

PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 54

CITY OF MILWAUKEE

(Stadium Business Park)

Public Hearing Held: February 19, 2004

Redevelopment Authority Adopted : February 19, 2004

Common Council Adopted:

Joint Review Board Approval:

Submitted to CC on 3/19/04

I. DESCRIPTION OF PROJECT

A. Introduction

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

B. District Boundaries & Compliance with Statutory Eligibility Criteria

Tax Incremental District No. , City of Milwaukee (TID 54 and/or District) consists of a single 17.6 acre site located at 1745 S. 38th St. (Tax Key No. 457-9972-111). The District is shown on Exhibit 1, "Boundary and Existing Land Use," and described in Exhibit 2, "Boundary Description."

The District is presently zoned IH (Industrial Heavy) and is the site of the former Ampco Metal, Inc. The Ampco foundry business was acquired in 2002, following Ampco's bankruptcy, by an affiliate of United Stars, Inc. United Stars purchased the Ampco real estate in 2003. After operating at this location for approximately one year, the company gave notice in September, 2003 of its plans to close the facility by January, 2004. The property is a deteriorated and significantly inefficient 462,000 s.f. foundry facility and is substantially blighted. Accordingly, the District satisfies the requirements of Wis. Stats. Sec 66.1105(4)(gm)(4)(a) as being a "blighted area."

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

C. Project Plan Goals and Objectives

Goals and objectives for the District are:

1. The development of four, multi-tenant, light-industrial and distribution facilities with a combined floor area of approximately 200,000 s.f. Each facility would be approximately 50,000 s.f. in size, provide office and warehouse / production space, have ceiling heights of 24 feet, drive-in loading docks, and be constructed of decorative masonry. A comparable facility is located at 1600 – 1670 S. Miller Park Way. The developer is Real Estate Recycling, LLC of Minneapolis.
2. To encourage and promote employment opportunities with family-supporting wages.
3. To increase the property tax base of the community.

4. To remediate environmental contamination which impedes the development of vacant or underutilized property.

D. Existing Land Uses and Conditions in the District

The site is located on the north side of W. Mitchell St., adjacent to Miller Park Way and approximately one-half mile south of Miller Park and I-94. The property is presently vacant and consists of numerous heavy industrial buildings. The property had been used for approximately 90 years as a metal foundry, mostly for the production of bronze products. The operation involved the use of production furnaces, milling and machining of metal, storage of raw and finished materials, and degreasing of metal parts.

The buildings and associated structures are believed to contain asbestos-containing materials. Some polychlorinated biphenyl (PCB)-containing transformers were used at the facility. In some areas the underlying soils are contaminated by petroleum compounds (PHCs), halogenated volatile organics (VOCs), semivolatile organics (SVOCs), and metals (arsenic, copper, and lead). Due to the soil and groundwater contamination, the site is considered blighted within the meaning of Section 66.46(2)(a), Wis. Stats. Thus the proposed redevelopment will eliminate blight as well as promote industrial development.

For additional information on the nature and extent of contamination on the site, please see Exhibit 4.

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. Environmental remediation of the property as required by the Wisconsin Department of Natural Resources to obtain a DNR Certificate of Completion. This remediation is to be funded by the City pursuant to a Development Agreement with the Redevelopment Authority of the City of Milwaukee, and a Limited Liability Corporation established by the principals of Real Estate Recycling LLC a Minnesota corporation.
2. Funding, pursuant to a Development and Contribution Agreement, of the demolition of all structures on the site, including footings and foundations, with the exception of a facility located at 4000 West Burnham St. which is owned by Coakley 4000 W. Burnham, LLC and is the subject of a ground lease from Ampco.

3. Other site preparation work and utility extensions as may be needed to improve the site to a condition suitable for the construction of an industrial building.

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

For additional detail on these costs, see Exhibit 4. The location of these activities is 1745 S. 38th St., Milwaukee, WI.

TASK	ESTIMATED COST
Acquisition (excl. land)	\$ 250,000
Restricted Waste Abatement	390,000
Building Demolition	1,005,000
Supplemental Site Investigation	180,000
Soil Remedial Action	1,210,000
Groundwater Remedial Actions	250,000
Project Management	65,000
Less: Contribution from Coakley-Tech	150,000
Sub Total:	\$ 3,200,000
Less: Grants and/or developer funded TID costs	800,000
Plus: TID Admin & Enviro. Consultants	50,000
NET PROJECT CAPITAL COSTS	\$ 2,450,000
Estimated Interest Costs	1,750,000
TOTAL PROJECT COSTS	\$ 4,200,000

The developer will advance the \$800,000 of funds expected to be provided through grants. These funds, less any costs eventually funded through grants, will be additional Tax Incremental District project costs and will be repaid, pursuant to a Monetary Obligation with the developer, from incremental taxes generated annually, but only in the amount which exceeds the minimum taxes guaranteed, by the developer, to the City for that year. In other words, the City will first receive taxes pursuant to the guarantee provided by the developer and will amortize its \$2,450,000 of Project Costs from that source. Additional taxes, if any, will be applied to the Monetary Obligation owed to the developer.

In this event, interest costs shown above would increase to include interest on the Monetary Obligation.

It is expected the grants will be received within six months of the beginning of the project, and the Monetary Obligation eliminated within that period. Grants are expected from Milwaukee County, and the Wisconsin Dept. of Commerce's Brownfield program. The developer has received funding from these sources for similar projects in West Milwaukee.

The costs included in this subsection and detailed in Exhibit 4 are, without limitation hereof because of enumeration, 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 2004-5.

The City of Milwaukee will provide financing, through the issuance of general obligation bonds, for the Net Project Capital Costs necessary to implement the Project Plan. As discussed above, a portion of the funding may be provided by the developer and paid from a portion of future tax incremental revenues.

D. List of Estimated Non-Project Costs:

Estimated costs of developing four multi-tenant, light industrial buildings is approximately \$11.5 million.

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

The District consists of vacant property and therefore no persons or businesses are to be displaced.

F. Statement Indicating How District Creation Promotes Orderly Development:

The redevelopment plan for the District anticipates the construction of four multi-tenant, light industrial facilities, each of approximately 50,000 s.f. Total investment is estimated at approximately \$11,500,000. Based upon prior experience with the City's Industrial Land Bank program, employment in this complex will be approximately 200 persons if all users are industrial businesses. To the extent office and service businesses locate in the complex, employment could be markedly greater. The project, therefore, adds employment opportunities to the community as well as tax base.

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

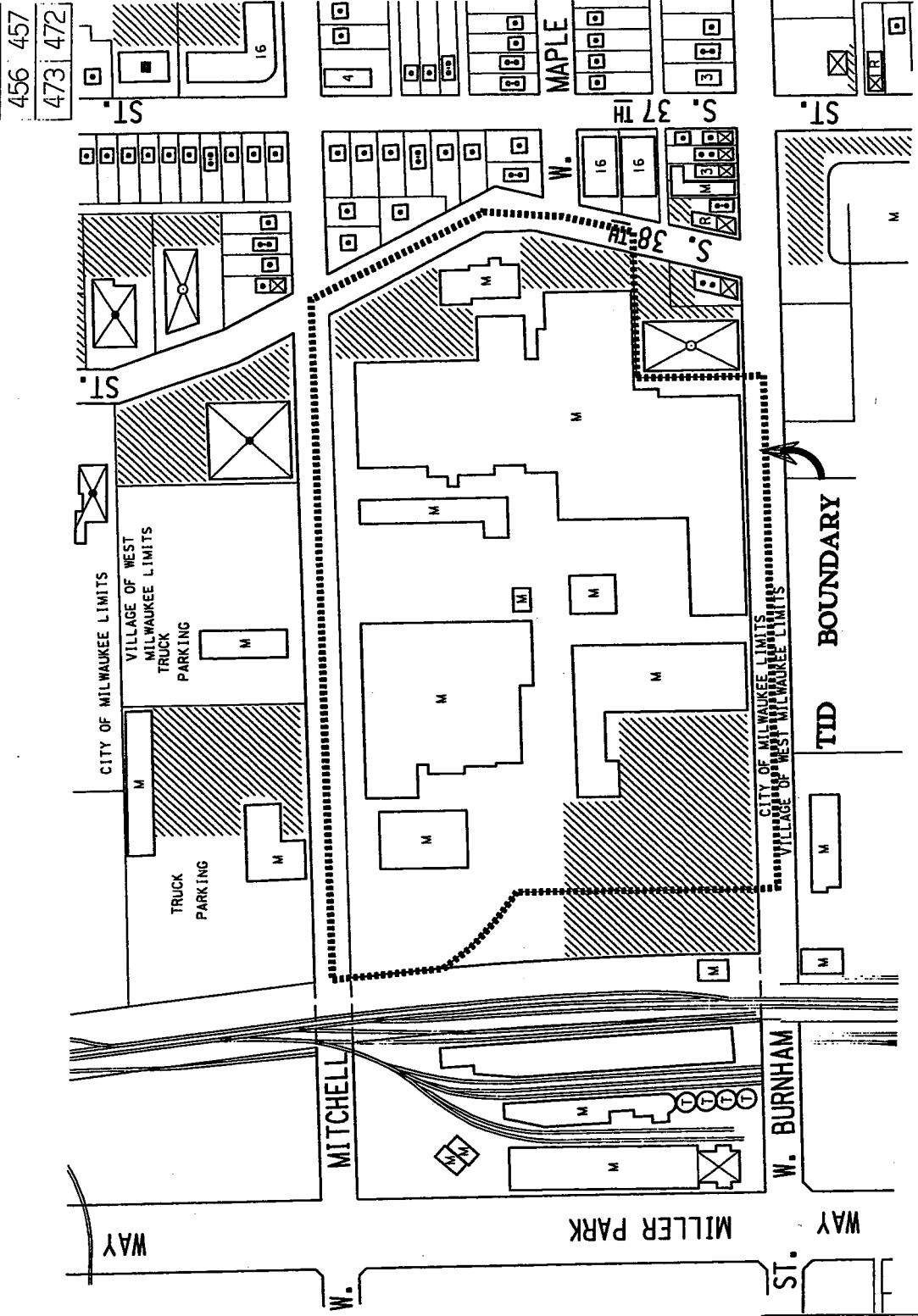
The zoning for the District is currently IH (Industrial Heavy). The zoning is planned to be changed to IL (Industrial Light), or to Detailed Planned Development.

APPENDIX

List of Exhibits

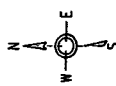
- Exhibit 1: Map of Boundary and Existing Land Use
- Exhibit 2: Map of Site and Structure Condition
- Exhibit 3: Map of proposed improvements
- Exhibit 4: Detailed site remediation and demolition cost estimates
- Exhibit 5: City Attorney's Opinion
- Exhibit 6: Economic Feasibility Study
- Exhibit 7: Metes and Bounds description of District boundary.

EXHIBIT 1



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.S.	PUBLIC SCHOOL
P.G.	PLAYGROUND
---	PARKING LOT
---	PARKING STRUCTURE
---	SINGLE OR DUPLEX RESIDENTIAL
---	MULTI-FAMILY RESIDENTIAL
---	MIXED COMMERCIAL / RESIDENTIAL
---	COMMERCIAL OR LOCAL BUSINESS
---	OFFICE / PROFESSIONAL SERVICES
---	MIXED COMMERCIAL
---	SKILLED CARE FACILITY
---	VACANT PARCEL
---	NON - PUBLIC EDUCATION
---	PUBLIC BUILDING
---	MANUFACTURING AND WAREHOUSING
---	ACCESSORY BUILDING
---	CEMETERY
---	TENNIS COURT
---	BASKETBALL COURT
---	DORMITORY



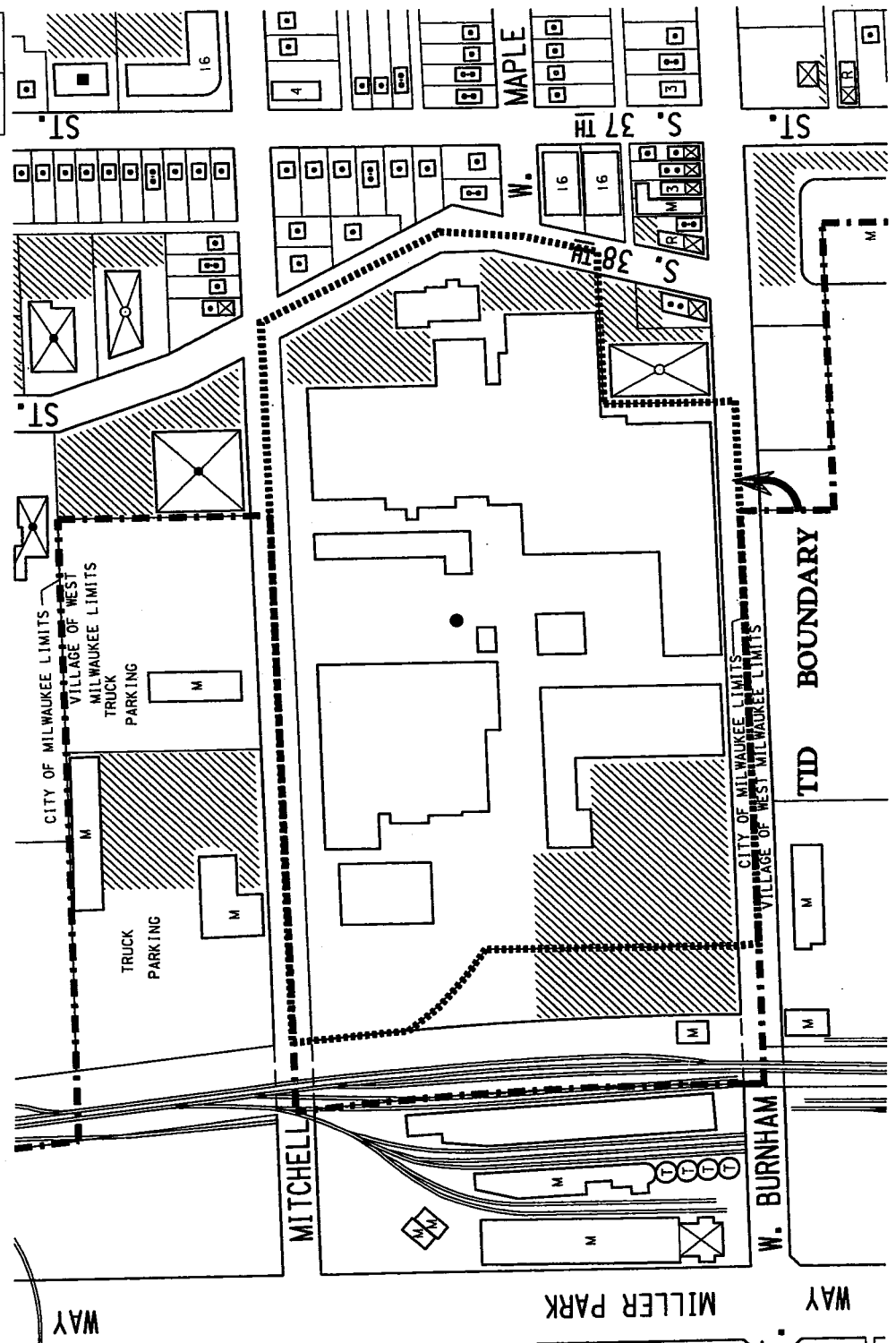
MAP NO. **TID - 54**

1

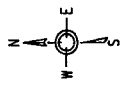
BOUNDARY AND EXISTING LAND USE

DATE

456 457
473 472



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



MAP NO.	TID - 54
STRUCTURE CONDITION	2
DATE	

City of Milwaukee
Department of Public Works
Engineering Division
1000 North Dearborn Street
Milwaukee, Wisconsin 53233

Stadium Business Park

Milwaukee, WI
January 9, 2004

Project Information

Site Area:	15 Aci
Building Area:	200,500
Parking Provided:	403 Site

Owned & Developed by:

Real Estate Recycling

Leased & Managed by:



Site P

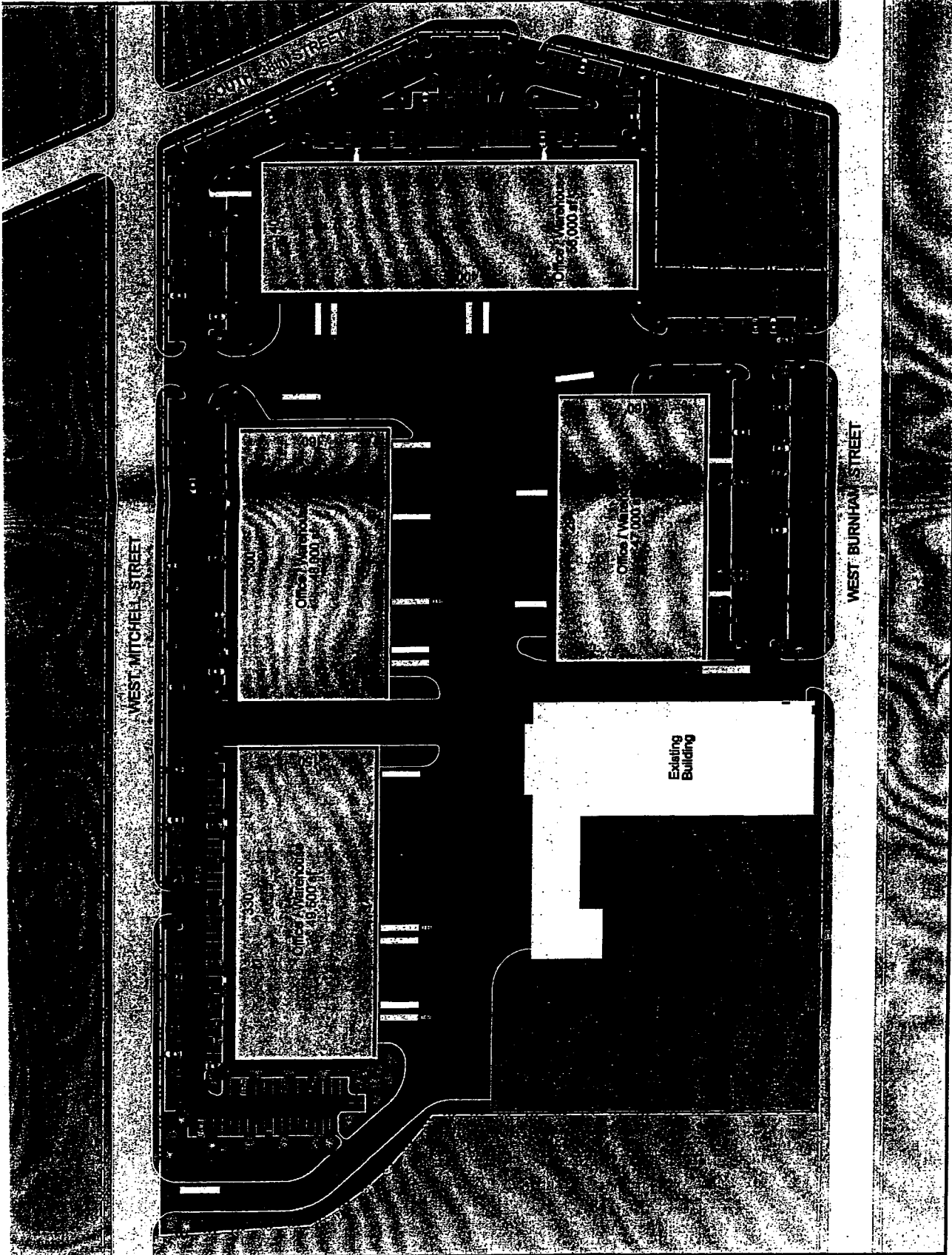


EXHIBIT 3
PROPOSED IMPROVEMENTS

3/8/2004

Site Remediation and Demolition Cost Estimate

<u>TASK</u>	<u>Estimated Cost</u>
• <u>Acquisition (excluding land value)</u>	<u>\$ 250,000</u>
• <u>Restricted Waste Abatement</u>	
Facility Analysis/Planning/Coordination of Survey/Abatement Cost Estimation/Plans & Specifications/Bidding/Permit Coordination/ Oversight/Reporting	\$ 40,000
Asbestos Abatement (budget)	\$ 300,000
Other (Oils/PCB/Mercury/Misc. Chemicals)	\$ 50,000
SUB TOTAL	<u>\$ 390,000</u>
• <u>Building Demolition</u>	
• Facility Review/Planning/Records Review/ Pre-Qualification & Coordination with Contractors/ Plans & Specifications/Permit Coordination	\$ 30,000
• Demolition Oversight/Sampling & Analysis/ Reporting/Contract Management/Documentation/ Sampling Equipment	\$ 60,000
• Demolition/Recycling	
▲ Mobilization/De-Mobilization	\$ 30,000
▲ Site security/permits/dust control/utility cut-offs/traffic control/supervision/bonding	\$ 80,000
▲ Demolition, recycling & disposal above grade structures (approx. 350,000 ft ² buildings)	\$ 150,000
▲ Removal of all Building slabs	\$ 180,000
▲ Foundation removal within 250,000 ft ² proposed building space (includes 10-foot oversize)	\$ 130,000
▲ Pavement removal outside existing buildings (approximately 400,000 ft ² asphalt over concrete)	\$ 100,000
▲ Foundation removal to minus 2 feet, outside of proposed buildings, utility removal within same area to property line	\$ 70,000
▲ Crushing on-site of all asphalt and concrete to 1-inch minus for re-use within foundations	\$ 150,000
▲ De-watering/disposal	\$ 10,000
▲ Well abandonment (26 wells, including deep production well)	\$ 15,000
SUB TOTAL	<u>\$ 1,005,000</u>

Note: These budget numbers are based on preliminary cost estimates by Brandenburg, Veit, ECI, Midwest Rail & Badger Wrecking, as well as recent similar project unit. All demolition contractors have reviewed building drawings and visited the site.

Supplemental Site Investigation/Response Action Plan

Scope of Work - Summary

- SSI Workplan
WDNR File review/site drawing review/facility inventory meetings with United Star City, WDNR/ACM survey coordination/supervise waste determination/workplan and QAPP development
- Conduct SSI
Borings/wells/trenches/field analysis/lab analysis. Boring/well logs/PCB review/Geotech analysis and evaluation/Coakley site investigation.
- Prepare RAP
- Data presentation, alternative development/calculate soil and groundwater standards/vapor intrusion analysis/volume calculations/MNA analysis/Disposal Facility coordination/permit and code review/soil management plan/WDNR coordination and meetings.

Level of Effort

• Site visits/WDNR meetings/scoping and project costing	\$	10,000
• Restricted waste review and survey	\$	10,000
• File reviews/past data review	\$	10,000
• Hazardous waste determination	\$	7,900
• Workplan development and approval	\$	9,900
SUB TOTAL	\$	47,800

• Field preparation/contracts/H & S Plan/utility locates/field equipment	\$	7,700
• Soil borings and soil sample analysis	\$	15,000
• Test pits and soil sample analysis	\$	17,300
• PCB equipment analysis	\$	1,300
• Geotechnical soil testing/groundwater slug testing geotechnical analysis/preliminary data presented to WDNR	\$	13,600
• WDNR requested data collection, well installation, supply and analysis, surveying	\$	15,900
• Coakley site investigation including Geoprobos/S & A/Utility locates/reporting	\$	10,000
SUB TOTAL	\$	80,800

Prepare Remedial Action Plan

• Soil/groundwater pathway analysis	\$	5,000
• Slug test data review and groundwater modeling	\$	4,000
• MNA analysis	\$	3,000
• Soil volume calculations	\$	1,000
• Disposal Facility coordination	\$	1,000
• Permit/code review	\$	5,100
• "Contained-In" determination	\$	5,100
• Alternative analysis/cost development	\$	6,300
• WDNR coordination	\$	5,000
• Preparation of RAP document and WDNR meetings	\$	15,400
SUB TOTAL	\$	50,900
TOTAL	\$	180,000

Implement Soil Remedial Actions

•	Planning/Cost estimating/Alternative development/ Regulation review/Plans & Specs/Permit coordination/ Biding	\$	40,000
•	Soil Correction oversight/Reporting/ Contract Management/Documentation/Field Equipment/ Import S & A/Geotech Report	\$	200,000
•	Design for Building Underfloor Vent System	\$	8,000
•	Oversight/S&A/Documentation During Site Civil Development/Building Contraction	\$	15,000
•	Sampling and Analysis Budget for Soil Correction, including perimeter Dust Control Monitoring	\$	20,000
•	Response Action Implementation Documentation Report to WDNR	\$	40,000
•	Soil Correction Construction		
▲	Mobilization/De-Mobilization	\$	10,000
▲	Excavate/Segregate contaminated soil & debris/Recompact granular within proposed building footprints (100,000 cubic yards total excavation at average cost for excavate/stockpile/place & compact of \$4/yd, in-place	\$	400,000
▲	Surveying/Dust control/De-contamination/ permits/street sweeping/supervision	\$	30,000
▲	Parking/Drive Area Soil Correction/Place crushed concrete	\$	100,000
▲	Overexcavate contaminated soils	\$	30,000
▲	Stockpiling/place contaminated soils within berms around perimeter of site	\$	50,000
▲	Site rough-grading	\$	20,000
•	Underfloor Vent System Construction	\$	75,000
•	Import and place clean soil cover (15,000 cubic yards at \$5/yd ³)	\$	-
•	Dispose special waste off-site (assume 2,000 yd ³ TCE impacted soil at \$25/yd ³)	\$	50,000
•	Construct Debris/Soil Waste Area & Cover on West side of site (Exc./move soils/place/cover)	\$	100,000
•	Site stabilization (seed & mulch) between building phases	\$	22,000
	SUB TOTAL	\$	<u>1,210,000</u>

•	<u>Implement Groundwater Remedial Actions</u>	
•	Well construction (12 monitoring wells including 3 deep wells), design/permitting/oversight/documentation	\$ 50,000
•	Long-term groundwater monitoring for Natural Attenuation (assume 5 years, quarterly for 1st year, semi-annual in year 2, annually in years 3-5) Documentation/Reporting	\$ 200,000
	SUB TOTAL	<u>\$ 250,000</u>
•	<u>Geomatrix Project Management</u>	
•	Planning/coordination between RER, City, State, EPA, Reporting, Budgeting, Planning Meetings, Coordination with Building Contractor for 9 month period.	\$ 65,000
	SUB TOTAL	<u>\$ 65,000</u>
	<u>Coakley-Tech Contribution</u>	\$ (150,000)
	<u>GRAND TOTAL</u>	<u>\$ 3,200,000</u>

Note: This budget assumes that asbestos and restricted waste abatement costs are sufficient to complete the work. Additional firm cost estimates from abatement, demolition and soil correction contractors are forthcoming. These costs assume that approximately \$150,000 of the Investigation, engineering, soil correction and groundwater monitoring costs will be paid by Coakley-Tech

EXHIBIT 6

ECONOMIC FEASIBILITY STUDY

TAX INCREMENTAL DISTRICT NO. 54

STADIUM BUSINESS PARK

Real Estate Recycling, Inc. ("RER") a Minneapolis firm specializing in redeveloping contaminated property, proposes to develop 200,000 s.f. of light industrial and distribution space on a 17 acre site formerly occupied by the Ampco Metal Corp. at 1745 S. 38th Street. Ampco declared bankruptcy in 2001 and was subsequently acquired by United Stars, Inc. of Beloit, WI. After running the facility for approximately one year, United Stars decided to close the business, and sell the facility to RER.

RER plans to remediate environmental contamination on the site and demolish all but one facility on the property. The estimated cost of this work is \$3.2 million, as detailed in Exhibit 4 of the TID Project Plan.

The site is adjacent to S. Miller Park Way and less than one mile from the Stadium Interchange at Miller Park. RER has previously developed two buildings, each with approximately 50,000 s.f. of leaseable space on nearby sites at 1600 Miller Park Way, and 4500 W. Burnham St., in West Milwaukee. The projects were developed in 2001 and 2003 respectively and both are fully leased. Current tenants include DeWalt Factory Service, Louis Schmitt Plumbing Co. and Reprographic Technologies, Inc.

Also, attached is a Market Summary prepared by Inland Companies which addresses the leasing activity for these two buildings, and the overall market for industrial space in southeast Milwaukee / West Allis Sub Markets. In general, this submarket has been absorbing industrial space at a rate much greater than historical trends and has a vacancy rate significantly lower than the metro area as a whole.

The Milwaukee project, to be known as the Stadium Business Park, will consist of four 50,000 s.f. buildings, each with office and distribution / production space, have ceiling heights of 21 feet, drive-in loading docks and be constructed of decorative masonry. It is expected each building will have, at most, five tenants occupying 10,000 s.f. each.

Proposed rents for the Stadium Business Park are \$8.75/ s.f. for office, and \$4.50/ s.f. for production / distribution space, NNN. This compares with asking rents in W. Milwaukee of \$9.50 and \$4.75 for comparable space.

Assuming each tenant has 10% office and 90% warehouse / production space, the blended rent for the project would be \$4.92/ s.f. Using this rent, we forecast assessed value for each of the 50,000 s.f. buildings, as follows:

Rent / s.f. NNN	\$4.92
Net rent @ 50,000 s.f. leasable	\$246,000
Vacancy @ 5%	\$ 12,300
Owners exp. + reserves @ 10%	\$ 24,600
NOI	\$ 209,100
Cap Rate	9.5%
Est. Value	\$2,201,000
Est. Value / s.f.	\$44

This value includes land value for the site.

RER proposes to develop the first of four buildings by the end of 2004, and build the remaining three facilities on an annual basis, or as demand dictates.

The City, either acting on its own or through its Redevelopment Authority, intends to implement a tax increment district to fund a portion of the extraordinary site remediation and demolition costs for the project. Total extraordinary site costs are estimated at \$3,200,000, of which the proposed TID will contribute \$2,400,000 with the balance, \$800,000, expected to come from state and local brownfield grant programs.

Financing for TID project expenditures will be provided by the City through the issuance of general obligation obligation bonds. RER will provide the City and RACM with a guarantee that should annual assessments be less than certain minimum amounts, RER will make a payment in lieu of taxes to supplement any shortfall of actual tax incremental revenue.

The assessed value of the proposed TID, as determined by the Wis. Dept. of Revenue, for 2003 was \$1,667,300. The District consists of a single tax key no.: 457-9972-111. Since the facility is no longer used for manufacturing, the assessment for 2004, the TID's Base Year, will be determined by the Milwaukee Assessor.

The City Assessor will be asked to divide the TID into two key numbers. One key number will be for the property at 4000 W. Burnham St., which consists of a major warehouse and storage building. This building is owned by Coakley 4000 West Burnham LLC and is situated on a ground lease from Ampco. Upon acquiring the entire site from Ampco, RER plans to convey the portion of the site subject to this ground lease to the

building owner. The other key number will consist of the property previously operated by Ampco as a foundry.

Because of the environmental condition of the foundry site, the City Assessor's Office plans to assess this key number at a reduced value. A recent appraisal of the property, excluding the 4000 W. Burnham building, indicates a land value of \$950,000 and \$250,000 for improvements. This appraisal does not, however, factor in the impact of the contamination. For the purposes of this analysis, we will use the historical assessed value for the land as the 2004 assessed value, assigning a negligible value to the buildings. The assessed value of the land was \$599,100. Prorating this between the 4000 Burnham building and the rest of the site produces a value of \$495,000.

The Base Value of the TID, therefore, is estimated to be the sum of the value given the 4000 W. Burnham property plus \$495,000. In the attached TID Cash Flow Forecast, we deduct \$495,000 from the forecast of new development on the property – excluding the value of the 4000 W. Burnham property from both the Base and the Forecast, i.e. netting it out of both sides of the equation, and avoiding the necessity of estimating its value.

Based on the above assumptions, we have prepared the attached TID Cash Flow for the proposed project. Additional assumptions are as follows:

- The first 50,000 s.f. building is constructed in 2004, assessed initially in 2005 at 50% of its ultimate value (assuming limited occupancy by year-end) and assessed at 100% of its value by 2006 (assuming substantially full occupancy). All assessments are determined as of January 1 of a given year.
- The second building is built one year later, in 2005, and assessed as above.
- The third building is built two years after the third building and assessed as above.
- The fourth and last building is built one year and assessed as above.
- Values are escalated 1% per year, every five years, when leases roll over.
- The initial value of the first building is based on \$44 per s.f.; initial values for subsequent buildings are escalated at 1% per year.
- The combined tax rate for property in the City of Milwaukee remains at \$26 per \$1000 of market value.

As shown in the Cash Flow forecast for the TID, the district is expected to recover its project costs within the current statutory maximum period of twenty-three years. As with many TID's where the City's funds are advanced early in the development, and the private investment is phased-in over time, the district will experience initial annual cash shortfalls which are eventually recovered. The Cash Flow forecast assigns a carrying cost of 2% annually to any shortfalls.

Based on the Cash Flow Forecast and given the foregoing, the district is economically feasible. If personal property in the facility is taxed, incremental value in the district should exceed that forecasted, although the legislature continues to exempt many forms of personal property which would contribute significantly to the district's value over

time. In addition, recently signed legislation will extend the maximum term of this type of TID to 27 years, and possibly 30 years, adding several additional years within which to recover costs.

As provided in the Term Sheet for the Development Agreement for this Tax Increment District, RER plans to advance the \$800,000 ultimately anticipated to be provided through grants. These funds, less any costs eventually funded through grants, will be additional Tax Incremental District project costs and will be repaid, through a Monetary Obligation to the developer, from incremental taxes generated annually - but only in the amount which exceeds the minimum taxes guaranteed, by the developer, to the City for that year.

Grant funds are expected to fully repay the Monetary Obligation. To the extent they do not, the term of the District would extend beyond that estimated in the Cash Flow forecast, but the City's portion of Project Costs are nevertheless expected to be fully recovered. See Alternate Cash Flow Forecast, attached.

ALTERNATE TAX INCREMENTAL CASH FLOW FORECAST: TID NO. 54 (STADIUM BUSINESS PARK)

Year	Project Value				District Value	Minimum Mkt. Val.	Mln. Mkt. Val. Over Base Of: \$ 495,000	City Share Tax. Inc. Rev. @ 0.028	Capitalized Interest	City Debt Service On Cap. Int. + 2,450,000	City Net Cash Flow	City Cum. Cash Flow	Developer Share Of Increment. Value	Developer Share Tax. Inc. Rev.	
	Phase I	Phase II	Phase III	Phase IV											
Bldg. S.F. 50,000	1,100,000				1,100,000				115,000				605,000		
2004	1,100,000				3,322,110	3,320,000	2,825,000		115,000				0	15,730	
2005	2,200,000	1,122,110			4,444,220	4,444,000	3,949,000	73,450	201,589		(128,139)	-128,139	0		
2006	2,200,000	2,244,220			5,688,884	5,688,000	5,093,000	102,674	201,589		(98,915)	-229,617	0		
2007	2,200,000	2,244,220	1,144,664		7,901,221	7,900,000	7,405,000	132,418	201,589		(69,171)	-303,381	0		
2008	2,200,000	2,244,220	2,289,329	1,167,672	9,068,893	9,050,000	8,555,000	192,530	201,589		(9,059)	-318,507	0		
2009	2,312,222	2,244,220	2,289,329	2,335,344	9,181,115	9,050,000	8,555,000	222,430	201,589		20,841	-304,037	0		
2010	2,312,222	2,244,220	2,289,329	2,335,344	9,285,593	9,050,000	8,555,000	222,430	201,589		20,841	-289,277	0		
2011	2,312,222	2,358,698	2,289,329	2,335,344	9,295,593	9,050,000	8,555,000	222,430	201,589		20,841	-274,221	0		
2012	2,312,222	2,358,698	2,289,329	2,335,344	9,412,372	9,050,000	8,555,000	222,430	201,589		20,841	-243,201	0		
2013	2,312,222	2,358,698	2,289,329	2,335,344	9,531,498	9,050,000	8,555,000	222,430	201,589		20,841	-227,224	0		
2014	2,312,222	2,358,698	2,289,329	2,335,344	9,649,444	9,050,000	8,555,000	222,430	201,589		20,841	-210,928	104,444		
2015	2,430,169	2,479,015	2,406,108	2,454,470	9,769,762	9,050,000	8,555,000	222,430	201,589		20,841	-194,306	224,762	5,844	
2016	2,430,169	2,479,015	2,406,108	2,454,470	9,769,762	9,050,000	8,555,000	222,430	201,589		20,841	-177,351	347,497	5,844	
2017	2,430,169	2,479,015	2,406,108	2,454,470	9,892,487	9,050,000	8,555,000	222,430	201,589		20,841	-160,057	472,700	9,035	
2018	2,554,132	2,479,015	2,528,843	2,579,673	10,117,700	9,050,000	8,555,000	222,430	201,589		20,841	-142,418	596,663	12,290	
2019	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841	-124,425	671,780	15,513	
2020	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841	-106,073	671,780	17,466	
2021	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841	-87,353	671,780	17,466	
2022	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841	-48,784	671,780	17,466	
2023	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841	172,670	671,780	17,466	
2024	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841		671,780	239,896	
2025	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841		671,780	239,896	
2026	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841		671,780	239,896	
2027	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841		671,780	239,896	
2028	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841		671,780	239,896	
2029	2,554,132	2,554,132	2,528,843	2,579,673	10,216,780	9,050,000	8,555,000	222,430	201,589		20,841		671,780	239,896	
NPV @ 5%															\$345,790

Notes:
 1) District is currently one key number. Will be divided into two key no's. One for 4000 W. Burnham and the other for the Balance of the Site. Forecast above is for Balance of Site to be redeveloped per Real Estate Recycling proposal. Value of Burnham property will be included in Base Value and annual District Value, and will not effect incremental Value.
 2) Also see assumptions in Economic Feasibility Study text.



Date: February 23, 2004

To: Milwaukee Department of City Development

From: Tom Shepherd
Industrial Broker
Inland Companies

RE: **Stadium Business Park – Market Summary**

Stadium Business Park is being developed in the healthiest sub-market in the Milwaukee area, and demand for the space has been and continues to be very strong. The real estate fundamentals are obvious

- proximity to a respected work force
- superb access to highways
- central location
- \$500 million Miller Park as a memorable landmark, and
- synergy with the other new developments nearby, namely the Target store and new restaurants (Culver's, Arby's, etc.)

In addition, it is nearly impossible to find new construction and/or land sites in this excellent area, so all new buildings have leased up extremely quickly.

The West Milwaukee/West Allis sub-market is the strongest in the Milwaukee area. Overall vacancy in Milwaukee is running at 6.5%, but, as you can see on the attached table, vacancy in the West Milwaukee/West Allis sub-market is only 3.9%. Please see Exhibit 1 and Attachment 1 for market vacancy information.

Stadium Business Center (SBC) and Stadium Business Center II (SBC II) have been the most active industrial listings for Inland Companies in the post-September 11th leasing market. Construction on Stadium I began immediately after September 11, 2001 and we had it filled with six (6) high-quality tenants by June 2002. Stadium II was completed November 1, 2003 and four (4) months later we have it 100% filled with three (3) high-quality light industrial tenants.

In addition to RER's activity on SBC and SBC II, Luterbach Construction developed and leased 250,000 square feet of new industrial space in West Milwaukee and West Allis in 2001-03. In the time period between 2001-03, about 350,000 square feet of new industrial space was developed and absorbed by the market during one of the slowest



economic period. That corresponds to approximately 100,000 square feet of annual absorption.

In a further sign of strength for this sub-market, we have several pre-lease tenants lined up for Stadium Business Park. We are actively negotiating Letters of Intent for these prospects. We expect to have the first building in Stadium Business Park 50% pre-leased by Spring of 2004 and 100% committed to by late Fall of 2004. Please see Exhibit 2, a recent article by Tom Daykin of the Journal Sentinel, for more information on the strengthening market.

In summary, the Miller Park Way corridor has been an active and dramatically-improving location for both retail and industrial redevelopment. We anticipate the momentum of SBC, SBC II, and the Miller Park Way momentum to carry over to the successful leasing of Stadium Business Park. The central location, respected labor force, excellent access, and high-quality buildings have all been driving factors in the leasing for our prior developments.

Exhibit 1

Submarket Vacancy Rates

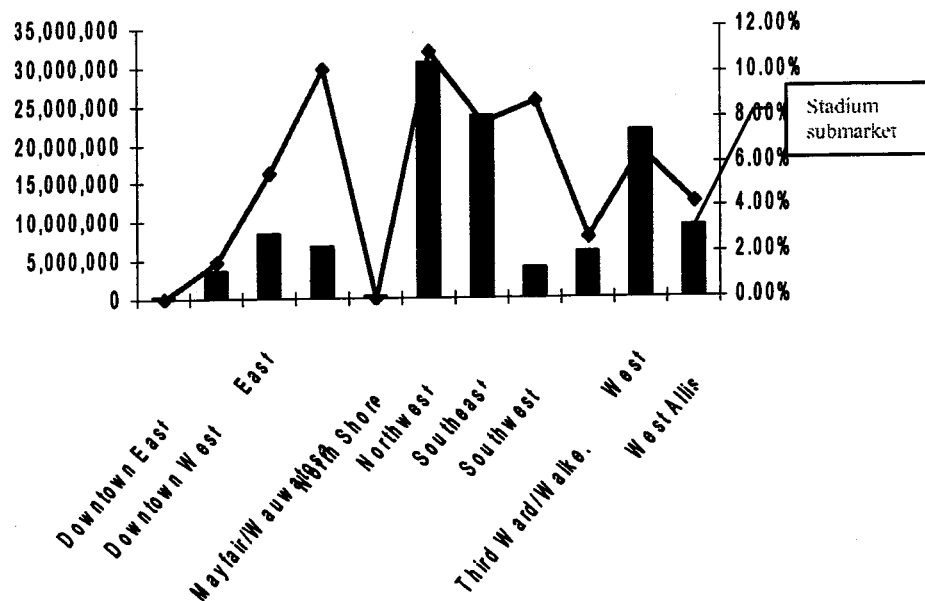


Exhibit 2

Tenants fill distribution center

West Milwaukee site reflects strength of commercial leasing

By TOM DAYKIN
tdaykin@journalsentinel.com

Posted: Feb. 6, 2004

A West Milwaukee distribution center /office building that opened last fall is now filled with tenants, an example of strong commercial leasing activity in the area near Miller Park, the development's broker said Friday.

Stadium Business Center II, which has around 48,000 square feet at 4500-4516 W. Burnham St., recently signed two tenants, said broker Tom Shepherd of Inland Cos. Certifit Auto Body Parts, an auto parts distributor based in Salt Lake City, is opening a Milwaukee-area location by leasing 23,799 square feet at the center, Shepherd said. Also, Mercury Movers Inc. is leasing 12,008 square feet, and will relocate to the center from just across the street, at 4545 W. Burnham St., where it has a smaller facility, he said.

Certifit and Mercury join Liftow /Badger Material Handling, which opened an 11,791-square-foot forklift training facility in November.

Stadium Business Center II and Stadium Business Center I, a 45,000-square-foot distribution center/office building at 1600-1670 Miller Park Way, West Milwaukee, were both developed by Minneapolis-based Real Estate Recycling.

The firm also plans to demolish the nearby former Ampco Metal Inc. foundry, 1745 S. 38th St., Milwaukee, and create a \$10 million distribution center /office complex on the site.

Shepherd said Inland has already started marketing space in that first phase of the development, which will be known as Stadium Business Park. The first building, with 50,000 square feet, is to be available by December, he said.

Along with those developments, Miller Park Marketplace, a shopping center anchored by a Target store, is under construction on 22 acres west of Miller Park Way between W. Greenfield Ave. and W. Mitchell St.

From the Feb. 7, 2004 editions of the Milwaukee Journal Sentinel



Property Availability Summary - Submarket



Summary/Submarket	# Bldgs	Total Bldg SF	Direct Avi SF	Sublease Avi SF	Total Avi SF	Total Avi %	Direct Vac SF	Direct Vac %	Sublease Vac SF	Total Vac SF	Total Vac %	Direct Asking Rate
SE-Mke /West Allis	255	9,367,852	331,151	40,000	371,151	4.0%	327,851	3.5%	40,000	367,851	3.9%	\$3.58
Ind TOTAL:	255	9,367,852	331,151	40,000	371,151	4.0%	327,851	3.5%	40,000	367,851	3.9%	\$3.56

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.