



THE BREWERY

A Joseph J. Zilber Historic Redevelopment



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Brewery Project LLC*

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and Owner*

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KM Development Corp.
Supervising Executive*

*James C. Theusch,
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KM Development Corp.
Director of Construction*

*Kevin Mantz,
Architect
KM Development Corp.
Director of Design*

*Gary Condon,
Project Superintendent*

February 2010

This is our fourth progress report for the Brewery Project LLC, the historic adaptive reuse of the former Pabst Brewing site in downtown Milwaukee.

2009 was a year of great success at the Brewery. Highlights included; the complete rent up of Pabst Blue Ribbon Lofts, (the former Keg House, Building 9), developed by Gorman & Company of Madison, Wisconsin, the lease up of the Boiler House (Building 10), developed by PBH Redevelopment LLC and the opening of Cardinal Stritch University's College of Education and Leadership in Building 14, (the former Research Lab), which has been developed by BC Pabst Holdings LLC. In each and every case, the developers of the buildings and the tenants are extremely pleased with their historic and sustainable buildings.

Although I was unable to attend, the Brewery management team, along with elected officials and community leaders dedicated Zilber Park, one of the most unique urban parks ever developed. The park includes a gabion wall, which has transformed itself into a fascinating ice sculpture for the winter. The park is also part of the Brewery Project's highly advanced storm water management system, with storage directly underneath the park, which is capable of holding up to 100,000 gallons of storm water at peak capacity.

In December we received notification from the U.S. Green Building Council that in collaboration with the Congress for New Urbanism and the Natural Resources Defense Council, it is awarding the LEED[®] for Neighborhood Development Pre-review Approval to The Brewery at the Platinum level. If you have not had an opportunity to tour all of these locations, I hope you will take a moment to see for yourself how historic preservation and sustainability can be combined for the benefit of our community.

I am also very excited about the opening of our 880-car parking facility at the corner of 9th Street and Juneau Avenue. This facility, which will be utilized by our present and future tenants, features all of the latest parking structure state of the art technology including; BETA LED lighting systems, automated pay stations, hands free monthly parking access, customer-friendly support services and convenient access to the Milwaukee County Court House, MATC, Police Administration Building, Aurora Sinai Hospital, Bradley Center and Cardinal Stritch University, as well as offices and apartments at the Brewery. As part of the grand opening promotion we are offering rates starting at 50¢ an hour with special rates for early bird and monthly parkers as well.

At the same time that the 880-car parking facility was coming online, the City of Milwaukee Department of Public Works and their contractors were completing the initial phase of paving and street lighting throughout the Brewery Project. The completion of this work marks the first time in almost 50 years that the east/west and north/south street grid in the Brewery has been connected to the city's street grid. This is the first and one of the most critical steps in reconnecting this neighborhood with the neighborhoods surrounding it in all directions. If it has been quite some time since you have driven through the Brewery, or if you have never had the opportunity to do so, I hope you will take a moment on your way to and from work, or during your lunch hour to stop by and drive the streets. You will see the wonderful progress that has been made, how the exterior of the buildings has been restored. I urge you to take an extra minute to view the gabion wall ice structure in Zilber Park and picture in your minds eye the wonderful transformation that has taken place in the last few years and imagine the spectacular changes that will occur in the next couple of years as we look at adding new tenants and new projects to what is already a successful undertaking.

The Brewery continues to exceed my commitment to the City regarding the implementation of the projects EBE/RPP goals. Enclosed is the latest certification information from Prism Technical Management and Marketing Services. The Brewery team firmly believes that it will continue to meet or exceed all of the goals I committed to when I entered into our partnership with the City.

My summer bout with pneumonia and my 92nd birthday are behind me, which allows me to look forward to celebrating my 100th birthday with a party at the Brewery. I am working diligently to achieve that goal. I hope you will be able to join me.

Cordially,



Joseph J. Zilber
Chairman of the Board and Owner
Brewery Project LLC

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Noteworthy Items 2009

- ❖ Blue Ribbon Lofts, a 95 unit apartment building developed by Gorman and Company in the historic Keg House had its first tenant move in at the end of January 2009. The property is now fully leased.
- ❖ PBH Redevelopment completed the renovation of the historic Boiler House into a multi-tenant office building. The property is now home to 4 separate tenants including Inland Companies, American Medical Buildings, Albion Architects and The Planning Council. The property is 80% leased.
- ❖ BC Pabst Holdings LLC completed its renovation of the historic Lab Building and Annex. In May Cardinal Stritch University's School of Education and Leadership took occupancy of a majority of this space and began providing classes and related programming.
- ❖ The 80-stall surface Parking Lot including its dedicated bioswales located on Block 6 of The Brewery was completed in January.
- ❖ WE Energies completed installation of the redundant loop electrical cable early in 2009. This completed the infrastructure backbone for electrical, natural gas and other utilities for the entire Brewery neighborhood.
- ❖ Construction work was completed and dedication of Zilber Urban Park was held in June 2009.
- ❖ Construction of the Block 4 Parking Structure was completed in November and began operations on December 7, 2009.
- ❖ All streets throughout the Brewery property were opened to the public on December 7, 2009. This was the first time in over 40 years that the public had unfettered access to this historic area. Street improvements including asphalt paving, new sidewalks including multiple landscaped bioswales for stormwater management, street trees, decorative harp style lighting and a reconstructed brick sidewalk in front of the historic Mill House and Brew House buildings located on N. 10 Street.
- ❖ The City notified Brewery Project LLC that federal stimulus funds were available for the construction of the round-about located at the eastern gateway to The Brewery.
- ❖ The State of Wisconsin Department of Natural Resources provided a letter of environmental closure for the northern portion of Block 6 on the property.
- ❖ Zilber Park was completed and dedicated in June, 2009. This 5,000 s.f. pocket park includes a gabion wall, concrete benches, perennial plantings and shade trees. Underneath Zilber Park is a 100,000 gallon underground stormwater retention basin.
- ❖ Brewery Project LLC hosted a number of professional associations and neighborhood group meetings at The Brewery and was the site for a highly acclaimed mobile workshop for the International Downtown Association's Annual conference which was held in Milwaukee.

Pabst brewery projects gets pre-approval LEED certification

"The Brewery Project LLC, Zilber Ltd. founder Joe Zilber's mixed-use redevelopment of the former Pabst brewery in downtown Milwaukee, was notified by the U.S. Green Building Council that it has received pre-approval of platinum certification for LEED for Neighborhood Development, a new rating system designed to recognize large environmentally sustainable developments. The Brewery project includes a sophisticated storm water system with bioswales that capture roof top drainage and storm water runoff from the street system, water management containment areas and permeable pavement to allow water to go into the store water management system. "We are on track to receive the highest certification available under the new LEED for Neighborhood Development Program," said Brewery President John Kersey. "When Mr. Zilber bought the old Pabst brewery, he made a number of commitments to the city of Milwaukee and its citizens, to reestablish a great neighborhood in which to work, live and play, and to set the bar as high as possible for historic and sustainable development. As always he is fulfilling those commitments."

Bioswales Photos



Zilber Park dedicated today at The Brewery

"The first urban park specifically designed for an industrial neighborhood (that has quickly added residential, commercial and eventually retail) in the City of Milwaukee was dedicated today by Mayor Tom Barrett, members of the Wisconsin Preservation Fund and members of the Zilber family.

The park is part of The Brewery, which is being developed by local real estate executive and philanthropist, Joseph J. Zilber.

Zilber Park was designed by D.I.R.T. studio, the nationally acclaimed landscape architects who won the first UWM Urban Edge Award.

Prominently featured is a bronze 7-foot statue of Joseph and Vera Zilber created by Koh Varilla Guild of Chicago, a Gabion wall constructed of recycled steel, fractured granite boulders and integral water and lighting fixtures is designed to provide a gentle waterfall in summer and creates an ever changing ice sculpture during the winter months. The park also has a crushed granite walking surface and a large storm water retention basin underneath.

The park was funded by Zilber, a grant from the Wisconsin Preservation Fund, storm water management funding from the Milwaukee Metropolitan Sewerage District and the City of Milwaukee. It will be administered by the new neighborhood improvement district created to cover The Brewery Development. "

Zilber Park
Photos



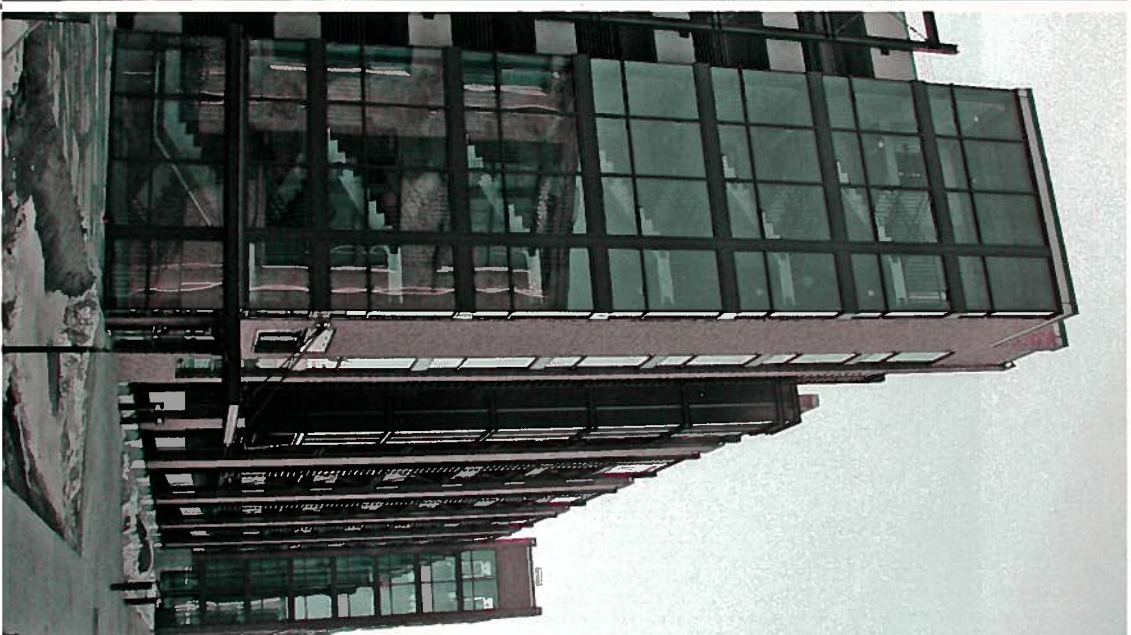
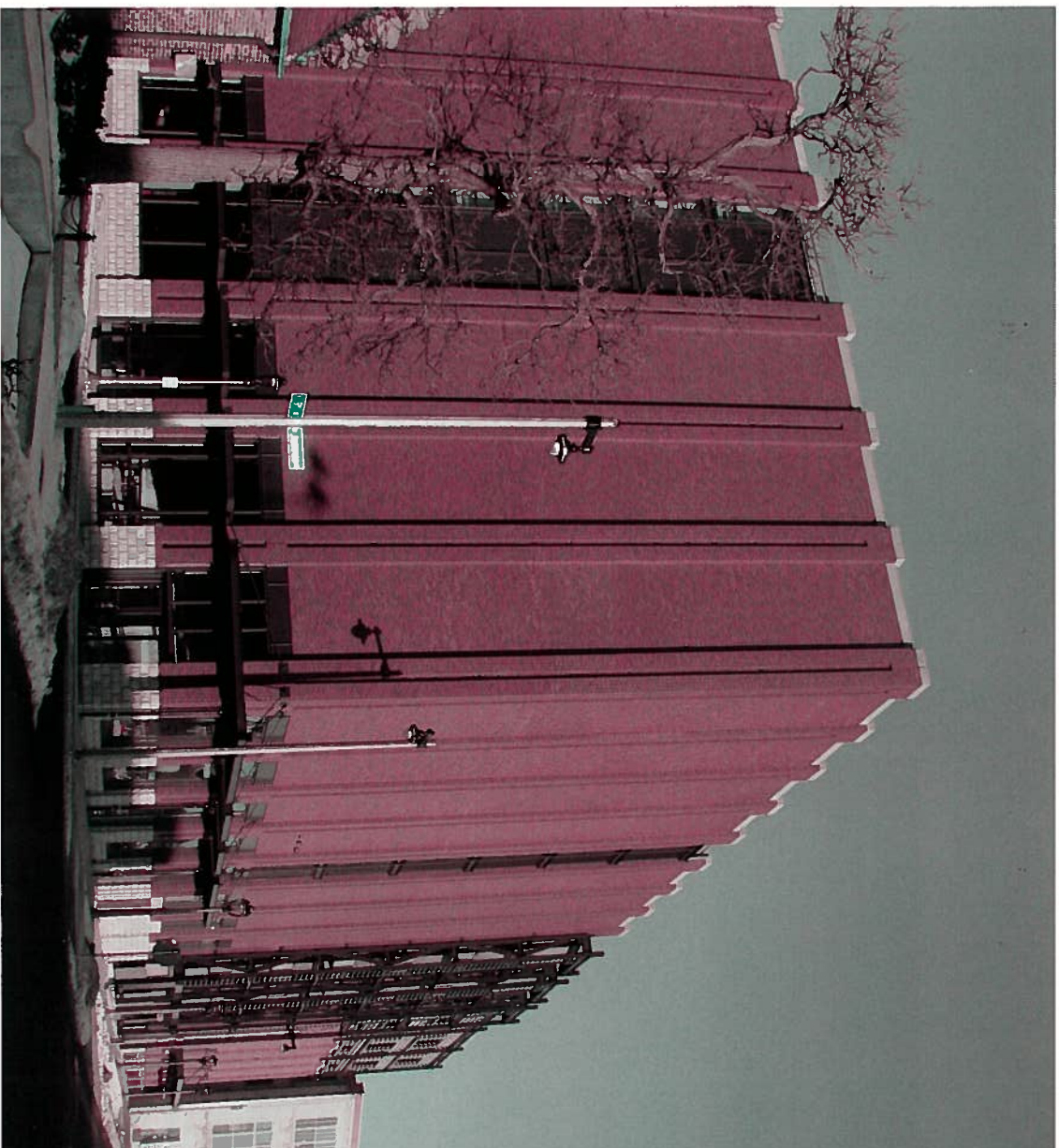
Brewery parking ramp open for business

"The \$16.5 million, 880-vehicle parking ramp at The Brewery development in downtown Milwaukee is open for business.

Owned by real estate developer and philanthropist Joseph Zilber, the parking structure at the corner of North Ninth Street and West Juneau Avenue has eight levels and is charging an introductory rate of 50 cents an hour or \$75 a month.

Construction workers at the Pabst brewery redevelopment project began working on the ramp in April. The parking structure was assembled with 700 pieces of precast concrete, weighing as much as 20 tons each."

Parking Structure
Photos



Nonprofit planning council moving to The Brewery

"The Planning Council for Health and Human Services Inc. in Milwaukee is moving its offices to the historic Boiler Building at 1243 North 10th Street at The Brewery.

The Council will lease 4,100 square feet on the second floor of the renovated building at the corner of 10th and McKinley, which is adjacent to Zilber Park in the northwest corner of The Brewery project. The nonprofit group is now located at 1441 N. Farwell Ave.

The Council, which provides a range of planning, evaluation and research services designed to advance community health and human services, was incorporated in 1965. The agency plans to move into the Boiler Building in the fall.

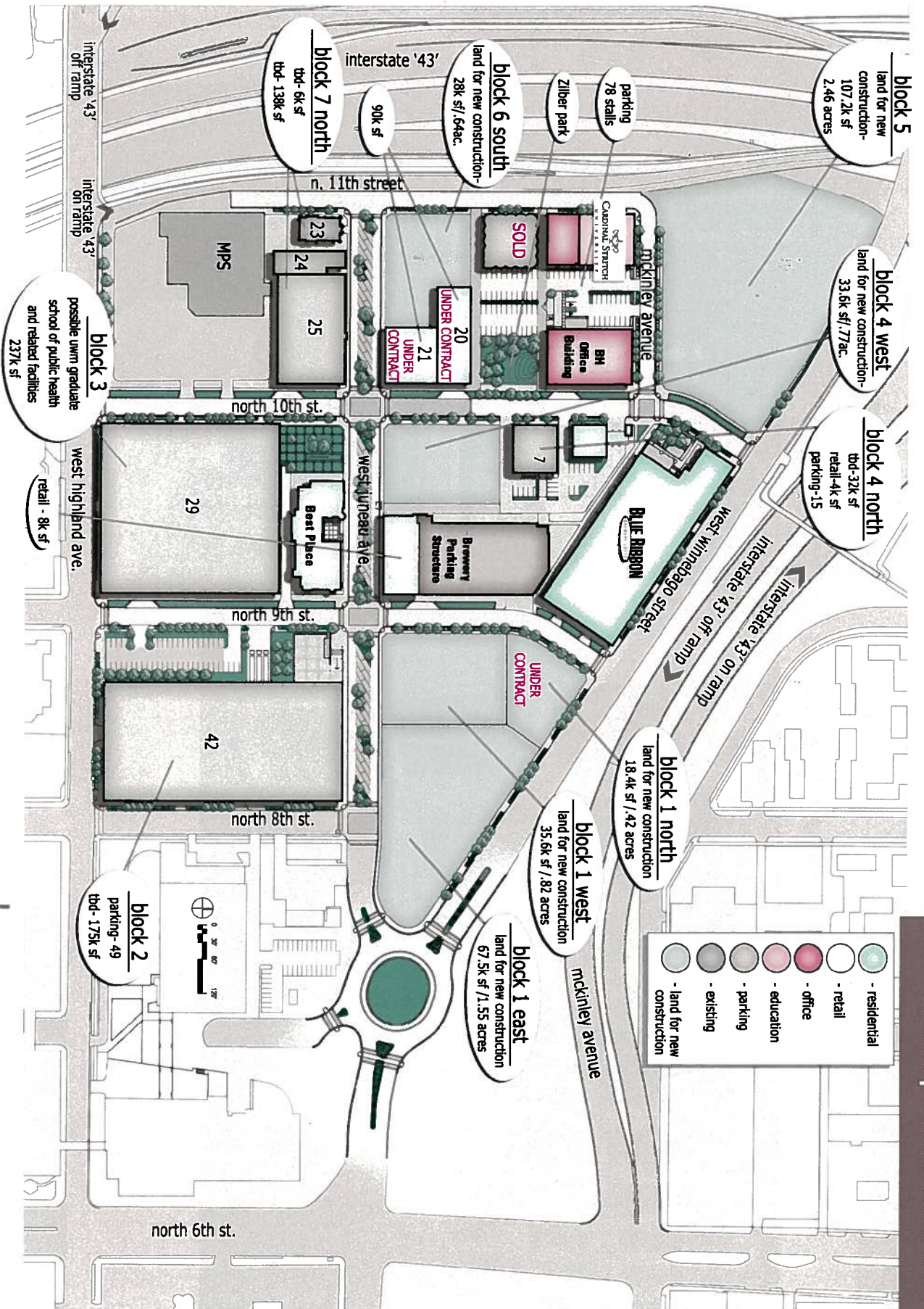
"This setting is perfect for us to fulfill our mission of engaging the community in health and human services through planning, evaluation and research," said Kathleen Pritchard, executive director of the group.

The Planning Council transaction was brokered by Jennifer Green of CB Richard Ellis and Lyle Landowski of Inland Cos., both of whom are based in Milwaukee."

Boiler House
Photos



Conceptual Site Plan





November 24, 2009

Ossie Kendrix
 EBE Program Manager
 City of Milwaukee
 City Hall, Room 606
 200 East Wells Street
 Milwaukee, WI 53202

Re: The Brewery / Demolition, Abatement and Infrastructure
 EBE and RPP Participation Quarterly Report
 Report # 11: Through September 30, 2009

Dear Mr. Kendrix:

Prism Technical is pleased to provide you with this updated report of Emerging Business Enterprise (EBE) and Residents Preference Program (RPP) participation performance on the demolition, abatement and infrastructure phase of The Brewery – the historic redevelopment of the former Pabst Brewery complex in downtown Milwaukee. This Report assesses EBE and RPP performance through September 30, 2009. Brewery Project LLC, KM Development Corp. and Prism Technical are fully committed to achieving – and where possible, exceeding -- 18% EBE and 21% RPP participation on this landmark project. The developer and construction manager have made the inclusion of Emerging Businesses a significant priority on this project, seeking insight from our firm and your department, and requesting EBE bids for all project work.

For this report, Prism Technical has verified documents regarding contractual documents, payment reports and payroll records provided by KM, principal contractor Brandenburg and principal environmental consultant Arcadis.

RPP Participation

Through September 30, 2009, a total of 130,141.4 construction site hours had been worked on the project. Of those hours, 30,777.5 were worked by individuals certified under the Residents Preference Program, yielding an **RPP Percentage of 23.7%**. The current level of RPP participation exceeds the final target (21%) and is on par with the projected RPP Percentage through project completion.

EBE Participation

KM Development took exceptional care throughout the project to locate opportunities for EBE participation, adding new Emerging Businesses when possible and encouraging the demolition and abatement contractor and environmental consultant to do the same. The EBE firms listed in the following table have contracts or purchase orders (including change orders) totaling a minimum of \$2,146,521.82.

Prism Technical Management & Marketing Services

6114 W Capitol Drive – Suite 200 Δ Milwaukee Δ Wisconsin Δ 53216
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NAME OF EBE FIRM(S)	SERVICE PERFORMED / MATERIAL SUPPLIED	CONTRACT/ PO AMT	AMT PAID THROUGH 9/30/09
Advanced Enterprises Inc.	Plumbing	8,847.86	\$8,847.86
APB Security	Unarmed Security	21,000.00	\$20,880.00
Arteaga Construction, Inc.	Carpentry	77,117.04	\$88,430.43
Autumn Trucking	Diesel Fuel	76,500.00	\$483,350.09
Autumn Trucking (Gorman sub)	Diesel Supplies	TBD	\$5,179.18
B & D Contractors, Inc.	Carpentry	19,755.00	\$20,591.61
Braxton / Team Environmental	Asbestos Abatement/Universal Waste / Lead Paint Removal	78,764.00	\$82,964.00
CAM Recycling (formerly HMB)	Concrete Crushing	180,000.00	\$143,731.85
Cisco Distributing (Wil-Surge sub)	Concrete Coring	TBD	\$13,639.99
Con-Cor Company, Inc.	Concrete Coring	6,195.00	\$5,217.50
Consulting Training Services	PM/Waste	TBD	\$20,176.00
Dairyland Electric Co., Inc.	Electrical	TBD	\$108,951.60
Dean Gonzalez Trucking	Trucking	TBD	\$4,700.42
Enviro Tech	Trucking & Disposal	580,466.00	\$240,206.45
Franklin Trucking	Trucking – The Brewery	TBD	\$6,453.91
Franklin Trucking	Trucking – Pocket Park	TBD	\$4,714.58
Johnson Demolition & Concrete	Trucking & Disposal	TBD	\$12,990.00
Johnson Demolition & Concrete	Concrete Work (Gabion Wall)	TBD	\$19,460.00
Kapur & Associates, Inc.	Engineering Consultant (The Brewery)	TBD	\$23,957.86
Kapur & Associates, Inc.	Staking & Surveying (Pocket Park)	TBD	\$5,684.24
Kapur & Associates, Inc.	Professional Fees (Pocket Park)	TBD	\$44,984.11
Kapur & Associates, Inc (sub to Arnold & O'Sheridan)	Civil Engineering Services	TBD	\$34,060.00
Kitson Environmental Services	Geoprobe Drilling	TBD	\$1,071.25
L&A Drywall	Painting and Finishing	1,100.00	\$7,524.00
Marek Landscaping	Erosion Control	16,335.00	\$4,092.70
Masonry Specialists II, LLC	Masonry	147,215.00	\$150,670.00
McDowell Construction Corp.	Temporary Fence Installation	2,467.92	\$18,742.92
McDowell Construction Corp.	Fence Repair & Installation	3,150.00	\$3,150.00
Milwaukee Ironworks, LLC	Steel Erection	26,148.00	\$32,404.00
The Nisha Group, LLC	Field Office Cleaning	TBD	\$7,580.00
The Penebaker Enterprises	Waterproof Roofing	2,450.00	\$8,161.00
Prism Technical	EBE/RPP Coord. / Reporting	TBD	\$59,171.10
Rodriguez Construction	Trucking	TBD	\$480.09
Sanchez Painting Contractors	Selected Painting Work	6,200.00	\$6,200.00
Sonag Ready Mix	Concrete	TBD	\$7,499.82
South Star Trucking	Granular Fill Material	TBD	\$157,377.36
South Star (Payne & Dolan sub)	Trucking	TBD	\$1,476.13
Valente Transport	T&D Aggregate Fill	TBD	\$340,504.66
Zenith Industrial Services	Asbestos Abatement/Universal Waste & Lead Paint Removal	892,811.00	\$828,089.72
TOTAL EBE CONTRACTS / PAYMENTS		Minimum: \$2,146,521.82	\$3,033,366.43

The Brewery – EBE/RPP Report
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Through September 30, project expenditures totaled \$17,707,524.04, with \$12,462,038.50 spent in those areas included in the adjusted construction costs. Of the latter amount, \$3,033,366.43 (as shown above), or 24.3%, was paid to EBE firms.

SUMMARY OF THE BREWERY PARTICIPATION

RPP participation is on track to meet the final target, with the percentage through September standing at 23.7%, representing over 30,000 hours by RPP workers. This is equivalent to over one year of full time employment for 20 residents of Milwaukee's Community Development Block Grant area. EBE firms have been paid over \$3 million, or 24.3% of total adjusted construction expenditures on the project.

With the project substantially complete, we are hopeful that its success will set a standard for all work done at the former Pabst Brewery complex and other developments in the City of Milwaukee.

If you have any questions related to this report or the attached documentation, please feel free to contact us.

Thank you,



Lafayette L. Crump



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