

July 6, 2006

PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 64

CITY OF MILWAUKEE

(Direct Supply, Inc. Project)

Public Hearing Held: July 13, 2006

Redevelopment Authority Adopted :

Common Council Adopted:

Joint Review Board Approval:

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. 64, City of Milwaukee (the "District") consists of an area of approximately 64 acres located north and south of Industrial Rd. and Green Tree Rd. generally between 7300 W. Green Tree Rd., and 6600 N. Industrial Rd. The District is shown on Map 1, "Boundary and Existing Land Use," and described in Exhibit 5, "Boundary Description."

The District is presently zoned IL1 (Industrial Light).

As set forth in Exhibit 1, over 50% of the site area of the District satisfies the requirements of Wis. Stats. Sec 66.1105(4){gm}(4)(a) as being a "in need of rehabilitation and conservation work, as defined in Sec. 66.1337 {2m}(b)."

Also, less than 8% of the site area of the District meets the definition of "vacant" property, as provided in Sec. 66.1105(4)(gm)(1).

C. Project Plan Goals and Objectives

Goals and objectives for the District are:

1. To assist Direct Supply, Inc., and its landlord KJ Greentree LLC, to upgrade and expand its campus facilities which now occupy over 200,000 s.f. in nine buildings situated along the south side of Industrial and Green Tree Roads. The Project Plan calls for the construction of multi-story "connector" buildings between each of the existing buildings, adding up to 500,000 s.f. of office space over the next 10 to 15 years. Included in the proposed plan is the addition of a day care center, a medical clinic, and a cafeteria. These connector buildings will displace most of the current off-street parking now used by company employees.
2. To acquire and develop adjacent properties for replacement parking, additional office space, recreational facilities, conference facilities, and green space for use by Direct Supply employees.
3. To increase employment opportunities, particularly jobs that provide family supporting wages. Direct Supply has grown to 635 employees, with an average compensation of over \$50,000 per year. The Company expects to add approximately

100 new positions, annually, for the foreseeable future. See Project Employment forecast attached to the Term Sheet in Exhibit 3.

4. To increase the property tax base of the community.
5. To upgrade the condition of the surrounding commercial neighborhood, transforming a marginal area of vacant industrial sites, bus and truck terminals, and scrap or recycling yards into a modern office park and technology center able to attract additional employers to the general area.

D. Existing Land Uses, Conditions in the District and Background on Direct Supply.

As discussed above, Direct Supply occupies nine separate buildings, totaling nearly 210,000 s.f. along Industrial and Green Tree Roads, situated on approximately 13 acres. The company has continuously expanded its operations into these facilities, starting with a partial occupancy of one of these buildings in 1985. These structures are typical 1970's and '80s light manufacturing buildings, which the company has converted to office, data center and showroom / display use.

In order to accommodate its future growth, its landlord, KJ Greentree LLC or affiliates, plans to build connecting offices between these buildings in the areas now used for parking. To accommodate the displaced and future parking needs of the company, it is proposed that certain facilities located on the opposite side of Industrial and Green Tree Roads be acquired and relocated in order to accommodate surface parking areas for the company and provide for future office and related uses.

Land uses on the north side of Industrial and Green Tree Roads, in the District, consist of a school bus terminal serving an MPS contractor, two scrap yards, a vacant and environmentally contaminated former fill site with limited access, and the City's northwest transfer station and Self Help recycling site. Some or all of these sites are planned to be acquired and converted to parking use and office use. This includes the City's transfer station, which the company, as proposed, will have an option to acquire between 2009 and 2014 – conditioned upon meeting the employment goals mentioned above.

Direct Supply, Inc., a Milwaukee-based business, provides supply chain solutions for the U.S. long-term healthcare industry. The company serves 21,000 long-term healthcare providers and manages the nation's leading supply chain in this field, linking manufacturers, distributors, providers, patients and residents in an efficient network designed to significantly reduce costs in this area of health care. On a daily basis, Direct Supply manages the shipment of thousands of products from over 1,400 shipping points to thousands of long-term care providers in every state. Products include medical equipment and custom furnishings to commercial food equipment and environmental solutions. The company offers its customers access to over 900,000 products.

DSSI, an industry-leading web-based purchasing solution added in 1995, offers a customized procurement and reporting solution that links long-term care providers to their supply chain partners. The DSSI system streamlines the entire purchasing process to increase compliance and reduce costs. DSSI also offers solutions for foodservice management and pharmacy transaction automation.

The company also provides assistance to meet the growing demand for renovation and new construction services within the eldercare profession. It provides turnkey project support, professional design and equipment solutions specifically geared toward the unique requirements of the eldercare market. Direct Supply opened a Design Center in 2004, at its Milwaukee headquarters to display design concepts and products to its customers. Each year, over 200 nursing home and senior living customers visit Direct Supply from across the country.

Direct Supply's newest service, TELS, is a web-based facility management system used by long-term care facility managers to track equipment, schedule preventative maintenance and life safety procedures, and maintain buildings and equipment. TELS helps customers extend facility and equipment life, reduce downtime, improve warranty repair reimbursement, comply with laws and OSHA regulations, improve staff efficiency and reduce the negative impact of staff turnover.

Bob Hillis started Direct Supply in 1985. Over the years, Mr. Hillis opened ownership of the company to its employees and Direct Supply is 100% employee owned.

II. PROJECT PLAN PROPOSALS

A. The following is a description of the kind, number, and location of all proposed Public Works, Improvements and other types of costs that may be funded within the District:

1. The City proposes to assist Direct Supply KJ Greentree LLC, its landlord, and other related parties with funding to offset certain extraordinary costs of the Direct Supply expansion program. These are costs relating to the acquisition, relocation, environmental investigation and remediation, demolition, geotechnical investigation, engineering, infrastructure, subsurface, site development, professional fees and related costs associated with privately and publicly owned sites north of its current campus, as shown on Map 1, to be used for parking, and/or additional office or other buildings and improvements and for extraordinary costs such as environmental, geotechnical, and other sub-surface and site development costs associated with constructing the connector buildings between the existing facilities, parcels 1 thru 5 on Map 1.
2. Project Costs of \$4,700,000 associated solely with the acquisition of the DPW facility, parcels 10 and 11, plus DPW Holding Costs associated with a replacement site, subject to escalation as more specifically enumerated in the Term Sheet, attached as Exhibit 3.

3. Extraordinary costs will be reduced by \$50,000 per acre of land acquired within the TID as part of the Direct Supply expansion program, this being the agreed fair market value of land to be acquired. Eligible environmental, geotechnical, engineering, infrastructure and other subsurface and site development costs will be further reduced by the costs of a surface cap of asphalt, for sites not already capped, at a 2005 cost of \$1.75 / s.f., for what is actually capped, adjusted to the then current costs.
4. Additional costs associated with the proposed vacation of Industrial Rd. and the creation of secured entrances at 6600 N. Industrial Rd. and 7221 W. Green Tree Rd.
5. Further costs associated relocating the access to and through the DPW facility, so DPW traffic does not conflict with the Direct Supply campus, and constructing a fence around the DPW parcels to more adequately screen the property.

All Project Costs will be advanced by KJ Greentree LLC, “ Developer,” or other related parties, over an estimated ten year period. Pursuant to a Contribution Agreement, the City will enter into a limited and conditional Monetary Obligation to repay the Developer an amount up to the Project Costs, including interest at 6% per year. Payments on the Monetary Obligation will be made annually, but only in an amount equal to the tax incremental revenue actually received by the City from the District, less \$5000 per year, subject to escalation, for audit purposes. The City may, at any time, and without penalty, prepay any or all of the Monetary Obligation. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of the City or count against its statutory debt limits.

Payments on the Monetary Obligation will be proportionately reduced if the company’s actual full-time equivalent number of employees is less than required in the Term Sheet.

Proposed building expansions for the Direct Supply project are planned as follows (also see Map 3):

Year of Expansion	S. F.	Stories	Connects Buildings	Estimated Cost
2006	90,000	3	1 & 2	\$9,700,000
2008	63,000	3	6 & 7	7,200,000
2009	63,000	3	4 & 5	7,400,000
2012	51,000	3	2 & 3	6,600,000
2013	152,000	5	3 & 4	22,600,000
2015	2,000	1	5 & 6	270,000
2015	45,000	3	7 & 8	6,150,000
2015	32,000	3	8 & 9	4,300,000
Total	498,000			\$64,200,000

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

Grant to Redevelopment Authority for Contribution to Developer Costs	Estimated Project Costs [In 2006 \$; Subject to escalation]
Parcels 7 thru 9 <ul style="list-style-type: none"> • Acquisition / Relocation/ Demolition • Remediation / Geotechnical / Site Improvements, Related costs 	\$ 4,205,000 1,782,000
DPW Parcels, 10 & 11 <ul style="list-style-type: none"> • Acquisition • Remediation / Demolition / Holding / Geotechnical, Site Improvements, 	4,700,000 400,000
Sub Total:	11,087,000
Less: Deduct for land value @ \$50,000 / acre	(912,000) [Sites 7-9]
Less: Cap at \$1.75 / s.f	(778,000) [8-9]
Net Acquisition, remediation, etc.	9,397,000
Street vacation / entrance ways	600,000
New DPW access road, fencing	1,100,000
Extraordinary costs associated with connector buildings for poor soils, modification of existing structures, sound protection, temporary protection, etc. based on an estimated \$4 - 7/sf estimated in 2006 dollars.	1,995,000 [\$4/ s.f.]
	13,100,000
Net Project Capital Costs	
Administrative Costs	250,000
Total Capital and Administrative Costs	13,350,000
Financing Costs	16,225,000
Total Estimated TID Project Costs	29,575,000

The costs included in this subsection, without limitation hereof because of enumeration and without limitation because of any estimates contained herein, are claimed as eligible Project Costs as defined under Wis. Stats. Sec. 66.1105(2)(f) and may be incurred directly by the City, or by the Redevelopment Authority of the City pursuant to a grant or cooperation agreement with the City, pursuant to Wis. Stats. Sec.66.1105(2)(f)(1)(h). Without limiting the foregoing, Project Costs includes costs associated with property acquisition, relocation, demolition, environmental investigation and remediation, geotechnical and engineering studies, site improvements, infrastructure, extraordinary costs related to the connector buildings, and related costs. In addition, Project Costs may also include certain costs incurred by the City or Authority to relocate the DPW Transfer Station, Parcels 10 & 11.

C. Project financing and timetable for expenditures:

All expenditures are expected to be incurred in 2006 – 2016.
All Project Costs will be incurred by the Developer and repaid pursuant to the Monetary Obligation

D. List of Estimated Non-Project Costs:

Estimated Non-Project Costs of the Direct Supply project are shown in Exhibit 2.

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

Under certain circumstances, eligible relocation services and benefits under applicable Statutes and the Wisconsin Administrative Code may apply.

F. Statement Indicating How District Creation Promotes Orderly Development:

The Project Plan for the District anticipates the development, over a ten year period, of approximately 500,000 s.f. of additional office space on the Direct Supply campus. Direct Supply anticipates adding approximately 100 new positions, per year, over this period. The current average compensation at the company is over \$50,000 per year. The Project,

therefore, adds employment opportunities to the community as well as tax base. Anticipated payroll, by 2015 would approach \$192 million.

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

The zoning for the District is currently IL1 (Industrial Light). Zoning for the overall project may be changed to a Planned Development District, or a Development Incentive Zone. No building codes or other ordinances are expected to be changed.

APPENDIX

Map 1: Map of Boundary and Existing Land Use

Map 2: Map of Site and Structure Condition

Map 3: Map of proposed improvements

Exhibit 1: Parcel listing and percent "In need of rehabilitation or conservation."

Exhibit 2: Project budget

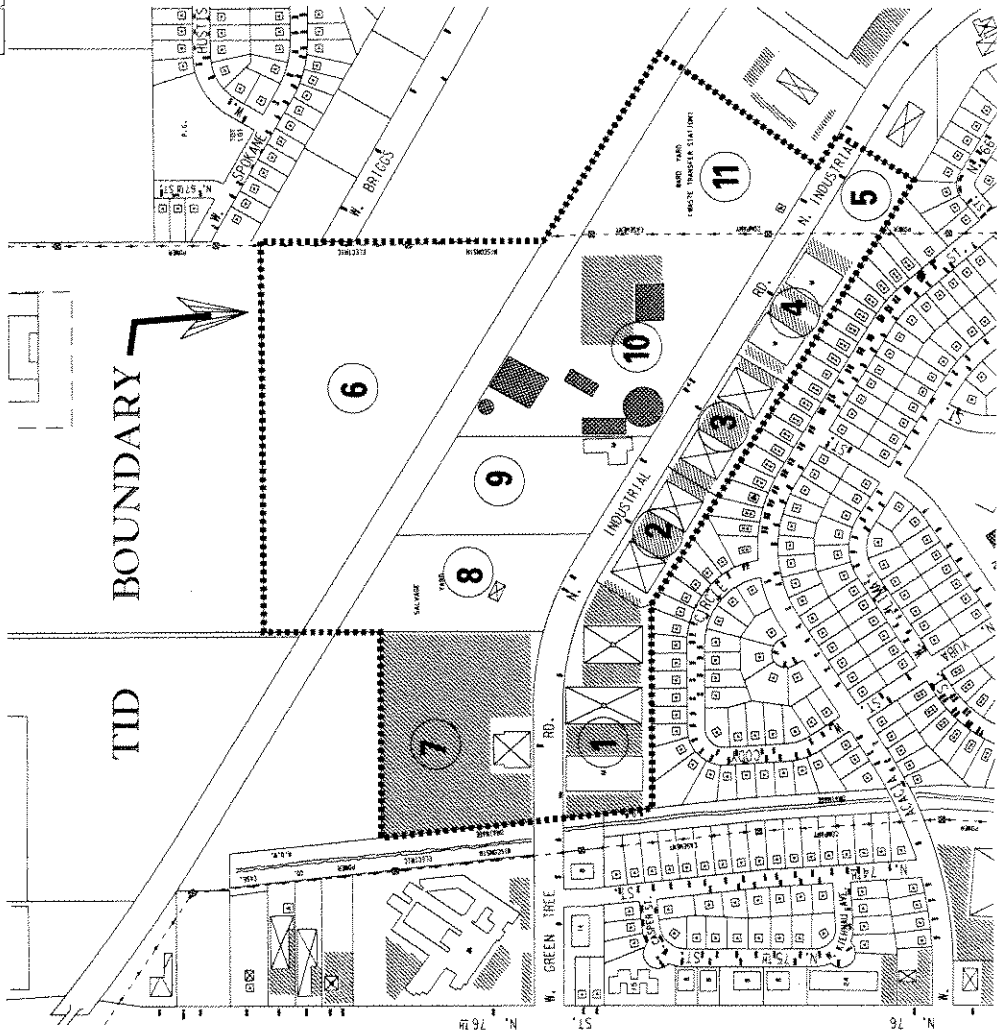
Exhibit 3: Term Sheet

Exhibit 4: Economic Feasibility Study

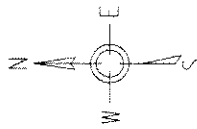
Exhibit 5: Metes and Bounds description of District boundary.

Exhibit 6: City Attorney's opinion.

119 120
141 140



1 Lots



LEGEND

PROJECT BOUNDARY

- CHURCH
- HOTEL / MOTEL
- ROOMING HOUSE
- POLICE STATION
- FIRE STATION
- HOSPITAL
- CONDOMINIUM
- UTILITY COMPANY
- STORAGE TANK
- PARK
- PUBLIC SCHOOL
- PLAYGROUND
- PARKING LOT
- PARKING STRUCTURE
- SINGLE OR DUPLEX RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- COMMERCIAL OR LOCAL BUSINESS
- MIXED COMMERCIAL / RESIDENTIAL
- OFFICE / PROFESSIONAL SERVICES
- MIXED COMMERCIAL
- SKILLED CARE FACILITY
- VACANT PARCEL
- NON-PUBLIC EDUCATION
- PUBLIC BUILDING
- MANUFACTURING AND WAREHOUSING
- ACCESSORY BUILDING
- CEMETERY
- TENNIS COURT
- BASKETBALL COURT
- DORMITORY

MAP NO.

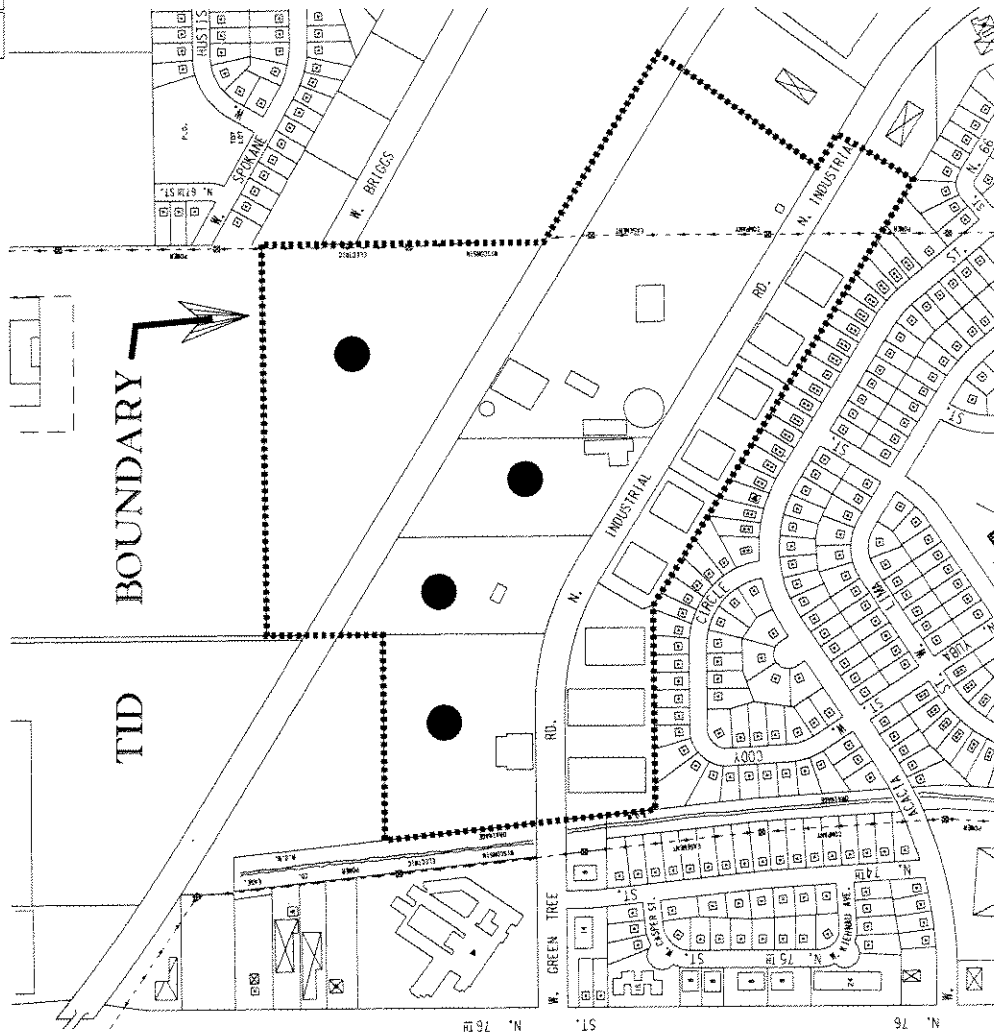
TID - 64
Direct Supply Inc.

1 BOUNDARY AND EXISTING LAND USE

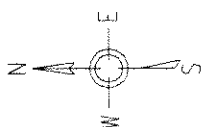
APPROVED BY THE DEPARTMENT OF CITY DEVELOPMENT / INFORMATION CENTER
Date: 10/15/2014
City of Charlotte, NC
L. GIBSON, CITY ENGINEER

DATE

119 120
141 140



- LEGEND
- STANDARD
 - ⊕ MINOR DEFICIENCY
 - ⊗ MAJOR DEFICIENCY
 - IN NEED OF CONSERVATION AND REHABILITATION



MAP NO.	TID - 64	
	Direct Supply Inc.	
2	STRUCTURE CONDITION	
<small> THIS MAP WAS PREPARED BY THE DEPARTMENT OF CITY DEVELOPMENT INFORMATION CENTER FROM THE RECORDS OF THE CITY OF CHICAGO. THE INFORMATION IS PROVIDED AS IS. COLOR COPY IS AVAILABLE FOR PURCHASE AT THE OFFICE OF THE CITY CLERK, 100 N. LAUREL ST., CHICAGO, ILL. 60602. </small>		
	DATE	

Map 3

Please see Conceptual Plan attached to Exhibit 3.

Exhibit 1: List of Properties in District

Parcel No.	Address	Owner	Key No.	Year Built	Zoning	Site Area S.F.	Building Area S.F.	Land Value	Building Value	Total R.E. Val	Mkt Rent	Total RE Val Per S.F. Bldg.	Personal Property	"Vacant" Area	"In Need of Rehabilitation & Conservation"
1	7221 W. Green Tree Rd	KJ Greentree LLC	1410761100	1981	IL1	206,474	87,440	\$ 237,000	\$ 3,266,000	\$ 3,493,000	\$5.40	\$ 39.95			
2	6761 N. Industrial Rd.	KJ Greentree LLC	1410762000	1979	IL1	91,345	40,800	104,600	1,490,100	\$ 1,595,000	\$5.07	\$ 39.09	\$ 2,427,800		
3	6731 N. Industrial Rd	KJ Greentree LLC	1410763000	1979	IL1	89,603	40,800	102,900	1,492,100	\$ 1,595,000	\$5.07	\$ 39.09			
4	6681 N. Industrial Rd	KJ Green Tree LLC	1410764000	1987	IL1	103,237	40,800	118,500	1,451,500	\$ 1,570,000	\$4.53	\$ 38.48			
5	6655 N. Industrial Rd.	Kaufmann & Jacob	1400241000	0	IL1	60,113		69,000		\$ 69,000				Paved Parking Lot	
Sub Total:						550,772	209,840	632,300	7,688,700	8,322,000		\$ 39.66	2,427,800		
6	7003 W. Good Hope	Good Lad LLC	1198987110	0	IL1	747,054		85,800		85,800				Environ. Pollution	747,054
7	7300 W. Green Tree Rd	Lakeside Bus	1198986211	1991	IL1	350,222	12,000	\$ 281,400	\$ 838,600	\$ 1,120,000		\$ 93.33	\$ 362,900		350,222
8	6780 N. Industrial Rd.	Yakov Zinger	1410751000	1979	IL1	220,849	1,500	\$ 177,500	\$ 59,700	\$ 237,200		\$ 158.13	\$ 19,200	220,849	220,849
9	6750 N. Industrial Rd	Pete Pezman	1410752000	1980	IL1	223,463	10,880	\$ 221,700	\$ 207,200	\$ 428,900		\$ 39.42		FMV Repl. Cost > FMV Land	223,463
10	6710 N. Industrial Rd.	City of Milwaukee	1410722100	0	IL1	435,178									
11	6600 N. Industrial Rd.	City of Milwaukee	1400261000	1974	IL1	267,327									
Sub Total:						2,244,093	24,380	680,600	1,105,500	1,871,900			382,100	220,849	1,541,588
Total TID						2,794,865				10,193,900			2,809,900	220,849	1,541,588
														7.9%	55.2%

EXHIBIT 2

CAMPUS EXPANSION – SCHEDULE AND COST BREAKDOWN FOR CONNECTORS

	2006	2008	2009	2012	2013	2015	2015	2015	TOTALS
	1+2 connection	6+7 connection	4+5 connection	2+3 connection	3+4 connection	5+6 connection	7+8 connection	8+9 connection	
Square Footage					30,329				
5 th Floor					30,329				
4 th Floor									
3 rd Floor	30,000	21,000	21,000	17,000	30,329	1,975	15,000	10,500	
2 nd Floor	30,000	21,000	21,000	17,000	30,329		15,000	10,500	
1 st Floor	30,000	21,000	21,000	17,000	30,329		15,000	10,500	
Possible Uses	Sales	CLS, DSSI & New Company	?	Sales & Marketing	Campus Center	Walkway	VM & New Company	?	
Existing									
New	90,000	63,000	63,000	51,000	151,645	1,975	45,000	31,500	209,840
TOTALS	90,000	63,000	63,000	51,000	151,645	1,975	45,000	31,500	497,120
									706,960

Construction Costs									
Core & Shell*	\$ 77.04	\$ 81.73	\$ 84.19	\$ 91.99	\$ 94.75	\$ 97.60	\$ 97.60	\$ 97.60	
T1*	\$ 20.92	\$ 22.20	\$ 22.86	\$ 24.98	\$ 25.73	\$ 26.50	\$ 26.50	\$ 26.50	
Data Center									
Campus center**					\$ 15.00				
Contractor Profit	\$ 980	\$ 10.39	\$ 10.70	\$ 11.70	\$ 13.55	\$ 12.41	\$ 12.41	\$ 12.41	
Total/sf	\$ 107.76	\$ 114.32	\$ 117.75	\$ 128.67	\$ 149.03	\$ 136.51	\$ 136.51	\$ 136.51	
Total \$	\$ 9,698,591	\$ 7,202,465	\$ 7,418,539	\$ 6,562,354	\$ 22,600,233	\$ 289,607	\$ 6,142,942	\$ 4,300,060	\$ 64,194,791

*Includes 3% escalation per annum for increased construction costs

**Includes added costs for auditorium, fitness areas, glass curtain wall & other special spaces

EXHIBIT 2 - continued		Parcels 7-9	Parcels 10 & 11	
SUPPLEMENTAL COST INFORMATION				
Property Assembly				
ACQUISITION / RELOCATION		\$ 4,203,553	\$ 4,700,000	
SITE REMEDIATION, IMPROVEMENTS		\$ 1,781,750	\$ 400,000	
Added Foundation costs for Poor soils for connector buildings* [Phase I connector]				
DRILL 24" DIA CAISSON 20' DEEP	640 LF		34.53	\$22,099
EXCAVATE BELL FOOTING FOR CAISSONS	32 EA		263.98	\$6,447
GRADE BEAMS	312 CY		409.82	\$127,863
FILL 24" CAISSONS	640 LF		52.04	\$33,306
FILL BELL FOOTINGS	32 EA		359.43	\$11,502
	Cost per sf \$ 2.26			\$203,217
Added costs for modifications to existing structures* [Phase I connector]				
STRUCTURAL FRAMING FOR ADDED SNOW LOAD	64,000 LB		1.37	\$87,680
SELECTIVE DEMO IN BLDG 1 & 2	4,000 SF		1.59	\$6,360
PATCHING TEMP PROTECTION	4,000 SF		2.29	\$9,160
CMU INFILL AT EXISTING	3,000 SF		11.42	\$34,260
	Cost per sf \$ 1.53			\$137,460
Fencing*				
8' CEDAR FENCE ALONG FRONT OF DPW PROPERTY	1,080 LF		\$41.35	\$44,658
REMOVE EXIST BRUSH FOR FENCING	1,080 LF		\$3.75	\$4,050
PRIVACY SLATS @ SLIDING GATE	60 LF		\$12.50	\$750
				\$49,458
* The above reflects direct costs only. No contingency, overhead, profit, fees, etc. are included.				
Partial Vacation of Industrial Road				
PAVEMENT MODIFICATION				\$ 210,000
EASEMENT PREPARATION				\$ 7,000
BUYOUT OF REMAINING USEFUL LIFE				\$ 185,000
LEGAL & TITLE				\$ 30,000
ENTRANCES				\$ 115,000
				\$ 557,000
Alternate Access Road for DPW				
ENGINEERING DESIGN, CONSTRUCTION, EXCL. ROW ACQUISITION [Per DPW]				\$ 1,000,000

EXHIBIT 3

6/21/06

Master Term Sheet Direct Supply, Inc. Project

- Purpose:** To facilitate the creation of new jobs within the City of Milwaukee, permit the expansion of Direct Supply's operations at its current location, and further the larger redevelopment effort to improve the Northwest side of the City of Milwaukee for its residents, business owners, employees, customers, and visitors.
- Project:** An \$88 million expansion and development of the Lakeland Industrial Park and adjacent properties to create an improved, hi-tech, and safe campus to accommodate Direct Supply, Inc.'s 635 existing employees and projected creation of 1000 to 1500 new jobs over the next 10 to 15 years. The Project includes construction and equipping of approximately 390,000 to 500,000 square feet of new office space to expand existing office buildings located between 7221 West Green Tree Road and 6655 North Industrial Road. The Project also anticipates acquisition, relocation, remediation and/or demolition of all or a portion of the properties at 7300 West Green Tree Road through 6660 North Industrial Road and the construction thereon of surface parking facilities and/or additional office or other buildings or improvements related to the Project. The Project is generally described in the Project Description and the Conceptual Plan attached hereto and will be implemented in accordance with the Project Plan.
- Parties:** City of Milwaukee ("City"); Redevelopment Authority of the City of Milwaukee ("RACM"); KJ Greentree LLC ("Developer"); and Direct Supply, Inc. ("Tenant").
- Tax Increment District:** The City intends to create a Tax Incremental District ("TID") to assist in funding the extraordinary costs of the Project including some or all of the costs relating to the acquisition, relocation, environmental investigation and remediation, demolition, geotechnical investigation, engineering, infrastructure, street vacation, and other items set forth in the description of Project Costs in the Project Plan, plus interest at six percent (6%) per year. The term of the TID will be continued until the maximum time period allowed by applicable law.
- Funding:** Developer shall advance all Project Costs.
- City Contribution:** The City Contribution consists of the limited and conditional obligation ("Monetary Obligation") to repay Developer an amount up to the Project Costs, including interest at six percent (6.0%) per year. Payments on the Monetary Obligation are to be made annually but only in an amount equal to the tax incremental revenue actually received by the City from the TID, less \$5000 per year (increased by the CPI) for annual audit purposes. In the event that the assessment of a property in the TID is reduced after the related payment on the Monetary Obligation has been paid, then the next payment on the Monetary Obligation will be adjusted to reflect the final net amount of tax increment actually received by the City. The City may,

at any time or from time to time, without notice, penalty, or fee, prepay any or all of the Monetary Obligation. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of the City or count against its statutory debt limits.

City
Contribution
Earned:

The Developer shall submit a certification by the 25th day of each month as to the Project Costs theretofore incurred (together with copies of the invoices and/or AIA documentation therefor), the City Contribution shall be deemed earned upon approval thereof by the Commissioner of City Development, and interest will begin to accrue thereon as of the certification date.

Term of
Payments:

City payments on the Monetary Obligation will terminate at the time: (a) the Monetary Obligation, with interest thereon, is fully paid, or (b) the TID has continued for the maximum period allowed by law.

Material
Disturbance:

If the Project is not occupied continuously (subject to force majeure) by Tenant, its successors, or by other tenants of the Developer or its successors, if applicable, with at least the total number of employees at the Project (with compensation comparable to that being paid by Tenant) as of the end of each period shown on the schedule of total Projected Employment Population attached hereto through 2020 (a "Material Disturbance"), then, subject to prior written notice and no less than a 12-month opportunity to cure, future payments on the Monetary Obligation shall be reduced on a pro rata basis, reflecting the proportion by which the level of actual employment falls below the Projected Employment, but only for so long as the deficiency in employment continues to exist.

Lease Commitment:

As a further commitment on behalf of Tenant and Developer, within six (6) months after the Common Council approves the creation of the TID, the Tenant and Developer agree to enter into a long-term lease of not less than nine (9) years. Entering into such a lease is a condition to commencement of payment of the Monetary Obligation.

Zoning and Other Approvals:

The parties will cooperate and use best efforts to apply for, initiate, and attempt to obtain all TID, zoning, and other governmental and third-party permits necessary or desirable for the Project, including a Development Incentive Overlay Zone consistent with the Conceptual Plan and a Redevelopment Plan developed by RACM, in consultation with Developer and Tenant, and the owners of any properties identified therein.

DPW Relocation:

To ensure a safe, continuous campus for the Tenant's employees, and as part of the larger redevelopment effort for the neighborhood, DPW has agreed to relocate its current operations located on Lots D and E. The DPW and Developer will share in those costs as provided herein. The City will provide Developer with an option ("Developer Option") exercisable (with closing two years after exercise) no sooner than January 1, 2009 and no later than December 31, 2014, (and provided that a Material Disturbance does not exist at the time Developer exercises the Developer Option) to acquire the two DPW parcels (Lots D and E) at a purchase price equal one-half of the total cost to relocate and replace the currently existing DPW facilities with duplicate facilities on a comparable site (the "Replacement Cost"), but not more than Four Million Seven Hundred Thousand Dollars (\$4,700,000) (the "DPW Purchase Price") and of which, from January 1, 2006, through the date of closing on the Developer

Option, 65% shall be adjusted based on the percentage change in the RSMean Historical Cost Index for Milwaukee, Wisconsin, and 35% shall be adjusted based on the percentage change in the Consumer Price Index.

Developer's Share
of DPW Holding Costs:

All parties agree to cooperate and use their best efforts to relocate DPW in the most cost-effective manner, and in connection therewith, the parties will, as soon as reasonably practical, undertake a site selection process to identify an appropriate new site for the DPW facilities and to obtain control of that site. The costs ("DPW Holding Costs") to the City of maintaining that control (e.g. option payments that do not apply to the purchase price, imputed "interest" at the City's GO bond rate on the purchase price paid) from January 1, 2008, until December 31, 2014 (or such earlier date as the Developer Option is exercised) will be shared equally by the Developer and the City, with the Developer reimbursing the City for its share upon payment of the DPW Purchase Price. If the Developer Option is not exercised on or before December 31, 2014, then on that date, Developer will pay to the City 100% of the DPW Holding Costs, and thereafter, the parties will cooperate with one another and work in good faith to: (a) relocate DPW; and (b) convey the DPW parcels to Developer if, as, and when necessary to accommodate the Tenant's growth on terms and conditions reasonably satisfactory to all.

DPW Improvements:

To further assist with the security, continuity and beautification of the Project and surrounding area, Developer may, as a Project Cost and upon sixty (60) days advance written notice to the DPW, promptly construct a City-approved up to ten foot high fence along the West and South boundaries of the DPW site (i.e., at Lot C and Industrial Road) or a fence as high as is allowed by the current zoning of the DPW site. If current zoning does not allow a ten foot high fence, then upon Developer's request, the parties will use their best efforts to apply for and obtain a variance or other approval therefor. In addition, the parties will, as soon as possible, cooperate and use their best efforts to close the current points of access to the DPW parcels from Industrial/Green Tree Road, relocate such access to a point on a private road along the Southeastern edge of Lot E, and construct a private road along the Northeasterly boundaries of Lot E and Lot D to provide satisfactory operational access to the DPW activities on Lot E and Lot D. To further aid in the safety and security of Tenant's employees and visitors, the parties will, as soon as possible, cooperate and use their best efforts to apply for a traffic light and cross walk to be installed on Industrial Road between Direct Supply's current campus and Lot B. All costs of closing the existing access points to the DPW parcels, constructing the new entrance and private road, traffic light, and cross walk will be paid by Developer as Project Costs and will be a condition to the Street Vacation described below.

Property Acquisition:

Developer will endeavor to acquire Lots A, B, and C through private negotiation. If Developer is unsuccessful in acquiring any one or more of such Lots, then, at the request of the Developer and to the extent permissible by law, RACM will promptly initiate the process to acquire the same through negotiations and/or eminent domain, at the cost of and as mutually agreed to by the Developer and subject to and in accordance with applicable law, and in accordance with the terms of RACM's customary Blight Elimination and Redevelopment Agreement.

Environmental Considerations: The Project will be developed in an environmentally conscious manner in compliance with all federal, state and local laws. The obligations of Developer and Tenant with respect to the Project are subject to completion of an environmental review reasonably satisfactory to them and to the anticipated environmental costs for the Project payable by Developer and/or Tenant not exceeding twenty percent (20%) of the total Project Costs. Should an adverse environmental or other condition hazardous to the Developer's or Tenant's employees be discovered, the parties will: (i) suspend that portion of the Project affected to ensure that the health and safety of the parties is not comprised by proceeding with such portion of the Project; (ii) mutually agree to modify the Project, Conceptual Plan, and Timetable to address such condition; and (iii) reduce the Developer's and Tenant's obligations under the Material Disturbance section in an amount proportionate to the portion of the Project affected by such condition.

State Assistance: The parties will cooperate and use best efforts to obtain brownfield grants and other grants, tax credits and assistance from the State of Wisconsin to assist in completion of the Project and funding the Project Costs.

Street Vacation: The parties will cooperate in good faith and use their best efforts to vacate 7300 West Green Tree Road through 6655 North Industrial Road as soon as possible. In anticipation thereof, the City will introduce a Common Council file for the street vacation no later than July 31, 2007, or on such earlier date that Developer may acquire Lot A, Lot B, and Lot C. If the street is vacated, then Developer may (as Project Costs) construct secure and/or gated entrances at 7221 West Green Tree Road and 6600 North Industrial Road, provided that access for emergency vehicles will be maintained at all times.

EBE: Developer shall utilize its best efforts to have not less than 18% of the renovation work on the Project performed by Emerging Business Enterprises as defined in Chapter 360, Milwaukee Code of Ordinances. Developer shall also comply with the requirements of the City's Residents Preference Program.

Job Training & Outreach: Tenant commits to continue to work with Milwaukee-area high schools, colleges, and universities to identify qualified and diverse students for potential internship positions in various areas of the Tenant's operations including information technology, financial services, marketing, supply chain and sourcing. Tenant will participate in the 2006 City of Milwaukee Summer Jobs Program through which the City recruits, trains and places disadvantaged youths with summer jobs. Tenant will also post available positions and work with Milwaukee-area Job Centers to identify qualified applicants who may be dislocated workers, economically disadvantaged, vocationally rehabilitated, or veterans of any U.S. uniformed service.

General: This Term Sheet does not constitute a binding agreement. The terms set forth herein, and other provisions customary for a transaction of this sort, shall be incorporated in one or more agreements, including a Cooperation, Contribution, and Redevelopment Agreement for this tax incremental district, among the City, RACM, Developer and Tenant. In recognition that there will be adjustments of the dates and descriptions herein which will require the exercise of reasonable discretion on behalf of the City and/or RACM, the Commissioner will be authorized under these agreements to exercise such discretion.

ATTACHMENTS

1. Project Description
2. Conceptual Plan
3. Projected Employment

PROJECT DESCRIPTION

Direct Supply is embarking on its second 20 years of growth. Direct Supply's goal, working with its landlord Kaufman & Jacobs, is to continue its expansion and redevelopment on the Northwest side of Milwaukee by creating a corporate campus and innovation center. Over the next 10 to 15 years, Direct Supply, working with KJ Greentree LLC plans to:

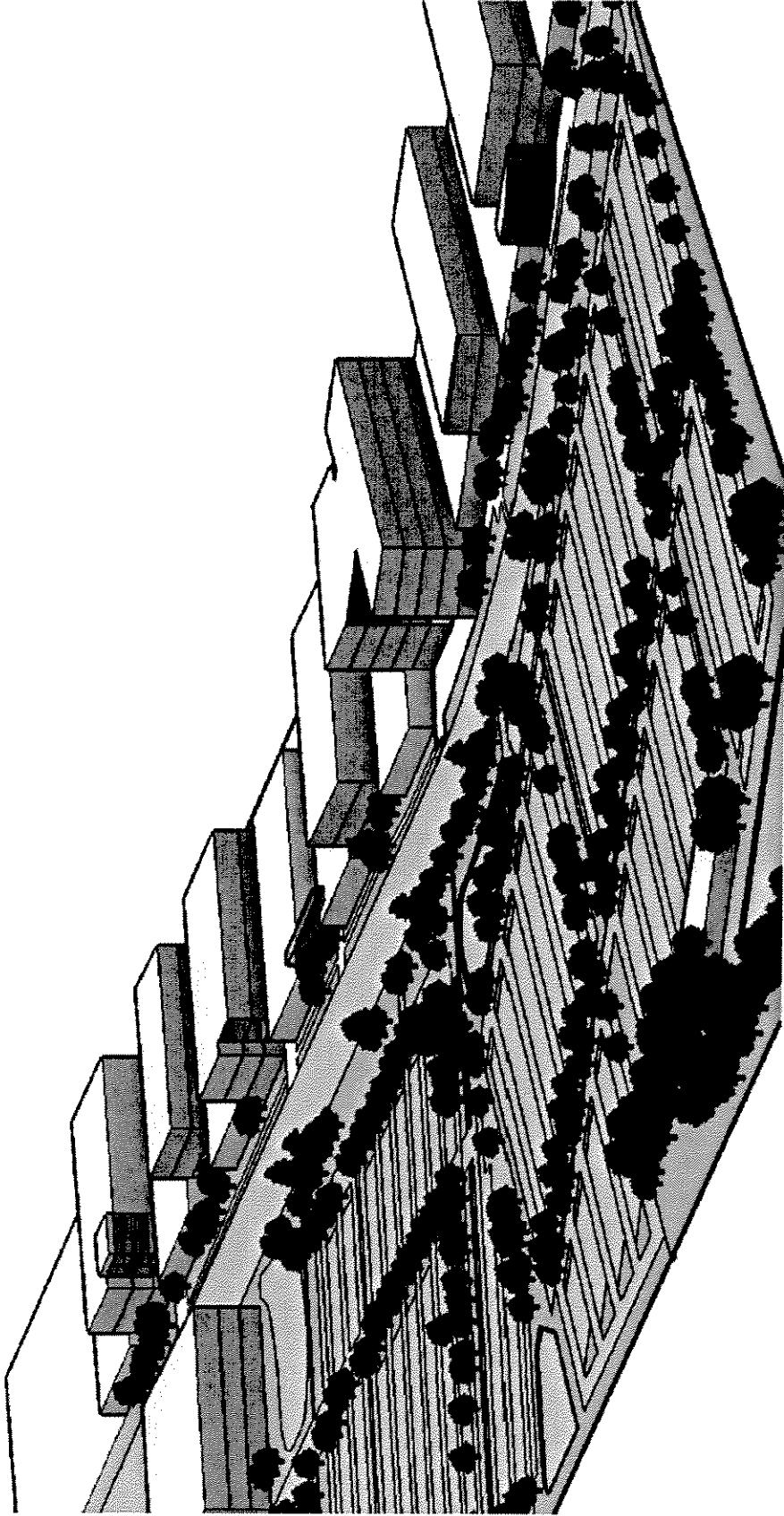
- Improve and develop the present industrial park in a smart, economically viable, and environmentally friendly way which attracts other businesses to the area and which is welcomed by the existing businesses and residents in and around the proposed campus;
- Build multiple story "connector" office buildings between each of the existing buildings, to accommodate our next 1500 employees (see attached Projected Employment) by adding approximately 500,000 square feet of additional space;
- Acquire and develop existing, adjacent commercial properties for secure parking, recreational facilities, and green space for use by our company and our employees;
- When needed, use the acquired property to accommodate additional office construction;
- Add employee benefits facilities, such as a day care center, a medical clinic, and a full service cafeteria; and
- Close and secure Industrial Road where it bisects the campus to ensure a safe and secure working environment for our employees and visitors.

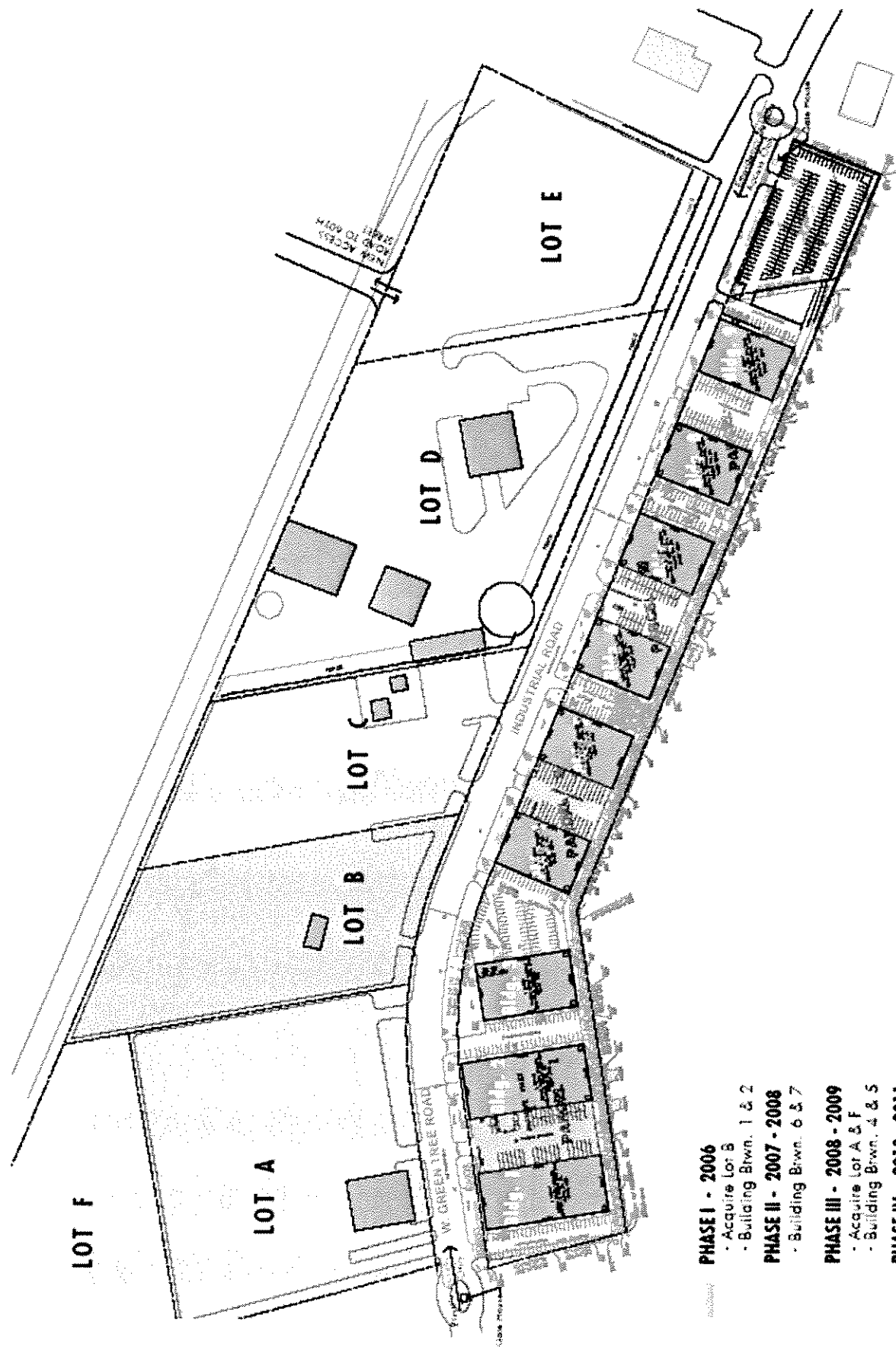
The attached Conceptual Plan shows the potential timing and order of the above steps. The actual timing will depend upon growth and needs of the business. What is clear is that Direct Supply needs to be in position to begin executing Phase I in 2006 as its job growth has already outstripped its present office and parking capacity.

CONCEPTUAL PLAN

(See three pages following)

Direct Supply Campus Expansion Proposal (Architectural Rendering)



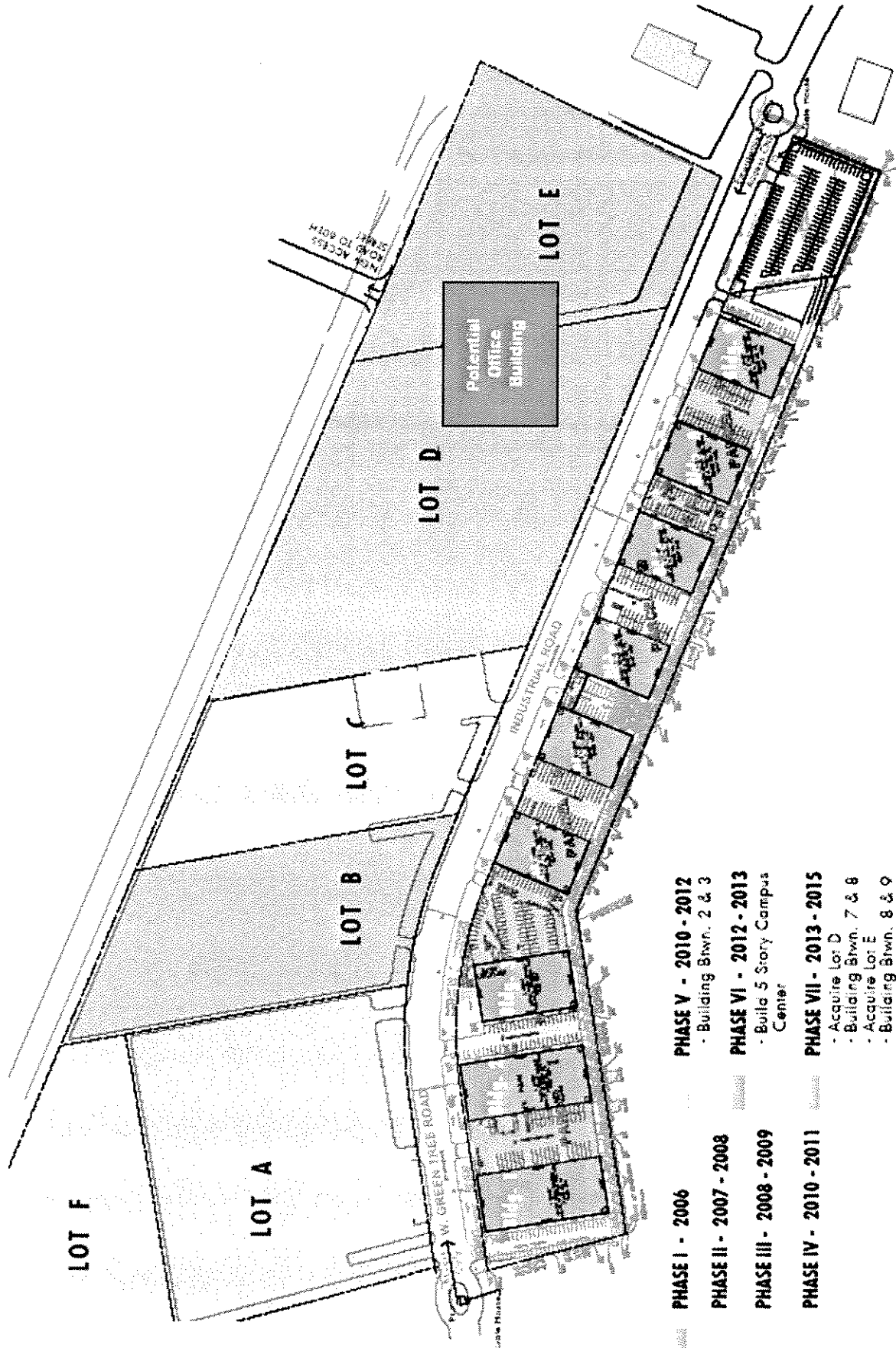


- PHASE I - 2006**
 - Acquire Lot B
 - Building Btrwn. 1 & 2
- PHASE II - 2007 - 2008**
 - Building Btrwn. 6 & 7
- PHASE III - 2008 - 2009**
 - Acquire Lot A & F
 - Building Btrwn. 4 & 5
- PHASE IV - 2010 - 2011**
 - Acquire Lot C
 - Vacate Industrial Road

FIVE YEAR PHASING PLAN 2006 - 2011

Direct Supply, Inc.
Milwaukee, WI

Scale: 1/4" = 1'-0"
 SUPPLY
 2000 N. MILWAUKEE
 MILWAUKEE, WI 53212



- PHASE I - 2006**
- PHASE II - 2007 - 2008**
- PHASE III - 2008 - 2009**
- PHASE IV - 2010 - 2011**
- PHASE V - 2010 - 2012**
 - Building Strwn. 2 & 3
- PHASE VI - 2012 - 2013**
 - Build 5 Story Campus Center
- PHASE VII - 2013 - 2015**
 - Acquire Lot D
 - Building Strwn. 7 & 8
 - Acquire Lot E
 - Building Strwn. 8 & 9

TEN YEAR PHASING PLAN 2006 - 2016

Direct Supply, Inc

Manassas, VA

Scale: 1/4" = 1'-0"
 Project: 02111
 Date: 07/06/06

PROJECTED EMPLOYMENT

	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011-15	Projected 2016-20
New Job Creation	101	100	96	99	100	434	423
Cumulative Job Creation	101	201	297	396	496	930	1353
Projected Employee Population	737	837	933	1032	1132	1566	1989

EXHIBIT 4

ECONOMIC FEASIBILITY ANALYSIS FOR: DIRECT SUPPLY, INC. PROJECT

Background:

The City of Milwaukee is proposing to assist Direct Supply, Inc. to expand its facilities which are located in nine buildings leased by the company between 7300 W. Green Tree Rd. and 6655 N. Industrial Rd. Direct Supply leases these facilities from KJ Greentree LLC. The description of the project, the expansion program and the terms of the assistance proposed, are set forth in the Project Plan, and Exhibits thereto, for proposed TID No. 64.

Briefly, the TID Project Plan proposes to fund certain extraordinary costs associated with acquiring adjacent properties, redeveloping them for use as parking lots and future office sites, connecting the nine buildings with, generally, three-story office additions, vacating the main arterial street adjacent to the current campus, and related costs. Included in the expansion plan is the eventual acquisition of the City's northwest transfer station and self help yard at 6710 N. Industrial Rd.

As set forth in Exhibit 2, total estimated costs of expansion, excluding extraordinary costs to be assisted by the City, is \$64 million – assuming the building program planned by the company which would begin this year and extend through 2016.

All TID funding for extraordinary costs will be advanced by KJ Greentree LLC, “Developer.” Pursuant to a Contribution Agreement, the City will enter into a limited and conditional Monetary Obligation to repay the Developer an amount up to the Project Costs, including interest at 6% per year. Payments on the Monetary Obligation will be made annually, but only in an amount equal to the tax incremental revenue actually generated from the District, less annual audit expenses. The Developer, accordingly accepts the risk that revenues will be sufficient to fully repay the funds advanced on behalf of the City.

Payments on the Monetary Obligation will be proportionately reduced if the company's actual full-time equivalent number of employees is less than required in the Term Sheet (Exhibit 3).

Current District Valuation:

Real and personal property values in the District are summarized in Exhibit 1, and consist of \$10.2 million in real estate value, and \$2.8 million of taxable personal property value, for a total of \$13 million. This represents the Base Value of the proposed District, as of January 1, 2006.

Buildings occupied by Direct Supply contribute 83% of the total property value in the District, but make-up only 20% of the area of the District. These facilities are generally valued at rents in the \$5.00 to \$5.50 / s.f. range – given that they are light industrial buildings constructed at least twenty-five years ago. A substantial majority of this space has, however, been converted by Direct Supply, into open office and showroom areas.

Anticipated Future Value of the District and District Cash Flow:

Based on a review of prevailing rents for newer office space in this area of the City (although the closest property is Park Place at Hwy 45 and Good Hope Rd.) the range of rents for similar property appears to be between \$11 and \$13 / s.f. (NNN), with parking included.

At the mid-point of this range, and assuming the expense ratios, and capitalization rates shown below, the market value of the new property is estimated as follows on a per foot basis:

Office Rent (NNN)	\$12.00
Less: 10% owner’s expenses and vacancy	1.20
Net Operating Income	10.20
Capitalization Rate	9.5%
Fair Market Value	\$107/ s.f.

This is value comparable to the initial development cost of the office buildings estimated in Exhibit 2.

As discussed in the Project Plan, the new office areas are intended to be built over a ten year period, per the following schedule:

Year of Expansion	S. F.	Stories	Connects Buildings
2006	90,000	3	1 & 2
2008	63,000	3	6 & 7
2009	63,000	3	4 & 5
2012	51,000	3	2 & 3
2013	152,000	4	3 & 4
2015	2,000	1	5 & 6
2015	45,000	3	7 & 8
2015	32,000	3	8 & 9
Total	498,000		

The attached table forecasts District Property Value given the above assumptions as to rent, owner's expenses, capitalization rates and the phasing of the office space to be build for Direct Supply. This also provides for taxable personal property to be generated by the expanded office area. District value is expected to reach \$70 million by complete build-out in 2017.

Utilizing the customary forecast for the tax rate in the City of Milwaukee, i.e. declining thru 2013, and stabilizing at 2% thereafter, the attached table forecasts District Cash Flow. The District is able to support a total borrowing of less than the total estimated Project cost. This assumes phasing of draws on the Monetary Obligation over a ten year period, as also shown on the forecast.

To the extent tax rates or values differ from the forecast, additional costs may be able to be recovered before the statutory termination of the District. Given that the company places a high premium on retaining its current corporate culture and ability to operate from a 'single' location, any eventual shortfall in long-term cost recovery is likely to be less than an immediate cost to relocate the entire operation locally, and, certainly, to another state.

In addition, the State of Wisconsin will be providing employment-based state tax credits to the company, a savings that will further offset any shortfall realized by the company from the District.

As such, the creation of the District serves to retain the company and future employment opportunities at this site, and the corresponding private investment is likely to generate spin-off investments in the surrounding area.

Overall, this outcome is very similar to that anticipated for Aldrich Chemical (TID 52) which made a similar investment on Teutonia Ave. despite the likelihood that not all of its extraordinary site costs were expected to be recovered.

Finally, given that the City can never pay out on the Monetary Obligation more than it actually collects from the District, this situation, never-the-less, produces a feasible outcome for the District.

FORECAST OF DISTRICT CASH FLOW

Year	District Value	Inc. Value Over Base Of: \$ 13,003,800 In 2006	Tax Rate	Tax Increment Revenue	Total Revenue	TID Draws	Monetary Obligation Balance	Interest @ 6.00%	Less: Revenue	Ending Balance	Year
2006	13,003,800	-	2.450%	-	1,529,014	1,529,014	1,529,014	91,741	-	1,620,755	2006
2007	13,003,800	-	2.386%	-	1,125,000	1,125,000	2,745,755	164,745	-	2,910,501	2007
2008	22,853,294	9,849,494	2.323%	-	2,275,000	2,275,000	5,185,501	311,130	-	5,496,631	2008
2009	23,016,960	10,013,160	2.262%	228,786	277,000	277,000	5,773,631	346,418	228,786	5,891,263	2009
2010	30,466,644	17,462,844	2.202%	226,471	25,000	25,000	5,916,263	354,976	226,471	6,044,767	2010
2011	38,271,520	25,267,720	2.144%	384,576	1,185,440	1,185,440	7,230,207	433,812	384,576	7,279,444	2011
2012	38,442,661	29,438,861	2.088%	541,824	829,000	829,000	8,108,444	486,507	541,824	8,053,127	2012
2013	38,616,370	25,612,570	2.033%	531,147	633,000	633,000	8,686,127	521,168	531,147	8,676,147	2013
2014	44,974,421	31,970,621	2.000%	520,709	5,125,000	5,125,000	13,801,147	828,069	520,709	14,108,506	2014
2015	45,153,381	32,149,581	2.000%	639,412	639,412	639,412	14,437,506	866,250	639,412	14,664,344	2015
2016	63,078,424	50,074,624	2.000%	642,992	642,992	642,992	14,664,344	879,861	642,992	14,901,213	2016
2017	72,601,017	59,597,217	2.000%	1,001,492	1,001,492	1,001,492	14,901,213	894,073	1,001,492	14,793,794	2017
2018	73,690,033	60,686,233	2.000%	1,191,944	1,191,944	1,191,944	14,793,794	887,628	1,191,944	14,489,477	2018
2019	74,795,383	61,791,583	2.000%	1,213,725	1,213,725	1,213,725	14,489,477	869,369	1,213,725	14,145,121	2019
2020	75,917,314	62,913,514	2.000%	1,235,832	1,235,832	1,235,832	14,145,121	848,707	1,235,832	13,757,997	2020
2021	77,056,073	64,052,273	2.000%	1,258,270	1,258,270	1,258,270	13,757,997	825,480	1,258,270	13,325,206	2021
2022	78,211,915	65,208,115	2.000%	1,281,045	1,281,045	1,281,045	13,325,206	799,512	1,281,045	12,843,673	2022
2023	79,385,093	66,381,293	2.000%	1,304,162	1,304,162	1,304,162	12,843,673	770,620	1,304,162	12,310,131	2023
2024	80,575,870	67,572,070	2.000%	1,327,626	1,327,626	1,327,626	12,310,131	738,608	1,327,626	11,721,113	2024
2025	81,784,508	68,780,708	2.000%	1,351,441	1,351,441	1,351,441	11,721,113	703,267	1,351,441	11,072,939	2025
2026	83,011,275	70,007,475	2.000%	1,375,614	1,375,614	1,375,614	11,072,939	664,376	1,375,614	10,361,701	2026
2027	84,256,445	71,252,645	2.000%	1,400,150	1,400,150	1,400,150	10,361,701	621,702	1,400,150	9,583,253	2027
2028	85,520,291	72,516,491	2.000%	1,425,053	1,425,053	1,425,053	9,583,253	574,995	1,425,053	8,733,196	2028
2029	86,803,096	73,799,296	2.000%	1,450,330	1,450,330	1,450,330	8,733,196	523,992	1,450,330	7,806,857	2029
2030	88,105,142	75,101,342	2.000%	1,475,986	1,475,986	1,475,986	7,806,857	468,411	1,475,986	6,799,283	2030
2031	89,426,719	76,422,919	2.000%	1,502,027	1,502,027	1,502,027	6,799,283	407,957	1,502,027	5,705,213	2031
2032	90,768,120	77,764,320	2.000%	1,528,458	1,528,458	1,528,458	5,705,213	342,313	1,528,458	4,519,068	2032
2033	92,129,642	79,125,842	2.000%	1,555,286	1,555,286	1,555,286	4,519,068	271,144	1,555,286	3,234,925	2033
NPV @ 6.0%											
						10,108,214	10,108,214	13,332,454	16,225,686		

FORECAST OF DISTRICT PROPERTY VALUE

Switch	Switch, above 0/1:	Year	Employees	S.F. Occupied	Assessed Value		Direct Supply Current	Other Properties	District Value
					Direct Supply Real Estate	Direct Supply New Space Personal Prop.			
Assumptions:									
Expansions	S.F.								
	2006	2006	0	744	-	-	10,749,800	2,254,000	13,003,800
	2008	2007	1	851	-	-	10,749,800	2,254,000	13,003,800
	2009	2008	2	953	9,378,947	1,530,000	10,911,047	1,033,300	22,853,294
	2011	2009	3	1059	9,378,947	1,530,000	11,074,713	1,033,300	23,016,960
	2012	2010	4	1164	15,944,211	2,601,000	11,240,833	680,600	30,466,644
	2013	2011	5	1257	22,509,474	3,672,000	11,409,446	680,600	38,271,520
	2015	2012	6	1350	22,509,474	3,672,000	11,580,588	680,600	38,442,661
New Space Rent/s.f.	\$12.00	2013	7	1444	22,509,474	3,672,000	11,754,296	680,600	38,616,370
		2014	8	1537	27,824,211	4,539,000	11,930,611	680,600	44,974,421
New Pers. Prop. / s.f.	17	2015	9	1630	27,824,211	4,539,000	12,109,570	680,600	45,153,381
Exp. & Vacancy Ratio	10%	2016	10	1720	43,664,211	7,123,000	12,291,214	680,600	63,078,424
Cap Rate	9.5%	2017	11	1810	51,584,211	8,541,225	12,475,582	680,600	72,601,017
Escalation	1.015	2018	12	1900	52,357,974	8,669,343	12,662,715	680,600	73,690,033
Monetary Oblig. Rate	6.0%	2019	13	1990	53,143,343	8,799,384	12,852,656	680,600	74,795,383
Tax Rate:		2020	14	2080	53,940,493	8,931,374	13,045,446	680,600	75,917,314
		2021	15	2080	54,749,601	9,065,345	13,241,128	680,600	77,056,073
Until 2013, Tax Rate		2022	16	2080	55,570,845	9,201,325	13,439,745	680,600	78,211,915
Declines at	2.63%	2023	17	2080	56,404,408	9,339,345	13,641,341	680,600	79,385,093
		2024	18	2080	57,250,474	9,479,435	13,845,961	680,600	80,575,870
		2025	19	2080	58,109,231	9,621,627	14,053,650	680,600	81,784,508
Base Value 2005		2026	20	2080	58,980,869	9,765,951	14,264,455	680,600	83,011,275
Real Prop	10,193,900	2027	21	2080	59,865,582	9,912,440	14,478,422	680,600	84,256,445
Personal Prop	2,809,900	2028	22	2080	60,763,566	10,061,127	14,695,598	680,600	85,520,291
Total	13,003,800	2029	23	2080	61,675,019	10,212,044	14,916,032	680,600	86,803,096
		2030	24	2080	62,600,145	10,365,224	15,139,773	680,600	88,105,142
City Admin Exp. / Yea	\$25,000	2031	25	2080	63,539,147	10,520,703	15,366,869	680,600	89,426,719
		2032	26	2080	64,492,234	10,678,513	15,597,372	680,600	90,768,120
		2033	27	2080	65,459,618	10,838,691	15,831,333	680,600	92,129,642

EXHIBIT 5

METES AND BOUNDS DESCRIPTION OF DISTRICT

EXHIBIT 6

CITY ATTORNEY OPINION