0	\$1,500
177	Supervision	\$18,776	\$22,959
179	Arch./Eng.	\$25,401	\$26,238
180	Project Management	\$25,401	\$29,518
181	Overtime Allowance	\$0	\$0
283	Monument Sign Box	\$0	\$0
300, 400	Concrete & Masonry	\$314,708	\$258,420
340	Precast concrete	\$0	\$0
500	Structural Joist, Girder, Deck, Misc.	\$72,979	\$63,050
512	Steel erection	\$28,266	\$35,595
600	Carpentry	\$7,412	\$5,900
620	Millwork	\$0	\$0
643	Steel Studs & Drywall	\$2,910	\$0
645	EFIS	\$0	\$0
750	Roofing (single ply)	\$50,619	\$42,000

754	Facsia Panels	\$0	\$0
781	Skylights	\$0	\$0
790	Caulking	\$2,391	\$4,176
810,820	Hollow metal and hard.	\$3,416	\$480
825	Access Doors	\$0	
880	Glass & glazing	\$42,952	\$55,374
900	Painting	\$9,222	\$9,400
978	Seal Floors	\$0	\$0
1000	Toilet partitions & Accessories	\$0	\$0
1025	Fire ext. & cabinets	\$51	\$75
1030	Misc Signage / Lockers / Benches	\$0	\$0
1002	Hand Dryers	\$0	\$0
10536	Awnings/Trellis	\$12,979	\$0
1550	Sprinkler system	\$15,848	\$15,780
1520	Plumbing	\$21,177	\$26,725
1580	Heating & ventilation	\$37,005	\$44,054
1581	S. S. Cols. & Corners	\$0	\$0
1600	Electrical	\$22,203	\$41,100
1800	Overhead & Profit	\$28,039	\$29,387
	Total Contract Sum	\$771,960	\$764,055
	<i>Square foot cost</i>	<i>\$64.33</i>	<i>\$63.67</i>

Total Savings

\$7,905

WEST AND EAST
RETAIL BUILDING
WHITE BOX BUILDOUTS



WEST AND EAST RETAIL BUILDING WHITE BOX BUILDOUTS

The items listed below are for the 18,796 sqft. And 12,000 sqft retail building white box buildouts. We include the following:

- Store front and rear door delivery
- Partition walls (Restroom)
- Demising wall(s) (Sheetrock & Insulation) - Taped, ready to paint (Tenant side only)
- Doors, frames and hardware
- Vinyl 2' x 4' acoustical ceiling tile in restroom
- Ceramic tile base
- Demising wall(s)
- Concrete floor
- Painting of the restroom wall and doors only
- In slab sanitary plumbing
- Water service standard
- Water piping (Interior to restroom(s))
- Restroom plumbing fixtures (Per ADA)
- Water heater (Above ceiling, 5 gallon electric or point of use)
- Floor drain
- Service sink
- Roof drain
- Toilet room accessories
- Provisions for handicapped access (Interior) restroom
- Toilet exhaust
- Exhaust fan wiring
- Sprinkler heads (Trimmed to ceiling height at restroom ceiling)
- 200 AMP Panel, 3 Phase with breakers
- Exhaust fan - Restroom(s)
- Light over mirror, with switch restroom(s) only
- Electric meter
- Wiring for HVAC (including breakers and disconnects)
- Wiring for exterior sign
- Electrical outlet(s)
- Emergency lights/exit lights as required by code
- Telephone conduit (To telephone board with one duplex outlet)

The total estimate for the West, 18,796 square foot Retail White Box Buildout is: \$305,891.00

The total estimate for the East, 12,000 square foot Retail White Box Buildout is: \$218,654.00

EXCLUSIONS

The following items listed below have been excluded from our scope of work for the 18,796 square foot and the 12,000 square foot retail building buildouts. Typically, the following work is the responsibility of the Tenant. The Tenant would be responsible for the following:

- Vestibule (Interior)
- Ceiling(s) - standard 2' x 4' (5/8" thick) lay-in acoustical tile and painted metal grid at 10' above finished floor
- Floor (Carpeting - tile and base)
- Preparation (Interior)
- Ceilings
- Walls
- Drinking fountain (Per ADA)
- Duct work
- Duct insulation
- Diffusers and grilles
- Sprinkler system (trimmed to ceiling height - pendant heads)
- Fire extinguishers
- Water cooler/bottled water
- Photocell/time clock for exterior sign
- Lighting fixtures 2' x 4' lay-in acrylic lens - 3 tube; one fixture per 100 square feet (controls per code)
- Special fixtures
- Burglar alarm system
- Telephone outlets
- Ground fault duplex outlet (Restroom)
- Telephone system and wiring
- Computer connections
- Store equipment connections
- Computer wire
- Coaxial cable
- Signage connection and wiring
- Sound system and wiring
- Exterior signage
- Interior signage

MSI General Corporation - Budget Estimates / Cost Breakdown		
24th & North Ave. 18,796 sqft Retail - WHITE BOX BUILDOUT		
01/25/07		(9) White Box Buildouts
Project Sq. Ft.		18,796
Cost Code	Description	08/09/06
	General Condition Allowances:	
111	Local Permit	\$5,268
112	Const. Electricity	\$900
118	Dumpsters	\$3,150
122	Cleanup -general & final	\$5,000
123	Contingency	\$9,750
126	Job Sign	\$0
127	Temp. Toilets	\$675
131	Concrete Testing	\$725
153	Builders Risk Insurance	\$0
177	Supervision	\$9,228
179	Arch./Eng.	\$10,550
180	Project Management	\$11,865
300, 400	Concrete & Masonry	\$0
600	Carpentry	\$6,750
800	Hollow Metal Doors and Hardware	\$4,000
880	Glass & Glazing	\$715
900	Steel Studs and Drywall	\$126,130
930	Ceramic Tile Base	\$2,310
990	Painting	\$3,850
1500	Sprinkler System	\$1,925
1540	Plumbing	\$33,075
1550	HVAC	\$4,180
1600	Electrical	\$53,810
1800	Overhead and Profit	\$12,035
	Total 9 White Box Buildouts	\$305,891
	<i>Average Cost Per White Box Buildout</i>	<i>\$16.27</i>

Note: This is an average cost. Should the white box buildouts be phased, the cost will vary per unit.

MSI General Corporation - Budget Estimates / Cost Breakdown		
24th & North Ave. 12,000 sqft Retail - WHITE BOX BUILDOUT		
01/25/07		(8) White Box Buildouts
Project Sq. Ft.		12,000
Cost Code	Description	08/09/06
	General Condition Allowances:	
111	Local Permit	\$3,608
112	Const. Electricity	\$800
118	Dumpsters	\$2,800
122	Cleanup -general & final -	\$6,600
123	Contingency	\$9,000
126	Job Sign	\$0
127	Temp. Toilets	\$600
131	Concrete Testing	\$500
153	Builders Risk Insurance	\$0
177	Supervision	\$6,616
179	Arch./Eng.	\$7,568
180	Project Management	\$8,509
300, 400	Concrete & Masonry	\$0
600	Carpentry	\$7,500
800	Hollow Metal Doors and Hardware	\$4,000
880	Glass & Glazing	\$650
900	Steel Studs and Drywall	\$68,146
930	Ceramic Tile Base	\$1,600
950	Accoustical Ceilings	\$1,270
990	Painting	\$1,750
1500	Sprinkler System	\$1,750
1540	Plumbing	\$27,000
1550	HVAC	\$3,800
1600	Electrical	\$46,000
1800	Overhead and Profit	\$8,587
	Total (8) White Box Buildouts	\$218,654
	<i>Average Cost Per Square Foot of Buildouts</i>	<i>\$18.22</i>

Note: This is an average cost. Should the white box buildouts be phased, the cost will vary per unit.

EXHIBIT 3

Terms of Loans or Grants

**TERM SHEET
NEW AVENUE COMMERCE CENTER
TAX INCREMENTAL DISTRICT (TID) NO. ____**

- **Project.** The “Project” consists of the development of a 44,000 s.f. grocery store and two “in-line” retail center buildings totaling approximately 30,800 s.f., all to be located on the two blocks bounded by W. North Ave., N. 25th St., W. Meinecke Ave., and N. 24th St. The grocery store will be operated by Lena’s Food Market, or an affiliate thereof.
- **Developer/Owner.** The “Developer” for the entire site will be North Ave. Commerce Center Phase III, LLC, a single-purpose limited liability company, to be formed, which will be owned by: Irgens Development Partners, LLC (IDP), Williams Development Corp. (WDC), and an affiliate of Lena’s.
- **Project Budget.** The estimated cost of the Project, including associated public improvements, utility relocations, street and alley vacations, and site remediation expenses, is \$9.5 million, as more particularly set forth in the Tax Increment District Project Plan (“TID ____ Project Plan,” or “Project Plan.”)
- **City Investment.** City investment in the Project is estimated as follows:
 - A. Public infrastructure and site preparation costs in the estimated amount of \$877,000, including construction of or improvements to streets, curbs, and sidewalks; relocation of public utilities, site remediation activities (removal of existing foundations and site fill), and project administration.
 - B. A grant to the project in the amount of \$1,100,000

The City will provide funds to the Redevelopment Authority of the City of Milwaukee (“RACM”) from Tax Incremental District Bond Account No. ____ for these project costs as more specifically outlined in the Project Plan. Funds are to be made available to RACM upon requisition by the Executive Director/Secretary of RACM.

[NOTE: The term "City" when used herein means the City of Milwaukee and/or the Redevelopment Authority of the City of Milwaukee, as those parties will likely allocate responsibilities and enter into appropriate cooperation agreements consistent with past transactions.]

- **RACM Responsibilities.** Funds granted by the City to RACM shall be utilized for purposes specified in the Project Plan and the Development Agreement for the New Avenue Commerce Center Project. Any revenues received by RACM from participation in cash flow, refinancing, or net sales proceeds of the Project shall be transferred to the City as Project Revenues, as defined in Sec. 66.1105(2)(f)1, Wis. Stats. until the termination of TID No. _____. RACM shall convey the Site to Master Developer in accordance with the Option

Terms attached as EXHIBIT "P" to the Development Agreement, North Avenue Commerce Center Project-Phase II, dated as of March 31, 1999, as amended.

- **Participation in Outlot Sales Revenue.** The site plan for the proposed Project includes the potential for two retail outlots to be developed and conveyed to third parties at an undefined point in the future. The City shall receive a 17% participation in the net revenue resulting from any sale of these parcels. Net sales revenue shall be defined as gross sales proceeds less any reasonable and necessary out-of-pocket closing costs paid to third-parties and non-affiliates (such as attorneys' fees, brokerage commissions, recording fees, real estate transfer taxes, title and survey costs, etc.). If the Developer is required as a condition of sale to make physical improvements to the outlot sites, the direct cost of these improvements will also be deducted from gross revenue for the purposes of calculating net sales revenue. If the Developer leases one or more outlot parcels, or develops the outlots for lease to tenants, the resulting cash flow shall be included in the Cash Flow participation provided for below.
- **Cash Flow Participation.** Distribution of cash flow from the Project and / or the sale of the Project, or a portion thereof, shall be distributed 25% to the City and 75% to the Developer, after the Developer realizes an 18% Internal Rate of Return (IRR). IRR shall be computed using Excel spread sheet software.
- **Disbursement of TID Funds.** Prior to disbursement of the City Investment, the following actions must occur:
 - A. A final budget for the total costs of the project (hard and soft costs) shall have been approved in writing by City's Commissioner of City Development ("Commissioner").
 - B. The Commissioner shall have received and approved a signed EBE Agreement.

Funds received by RACM shall be disbursed for public improvement, utility relocation, and site remediation as those costs of the Project are incurred. Payment requests shall be presented to the Commissioner by the Developer no more frequently than once a month, on A1A Document G702 or equivalent.

The grant to the project in the amount of \$950,000 shall be disbursed via a Disbursing Agreement with a mutually acceptable title insurance company, in proportion to the sum of the amount of debt and Developer's equity provided for the Project, as construction and related costs for the grocery store and "in-line" retail space are incurred and certified by the Developer, and general contractor for the Project. The remaining \$150,000 of grant funds shall be used to pay, when due, the first three years' payments on a loan of not less than \$500,000 for fixturing and equipping the grocery store, based on an amortization of fifteen years, and an interest rate of 5%.

- **Development Schedule.** The Developer will acquire the Project Site from RACM and proceed to construct the Project within twelve months of the adoption of the resolution

approving the TID Project Plan, subject extension necessitated by *force majeure*. Should substantial construction of the Project not commence within twelve months of the adoption of the TID Project Plan, title shall revert to RACM and the option to purchase the Project Site as currently held by IDP and WDC, as members of North Avenue Commerce Center II, shall be terminated.

- **Human Resource Requirements.** Prior to disbursement of any City funds, the Developer, City, and RACM shall enter into a customary EBE Agreement providing for not less than 18% participation by Emerging Business Enterprises and a 21% Residents Preference commitment, both in forms consistent with similar transactions. The Developer will pay prevailing wages for that portion, if any, of the public infrastructure work built by the Developer in public rights-of-way.
- **PILOT Payments.** The Development Agreement will require payments in lieu of taxes with respect to any parcel or building within the Project that subsequently becomes exempt from real property taxes. This provision shall be incorporated into a covenant running with the Project site and buildings.
- **Limits on Developer Action.** Until the Project has been completed, the Developer may not, without the City's consent:
 - Liquidate or consolidate the Property;
 - Merge with another entity;
 - Sell, lease or transfer the Property other than to retailing entities purchasing individual outlots;
 - Enter into any transaction that would materially adversely affect the ability of the Developer to complete the Project or its obligations under the Development Agreement;
 - Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of the Developer to complete the Project or fulfill its obligations under the Development Agreement; or
 - Enter into a transaction that would cause a material and detrimental change to the Developer's financial condition.
- **Other Provisions.** This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort shall be incorporated into one or more agreements including the Development Agreement between the City, RACM, and the Developer.

EXHIBIT 4

**ECONOMIC FEASIBILITY STUDY FOR:
NEW AVENUE COMMERCE CENTER**

Date: April 12, 2007
Subject: New Avenue Commerce Center Economic Feasibility Study
From: S. B. Friedman & Company
To: James Scherer, City of Milwaukee Department of City Development

S. B. Friedman & Company (SBFCo) was engaged by the City of Milwaukee Department of City Development (DCD) to conduct an economic feasibility study for a new Tax Increment District (TID) that is under consideration to support the proposed New Avenue Commerce Center (NACC) retail development. This document outlines SBFCo's methodology and preliminary findings regarding New Avenue's need for TID assistance as well as the feasibility of the potential new TID to amortize the up-front bonding of the proposed City assistance.

Context and Background

Williams Development Corporation ("Williams"), Irgens Development Partners ("Irgens"), and Lena's Foods ("Lena's") have partnered to develop the New Avenue Commerce Center on North Avenue, between 24th and 25th Streets. The site is currently vacant and owned by the Redevelopment Authority of the City of Milwaukee (RACM). Williams and Irgens have an option to purchase the NACC site from RACM for \$0.50 per square foot as part of a Development Agreement related to the North Avenue Commerce Center developed by Williams/Irgens immediately west of the proposed project site.

The first phase of the proposed development program for NACC includes a 44,000-square-foot grocery store and 31,000 square feet of inline retail space. Two additional retail outlots may eventually be sold to one or more third-party entities as a second phase of the development. The proposed shopping center would add new retail facilities to a neighborhood that is currently underserved, while also nearly doubling the size of the existing Lena's store located one block away.

The project is structured such that Lena's will buy the land required for its grocery store from Williams and Irgens, who hold the option to the entire site, and own the grocery store once its construction is completed. All three partners will also hold shares in the balance of the shopping center.

The NACC site is located in TID 21, and the NACC partnership ("the developer") has requested TIF assistance from the City, citing the need for extraordinary site and infrastructure work as well as poor market conditions (resulting in low retail rents) as the driving forces behind the request. Approximately \$1.98 million in total assistance to the project is contemplated:

- \$950,000 of gap financing for the real estate components of the project;

- \$727,000 of public infrastructure and extraordinary site work costs (including contingency);
- \$150,000 of assistance toward Lena's start-up operations; and
- \$150,000 of TID administration costs.

TID 21 has experienced only modest growth in assessed value since its establishment in 1994. The district's fund balance is such that the developer's request for TID assistance will need to be supportable by the incremental property tax revenues generated by the project itself (i.e., out-of-taxkey incremental revenues cannot be committed). To facilitate this, DCD is considering creating a new, project-specific TID for NACC to maximize the number of years of incremental revenue collection available to support the project.

SBFCo has been asked by DCD to review (a) the contemplated TID assistance to the real estate components of the project (\$950,000) to determine the extent to which it appears necessary to achieve project financial feasibility, and (b) the project's ability to generate sufficient incremental property tax revenues to support the total contemplated assistance amount (\$1.98 million).

Overall Approach

SBFCo has based its financial review, incremental property tax projections, and debt amortization schedules on the following sources of information:

- Initial TIF Application submitted to DCD by the developer in the fall of 2006;
- Current pro forma sources and uses prepared by the developer (dated January 29, 2007);
- Soft cost estimates and cash flow projections prepared by the developer for Lena's and the balance of the shopping center (dated December 21, 2006);
- Assessment methodology likely to be applied to the grocery store and inline buildings, per the City Assessor's Office; and
- Real property assessment data obtained from the City Assessor's Office.

Project Need for TID Assistance

PUBLIC AND PRIVATE DEVELOPMENT COMPONENTS

For the purposes of this analysis, *SBFCo* separated the public costs of infrastructure, extraordinary site work, and TID administration costs from the balance of the NACC development pro forma. This approach allows for clear differentiation between the public and private portions of the project and evaluation of the need for true gap financing.

The resulting public and private development sources and uses are outlined in Figure 1.

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**Figure 1
City of Milwaukee-New Avenue Commerce Center
Combined Sources & Uses of Funds**

	Lena's Foods	Inline Retail	Total NACC		Public
Uses of Funds					
Land ¹	\$ 95,483	\$ 66,352	\$ 161,835	Public Infrastructure	\$ 560,000
Site Work ²	\$ 969,377	\$ 673,636	\$ 1,643,013	Demolition/Excavation	\$ 72,240
Construction & Architecture ²	\$ 2,834,127	\$ 1,962,412	\$ 4,796,539	Contingency	\$ 94,836
White Box Finish ²	\$ -	\$ 524,545	\$ 524,545	TID Administration	\$ 150,000
Soft Costs	\$ 698,711	\$ 716,524	\$ 1,415,235		
Working Capital	\$ 15,000	\$ 13,362	\$ 28,362		
Total Uses	\$ 4,612,698	\$ 3,956,830	\$ 8,569,528		\$ 877,076
Sources of Funds					
NMTC Loan	\$ 4,100,000	\$ 3,000,000	\$ 7,100,000	TIF Funds	\$ 877,076
TIF Funds	\$ 150,000	\$ 800,000	\$ 950,000		
Equity	\$ 362,698	\$ 156,830	\$ 519,528		
Total Sources	\$ 4,612,698	\$ 3,956,830	\$ 8,569,528		\$ 877,076

Subtotal: TIF Funding for Real Estate Project	\$ 1,827,076
Lena's Start-Up Assistance	\$ 150,000
Total TIF Funding	\$ 1,977,076

¹ Land Division: Lena's = 59% (190,965 SF); Shopping Center = 41% (132,704); all land at cost (\$0.50/SF).

² MSI Estimates; site work excludes on-site demolition/excavation of foundations, alley, and trees.

ANALYSIS OF RETURNS

SBFCo evaluated the potential private returns on the overall real estate transaction on an aggregate basis (i.e., irrespective of the returns to individual partnership members or the Lena's operating entity) to evaluate the need for TIF assistance. Inputs into the analysis were derived from the cash flow analysis provided by the developer for the shopping center and pro forma financial statements provided for Lena's (both dated 12/21/06). Assumptions incorporated into the analysis by *SBFCo* include projected levels of rent, CAM charges, and real estate taxes; allowances for reserves; the stated terms of the \$7.1 million NMTC loan; the likely terms of the permanent loan refinancing in NMTC Year 7 (pro forma Year 6); and prevailing market sales costs and cap rate assumptions to calculate the disposition value of the project. The investment was evaluated over a ten-year timeframe, including a refinance of the NMTC loan to market-rate debt at the end of pro forma Year 6 and disposition of the property in pro forma Year 10. The results of this analysis are displayed in Figure 2: Real Estate Investment Analysis.

The contemplated level of assistance to the real estate components of the project results in a projected 8.0% internal rate of return (IRR) on project cost (net of TIF contribution and financing costs). This is toward the lower end of typical market expectations for neighborhood shopping centers based on data on investor pre-tax yield expectations reported by Real Estate Research Corporation. Assuming equity will make up the other financing in the project, in addition to NMTC debt and TIF, the projected IRR on equity for the combined project is about 19.8% -- within the 15-20% range *SBFCo* has generally observed for TIF-supported retail projects. It should be noted that this return is relatively "back-loaded" in that the refinance of the NMTC loan at the end of pro forma year 6 (NMTC year 7) is the first substantial net cash flow projected. Annual cash-on-cash returns on equity in years two through six (when the NMTC debt service requires both interest and sinking fund payments) are projected to be fairly minimal (4-7%). Further, NACC's location in an area with a less established track record of recent retail development is likely to add perceived lease-up, occupancy, and rent risk in the eyes of prospective equity investors.

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Figure 2
City of Milwaukee-New Avenue Commerce Center
Real Estate Investment Analysis-Combined Shopping Center & Lena's Foods

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	(YEAR 11)
Operating Pro Forma											
REVENUES											
Gross Rent	\$ 538,930	\$ 538,930	\$ 538,930	\$ 538,930	\$ 538,930	\$ 585,124	\$ 585,124	\$ 585,124	\$ 585,124	\$ 585,124	\$ 635,277
Inline	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196	\$ 524,196
Grocery	\$ 269,465	\$ 53,893	\$ 53,893	\$ 53,893	\$ 53,893	\$ 58,512	\$ 58,512	\$ 58,512	\$ 58,512	\$ 58,512	\$ 63,528
Vacancy & Collection Loss (Inline Only) ⁽¹⁾	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479	\$ 74,479
Reserves at 3/1SF	\$ 719,182	\$ 934,754	\$ 934,754	\$ 934,754	\$ 934,754	\$ 976,329	\$ 976,329	\$ 976,329	\$ 976,329	\$ 976,329	\$ 1,021,467
Net Revenues	\$ 285,029	\$ 285,029	\$ 285,029	\$ 294,454	\$ 297,722	\$ 301,055	\$ 304,455	\$ 307,924	\$ 311,461	\$ 315,069	\$ 318,750
OPERATING EXPENSES											
CAM & Taxes	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,003
Misc. Professional Fees	\$ 295,029	\$ 295,029	\$ 295,029	\$ 304,454	\$ 307,722	\$ 312,055	\$ 315,455	\$ 318,924	\$ 322,462	\$ 326,071	\$ 329,753
Total Operating Expenses	\$ 424,153	\$ 639,725	\$ 639,725	\$ 630,300	\$ 627,032	\$ 664,273	\$ 660,873	\$ 657,405	\$ 653,866	\$ 650,257	\$ 691,714
Net Operating Income	\$ 285,029	\$ 285,029	\$ 285,029	\$ 294,454	\$ 297,722	\$ 301,055	\$ 304,455	\$ 307,924	\$ 311,461	\$ 315,069	\$ 318,750
REVERSION INCOME											
Reversion Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Sales Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Mortgage Balance ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Reversion Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE											
NMTC Loan											
Debt Service (incl. interest & sinking fund) ⁽³⁾	\$ 368,490	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157	\$ 605,157
Principal Reduction (paid to sinking fund)	\$ -	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667	\$ 236,667
Outstanding Balance (End of Year)	\$ 7,100,000	\$ 6,863,333	\$ 6,626,667	\$ 6,390,000	\$ 6,153,333	\$ 5,916,667	\$ 5,680,000	\$ 5,443,333	\$ 5,206,667	\$ 4,970,000	\$ 4,733,333
Cumulative Principal Reduction	\$ -	\$ 236,667	\$ 473,333	\$ 710,000	\$ 946,667	\$ 1,183,333	\$ 1,420,000	\$ 1,656,667	\$ 1,893,333	\$ 2,130,000	\$ 2,366,667
Annual Interest Earned on Sinking Fund ⁽²⁾	\$ -	\$ -	\$ 12,283	\$ 25,203	\$ 38,795	\$ 53,091	\$ 68,182	\$ 84,071	\$ 100,157	\$ 117,043	\$ 134,929
Sinking Fund Balance ⁽²⁾	\$ -	\$ 236,667	\$ 485,616	\$ 747,486	\$ 1,022,948	\$ 1,312,705	\$ 1,616,887	\$ 1,931,904	\$ 2,257,921	\$ 2,594,938	\$ 2,942,955
Refinance of NMTC Loan											
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Reduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Balance (End of Year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Distributions (Contributions)	\$ (519,528)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow Before Taxes	\$ 55,663	\$ 34,568	\$ 34,568	\$ 25,144	\$ 21,875	\$ 59,117	\$ 141,691	\$ 138,223	\$ 134,684	\$ 1,750,940	\$ -
IRR on Total Cost (Unleveraged IRR)											
Equity Cash Flow	\$ (519,528)	\$ 34,568	\$ 34,568	\$ 25,144	\$ 21,875	\$ 59,117	\$ 141,691	\$ 138,223	\$ 134,684	\$ 1,750,940	\$ -
Annual Cash-on-Cash Return	10.7%	6.7%	6.7%	4.8%	4.2%	11.4%	27.3%	26.6%	25.9%	25.9%	25.9%
IRR on Equity (Leveraged IRR)	19.8%										
Total Cost Cash Flow	\$ (7,399,783)	\$ 639,725	\$ 639,725	\$ 630,300	\$ 627,032	\$ 664,273	\$ 660,873	\$ 657,405	\$ 653,866	\$ 650,257	\$ 691,714
Annual Yield on Cost	5.7%	8.6%	8.6%	8.5%	8.5%	9.0%	8.9%	8.9%	8.9%	8.9%	8.9%
IRR on Total Cost (Unleveraged IRR)	8.0%										

(1) 50% vacancy allowance in Year 1; 10% thereafter
(2) Assumes sinking fund interest is accrued and used to reduce outstanding mortgage balance at refinance in Pro Forma Year 6
(3) Assumes first year's payment is made during construction year (Pro Forma Year 0).

TID Capacity**ASSUMPTIONS**

SBFCo's projections of incremental property tax revenue are based on the assumptions outlined in the following paragraphs.

- **Inflation.** Assessed value of the grocery store, inline retail, and future outlot developments are assumed to increase at an annual rate of 2.5 percent.
- **Property Tax Rate.** The property tax rate for assessment years 2007 and beyond is projected to continue to decline at a rate of approximately 5.4 percent per year (compound annual rate of change, 2001-2006), with a floor value of 2.0 percent. The tax rate is projected to attain this floor value in the 2009 assessment year and remain constant thereafter.
- **Assessed Values.** The City Assessor's Office has indicated that the components of NACC will be assessed, at least initially, using an income-based valuation approach. The assumptions conveyed to *SBFCo*, and used in the TID feasibility analysis, are summarized in the following table:

Project Component	Rent/Sq. Foot	CAM and Taxes/Sq. Foot	Vacancy Allowance	Non-Reimbursed Expenses	Initial Cap Rate	Assessed Value/Sq. Foot
Grocery Store	\$9.00 Net	\$0	0%	3%	10%	\$87.30
Inline Retail	\$17.50 Gross	\$5.00	10%	15%	10%	\$93.75

- **Development Phasing.** NACC's TIF Application indicates that the first phase of the project (grocery store and inline retail) will be constructed during 2007 and fully assessed in 2008. Currently, the timeframe and parameters for sale and development of the two outlot parcels are unknown, and the developer's most recent pro forma does not carry any income from this project component. *SBFCo* has therefore not included any value from these parcels in the projections of incremental property tax revenue.

INCREMENTAL PROPERTY TAX PROJECTIONS

SBFCo has assumed that a 27-year blighted area TID will be established in 2007, expiring in 2033 (final year of collections in 2034). Based on this timeframe and the assumptions outlined above, the new TID is projected to generate approximately **\$5 million in un-discounted incremental property tax revenues** if it remains in place for the full 27-year period. The projected stream of incremental property tax revenues is attached as Figure 3.

Figure 3
City of Milwaukee - New Avenue Commerce Center
Incremental Property Tax Projections

Inputs and Assumptions:	
2007 Base Value of Project Site	\$ -
Annual Growth in Real Property - Commercial	2.50%
Tax Collection Rate	100.00%

Year of TID	Assessment Year (Jan. 1) [1], [2]	Cumulative AV Additions [3]		Total AV of TID Parcels [4]	AV Above Base AV [5]	Tax Rate [6]	Total AV Collected (Jan. 31) @ 100% [7]
		Retail	TOTAL				
0	2006	\$ -	\$ -	\$ -	\$ -	2.12%	\$ -
1	2007	\$ -	\$ -	\$ 6,868,167	\$ 6,868,167	2.01%	\$ -
2	2008	\$ 6,868,167	\$ 6,868,167	\$ 7,039,871	\$ 7,039,871	2.00%	\$ 137,777
3	2009	\$ -	\$ 7,039,871	\$ 7,215,868	\$ 7,215,868	2.00%	\$ 140,797
4	2010	\$ -	\$ 7,215,868	\$ 7,396,265	\$ 7,396,265	2.00%	\$ 144,317
5	2011	\$ -	\$ 7,396,265	\$ 7,581,171	\$ 7,581,171	2.00%	\$ 147,925
6	2012	\$ -	\$ 7,581,171	\$ 7,770,701	\$ 7,770,701	2.00%	\$ 151,623
7	2013	\$ -	\$ 7,770,701	\$ 7,964,968	\$ 7,964,968	2.00%	\$ 155,414
8	2014	\$ -	\$ 7,964,968	\$ 8,164,092	\$ 8,164,092	2.00%	\$ 159,299
9	2015	\$ -	\$ 8,164,092	\$ 8,368,195	\$ 8,368,195	2.00%	\$ 163,282
10	2016	\$ -	\$ 8,368,195	\$ 8,577,400	\$ 8,577,400	2.00%	\$ 167,364
11	2017	\$ -	\$ 8,577,400	\$ 8,791,835	\$ 8,791,835	2.00%	\$ 171,548
12	2018	\$ -	\$ 8,791,835	\$ 9,011,631	\$ 9,011,631	2.00%	\$ 175,837
13	2019	\$ -	\$ 9,011,631	\$ 9,236,921	\$ 9,236,921	2.00%	\$ 180,233
14	2020	\$ -	\$ 9,236,921	\$ 9,467,844	\$ 9,467,844	2.00%	\$ 184,738
15	2021	\$ -	\$ 9,467,844	\$ 9,704,540	\$ 9,704,540	2.00%	\$ 189,357
16	2022	\$ -	\$ 9,704,540	\$ 9,947,154	\$ 9,947,154	2.00%	\$ 194,091
17	2023	\$ -	\$ 9,947,154	\$ 10,195,833	\$ 10,195,833	2.00%	\$ 198,943
18	2024	\$ -	\$ 10,195,833	\$ 10,450,729	\$ 10,450,729	2.00%	\$ 203,917
19	2025	\$ -	\$ 10,450,729	\$ 10,711,997	\$ 10,711,997	2.00%	\$ 209,015
20	2026	\$ -	\$ 10,711,997	\$ 10,979,797	\$ 10,979,797	2.00%	\$ 214,240
21	2027	\$ -	\$ 10,979,797	\$ 11,254,292	\$ 11,254,292	2.00%	\$ 219,596
22	2028	\$ -	\$ 11,254,292	\$ 11,535,649	\$ 11,535,649	2.00%	\$ 225,086
23	2029	\$ -	\$ 11,535,649	\$ 11,824,040	\$ 11,824,040	2.00%	\$ 230,713
24	2030	\$ -	\$ 11,824,040	\$ 12,119,641	\$ 12,119,641	2.00%	\$ 236,481
25	2031	\$ -	\$ 12,119,641	\$ 12,422,632	\$ 12,422,632	2.00%	\$ 242,393
26	2032	\$ -	\$ 12,422,632	\$ 12,733,198	\$ 12,733,198	2.00%	\$ 248,453
27	2033	\$ -	\$ 12,733,198	\$ 13,051,528	\$ 13,051,528	2.00%	\$ 254,664
2034	2034	\$ -	\$ 13,051,528	\$ 13,051,528	\$ 13,051,528	2.00%	\$ 254,664
Total Proceeds, 2007 - 2034 (Not Discounted)		\$ -	\$ -	\$ 13,051,528	\$ 13,051,528	2.00%	\$ 254,664
Present Value (\$2007), 2007 - 2034 @:		\$ -	\$ 5.0%	\$ -	\$ -	2.00%	\$ 4,947,103
		\$ -	\$ -	\$ -	\$ -	2.00%	\$ 2,320,572

Source: S. B. Friedman & Company

[1] The TID is assumed to be established in 2007 with a base year of 2007.
 [2] Properties in the City of Milwaukee are reassessed every year as of January 1.
 [3] Additions resulting from new development, adjusted for inflation.
 [4] AV after all adjustments, adjusted for inflation.
 [5] Total AV (adjusted for inflation) less Base AV.
 [6] The assessed value tax rate is projected to decline at an annual rate of 5.4%, stabilizing at a tax rate of 2.0%.
 [7] Tax revenues are collected one year after the taxing year at a 100% collection rate.

AMORTIZATION OF DEBT

For the purposes of this analysis, *SBFCo* assumed the following debt amortization parameters:

- Bond issuance in 2007 for all project costs;
- 4.5% annual interest rate on bonds;
- Capitalized interest in years one and two;
- Fifteen level principal and interest payments;
- 5.21% cost of funds through the local government investment pool used to cover any shortfalls in annual TID revenue versus target debt service; and
- 1.0% bond issuance costs.

The \$1.98 million of TID project costs to be amortized include:

- \$950,000 of developer gap financing;
- \$727,076 of public infrastructure and extraordinary site work costs (including contingency);
- \$150,000 of assistance toward Lena's start-up operations; and
- \$150,000 of TID administration costs.

SBFCo's analysis suggests that under the bond parameters outlined above, the \$1.98 million in debt can be retired in **TID Year 17 (2023)**, and the TID can achieve a positive fund balance in **TID Year 23 (2029)**. Figure 4 provides the detailed amortization schedule.

Conclusions

SBFCo's initial analysis suggests that the NACC real estate project can yield a market rate of return with TID gap financing of \$950,000 plus \$880,000 of public improvements, extraordinary site work costs, and TID administration costs also funded by the TID. Furthermore, a new TID created to support this project is projected to retire the \$1.98 million in bonds (including an additional \$150,000 in start-up operating assistance to Lena's) by TID Year 17 (2023) and achieve a positive fund balance by approximately TID Year 23 (2029).

It is *SBFCo's* understanding that current term sheet negotiations include mechanisms for City upside participation in the project: (a) as a percentage of the revenue received at the time that either of the outlot parcels is sold for development and (b) if the project exceeds a pre-determined IRR threshold at the time the NMTC loan is refinanced or the project is sold. Provision (a) appears appropriate because revenue from sale of the outlots is not currently included in the developer's pro forma, and therefore would primarily represent up-side not currently factored into *SBFCo* return calculations. Under approach (b), the City would participate in potential above-pro forma returns that may be achievable if market conditions improve more than expected over the life of the project. City participation in this case appears appropriate because the City is providing gap financing to the project primarily to address the revenue-related challenges inherent in a less established market.

Figure 4
City of Milwaukee- New Avenue Commerce Center
Projected Bond Amortization- Net Proceeds of \$1.98 Million

Issuance Year	2007
Interest Rate on City Bonds	4.50%
Cost of Funds- Local Gov't Investment Pool	5.21%
Net Proceeds to Project	\$ 1,977,076
Issuance Costs @ 1.0%	\$ 19,771
Cap Interest Allowance 2 Years	\$ 197,490
Less Projected Available Up-Front Cash	\$ -
Cap Interest Allowance	\$ 197,490
Total Bond	\$ 2,194,337
Assumed Level P&I Payments	15
Assumed Debt Coverage Requirement	1.0

Cap Interest Reserve Year	Reserve	Payment
	2007 \$ 197,490	\$ (98,745)
2008 \$ 98,745	\$ (98,745)	

Year of TID	Calendar Year	Repayment Sources		TID Annual Debt Service Target	Cap Interest Payment	TID Payoff Analysis			Interest Earnings/ (Carry Cost) on Cumul. Balance	TID Positive Fund Balance
		Annual Inc. Tax Revenues Collected (Jan. 31) @ 100%	Annual Inc. Tax Revenues Collected (Jan. 31) @ 100%			Annual Surplus/ Shortfall	Cumulative Fund Balance			
0	2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1	2007	\$ -	\$ 98,745	\$ 98,745	\$ 98,745	\$ -	\$ -	\$ -	\$ -	NO
2	2008	\$ -	\$ 98,745	\$ 98,745	\$ 98,745	\$ -	\$ -	\$ -	\$ -	NO
3	2009	\$ 137,777	\$ 204,323	\$ 204,323	\$ -	\$ (66,546)	\$ (66,546)	\$ (3,467)	\$ (3,467)	NO
4	2010	\$ 140,797	\$ 204,323	\$ 204,323	\$ -	\$ (63,526)	\$ (133,538)	\$ (6,957)	\$ (6,957)	NO
5	2011	\$ 144,317	\$ 204,323	\$ 204,323	\$ -	\$ (60,006)	\$ (200,502)	\$ (10,446)	\$ (10,446)	NO
6	2012	\$ 147,925	\$ 204,323	\$ 204,323	\$ -	\$ (56,398)	\$ (267,345)	\$ (13,929)	\$ (13,929)	NO
7	2013	\$ 151,622	\$ 204,323	\$ 204,323	\$ -	\$ (52,700)	\$ (333,974)	\$ (17,400)	\$ (17,400)	NO
8	2014	\$ 155,414	\$ 204,323	\$ 204,323	\$ -	\$ (48,909)	\$ (400,283)	\$ (20,855)	\$ (20,855)	NO
9	2015	\$ 159,299	\$ 204,323	\$ 204,323	\$ -	\$ (45,024)	\$ (466,161)	\$ (24,287)	\$ (24,287)	NO
10	2016	\$ 163,282	\$ 204,323	\$ 204,323	\$ -	\$ (41,041)	\$ (531,490)	\$ (27,691)	\$ (27,691)	NO
11	2017	\$ 167,364	\$ 204,323	\$ 204,323	\$ -	\$ (36,959)	\$ (596,139)	\$ (31,059)	\$ (31,059)	NO
12	2018	\$ 171,548	\$ 204,323	\$ 204,323	\$ -	\$ (32,775)	\$ (659,973)	\$ (34,385)	\$ (34,385)	NO
13	2019	\$ 175,837	\$ 204,323	\$ 204,323	\$ -	\$ (28,486)	\$ (722,844)	\$ (37,609)	\$ (37,609)	NO
14	2020	\$ 180,233	\$ 204,323	\$ 204,323	\$ -	\$ (24,090)	\$ (784,592)	\$ (40,877)	\$ (40,877)	NO
15	2021	\$ 184,738	\$ 204,323	\$ 204,323	\$ -	\$ (19,585)	\$ (845,057)	\$ (44,027)	\$ (44,027)	NO
16	2022	\$ 189,357	\$ 204,323	\$ 204,323	\$ -	\$ (14,966)	\$ (904,051)	\$ (47,101)	\$ (47,101)	NO
17	2023	\$ 194,091	\$ 204,323	\$ 204,323	\$ -	\$ (10,232)	\$ (961,384)	\$ (50,088)	\$ (50,088)	NO
18	2024	\$ 198,943	\$ -	\$ -	\$ -	\$ 198,943	\$ (812,529)	\$ (42,333)	\$ (42,333)	NO
19	2025	\$ 203,917	\$ -	\$ -	\$ -	\$ 203,917	\$ (650,945)	\$ (33,914)	\$ (33,914)	NO
20	2026	\$ 209,015	\$ -	\$ -	\$ -	\$ 209,015	\$ (475,845)	\$ (24,792)	\$ (24,792)	NO
21	2027	\$ 214,240	\$ -	\$ -	\$ -	\$ 214,240	\$ (286,396)	\$ (14,921)	\$ (14,921)	NO
22	2028	\$ 219,596	\$ -	\$ -	\$ -	\$ 219,596	\$ (81,722)	\$ (4,238)	\$ (4,238)	NO
23	2029	\$ 225,086	\$ -	\$ -	\$ -	\$ 225,086	\$ 139,106	\$ 7,247	\$ 7,247	YES
24	2030	\$ 230,713	\$ -	\$ -	\$ -	\$ 230,713	\$ 377,067	\$ 19,645	\$ 19,645	YES
25	2031	\$ 236,481	\$ -	\$ -	\$ -	\$ 236,481	\$ 633,193	\$ 32,989	\$ 32,989	YES
26	2032	\$ 242,393	\$ -	\$ -	\$ -	\$ 242,393	\$ 908,575	\$ 47,337	\$ 47,337	YES
27	2033	\$ 248,453	\$ -	\$ -	\$ -	\$ 248,453	\$ 1,204,364	\$ 62,747	\$ 62,747	YES
2034	\$ 254,664	\$ -	\$ -	\$ -	\$ -	\$ 254,664	\$ 1,521,776	\$ 79,285	\$ 79,285	YES
TOTALS		\$ 4,947,103				\$ 1,882,256				

Source: S. B. Friedman & Company

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

Limitations of Our Engagement

The scope of our engagement included reviewing the developer's application for TIF assistance, projecting the incremental property tax revenues likely to result from the identified projects as proposed, and determining the size of bond issue that TIF revenues from the identified projects could support.

Our projections are based on estimates, assumptions, and other information developed from our research, knowledge of the industry, and meetings with you and the developers of the identified projects during which certain information was obtained. Sources of information and bases of estimates and assumptions are cited in the report. We deem our sources of information to be reliable, but no guarantee can be offered as to the reliability of information obtained from others. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report or associated financial analyses to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, acts of war or terrorism, additional competitive developments, construction delays, cost overruns, labor availability and costs, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of these changes or market factors.

Our study did not ascertain the legal and regulatory requirements applicable to the identified projects, including zoning, other state and local government regulations, permits, and licenses. No effort was made to determine the possible effect on these projects of present or future federal, state, or local legislation, including any environmental or ecological matters. Further, we have not evaluated management's effectiveness, nor are we responsible for future marketing efforts, programming, and other management actions upon which actual results will depend.

Our report is intended solely for your information, the Joint Review Board, and the City Council, and should not be relied upon for any other purposes. Otherwise, neither the report nor its contents, nor any reference to our Firm may be included or quoted in any offering circular or registration statement, prospectus, loan, or other agreement or document.

EXHIBIT 5

METES AND BOUNDS DESCRIPTION OF DISTRICT

EXHIBIT 6

CITY ATTORNEY OPINION