

**PROJECT PLAN**  
**for**  
**TAX INCREMENTAL DISTRICT NUMBER 55**  
**CITY OF MILWAUKEE**  
**(Holt Plaza)**

**Redevelopment Authority  
of the  
City of Milwaukee  
Milwaukee, Wisconsin**

**Prepared by  
Department of City Development  
(2/23/04)  
(Updated on 4/8/04)**

**In conformance with the provisions  
of Section 66.1105, Wisconsin Statutes,  
as amended.**

**(Scheduled for the Redevelopment Authority of the City of Milwaukee on March 12,2004)**

TABLE OF CONTENTS

I. DESCRIPTION OF PROJECT

A. Introduction..... 2  
B. District Boundaries.....2  
C. Plan Objectives.....2  
D. Proposed Public Action..... 3

II. PLAN PROPOSALS

A. Statutory Requirements..... 4  
B. Compliance with Statutory Requirements.....4  
    1. "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements.".....4  
    2. "Detailed List of Estimated Project Costs."..... 5  
    3. "Description of Timing and Methods of Financing."..... 6  
    4. "Economic Feasibility Study.".....7  
    5. "Map Showing Existing Uses and Conditions.".....7  
    6. "Map Showing Proposed Improvements and Uses."..... 7  
    7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances."..... 7  
    8. "List of Estimated Non-Project Costs."..... 8  
    9. "Proposed Method for Relocation."..... 8  
    10. "Statement Indicating How District Creation Promotes Orderly City Development."..... 8  
    11. "Opinion of the City Attorney."..... 8

EXHIBITS

## I. DESCRIPTION OF PROJECT

### A. Introduction

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

### B. District Boundaries

Tax Incremental District Number 55, City of Milwaukee (Holt Plaza) comprises the entire Holt Plaza shopping center. The area consists of whole units of property as are assessed for general tax purposes. The District is shown on Map 1, "Boundary and Existing Land Use", and described more precisely in Exhibit 1, "Boundary Description." A complete list of properties that comprise TID No. 55 is provided in Exhibit 2, "Property Characteristics."

Tax Incremental District Number 55 contains property totaling approximately 20.56 acres, exclusive of public streets and alleys. This exhibit documents the findings that more than 50% by area of the real property in the District is "blighted area" within the meaning of sec. 66.1105(2)(a)1. Wisconsin Statutes, "...by reason of dilapidation, deterioration, age or obsolescence" and meets the requirements of sec. 66.1105(4)(gm)4.a. Wisconsin Statutes. Exhibit 2 illustrates how the property within TID No. 55 meets the statutory criteria for Tax Incremental Districts.

### C. Plan Objectives

Holt Plaza at the northwest corner of South Chase Avenue and East Holt Avenue currently faces several challenges. Among these is the need to respond to changes in modern retailing. Today's retailers are looking for visibility, access, proper physical space and a co-tenancy that will draw in customers. The existing layout of the site is problematic for re-leasing to commercial tenants and securing new outlot tenants, because the buildings "back up" to the neighborhood and do not have visibility nor access from Chase Avenue. In addition, the Pick N' Save store lease expires in 2007 and, although this is a top producing store and it is likely that they would extend this lease, the space is very large and in need of modernization.

Another challenge that Holt Plaza faces is vacancy. Although the plaza currently contains a 154,962 square foot operating Pick N' Save grocery store and small retail and service businesses inside the grocery store, such as Subway, Taco Loco, Tri-City Bank, Great Clips and Vision Mart, the development has over 200,000 square feet of vacant space. This includes over 35,000 square feet of vacant office space, 15,000 of which was formerly occupied by Roundy's Inc., 117,566 square feet of unused warehouse space and 87,912 square feet of vacant retail

space formerly occupied by a Builder's Square home improvement store until 1999. Kmart Stores completed paying the lease on the former Builder's Square space in 2001.

The outlook on releasing the vacant spaces within the current plaza does not look promising. First, the developer has listed the former Builder's Square space in the past with the Polacheck Company and, despite strong demand for retail space in the Bay View area, the effort was unsuccessful. Second, Roundy's moved its office operations out of this location in 2003 and with current vacancy rates for office space in the market, the probability of re-leasing this space within a reasonable time-frame and rental rate is low. Finally, other major stores along South Chase Avenue such as Kmart and Sear Hardware have also closed within the last year.

By providing funding for projects that cannot be funded by the private sector alone, the District will help Holt Plaza and the city respond to these challenges.

The more detailed objectives of this Project Plan are to:

1. Strengthen the economic vitality of the South Chase Avenue commercial district by introducing new retail development.
2. Promote the coordinated development of vacant and underutilized land and buildings for appropriate uses.
3. Eliminate obsolete conditions, blighting influences and environments deficiencies that impede development and detract from the functionality, aesthetic appearance and economic welfare of this important section of the city.
4. Create new employment opportunities.

#### D. Proposed Public Action

This developer-financed TID will reimburse the Developer for up to \$2 million in order to fund the gap created by the economics of the Holt Plaza project. The District will also fund \$125,000 in administrative and other costs.

Improvements will consist of demolition of the existing buildings and site work, which will create sufficient area for the development of a 75,975 square foot Pick N' Save Store, a 102,733 square foot Home Depot home improvement center with a 27,988 square foot garden center, a 12,000 square foot mid-box space in-line with the Pick N' Save and approximately 19,000 square feet of retail space in three outlots.

While the repayment to the developer is expected to be the principal means of achieving the objectives of this Plan, the City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority and/or other entities, undertake any and all project and site improvements and activities considered necessary to achieve project

objectives and the commitment of private investment. This Plan is not intended to limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.1333(5), Wisconsin Statutes, within the District.

## II. PLAN PROPOSALS

### A. Statutory Requirements

Section 66.1105(4)(f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District shall include:

"... a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city."

The plan shall also include an opinion of the City Attorney or of any attorney retained by the City advising whether such plan is complete and complies with Section 66.1105(4)(f), Wisconsin Statutes.

### B. Compliance with Statutory Requirements

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

1. "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements."

a. The plan includes the public works and improvements described in general below.

The specific kind, number, and locations of public works and other improvements will be based on detailed final plans, specifications and estimates as approved by the city's Department of City Development for project and site development. While not anticipated at this time, improvements such as vacation of existing public rights-of-way, site clearance, environmental remediation, and reimbursement to owners of abutting property for costs directly related to the project also may be undertaken if necessary for the implementation of the plan for the District.

- b. The number and location of the proposed public works or improvements are shown on Map No. 3, titled Proposed Improvements and Uses, and are described below.

The developer of Holt Plaza, Mifflin Care Center, Inc., will demolish the existing buildings and regrade the approximately 20.56 acre site to create sufficient area for the development of a 75,975 square foot Pick N' Save Store, a 102,733 square foot Home Depot home improvement center with a 27,988 square foot garden center, a 12,000 square foot mid-box space in-line with the Pick N' Save and approximately 19,000 square feet of retail space in three outlots. In addition, both the Pick N' Save and the Mid-box structures will be constructed by the developer as part of the redevelopment project.

## 2. "Detailed List of Estimated Project Costs."

The kind, number, location and estimated costs are based on preliminary plans by the developer of Holt Plaza, as part of the preparation of the economic feasibility study for the District. These may be modified as to kind, number, location, and the costs reallocated at any time during project execution based on more definitive engineering studies and construction plans without amendment of this Plan.

The costs included in this subsection and detailed in Table "A" which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2)(f) and in any Cooperation Agreement (s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, and/or eligible designated redeveloper(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

These costs and cost estimates are more fully described as follows:

### a. Capital Costs

A statement of the kinds of activities proposed for the project is included in subsection III.B.1. of this Plan.

### b. Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs. Components of the "other costs" include, in general, costs of salaries and employee benefits for employees engaged in planning, engineering, implementing, and administering activities in connection with the tax increment district. Related costs of supplies, materials, contract and consultant services, travel, rental of space and equipment, and the reasonable costs of City departments and agencies having oversight responsibilities due to the creation of this District. Such services include but are not limited to purchasing, property appraisals, personnel, legal, accounting, auditing, the provision of space and maintenance, and

costs charged in accordance with an approved cost allocation plan. These costs are estimated at \$140,000.

c. Financing Costs

There are no public financing costs associated with the tax incremental district, because the project will be financed by the developer.

Table A  
List of Estimated Project Costs<sup>1</sup>

A	<u>Capital:</u> TID payments to the Developer up to \$2 million	\$2,000,000
B	<u>Other:</u>  Administrative, professional, organizational and legal: \$140,000  Capitalized interest: \$0	\$140,000
	Total Estimated Project Costs, excluding financing	\$2,140,000
C	<u>Financing:</u> Interest payment on tax-exempt bonds	\$0

3. "Description of Timing and Methods of Financing."

a. Estimated Timing of Project and Financing Costs

The Summary of Project Costs identifies the year in which actual expenditures for the cost of improvements described in this plan are expected to be incurred. Project costs will be incurred in 2004 and 2005. This schedule anticipates the time costs will be incurred, not the time contracts or other obligations may be entered into. The estimates presented are subject to change as actual circumstances during the project execution period may require. However, all expenditures will be made prior to the year 2011, pursuant to the provisions of s. 66.1105(6)(am), Wisconsin Statutes.

<sup>1</sup> The City of Milwaukee and RACM reserve the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment.

b. Estimated Method of Financing Project Costs

Sale of General Obligation Bonds: \$0<sup>2</sup>

4. "Economic Feasibility Study."

The Economic Feasibility Study for this District, prepared by the Department of City Development and titled *Economic Feasibility Study: Tax Increment District No. 55, City of Milwaukee, March 10, 2004*, is on file in the Office of the Redevelopment Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin, and in the Office of the City Clerk of the City of Milwaukee, 200 West Wells Street, Room 205, Milwaukee Wisconsin, as attached to Common Council Resolution File Number [REDACTED]. The study is incorporated herein by reference. The study establishes the dollar value of project costs which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the proposed tax incremental district.

Based upon the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and is likely to be retired on or before the year 2021 but could run to the year 2026. Should incremental revenues be generated in excess of those currently anticipated, they will be used to offset the public costs of Plan implementation.

5. "Map Showing Existing Uses and Conditions."

Please refer to Map No. 1, "Boundary and Existing Land Use," and Map No. 2, "Structure Condition," in the Exhibits Section, which follows.

6. "Map Showing Proposed Improvements and Uses."

Please refer to Map No. 3, "Proposed Improvements and Uses," in the Exhibits Section which follows.

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

Please refer to Map No. 4, "Existing Zoning," and to Map No. 5, "Redevelopment Project Areas." The proposed project is consistent with the existing CS zoning, DIZ overlay guidelines, the existing master plan, map, building codes, and other city ordinances; the project will not require amendments to their provisions.

---

<sup>2</sup> Excluding capitalized interest, if any.



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

Table "B"  
List of Estimated Non-Project Costs

Retail developments within Holt Plaza	\$23.5 million
---------------------------------------	----------------

9. "Proposed Method for Relocation."

This Plan does not anticipate the acquisition of property by the City of Milwaukee or by the Redevelopment Authority. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquisition of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to sec. 66.1333 and sec. 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

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

The creation of TID No. 55 is consistent with and will help implement the Comprehensive Plan for the City of Milwaukee.

11. "Opinion of the City Attorney."

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

## **EXHIBITS**

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Boundary Description
Exhibit 2	Property Characteristics
Map 1	Boundary and Existing Land Use
Map 2	Structure Condition
Map 3	Proposed Uses and Proposed Improvements
Map 4	Existing Zoning
Map 5	Redevelopment Project Areas
Attachment 1	Assessment Commissioner's Letter
Attachment 2	City Attorney's Letter (in preparation)
Attachment 3	Economic Feasibility Study

**Exhibit 1: Boundary Description**

**LANDS IN THE NE 1/4 SEC 17-6-22, COM 554.88' N OF SE COR SD 1/4 SEC-TH W  
1310.50'-TH N 660'-TH NELY 992.25'-TH SELY ALG C&NW RR ROW 400.77'-TH S  
588.69' TO BEG EXC STS & SUBJ TO EASM'T**

**Exhibit 2: Property Characteristics, Proposed TID #55, Holt Plaza**

Taxkey	Property Address	Owner	2004 Land	2004 Improvements	Lot Area (s.f.)	Vacant (s.f.)	Area Blighted and (s.f.)	Notes
537-9991-110	3272-3326 S. 3rd Street	Miflin Care Center Inc.	\$1,542,000	\$6,758,000	895,594	0	895,594	a
<b>TOTAL</b>			<b>\$1,542,000</b>	<b>\$6,758,000</b>	<b>895,594</b>	<b>0%</b>	<b>100%</b>	

Source: Assessor's Property Database

Exhibit 2: PROPERTY CHARACTERISTICS, PROPOSED TID 55, HOLT PLAZA  
Notes to Exhibit 2

This exhibit documents the findings that more than 50% by area of the real property in the District is a “blighted area” within the meaning of sec. 66.1105(2)(a)1, Wisconsin Statutes, “...by reason of dilapidation, deterioration, age or obsolescence” and meets the requirements of sec. 66.1105(4)(gm)4.a. Wisconsin Statutes. The exhibit also documents that not more than 25%, by area of the real property in the District is vacant within the meaning of sec. 66.1105(4)(gm)1., Wisconsin Statutes.

Calculation of Area

The calculation of property area in this exhibit is based on data from the City of Milwaukee’s Office of the City Assessor.

Vacant Land

Parcels are classified as vacant if the fair market value or the replacement cost value of structural improvements on the parcel is less than the fair market value of the land.

The current assessed value of the structural improvements on the parcel within the proposed district is not less than the assessed value of the land. Therefore, 0 square feet, or 0.0% of the real property in the District is “vacant” within the meaning of sec. 66.1105(4)(gm)1, Wisconsin Statutes.

Detailed Notes

- a. This property is currently owned by Miflin Care Center Inc. c/o Ron SanFelippo. It currently houses a 154,962 square foot operating Pick N’ Save grocery store and small retail and service businesses within the grocery store square footage— Subway, Taco Loco, Money Express, a Dry Cleaner, Tri-City Bank, Great Clips, Vision Mart and an Aurora Pharmacy.

Blighted Area

Parcels classified as “blighted” “...by reason of dilapidation, deterioration, age or obsolescence” and/or “an area which...consists of land...or otherwise, substantially impairs or arrests the sound growth of the community” within the meaning of sec. 66.1105(2)(a)1, Wisconsin Statutes.

Parcels were classified as "blighted" if the structures on them require reinvestment to address age, physical deterioration, or physical or economic obsolescence. Long-term vacancies within a significant portion of the existing buildings were deemed economically blighted and evidence of obsolescence.

The parcel at 3272-3326 S. 3rd Street, having a total area of 845,954 square feet is classified as "blighted" in Exhibit 2. This parcel comprises approximately 100% of the District.

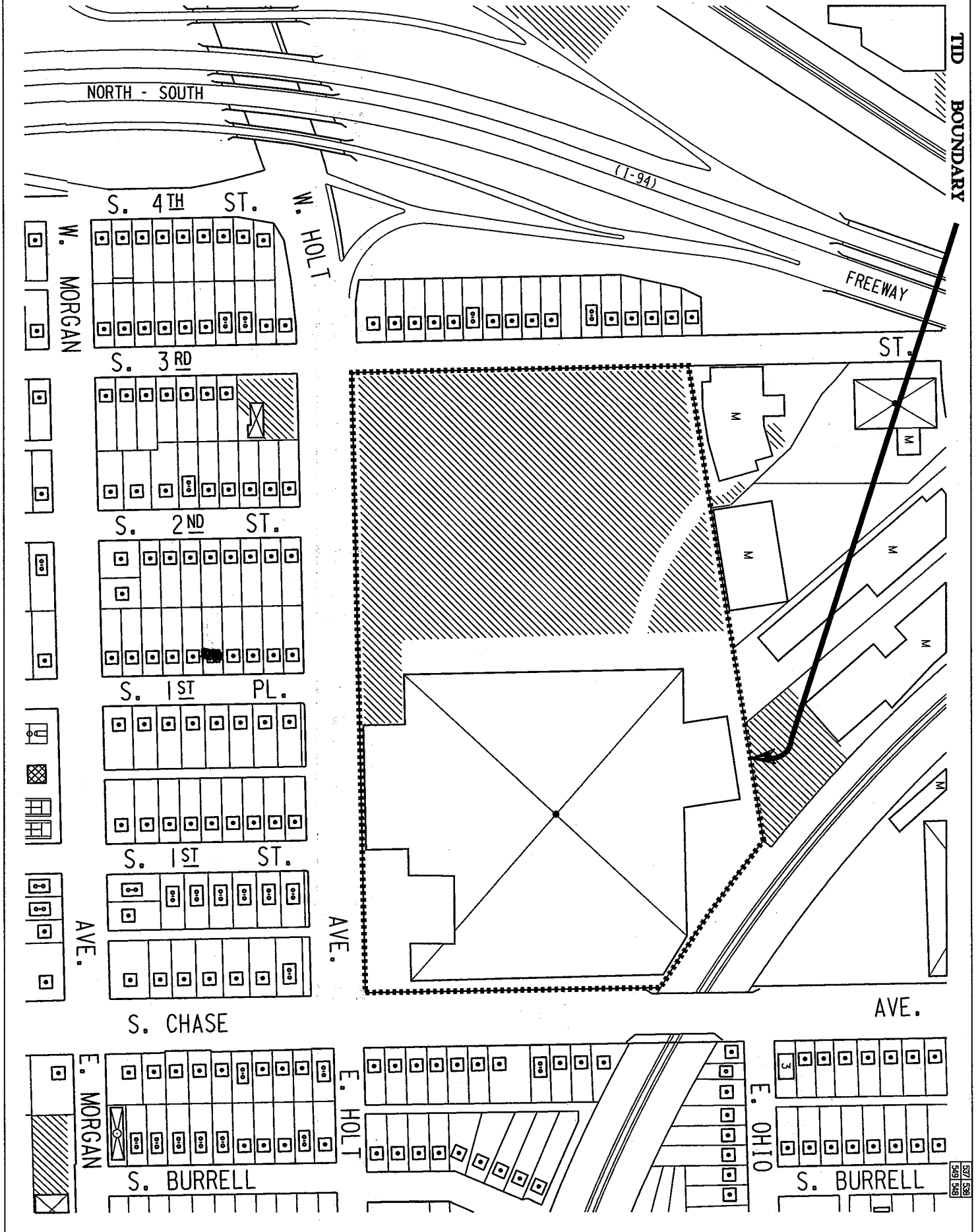
LEGEND	
.....	PROJECT BOUNDARY
+	CHURCH
H	HOTEL / MOTEL
R	ROOMING HOUSE
P	POLICE STATION
F	FIRE STATION
+	HOSPITAL
C	CONDOMINIUM
U	UTILITY COMPANY
T	STORAGE TANK
	PARK
P.S.	PUBLIC SCHOOL
P.G.	PLAYGROUND
□	PARKING LOT
□	PARKING STRUCTURE
□	SINGLE OR DUPLEX RESIDENTIAL
□	MULTI-FAMILY RESIDENTIAL
□	MIXED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

MAP No. **TID - 55**

**BOUNDARY AND EXISTING LAND USE**

DATE \_\_\_\_\_

PREPARED BY THE DEPARTMENT OF CITY DEVELOPMENT INFORMATION CENTER  
 One City Center Building  
 1000 North Main Street  
 Columbus, Ohio 43260-1000  
 Phone: (614) 462-3000  
 Fax: (614) 462-3001  
 E-mail: info@citycenter.com



5871 588  
589 590







TID BOUNDARY

# Zoning Legend

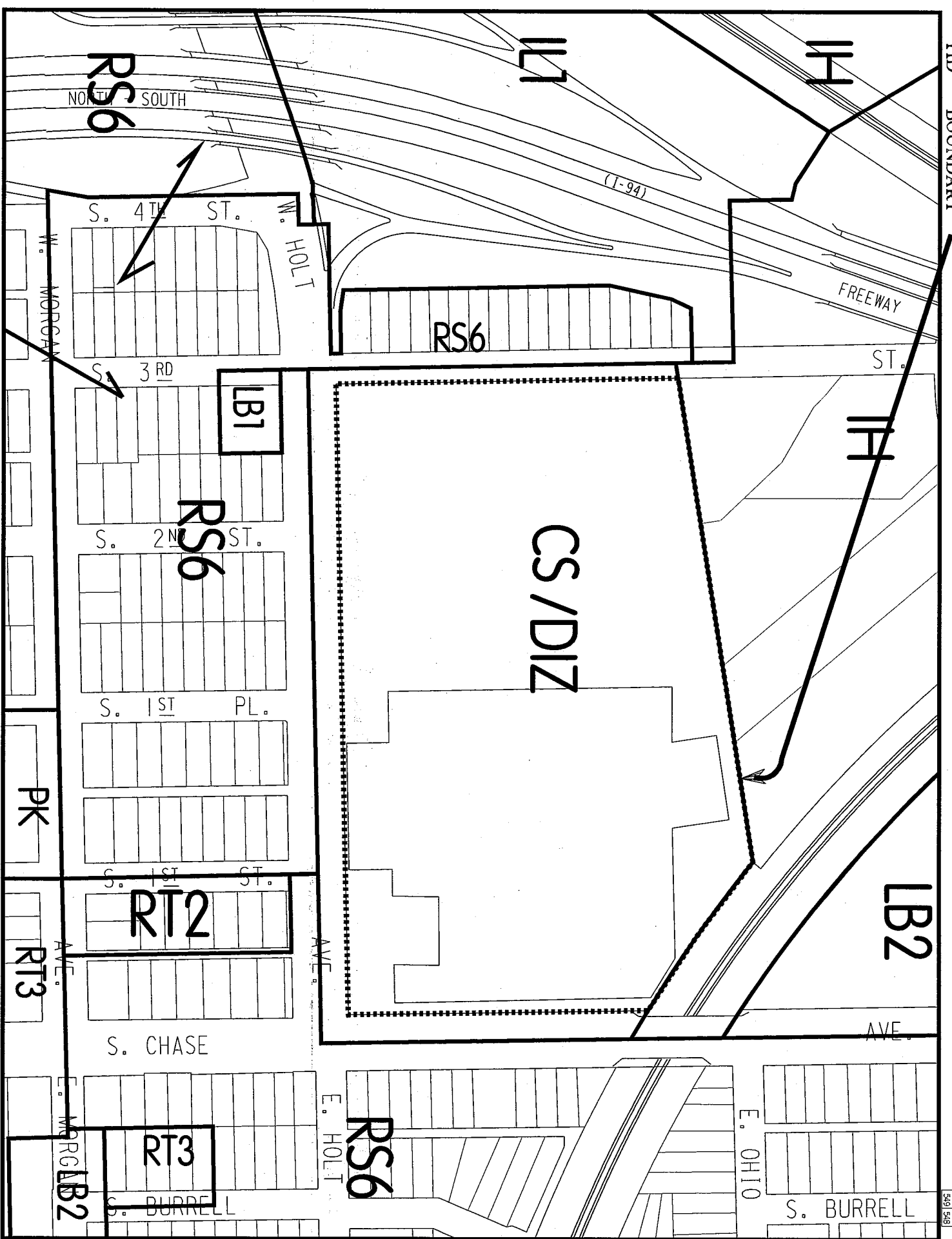
Residential		
<b>SINGLE-FAMILY RESIDENTIAL</b> RS1 RS2 RS3 RS4 RS5 RS6	<b>TWO-FAMILY RESIDENTIAL</b> RSM RT1 RT2 RT3 RT4	<b>MULTI-FAMILY RESIDENTIAL</b> RM1 RM2 RM3 RM4 RM5 RM6 RM7
<b>HIGH DENSITY RESIDENTIAL</b> C9A(A) C9A(B)	<b>RESIDENTIAL &amp; SPECIALTY USE</b> C9B(A) C9B(B)	<b>RESIDENTIAL OFFICE</b> RO1 RO2
Commercial Retail Service		
<b>LOCAL BUSINESS</b> LB1 LB2	<b>NEIGHBORHOOD SHOPPING</b> NS1 NS2	<b>REGIONAL SHOPPING</b> RB1 RB2
<b>NEIGHBORHOOD RETAIL</b> C9C	<b>MAJOR RETAIL</b> C9E	<b>COMMERCIAL SERVICE</b> CS
Planned Development		
<b>PLANNED DEVELOPMENT</b> PD	<b>DETAILED DEVELOPMENT</b> DPD	<b>INSTITUTIONAL</b> TL
Office		
<b>OFFICE AND SERVICE</b> C9F(A) C9F(B) C9F(C)	<b>INDUSTRIAL OFFICE</b> IO1 IO2	<b>PARK</b> PK
Industrial Manufacturing & Activity		
<b>INDUSTRIAL LIGHT</b> IL1 IL2	<b>INDUSTRIAL MEDIUM</b> IM	<b>INDUSTRIAL HEAVY</b> IH
<b>WAREHOUSING AND LIGHT MANUFACTURING</b> C9H	<b>MIXED ACTIVITY</b> C9G	<b>CIVIC ACTIVITY</b> C9D(A) C9D(B)
Other Overlay Districts		
<b>STEELAN RESUME OVERLAY DISTRICT</b> SPROD	<b>DEVELOPMENT INCENTIVE ZONE OVERLAY DISTRICT</b> DIZ	<b>LAKEFRONT ZONE OVERLAY DISTRICT</b> LF
IN RED OVERLAY		

MAP NO. TTD - 55

**EXISTING ZONING MAP**

DATE

PRODUCED BY THE DEPARTMENT OF CITY DEVELOPMENT INFORMATION CENTER  
 Design Title: W110A1143.000  
 Port/Date: open/2023.08.01  
 Color: 7/20/23 - 01/11/2023.08.01  
 Generated: 10:48:20AM 8/1/2023 - (243,312/0A,1,00000 MILWAUKEE, WI.)  
 User: 53 VOLS:W110A1143.000 (13,859,000, 1,350,150)



TID BOUNDARY

LEGEND

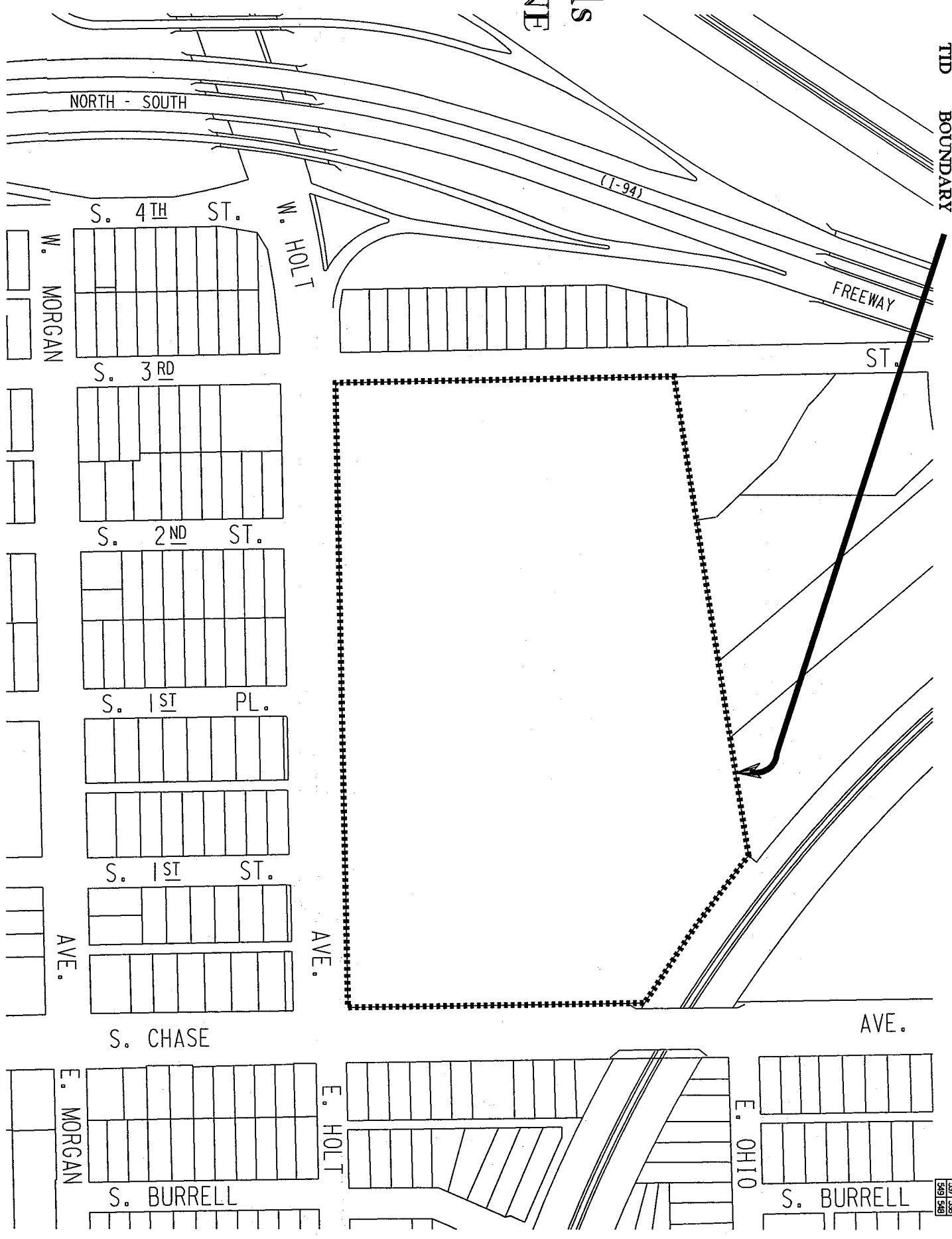
Current Renewals  
NONE

TID .....

MAP NO.	TID - 55
REDEVELOPMENT PROJECT AREAS	
DATE	

5

PRODUCED BY THE DEPARTMENT OF CITY DEVELOPMENT INFORMATION CENTER  
 Design 718 - W. VAN DYKE ST. 600  
 City of Detroit, Michigan  
 Copyright © October 2004  
 Drawing No. 1015-11-002-AM-1001-204 - (13) SHEET 3 OF 30000 MILWAUKEE, WI.



537 538  
549 545

ATTACHMENT 1

COPY



ASSESSOR'S OFFICE

Mary P. Reavey  
Assessment Commissioner

Peter C. Weissenfluh  
Chief Assessor

February 19, 2004

Patricia Algiers, Commissioner  
Department of City Development  
809 North Broadway  
Milwaukee, WI 53201

RE: Proposed Tax Incremental District: Holt Plaza TID #55

Dear Ms. Algiers:

The value of this proposed TID does not exceed the percentage limits allowed by the alternative formulas pursuant to Sec. 66.1105. The formulas and percentages are as follows:

Total Equalized Value (Proposed TID) + (All Other TIDS) as a percent of the Total City Equalized Value is less than the 7% requirement.

Total TID Increment (All Other TIDS) + Total Equalized Value Proposed TID as a percent of the Total City Equalized Value is less than the 5% requirement.

Please provide the TID number in writing when officially approved.

Do not hesitate to contact me if you have questions.

Sincerely,

Mary Reavey  
Assessment Commissioner

Cc: Jenny Basile

J:\MGOLDS\TIDS\ProposedTidMenValley\_%ChkLtr.doc

**ECONOMIC FEASIBILITY STUDY**  
**TAX INCREMENTAL DISTRICT NO. 55, CITY OF MILWAUKEE**  
**Updated April 6, 2004**

**I. Overview**

TID 55 is proposed to assist the current owner and developer, Mifflin Care Center Inc., in the redevelopment of the Holt Plaza Shopping Center at the northwest corner of South Case Avenue and East Holt Avenue on the City's south side. The site was originally the location of a Caterpillar manufacturing facility. The space was redeveloped in the early 1980s to accommodate a 154,962 square foot Pick N' Save grocery store with convenience businesses within, a 87,912 square foot Builders Square and over 35,000 square feet of office and warehouse space for Roundy's, Inc and other tenants.

In 1999 the Builder's Square home improvement store vacated its space. Despite previous efforts to release this space, it remains vacant to this day. Also, in 2003 Roundy's Inc. moved its operations from this location to newly constructed office space in downtown Milwaukee. Today, over 240,000 square feet is vacant in the development.

However, the key ingredients for the successful redevelopment of this important area of the city are present. These ingredients include the strong buying power of the site's primary trade area and the size of the redevelopment site. Specifically, within a one-mile radius, there are nearly 7,500 households and over 50% of these have average household incomes over \$40,000. This represents over \$150 million in total buying power within the immediate area of the TID 55. In addition, the 20-acre site is of sufficient size and is well positioned along major streets and freeways to meet the siting demands of major retailers.

The redevelopment strategy takes advantage of these locational attributes by repositioning the retail center to integrate it better with the surrounding neighborhood. This is accomplished while still meeting the building and site needs of popular big box retailers like Home Depot. A site plan is contained in Exhibit "A." The redevelopment proposal includes demolition of the existing buildings, significant site improvements, construction of a 102,733 square foot Home Depot, a 75,975 square foot Pick N' Save, a 12,000 square foot mid-box store and another 19,000 square feet of retail space in three outlot buildings. The redevelopment of this site will create over 150 jobs in the construction trades and over 350 permanent jobs within the retail stores. Two hundred of these permanent jobs will be created by the Home Depot with 80% being full-time with the following benefits: dental, medical, tuition reimbursement, profit sharing, & 401K.

TID 55 is developer-financed and seeks to provide payments to the developer of up to \$2 million for the redevelopment of Holt Plaza. These funds will be used to offset the expenses associated with refinancing of the existing debt.

## **II. Description of TID Improvements**

Over \$23.5 million will be invested in the redevelopment of Holt Plaza. Of this investment, \$16.4 million is associated with the developer's project: demolition of almost 400,000 square feet of buildings; significant site development costs; construction of a 75,975 square foot Pick N' Save; preparation of pads for the Home Depot and three outlots; and refinancing of the existing mortgage on the property which includes a prepayment penalty fee. A complete description of the developer's costs can be found in Exhibit "B".

Based on the cost of the project and the amount of financing and equity that can be attracted to this project, a \$1.6 million gap exists, which we propose to fund with tax increment financing. Because this will be a developer-financed TID, the developer will borrow private funds for the project and the increment will pay back that portion of the loan that is associated with the gap. We assume that the developer's borrowing will be at a rate of 6.5%. However, we will only pay up to 4.5% interest—a rate that is in-line with city borrowing rates—on our tax increment payments to the developer. Therefore, due to this additional gap between what the TID will pay out and the debt service on the developer's loan, we have adjusted the repayment to the developer to up to \$2 million.

The project's schedule reflects the incremental nature of redeveloping this type of retail center. It is anticipated that construction of the new Pick N' Save Store will commence in 2004 and be open for business in January of 2005. Additionally, a 12,000 square foot mid-box space, in-line with the Pick N' Save store will be constructed by December of 2005. Demolition of the existing buildings would commence in late 2004. A ground lease would then be provided to Home Depot for the construction of their home improvement center and garden center with construction starting in 2005 and opening of the store expected in September of 2005. Also in 2005, approximately 4,000 square feet outlot of retail space at 3rd Street and Holt Avenue would be constructed. Finally, two added outlots totaling approximately 15,000 square feet are planned along the Holt Avenue and Chase Avenue frontage and are expected to be completed by the end of 2006.

Based on this development schedule and the projected rents, a value for the Holt Plaza of approximately \$16.4 million will be on the tax rolls in 2007.

## **III. Description of Developer's Financial Projections**

The original proposal by the developer requested over \$3 million in TID assistance based on the original land purchase price, compensation for losses on vacant space, the owner's original equity investment and payments on the outstanding debt. When we analyzed this deal, we regarded it as a failed shopping center that we are looking to redevelop. Therefore, even though the developer paid over \$8 million for the property several years ago, made payments to the original loan and incurred losses from lost rents in the past,

we disregarded this equity and viewed the land price as the current outstanding debt on the property. By doing this, we reduced the gap from over \$3 million to \$1.6 million.

An updated proforma for the project and a detailed description of the developer's financial projections is contained in Exhibit "B".

An independent review of the original investment analysis, the developer's assumptions and returns, and the need for TIF assistance for the proposed project was conducted by S.B. Friedman & Company. This analysis is attached as Exhibit "C".

It appears that the developer has maximized the amount of rent that will be paid by the tenants of the development. The Pick N' Save rent of \$11 per square foot is higher than we have seen in other recent TIF projects. In addition, the developer went back to Home Depot and negotiated a higher rent than was shown in the original proforma. The new ground rent for Home Depot is \$2.84. Finally, the rents proposed for the mid-box space and the outlots range from \$7.50 to \$15.00. For new construction, we conclude that these rents are reasonable within the market. Under the proposed lease structure virtually all expenses, including a management fee and reserve funding, are passed through to the tenants. We believe the net operating income outlined in Exhibit "B" is reasonable. S.B. Friedman's analysis comes to a similar conclusion, stating that the Home Depot rent "does not seem unreasonable" and "the rent for Pick N' Save seems to be within industry ranges." Friedman also goes on to state that the development costs seem to be within industry ranges for similar big-box retail.

We project that over \$12 million in conventional financing can ultimately be attracted for this development. This amount reflects reasonable loan to value assumptions and provides a modest, but acceptable, debt coverage ratio of 1.25. In addition, based on the cash flow for this development an additional \$1.9 million of equity can be attracted to this project by providing that investor a 15% return. Friedman's analysis also comes to this conclusion.

If the rental income, debt service and TID contribution assumptions of the developer are realized, a total IRR on equity of 15% is achieved. According to Friedman a return of 15% "is low by national standards, but for public sector aided projects, (he) believe(s) it is at a reasonable level." The developer will continue to manage this development and thus generate additional fee income from this source. A management fee equal to 3% of gross income is also included in the operating expenses. Together these revenue streams provide marginal but acceptable financial return to the developer.

#### **IV. Tax Incremental District Analysis**

The anticipated performance of TID 55 is outlined in Exhibit "D." The base year for TID 55 will be 2004 and the base value of the TID will be \$8.3 million.

During 2004, while the existing Pick N' Save is operating, construction of the new Pick N' Save store and the 12,000 square foot Mid-box space will be completed. Therefore,

the district value will increase \$5.75 million in 2005. By 2006, the Home Depot and Outlot A will be constructed, adding another \$7.2 million to the district value. By 2007, the remaining two outlots will be constructed and the total district value will be \$16.4 million. This value is conservatively adjusted for inflation by increasing the value 1.5% every five years. By 2020, the TID will pay out up to \$2 million to the developer and by 2021, the district could be retired.

However, if the \$1.6 million gap was funded by the TID through the city issuing general obligation bonds instead of the developer borrowing for the entire project, the TID could close as early by 2018.



## **V. Joint Review Board Tests**

In this section we evaluate the 3 tests, which the Joint Review must apply in determining whether or not to approve this amendment.

### **A. "But For"**

The Joint Review Board must consider whether development would occur without the use of tax incremental financing. To evaluate this criterion, we look at whether this project would be feasible without TIF assistance.

Without TIF assistance either additional debt or equity would have to be available in order to build the project. Given the project's financial performance replacing the TID repayment with additional equity would create a return on equity of approximately 8%, which is well below the market. Moreover, it is unfeasible that the TID repayment could be replaced by additional debt. By replacing the TID repayment with debt creates a debt service coverage ratio of 1.11 and it is unlikely that a bank would provide this loan. In addition, this debt coverage ratio could not be improved by increasing the rents and cash flow on the project. The Developer has already negotiated a higher rent for the Home Depot ground lease and can not increase it further. Also, the rent for the Pick N' Save store is already higher than rents charged to Roundy's in other recent developments that we have analyzed. Finally, the rents for the outlots and Mid-box space are within market range. We believe the "but for" test has been met.

### **B. Economic Benefits**

The Joint Review Board is charged with determining whether the economic benefits are sufficient to justify the investment of public funds. This has been evaluated in several ways.

First, ability to retire TIF debt was considered. As structured the district will could be closed in 2021.

Second, there are significant benefits derived from the investment of over \$23.5 million dollars into the local economy. These benefits include employment opportunities and new services provided within the neighborhood. It is anticipated that the development will create 150 jobs in the construction trades and over 350 permanent jobs within the retail developments.

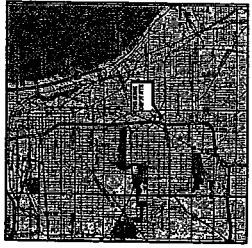
### **C. Impacts On Other Jurisdictions**

The Joint Review Board must also consider whether the benefits outweigh the anticipated tax increments to be paid by the owners of the property in the overlying taxing districts. The current shopping center is clearly struggling with a 39% occupancy rate. Without this TID district, this pattern is likely to persist and values are likely to continue and fall. The

owners of property in the overlying taxing jurisdictions would need to make up this shortfall. This TID preserves the base value in the district and the revenue stream this generates for all the applicable taxing jurisdictions. The owners of the property in the overlying taxing districts also will benefit when TID No. 55 is terminated and its incremental tax revenues can be used for general purposes.

In our opinion, the project clearly meets the Joint Review Board tests.

ECONOMIC FEASIBILITY STUDY - EXHIBIT "A"



LOCATION MAP

**PROJECT INFORMATION**

THE HOME DEPOT	± 10.0 AC
PICK N' SAVE	± 7.05 AC
OUTLOT 6	± 0.82 AC
OUTLOT 7	± 0.88 AC
OUTLOT 8	± 20.29 AC
<b>TOTAL</b>	<b>± 49.04 AC</b>

**HOME DEPOT STORE DATA**

BASE BUILDING	103,348 SF
OUTDOOR WAREHOUSE	27,488 SF
<b>TOTAL</b>	<b>130,836 SF</b>

**OTHER BUILDING STORE DATA**

PICK N' SAVE	78,000 SF
END CAP RETAIL	12,000 SF
OUTDOOR WAREHOUSE	20,000 SF
<b>TOTAL</b>	<b>110,000 SF</b>

**PARKING COUNT SUMMARY**

EXISTING	130
PROPOSED	1,100
<b>TOTAL</b>	<b>1,230</b>

**ZONING CLASSIFICATION**

EXISTING: CS (COMMERCIAL SERVICE)  
 PROPOSED: DC (COMMERCIAL SERVICE)

**PROJECT NOTES**

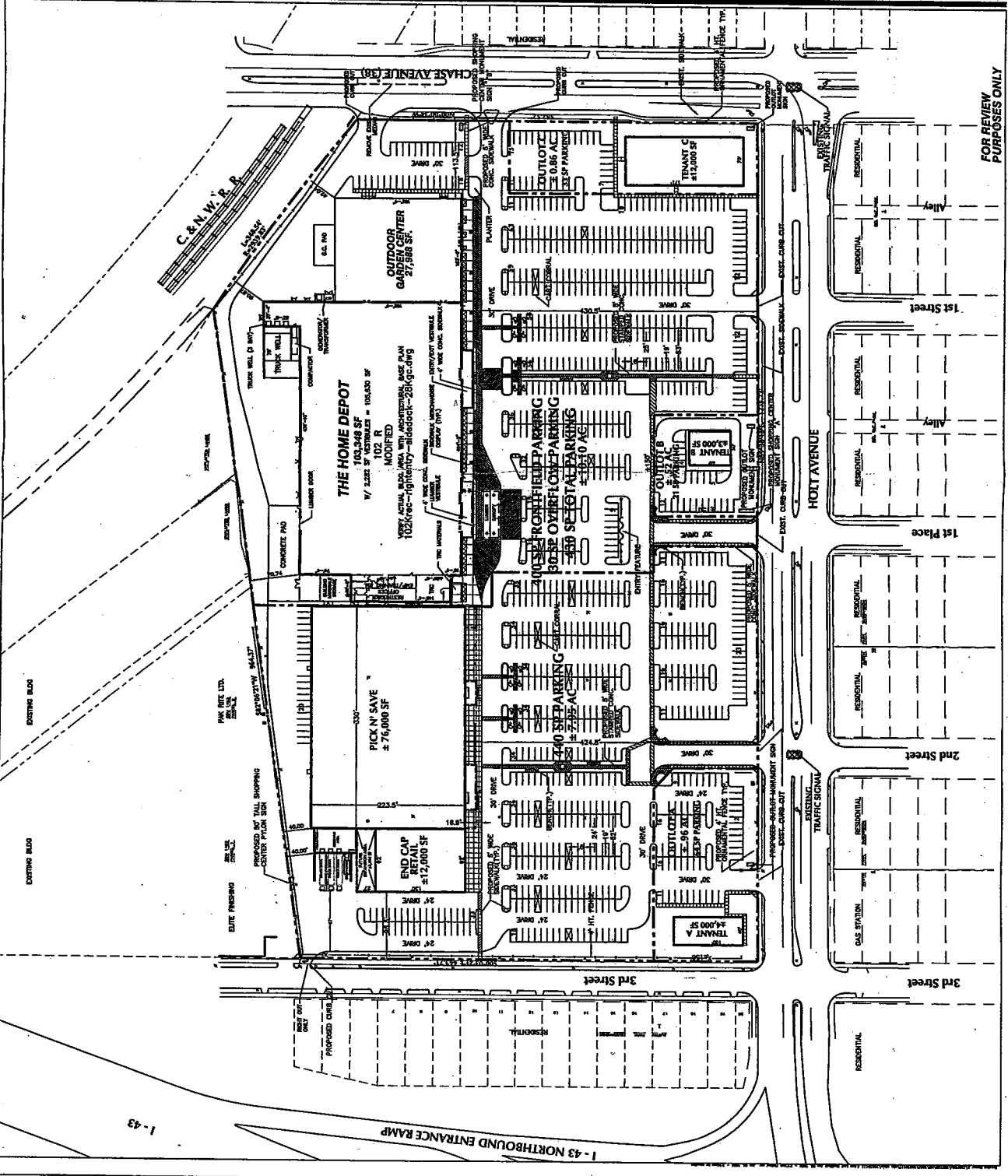
1. THE CONCEPTUAL SITE PLAN IS FOR PLANNING PURPOSES ONLY. IT IS NOT TO BE USED FOR PERMITS, ZONING, OR CONSTRUCTION.
2. THE SITE PLAN IS BASED ON LOCAL ZONING REQUIREMENTS.
3. CONCEPTUAL SITE PLAN BY GPS DATED 02/22/03.
4. HOME DEPOT BUILDING MARKED DUE TO SITE CONSTRAINTS.

**THE HOME DEPOT**  
 S.E. MILLWAUKEE, WI  
 (NEC) I-43 & HOLT AVE

SCALE: 1"=50'  
 NORTH

**FOR REVIEW PURPOSES ONLY**

WI-119d



## **FINANCIAL INFORMATION**

### **Approach**

***THIS MODEL IS CONCEPTUAL FOR DISCUSSION PURPOSES ONLY.*** A Long-Term Cash Flow has been created to show the long-term yield potential of the property. In this analysis, the financial operations of the subject is projected for a period of eleven years. The analysis commences in April 1, 2004 and runs through March 31, 2015. The eleventh year is compiled for purposes of computing a residual value for the subject in the year 2014. An internal rate of return can be computed based on an assumed sale of the subject on March 31, 2014.

### **Assumptions**

#### ***Growth Rates***

All growth is assumed at 3% per annum.

#### ***Minimum Rent***

Minimum rent projections are based on a tenant-by-tenant analysis of the current rental agreements and the lease-up assumptions. See Argus rent roll for details.

#### ***Redevelopment – Square Footage***

For financial analysis purposes we are assuming that the overall gross leasable area of the shopping center changes during the first year of the analysis. We assume the square footage goes from 343,000 to 208,975 in October 2004.

#### ***CAM and Insurance Reimbursements***

The tenants reimburse common area maintenance and insurance expenses based on the following pools:

##### ***Roundy's – Old Lease***

Tenant reimburses its proportionate share of CAM, Management Fee, and Insurance.

##### ***Pick N' Save (Roundy's) & In-Line Tenant – New leases post redevelopment***

Tenant reimburses its proportionate share of CAM, Management Fee, and Insurance.

***Home Depot***

Tenant reimburses its proportionate share of CAM (excluding management fee) and Insurance.

***All Outlots***

Ground leases, tenants maintain their own parcel and buildings. Do not reimburse CAM, Management Fee, or Insurance.

***Real Estate Tax Reimbursements***

All of the tenants pay their proportionate share of real estate taxes. With the exception of the Outlots who will pay their own real estate taxes.

***Vacancy Allowance***

We assume no vacancy allowance due to the assumed credit quality of all tenants.

***Tenant Improvements***

The only tenant improvement cost assumed for the redevelopment of Holt Plaza Shopping Center relates to the 12,000 square foot in-line space. The rate applied in this model is \$10.00 per square foot or a total cost of \$120,000.

***Leasing Commissions***

Following is a chart detailing the leasing commissions assumed for the redevelopment of Holt Plaza Shopping Center.

<b>Total Commissions</b>	<b>\$475,575</b>
--------------------------	------------------

***2004 Market Rents***

Following the redevelopment all spaces are assumed to have leases which extend through the ten year holding period. Therefore, market rents do not apply to this model.

**Expenses**

Expenses for Holt Plaza Shopping Center are estimated expenses for the center, increased by the annual 3% growth rate. The expenses do not apply to the Outlot parcels. Specific expenses are as follows:

***Common Area Maintenance***

The following table details the estimated common area maintenance expenses of \$1.00 per square foot for Holt Plaza Shopping Center in 2004. These estimates are exclusive of any one-time expenditures. Common area maintenance expenses are increased annually at the expense growth rate.

***Real Estate Taxes***

Real estate taxes are estimated to be \$1.75 per square foot for Holt Plaza Shopping Center in 2004. Real estate tax expenses are increased annually at the expense growth rate.

***Insurance***

Insurance is estimated to be \$0.15 per square foot for Holt Plaza Shopping Center in 2004. Insurance expenses are increased annually at the expense growth rate.

***Management Fees***

Equal to three percent of effective gross income.

***Reserves***

In order to be conservative, a capital reserve equal to \$0.15 per square foot has been applied. The capital reserve only applies to 87,975 square feet of GLA (Pick N' Save & in-line space). All ground lease tenants & Home Depot are assumed to maintain their own buildings. Reserves are increased annually at the expense growth rate.

**ECONOMIC FEASIBILITY STUDY - EXHIBIT B**

PRESENTATION RENT ROLL & CURRENT TERM TENANT SUMMARY As of Apr-2004 for 343000 Square Feet											
Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprvmnts Rate Amount	Commsns Rate Amount	
1 Current - Roundy's Retail Suite: Grocer Nov-2001 to Sep-2004 35 Months	115000 33.53%	\$3.97 \$456,000 \$0.33 \$38,000	-	-	-	-	-	See method: Roundy's - Old reimbursement.	-	-	
2 Current - Roundy's Retail Suite: Area A Nov-1993 to Sep-2004 131 Months	85000 24.78%	\$1.10 \$93,500 \$0.09 \$7,792	-	-	-	-	-	See method: Roundy's - Old reimbursement.	-	-	
3 Current - Roundy's Retail Suite: Area B Nov-1993 to Sep-2004 131 Months	48000 13.99%	\$2.00 \$96,000 \$0.17 \$8,000	-	-	-	-	-	See method: Roundy's - Old reimbursement.	-	-	
4 Pick N' Save (Roundy' Retail Suite: New A Oct-2004 to Sep-2024 240 Months	75975 22.15%	\$11.00 \$835,725 \$0.92 \$69,644	-	-	-	-	-	See method: Redevelopment reimbursement.	-	\$1.00 0.45% \$75,975	
5 Proposed Tenant Retail Suite: InLine Oct-2004 to Sep-2014 120 Months	12000 3.50%	\$13.50 \$162,000 \$1.13 \$13,500	-	-	-	-	-	See method: Redevelopment reimbursement.	\$10.00 \$120,000	\$3.25 2.41% \$39,000	
6 Home Depot Retail Suite: Anchor Sep-2005 to Aug-2025 240 Months	102000 29.74%	\$2.84 \$290,000 \$0.24 \$24,167	Sep-2015	\$3.13	-	-	-	See method: Home Depot reimbursement.	-	\$2.39 4.00% \$243,600	
7 Proposed Tenant Retail Suite: OuttA Mar-2005 to Feb-2015 120 Months	4000 1.17%	\$15.00 \$60,000 \$1.25 \$5,000	-	-	-	-	-	Full Service: Pays no expense reimbursement.	-	\$9.00 6.00% \$36,000	
8 Proposed Tenant Retail Suite: OuttB Nov-2005 to Oct-2015 120 Months	3000 0.87%	\$15.00 \$45,000 \$1.25 \$3,750	-	-	-	-	-	Full Service: Pays no expense reimbursement.	-	\$9.00 6.00% \$27,000	
9 Proposed Tenant Retail Suite: OuttC Mar-2006 to Feb-2016 120 Months	12000 3.50%	\$7.50 \$90,000 \$0.63 \$7,500	-	-	-	-	-	Full Service: Pays no expense reimbursement.	-	\$4.50 6.00% \$54,000	
Total Occupied SqFt	456975										
Total Available SqFt	-113975										

**ECONOMIC FEASIBILITY STUDY - EXHIBIT B**

SCHEDULE OF PROSPECTIVE CASH FLOW										
In Inflated Dollars for the Fiscal Year Beginning 4/1/2004										
For the Years Ending	Year 1 Mar-2005	Year 2 Mar-2006	Year 3 Mar-2007	Year 4 Mar-2008	Year 5 Mar-2009	Year 6 Mar-2010	Year 7 Mar-2011	Year 8 Mar-2012	Year 9 Mar-2013	Year 10 Mar-2014
<b>POTENTIAL GROSS REVENUE</b>										
Base Rental Revenue	\$826,613	\$1,253,142	\$1,482,725	\$1,482,725	\$1,482,725	\$1,482,725	\$1,482,725	\$1,482,725	\$1,482,725	\$1,482,725
Absorption & Turnover Vacancy										
Scheduled Base Rental Revenue	826613	1253142	1482725	1482725	1482725	1482725	1482725	1482725	1482725	1482725
Expense Reimbursement Revenue										
CAM	113326	153367	203055	209148	215422	221885	228542	235397	242460	249734
Insurance	17000	23005	30459	31372	32313	33282	34281	35309	36369	37460
Real Estate Taxes	198320	268392	355348	366009	376989	388298	399947	411946	424304	437034
Management Fee	21595	23249	29026	29434	29691	29955	30226	30506	30795	30937
Total Reimbursement Revenue	350241	468013	617888	635963	654415	673420	692996	713158	733928	755165
<b>TOTAL POTENTIAL GROSS REVENUE</b>	<b>1176854</b>	<b>1721155</b>	<b>2100613</b>	<b>2118688</b>	<b>2137140</b>	<b>2156145</b>	<b>2175721</b>	<b>2195883</b>	<b>2216653</b>	<b>2237890</b>
<b>EFFECTIVE GROSS REVENUE</b>	<b>1176854</b>	<b>1721155</b>	<b>2100613</b>	<b>2118688</b>	<b>2137140</b>	<b>2156145</b>	<b>2175721</b>	<b>2195883</b>	<b>2216653</b>	<b>2237890</b>
<b>OPERATING EXPENSES</b>										
CAM	191400	197142	203056	209148	215422	221885	228541	235398	242460	249733
Insurance	28710	29571	30458	31372	32313	33283	34281	35310	36369	37460
Real Estate Taxes	334950	344998	355348	366009	376989	388298	399947	411946	424304	437033
Management Fee	35306	51635	63018	63561	64114	64684	65272	65876	66500	67137
Reserve	13295	13694	14105	14528	14964	15413	15875	16351	16842	17347
<b>TOTAL OPERATING EXPENSES</b>	<b>603661</b>	<b>637040</b>	<b>665985</b>	<b>684618</b>	<b>703802</b>	<b>723563</b>	<b>743916</b>	<b>764881</b>	<b>786475</b>	<b>808710</b>
<b>NET OPERATING INCOME</b>	<b>573193</b>	<b>1084115</b>	<b>1434628</b>	<b>1434070</b>	<b>1433338</b>	<b>1432582</b>	<b>1431805</b>	<b>1431002</b>	<b>1430178</b>	<b>1429180</b>
<b>DEBT SERVICE</b>										
Interest Payments	407774	1090269	1064694	1037134	1007435	975429	940939	903772	863719	820557
Principal Payments	206234	329432	355006	382566	412266	444271	478761	515928	555981	599144
<b>TOTAL DEBT SERVICE</b>	<b>614008</b>	<b>1419701</b>	<b>1419700</b>	<b>1419700</b>	<b>1419701</b>	<b>1419700</b>	<b>1419700</b>	<b>1419700</b>	<b>1419700</b>	<b>1419701</b>
<b>LEASING &amp; CAPITAL COSTS</b>										
Tenant Improvements	120000									
Leasing Commissions	150975	324600								
<b>TOTAL LEASING &amp; CAPITAL COSTS</b>	<b>270975</b>	<b>324600</b>								
<b>DEVELOPMENT COSTS</b>										
<b>HARD/CONSTRUCTION COSTS</b>										
Roundy's Building Costs	4558500									
Proposed In-Line Building Cost	660000									
<b>TOTAL HARD/CONSTRUCTION COST:</b>	<b>5218500</b>									
<b>SOFT/DEVELOPMENT COSTS</b>										
Site Costs	3035004									
Construction Interest	233070									
City Payback TIF			-53436	-232636	-232636	-232636	-232636	-232636	-232636	-232636
<b>TOTAL SOFT/DEVELOPMENT COSTS</b>	<b>3268074</b>		<b>-53436</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>8486574</b>		<b>-53436</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>	<b>-232636</b>
<b>CASH FLOW AFTER DEBT SERVICE BUT BEFORE TAXES</b>	<b>(\$8,798,364)</b>	<b>(\$860,186)</b>	<b>\$68,364</b>	<b>\$247,006</b>	<b>\$246,273</b>	<b>\$245,518</b>	<b>\$244,741</b>	<b>\$243,938</b>	<b>\$243,114</b>	<b>\$242,115</b>



**ECONOMIC FEASIBILITY STUDY - EXHIBIT B**

**Development Costs**

The following tables detail the estimated development costs for Holt Plaza Shopping Center in 2004. For financial analysis purposes the development costs are assumed to be incurred evenly over a twelve month period from April 2004 through March 2005. An additional \$100,000 of Soft & Development Costs is assumed to be incurred and reimbursed by Home Depot. The additional Home Depot costs are not included in this analysis due to a zero net effect to owner.

<b>PROFORMA:</b>	<b>Sub-Total</b>	<b>Total</b>
<i>Pay-off Existing Debt</i>		\$5,603,726
<i>Prepayment Penalty Fee</i>		\$1,665,000
<i>Site Development &amp; Soft Costs</i>		
Architect/Engineering	\$150,000	
Geotechnical Analysis	\$10,000	
ALTA	\$10,000	
Environmental	\$10,000	
Title	\$5,000	
Legal	\$75,000	
Government Consultant	\$20,000	
Contingency	\$70,000	
General Conditions	\$150,000	
Demolition	\$445,000	
Asbestos Panels	\$160,000	
Earthwork	\$40,000	
Utilities	\$370,000	
Curb/Gutter	\$150,000	
Asphalt	\$400,000	
Landscape	\$300,000	
Site Lighting	\$80,000	
Engineering	\$90,000	
OH & P	\$97,000	
Pylon Signs	\$150,000	
Public Infrastructure	\$253,000	\$3,035,000
<i>Commissions</i>		\$475,575
Roundy's \$1.00 per s.f.	\$75,975	
Mid-box \$3.25 per s.f.	\$39,000	
Home Depot 4%	\$243,600	
Outlot A 6%	\$36,000	
Outlot B 6%	\$27,000	
Outlot C 6%	\$54,000	
<i>Construction Interest</i>		\$270,975
<i>Hard Shell Costs</i>		
Roundy's	\$4,558,500	
Mid-box	\$660,000	
Tenant Allowance for Mid-box Space	\$120,000	\$5,338,500
		<b>\$16,388,776</b>

**ECONOMIC FEASIBILITY STUDY - EXHIBIT B**

**Tax Incremental Financing (TIF) Reimbursement**

The financial analysis for the redevelopment of Holt Plaza Shopping Center assumes the City of Milwaukee will reimburse the costs of the development through a developer funded TIF. The developer will pay all the original costs of development. However, commencing in 2007 and running through 2029, the city will reimburse the developer annually the sum of \$53,436 in the first year and \$232,636 each year thereafter.

**Construction Interest Cost**

The financial analysis assumes a construction loan of 5% annually during the twelve-month development process. The construction loan is assumed to include the building and site costs (\$8,253,500), the tenant improvements (\$120,000), and the leasing commissions paid during the construction loan (\$150,975). The construction loan interest costs will increase monthly over the twelve month period from April 2004 through March 2005, as the total amount of the outstanding debt increases. The total costs of the construction interest equals \$233,069 over the twelve-month period. Following the redevelopment we assume the loan is paid off as part of new debt placed on the property.

Initial Data	
<b>LOAN DATA</b>	
Loan amount:	\$709,875.00
Annual interest rate:	5.00%
Term in years:	1
Payments per year:	12
First payment due:	4/1/2004
<b>PERIODIC PAYMENT</b> monthly	
Entered payment:	
Calculated payment:	\$60,770.61
<b>CALCULATIONS</b>	
Use payment of:	\$60,770.61
1st payment in table:	1
Table starts at date:	
or at payment number:	1
The table uses the calculated periodic payment amount, unless you enter a value for "Entered payment."	
Beginning balance at payment 1:	\$709,875.00
Cumulative interest prior to payment 1:	\$0.00

Table						
No.	Payment Date	Leasing Comm & Tenant Improvement	Beginning Balance	Interest	Ending Balance	Cumulative Interest
1	4/1/2004		687,791.67	2,865.80	690,657.47	2,865.80
2	5/1/2004		1,378,449.14	5,743.54	1,384,192.68	8,609.34
3	6/1/2004		2,071,984.35	8,633.27	2,080,617.61	17,242.60
4	7/1/2004		2,768,409.28	11,535.04	2,779,944.32	28,777.64
5	8/1/2004		3,467,735.99	14,448.90	3,482,184.89	43,226.54
6	9/1/2004		4,169,976.56	17,374.90	4,187,351.47	60,601.45
7	10/1/2004	234,975.00	5,110,118.14	21,292.16	5,131,410.29	81,893.60
8	11/1/2004		5,819,201.96	24,246.67	5,843,448.64	106,140.28
9	12/1/2004		6,531,240.31	27,213.50	6,558,453.81	133,353.78
10	1/1/2005		7,246,245.48	30,192.69	7,276,438.17	163,546.47
11	2/1/2005		7,964,229.84	33,184.29	7,997,414.13	196,730.76
12	3/1/2005	36,000.00	8,721,205.80	36,338.36	8,757,544.16	233,069.12
		<u>270,975.00</u>				

Ending Balance Less Leasing Commissions & TI: 8,486,569.16

## ***ECONOMIC FEASIBILITY STUDY - EXHIBIT B***

---

### ***Current Debt Summary***

The debt used in the financial analysis for Holt Plaza Shopping Center is based on the actual existing note. The loan was originated in July 1999 and is amortized on a 20 year basis. The following table depicts the remaining terms of the note:

<b>Original Loan Amount</b>	<b>Interest Rate</b>	<b>Monthly Payment</b>	<b>Maturity Date</b>
\$6,400,000	7.40%	\$51,168	6/01/2019

### ***Yield Maintenance***

The financial analysis assumes no yield maintenance is paid upon the payoff of the existing debt. The existing mortgage holder is assumed to waive the yield maintenance requirement as they will issue the following new proposed debt on the property.

### ***Proposed New Debt Summary***

The financial analysis for Holt Plaza Shopping Center assumes the above pre-existing debt (\$5,603,726 as of April 1, 2005), construction loan (\$8,486,569 combined building costs and interest), tenant improvements (\$120,000), and all leasing commissions (\$475,575) will be paid as part of new debt financing placed on the property. The loan is estimated to originate in April 2005 and is amortized on a 20-year basis. The following table depicts the terms of the proposed note:

<b>Proposed Loan Amount</b>	<b>Interest Rate</b>	<b>Monthly Payment</b>	<b>Maturity Date</b>
\$14,685,870	7.50%	\$118,308	3/01/2025



221 N. LaSalle St., Suite 820 • Chicago, Illinois 60601-1302 • 312/424-4250 • Fax: 312/424-4262 • www.FriedmanCo.com

March 31, 2004

To: Jennifer Basile

From: Steve Friedman and Michio Murakishi

**Subject: Review of Holt Plaza TIF Request**

In this memo we summarize our preliminary review and analysis of the request for TIF assistance to support the redevelopment of Holt Plaza. In this analysis, we have included a prepayment penalty of \$1,665,000. We have also used an updated Net Operating Income (NOI) figure to reflect changes in the site plan by the developer. The stabilized year NOI has been increased by \$138,618 to a total of \$1,434,628. Finally, we have updated the interest rate used in the calculation of supportable debt and other financial factors.

We first reviewed the development parameters and then investment returns/need for assistance. We then evaluated the increment potentially available.

Our primary findings are as follows:

- Development costs seem to be within industry ranges for similar big-box retail.
- Efforts to independently verify land value through industry contacts have not borne fruit yet. The Milwaukee Assessor's Office has valued the current property at a level that seems to include value for the underdeveloped land (\$8.3 million). The owner's basis is reported to be their acquisition cost of \$8.75 million.
- We have also sought independent information on ground rents to validate the Home Depot deal. We have not yet received data from our contacts. It appears that the rent was negotiated at arms-length. At \$2.84 per square foot of store, it equates to about \$32 in land value per square foot of store or \$8.00 per square foot of land needed assuming a .25 FAR. The assessor's value for the entire property is \$9 per square foot of land, but this includes value for improvements. Thus, the \$8.00 per square foot of land for Home Depot does not seem unreasonable for undeveloped land at this site.
- Based on Dollars and Cents of Shopping Centers, the rent for Pick N Save seems to be within industry ranges.

Our current research shows that average commercial mortgage rates for twenty-year amortization and term are approximately 5.5% to 6% (about 150 basis points above similar term Treasuries). These interest rates are widely expected to rise in coming months.

In addition, we re-reviewed initial capitalization rates, internal rate of return on total cost (yield), and market expectations for internal rates of return on equity. These have remained stubbornly

high despite lower interest rates. For unanchored strip centers, initial capitalization rates (annual return on stabilized NOI) are about 8.5%; yield on cost (IRR on total cost) about 10.25%; and internal rate of return on equity in excess of 20%. The last factor is based on reported returns promised to investors by investment banks funding real estate projects. For long-term, pre-leased projects, expected return rates are lower: initial capitalization rates may be as low as 7% for a Target or Walgreens. Internal rates of return on total costs would be similarly reduced, but loan-to-value ratios may go up resulting in high returns on equity.

This project is partly long-term leased. In our analysis, we targeted a point in between the unanchored center and the long-term "A" credit deal. We targeted an internal rate of return on total cost of around 9%. We used this as the most significant factor in our analysis and sought to balance private debt and equity, given uncertainties in the market.

For a project where TIF or other public assistance is being used to compensate for costs in excess of value created, the estimates of supportable financing have to be based on either loan-to-value or debt coverage with loan-to-value ratio serving as a cap. Our research indicates that a 75% loan is about the maximum typically currently available for a project that is not virtually fully net leased. In some cases, however, higher ratios are available for long-term leased projects. This one might qualify. In any case, debt coverage on permanent loans remains in the range of 1.25 to 1.35.

For the current analysis, we use a 6.5% interest rate rather than the 7.5% interest rate assumption used by the developer and in the prior analysis. The result of our analysis was an internal rate of return on equity of about 13% on a loan to value ratio of 75%. Given the credit quality of the project, however, more debt may be possible. We tested the sensitivity of the results to increased debt using a debt coverage ratio of 1.25. Under that scenario, debt increases, equity and TIF can both decrease, and return on equity increases to 15%. This is low by national standards, but for public sector aided projects I believe that it is a reasonable level. The results, using the current estimated NOI, are as follows:

City Assistance - 9% IRR on Cost Target		
	75% LTV	1.25 DCR
<b>Loan Amount</b>	<b>\$11.0 million</b>	<b>\$12.6 million</b>
<b>IRR on Equity</b>	<b>13.1%</b>	<b>15.0%</b>
<b>Required Equity</b>	<b>\$3.7 million</b>	<b>\$2.1 million</b>
Land Value Scenario		
	75% LTV	1.25 DCR
Land at \$8.75M	\$ 4,900,000	\$ 4,700,000
Land at Assessor's Market Value	\$ 4,700,000	\$ 4,500,000
Land at Current Debt	\$ 1,700,000	\$ 1,600,000
General Valuation of Land (\$6 PSF)	\$ 1,500,000	\$ 1,400,000

Continuing to look at the concept of valuing the land at the current debt level, and that the 75% loan-to-value factor will act as a borrowing cap, the analysis suggests TIF assistance of

approximately \$1,700,000 at the developer's cost of funds of 6.5%. If the City enters into a developer note based on a lower interest rate, than an adjustment would be appropriate since the developer cannot borrow at that rate. At 4.5%, this would raise the corpus of the note to approximately \$2,000,000.

It would be appropriate to make the TIF amount contingent on the actual financing scenario, subject to a cap based on the worst scenario (75% LTV) of \$1,700,000 at 6.5% or \$2,000,000 at 4.5% and new cash equity of \$3,700,000. The developer then has some incentive to maximize private debt because it would reduce the required equity as well as TIF.

**DRAFT**

# DRAFT/CONFIDENTIAL

## Holt and Chase Development Land at \$8.75M Investment Analysis - 75% LTV

CAPITAL STRUCTURE	
Total Construction Cost	\$ 9,120,050
Prepayment Penalty	\$ 1,665,000
Land Cost	\$ 8,750,000
Total Development Cost	\$ 19,535,050
Debt	\$ 10,999,567
Equity	\$ 3,666,522
City Assistance	\$ 4,868,960
Other:	\$ -
Other:	\$ -
Total Sources	\$ 19,535,050

### INVESTMENT/RETURNS ANALYSIS

	Constr. Pd.		Lease-Up		Stabilized Occupancy						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income		\$ 573,193	\$ 1,084,115	\$ 1,433,336	\$ 1,434,070	\$ 1,433,336	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Debt Service		(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)	(\$998,281)
Cash Flow		\$ (425,088)	\$ 85,834	\$ 435,055	\$ 435,789	\$ 435,057	\$ 434,301	\$ 433,524	\$ 432,721	\$ 431,897	\$ 430,899
Plus Operating Lease-Up Reserve		\$ -	\$ (425,088)	\$ 85,834	\$ 435,789	\$ 435,057	\$ 434,301	\$ 433,524	\$ 432,721	\$ 431,897	\$ 430,899
Cash Flow After Reserves		\$ -	\$ -	\$ 435,055	\$ 435,789	\$ 435,057	\$ 434,301	\$ 433,524	\$ 432,721	\$ 431,897	\$ 430,899
Cash on Cash Return on Equity		(3,666,522)	2.3%	11.9%	11.9%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
Cash Flow Available For Equity		\$ (3,666,522)	\$ 85,834	\$ 435,055	\$ 435,789	\$ 435,057	\$ 434,301	\$ 433,524	\$ 432,721	\$ 431,897	\$ 430,899
Plus Leveraged Residual Value	13.1%	\$ (3,666,522)	\$ 85,834	\$ 435,055	\$ 435,789	\$ 435,057	\$ 434,301	\$ 433,524	\$ 432,721	\$ 431,897	\$ 430,899
Total IRR on Equity Cash Flow		\$ (14,666,090)	\$ 573,193	\$ 1,084,115	\$ 1,433,336	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,429,180
Cost Cash Flow		\$ (14,666,090)	\$ 573,193	\$ 1,084,115	\$ 1,433,336	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,429,180
Plus Unleveraged Residual Value		\$ (14,666,090)	\$ 573,193	\$ 1,084,115	\$ 1,433,336	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,429,180
Total IRR on Cost Cash Flow	8.9%	\$ (14,666,090)	\$ 573,193	\$ 1,084,115	\$ 1,433,336	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,429,180

### SALES PROCEEDS

	Leveraged	Unleveraged
NOI Yr 10	\$1,429,180	\$1,429,180
Terminal Cap Rate [1]	9.1%	9.1%
Value	\$15,705,275	\$15,705,275
Costs of Sale	(\$1,156)	(471,156)
Mortgage Balance (Year 10-12)	(\$175,473)	(\$175,473)
Net Sale Proceeds	\$8,065,126	\$15,229,166

### Supportable Debt Calculation-Loan to Value Ratio

Total Project Value	\$ 14,666,090
Loan to Value Ratio	75%
Debt Service@	(\$998,281)
Debt	\$ 10,999,567
Term (Yrs)	20
Int. Rate	6.50%

### Supportable Debt Calculation-DCR

First Stabilized Year	\$ 1,434,628
Debt Coverage Ratio	1.35
Debt Service@	(\$1,062,687)
Debt	\$11,709,229
Term (Yrs)	20
Int. Rate	6.50%

[1] RERC, Summer 2003 Chicago Metro-Neighborhood/Community Shopping Centers  
[2] Korpacz, 4Q 2003, Nat'l Strip Shopping Center Market, Residual Selling Expense

**Holt and Chase Development  
Land at Assessor's Market Value  
Investment Analysis - 75% LTV**

CAPITAL STRUCTURE	
Total Construction Cost	\$ 9,120,050
Prepayment Penalty	\$ 1,665,000
Land Cost	\$ 8,550,531
Total Development Cost	\$ 19,335,581
Debt	\$ 10,999,295
Equity	\$ 3,666,432
City Assistance	\$ 4,669,854
Other:	\$ -
Total Sources	\$ 19,335,581

**INVESTMENT/RETURNS ANALYSIS**

	Constr. Pd.		Lease-Up		Stabilized Occupancy						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income		\$ 573,193	\$ 1,084,115	\$ 1,433,338	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Debt Service		(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)	(\$998,256)
Cash Flow		\$ (425,063)	\$ 85,859	\$ 435,082	\$ 435,814	\$ 435,082	\$ 434,326	\$ 433,549	\$ 432,746	\$ 431,922	\$ 430,924
Plus Operating Lease-Up Reserve		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow After Reserves		\$ (425,063)	\$ 85,859	\$ 435,082	\$ 435,814	\$ 435,082	\$ 434,326	\$ 433,549	\$ 432,746	\$ 431,922	\$ 430,924
Cash on Cash Return on Equity		(3,666,432)	11.5%	2.3%	11.9%	11.9%	11.8%	11.8%	11.8%	11.8%	11.8%
Cash Flow Available For Equity		\$ (3,666,432)	\$ 85,859	\$ 435,082	\$ 435,814	\$ 435,082	\$ 434,326	\$ 433,549	\$ 432,746	\$ 431,922	\$ 430,924
Plus Leveraged Residual Value	13.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total IRR on Equity Cash Flow		\$ (3,666,432)	\$ 85,859	\$ 435,082	\$ 435,814	\$ 435,082	\$ 434,326	\$ 433,549	\$ 432,746	\$ 431,922	\$ 430,924
Cost Cash Flow		\$ (14,665,726)	\$ 573,193	\$ 1,084,115	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Plus Unleveraged Residual Value	8.9%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total IRR on Cost Cash Flow		\$ (14,665,726)	\$ 573,193	\$ 1,084,115	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180

**SALES PROCEEDS**

	Leveraged	Unleveraged
NOI Yr 10	\$1,429,180	\$1,429,180
Terminal Cap Rate [1]	9.1%	9.1%
Value	\$15,705,275	\$15,705,275
Costs of Sale	(\$471,156)	(\$471,156)
Mortgage Balance (Year 10)-[2]	\$6,000,000	N/A
Net Sale Proceeds	\$8,234,119	\$15,234,116

**Supportable Debt Calculation-DCR**

First Stabilized Year	\$ 1,434,628
Debt Coverage Ratio	1.35
Debt Service@	(\$1,062,667)
Debt	\$11,709,229
Term (Yrs)	20
Int. Rate	6.50%

**Supportable Debt Calculation-Loan to Value Ratio**

Total Project Value	\$ 14,865,726
Loan to Value Ratio	75%
Debt Service@	(\$998,256)
Debt	\$ 10,999,295
Term (Yrs)	20
Int. Rate	6.50%

[1] RERC, Summer 2003 Chicago Metro-Neighborhood/Community Shopping Centers  
[2] Korpacez, 4Q 2003, Nat'l Strip Shopping Center Market, Residual Selling/Expense



**Holt and Chase Development  
Land at Current Debt  
Investment Analysis - 75% LTV**

CAPITAL STRUCTURE	
Total Construction Cost	\$ 9,120,050
Prepayment Penalty	\$ 1,665,000
Land Cost	\$ 5,603,726
<b>Total Development Cost</b>	<b>\$ 16,388,776</b>
Debt	\$ 11,004,681
Equity	\$ 3,668,227
City Assistance	\$ 1,715,867
Other:	\$ -
<b>Total Sources</b>	<b>\$ 16,388,776</b>

**INVESTMENT/RETURNS ANALYSIS**

	Constr. Pd.		Lease-Up		Stabilized Occupancy						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income		\$ 573,193	\$ 1,084,115	\$ 1,432,562	\$ 1,433,338	\$ 1,432,562	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180	\$ 1,429,180
Debt Service		(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)	(\$998,745)
Cash Flow		\$ (425,552)	\$ 85,370	\$ 433,817	\$ 434,593	\$ 433,817	\$ 433,060	\$ 432,257	\$ 431,433	\$ 430,435	\$ 430,435
Plus Operating Lease-Up Reserve		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow After Reserves		\$ (425,552)	\$ 85,370	\$ 433,817	\$ 434,593	\$ 433,817	\$ 433,060	\$ 432,257	\$ 431,433	\$ 430,435	\$ 430,435
Cash on Cash Return on Equity		(3,668,227)	11.9%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.7%
Cash Flow Available For Equity		\$ (3,668,227)	\$ 85,370	\$ 433,817	\$ 434,593	\$ 433,817	\$ 433,060	\$ 432,257	\$ 431,433	\$ 430,435	\$ 430,435
Plus Leveraged Residual Value	13.1%	\$ (3,668,227)	\$ 5,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370
Total IRR on Equity Cash Flow		\$ (3,668,227)	\$ 5,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370	\$ 25,370
Cost Cash Flow		\$ (14,672,909)	\$ 573,193	\$ 1,084,115	\$ 1,432,562	\$ 1,433,338	\$ 1,432,562	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Plus Unleveraged Residual Value	8.9%	\$ (14,672,909)	\$ 573,193	\$ 1,084,115	\$ 1,432,562	\$ 1,433,338	\$ 1,432,562	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Total IRR on Cost Cash Flow		\$ (14,672,909)	\$ 573,193	\$ 1,084,115	\$ 1,432,562	\$ 1,433,338	\$ 1,432,562	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180

**SALES PROCEEDS**

	Leveraged	Unleveraged
NOI Yr 10	\$1,429,180	\$1,429,180
Terminal Cap Rate [1]	9.1%	9.1%
Value	\$15,705,275	\$15,705,275
Costs of Sale	(\$1,171,188)	(\$1,171,188)
Mortgage Balance (Year 10)-[2]	(\$1,793,810)	(\$1,793,810)
Net Sale Proceeds	\$8,054,477	\$15,234,116

**Supportable Debt Calculation-DCR**

First Stabilized Year	\$ 1,434,628
Debt Coverage Ratio	1.35
Debt Service@	(\$1,062,667)
Debt	\$11,709,229
Term (Yrs)	20
Int. Rate	6.50%

**Supportable Debt Calculation-Loan to Value Ratio**

Total Project Value	\$ 14,672,909
Loan to Value Ratio	75%
Debt Service@	(\$998,745)
Debt	\$ 11,004,681
Term (Yrs)	20
Int. Rate	6.50%

[1] RERC, Summer 2003 Chicago Metro-Neighborhood/Community Shopping Centers  
[2] Korpacz, 4Q 2003, Nat'l Strip Shopping Center Market, Residual Selling/Expense

# DRAFT/CONFIDENTIAL

## Holt and Chase Development General Valuation of Land Investment Analysis - 75% LTV

CAPITAL STRUCTURE	
Total Construction Cost	\$ 9,120,050
Prepayment Penalty	\$ 1,865,000
Land Cost	\$ 5,373,562
Total Development Cost	\$ 16,158,612
Debt	\$ 10,977,566
Equity	\$ 3,659,189
City Assistance	\$ 1,521,857
Other:	\$ -
Other:	\$ -
Total Sources	\$ 16,158,612

### INVESTMENT/RETURNS ANALYSIS

	Constr. Pd.		Lease-Up		Stabilized Occupancy						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income		\$ 573,193	\$ 1,084,115	\$ 1,433,338	\$ 1,434,070	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Debt Service		(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)	(\$996,284)
Cash Flow		\$ (423,091)	\$ 87,831	\$ 437,054	\$ 437,786	\$ 437,054	\$ 436,298	\$ 435,521	\$ 434,718	\$ 433,894	\$ 432,896
Plus Operating Lease-Up Reserve		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow After Reserves		\$ (423,091)	\$ 87,831	\$ 437,054	\$ 437,786	\$ 437,054	\$ 436,298	\$ 435,521	\$ 434,718	\$ 433,894	\$ 432,896
Cash on Cash Return on Equity		(3,659,189)	2.4%	12.0%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%
Cash Flow Available For Equity		\$ (3,659,189)	\$ 7,831	\$ 437,054	\$ 437,786	\$ 437,054	\$ 436,298	\$ 435,521	\$ 434,718	\$ 433,894	\$ 432,896
Plus Leveraged Residual Value		\$ (3,659,189)	\$ (423,091)	\$ 7,831	\$ 437,786	\$ 437,054	\$ 436,298	\$ 435,521	\$ 434,718	\$ 433,894	\$ 432,896
Total IRR on Equity Cash Flow		13.2%									
Cost Cash Flow		\$ (14,636,755)	\$ 573,193	\$ 1,084,115	\$ 1,433,338	\$ 1,434,070	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Plus Unleveraged Residual Value		\$ (14,636,755)	\$ 573,193	\$ 1,084,115	\$ 1,433,338	\$ 1,433,338	\$ 1,432,582	\$ 1,431,805	\$ 1,431,002	\$ 1,430,178	\$ 1,429,180
Total IRR on Cost Cash Flow		8.9%									

### SALES PROCEEDS

	Leveraged	Unleveraged
NOI Yr 10	\$1,429,180	\$1,429,180
Terminal Cap Rate [1]	9.1%	9.1%
Value	\$15,705,275	\$15,705,275
Costs of Sale	(\$7,119,119)	(\$7,119,119)
Mortgage Balance (Year 10-[2])	\$8,076,666	\$15,234,116
Net Sale Proceeds	\$8,076,666	\$8,076,666

### Supportable Debt Calculation-Loan to Value Ratio

Total Project Value	\$ 14,636,755
Loan to Value Ratio	75%
Debt Service@	(\$996,284)
Debt	\$ 10,977,566
Term (Yrs)	20
Int. Rate	6.50%

### Supportable Debt Calculation-DCR

First Stabilized Year	\$ 1,434,828
Debt Coverage Ratio	1.35
Debt Service@	(\$1,062,687)
Debt	\$11,709,229
Term (Yrs)	20
Int. Rate	6.50%

[1] RERC, Summer 2003 Chicago Metro-Neighborhood/Community Shopping Centers  
[2] Korpacz, 4Q 2003, Nat'l Strip Shopping Center Market, Residual Sellings:Expense

Economic Feasibility Study - Exhibit "D"		FORECAST OF DISTRICT CASH FLOW TAX INCREMENTAL DISTRICT NO. 55									
Yr.	Estimated District Value	Base Value	Incremental Value	Tax Incremental Revenue	Less Admin & Consulting	Incremental Revenue Available	Payment To Developer	Interest Rate	Principal Payment	Principal Balance	
1	2004	\$ 8,300,000	\$ -	\$ -		\$ -	\$ -	\$ 90,000	\$ -	\$ 2,000,000	
2	2005	\$ 7,292,000	\$ (1,008,000)	\$ (26,379)		\$ -	\$ -	\$ 94,050	\$ -	\$ 2,090,000	
3	2006	\$ 14,550,000	\$ 6,250,000	\$ 163,563		\$ 163,563	\$ 163,563	\$ 90,922	\$ 69,513	\$ 2,020,488	
4	2007	\$ 16,400,000	\$ 8,100,000	\$ 211,977	\$ 22,500	\$ 189,477	\$ 189,477	\$ 86,487	\$ 98,555	\$ 1,921,932	
5	2008	\$ 16,400,000	\$ 8,100,000	\$ 211,977	\$ 7,500	\$ 204,477	\$ 204,477	\$ 81,177	\$ 117,990	\$ 1,803,942	
6	2009	\$ 16,400,000	\$ 8,100,000	\$ 211,977	\$ 7,500	\$ 204,477	\$ 204,477	\$ 75,629	\$ 123,300	\$ 1,680,643	
7	2010	\$ 16,646,000	\$ 8,346,000	\$ 218,415	\$ 7,500	\$ 210,915	\$ 210,915	\$ 69,831	\$ 141,084	\$ 1,551,795	
8	2011	\$ 16,646,000	\$ 8,346,000	\$ 218,415	\$ 7,500	\$ 210,915	\$ 210,915	\$ 63,482	\$ 147,433	\$ 1,263,278	
9	2012	\$ 16,646,000	\$ 8,346,000	\$ 218,415	\$ 7,500	\$ 210,915	\$ 210,915	\$ 56,848	\$ 154,067	\$ 1,109,211	
10	2013	\$ 16,895,690	\$ 8,595,690	\$ 224,949	\$ 7,500	\$ 217,449	\$ 217,449	\$ 49,914	\$ 161,000	\$ 948,210	
11	2014	\$ 16,895,690	\$ 8,595,690	\$ 224,949	\$ 7,500	\$ 217,449	\$ 217,449	\$ 42,669	\$ 174,780	\$ 773,430	
12	2015	\$ 16,895,690	\$ 8,595,690	\$ 224,949	\$ 7,500	\$ 217,449	\$ 217,449	\$ 34,804	\$ 182,645	\$ 590,786	
13	2016	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 217,449	\$ 217,449	\$ 26,585	\$ 190,864	\$ 399,922	
14	2017	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 224,082	\$ 217,449	\$ 17,996	\$ 199,453	\$ 200,469	
15	2018	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 224,082	\$ 209,490	\$ 9,021	\$ 200,469	\$ 0	
16	2019	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 224,082					
17	2020	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 224,082					
18	2021	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 224,082					
19	2022	\$ 17,149,125	\$ 8,849,125	\$ 231,582	\$ 7,500	\$ 224,082					
20	2023	\$ 17,406,362	\$ 9,106,362	\$ 238,313	\$ 5,000	\$ 233,313					
21	2024	\$ 17,406,362	\$ 9,106,362	\$ 238,313		\$ 238,313					
22	2025	\$ 17,406,362	\$ 9,106,362	\$ 238,313		\$ 238,313					
23	2026	\$ 17,406,362	\$ 9,106,362	\$ 238,313		\$ 238,313					
				\$ 4,399,814	\$ 140,000	\$ 4,286,194	\$ 2,889,417	\$ 889,417	\$ 2,090,000		
				NPV Yr 1-18 @ 4.5%		\$ 2,027,121	\$ 1,913,876	\$ 690,208	\$ 1,395,917		
Notes:											
Completion of the PNS and Midbox in 2004											
Completion of the Home Depot and Outlot A in 2005											
Completion of the Outlot B & C in 2006											
City Admin of \$125,000											
Consulting Fees to S.B. Friedman											
By using general obligation borrowing to repay \$1.6 million, the TID could close as early by 2018											