

File No. 010086

FIRST AMENDMENT TO PROJECT PLAN
FOR
TAX INCREMENTAL DISTRICT NO. 5

CITY OF MILWAUKEE

Department of City Development
October , 2001

**FIRST AMENDMENT TO PROJECT PLAN
TAX INCREMENTAL DISTRICT NO. 5 (THEATER DISTRICT)**

CITY OF MILWAUKEE

BACKGROUND

In 1995, the Wisconsin Legislature amended the Tax Increment Law (Wis. Stats. Section 1105.46) to allow tax increment districts, under certain circumstances, to donate revenues to other tax increment districts in the same municipality. Generally, these circumstances are:

- The “donor” and the “recipient” district must have the same overlying taxing jurisdictions;
- The donor and recipient districts must have been created before October 1, 1995; or, if located within a city of the “1st class,” before October 1, 1996;
- The amount of the donated funds may not exceed the difference between the tax incremental revenue collected by the donor district, and the funds needed to pay the donor’s project costs in that year; and
- The donation of funds may be made for a period of five years, and extended for up to another five years.

The process of donating funds from one district to another is accomplished by the adoption of an amendment to the donor district’s Project Plan, and is subject to approval by the Common Council, and Joint Review Board.

DONOR DISTRICT

Tax Incremental District No. 5 (Theater District) was approved by the Milwaukee Common Council on January 15, 1985. Tax incremental revenue received from this district has totaled \$33,077,845, thru the “2000 for 2001” levy. Project costs, including principal and interest payments due thru 2014, aggregate to \$31,232,127.

In addition to these costs, it is appropriate to include the “carrying costs” associated with annual contributions made by the city to the special fund for TID No. 5, when incremental revenue was insufficient to meet scheduled bond payments. Exhibit A shows that district cash flow was negative from 1985 to 1990, and contributions were required to be made by the City in each of these years in order to meet debt service payments for the district. These contributions reached a cumulative amount of \$7,726,522 by 1990, see Exhibit A. Carrying costs of these contributions are calculated based upon the average earnings rate for the Local Government Investment Pool (LGIP) for the year the contribution was made. In essence, the City made short-term loans to the TID No. 5

Fund, at an interest rate equivalent to its "opportunity cost" of these funds, i.e. the investment rate prevailing in the LGIP.

Given this calculation, TID No. 5 has not, thru 2001, fully recovered its project costs – including the above mentioned carrying costs. Exhibit A indicates that cumulative cash flow for this TID is \$875,869, while principal and interest payments remaining on bonds outstanding total \$2,258,232.

Incremental revenue generated by TID No. 5 in 2001 (from the 2000 levy) was \$2,417,000, and has averaged \$2,367,000 over the last five years. Consequently, this district is likely to recover all project costs from the 2001 levy and can therefore make donations to other tax increment districts meeting the necessary statutory conditions.

RECIPIENT DISTRICTS

Upon full recover of its project costs, TID No. 5 will make "donations" to the following "recipient" districts, in the amounts indicated:

TID No. 20 (Florida Yards) was established on July 27, 1993. This district was created to redevelop a former rail yard into a business park. Thus far, six acres have been sold to Fred Usinger, Inc. which constructed a 20,000 s.f. warehouse on the property.

Marketability of the balance of the site has been hampered by poor access, lack of sewer service, environmental contamination, and sub-soil problems. Prospective buyers who have tested the soils have concluded that extra foundation and piling expenses would add \$8 to \$10 / s.f. to the construction costs of their facilities and have decided to build elsewhere.

Project costs remaining to be recovered for TID 20, including interest on debt, and net of tax increment revenue, land sale proceeds, and grants, amounted to \$2,756,920 as of Dec. 31, 2000. Future project costs of \$440,000 are expected to be incurred due to the Redevelopment Authority's obligation to fund additional foundation expenses for a planned 55,000 sf addition by Usinger.

Currently, annual incremental revenue from the district is \$ 44,800. Based on the January 2001 incremental value of \$2,511,700, it is estimated incremental revenue will increase to \$70,000 for the next two to three years. Assuming development will occur on the remaining sites in the business park, including the Usinger addition, we estimate this incremental revenue will grow to \$153,000 by 2004. Even with that increase, however, the pay-back period for this district will be in excess of the remaining 20 year statutory life of TID 20.

Exhibit B, attached, is a break-even analysis which determines the minimum donation needed from TID 5, over the maximum donation period of five years, to cause TID 20 to fully recover its costs during its remaining legal life. This amount is estimated at \$170,000 per year, or a total of \$850,000 over five years or less.

TID No. 21 (North Ave. Commerce Center) was created December 22, 1993. This district funded site acquisition, public improvements, and continues to fund "rent support" payments for two multi-tenant, light industrial buildings at N. 27th St. and W. North Ave. Following an initial term of occupancy by Goodwill Industries, the 57,600 s.f. Phase I building is currently 85% vacant, as is the 55,000 s.f. Phase II building, which was completed in early 2000.

Project costs remaining to be recovered for TID No. 21, including interest on debt, were \$1,693,471 as of December 31, 2000.

The City is required to make "rent support" for each of these buildings in an amount sufficient to cover operating expenses and provide a fixed return on investment to the building's owners. As occupancy and rent from tenants declines, rent support increases. For a history of rent support payments for each building, see the Appendix to this Amendment.

Rent support for the Phase I building is estimated to be nearly \$250,000 in 2001. Future rent support will be a function of future occupancy rates and rents paid by tenants. We estimate occupancy rates will average 75% until the City's rent support obligation terminates in April, 2005. At an average gross rent of \$6 per s.f., this would mean future rent support payments would average \$123,000, annually, thru the end of the City's rent support obligation.

Rent support for the Phase II building is capped at \$350,000. We estimate rent support for 2001 will be \$244,000 with the balance of the \$350,000 paid out in 2002.

Given these additional outlays, and the fact that the annual incremental revenue for the two buildings is expected to be approximately \$130,000, this district also has a pay-back period well in excess of the remaining twenty year statutory life of the district.

Exhibit C, attached, is a break-even analysis which determines the minimum donation needed from TID 5, over the maximum donation period of five years, to cause TID 21 to fully recover its costs during its remaining legal life. This amount is estimated at \$120,000 per year or a total of \$600,000 over five years or less.

TID No. 30 (Library Hill / Westown Village) was created April 2, 1996 and funded the site acquisition expenses for the 139 unit apartment complex located at 740 W. Wisconsin Ave. The occupancy rate for apartments is approximately 95%, and all 6800 s.f. of commercial space is either occupied or being built-out. Rents start at \$770 for a one-bedroom apartment. The project is assessed at \$6,500,000.

Substantial cost overruns were realized in condemning the site for the property. This includes expenses for property acquisition, business relocation and environmental remediation of the site. Remaining project costs for TID No. 30, including interest on debt, totaled \$11,151,342 as of Dec. 31, 2000.

Incremental revenue from the district was \$84,000 this year. Based on a January 2001 incremental value of \$5,718,000, incremental revenue is expected to grow to approximately \$160,000 in 2002 (assuming a \$28 / thousand tax rate), and increase to \$200,000 by 2004. Under these circumstances, and without a donation from another district, this district would have a remaining pay-back period of more than 40 years.

Exhibit D, attached, is a break-even analysis which determines the minimum donation needed from TID 5, over the maximum donation period of five years, to cause TID 30 to fully recover its costs during its remaining legal life. This amount is estimated at \$1,480,000 per year or a total of \$7,400,000 over five years or less.

ANNUAL DONATIONS FROM TID NO. 5

The combined annual donations required for TIDs 20, 21, and 30, as based on the break-even analyses discussed above, total \$1,770,000. As mentioned previously, TID 5 has generated incremental revenue of \$2,367,000, on average, over the last five years.

The Wisconsin Dept. of Revenue has determined that a donor district must use all of its incremental revenue to either pay its own project costs or make donations to other districts. Consequently, following the final audit of TID 5, all of the available incremental revenue from that district must be donated.

These donations will be prorated to TIDs 20, 21, and 30 based on the percentage that each district's estimated annual donation from TID 5 (as determined from the break-even analyses) represents of the total of such donations, as shown in the table below:

TID NO.	Est. annual Donation needed from TID 5 based on Break-even analyses.	% each estimated annual Donation is to the total of the est. Donations.	Maximum donation from TID 5 over five years:
20	\$ 170,000	9.6%	\$ 850,000
21	120,000	6.8%	600,000
30	1,480,000	83.6%	7,400,000
Total	1,770,000	100.0%	\$8,850,000

Specifically, and not withstanding anything herein to the contrary:

- TID No. 5 will donate 9.6% of its incremental revenue annually to TID No. 20, until the actual donations total \$850,000;
 - TID No. 5 will donate 6.8% of its incremental revenue annually to TID No. 21, until the actual donations total \$600,000;
 - TID No. 5 will donate 83.6% of its incremental revenue annually to TID No. 30, until the actual donations total \$7,400,000.
-

EXHIBITS

- A: Cash flow of TID No. 5, incorporating carrying cost calculation.
- B: Break-even analysis of TID 20 (Florida Yards) assuming donation from TID 5.
- C: Break-even analysis of TID 21 (North Ave. Commerce Center) assuming donation from TID 5.
- D: Break-even analysis of TID 30 (Library Hill) assuming donation from TID 5.

APPENDICIES

- 2000 Financial Statements for City of Milwaukee; Exhibit A, Est. of Required Tax Increments Necessary to Recover Net Project Costs Incurred Through December 31, 2000.
- North Ave. Commerce Center Phase I: Historical and projected rent support.
- North Ave. Commerce Center Phase II: Historical and projected rent support
- Assessor's determination of value for TID No. 30.

EXHIBIT B								
TAX INCREMENTAL DISTRICT NO. 20								
(FLORIDA YARDS)								
Remaining statutory life (Years)			20					
2001 Incremental revenue		\$	44,885					
Est. annual revenue 2002-03		\$	70,328	(Based on 1/1/01 incr. of \$2,511,700)				
Est. annual revenue 2004-21		\$	153,488	[2]				
Annual donation from TID 5		\$	170,000					
NET AMT. TO BE RECOVERED AS OF 12/00 [1]						\$	2,756,920	
Costs incurred in 2001 thru 10/8/01						\$	95,046	
Est. Future Project Costs (Reimburse foundation costs)						\$	550,000	
Estimated interest on Future Costs [3]						\$	364,975	
TOTAL TO BE RECOVERED						\$	3,766,941	
Future Incremental Revenue		Annual Rev.	No. Years					
2002-03		\$	70,328	2	\$	140,655		
2004-21		\$	153,488	18	\$	2,762,777		
Donation from TID 5		\$	170,000	5	\$	850,000		
NET PROJECT COST AFTER DONATION					\$	13,509		
Notes: [1]: Source - 2000 Financial Statements for Milwaukee TIDs, Exhibit A.								
[2]: 2004: Assumes new 36,000 sf bldg assessed @ \$30/ sf + 6 acres at \$40,000 per acre = added val.:					\$	1,320,000		
2004: Assumes 55,000 sf Usingers addition @ \$30/sf no additional land value, = added value					\$	1,650,000		
[3]: Interest at 4.8%, 15 yr., level payment, 2 year cap. Interest.								

CITY OF MILWAUKEE-TAX INCREMENTAL DISTRICTS
ESTIMATE OF REQUIRED TAX INCREMENTS
NECESSARY TO RECOVER NET PROJECT COSTS INCURRED
THROUGH DECEMBER 31, 2000

	TID - 1	TID - 5	TID - 10	TID - 11	TID - 13	TID - 14
Project Expenditures	\$ 25,150,542	31,076,872	6,257,013	12,304,646	7,232,882	579,139
Add Scheduled Bond Interest Costs - 2000 to Maturity	8,068	422,585	528,997	1,105,767	989,211	41,925
Total Project Costs	25,158,610	31,499,457	6,786,010	13,410,413	8,222,093	621,064
Project Revenues	(9,475,162)	(267,301)	(2,400)	(410)	(1,051,670)	-
Reduction in Principal Debt Service Requirements as a Result of 1985 and 1996 Bonded Debt Refundings	(1,398,748)	(29)	(24,868)	(41,475)	(20,268)	(2,130)
Net Project Costs/Amount to be Recovered Through Tax Increments	14,284,700	31,232,127	6,758,742	13,368,528	7,150,155	618,934
TAX INCREMENTS REQUIRED						
Amounts Levied:						
1986 and prior	3,903,599	61,415	-	-	-	-
1987	563,000	475,325	-	-	-	-
1988	690,061	1,166,955	-	-	-	-
1989	764,375	2,408,593	19,141.00	77,418.00	-	-
1990	833,990	2,677,215	54,313	218,911	523,947	-
1991	822,072	2,622,633	115,270	285,445	809,428	3,097.00
1992	855,212	3,146,521	227,129	325,662	835,363	31,245
1993	777,451	3,091,994	467,342	377,722	1,285,748	31,943
1994	790,672	2,822,692	683,059	655,392	1,177,141	31,623
1995	661,156	2,769,136	667,764	686,055	1,127,874	30,262
1996	739,143	2,444,990	701,221	693,789	1,313,242	25,309
1997	589,556	2,229,482	669,473	696,071	-	24,050
1998	727,181	2,480,208	705,258	799,357	-	26,079
1999	672,533	2,263,317	693,386	1,044,309	-	26,393
2000	802,331	2,417,369	895,932	1,317,769	-	25,981
Total Tax Increments Levied at December 31, 2000	14,192,332	33,077,845	5,899,288	7,177,900	7,072,743	255,982
Net Amount to be Recovered Through Future Tax Increments	\$ 92,368	(1,845,718)	859,454	6,190,628	77,412	362,952
Remaining Recovery Years	2	11	14	15	16	17

See accountants' report.

CITY OF MILWAUKEE-TAX INCREMENTAL DISTRICTS
ESTIMATE OF REQUIRED TAX INCREMENTS
NECESSARY TO RECOVER NET PROJECT COSTS INCURRED
THROUGH DECEMBER 31, 2000

	TID - 15	TID - 17	TID - 18	TID - 19	TID - 20	TID - 21
Project Expenditures	\$ 2,141,499	926,266	722,081	7,355,433	3,581,770	1,845,946
Add Scheduled Bond Interest Costs - 2000 to Maturity	189,626	106,962	253,415	879,859	848,070	339,722
Total Project Costs	2,331,125	1,033,228	975,496	8,235,292	4,429,840	2,185,668
Project Revenues	-	(37,431)	(6,649)	(5,102,255)	(1,410,000)	(35,939)
Reduction in Principal Debt Service Requirements as a Result of 1985 and 1996 Bonded Debt Refundings	(6,717)	(2,898)	(1,974)	(41,509)	(9,286)	(6,713)
Net Project Costs/Amount to be Recovered Through Tax Increments	2,324,408	992,899	966,873	3,091,528	3,010,554	2,143,016
TAX INCREMENTS REQUIRED						
Amounts Levied:						
1986 and prior	-	-	-	-	-	-
1987	-	-	-	-	-	-
1988	-	-	-	-	-	-
1989	-	-	-	-	-	-
1990	-	-	-	-	-	-
1991	-	-	-	-	-	-
1992	-	-	-	-	-	-
1993	120,199	-	-	35,337	-	-
1994	136,274	54,727.00	-	299,614	-	-
1995	128,754	58,023	-	551,903	56,503	39,204
1996	119,806	55,738	33,664.00	547,328	48,879	84,602
1997	103,607	58,086	31,730	535,865	38,950	78,077
1998	100,797	59,217	34,232	581,627	35,250	79,687
1999	91,280	55,735	34,486	617,659	29,167	87,990
2000	97,115	59,343	62,644	678,161	44,885	79,985
Total Tax Increments Levied at December 31, 2000	897,832	400,869	196,756	3,847,494	253,634	449,545
Net Amount to be Recovered Through Future Tax Increments	\$ 1,426,576	592,030	770,117	(755,966)	2,756,920	1,693,471
Remaining Recovery Years	17	18	19	19	20	20

EXHIBIT A

CITY OF MILWAUKEE-TAX INCREMENTAL DISTRICTS
ESTIMATE OF REQUIRED TAX INCREMENTS
NECESSARY TO RECOVER NET PROJECT COSTS INCURRED
THROUGH DECEMBER 31, 2000

	TID - 22	TID - 23	TID - 24	TID - 25	TID - 26	TID - 27
Project Expenditures	\$ 6,757,145	5,620,253	956,921	1,627,398	2,927,854	3,399,629
Add Scheduled Bond Interest Costs - 2000 to Maturity	2,128,012	1,639,576	204,810	265,620	603,628	581,367
Total Project Costs	8,885,157	7,259,829	1,161,731	1,893,018	3,531,482	3,980,996
Project Revenues	(354,126)	(242,470)	(2,404)	-	(2,655,248)	(1,174)
Reduction in Principal Debt Service Requirements as a Result of 1985 and 1996 Bonded Debt Refundings	(832)	-	(579)	(4,901)	-	(4,197)
Net Project Costs/Amount to be Recovered Through Tax Increments	8,530,199	7,017,359	1,158,748	1,888,117	876,234	3,975,625
TAX INCREMENTS REQUIRED						
Amounts Levied:						
1986 and prior	-	-	-	-	-	-
1987	-	-	-	-	-	-
1988	-	-	-	-	-	-
1989	-	-	-	-	-	-
1990	-	-	-	-	-	-
1991	-	-	-	-	-	-
1992	-	-	-	-	-	-
1993	-	-	-	-	-	-
1994	-	-	-	-	-	-
1995	-	-	219,463	2,685	-	-
1996	-	12,852	189,979	66,531	126,621	-
1997	-	19,646	173,912	112,797	121,056	101,360
1998	54,799	231,136	233,242	295,439	160,670	319,893
1999	253,674	256,035	280,618	148,183	262,566	312,607
2000	190,377	338,731	265,163	250,179	421,208	326,614
Total Tax Increments	498,850	858,400	1,362,377	875,814	1,092,121	1,060,474
Levied at December 31, 2000	498,850	858,400	1,362,377	875,814	1,092,121	1,060,474
Net Amount to be Recovered Through Future Tax Increments	\$ 8,031,349	6,158,959	(203,629)	1,012,303	(215,887)	2,915,151
Remaining Recovery Years	20	20	20	20	21	22

See accountants' report.

**CITY OF MILWAUKEE-TAX INCREMENTAL DISTRICTS
ESTIMATE OF REQUIRED TAX INCREMENTS
NECESSARY TO RECOVER NET PROJECT COSTS INCURRED
THROUGH DECEMBER 31, 2000**

	TID - 28	TID - 29	TID - 30	TID - 31	TID - 32	TID - 33
Project Expenditures	\$ 2,015,444	6,370,242	8,449,265	2,763,723	491,813	1,521,422
Add Scheduled Bond Interest Costs - 2000 to Maturity	626,356	2,282,011	2,819,542	838,228	250,050	1,326,745
Total Project Costs	2,641,800	8,652,253	11,268,807	3,601,951	741,863	2,848,167
Project Revenues	(2,355)	(176,646)	(33,634)	(34,230)	(7,251)	(39,948)
Reduction in Principal Debt Service Requirements as a Result of 1985 and 1996 Bonded Debt Refundings	-	(492)	-	-	-	-
Net Project Costs/Amount to be Recovered Through Tax Increments	2,639,445	8,475,115	11,235,173	3,567,721	734,612	2,808,219
TAX INCREMENTS REQUIRED						
Amounts Levied:						
1986 and prior	-	-	-	-	-	-
1987	-	-	-	-	-	-
1988	-	-	-	-	-	-
1989	-	-	-	-	-	-
1990	-	-	-	-	-	-
1991	-	-	-	-	-	-
1992	-	-	-	-	-	-
1993	-	-	-	-	-	-
1994	-	-	-	-	-	-
1995	-	-	-	-	-	-
1996	-	83,263	-	-	-	-
1997	31,618	80,841	-	86,530	28,819	-
1998	82,047	247,111	-	80,684	63,035	31,712
1999	85,170	466,238	-	153,084	66,077	317,451
2000	130,350	663,568	83,831	217,085	101,091	345,979
Total Tax Increments Levied at December 31, 2000	329,185	1,541,021	83,831	537,383	259,022	695,142
Net Amount to be Recovered Through Future Tax Increments	\$ 2,310,260	6,934,094	11,151,342	3,030,338	475,590	2,113,077
Remaining Recovery Years	22	22	19	19	19	20

CITY OF MILWAUKEE-TAX INCREMENTAL DISTRICTS
ESTIMATE OF REQUIRED TAX INCREMENTS
NECESSARY TO RECOVER NET PROJECT COSTS INCURRED
THROUGH DECEMBER 31, 2000

	TID - 34	TID - 35	TID - 36	TID - 37	TID - 40	TOTAL
Project Expenditures	\$ 1,083,251	523,814	2,194,930	2,934,125	279,065	149,090,383
Add Scheduled Bond Interest Costs - 2000 to Maturity	426,365	65,689	1,422,835	1,442,036	-	22,637,077
Total Project Costs	1,509,616	589,503	3,617,765	4,376,161	279,065	171,727,460
Project Revenues	-	-	-	(180,838)	-	(21,119,541)
Reduction in Principal Debt Service Requirements as a Result of 1985 and 1996 Bonded Debt Refundings	-	-	-	-	-	(1,567,616)
Net Project Costs/Amount to be Recovered Through Tax Increments	1,509,616	589,503	3,617,765	4,195,323	279,065	149,040,303
TAX INCREMENTS REQUIRED						
Amounts Levied:						
1986 and prior	-	-	-	-	-	3,965,014
1987	-	-	-	-	-	1,038,325
1988	-	-	-	-	-	1,857,016
1989	-	-	-	-	-	3,269,527
1990	-	-	-	-	-	4,308,376
1991	-	-	-	-	-	4,657,945
1992	-	-	-	-	-	5,421,132
1993	-	-	-	-	-	6,187,736
1994	-	-	-	-	-	6,651,194
1995	-	-	-	-	-	6,998,782
1996	-	-	-	-	-	7,286,957
1997	-	-	-	-	-	5,811,526
1998	13,290	-	-	-	-	7,441,951
1999	279,135	8,168	23,441	173,189	-	8,701,891
2000	437,701	1,665	497,195	204,109	-	10,956,361
Total Tax Increments Levied at December 31, 2000	730,126	9,833	520,636	377,298	-	84,553,733
Net Amount to be Recovered Through Future Tax Increments	\$ 779,490	\$ 579,670	3,097,129	3,818,025	279,065	64,486,570
Remaining Recovery Years	20	21	21	21	23	

	NORTH AVENUE COMMERCE CENTER - PHASE I						Future Years (75% occup.)
	1996	1997	1998	1999	2000	2001 (Est.)	
04-Oct-01							
Goodwill I Rent- Comm. Ctr. & Outlet Store (41,050 sf)	79,418	105,891	117,291	130,338	133,416	33,352	
Goodwill II Rent - Technology Center (8,590 sf)		25,060	47,550	52,860	54,120	36,030	
CAM Payment	55,418	97,249	110,263	120,096	133,745	45,269	
Other tenants @\$6.00 / sf							
Total Revenue	134,836	228,200	275,104	303,294	321,281	114,651	259,650 259,650
EXPENSES							
CAM Expenses	66,032	124,418	118,906	138,212	133,896	54,960	128,858
First Mtg. Debt Service	164,644	194,250	182,200	182,200	182,200	91,100	182,200
RACM Debt Service	5,553	5,553	5,553	5,553	5,553	2,777	5,553
Min. Return on Equity	55,000	55,000	55,000	55,000	55,000	27,500	55,000
Other Expense	0	20,202	1,267	1,380	1,696	5,799	11,251
Total Expenses	291,229	399,423	362,926	382,345	378,345	182,136	382,862
REVENUES LESS EXPENSES	(156,393)	(171,223)	(87,822)	(79,051)	(57,064)	(249,353)	(123,212)
RENT SUPPORT PAID	133,990	151,000	94,000	74,222	57,000	165,000	
NOTES:							
1. 1996 represents a partial year, April-December 1996							
2. Goodwill leased balance of space for tech center beginning June 1, 1997							
3. CAM expense caps for Goodwill will expire in 2001							
4. Other expense represents expenses of the partnership not reimbursable through the tenant							
5. Goodwill employment: 45 to 70 in recycling operation & support (wages \$6 to \$13 / hr, excl. managerial); 7 employees in tech center							
6. 75% occupancy is assumed for future years							
7. Future years' rent rate of \$6.00 includes cam rate							
MONTHLY RENTS:							
GOODWILL I (41,050 s.f.)							
4/96-3/98 \$8,824.25							
4/98-3/99 \$10,091.70							
4/99-3/01 \$11,117.45							
4/01-3/06 \$0							
4/06-3/11 \$0							
GOODWILL II (16,640 s.f.)							
6/97-3/98 \$3,580							
4/98-3/99 \$4,090							
4/99-12/99 \$4,510							
1/00-3/01 \$4,510							
4/01-12/01 \$2,500 (Tech. Ctr. will now occupy 8,587 S.F.)							
1/02 - 12/03 \$2,500 (2 one-year renewal options @ same rates)							
MONTHLY CAM PAYMENTS							
1996 \$6,158							
1997 \$6,465							
1998 \$6,789							
1999 \$7,128							
2000 \$7,493							
2002-03 \$1575							

		NORTH AVENUE COMMERCE CENTER - PHASE II			
04-Oct-01		2000	2001 (6 mos.)	2001 (Est.)	Future Years (75% occup.)
REVENUE					
Williams Construction (5,680 sf)		28,176	14,088	28,176	
H&R Block Tax Service (1,800 sf)		14,364	7,182	14,364	
Irgens Development Partners (3,560 sf)		14,508	10,376	20,752	
Williams Construction - CAM Payment		12,780	4,986	9,971	
H&R Block - CAM Payment		4,068	1,586	3,173	
Other tenants @ \$6.00 / sf					248,400
Total Revenue		73,896	38,218	76,436	248,400
EXPENSES					
CAM Expenses					
First Mtg. Debt Service		64,706	38,418	85,000	128,500
RACM Debt Service		62,835	75,402	150,804	150,804
Min. Return on Equity		3,871	1,833	3,666	3,666
Other Expense		79,200	29,700	59,400	59,400
Total Expenses		15,223	14,402	22,434	22,434
		225,835	159,755	321,304	364,804
REVENUES LESS EXPENSES		(151,939)	(121,537)	(244,868)	(116,404)
RENT SUPPORT PAID BY DEVELOPER		\$150,000			
ANNUAL RENT SUPPORT PAID			\$120,000	\$244,000	\$106,000 [2]
NOTES:					
1. CAM expenses for Irgens Development are included in the monthly rent.					
2. Total overall rent support limited to \$350,000.					
3. City / RACM equity in project is \$595,000					
4. Developer equity is \$660,000					
5. Employment: Williams employs 8 office workers and 47 field workers including carpentry and concrete; H&R Block employs 9 to 26 during tax season.					
6. ROE for 2000, incl. Partial payment of \$19,800 in 1999					
7. Future years' rent rate of \$6.00 includes cam expenses.					
8. 75% occupancy is assumed for future years					

Taxkey	Cur Cls	Prv Cls	Adm Chg	Class Chg #	Prev Land	Curr Land	Land Diff	Prev Imprv	Curr Imprv	Imprv Diff	Prev Total	Curr Total	Total Diff	Asmt Chg Date
361-0702-000-9	4				64,000	64,000	0	38,000	38,000	0	102,000	102,000	0	10/9/2000
361-0703-000-4	4				330,900	330,900	0	73,100	73,100	0	404,000	404,000	0	10/9/2000
361-0707-110-X	4				1,008,000	1,008,000	0	2,007,000	2,007,000	0	3,015,000	3,015,000	0	10/9/2000
361-1713-100-3	4				735,000	735,000	0	2,732,000	1,865,000	-867,000	3,467,000	2,600,000	-867,000	4/14/2001
361-1715-000-8	4				40,000	40,000	0	117,000	117,000	0	157,000	157,000	0	4/8/2000
361-1716-000-3	4				35,000	35,000	0	75,000	75,000	0	110,000	110,000	0	4/8/2000
361-1717-000-9	4				300,000	300,000	0	108,000	108,000	0	408,000	408,000	0	4/8/2000
361-1718-100-0	4				240,000	240,000	0	96,000	96,000	0	336,000	336,000	0	4/8/2000
361-1721-000-0	4				326,200	326,200	0	25,800	25,800	0	352,000	352,000	0	10/9/2000
361-1723-000-1	4				262,500	262,500	0	3,325,500	3,325,500	0	3,588,000	3,588,000	0	10/9/2000
Parcel Count - Land:	10				3,341,600	3,341,600	0	8,597,400	7,730,400	-867,000	11,939,000	11,072,000	-867,000	
Parcel Count - Imprv:	10													
361-0701-000-3	7				140,400	140,400	0	559,600	559,600	0	700,000	700,000	0	4/8/2000
361-1722-000-6	7				274,000	274,000	0	366,000	366,000	0	640,000	640,000	0	4/8/2000
361-1729-110-8	7				556,000	556,000	0	2,444,000	5,944,000	3,500,000	3,000,000	6,500,000	3,500,000	4/14/2001
Parcel Count - Land:	3				970,400	970,400	0	3,369,600	6,869,600	3,500,000	4,340,000	7,840,000	3,500,000	
Parcel Count - Imprv:	3													
361-1725-140-8	9				0	0	0	0	0	0	0	0	0	
Parcel Count - Land:	1				0	0	0	0	0	0	0	0	0	
Parcel Count - Imprv:	0				0	0	0	0	0	0	0	0	0	
Totals =	14				4,312,000	4,312,000	0	11,967,000	14,600,000	2,633,000	16,279,000	18,912,000	2,633,000	