

PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 58

CITY OF MILWAUKEE

(Pabst City)

Public Hearing Held: May 6, 2005

Redevelopment Authority Adopted : May 19, 2005

Common Council Adopted:

Joint Review Board Approval:

**Department of City Development
May, 2005**

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 58 and/or District) consists of a 21 acre site bounded by W. Highland Ave., N. 6th Street, W. Winnebago Street, and N. 11th Street, extended. The District largely consists of numerous vacant, and blighted buildings that formerly comprised the Pabst Brewing Co. complex. Pabst Brewing ceased operations at this site in 1996.

The District satisfies the requirements of Wis. Stats. Sec 66.1105(4)(gm)(4)(a) as being a "blighted area."

The District is shown on Map 1, "Boundary and Existing Land Use," and the "Structure Condition" of the properties in the District is shown on Map 2, attached.

Exhibit 1 lists the sizes of the parcels that are "blighted" and those that meet the definition of "vacant" property, as provided in Sec. 66.1105(4)(gm)(1):

- 71.2% of the District is "blighted;" and
- 13.8% is "vacant."

C. Project Plan Goals and Objectives

Goals and objectives for the District are:

I. To redevelop the former Pabst property into a mixed-use complex consisting of:

- 488,000 s.f. of retail space, including several entertainment venues, and restaurants, as well as a gourmet grocery store, books-and-music store, a multi-screen movie complex, a live-performance venue, a video games entertainment

facility, and associated retail venues. Letters of intent have been signed by the House of Blues, Game Works, and Jenco Cinemas. Negotiations for the balance of the space is continuing.

- 257,000 s.f. of office space; a mix of government and private-sector tenants is anticipated.
- 250 units of apartments and condominiums consisting of 381,000 s.f. of residential space (ave. unit 1500 s.f.); and
- 3,800 stalls of parking provided through a combination of on-street spaces and three parking structures, none to be owned by the City.

Please see Map 3, Proposed Improvements and Uses, for a site plan of the redeveloped Pabst complex.

2. To generate and promote employment opportunities in and adjacent to the District. The Developer estimates 1100 new jobs will be created on site.
3. To increase the property tax base of the community.
4. To remediate environmental contamination which impedes the development of this vacant and blighted property.

D. Existing Land Uses and Conditions in the District

The Pabst property is presently vacant and consists of numerous heavy industrial buildings. The property had been used for over 150 years as a brewery and suffers from an extended period of deferred maintenance. The District also includes properties that are operated by MPS and MATC which are in a well-maintained condition.

As an old industrial complex, numerous contaminants were discovered throughout the site, including: petroleum volatile organic compounds (VOC) such as benzene, toluene, and xylene, lead, naphthalene, and diesel range organics. Petroleum-hydrocarbon related groundwater contaminants were detected at certain areas of the property at concentrations exceeding the preventive action limits specified in the Wis. Admin. Code. However, no groundwater contaminants have been detected at the site at concentrations exceeding the NR 140 enforcement standards.

Substantial quantities of asbestos containing materials (ACM) have been detected throughout the entire brewery complex. Several buildings are completely encased with plaster cork mastic, a friable ACM. As expected, several thousand feet of pipe runs contain ACM, which is also present in floor tiles, joint compounds, and window glazing.

Due to their deteriorated condition and the extensive cost to renovate many of the structures, the redevelopment plan calls for the demolition of twenty-one buildings, consisting of 1.1 million s.f. The combined demolition and abatement budget for the project is \$13.4 million.

Due to these conditions, the site is considered blighted within the meaning of Section 66.1333 (2)(a), Wis. Stats. Thus, the proposed redevelopment will eliminate blight as well as promote new development.

II. 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; as well as an estimate of the project costs to be implemented as part of this Project Plan.**

Estimated Capital Costs:

The City, pursuant to a Development Agreement with the Redevelopment Authority of the City of Milwaukee, and Juneau Avenue Partners, LLC, the Developer of Pabst City, will provide funding in the form of grants to the Developer for the project pursuant to Wis. Stats. Sec. 66.1105 (2)(f)(1)(h) – i.e. contributions made under a Redevelopment Plan pursuant to Wis. Stats. Sec. 66.1333 (13). The estimated total cost of the Pabst City redevelopment is \$315,066,000, as shown in Exhibit 3, hereto.

Of this amount, the City shall fund \$39,000,000 of the above costs, with disbursements made on a pro-rata basis with funds advanced by the Developer. Hence, the City shall make a contribution to the overall cost of the project, not only to selected categories of costs identified in Exhibit 3.

Public Works or Improvements:

Specific public works and public improvements to which pro-rata funding assistance will be provided in the District, include but are not limited to:

Reconstruction, resurfacing or new construction, as needed, plus installation of street lights, street trees, street furniture, signage and similar improvements for the following street segments:

- W. Highland Ave., between I-43 and N. 6th Street

- W. Juneau Ave., between I-43 and N. 6th Street
- W. Winnebago St., between I-43 and N. 6th Street.
- N. 10th Street, between W. Highland and W. Winnebago (new street)
- N. 9th Street, between W. Highland and W. Winnebago (new street)

Tax Incremental District Project Costs:

Total estimated project costs for TID 58 are as follows:

CAPITAL COSTS	
Grant to Redevelopment Authority for Grant to Developer Pursuant to Development Agreement	\$39,000,000
Project Administration and Job Training	2,000,000
TOTAL CAPITAL COSTS	41,000,000
Capitalized Interest	6,520,000
Scheduled Bond Interest	24,050,000
Total TID 58 Estimated Project Cost	71,570,000

The Development Agreement for the Pabst City District will include a “reset” provision through which the TID Project Cost may be reduced but not increased. Specifically, should the amount of equity raised by the Developer (including equity raised from Historic Tax Credits), the amount of New Market Tax Credit funds and / or the amount of any brownfield remediation grants awarded to the project exceed the amounts upon which the \$39,000,000 City contribution is based, or if the total project costs are less than shown in Exhibit 3, then the Project Costs shall be reduced by 85% of the excess funds raised from other sources, or 85% of the savings in total project costs.

The need for the \$39 million TID Project Cost, is based, in part, on the Developer obtaining no funding through Federal or State Historic Tax Credits, \$62,500,000 through New Markets Tax Credits, and \$3 million in brownfield grants from the State of Wisconsin.

B. Project financing and timetable for expenditures:

All expenditures and TID Project Costs are to be incurred during 2005-7.

The City of Milwaukee will provide financing for Project Costs through one or more issues of tax-exempt and taxable general obligation bonds.

C. List of Estimated Non-Project Costs:

As provided in Exhibit 3, the estimated total cost of the Pabst City project is \$315 million. That portion of these costs not funded by the Tax Increment District represents the non-project costs for TID 58.

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

No persons or businesses are to be relocated or displaced.

D. Statement Indicating How District Creation Promotes the Orderly Development of the City:

The district creation will revitalize an area of the City that has been largely dormant since 1996. The Pabst City project will replace a complex of vacant industrial shells with 466,000 s.f. of retail and entertainment space, 282,000 s.f. of office space, 250 units of apartments and condominiums, and 3800 spaces of parking to support these new uses and adjacent institutions. Ultimately, the tax base in this District is expected to grow to \$185,000,000. In addition, the developer estimates approximately 1100 new jobs will be located in the District.

E. 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 Detailed Planned Development.

F. Economic Feasibility Study

S.B. Friedman & Co. has prepared an analysis of the project's need for financial assistance and an economic feasibility study of the proposed TID. See Exhibit 6.

APPENDIX

List of Exhibits

Map 1: Boundary and Existing Land Use

Map 2: Site and Structure Condition

Map 3: Proposed improvements

Exhibit 1: Listing of properties in District, and designation of
“blighted” and “vacant” properties.

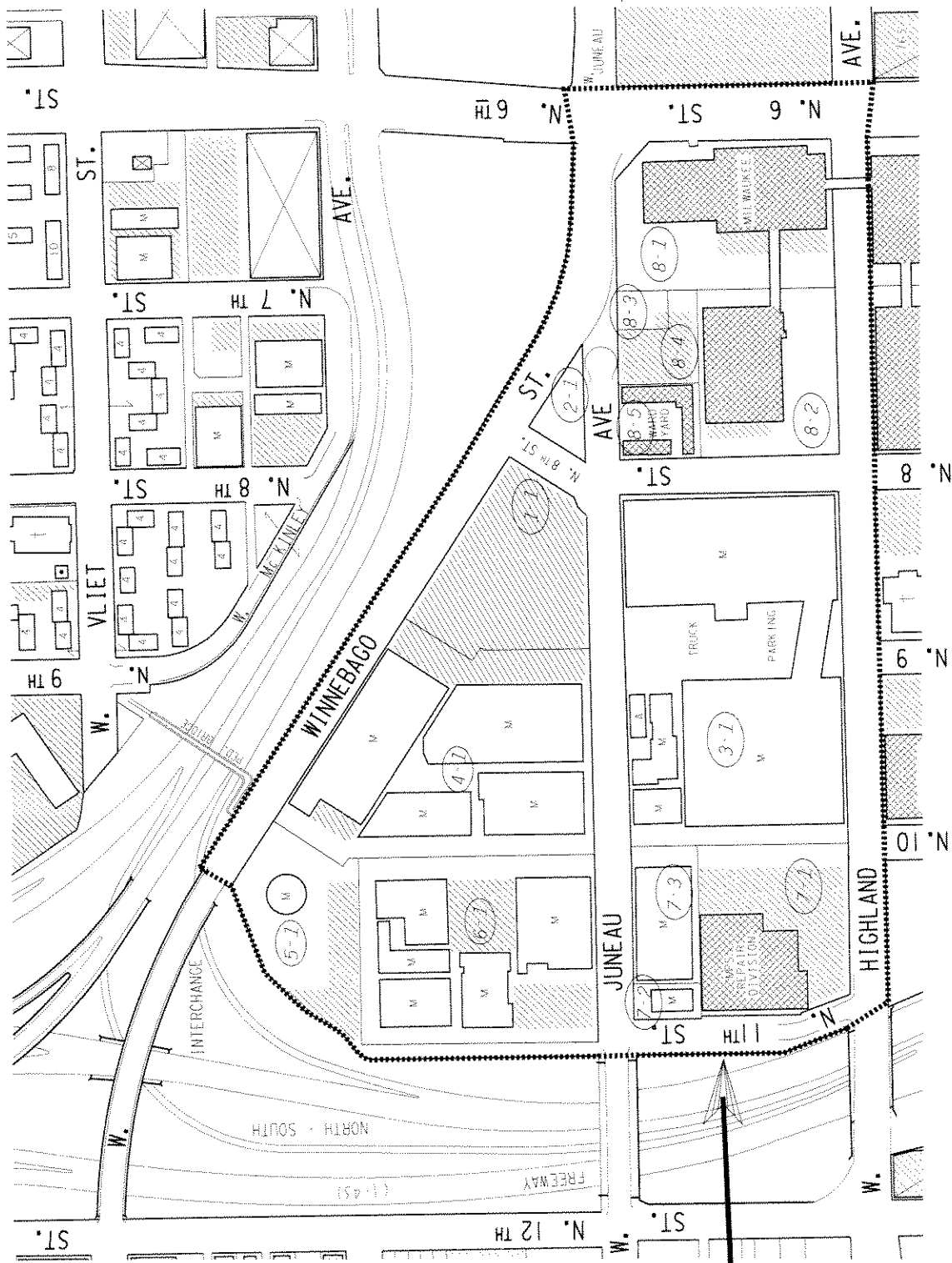
Exhibit 2: Detailed estimate of Project Costs

Exhibit 3: Consolidated Pabst City Budget

Exhibit 4: City Attorney's Opinion

Exhibit 5: Metes and Bounds description of District boundary.

Exhibit 6: Economic Feasibility Study



LEGEND

-----	PROJECT BOUNDARY
⊕	CHURCH
⊞	HOTEL / MOTEL
⊟	ROOMING HOUSE
⊠	POLICE STATION
⊡	HOSPITAL
⊢	CONDOMINIUM
⊣	UTILITY COMPANY
⊤	STORAGE TANK
⊥	PARK
⊦	PUBLIC SCHOOL
⊧	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

TID BOUNDARY

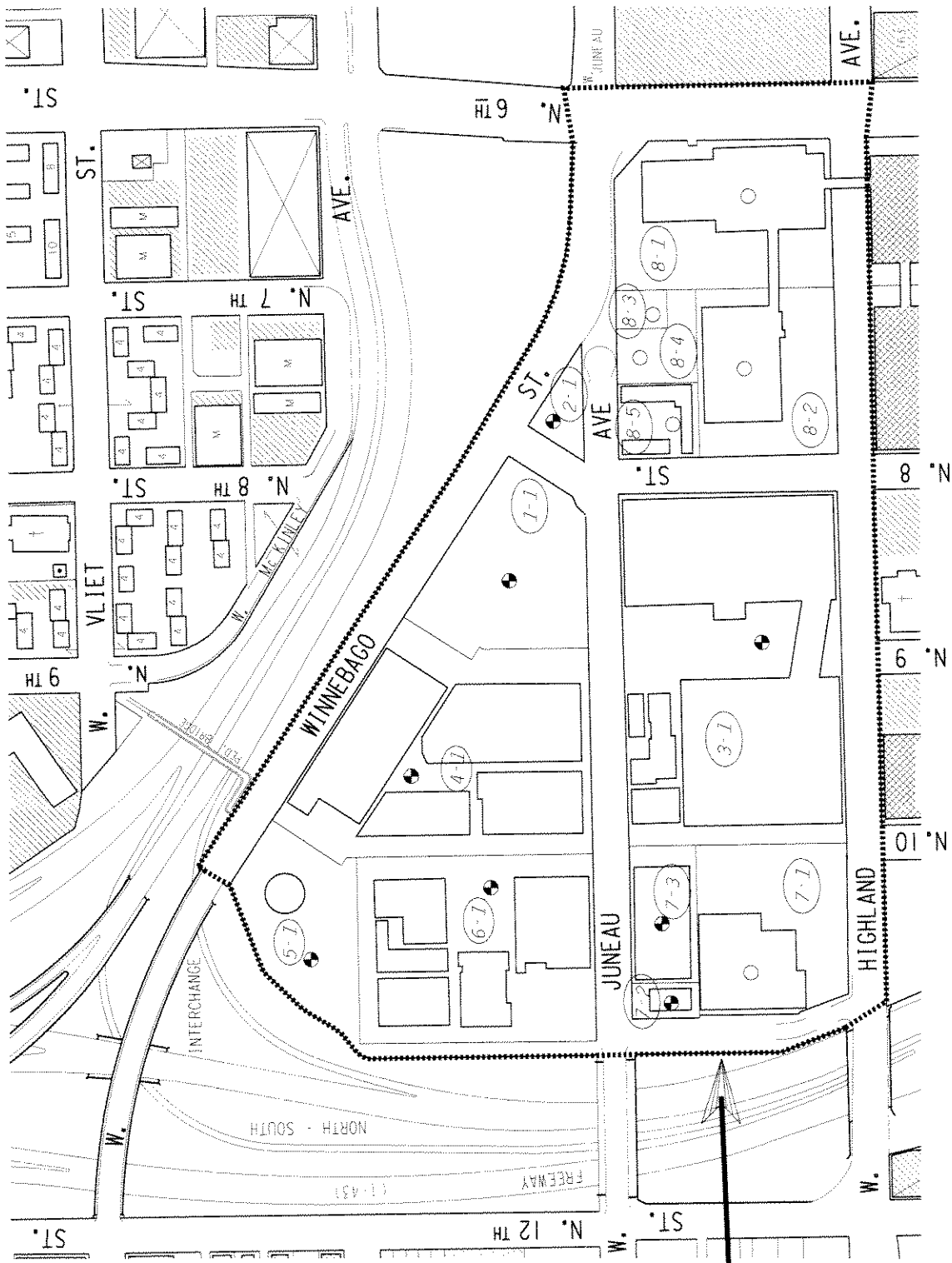
MAP NO. **TID - 58**

1 BOUNDARY AND EXISTING LAND USE

DATE

APPROVED BY THE BOARD OF CITY ENGINEERS AND SURVEYORS
 DATE: 10/15/2014
 PROJECT: TID - 58
 DRAWN BY: [Name]
 CHECKED BY: [Name]

362
391



LEGEND

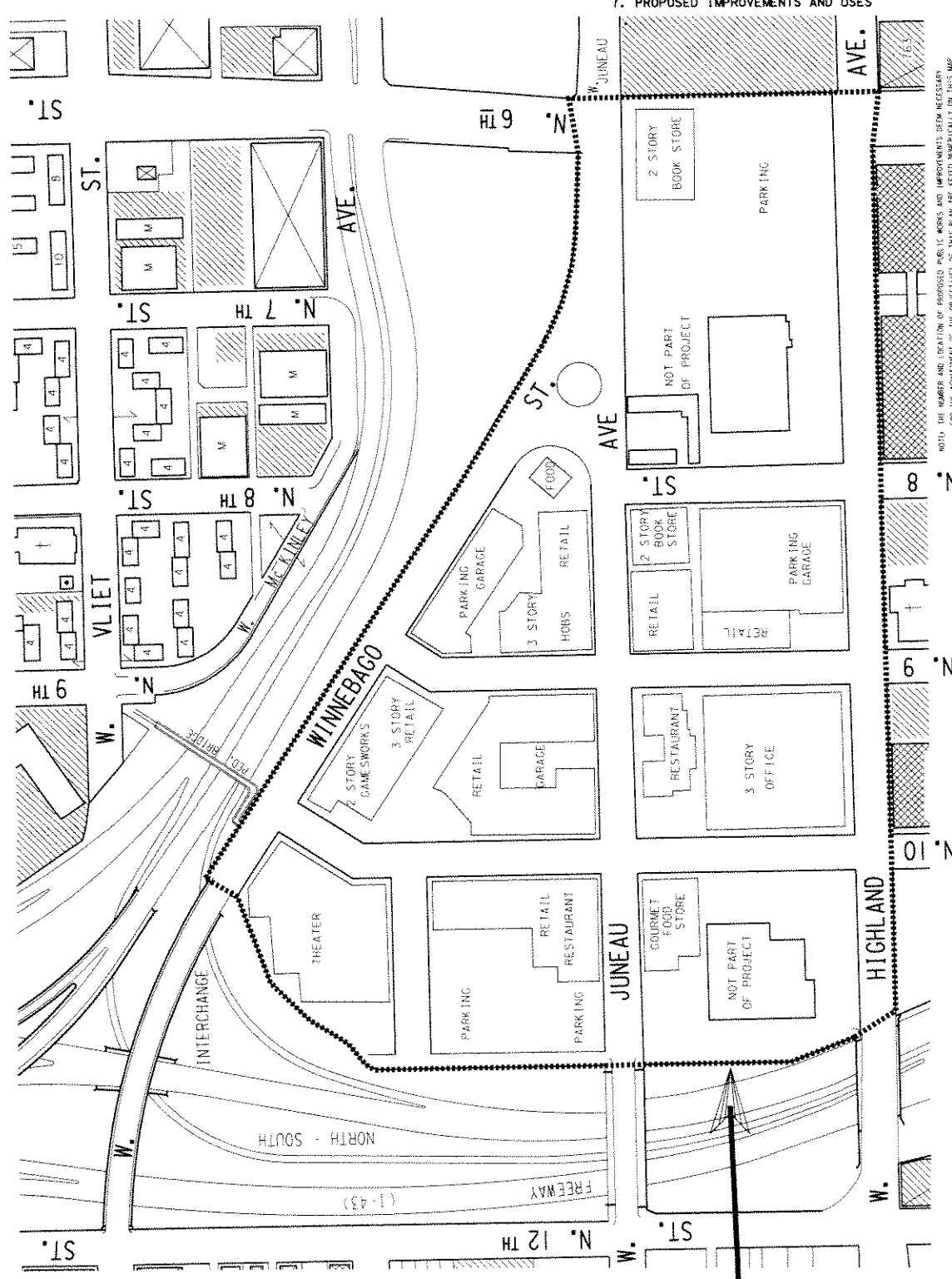
- STANDARD
- ⊕ MINOR DEFICIENCY
- ⊗ MAJOR DEFICIENCY
- SUBSTANDARD



TID BOUNDARY

MAP NO.	TID - 58
2	STRUCTURE CONDITION
<small> PREPARED BY THE DEPARTMENT OF CITY ENGINEERING, "MUNICIPALITY OF WINNEBAGO" FOR THE DISTRICT OF WINNEBAGO, ILL. DRAWN BY: [Name] DATE: [Date] CHECKED BY: [Name] DATE: [Date] APPROVED BY: [Name] DATE: [Date] </small>	
DATE	

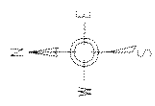
6. STRUCTURE CONDITION



7. PROPOSED IMPROVEMENTS AND USES

NOTE: THE NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS BEING NECESSARY FOR THE ACHIEVEMENT OF THE OBJECTIVES OF THIS PLAN ARE SET FORTH NUMERICALLY ON THIS MAP TO COINCIDE WITH THE LISTING PROVIDED AND DESCRIBED IN SECTION 111 B. 4.D. OF THIS PLAN

① FOR EXAMPLE, DETAILS THE PUBLIC WORKS AND IMPROVEMENTS PLANNED FOR NORTH 21ST STREET



TID BOUNDARY

MFP NO.	TID - 58
3	PROPOSED IMPROVEMENTS AND USES
PAGE 1.	DATE

Exhibit 1: Listing of Properties in the District, and designation of "blighted" and "vacant" properties.

BLOCK / PARCEL	TAXKEY	OWNER NAME	Address low	Address high	dir	STREET	ST	Assess Val Land \$	Assess Val Improvement \$	Assess Val Total \$	Lot Area S.F.	Vacant S.F.: Land Val > Repl Cost Improv.	Blighted Area S.F.
1-1	3611535114	JUNEAU AVENUE PARTNERS LLC	810	810	W	JUNEAU	AV	752,700	414,300	1,167,000	94,525	94,525	94,525
2-1	3611554100	MILWAUKEE COUNTY	721	721	W	WINNEBAGO	ST	0	0	0	12,912	0	12,912
3-1	3910257110	JUNEAU AVENUE PARTNERS LLC	915	915	W	JUNEAU	AV	1,802,300	3,394,100	5,196,400	301,000	0	301,000
4-1	3611521110	JUNEAU AVENUE PARTNERS LLC	902	926	W	JUNEAU	AV	1,313,200	710,900	2,024,100	219,303	0	219,303
5-1	3611403113	JUNEAU AVENUE PARTNERS LLC	1003	1011	W	WINNEBAGO	ST	337,300	16,700	354,000	84,063	84,063	84,063
6-1	3611520110	JUNEAU AVENUE PARTNERS LLC	1002	1036	W	JUNEAU	AV	690,400	124,100	814,500	172,050	0	172,050
7-1	3910261111	CITY OF MILWAUKEE	1124	1124	N	11th	ST	0	0	0	97,886	0	0
7-2	3910260100	JUNEAU AVENUE PARTNERS LLC	1037	1037	W	JUNEAU	AV	34,800	33,100	67,900	8,684	0	1,898
7-3	3910266100	JUNEAU AVENUE PARTNERS LLC	1009	1011	W	JUNEAU	AV	141,800	56,000	197,800	35,335	0	35,335
8-1	3611636111	MILWAUKEE AREA TECHNICAL	1101	1101	N	6TH	ST	0	0	0	123,656	0	0
8-2	3611643111	MILWAUKEE AREA TECHNICAL	700	700	W	HIGHLAND	AV	0	0	0	90,895	0	0
8-3	3611637100	MILWAUKEE AREA TECHNICAL	701	701	W	JUNEAU	AV	0	0	0	7,664	0	0
8-4	3611638100	MILWAUKEE AREA TECHNICAL	709	717	W	JUNEAU	AV	0	0	0	21,544	0	0
8-5	3611640110	MILWAUKEE AREA TECHNICAL	739	739	W	JUNEAU	AV	0	0	0	23,600	0	0
Totals										9,821,700	1,293,107	178,588	921,086
											%	13.8%	71.2%

Exhibit 2: Detailed estimate of TID Project Costs.

Estimated Capital Costs:

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Exhibit 3: Pabst City Project Budget

Preliminary Development Budget: Historic Brewery Redevelopment

Occupancy Category	GSF
House of Blues	45,000
Gameworks	42,000
Theatre	72,000
Retail	321,400
Office	40,000
Residential	238,300
Condo	142,800
Leaseable Gross Square Feet	901,500
Parking	2,294

Based on KA plans dated 12/10/2004
Based on KA plans dated 12/10/2004
Based on KA plans dated 12/10/2004
Based on KA plans dated 12/10/2004
Based on KA plans dated 12/10/2004
Based on KA plans dated 12/10/2004

Requirements	Brewery	\$ / SF	Comments
Land	\$10,288,900		
Operating Carry to Construction	\$3,000,000		Outstanding balance of existing LaSalle loan operating costs during construction
Construction Costs			
Demolition / Abatement	\$11,354,190		Revised estimate per Brandenburg Construction
Block 1 - Retail (12,400 s.f)	\$969,894	\$78.22	Turner Construction - January 4, 2005 (See attached detail)
Block 1 - Restaurant (10,000 s.f)	\$685,868	\$68.59	Turner Construction - January 4, 2005 (See attached detail)
Block 1 - Condo (58,800 s.f)	\$7,497,015	\$127.50	Turner Construction - January 4, 2005 (See attached detail)
Block 1 - HOB pad	\$446,000	\$9.91	Turner Construction - January 4, 2005 (See attached detail)
Block 1 - Parking (660 stalls)	\$6,494,213	\$9,840	Turner Construction - January 4, 2005 (See attached detail)
Block 2 - Retail (18,700 s.f)	\$1,369,878	\$72.14	Turner Construction - January 4, 2005 (See attached detail)
Block 2 - Bookstore (35,000 s.f)	\$4,072,259	\$72.14	Turner Construction - January 4, 2005 (See attached detail)
Block 2 - Condo (84,000 s.f)	\$10,733,436	\$127.78	Turner Construction - January 4, 2005 (See attached detail)
Block 2 - Parking	\$0	\$0	Included in Historic Bottling Development budget
Block 2 - Retail (7,800 s.f)	\$0	\$0	Included in Historic Bottling Development budget
Block 3 - Office (242,000 s.f)	\$0	\$0	Included in Historic Bottling Development budget
Block 4 - Retail Square (48,500 s.f)	\$4,077,722	\$84.08	Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Residential (140,700 s.f)	\$18,056,946	\$128.34	Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Retail Food (12,400 s.f)	\$1,043,172	\$84.13	Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Parking (118 stalls)	\$1,763,930	\$14,949	Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Terrace	\$1,036,504		Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Bldg. 9 Lower Level (30,000 s.f)	\$2,247,421	\$74.91	Building 9a - Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Bldg. 9 Mid-Level (28,250 s.f)	\$2,116,321	\$74.91	Building 9b - Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Bldg. 9 Upper Level (33,750 s.f)	\$2,528,348	\$74.91	Building 9c - Turner Construction - January 4, 2005 (See attached detail)
Block 4 - Bldg. 9 Gameworks (40,000 s.f)	\$3,146,389	\$74.91	Building 9d - Turner Construction - January 4, 2005 (See attached detail)
Block 5 - Theatre (72,000 s.f incl. lobby)	in T/I	\$0	Included in Tenant Allowance
Block 5 - Parking (1,050 stalls)	\$17,756,216	\$16.911	Turner Construction - January 4, 2005 (See attached detail)
Block 6 - Bldg 10 - Retail (14,500 s.f)	\$1,053,675	\$72.67	Turner Construction - January 4, 2005 (See attached detail)
Block 6 - Residential (97,600 s.f)	\$12,405,936	\$126.31	Turner Construction - January 4, 2005 (See attached detail)
Block 6 - New Bldg 10 - Retail (13,000 s.f)	\$906,807	\$69.75	Turner Construction - January 4, 2005 (See attached detail)
Block 6 - Bldg 20 & 21 (19,500 s.f) - Retail	\$1,977,564	\$101.41	Turner Construction - January 4, 2005 (See attached detail)
Block 6 - Retail (5,400 s.f)	\$585,821	\$108.49	Turner Construction - January 4, 2005 (See attached detail)
Block 6 - Parking (296 surface)	\$625,000	\$2,111	Turner Construction - January 4, 2005 (See attached detail)
Block 7 - Retail (40,000 s.f)	\$3,599,220	\$68.63	Turner Construction - January 4, 2005 (See attached detail)
Block 7 - Office (40,000 s.f)	\$3,920,340	\$98.01	Turner Construction - January 4, 2005 (See attached detail)
Landscape / Site Improvements	\$12,715,664	\$0.00	Based on Site Work Estimate 12/9/04. Net of anticipated embedded credits from WE Energies
Contractor General Conditions	\$0	\$0	included in individual project budgets
Hard Cost Contingency	\$0	\$0	includes retail, office, residential and parking square footage
	\$135,385,749	\$69.15	

Exhibit 3: Pabst City Project Budget

Preliminary Development Budget: Historic Brewery Redevelopment

Retail/Entertainment Tenant Improvements	60,968,000	Per Terremark Partners
Office Tenant Improvements	1,200,000	\$30 / s f tenant improvement
Comarts	250,000	Comarts cost for signage and landscape design
Architectural & Engineering - Design	5,415,430	4% of hard costs. Portion of previous architects work will be utilized
Architectural & Engineering - Historic	2,000,000	Plan "A" Architectural Expenses
Façade Surveys	0	Completed for plan "A" by GAS included under predevelopment expenditures
Fees & Permits	0	Included in hard costs
Insurance - Builders Risk / General Liability / Workman's Comp.	2,000,000	Insurance premiums for 24 months of construction
Insurance	476,800	Property / Liability Insurance - 24 months
Inspections	350,000	Estimate for construction and tenant inspection costs
Construction Interest	8,380,343	prime for 24 months - phased in
Tax Credit Bridge Interest	0	
Construction Taxes	300,000	
Title/Recording/Title Insurance	175,000	
Transfer Taxes	225,000	Estimate for all title and recording fees and expenses
Property Taxes	490,000	2 years of estimated property taxes
Appraisals	100,000	
Development Fee	9,387,000	Development fee (3.5% of total budget)
Leasing Commissions	3,076,800	Per Terremark Partners (see leasing detail)
Leasing - Legal	1,040,800	Per Terremark Partners (see leasing detail)
Market Study	100,000	Market studies
Environmental Study / Monitoring	150,000	Ongoing monitoring of environmental remediation efforts; Phase II studies
TIF Related Costs	195,000	Third party fees associated with TIF analysis, structuring and approval
Legal/Accounting	750,000	estimate for organizational and financing legal expenses
Conservation Easement Expense	0	
Financing Fees	2,408,814	1.5 pt for TIF and debt
New Market Financing Fee	2,234,984	4% of Equity. This fee is exclusive of any repayment structure (exit fee)
Pre-Opening/Marketing/Travel/Admin.	1,352,250	\$1.5 / s f
Predevelopment expenditures	13,000,000	Architectural / Legal / site work / pre-development
Working Capital	2,500,000	Includes site utilities, snow removal, municipal fees, security, site trailers, office expenses,
Soft Cost Contingency	1,000,000	Allowance for unknown items
Total	\$288,198,869	
Sources		
Condominium Parking	-	Included in sales price per Tracy Cross market study
Partnership - Pabst Equity	4,693,500	50% of development fee
Brownfield/Block Grant - State of WI	1,000,000	State of Wisconsin Brownfield Grant
Parking Garage (Financed Separately)	-	
Bottling Building (Tax Credit & Façade Easement)	-	
Tax Increment Financing	39,000,000	Estimate based on hard costs
Easement for Bottling-Office Project	-	\$39 million TIF
New Markets Equity	\$55,874,591	Waveland / Legacy Bank (WHEDA / Other Credits)
Office Tenant Improvements	-	
Construction Loan / First Mortgage	121,454,243	75% Loan-to-value on year 5 cash flows. 20 year amortization and 7% interest rate.
Equity	46,178,536	3rd Party Equity Investor
Total	288,198,869	

Preliminary Development Budget: Historic Bottling Building (Office)

Retail/Entertainment Tenant Improvements	0	\$55 / s.f for retail space
Office Tenant Improvements	0	
Comarts	0	
Architectural & Engineering - Design	550,000	Per E/U Estimate
Architectural & Engineering - Historic	0	
Façade Surveys	0	
Fees & Permits	0	
Insurance - Builders Risk / General Liability / Workman's Comp.	436,454	Insurance premiums for 24 months of construction
Insurance	35,000	Property / Liability Insurance - 24 months
Inspections	55,000	Estimate for construction and tenant inspection costs
Construction Interest	930,044	prime for 18 months - phased in
Tax Credit Bridge Interest	0	5.75% interest; drawn down over first few months
Construction Taxes	25,000	
Title/Recording/Title Insurance	35,000	Estimate for all title and recording fees and expenses
Transfer Taxes	35,000	
Property Taxes	125,000	2 years
Appraisals	30,000	
Development Fee	959,000	Development fee (3.5% of total budget)
Leasing Commissions	0	
Leasing - Legal	0	
Market Study	0	
Environmental Study / Monitoring	25,000	Ongoing monitoring of environmental remediation efforts; Phase II studies
TIF Related Costs	0	
Legal/Accounting	500,000	estimate for organizational and financing legal expenses
Conservation Easement Expense	0	6% of easement equity
Financing Fees	242,620	1.5 pt for TIF and debt
New Market Financing Fee	187,016	
Pre-Opening/Marketing/Travel/Admin.	325,500	\$1.5 / s.f
Predevelopment expenditures	0	Architectural / Legal / site work / pre-development
Working Capital	250,000	
Soft Cost Contingency	300,000	Allowance for unknown items
Total	\$27,368,318	
Sources		
Condominium Parking	-	
Partnership - Pabst Equity	-	
Brownfield/Block Grant - State of WI	1,475,000	State of Wisconsin Brownfield Grant
Parking Garage (Financed Separately)	-	
Bottling Building (Tax Credit & Façade Easement)	-	25% State and Federal Tax Credit
Tax Increment Financing	-	
Easement for Bottling-Office Project	-	Loss Development Equity; See attached calculations
New Markets Equity	4,675,409	
Office Tenant Improvements	-	
Construction Loan / First Mortgage	\$16,174,672	70% Loan-to-value on year 5 cash flows. 20 year amortization and 7.5% interest rate.
Equity	\$5,043,238	3rd Party Equity Investor
Total	27,368,318	

Preliminary Development Budget: Historic Bottling Building (Parking)

Retail/Entertainment Tenant Improvements	\$462,000	
Office Tenant Improvements	\$0	
Comarfs	\$0	
Architectural & Engineering - Design	\$0	
Architectural & Engineering - Historic	\$0	
Facade Surveys	\$0	
Fees & Permits	\$0	
Insurance - Builders Risk / General Liability / Workman's Comp.	258,914	Insurance premiums for 24 months of construction
Insurance	\$0	
Inspections	\$0	
Construction Interest	921,707	prime for 18 months - phased in
Tax Credit Bridge Interest	\$0	
Construction Taxes	\$0	
Title/Recording/Title Insurance	\$0	
Transfer Taxes	\$0	
Property Taxes	\$0	
Appraisals	\$0	
Leasing Commissions	\$0	
Leasing - Legal	\$50,400	Per Terremark Partners (see leasing detail)
Market Study	\$16,800	Per Terremark Partners (see leasing detail)
Environmental Study / Monitoring	\$0	
TIF Related Costs	\$0	
Legal/Accounting	\$50,000	estimate for organizational and financing legal expenses
Conservation Easement Expense	\$0	
Financing Fees	\$240,445	1.5 pt for debt
New Market Financing Fee	\$78,000	4% fee
Pre-Opening/Marketing/Travel/Admin.	\$90,600	\$1.5 / s.f
Predevelopment expenditures	\$0	
Working Capital	\$0	
Soft Cost Contingency	\$269,219	Allowance for unknown items
Total	\$19,699,001	
Sources		
Condominium Parking	993,938	\$12,500 / stall; 1.5 stalls per condo; 7% cost of sales
Partnership - Pabst Equity	\$0	
Brownfield/Block Grant - State of WI	\$525,000	Brownfield Grant
Parking Garage (Financed Separately)	\$16,029,692	6.5% interest over 30 years
Bottling Building (Tax Credit & Façade Easement	\$0	
Tax Increment Financing	\$0	
Easement for Bottling-Office Project	\$0	
New Markets Equity	\$0	
Office Tenant Improvements	\$1,950,000	Waveland / Legacy Bank (WHEDA / Other Credits)
Construction Loan / First Mortgage	\$0	
Equity	\$0	
Total	19,498,629	

Preliminary Development Budget: Consolidated Budget

Occupancy Category					
House of Blues	45,000	Based on KA plans dated 12/10/2004			
Gameworks	42,000	Based on KA plans dated 12/10/2004			
Theatre	72,000	Based on KA plans dated 12/10/2004			
Retail	329,200	Based on KA plans dated 12/10/2004			
Office	257,000	Based on KA plans dated 12/10/2004			
Residential	238,300	Based on KA plans dated 12/10/2004			
Condo	142,800	Based on KA plans dated 12/10/2004			
Leaseable Gross Square Feet	1,126,300				
Parking	3,794				
			Consolidated Budget		Comments
Requirements					
Land	\$10,288,900				
Operating Carry to Construction	\$3,500,000				
Construction Costs					
Demolition / Abatement	\$13,418,350	Revised estimate per Brandenburg Construction			
Block 1 - Retail (12,400 s.f)	\$989,894	Turner Construction - January 4, 2005 (See attached detail)			
Block 1 - Restaurant (10,000 s.f)	\$885,868	Turner Construction - January 4, 2005 (See attached detail)			
Block 1 - Condo (58,800 s.f)	\$7,497,015	Turner Construction - January 4, 2005 (See attached detail)			
Block 1 - HOB pad	\$446,000	Turner Construction - January 4, 2005 (See attached detail)			
Block 1 - Parking (660 stalls)	\$6,494,213	Turner Construction - January 4, 2005 (See attached detail)			
Block 2 - Retail (18,700 s.f)	\$1,369,878	Turner Construction - January 4, 2005 (See attached detail)			
Block 2 - Bookstore (35,000 s.f)	\$4,072,259	Turner Construction - January 4, 2005 (See attached detail)			
Block 2 - Condo (84,000 s.f)	\$10,733,436	Turner Construction - January 4, 2005 (See attached detail)			
Block 2 - Parking	\$15,767,780	Turner Construction - January 4, 2005 (estimate is \$10,512 / stall)			
Block 2 - Retail (7,800 s.f)	\$593,135	Turner Construction - January 4, 2005 (See attached detail)			
Block 3 - Office (242,000 s.f)	\$17,723,826	Based on estimate provided by Turner & Berghammer Construction			
Block 4 - Retail Square (48,500 s.f)	\$4,077,722	Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Residential (140,700 s.f)	\$18,056,946	Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Retail Food (12,400 s.f)	\$1,043,172	Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Parking (118 stalls)	\$1,763,930	Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Terrace	\$1,036,504	Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Bldg. 9 Lower Level (30,000 s.f)	\$2,247,421	Building 9a - Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Bldg. 9 Mid-Level (28,250 s.f)	\$2,116,321	Building 9b - Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Bldg. 9 Upper Level (33,750 s.f)	\$2,528,348	Building 9c - Turner Construction - January 4, 2005 (See attached detail)			
Block 4 - Bldg. 9 Gameworks (40,000 s.f)	\$3,146,389	Building 9d - Turner Construction - January 4, 2005 (See attached detail)			
Block 5 - Theatre (72,000 s.f incl. lobby)	in T/	Included in Tenant Allowance			
Block 5 - Parking (1,050 stalls)	\$17,756,216	Turner Construction - January 4, 2005 (See attached detail)			
Block 6 - Bldg 10 - Retail (14,500 s.f)	\$1,053,675	Turner Construction - January 4, 2005 (See attached detail)			
Block 6 - Residential (97,600 s.f)	\$12,405,936	Turner Construction - January 4, 2005 (See attached detail)			
Block 6 - New Bldg 10 - Retail (13,000 s.f)	\$906,807	Turner Construction - January 4, 2005 (See attached detail)			
Block 6 - Bldg 20 & 21 (19,500 s.f) - Retail	\$1,977,564	Turner Construction - January 4, 2005 (See attached detail)			
Block 6 - Retail (5,400 s.f)	\$585,821	Turner Construction - January 4, 2005 (See attached detail)			
Block 6 - Parking (296 surface)	\$625,000	Turner Construction - January 4, 2005 (See attached detail)			
Block 7 - Retail (40,000 s.f)	\$3,599,220	Turner Construction - January 4, 2005 (See attached detail)			
Block 7 - Office (40,000 s.f)	\$3,920,340	Turner Construction - January 4, 2005 (See attached detail)			
Landscape / Site Improvements	\$15,118,648	Based on Site Work Estimate 12/9/04. Net of anticipated embedded credits from WE Energies			
Contractor General Conditions	\$0				
Hard Cost Contingency	\$531,715	Included in individual project budgets			
	\$174,469,349				

Preliminary Development Budget: Consolidated Budget

Retail/Entertainment Tenant Improvements	\$61,430,000	Per Terremark Partners
Office Tenant Improvements	\$1,200,000	\$30 / s.f tenant improvement
Comarts	\$250,000	Comments cost for signage and landscape design
Architectural & Engineering - Design	\$5,965,430	4% of hard costs. Portion of previous architects work will be utilized
Architectural & Engineering - Historic	\$2,000,000	Plan "A" Architectural Expenses
Facade Surveys	\$0	Completed for plan "A" by GAS included under predevelopment expenditures
Fees & Permits	\$0	Included in hard costs
Insurance - Builders Risk / General Liability / Workman's Comp.	\$2,695,367	Insurance premiums for 24 months of construction
Insurance	\$511,800	Property / Liability Insurance - 24 months
Inspections	\$405,000	Estimate for construction and tenant inspection costs
Construction Interest	\$10,232,094	prime for 24 months - phased in
Tax Credit Bridge Interest	\$0	5.75% interest, drawn down over first few months
Construction Taxes	\$325,000	Estimate for all title and recording fees and expenses
Title/Recording/Title Insurance	\$210,000	
Transfer Taxes	\$260,000	
Property Taxes	\$615,000	2 years of estimated property taxes
Appraisals	\$130,000	
Development Fee	\$10,346,000	Development fee (3.5% of total budget)
Leasing Commissions	\$3,127,200	Per Terremark Partners (see leasing detail)
Leasing - Legal	\$1,067,600	Per Terremark Partners (see leasing detail)
Market Study	\$100,000	Market studies
Environmental Study / Monitoring	\$175,000	Ongoing monitoring of environmental remediation efforts, Phase II studies
TIF Related Costs	\$195,000	Third party fees associated with TIF analysis, structuring and approval
Legal/Accounting	\$1,300,000	estimate for organizational and financing legal expenses
Conservation Easement Expense	\$0	6% of easement equity
Financing Fees	\$2,889,879	1.5 pt for TIF and debt
New Market Financing Fee	\$2,500,000	4% of Equity. This fee is exclusive of any repayment structure (exit fee)
Pre-Opening/Marketing/Travel/Admin.	\$1,768,350	\$1.5 / s.f
Predevelopment expenditures	\$13,000,000	Architectural / Legal / site work / pre-development
Working Capital	\$2,750,000	Includes site utilities, snow removal, municipal fees, security, site trailers, office expenses, etc
Soft Cost Contingency	\$1,569,219	Allowance for unknown items
Total	\$315,266,188	
Sources		
Condominium Parking	\$993,938	
Partnership - Pabst Equity	\$4,693,500	50% of development fee
Brownfield/Block Grant - State of WI	\$3,000,000	State of Wisconsin Brownfield Grant
Parking Garage (Financed Separately)	\$16,029,692	6.5% interest over 30 years
Bottling Building (Tax Credit & Façade Easement	\$0	Estimate based on hard costs
Tax Increment Financing	\$39,000,000	\$39 million TIF
Easement for Bottling-Office Project	\$0	Loss Development Equity. See attached calculations
New Markets Equity	\$62,500,000	Waveland / Legacy Bank (WHEDA / Other Credits)
Office Tenant Improvements	\$0	
Construction Loan / First Mortgage	\$137,628,915	See various budgets
Equity	\$51,219,773	3rd Party Equity Investor
Total	315,065,817	

CITY OF MILWAUKEE

Form CA-43

GRANT F. LANGLEY
City Attorney

RUDOLPH M. KONRAD
PATRICK B. McDONNELL
LINDA ULISS BURKE
Deputy City Attorneys



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EXHIBIT 4

OFFICE OF CITY ATTORNEY
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200 EAST WELLS STREET
MILWAUKEE, WISCONSIN 53202-3551
TELEPHONE (414) 286-2601
TDD 286-2025
FAX (414) 286-8550

June 2, 2005

Mr. Rocky Marcoux, Commissioner
Department of City Development
809 North Broadway, 2nd Floor
Milwaukee, WI 53202

RE: Project Plan for Tax Incremental District Number 58 (Pabst City)

Dear Commissioner Marcoux:

Pursuant to your request, we have reviewed the Project Plan for the above-captioned Tax Incremental District No. 58.

Based upon that review, it is our opinion that the plan is complete and complies with the provisions of sec. 66.1105(4)(I), Stats.

Very truly yours,

GRANT F. LANGLEY
City Attorney

THOMAS O. GARTNER
Assistant City Attorney

REFERRED
BY MARCOUX
TO SCHERER
DATE 6-6-05

ACTION
 INFORMATION

TOG/ms:93730
1035-2005-572

COPIES TO:
BRENNAN
BRAUN

EXHIBIT 6

TIF Feasibility Report

**PROPOSED PABST CITY
REDEVELOPMENT PROJECT**

Prepared for:

City of Milwaukee

Submitted:
May 4, 2005

May 4, 2005

James Scherer
Vice President
Milwaukee Economic Development Corp.
809 N. Broadway
Milwaukee, WI 53201

Dear Mr. Scherer,

Pursuant to our agreement, *S. B. Friedman & Company*, in association with Vistara Construction Services, has prepared this analysis of TIF feasibility for the proposed Pabst City redevelopment project.

The scope of our engagement included reviewing the proposed project pro forma and application for TIF assistance. We also studied the level of need for City assistance, the incremental property tax revenues likely to result from the project as proposed, and the size of bond issue that TIF revenues from the project could support.

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

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

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

S. B. Friedman & Company is not an accounting firm and has not followed the procedures established by the American Institute of Certified Public Accountants in connection with prospective financial information.

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

We appreciate the opportunity to have been of service to the City of Milwaukee.

Sincerely,

S. B. Friedman & Company



Stephen B. Friedman, AICP, CRE
President



Tony Q. Smith
Senior Project Manager

City of Milwaukee
Proposed Pabst City Project

TIF Feasibility Study

Transmittal Letter

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S. B. Friedman & Company
221 N. LaSalle Street
Chicago, IL 60601-1302
Phone: 312/424-4250; Fax: 312/424-4262
Contact Person: Stephen B. Friedman
www.friedmanco.com

1. Project Description and Study Approach

Based on information provided by Juneau Avenue Partners (the developer) and direction provided by the City of Milwaukee's Department of City Development (DCD), *S. B. Friedman & Company (SBFCo)* has produced a TIF Feasibility Report for the proposed Pabst City project.

Project Description

The Pabst City project is proposed on the site of the former Pabst Brewery complex at the southeast corner of the intersection of Interstate 43 and the Park East freeway in the northwest portion of Downtown Milwaukee. The project as proposed consists of over 1.1 million square feet housed in a mix of rehabilitated and newly constructed buildings located in a 6 ½ block area. The proposed program includes:

- About 488,000 square feet of retail uses, including specialty shops, entertainment and restaurants
- 257,000 square feet of office space
- 381,000 square feet of residential space, including apartments and for-sale condominiums
- 3,800 stalls of parking primarily provided in three structures

The materials submitted in the developer's January 25, 2005 TIF application and subsequent discussions with Juneau Avenue Partners indicated that the Pabst City project was at the time divided into four somewhat financially discrete elements: the **Brewery** (mixed-use entertainment, residential, retail, and office), the **Building 29 Office** component, the **County Parking Garage**, and the **Office/Gift Shop/Blue Ribbon Hall** complex (to be owned and operated separately by a separate entity). In subsequent discussions with Juneau Avenue Partners and reviews of the updated project pro formas, the Brewery and Building 29 Office components have been treated by the developer and *SBFCo* as a single project for the purposes of evaluating TIF need. This change is primarily a result of the developer's current assumption that the Historic Tax Credit and easement donation equity included in the original January 25, 2005 TIF application pro forma is no longer likely to be available to the project.

Study Approach

In addition to reviewing the developer's overall proposed plan and TIF application for the Pabst City site, *SBFCo*, in conjunction with Vistara Construction Services, Inc. reviewed and considered the following key factors affecting the TIF feasibility of the proposed project:

- Pro forma information contained in the original January 25, 2005 TIF application, as well as subsequent iterations and versions in electronic format
- Construction cost budget and supplemental information provided by Turner Construction, Inc. on behalf of the developer
- Key financing assumptions embedded in Juneau Avenue Partners' pro formas through review of industry sources and interviews with key informants

-
- Market study information for retail and residential (condominium and apartment) uses produced on behalf of the developer by Retail Market Analysis, Inc. and Tracy Cross Associates, respectively
 - Supplemental retail market information provided by the developer subsequent to the initial TIF application
 - Developer's proposed New Markets Tax Credits and historic-related equity assumptions based on interviews with key informants
 - Key assumptions regarding retail income and anchor NOI participations through discussions with key informants
 - Available information on leases under negotiation to date, including letters of intent (LOIs)
 - Assessment techniques likely to be used as a basis for property taxation, based on key informant interviews with the Milwaukee Assessor's Office
 - Real property assessment data from the City Assessor's Office for each key project component in order to validate the potential assessments for Pabst City within the overall context of the City as a whole
 - Potential bonding assumptions as provided by DCD and the City of Milwaukee Office of the Comptroller to be used in evaluating financing capacity

2. Need for Financial Assistance

Pursuant to our engagement with the City of Milwaukee, *SBFCo* reviewed key assumptions included in the developer's pro forma for the Pabst City project, as well as their resulting implications for TIF need.

Pro Forma Assumptions

SBFCo has reviewed several versions of Juneau Avenue Partners' pro forma for the Pabst City project, beginning with the pro forma included in the January 25, 2005 TIF application. In addition, Vistara Construction Services has reviewed the proposed construction budget as provided by Turner Construction on behalf of the developer.

- **Residential Rents and Sales Prices.** The apartment rents and condo sales price assumptions included in the original January 25, 2005 TIF application were developed without benefit of a formal residential market study. A residential market study, prepared by Tracy Cross & Associates, was provided to *SBFCo* by the developer on March 29, 2005. This study indicated market support for the proposed condo and apartment uses, and recommended price points and unit configurations for each product type. The average sale prices and rents in the Tracy Cross report were somewhat higher than those originally assumed in the TIF application. At *SBFCo*'s suggestion, the assumed condo sales prices were increased in the developer's pro forma from \$200 to about \$209 per square foot (after downward adjustments to reflect detached parking for some units, and upward adjustments to reflect upper-floor and corner unit premiums) to match the conclusions of the Tracy Cross study. Likewise, the assumed velocity of sales was increased from 3 units per month to 4. Assumed apartment rents were also increased from \$1.12 to \$1.36 per square foot to reflect the findings of the study.
- **Retail Rent Escalations.** The developer's initial pro forma assumed average annual retail rent escalations of about 1% per year, as compounded every five years. At *SBFCo*'s suggestion, this assumption was increased to 2% per year to reflect more typical industry assumptions and estimates of inflation.
- **Developer Fee.** The initial January 25, 2005 pro forma assumed a developer fee equal to 5% of project hard costs and tenant improvements. This formula yielded a combined fee of about \$11.4 million for the Brewery and Building 29 Office components. At *SBFCo*'s suggestion, this fee level was reduced to 3.5% of Total Development Costs, yielding a revised fee amount in the developer's April 29, 2005 pro forma of about \$10.4 million.
- **Corrections.** *SBFCo* identified several calculation errors in the various versions of the pro forma, which have been corrected by the developer in the April 29, 2005 pro forma. These include:
 - Full recognition of condo sales proceeds in income stream of project
 - Full use of all available cash reserves
 - Calculation of loan balance for Building 29 Office component
 - Use of the correct current tax rate in calculating Office component taxes

- **Forward Capping.** The original pro forma provided in the January 25, 2005 TIF application estimated the sale value of the project at the end of the investment analysis term based on Year 10 income. Based on discussion and mutual agreement with *SBFCo*, the developer changed this assumption to Year 11 income to reflect typical investment analysis techniques.
- **Construction Cost.** Vistara's review of the anticipated project construction costs assessed major line items within the schematic design information available at this stage in the proposed project. Vistara has indicated to *SBFCo* that, while its assumptions for certain cost line items differ from the developer's budget, on an overall basis these differences are within a normal industry range for a project at the current stage of design.

Resulting TIF Need/"But For"

The developer's April 29, 2005 pro forma, as reviewed by *SBFCo*, indicates a need for \$39 million in up-front assistance based on the following key assumptions in addition to those described above:

- Going-in cap rate of 9% for construction loan sizing
- Loan-to-value ratio of 65%
- Terminal cap rate of 10.5%

These assumptions appear to have been chosen by the developer to reflect a conservative estimate of how the project might be evaluated by debt and equity providers. *SBFCo* believes these assumptions are within market ranges, and that the developer's rationale for choosing conservative assumptions is primarily based on:

- The complexity of the project—both the mix of uses and the proposed rehabilitation component
- The scarcity of comparable properties in the market to serve as indicators of how debt and equity markets will respond

The developer's projections using these assumptions, as shown in Tables 1 and 2 on the following pages, provide for an annual cash-on-cash preferred return of 10% for the developer's and outside investor's equity, an overall equity IRR of 20.3% for the Building 29 Office component, and a developer equity IRR of 23.1% for the Brewery component. Outside investor IRR for the Brewery component is shown at 20.3% for Years 6-10 of the project, and calculated by *SBFCo* to be about 13.5% for Years 1-10%. *SBFCo* has reviewed the pro forma assumptions leading to these return calculations, and believes that:

- These assumptions would reasonably lead to returns in the ranges shown with up-front TIF assistance of \$39 million
- Although the returns shown for the Building 29 Office component appear to be at the aggressive end of the spectrum, particularly in terms of early-year cash flows, the overall returns indicated by the developer fall within ranges that have been observed in the market

**Milwaukee Department of City Development--Pabst City TIF Feasibility
Table 1- Developer Pro Forma for Brewery Component as Presented 4/29/05**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Future Development - Ground Lease Block 6										
Condominium's Available:										
134										
Net Cash Available	\$10,711,475	\$10,711,475	\$6,359,646	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leasing Commissions	\$22,590,807	\$24,118,994	\$21,688,585	\$15,439,270	\$15,524,764	\$16,849,048	\$17,083,451	\$17,418,672	\$17,762,216	\$18,117,389
Capital Costs / Reserve	\$250,000	\$28,800	\$96,800	\$96,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000
Cash Available for Debt Service	\$22,311,507	\$23,840,194	\$21,342,585	\$15,093,270	\$15,080,764	\$16,405,048	\$16,639,451	\$16,974,672	\$17,319,216	\$17,673,389
First Mortgage*	\$121,454,243	\$113,956,210	\$106,458,178	\$102,006,426	\$102,006,426	\$102,006,426	\$102,006,426	\$102,006,426	\$102,006,426	\$102,006,426
Paydown (condo proceeds)	(\$7,498,032)	(\$7,498,032)	(\$4,451,752)	\$0	(\$2,662,412)	(\$2,848,780)	(\$3,048,195)	(\$3,261,569)	(\$3,489,879)	(\$3,734,170)
Principal	(\$8,501,797)	(\$8,501,797)	(\$8,301,797)	(\$7,453,072)	(\$6,966,273)	(\$6,739,993)	(\$6,580,898)	(\$6,367,116)	(\$6,138,806)	(\$5,894,515)
Interest	(\$15,999,829)	(\$15,999,829)	(\$12,953,549)	(\$10,048,899)	(\$9,628,685)	(\$9,628,685)	(\$9,628,685)	(\$9,628,685)	(\$9,628,685)	(\$9,628,685)
* Credit for condo proceeds to value of mortgage. 5th year stabilized cash flow, 50% JV income value.										
New Markets	\$55,874,591									
Principal	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$10,000,000)	\$0	\$0	\$0	\$0
Interest	(\$1,000,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$10,000,000)	\$0	\$0	\$0	\$0
Sale of Asset	\$0	\$0	\$0	\$0	\$58,500,450	\$0	\$0	\$0	\$0	\$106,995,859
Funds Available for distribution	\$5,311,677	\$6,340,365	\$6,889,036	\$3,544,371	\$3,952,079	(\$3,223,037)	\$7,010,766	\$7,345,987	\$7,690,531	\$115,040,563
Total Debt Coverage:	2.02	2.14	1.92	1.36	1.36					
Partnership-Pabst - 10%	\$469,350	\$469,350	\$469,350	\$469,350	\$469,350	\$469,350	\$469,350	\$469,350	\$469,350	\$469,350
Partnership - CPR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return of Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outside Investor - 10%	\$4,617,654	\$4,617,654	\$4,617,654	\$4,617,654	\$4,617,654	\$5,617,654	\$5,617,654	\$5,617,654	\$5,617,654	\$5,617,654
Outside Investor - CPR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return of Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Reserve	\$224,674	\$1,253,361	\$1,802,032	(\$1,542,632)	(\$1,134,925)	\$689,360	\$923,763	\$1,258,983	\$1,603,527	\$108,983,560
Annual Cash Flow	\$224,674	\$1,478,035	\$1,802,032	(\$1,542,632)	(\$1,134,925)	\$689,360	\$923,763	\$1,258,983	\$1,603,527	\$108,983,560
Year End Cash Balance	\$224,674	\$1,478,035	\$3,280,067	\$1,737,435	\$602,510	\$1,291,870	\$2,215,633	\$1,474,616	\$1,578,143	\$109,031,702
Cash Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$1,500,000	\$1,500,000	\$109,031,702
LLC - 1	\$0	\$0	\$0	\$0	\$0	\$0	\$400,000	\$300,000	\$300,000	\$21,806,340
Third Party	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500,000	\$1,125,000	\$1,125,000	\$81,773,777
LLC - 2	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$45,000	\$45,000	\$3,270,951
LLC - 3	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000	\$30,000	\$30,000	\$2,186,634
Remaining Cash Flow Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outside Investor - Cash on Cash	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	12.7%	12.0%	12.0%	155.6%
Outside Investor - IRR (years 1-5)	9.2%									
Outside Investor - IRR (years 6-10)	20.3%									
Partnership - Cash on Cash	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	18.5%	16.4%	16.4%	474.6%
Partnership - IRR	23.1%									

Source: Jmearn Avenue Partners

(Assumes a sale at 10% cap rate at year 5)

Equity Distributions

**Milwaukee Department of City Development--Pabst City TIF Feasibility
Table 2- Developer Pro Forma for Building 29 Office Component as Presented 4/29/05**

Cash Flow:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Condominium Sales (8200/sf, 7% commission)	\$2,426,148	\$2,426,301	\$2,239,570	\$2,202,817	\$2,165,393	\$2,478,554	\$2,439,746	\$2,400,227	\$2,359,982	\$2,318,998
Net Cash Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leasing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Costs / Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Cash Available for Debt Service	\$2,326,148	\$2,326,301	\$2,139,570	\$2,102,817	\$2,065,393	\$2,378,554	\$2,339,746	\$2,300,227	\$2,259,982	\$2,218,998
First Mortgage	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672	\$16,174,672
i: 7.0%										
n: 20										
cap: 9.00%										
Paydown	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal	(\$394,848)	(\$422,166)	(\$451,718)	(\$483,338)	(\$517,171)	(\$553,373)	(\$592,110)	(\$633,557)	(\$677,066)	(\$723,360)
Interest	(\$1,132,227)	(\$1,104,609)	(\$1,075,037)	(\$1,043,337)	(\$1,009,603)	(\$973,401)	(\$934,665)	(\$893,217)	(\$848,568)	(\$804,415)
	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)	(\$1,526,775)
Bonds										
Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funds Available for distribution	\$799,373	\$799,527	\$612,795	\$576,043	\$538,618	\$851,780	\$812,972	\$773,452	\$733,207	\$13,821,348
Outside Investor - 10%	\$799,373	\$799,527	\$612,795	\$576,043	\$538,618	\$851,780	\$812,972	\$773,452	\$733,207	\$13,821,348
Outside Investor - CPR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return of Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash on Cash IRR	15.9%	15.9%	12.2%	11.4%	10.7%	16.9%	16.1%	15.3%	14.5%	274.1%

Source: Juneau Avenue Partners

Sensitivity of TIF Need to Key Variables

During the course of our review of the proposed Pabst City project, *SBFCo* identified a number of factors affecting the projected need for up-front TIF assistance. Due to the size, complex nature, and current stage of development of the proposed project, a number of important variables affecting TIF need cannot be predicted with a high degree of certainty at this time. The following factors were identified by *SBFCo* as key variables that could potentially reduce the project's need for up-front assistance:

- **Historic Tax Credits/Easement Donation Equity.** The January 25, 2005 TIF application included approximately \$20 million in equity generated by a combination of federal and state tax credits and tax deductions from historic easement donations. In a revised pro forma submitted to *SBFCo* on April 12, 2005, the developer indicated that it was no longer likely that the Building 29 Office component would qualify for these historic-related equity sources. The developer's April 12, 2005 pro forma did not indicate a resulting TIF need greater than the original \$39 million. This is largely due to the correction of an error identified by *SBFCo* in the January 25, 2005 TIF application pro forma, which had omitted about \$18.2 million in condo sales proceeds. If the project is determined to be eligible for historic tax credits/easement donation equity, it appears that the need for TIF subsidy would decrease by roughly the same amount.
- **Supportable Construction Debt (Loan to Value Ratio and Going-In Cap Rate).** Extensive discussion has taken place between *SBFCo*, the developer, and City officials regarding appropriate assumptions for cap rates and loan to value ratios. The primary effect of these factors is on the assumed amount of construction debt that can be secured. The pro forma provided by the developer on April 12, 2005 assumed a 75% loan to value ratio with a going-in cap rate of 9% and a terminal cap rate of 10.5%. These assumptions indicated supportable construction debt of about \$135 million for the Brewery component of the project. However, the developer reduced the loan-to-value assumption to 65% in a pro forma provided to *SBFCo* on April 29, 2005. The basis provided by the developer for this reduction was two-fold: a) that more aggressive income assumptions changed as a result of discussions with *SBFCo* would likely cause construction lenders to use a more conservative loan-to-value ratio, and b) that ongoing discussions with lenders suggested that a loan-to-value ratio of less than 70% was more realistic in any case. The developer's revised assumptions resulted in supportable construction debt of about \$121 million in the April 29, 2005 pro forma. If additional construction debt can be leveraged, the need for TIF would likely be reduced.
- **Terminal Cap Rate Assumption and Equity Returns.** The terminal cap rate assumption primarily affects the projected internal rate of return (IRR) on outside investor and developer equity. It has a significant effect on the anticipated future sale value of the project, which typically makes up a large component of equity returns. Projected IRR is generally an important measure of the ability of a project to attract investor equity. In this case, the developer has indicated that because of the specific nature of the Pabst City project, annual cash-on-cash returns on equity (shown in the pro forma at a minimum of 10% per year) are more important than IRR as a benchmark for

attracting investor capital. The rationale behind this distinction appears to be based on the difficulty of predicting the sale terms to a future owner for a project as uncommon as Pabst City. If equity investors ultimately use a more aggressive cap rate than the 10.5% currently assumed in the developer's pro forma, it appears likely that additional equity could be attracted, thus potentially reducing the need for TIF assistance.

- **Retail Base Rents and Tenant Improvement Allowances.** The project pro forma includes retail rental income estimates on a space-by-space basis for the entire project. Supplemental materials supplied by the developer to *SBFCo* indicate that leasing progress to date has produced more favorable base rents and tenant improvement allowances than assumed in the pro forma. If these trends continue throughout the lease-up of the project, the potential effect would be a significant improvement in annual income to the project. If construction debt for the project is eventually sized based on more favorable base rent and TI information than is currently assumed, it appears likely that additional debt could be attracted, thus reducing the need for up-front TIF as a financing source.
- **Assumption of Percentage Rent Income.** The Juneau Avenue Partners pro forma assumes that income from retail percentage rent equals 2% of base rent income in years 1 and 2, and 4% in subsequent years. At the sales productivity levels currently projected by the developer, retail percentage rent income is not anticipated to exceed these levels. However, if the project is highly successful, conversations with Terremark Partners, the project's leasing broker, suggest that it might be reasonable to assume percentage rent income of 10% of base rent beginning after stabilization. The impact of improved percentage rent income over pro forma would largely be on equity returns for the developer and outside investor on an annual basis and at the time of an eventual sale or refinancing.
- **Anchor Tenant Sales Performance.** The Juneau Avenue Partners pro forma includes income from proposed NOI participations with the entertainment anchor tenants. These assumptions appear to be based on sales projections provided by the tenants. If the sales performance of these anchors exceeds projected levels, the project would likely realize greater income from the NOI participations. Recent sales performance information on a newly-opened House of Blues location in Cleveland shows sales exceeding projections by about 45%. Without more detailed information on the anchor tenants' sales projection methodology and operating expenses, it is difficult to assess the potential upside potential (or downside risk) to the project from the NOI participation income. However, the probable effect would, like improved percentage rent income, be on annual equity dividends and the ultimate sale/refinancing value of the project.

Another possibility regarding the anchor tenant NOI participations is that one or more tenants might choose to buy out these agreements before the full term is completed. One scenario under which these tenants might be motivated to perform these buyouts is if they were becoming publicly held companies, and wanted to increase their ability to raise investor capital. These buyouts would likely occur under favorable terms for the project owners, and would therefore likely generate additional cash returns to equity.

- **Construction Cost of Building 29 Office.** If the Building 29 Office component of the project is not eligible for historic tax credit and easement donation benefits, it appears likely that construction cost for this component would be reduced as a result of relaxed requirements for the scope of the rehab. An estimate from Turner Construction provided by the developer indicates a reduction of about 4% in the hard cost of this component if tax credits are not pursued. According to Vistara Construction, a sub-consultant to *SBFCo*, cost differentials between historic tax credit-level rehabs and non-historic rehabs can range up to 15% due to the ability to replace certain building components with similar materials, time savings due to the lack of federal/state review, and the increased pool of contractors that can be used. The difference between a 10% and a 4% cost savings in Building 29 amounts to a reduction in project cost of about \$1.1 million, which would potentially reduce the need for TIF assistance.
- **Block 2 Parking Garage Financing.** As described in the “Project Structure” section of this report, the County Parking Garage component is somewhat financially isolated from the Brewery/Building 29 Office components of the project. The primary assumed source of funds to construct the Block 2 Garage is County bond proceeds, with about \$2.5 million in New Markets Tax Credit and brownfield grant funds earmarked to facilitate demolition, remediation, and site preparation. In addition, the entire \$10.2 million acquisition cost for the Pabst City site, including the portion corresponding to the County Garage site (indicated to be about \$1.4 million by the developer) is currently absorbed in the Brewery/Building 29 Office pro forma, including the portion corresponding to the County Parking Garage site. The terms of the transfer of ownership of this parking structure between the developer and the County are reportedly not yet negotiated, and therefore may vary from the assumptions currently reflected in the project pro forma. It is difficult to assess the potential benefit to the Brewery/Building 29 Office pro forma from these negotiations, but *SBFCo* estimates at this point that the magnitude of this benefit might be as much as \$3 million (a \$1.4 million land reimbursement plus the portion of NMTC and brownfield grant funds over and above the amount needed for site preparation). This benefit would likely result in a corresponding reduction in TIF need.

SBFCo ran a sensitivity analysis scenario reflecting a reasonably possible combination of the factors described above in order to evaluate the potential effects on TIF need. The assumptions used for this analysis were as follows:

- No historic tax credit or easement donation equity
- Supportable construction debt of \$135 million for the Brewery component based on a 70% loan to value ratio and an 8.5% going-in cap rate.
- Construction debt for the Building 29 Office component based on 70% loan to value and a 9% going-in cap rate
- No change in the 10.5% terminal cap rate assumption for both the Brewery and Building 29 Office components
- No change in pro forma retail base rent, TI allowance, and percentage rent assumptions
- No change in anchor tenant NOI participation income assumptions
- 10% cost reduction in Building 29 construction costs
- No change in County Parking Garage financing assumptions

SBFCo's analysis indicates that the level of up-front TIF assistance necessary to achieve comparable return levels for the Building 29 Office Component and Brewery for both developer and outside investor equity (years 1-10 and 6-10) to those shown in the developer's April 29, 2005 pro forma would be about \$31 million under the scenario described above. Table 3 on the following page illustrates this scenario for the Brewery component of the project.

Recommended Methods of Addressing Key Variables

As discussed in the prior section, the project's potential need for TIF assistance is highly dependent on a number of factors that cannot fully be predicted at this point in the project. In order to address these variables, *SBFCo* recommends that a "reset" mechanism be incorporated in the City's agreements with the developer.

As the project moves toward construction, the project's sources and uses of funds will become better established through debt and equity commitments, guaranteed maximum price construction contracts, and resolution of any outstanding issues regarding historic/New Markets tax credits. *SBFCo* recommends that any additional construction debt, outside investor equity, and other sources of funds that can be raised would serve to reduce the City's TIF commitment. In order to incentivize the developer to maximize these sources, the City would allow reductions under the reset mechanism to take place on a less than dollar-for-dollar basis with the additional savings accruing to the project. The current proposed City share of such savings is 85%.

The reset mechanism directly or indirectly addresses six of the eight key variables described in this section—including the variables that will be more fully resolved and defined as construction contracts are secured and debt and equity commitments are made. Factors primarily affecting annual operating-year cash flows and sale/refinancing value would not be likely to affect the reset outcome, but could be addressed through City upside participations in annual cash flows and equity distributions at sale or refinancing events.

Milwaukee Department of City Development--Pabst City TIF Feasibility
 Table 3: TIF Need Sensitivity Analysis Scenario--Brewery Component Only (Building 29 Office Not Shown)

	Year	0	1	2	3	4	5	6	7	8	9	10	11
NOI		\$ 11,928,157	\$ 13,454,658	\$ 15,528,407	\$ 15,297,613	\$ 15,330,555	\$ 16,636,252	\$ 16,892,519	\$ 17,226,469	\$ 17,569,717	\$ 17,922,569	\$ 18,022,569	
Future Ground Lease		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Condo-Sales/No	124	\$ 48	\$ 48	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SF/Unit, Price/SF	1,152	\$ 209,20	\$ 11,563,948	\$ 6,745,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Income		\$ 23,492,105	\$ 25,018,606	\$ 22,274,044	\$ 15,297,613	\$ 15,330,555	\$ 16,736,252	\$ 16,992,519	\$ 17,469,717	\$ 17,882,469	\$ 18,022,569	\$ 18,022,569	\$ 19,547,596
Minus Sales Costs													
Condo Commission @	7%	\$ (899,476)	\$ (809,476)	\$ (472,195)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leasing Costs		\$ (25,800)	\$ (25,800)	\$ (96,000)	\$ (96,000)	\$ (144,000)	\$ (144,000)	\$ (144,000)	\$ (144,000)	\$ (144,000)	\$ (144,000)	\$ (144,000)	\$ (144,000)
Capital Reserve		\$ (250,000)	\$ (250,000)	\$ (250,000)	\$ (250,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)
Cash Available		\$ 22,402,829	\$ 23,930,329	\$ 21,455,849	\$ 15,051,613	\$ 14,986,555	\$ 16,292,252	\$ 16,548,519	\$ 16,882,469	\$ 17,225,717	\$ 17,578,569	\$ 17,578,569	\$ 19,547,596
New Markets Tax Credit/Secondary Loan													
Cash In		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest		\$ (1,000,000)	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)	\$ (10,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction/Permanent Financing													
Balance		\$ 135,193,467	\$ 127,665,337	\$ 120,137,207	\$ 115,745,798	\$ 115,745,798	\$ 115,745,798	\$ 115,745,798	\$ 115,745,798	\$ 115,745,798	\$ 109,901,494	\$ 106,668,918	\$ -
Paydown (Condo Proceeds)	70%	\$ (7,528,130)	\$ (7,528,130)	\$ (4,391,409)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,232,886)	\$ (3,458,760)	\$ -
Principal PMT		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest PMT	20	\$ (9,463,543)	\$ (8,936,574)	\$ (8,409,695)	\$ (8,102,206)	\$ (8,102,206)	\$ (8,102,206)	\$ (8,102,206)	\$ (8,102,206)	\$ (7,904,569)	\$ (7,693,998)	\$ (7,466,824)	\$ -
Reversion													
Sale Price @ Cap Rate of	10.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Minus Remaining Loan Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leveraged Sale Proceeds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Cash Flow													
Preferred Return Distributable		\$ 4,412,156	\$ 5,991,440	\$ 8,759,934	\$ 9,823,000	\$ 10,821,007	\$ 4,624,712	\$ 5,861,305	\$ 4,386,342	\$ 4,386,342	\$ 4,386,342	\$ 4,386,342	\$ 4,386,342
Other Distributable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Reserve- Held for NMTC Payoff		\$ 25,814	\$ 1,605,099	\$ 4,373,593	\$ 5,436,658	\$ 6,434,666	\$ 238,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ITMK-Pabst Equity													
Cash In (1/2 Dev Fee)		\$ (4,548,841)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Return	10%	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804
Other Distributions	23.0% Of Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Cash Flow		\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804	\$ 454,804
IRR/Cash on Cash		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Outside Investor Equity													
Cash In		\$ (39,315,375)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Return	10%	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537
Other Distributions	72.0% Of Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Cash Flow		\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537	\$ 3,931,537
IRR/Cash on Cash		13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Years 0-10 IRR		22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
Terremark/BrewCity Distributions													
Cash In		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Distributions	5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Cash Flow		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Source: S. B. Friedman & Company													

Sources and Uses	Total Development Cost
Brownfield Grant	\$ 1,000,000
Parking Revenue	\$ -
Construction Loan	\$ 135,193,467
NMTC Equity	\$ 57,977,271
ITMK Equity	\$ 4,548,841
TIF	\$ (3,000,000)
Other Equity	\$ 39,315,375
Total Construction Sources	\$ 268,984,154

3. Incremental Property Tax Revenues

In order to evaluate the time frame of repayment for the proposed \$39 million in up-front TIF assistance, *SBFCo* projected future incremental property taxes revenues to be generated by the proposed Pabst City project, as well as potential amortization of the associated bonds.

TIF Projection Assumptions and Methodology

Table 4 on the following page shows *SBFCo*'s projections of incremental property taxes. These projections indicate total undiscounted tax collections of about \$85.4 million between 2006 and 2029, yielding a present value (discounted at 5%) in 2006 dollars of about \$44.3 million. Our methodology and key assumptions are described below:

- **Timing of Assessments.** A construction schedule provided by Turner Construction indicates that completion of most components of the proposed project would take place in summer of 2007. Accordingly, *SBFCo* assumed 25% assessment for the project components assumed by the developer to be substantially occupied in Year 1—the retail, Building 29 Office, and taxable parking garage components.
- **Tax Rate.** Our analysis considered historical trends in the overall City of Milwaukee property tax rate over the past 5, 10, 15, and 20-year periods. The tax rate has trended downward over all of these analysis periods at compound annual rates ranging from about 1.3% (20-year history) to 3.4% (10-year history). For our analysis, *SBFCo* assumed a tax rate declining at 1.62%, the average rate of decline for the past 5 years. The overall tax rate is assumed to stabilize at 2% (\$20 per \$1,000 of taxable value), which is projected to occur in the year 2020. Table A-1 in the appendix of this report shows the tax rate history leading to this calculation.
- **Valuation Approach.** Based on discussions with the Milwaukee Assessor's Office, it appears likely that the income approach to valuation would be used to estimate taxable value for the leased components of the Pabst City project. For the net leased project components, such as retail and non-county office, *SBFCo* used a direct cap rate of 10% on income projections based on the developer's pro forma to project taxable value throughout the 23-year projection period. For project components where property tax is part of the developer's NOI calculation, *SBFCo* removed the developer's anticipated property tax payments from the NOI calculation, and then converted this pre-tax NOI to taxable value with a tax-loaded cap rate equal to 10% plus the tax rate.

We then compared the resulting values with property tax comparables from the assessor's citywide database of properties in order to ensure that the income-based valuations were in line with other assessments in the City of Milwaukee. Our projected values for each component of Pabst City, with the exception of the retail component, are based on the *lower* of the income-based and comps-based valuation approaches.

City of Milwaukee-Pabst City TIF Feasibility
Table 4: Incremental Property Tax Revenue Projections

Year of TID	Assessment Year (Jan. 1)	Inflation Rate (Site [1])	Existing Site AV [4]	Projected Site AV [4]	Cumulative AV Deductions [5]	Retail	Condo	Parking	Office	Apartment	Pers Prop.	TOTAL	Total Value of TID Parcels [7]	Incremental AV Above Base AV [8]	Tax Rate	Tax Revenues Collected (Jan. 31) @ 97% [9]
0	2004	0.0%	\$ 9,832,700	\$ 9,832,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,832,700	\$ -	2.50%	\$ -
1	2006	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 16,990,820	\$ -	\$ -	\$ 5,888,813	\$ -	\$ 7,257,000	\$ 32,288,640	\$ 32,288,640	\$ 22,455,940	2.50%	\$ -
2	2007	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 67,963,280	\$ 11,477,803	\$ 8,528,029	\$ 24,283,251	\$ 5,824,199	\$ 25,838,400	\$ 143,914,962	\$ 143,914,962	\$ 134,082,262	2.42%	\$ 535,882
3	2008	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 67,963,280	\$ 23,357,330	\$ 8,781,137	\$ 26,711,317	\$ 13,992,046	\$ 24,418,520	\$ 165,223,630	\$ 165,223,630	\$ 155,390,930	2.38%	\$ 3,150,680
4	2009	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 75,472,520	\$ 30,870,222	\$ 9,304,119	\$ 27,762,812	\$ 19,029,182	\$ 24,075,608	\$ 186,249,463	\$ 186,249,463	\$ 176,416,763	2.34%	\$ 3,592,352
5	2010	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 81,230,174	\$ 31,950,679	\$ 9,304,143	\$ 27,679,829	\$ 19,409,766	\$ 20,245,108	\$ 184,066,036	\$ 184,066,036	\$ 174,231,336	2.31%	\$ 4,012,261
6	2011	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 82,268,583	\$ 33,068,953	\$ 9,582,379	\$ 30,364,846	\$ 19,797,961	\$ 17,212,936	\$ 185,499,995	\$ 185,499,995	\$ 175,666,895	2.27%	\$ 3,898,421
7	2012	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 84,408,122	\$ 34,226,367	\$ 9,864,091	\$ 30,357,895	\$ 20,193,920	\$ 14,640,184	\$ 190,512,540	\$ 190,512,540	\$ 180,679,840	2.23%	\$ 3,866,834
8	2013	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 85,510,090	\$ 35,424,269	\$ 10,153,186	\$ 30,260,983	\$ 20,597,960	\$ 12,434,968	\$ 191,139,808	\$ 191,139,808	\$ 181,307,108	2.20%	\$ 3,912,763
9	2014	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 83,327,763	\$ 36,664,140	\$ 10,450,114	\$ 30,158,079	\$ 21,609,755	\$ 10,597,288	\$ 192,107,136	\$ 192,107,136	\$ 182,374,436	2.16%	\$ 3,862,752
10	2015	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 84,408,122	\$ 37,947,304	\$ 10,754,972	\$ 30,049,081	\$ 21,429,950	\$ 9,004,632	\$ 193,594,141	\$ 193,594,141	\$ 183,761,441	2.13%	\$ 3,822,558
11	2016	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 86,921,503	\$ 39,275,543	\$ 11,067,946	\$ 29,933,885	\$ 21,858,549	\$ 7,626,372	\$ 195,272,386	\$ 195,272,386	\$ 185,439,086	2.09%	\$ 3,789,245
12	2017	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 88,358,214	\$ 40,650,187	\$ 11,391,960	\$ 30,576,742	\$ 22,985,720	\$ 6,554,392	\$ 196,390,504	\$ 196,390,504	\$ 188,557,804	2.06%	\$ 3,761,917
13	2018	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 89,820,701	\$ 42,072,943	\$ 11,725,214	\$ 31,232,455	\$ 22,741,634	\$ 30,628,000	\$ 226,738,461	\$ 226,738,461	\$ 216,923,761	2.02%	\$ 3,703,216
14	2019	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 91,309,450	\$ 43,545,496	\$ 12,059,321	\$ 31,882,353	\$ 23,196,467	\$ 28,330,900	\$ 238,835,238	\$ 238,835,238	\$ 219,002,538	2.00%	\$ 4,259,258
15	2020	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 92,824,957	\$ 44,969,589	\$ 12,378,204	\$ 32,491,580	\$ 23,660,396	\$ 24,073,608	\$ 238,982,827	\$ 238,982,827	\$ 219,150,127	2.00%	\$ 4,248,649
16	2021	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 94,367,728	\$ 46,497,024	\$ 12,705,729	\$ 33,112,440	\$ 24,133,664	\$ 20,245,108	\$ 239,668,863	\$ 239,668,863	\$ 219,836,163	2.00%	\$ 4,251,512
17	2022	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 95,938,277	\$ 48,029,459	\$ 13,042,115	\$ 33,745,156	\$ 24,616,276	\$ 17,212,936	\$ 241,263,901	\$ 241,263,901	\$ 221,431,201	2.00%	\$ 4,264,822
18	2023	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 97,537,132	\$ 49,569,459	\$ 13,387,667	\$ 34,389,954	\$ 24,878,518	\$ 14,640,184	\$ 243,204,059	\$ 243,204,059	\$ 223,371,359	2.00%	\$ 4,295,765
19	2024	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 99,164,826	\$ 51,118,390	\$ 13,742,579	\$ 35,047,964	\$ 25,057,857	\$ 12,434,968	\$ 245,537,990	\$ 245,537,990	\$ 225,705,290	2.00%	\$ 4,333,404
20	2025	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 100,821,906	\$ 52,821,032	\$ 14,107,130	\$ 35,716,721	\$ 25,238,490	\$ 10,597,288	\$ 248,532,988	\$ 248,532,988	\$ 228,570,288	2.00%	\$ 4,378,683
21	2026	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 102,508,930	\$ 54,621,032	\$ 14,481,586	\$ 36,399,164	\$ 25,420,425	\$ 9,004,632	\$ 251,539,746	\$ 251,539,746	\$ 231,697,046	2.00%	\$ 4,433,294
22	2027	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 104,231,103	\$ 56,461,103	\$ 14,866,222	\$ 37,094,638	\$ 25,603,671	\$ 7,626,372	\$ 254,040,936	\$ 254,040,936	\$ 233,208,236	2.00%	\$ 4,494,923
23	2028	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 106,000,000	\$ 58,271,103	\$ 15,250,000	\$ 37,888,889	\$ 25,798,889	\$ 6,554,392	\$ 256,788,889	\$ 256,788,889	\$ 235,000,000	2.00%	\$ 4,553,040
24	2029	0.0%	\$ 9,832,700	\$ 9,832,700	\$ (9,832,700)	\$ 107,811,103	\$ 60,111,103	\$ 15,641,103	\$ 38,788,889	\$ 25,998,889	\$ 5,554,392	\$ 259,788,889	\$ 259,788,889	\$ 236,000,000	2.00%	\$ 4,611,103
Total Proceeds, 2006 - 2029 (Not Discounted)																
Net Present Value (2006 Dollars) @ 5.00%																

Source: S. B. Friedman & Company

[1] The TID is assumed to be established in 2005 with a base year of 2005.
 [2] Properties in the City of Milwaukee are reassessed every year as of January 1.
 [3] 2% inflation is assumed to be applied annually to residential properties; 0% is applied annually to existing base value. Inflation of income properties is based on projected NOI growth.
 [4] Base AV of site (2005), adjusted for inflation.
 [5] Deductions resulting from demolition or replacement.
 [6] Additions resulting from new development or replacement.
 [7] AV after all adjustments.
 [8] AV less Base AV (based on base year values).
 [9] Tax revenues are collected one year after the taxing year at a 97% collection rate.

- **Inflation of Property Values.** Because a declining tax rate was used for the Pabst City TIF projections, the assumptions for the growth rate of for-sale residential and other properties differ somewhat from those used in the recent Park East TID projections. In the Pabst City projections, condo values are projected to increase by 3.5% while all other project components are projected to grow in value at 2% per year for valuations based on comps. Income-based valuations are projected to increase at the rate of growth indicated by NOI growth, generally 2% per year or less. These growth rates are counteracted by the projected declines in the tax rate, yielding an overall result similar to the Park East TID projections, which assumed 2% growth in condos and 0% growth in all other properties with a constant tax rate.
- **County Portions of Project.** It is assumed in *SBFCo*'s projections that the entire County Garage structure would be tax-exempt. The small (about 7,800 square foot) proposed retail component within the County Garage structure, although potentially taxable if occupied by private tenants, was not included in the projections to allow for potential changes to the County Garage building program and/or the possibility that this small retail component might be tenanted in a manner that does not produce property tax revenue.
- **Retail Valuation.** For the retail component, *SBFCo* used a modified income approach to reflect methodological discussions with the Assessor. These discussions suggest that the assessor might discount income-based valuations purely based on NOI by:
 - Discounting income results by up to 15% to reflect typical shopping center ratios of non-recoverable expenses to income
 - Using cap rates higher than would be typically found in industry sources such as Korpacz in order to reflect uncertainty regarding the true sale value of a project for which few if any comparables exist in the City of Milwaukee, as well as the typical assessment levels for other retail properties in the City

In order to develop our income-based assessment estimates, *SBFCo* discounted the developer's projected lease income for the retail spaces by 15%, and then divided the result by a 10% cap rate. This produced values about \$158 per square foot. *SBFCo* was unable to identify properties likely to be comparable to the retail component of the Pabst City project. Therefore, the income-based values were compared to comps-based values derived from citywide retail properties built in 1980 or later, with extreme outliers removed:

- Small Retail- \$153/square foot, equal to the upper-quartile of values citywide
- Large Retail/Entertainment Anchors- \$111/square foot, equal to the median of citywide retail
- Grocery- \$72/square foot, equal to the median of citywide grocery stores
- Restaurant- \$190/square foot, equal to the upper-quartile of restaurants citywide

These comparables produced an overall blended value per square foot of about \$126 in 2004 dollars and about \$142 at stabilization. The comps-based values are about 11%

lower than the income-based approach. In light of the higher-than-market rents proposed for the Pabst City project, and a proposed ownership and management structure that appears likely to allow the Assessor's Office access to full and accurate rent roll data, *SBFCo* based the retail valuation on the higher, income-based methodology. The results of these calculations are shown in Table A-2 in the appendix of this report.

- **Condo Valuation.** Based on the prices indicated in a residential market study prepared by Tracy Cross, Inc. for the project, the condo component is anticipated to fetch sales prices of about \$208 per square foot exclusive of any upgrades. *SBFCo* compared this price point to a sample of condos sold in Downtown Milwaukee in 2004. Although the Pabst City price point is about 10% higher than the average of the comparables, *SBFCo* based the valuation of the condo component on the pro forma sales prices for two key reasons:
 - The Tracy Cross market study provides a comfort level that the pro forma sales prices will be achieved
 - The pro forma sales price is expressed in 2005 dollars, while the Pabst City condos are anticipated to sell between 2007 and 2009

Calculations of taxable value for the condo component are shown in Table A-3 in the appendix of this report.

- **Office Valuation.** Projected income-based valuations of the 40,000 square foot Brewery and larger Building 29 Office components were compared to a sample of newer downtown Class B office properties. The income-based valuation produced very similar (within 1% at stabilization) results to the comps approach for the smaller Brewery Office component, and slightly lower values for the Building 29 Office component. These calculations are shown in Table A-4 in the appendix of this report.
- **Apartment Valuation.** Income-based valuation of the Pabst-City apartment component indicated taxable value of about \$93 per square foot at stabilization, about 16% higher than a sample group of comparable apartment properties in and around Downtown Milwaukee. For our projections, we set the value for the Pabst City apartments equal to the average of the comparable properties. These calculations are shown in Table A-5 in the appendix of this report.
- **Parking Valuation.** The projected NOIs for the taxable garages included in the Pabst City project indicate a taxable value at stabilization of about \$5,300 per parking space, about 60% of the value of a sample of Downtown Milwaukee parking garages. This may be partially due to the fact that a portion of the parking in Pabst City is to be dedicated for condo and owners and certain retailers, and will not be available for flexible revenue-generating use. The income-based valuation was used in our projections. These calculations are shown in Table A-6 in the appendix of this report.
- **Personal Property Valuation.** Based on discussions with a personal property specialist with the Milwaukee Assessor's Office, *SBFCo* used for these projections an assumption

of \$40 per square foot in initial personal property value for the retail and non-County office portions of the project, plus a value of \$75,000 per movie screen in the cinema component. After substantial lease-up of the project, these values are anticipated to depreciate on a ten-year schedule. At the end of each ten-year period, it is assumed that personal property value is replenished to 100% of the original level, without inflation. These calculations are shown in Table A-7 in the appendix of this report.

Projected Amortization of TIF Debt

The Pabst City developer's request for TIF assistance is in the form of an up-front grant. *SBFCo* assumes that one or more GO-backed bonds would need to be issued in order to facilitate this structure. We used the following key assumptions regarding the bonding in order to develop our projections:

- **Interest Rates.** Based on input from DCD and the Office of the Comptroller, *SBFCo* assumed an interest rate of 4.5% on the bonds, with a 3.5% reinvestment rate of any capitalized interest reserves.
- **Issuance Date/Capitalized Interest Period.** The projections assume a bond issuance date of January 1, 2006. The current construction schedule for the project indicates substantial delivery of most of the leasable space in approximately July/August of 2007. If the project is partially assessed in 2007 and approaches full assessment in 2008, it appears that sufficient revenues to support debt service will first become available in early 2009. Therefore, the projections assume three full years of capitalized interest.
- **Issuance Costs.** Based on discussions with DCD and the Office of the Comptroller, the projections assume an issuance costs allowance of 0.5% of total bond proceeds.

Based on the assumptions above, the proposed \$39 million up-front TIF grant to the Pabst City project would require a bond issuance of approximately \$46.5 million. When this amount is compared with the stream of projected incremental property tax revenues described in the previous section of this report, *SBFCo* projects amortization of the full amount of the bond in the year 2025, including capitalized interest payments in years 2006 through 2008, and variable principal and interest payments in the 17 subsequent years. This projected amortization is shown in Table 5 on the following page.

Table 6 on the page immediately following Table 5 shows projected amortization if the net bond proceeds are increased from \$39 million to \$41 million to reflect job training and other City costs. Under this scenario, full amortization takes place under the parameters described above in 2027, including capitalized interest payments in years 2006 through 2008, and variable principal and interest payments in the 19 subsequent years

City of Milwaukee- Pabst City TIF Feasibility

Table 5: Projected Bond Amortization- Pabst City Incremental Tax Proceeds with Net Proceeds to Project of \$39 Million

Interest Rate	1/1/2006
Reinvestment Rate	4.50%
Net Proceeds to Project	\$ 39,000,000
Cap Interest Required	\$ 6,195,995
Issuance Costs- Professional Fees Allowance	\$ -
Issuance Costs- Additional 0.5% of Bond Amount	\$ 228,340
Total Bond Proceeds	\$ 45,896,260
Capitalized Interest End Date	1/1/2009
Assumed Debt Coverage Requirement	1.0

Cap Int. Year	Principal	Cap Int. Reserve	Reinv.	Interest Pmt	Ending Bal	Earnings
1	\$ 45,896,260	\$ 6,195,995	3.25%	\$ 2,065,332	\$ 4,130,663	\$ 201,370
2	\$ 45,896,260	\$ 4,130,663	3.25%	\$ 2,065,332	\$ 2,065,332	\$ 134,247
3	\$ 45,896,260	\$ 2,065,332	3.25%	\$ 2,065,332	\$ -	\$ 67,123

Year of TIF	Calendar Year	Annual Inc. Tax Revenues Collected (Jan. 31) @ 97%	Cumulative Tax Increment At 97% Coll.	Beginning Principal Balance	Interest Due	Increment Available for P&I	Cap Int Yr	Cap Interest Payment	Total P&I Payment	Principal Reduction	Annual Surplus/Coverage	Cumulative Reserves
0	2004	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
0	2005	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
1	2006	\$ -	\$ -	\$ 45,896,260	\$ 2,065,332	\$ -	-	\$ 2,065,332	\$ 2,065,332	\$ -	\$ -	\$ -
2	2007	\$ -	\$ -	\$ 45,896,260	\$ 2,065,332	\$ -	-	\$ 2,065,332	\$ 2,065,332	\$ -	\$ -	\$ -
3	2008	\$ 535,882	\$ 535,882	\$ 45,896,260	\$ 2,065,332	\$ 535,882	Y	\$ -	\$ 2,065,332	\$ 535,882	\$ -	\$ -
4	2009	\$ 3,150,680	\$ 3,686,562	\$ 45,360,378	\$ 2,041,217	\$ 3,150,680	N	\$ -	\$ 2,041,217	\$ 1,09,463	\$ -	\$ -
5	2010	\$ 3,592,252	\$ 7,278,813	\$ 44,250,915	\$ 1,991,291	\$ 3,592,252	N	\$ -	\$ 1,991,291	\$ 1,600,961	\$ -	\$ -
6	2011	\$ 4,012,261	\$ 11,291,074	\$ 42,640,954	\$ 1,919,248	\$ 4,012,261	N	\$ -	\$ 1,919,248	\$ 2,093,013	\$ -	\$ -
7	2012	\$ 3,898,421	\$ 15,189,495	\$ 40,556,942	\$ 1,825,062	\$ 3,898,421	N	\$ -	\$ 1,825,062	\$ 2,073,558	\$ -	\$ -
8	2013	\$ 3,866,834	\$ 19,056,329	\$ 38,483,583	\$ 1,731,761	\$ 3,866,834	N	\$ -	\$ 1,731,761	\$ 2,135,073	\$ -	\$ -
9	2014	\$ 3,912,763	\$ 22,969,091	\$ 36,348,510	\$ 1,635,683	\$ 3,912,763	N	\$ -	\$ 1,635,683	\$ 2,277,080	\$ -	\$ -
10	2015	\$ 3,862,752	\$ 26,831,843	\$ 34,071,431	\$ 1,533,214	\$ 3,862,752	N	\$ -	\$ 1,533,214	\$ 2,329,537	\$ -	\$ -
11	2016	\$ 3,822,558	\$ 30,654,401	\$ 31,741,894	\$ 1,428,385	\$ 3,822,558	N	\$ -	\$ 1,428,385	\$ 2,394,173	\$ -	\$ -
12	2017	\$ 3,789,245	\$ 34,443,646	\$ 29,347,721	\$ 1,320,647	\$ 3,789,245	N	\$ -	\$ 1,320,647	\$ 2,468,598	\$ -	\$ -
13	2018	\$ 3,761,917	\$ 38,205,563	\$ 26,879,123	\$ 1,209,561	\$ 3,761,917	N	\$ -	\$ 1,209,561	\$ 2,552,356	\$ -	\$ -
14	2019	\$ 3,763,216	\$ 41,968,779	\$ 24,326,767	\$ 1,094,705	\$ 3,763,216	N	\$ -	\$ 1,094,705	\$ 2,668,512	\$ -	\$ -
15	2020	\$ 4,259,258	\$ 46,228,037	\$ 21,658,256	\$ 974,621	\$ 4,259,258	N	\$ -	\$ 974,621	\$ 2,844,636	\$ -	\$ -
16	2021	\$ 4,248,649	\$ 50,476,686	\$ 18,373,619	\$ 826,813	\$ 4,248,649	N	\$ -	\$ 826,813	\$ 3,421,836	\$ -	\$ -
17	2022	\$ 4,251,512	\$ 54,728,199	\$ 14,951,783	\$ 672,830	\$ 4,251,512	N	\$ -	\$ 672,830	\$ 3,578,682	\$ -	\$ -
18	2023	\$ 4,264,822	\$ 58,993,020	\$ 11,373,100	\$ 511,790	\$ 4,264,822	N	\$ -	\$ 511,790	\$ 3,753,032	\$ -	\$ -
19	2024	\$ 4,295,765	\$ 63,288,785	\$ 7,620,068	\$ 342,903	\$ 4,295,765	N	\$ -	\$ 342,903	\$ 3,952,862	\$ -	\$ -
20	2025	\$ 4,333,404	\$ 67,622,190	\$ 3,667,206	\$ 165,024	\$ 4,333,404	N	\$ -	\$ 165,024	\$ 3,667,206	\$ 501,174	\$ 501,174
21	2026	\$ 4,378,683	\$ 72,000,872	\$ 0	\$ 0	\$ 4,378,683	N	\$ -	\$ 0	\$ 0	\$ 4,378,683	\$ 4,879,857
22	2027	\$ 4,433,294	\$ 76,434,166	\$ 0	\$ 0	\$ 4,433,294	N	\$ -	\$ 0	\$ 0	\$ 4,433,294	\$ 9,313,150
23	2028	\$ 4,494,923	\$ 80,929,089	\$ 0	\$ 0	\$ 4,494,923	N	\$ -	\$ 0	\$ 0	\$ 4,494,923	\$ 13,808,073
24	2029	\$ 4,563,040	\$ 85,492,128	\$ 0	\$ 0	\$ 4,563,040	N	\$ -	\$ 0	\$ 0	\$ 4,563,040	\$ 18,371,113
TOTALS		\$ 85,492,128	\$ 85,492,128	\$ 27,420,751	\$ 27,420,751	\$ 45,896,260		\$ 45,896,260	\$ 73,317,011	\$ 45,896,260	\$ 18,371,113	\$ 18,371,113

Source: S. B. Freedman & Company

City of Milwaukee- Pabst City TIF Feasibility

Table 6: Projected Bond Amortization- Pabst City Incremental Tax Proceeds with Net Proceeds to Project of \$41 Million to Reflect Additional City Costs

Issuance Date	1/1/2006
Interest Rate	4.50%
Reinvestment Rate	3.25%
Net Proceeds to Project	\$ 41,000,000
Cap Interest Required	\$ 6,513,738
Interest on Cap Interest	\$ 496,126
Issuance Costs- Professional Fees Allowance	\$ 240,049
Issuance Costs- Additional 0.5% of Bond Amount	\$ 48,249,914
Total Bond Proceeds	\$ 48,249,914
Capitalized Interest End Date	1/1/2009
Assumed Debt Coverage Requirement	1.10

Year of TIF	Calendar Year	Annual Inc. Tax Revenues Collected (Jan. 31) @ 97%	Cumulative Tax Increment At 97% Coll.	Beginning Principal Balance	Interest Due	Increment Available for P&I	Cap Int Yr	Cap Interest Payment	Total P&I Payment	Principal Reduction	Annual Surplus/Coverage	Cumulative Reserves
0	2004	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
0	2005	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
1	2006	\$ -	\$ -	\$ 48,249,914	\$ 2,171,246	\$ -	-	\$ 2,171,246	\$ 2,171,246	\$ -	\$ -	\$ -
2	2007	\$ -	\$ -	\$ 48,249,914	\$ 2,171,246	\$ -	-	\$ 2,171,246	\$ 2,171,246	\$ -	\$ -	\$ -
3	2008	\$ 535,882	\$ 535,882	\$ 48,249,914	\$ 2,171,246	\$ 535,882	Y	\$ 2,171,246	\$ 2,707,128	\$ 535,882	\$ -	\$ -
4	2009	\$ 3,150,680	\$ 3,686,562	\$ 47,114,032	\$ 2,147,131	\$ 3,150,680	Y	\$ 2,147,131	\$ 3,150,680	\$ 1,003,548	\$ -	\$ -
5	2010	\$ 3,592,252	\$ 7,278,813	\$ 46,710,484	\$ 2,101,972	\$ 3,592,252	N	\$ -	\$ 3,592,252	\$ 1,490,280	\$ -	\$ -
6	2011	\$ 4,012,261	\$ 11,291,074	\$ 45,220,204	\$ 2,034,909	\$ 4,012,261	N	\$ -	\$ 4,012,261	\$ 1,977,351	\$ -	\$ -
7	2012	\$ 3,898,421	\$ 15,189,495	\$ 43,242,852	\$ 1,945,928	\$ 3,898,421	N	\$ -	\$ 3,898,421	\$ 1,952,492	\$ -	\$ -
8	2013	\$ 3,866,834	\$ 19,056,329	\$ 41,290,360	\$ 1,858,066	\$ 3,866,834	N	\$ -	\$ 3,866,834	\$ 2,008,768	\$ -	\$ -
9	2014	\$ 3,912,763	\$ 22,969,091	\$ 39,281,592	\$ 1,767,072	\$ 3,912,763	N	\$ -	\$ 3,912,763	\$ 2,145,091	\$ -	\$ -
10	2015	\$ 3,862,752	\$ 26,831,843	\$ 37,136,501	\$ 1,671,143	\$ 3,862,752	N	\$ -	\$ 3,862,752	\$ 2,191,609	\$ -	\$ -
11	2016	\$ 3,822,558	\$ 30,654,401	\$ 34,944,892	\$ 1,572,520	\$ 3,822,558	N	\$ -	\$ 3,822,558	\$ 2,250,038	\$ -	\$ -
12	2017	\$ 3,789,245	\$ 34,443,646	\$ 32,694,854	\$ 1,471,268	\$ 3,789,245	N	\$ -	\$ 3,789,245	\$ 2,317,977	\$ -	\$ -
13	2018	\$ 3,761,917	\$ 38,205,563	\$ 30,376,877	\$ 1,366,959	\$ 3,761,917	N	\$ -	\$ 3,761,917	\$ 2,394,957	\$ -	\$ -
14	2019	\$ 3,763,216	\$ 41,968,779	\$ 27,981,920	\$ 1,259,186	\$ 3,763,216	N	\$ -	\$ 3,763,216	\$ 2,504,030	\$ -	\$ -
15	2020	\$ 4,259,258	\$ 46,228,037	\$ 25,477,891	\$ 1,146,505	\$ 4,259,258	N	\$ -	\$ 4,259,258	\$ 3,112,753	\$ -	\$ -
16	2021	\$ 4,248,649	\$ 50,476,686	\$ 22,365,138	\$ 1,086,431	\$ 4,248,649	N	\$ -	\$ 4,248,649	\$ 3,242,218	\$ -	\$ -
17	2022	\$ 4,251,512	\$ 54,728,199	\$ 19,122,929	\$ 860,531	\$ 4,251,512	N	\$ -	\$ 4,251,512	\$ 3,390,981	\$ -	\$ -
18	2023	\$ 4,264,822	\$ 58,993,020	\$ 15,731,939	\$ 797,937	\$ 4,264,822	N	\$ -	\$ 4,264,822	\$ 3,556,884	\$ -	\$ -
19	2024	\$ 4,295,765	\$ 63,288,785	\$ 12,175,054	\$ 547,877	\$ 4,295,765	N	\$ -	\$ 4,295,765	\$ 3,747,888	\$ -	\$ -
20	2025	\$ 4,333,404	\$ 67,622,190	\$ 8,427,166	\$ 379,222	\$ 4,333,404	N	\$ -	\$ 4,333,404	\$ 3,954,182	\$ -	\$ -
21	2026	\$ 4,378,683	\$ 72,000,872	\$ 4,472,985	\$ 201,284	\$ 4,378,683	N	\$ -	\$ 4,378,683	\$ 4,177,598	\$ -	\$ -
22	2027	\$ 4,433,294	\$ 76,434,166	\$ 295,586	\$ 13,301	\$ 4,433,294	N	\$ -	\$ 4,433,294	\$ 295,586	\$ 4,124,406	\$ 4,124,406
23	2028	\$ 4,494,923	\$ 80,929,089	\$ -	\$ -	\$ 4,494,923	N	\$ -	\$ -	\$ -	\$ 4,494,923	\$ 8,619,329
24	2029	\$ 4,563,040	\$ 85,492,128	\$ -	\$ -	\$ 4,563,040	N	\$ -	\$ -	\$ -	\$ 4,563,040	\$ 13,182,368
TOTALS		\$ 85,492,128	\$ 85,492,128	\$ -	\$ 30,573,584	\$ -		\$ -	\$ 78,823,498	\$ 48,249,914	\$ 13,182,368	\$ -

Source: S. B. Friedman & Company

4. Appendix: TIF Projection Detail

City of Milwaukee- Pabst City TIF Feasibility

Table A-1: City Combined Net Tax Rate History

Assess Year	Budget Year	Assessment Ratio	City Rate (Inc. Sch. Bonds)	City School Rate	MATC Rate	MMSD Rate	County (Inc. State Forestry)	Gross Tax Rate	State Credit	Net (Less State Credit)
1984	1985	99.91%	12.10	14.18	1.65	3.51	5.51	36.95	3.52	33.43
1985	1986	99.27%	12.32	14.77	1.71	3.44	5.43	37.67	5.30	32.37
1986	1987	99.27%	13.01	16.54	1.71	3.25	5.71	40.22	5.95	34.27
1987	1988	96.69%	13.09	16.12	1.79	3.11	5.64	39.75	3.74	36.01
1988	1989	99.38%	12.88	17.31	1.74	3.04	5.62	40.59	3.47	37.12
1989	1990	95.31%	12.85	17.61	1.82	3.16	6.71	42.15	3.42	38.73
1990	1991	98.53%	12.76	17.78	2.01	3.05	5.99	41.59	3.24	38.35
1991	1992	96.67%	12.07	18.14	2.06	3.12	5.84	41.23	2.46	38.77
1992	1993	99.90%	11.95	18.00	2.00	2.99	5.68	40.62	2.24	38.38
1993	1994	96.39%	11.39	18.13	2.09	3.16	5.80	40.57	2.13	38.44
1994	1995	98.23%	10.86	16.99	2.04	3.07	5.62	38.58	1.92	36.66
1995	1996	94.87%	10.53	15.70	2.10	2.81	5.95	37.09	1.86	35.23
1996	1997	98.87%	10.24	12.00	2.01	1.72	5.92	31.89	2.46	29.43
1997	1998	96.40%	9.99	10.85	2.11	1.77	6.17	30.89	2.35	28.54
1998	1999	99.14%	9.71	10.97	2.01	1.72	5.92	30.33	2.04	28.29
1999	2000	93.28%	9.69	10.38	2.16	1.80	6.03	30.06	2.00	28.06
2000	2001	101.10%	10.49	9.87	2.00	1.68	5.66	29.70	1.69	28.01
2001	2002	93.37%	10.87	10.12	2.23	1.87	6.13	31.22	1.66	29.56
2002	2003	98.10%	10.15	9.34	2.05	1.74	5.40	28.68	1.43	27.25
2003	2004	97.07%	9.73	8.96	2.04	1.64	5.15	27.52	1.35	26.17
2004	2005	96.84%	9.19	9.40	2.00	1.59	4.91	27.09	1.23	25.86
Compound Annual Rate of Change										
5-Year										
10-Year										
15-Year										
20-Year										
-1.62%										
-3.43%										
-2.66%										
-1.28%										

Source: Milwaukee Assessor's Office and S. B. Friedman & Company

City of Milwaukee- Pabst City TIF Feasibility
 Table A-2: Retail Component- New Taxable Value Summary

Comps-based Approach			
	Square Feet	AV/SF (Comps) [1]	Total AV ('04)
Small Retail	98,300	\$ 153.37	\$ 15,076,374
Large Retail/Ent	284,400	\$ 110.97	\$ 31,560,842
Grocery	40,000	\$ 71.78	\$ 2,871,374
Restaurant	56,000	\$ 190.45	\$ 10,665,002
TOTAL/AVG	478,700	\$ 125.70	\$ 60,173,591

Upper quartile of retail citywide newer than 1980
 Median of retail citywide newer than 1980
 Median of grocery stores citywide newer than 1980
 Upper quartile of restaurants citywide newer than 1980

Inflation per Year 2%
 Base Year for Inflation 2004

Yr	Income Approach [1] [2]					Comps Approach			Differential- Income vs. Comps	
	2.0% Retail Income	0.98% Anchors	Non-Recoverable Expense Allowance 15%	Pre-Tax NOI	Cap Rate	Taxable Value (Income Approach)	Percent Online	Inflation Factor		Taxable Value (Comps Approach)
2007										
1 2008	\$ 4,711,680	\$ 3,284,000	\$ 1,199,352	\$ 6,796,328	10%	\$ 67,963,280	80.00%	1.08	\$ 52,107,064	
2 2009	\$ 4,711,680	\$ 3,284,000	\$ 1,199,352	\$ 6,796,328	10%	\$ 67,963,280	80.00%	1.10	\$ 53,149,206	
3 2010	\$ 5,595,120	\$ 3,284,000	\$ 1,331,868	\$ 7,547,252	10%	\$ 75,472,520	100.00%	1.13	\$ 67,765,237	11.4%
4 2011	\$ 5,595,120	\$ 3,284,000	\$ 1,331,868	\$ 7,547,252	10%	\$ 75,472,520	100.00%	1.15	\$ 69,120,542	9.2%
5 2012	\$ 5,595,120	\$ 3,284,000	\$ 1,331,868	\$ 7,547,252	10%	\$ 75,472,520	100.00%	1.17	\$ 70,502,953	7.0%
6 2013	\$ 6,108,291	\$ 3,448,200	\$ 1,433,474	\$ 8,123,017	10%	\$ 81,230,174	100.00%	1.20	\$ 71,913,012	13.0%
7 2014	\$ 6,230,457	\$ 3,448,200	\$ 1,451,799	\$ 8,226,858	10%	\$ 82,268,583	100.00%	1.22	\$ 73,351,272	12.2%
8 2015	\$ 6,355,066	\$ 3,448,200	\$ 1,470,490	\$ 8,332,776	10%	\$ 83,327,761	100.00%	1.24	\$ 74,818,298	11.4%
9 2016	\$ 6,482,167	\$ 3,448,200	\$ 1,489,555	\$ 8,440,812	10%	\$ 84,408,122	100.00%	1.27	\$ 76,314,664	10.6%
10 2017	\$ 6,611,811	\$ 3,448,200	\$ 1,509,002	\$ 8,551,090	10%	\$ 85,510,090	100.00%	1.29	\$ 77,840,957	9.9%
11 2018	\$ 6,744,047	\$ 3,482,012	\$ 1,533,909	\$ 8,692,150	10%	\$ 86,921,503	100.00%	1.32	\$ 79,397,776	9.5%
12 2019	\$ 6,878,928	\$ 3,516,156	\$ 1,559,263	\$ 8,835,821	10%	\$ 88,358,214	100.00%	1.35	\$ 80,985,732	9.1%
13 2020	\$ 7,016,506	\$ 3,550,635	\$ 1,585,071	\$ 8,982,070	10%	\$ 89,820,701	100.00%	1.37	\$ 82,605,446	8.7%
14 2021	\$ 7,156,836	\$ 3,585,452	\$ 1,611,343	\$ 9,130,945	10%	\$ 91,309,450	100.00%	1.40	\$ 84,257,555	8.4%
15 2022	\$ 7,299,973	\$ 3,620,610	\$ 1,638,087	\$ 9,282,496	10%	\$ 92,824,957	100.00%	1.43	\$ 85,942,706	8.0%
16 2023	\$ 7,445,973	\$ 3,656,113	\$ 1,665,313	\$ 9,436,773	10%	\$ 94,367,728	100.00%	1.46	\$ 87,661,560	7.7%
17 2024	\$ 7,594,892	\$ 3,691,964	\$ 1,693,028	\$ 9,593,828	10%	\$ 95,938,277	100.00%	1.49	\$ 89,414,792	7.3%
18 2025	\$ 7,746,790	\$ 3,728,167	\$ 1,721,243	\$ 9,753,713	10%	\$ 97,537,132	100.00%	1.52	\$ 91,203,087	6.9%
19 2026	\$ 7,901,726	\$ 3,764,724	\$ 1,749,968	\$ 9,916,483	10%	\$ 99,164,826	100.00%	1.55	\$ 93,027,149	6.6%
20 2027	\$ 8,059,760	\$ 3,801,641	\$ 1,779,210	\$ 10,082,191	10%	\$ 100,821,906	100.00%	1.58	\$ 94,887,692	6.3%
21 2028	\$ 8,220,955	\$ 3,838,919	\$ 1,808,981	\$ 10,250,893	10%	\$ 102,508,930	100.00%	1.61	\$ 96,785,446	5.9%

[1] Source of Income information: Juneau Avenue Partners pro forma 4/12/05 version

[2] Non-Recoverable Expense Ratio assumption based on typical range reported by Milwaukee Assessor's Office
 Source of Comps and other calculations: City Assessor's Office and S. B. Friedman & Company

**City of Milwaukee- Pabst City TIF Feasibility
Table A-3: Condo Component- New Taxable Value Summary**

	NSF [1]	Units	Avg SF/Unit	Price/SF ('05\$) [2]	Sellout Value
Block 1 Condos	58,800	50	1,176	\$ 207.64	\$ 12,209,232
Block 2 Condos	84,000	74	1,135	\$ 207.64	\$ 17,441,760
TOTAL/AVERAGE	142,800	124	1,152	\$ 207.64	\$ 29,650,992

[1] Square footages are net per developer e-mail on 3/31/05

[2] Base prices from Tracy Cross Market Study with extrapolation for corner premiums, parking deductions, upper-floor premiums

Phasing

Sales/Month	4
Sales Begin in	2007

Year	Closings	Phasing %	New Value	Annual Inflation	Cumulative Value
2007	48	38.7%		3.50%	\$ -
2008	48	38.7%	\$ 11,477,803	3.50%	\$ 11,477,803
2009	28	22.6%	\$ 11,477,803	3.50%	\$ 23,357,330
2010	-	0.0%	\$ 6,695,385	3.50%	\$ 30,870,222
2011	-	0.0%	\$ -	3.50%	\$ 31,950,679
2012	-	0.0%	\$ -	3.50%	\$ 33,068,953
2013	-	0.0%	\$ -	3.50%	\$ 34,226,367
2014	-	0.0%	\$ -	3.50%	\$ 35,424,289
2015	-	0.0%	\$ -	3.50%	\$ 36,664,140
2016	-	0.0%	\$ -	3.50%	\$ 37,947,384
2017	-	0.0%	\$ -	3.50%	\$ 39,275,543
2018	-	0.0%	\$ -	3.50%	\$ 40,650,187
2019	-	0.0%	\$ -	3.50%	\$ 42,072,943
2020	-	0.0%	\$ -	3.50%	\$ 43,545,496
2021	-	0.0%	\$ -	3.50%	\$ 45,069,589
2022	-	0.0%	\$ -	3.50%	\$ 46,647,024
2023	-	0.0%	\$ -	3.50%	\$ 48,279,670
2024	-	0.0%	\$ -	3.50%	\$ 49,969,459
2025	-	0.0%	\$ -	3.50%	\$ 51,718,390
2026	-	0.0%	\$ -	3.50%	\$ 53,528,533
2027	-	0.0%	\$ -	3.50%	\$ 55,402,032
2028	-	0.0%	\$ -	3.50%	\$ 57,341,103

City of Milwaukee- Fabst City TIF Feasibility
Table A-4: Office Component- New Taxable Value Summary

Compone-based Cap on Valuation	SF	AV/SF (045)	Total AV (04)
Brewery Office- Assumed Class B	40,000	\$ 100.86	\$ 4,034,479
Building 29 Office- Assumed Class B	217,000	\$ 100.86	\$ 21,887,049
Inflation per Year	2%		
Base Year for Inflation	2004		

Yr	Brewery Office					Building 29 Office- If Included and Taxable										
	Inflation Factor- Comps	Office	CAM	Expenses	1.97% Pre-Tax NOI	Base Cap Rate	Taxable Value (Income Approach)	Percent Online	Comps Approach Taxable Value (Comps Approach)	Income	2.00% Expense	Pre-Tax NOI	Tax-Loaded Cap Rt	Taxable Value (Income Approach)	Percent Online	Comps Approach Taxable Value (Comps Approach)
1	2007	1.06														
2	2008	1.08	\$ 200,000	\$ 96,000	\$ 223,200	\$ 72,800	10%	\$ 728,000	40.00%	\$ 1,746,820	\$ 4,464,750	\$ 2,926,148	12.42%	\$ 23,553,251	100.00%	\$ 23,553,251
3	2009	1.10	\$ 375,000	\$ 180,000	\$ 232,200	\$ 331,800	10%	\$ 3,318,000	75.00%	\$ 3,340,993	\$ 4,494,045	\$ 2,896,853	12.48%	\$ 23,393,317	100.00%	\$ 24,165,070
4	2010	1.13	\$ 465,000	\$ 221,200	\$ 234,360	\$ 453,840	10%	\$ 4,538,400	100.00%	\$ 4,543,479	\$ 5,523,926	\$ 2,866,972	12.34%	\$ 23,224,412	100.00%	\$ 24,648,372
5	2011	1.15	\$ 483,786	\$ 221,200	\$ 244,360	\$ 463,140	10%	\$ 4,631,400	100.00%	\$ 4,654,448	\$ 5,544,404	\$ 3,156,493	12.31%	\$ 23,048,420	100.00%	\$ 25,141,339
6	2012	1.17	\$ 493,463	\$ 246,078	\$ 246,078	\$ 472,068	10%	\$ 4,720,680	100.00%	\$ 4,727,035	\$ 5,854,493	\$ 3,156,477	12.27%	\$ 25,728,435	100.00%	\$ 25,644,166
7	2013	1.20	\$ 493,463	\$ 246,078	\$ 258,382	\$ 481,158	10%	\$ 4,811,578	100.00%	\$ 4,821,536	\$ 6,117,202	\$ 3,174,963	12.23%	\$ 25,546,317	100.00%	\$ 26,157,049
8	2014	1.23	\$ 503,331	\$ 255,382	\$ 271,301	\$ 490,417	10%	\$ 4,904,119	100.00%	\$ 4,918,007	\$ 6,649,546	\$ 3,092,621	12.40%	\$ 25,356,864	100.00%	\$ 26,680,190
9	2015	1.24	\$ 513,398	\$ 271,301	\$ 284,866	\$ 499,833	10%	\$ 4,998,325	100.00%	\$ 5,016,968	\$ 6,821,537	\$ 3,059,633	12.16%	\$ 25,159,754	100.00%	\$ 27,313,704
10	2016	1.27	\$ 523,666	\$ 284,866	\$ 299,109	\$ 509,422	10%	\$ 5,094,222	100.00%	\$ 5,116,695	\$ 7,176,188	\$ 3,025,981	12.13%	\$ 24,954,859	100.00%	\$ 27,758,076
11	2017	1.29	\$ 534,139	\$ 299,109	\$ 314,065	\$ 519,183	10%	\$ 5,191,834	100.00%	\$ 5,219,029	\$ 7,985,572	\$ 2,991,658	12.09%	\$ 24,742,052	100.00%	\$ 28,113,231
12	2018	1.32	\$ 545,612	\$ 314,065	\$ 329,180	\$ 529,180	10%	\$ 5,291,503	100.00%	\$ 5,323,009	\$ 10,834,223	\$ 3,048,771	12.06%	\$ 25,285,739	100.00%	\$ 28,979,406
13	2019	1.35	\$ 558,187	\$ 329,180	\$ 339,309	\$ 539,309	10%	\$ 5,393,086	100.00%	\$ 5,429,878	\$ 12,221,522	\$ 3,106,975	12.02%	\$ 25,859,469	100.00%	\$ 29,357,086
14	2020	1.37	\$ 571,962	\$ 339,309	\$ 349,662	\$ 549,662	10%	\$ 5,496,620	100.00%	\$ 5,538,475	\$ 13,657,657	\$ 3,166,288	12.00%	\$ 26,385,733	100.00%	\$ 30,046,272
15	2021	1.40	\$ 586,947	\$ 349,662	\$ 360,214	\$ 560,214	10%	\$ 5,602,140	100.00%	\$ 5,649,245	\$ 15,184,810	\$ 3,228,733	12.00%	\$ 26,899,439	100.00%	\$ 30,647,152
16	2022	1.43	\$ 603,141	\$ 360,214	\$ 371,969	\$ 573,969	10%	\$ 5,709,687	100.00%	\$ 5,762,279	\$ 16,717,707	\$ 3,288,330	12.00%	\$ 27,402,753	100.00%	\$ 31,260,095
17	2023	1.46	\$ 620,756	\$ 371,969	\$ 384,934	\$ 587,934	10%	\$ 5,819,298	100.00%	\$ 5,877,474	\$ 18,250,464	\$ 3,351,103	12.00%	\$ 27,925,858	100.00%	\$ 31,885,297
18	2024	1.49	\$ 639,791	\$ 384,934	\$ 399,417	\$ 604,417	10%	\$ 5,931,013	100.00%	\$ 5,995,024	\$ 19,794,788	\$ 3,415,073	12.00%	\$ 28,458,941	100.00%	\$ 32,523,003
19	2025	1.52	\$ 660,266	\$ 399,417	\$ 415,487	\$ 622,222	10%	\$ 6,044,874	100.00%	\$ 6,114,924	\$ 21,340,024	\$ 3,480,606	12.00%	\$ 29,002,190	100.00%	\$ 33,171,463
20	2026	1.55	\$ 682,291	\$ 415,487	\$ 432,934	\$ 640,934	10%	\$ 6,160,932	100.00%	\$ 6,237,223	\$ 22,887,223	\$ 3,546,696	12.00%	\$ 29,555,802	100.00%	\$ 33,836,932
21	2027	1.58	\$ 705,847	\$ 432,934	\$ 451,919	\$ 661,919	10%	\$ 6,279,951	100.00%	\$ 6,361,967	\$ 24,444,919	\$ 3,614,997	12.00%	\$ 30,119,971	100.00%	\$ 34,513,671
22	2028	1.61	\$ 730,944	\$ 451,919	\$ 472,659	\$ 684,659	10%	\$ 6,399,737	100.00%	\$ 6,489,206	\$ 26,099,737	\$ 3,683,388	12.00%	\$ 30,694,901	100.00%	\$ 35,203,944

[1] Sources of Income and Expense information: Jancau Avenue Partners pro forma 4/12/05 version
Source of Comps and other calculations: City Assessor's Office and A. B. Prichard & Company

Class B Office Tax Comparables

Address	Year Built	Bldg. Area	2004 AV	AV/SF
9090 W. Chester	2003	74,564	\$ 7,556,000	\$ 101.34
135 S. 84th	2000	160,647	\$ 16,576,000	\$ 103.18
115 S. 84th	1998	159,673	\$ 16,461,000	\$ 103.09
125 S. 84th	1997	164,823	\$ 16,654,000	\$ 101.04
840 N. Milwaukee	1996	46,607	\$ 4,108,000	\$ 88.14
839 N. Jefferson	1983	54,260	\$ 5,272,000	\$ 97.16
Average- Post 1980 Bldgs			\$ 98.59	
Weighted Average-Post 1980 Bldgs			\$ 100.86	

Source: Milwaukee Assessor's Office

City of Milwaukee- Pabst City TIF Feasibility

Table A-5: Apartment Component- New Taxable Value Summary

Comps-based Cap on Valuation			
Square Feet	AV/SF (Comps)	Total AV ('04)	
238,300	\$ 70.91	\$ 16,897,369	
TOTAL/AVG	\$ 70.91	\$ 16,897,369	

(Unweighted average of tax comps shown below)

Inflation per Year 2%
 Base Year for Inflation 2004

Yr	Income Approach [1]					Comps Approach				
	Income	Exp (no Tax)	0.72% Pre-Tax NOI	Base Cap Rate	Market Value Tax Rate	Tax-Loaded Cap	Taxable Value (Income Approach)	Percent Online	Inflation Factor	Taxable Value (Comps Approach)
2007										
1 2008	\$ 1,555,622	\$ 832,113	\$ 723,510	10%	2.42%	12.42%	\$ 5,824,199	40.00%	1.08	\$ 7,316,102
2 2009	\$ 2,945,960	\$ 977,881	\$ 1,968,079	10%	2.38%	12.38%	\$ 15,893,076	75.00%	1.10	\$ 13,992,046
3 2010	\$ 3,570,503	\$ 1,051,173	\$ 2,519,331	10%	2.34%	12.34%	\$ 20,408,284	100.00%	1.13	\$ 19,029,182
4 2011	\$ 3,806,553	\$ 1,087,837	\$ 2,718,716	10%	2.31%	12.31%	\$ 22,091,404	100.00%	1.15	\$ 19,409,766
5 2012	\$ 3,844,619	\$ 1,105,977	\$ 2,738,641	10%	2.27%	12.27%	\$ 22,321,071	100.00%	1.17	\$ 19,797,961
6 2013	\$ 3,883,065	\$ 1,124,445	\$ 2,758,621	10%	2.23%	12.23%	\$ 22,551,467	100.00%	1.20	\$ 20,193,920
7 2014	\$ 3,921,890	\$ 1,143,245	\$ 2,778,651	10%	2.20%	12.20%	\$ 22,782,563	100.00%	1.22	\$ 20,597,799
8 2015	\$ 3,961,115	\$ 1,162,384	\$ 2,798,731	10%	2.16%	12.16%	\$ 23,014,330	100.00%	1.24	\$ 21,009,755
9 2016	\$ 4,000,726	\$ 1,181,868	\$ 2,818,858	10%	2.13%	12.13%	\$ 23,246,737	100.00%	1.27	\$ 21,429,950
10 2017	\$ 4,040,733	\$ 1,201,705	\$ 2,839,028	10%	2.09%	12.09%	\$ 23,479,753	100.00%	1.29	\$ 21,858,549
11 2018			\$ 2,859,494	10%	2.06%	12.06%	\$ 23,715,448	100.00%	1.32	\$ 22,295,720
12 2019			\$ 2,881,107	10%	2.02%	12.02%	\$ 23,952,606	100.00%	1.35	\$ 22,741,634
13 2020			\$ 2,900,868	10%	2.00%	12.00%	\$ 24,173,902	100.00%	1.37	\$ 23,196,467
14 2021			\$ 2,921,780	10%	2.00%	12.00%	\$ 24,348,163	100.00%	1.40	\$ 23,660,396
15 2022			\$ 2,942,842	10%	2.00%	12.00%	\$ 24,523,679	100.00%	1.43	\$ 24,133,604
16 2023			\$ 2,964,055	10%	2.00%	12.00%	\$ 24,700,461	100.00%	1.46	\$ 24,616,276
17 2024			\$ 2,985,422	10%	2.00%	12.00%	\$ 24,878,518	100.00%	1.49	\$ 25,108,602
18 2025			\$ 3,006,943	10%	2.00%	12.00%	\$ 25,057,857	100.00%	1.52	\$ 25,610,774
19 2026			\$ 3,028,619	10%	2.00%	12.00%	\$ 25,238,490	100.00%	1.55	\$ 26,122,989
20 2027			\$ 3,050,451	10%	2.00%	12.00%	\$ 25,420,425	100.00%	1.58	\$ 26,645,449
21 2028			\$ 3,072,441	10%	2.00%	12.00%	\$ 25,603,671	100.00%	1.61	\$ 27,178,358

[1] Source of Income and Expense information: Juneau Avenue Partners pro forma 4/12/05 version
 Source of Comps and other calculations: City Assessor's Office and S. B. Friedman & Company

Apartments	Total Assessment			Total Units			Total SF		
	Total Assessment	Total Units	Avg SF [3]	Total SF	Value/Unit	Value/SF	Total SF	Value/Unit	Value/SF
Library Hill	\$ 7,200,000	139	947	131,633	\$ 51,799	\$ 55	947	\$ 51,799	\$ 55
The Franklin @ East Pointe	\$ 5,762,000	73	983	71,759	\$ 78,932	\$ 80	983	\$ 78,932	\$ 80
Trostel Square	\$ 8,060,000	99	985	97,515	\$ 81,414	\$ 83	985	\$ 81,414	\$ 83
Lake Bluff Apartments	\$ 11,728,000	110	1,262	138,820	\$ 106,618	\$ 84	1,262	\$ 106,618	\$ 84
Prospect Towers	\$ 11,950,000	200	942	188,400	\$ 59,750	\$ 63	942	\$ 59,750	\$ 63
Juneau Village Towers	\$ 26,000,000	598	726	434,148	\$ 43,478	\$ 60	726	\$ 43,478	\$ 60
Unweighted Average									
Weighted Average									
Pabst City at Stabilization Based on NOI									
					\$ 70,332	\$ 71		\$ 70,332	\$ 71
					\$ 57,998	\$ 67		\$ 57,998	\$ 67
					\$ 126,237	\$ 93		\$ 126,237	\$ 93

[1] Source: Milwaukee Assessor
 [2] Source: Milwaukee Assessor and Tracy Cross Market Study
 [3] Source: Tracy Cross Market Study

**City of Milwaukee- Pabst City TIF Feasibility
Table A-6: Non-County Parking Garages: New Taxable Value Summary**

Comps-based Cap on Valuation			
	Spaces	AV/Spc (04\$)	Total AV (04)
Parking Structures B&C	1,710	\$ 8,198	\$ 14,018,790
TOTAL/AVG		\$ 8,198	\$ 14,018,790

Weighted average of comparables shown below

Inflation per Year 2%
Base Year for Inflation 2004

Yr	Income Approach [1]					Comps Approach				
	2.9% Garage B NOI	2.0% Garage C NOI	Total Pre-Tax NOI	Base Cap Rate	Market Value Tax Rate	Tax-Loaded Cap	Taxable Value (Income Approach)	Percent Online	Inflation Factor	Taxable Value (Comps Approach)
1 2007	\$ 726,448	\$ 332,946	\$ 1,059,393	10%	2.42%	12.42%	\$ 8,528,029	60.00%	1.06	\$ 3,719,213
2 2009	\$ 747,617	\$ 339,773	\$ 1,087,390	10%	2.38%	12.38%	\$ 8,781,137	80.00%	1.10	\$ 12,382,301
3 2010	\$ 769,400	\$ 346,694	\$ 1,116,094	10%	2.34%	12.34%	\$ 9,041,119	100.00%	1.13	\$ 15,787,434
4 2011	\$ 791,814	\$ 353,709	\$ 1,145,523	10%	2.31%	12.31%	\$ 9,308,143	100.00%	1.15	\$ 16,103,183
5 2012	\$ 814,876	\$ 360,815	\$ 1,175,692	10%	2.27%	12.27%	\$ 9,582,379	100.00%	1.17	\$ 16,425,246
6 2013	\$ 838,607	\$ 368,012	\$ 1,206,619	10%	2.23%	12.23%	\$ 9,864,001	100.00%	1.20	\$ 16,753,751
7 2014	\$ 863,024	\$ 375,298	\$ 1,238,323	10%	2.20%	12.20%	\$ 10,153,186	100.00%	1.22	\$ 17,088,826
8 2015	\$ 888,148	\$ 382,672	\$ 1,270,820	10%	2.16%	12.16%	\$ 10,450,114	100.00%	1.24	\$ 17,430,603
9 2016	\$ 913,999	\$ 390,130	\$ 1,304,129	10%	2.13%	12.13%	\$ 10,754,972	100.00%	1.27	\$ 17,779,215
10 2017	\$ 940,597	\$ 397,671	\$ 1,338,268	10%	2.09%	12.09%	\$ 11,067,946	100.00%	1.29	\$ 18,134,799
11 2018	\$ 967,989	\$ 405,599	\$ 1,373,587	10%	2.06%	12.06%	\$ 11,391,960	100.00%	1.32	\$ 18,497,495
12 2019	\$ 996,178	\$ 413,684	\$ 1,409,862	10%	2.02%	12.02%	\$ 11,725,214	100.00%	1.35	\$ 18,867,445
13 2020	\$ 1,025,188	\$ 421,931	\$ 1,447,119	10%	2.00%	12.00%	\$ 12,059,321	100.00%	1.37	\$ 19,244,794
14 2021	\$ 1,055,043	\$ 430,342	\$ 1,485,384	10%	2.00%	12.00%	\$ 12,378,204	100.00%	1.40	\$ 19,629,690
15 2022	\$ 1,085,767	\$ 438,921	\$ 1,524,687	10%	2.00%	12.00%	\$ 12,705,729	100.00%	1.43	\$ 20,022,284
16 2023	\$ 1,117,386	\$ 447,670	\$ 1,565,056	10%	2.00%	12.00%	\$ 13,042,135	100.00%	1.46	\$ 20,422,729
17 2024	\$ 1,149,926	\$ 456,594	\$ 1,606,520	10%	2.00%	12.00%	\$ 13,387,667	100.00%	1.49	\$ 20,831,184
18 2025	\$ 1,183,413	\$ 465,696	\$ 1,649,110	10%	2.00%	12.00%	\$ 13,742,579	100.00%	1.52	\$ 21,247,807
19 2026	\$ 1,217,876	\$ 474,980	\$ 1,692,856	10%	2.00%	12.00%	\$ 14,107,130	100.00%	1.55	\$ 21,672,764
20 2027	\$ 1,253,342	\$ 484,448	\$ 1,737,790	10%	2.00%	12.00%	\$ 14,481,586	100.00%	1.58	\$ 22,106,219
21 2028	\$ 1,289,841	\$ 494,106	\$ 1,783,947	10%	2.00%	12.00%	\$ 14,866,222	100.00%	1.61	\$ 22,548,343

[1] Source of Income and Expense information: Juneau Avenue Partners pro forma 4/12/05 version
Source of Comps and other calculations: City Assessor's Office and S. B. Fricidman & Company

Parking Tax Comps	Total Assessment			Total SF			Value/SF		
	Total	Assessment	Total Spaces	Total	SF	Total	Value	Space	Value/SF
Piazza Pavilion- 330 E. Wells	\$	6,379,000	749	\$	198,073	\$	8,517	\$	32.21
4th and Kilbourn- 340 W. Wells	\$	6,151,000	725	\$	232,960	\$	8,484	\$	26.40
212 N Milwaukee Structure	\$	4,063,000	550	\$	192,594	\$	7,387	\$	21.10
Unweighted Average				\$	8,129	\$	8,129	\$	26.57
Weighted Average				\$	8,198	\$	8,198	\$	26.61

**City of Milwaukee- Pabst City TIF Feasibility
Table A-7: Personal Property Value Estimate**

Comps-based Cap on Valuation

	Units	Value/Unit [1]	Total Value
Movie Screens	16	\$ 75,000	\$ 1,200,000
Retail SF	478,700	\$ 40	\$ 19,148,000
Small Office SF	40,000	\$ 40	\$ 1,600,000
Bldg 29 Office SF	217,000	\$ 40	\$ 8,680,000
TOTAL			\$ 30,628,000

[1] Source: Milwaukee Assessor's Office

Inflation per Year 0%

Base Year for Inflation 2008

Yr	Infl Factor	Depr Year	Depr Factor [1]	% Online Theater	% Online Retail	% Online Small Office	Taxable Value Excl. Bldg. 29	% Online Bldg 29	Taxable Value Bldg. 29
1	2007	0	1.000	25%	25%	0%	\$ 5,087,000	25%	\$ 2,170,000
2	2008	0	1.000	100%	80%	40%	\$ 17,158,400	100%	\$ 8,680,000
3	2009	1	0.925	100%	80%	75%	\$ 16,389,520	100%	\$ 8,029,000
4	2010	2	0.786	100%	100%	100%	\$ 17,251,128	100%	\$ 6,822,480
5	2011	3	0.661	100%	100%	100%	\$ 14,507,628	100%	\$ 5,737,480
6	2012	4	0.562	100%	100%	100%	\$ 12,334,776	100%	\$ 4,878,160
7	2013	5	0.478	100%	100%	100%	\$ 10,491,144	100%	\$ 4,149,040
8	2014	6	0.406	100%	100%	100%	\$ 8,910,888	100%	\$ 3,524,080
9	2015	7	0.346	100%	100%	100%	\$ 7,594,008	100%	\$ 3,003,280
10	2016	8	0.294	100%	100%	100%	\$ 6,452,712	100%	\$ 2,551,920
11	2017	9	0.249	100%	100%	100%	\$ 5,465,052	100%	\$ 2,161,320
12	2018	10	0.214	100%	100%	100%	\$ 4,696,872	100%	\$ 1,857,520
13	2019	0	1.000	100%	100%	100%	\$ 21,948,000	100%	\$ 8,680,000
14	2020	1	0.925	100%	100%	100%	\$ 20,301,900	100%	\$ 8,029,000
15	2021	2	0.786	100%	100%	100%	\$ 17,251,128	100%	\$ 6,822,480
16	2022	3	0.661	100%	100%	100%	\$ 14,507,628	100%	\$ 5,737,480
17	2023	4	0.562	100%	100%	100%	\$ 12,334,776	100%	\$ 4,878,160
18	2024	5	0.478	100%	100%	100%	\$ 10,491,144	100%	\$ 4,149,040
19	2025	6	0.406	100%	100%	100%	\$ 8,910,888	100%	\$ 3,524,080
20	2026	7	0.346	100%	100%	100%	\$ 7,594,008	100%	\$ 3,003,280
21	2027	8	0.294	100%	100%	100%	\$ 6,452,712	100%	\$ 2,551,920
21	2028	9	0.249	100%	100%	100%	\$ 5,465,052	100%	\$ 2,161,320

[1] Assumes reinvestment is made at the end of each 10-year depreciation cycle to the uninfated original Personal Property Value.

Source: Milwaukee Assessor's Office