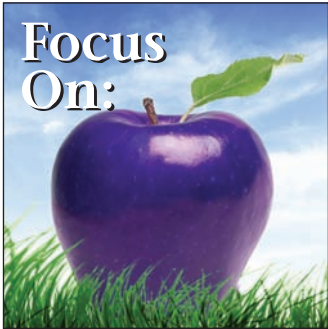


COMMON GROUND

Focus On:



The New Normal

The term 'The New Normal' was popularized in 2009 when coined in an Investment Outlook report authored by William H. Gross of PIMCO that referred to the huge shift in the economy and the business world since 2008. The reality is that whatever condition the market is in at the present moment becomes the 'New Normal'.

As we know, change is constant. However, during this recent time period, the pace of change has accelerated: increasing government intervention; constantly changing rules for businesses; an unstable economy; increased state and local actions that affect real estate investments; and private sector directives that seek greater profits or reduced risk.

In light of these changes, the business of commercial real estate development and construction requires immediate and rapid decisions even though the results of those decisions may not be

Common Goals – Retrofitting the Business Plan

We're a construction company – skilled at delivering new facilities and at retrofitting those that need enhancements, updates and new technology to perform in today's business environments.

Due to the extraordinary changes in the commercial and multi-family construction markets over the past two years, we have had to swiftly retrofit our business plan to more accurately reflect current needs, budgets and sources of new business.

As a result, today our business is heavily driven by government-funded projects. We have been highly successful in applying our experience on multi-family market-rate projects to serving developers working within the federal, state and locally funded affordable housing market. Our strong bonding capacity, financial

wherewithal and extensive multi-family experience assisted McShane Construction in making a successful transition to a publicly-funded market segment.

We have also sought construction opportunities being led by the U.S. Military and the U.S. Department of Veterans Affairs. These projects range from healthcare, office and multi-purpose facilities. We look forward to announcing several of these new construction awards within the next few months.

McShane Construction also invested its past educational experience into new construction awards for both secondary and university-level projects, an expanding market segment due to the necessity of heightened education to be competitive in today's depressed job climate.

Our resilience in adapting and redirecting resources to changing market conditions has allowed

the firm to become stronger in LEED™ and sustainable construction techniques, to deepen our expertise in achieving MBE/WBE goals, and to explore new relationships that provide greater potential for success in new business segments during these uncertain times.

As we look ahead, McShane Construction is anticipating a return to its traditional core markets – office, industrial, mixed-use, hospitality and market-rate multi-family – as publicly-funded opportunities begin to slowly abate and traditional financing sources re-energize.

We look to this New Year encouraged that our current assignments will create another successful year of positive growth. Our sights are set to realize the benefits of our business plan retrofit and to achieve the goals we have established for 2011. We look forward to sharing those achievements with you in the New Year and to the opportunity of expanding our client base and project portfolio in the coming year. □



**Jeff Raday, President
McShane Construction**

obvious until months after they are made.

The key to maneuvering through this minefield of unpredictability is to stay informed. The following provides a brief synopsis of how to adapt to the 'New Normal':

1. Be prepared to quickly make dramatic shifts in your

business plan to accommodate changes needed to redirect strategies for growth.

2. Acknowledge that certain geographical markets will no longer be as viable to execute your business plan and move swiftly to channel those

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Mobile Mini Office/Showroom

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Technology Firm Project Begins

New Project for Valparaiso University

McShane Construction Celebrates Awards of Achievement from NAIOP Chicago and CISCO

McShane Construction recently received two of Chicago's most prestigious awards of excellence. For the fourth consecutive year, the firm was voted by the members of the Chicago Chapter of NAIOP (Commercial Real Estate Development Association) as the *General Contractor of the Year*. McShane received this award at NAIOP's 23rd Annual Awards for Excellence event benefiting Children's Memorial Hospital. McShane Construction also received the *2010 Project of the Year* award within the *Residential Construction* category from CISCO (Construction Industry Service Corporation). CISCO's *Pride in Construction Awards* annually recognize Chicago's top quality union construction projects. McShane received the award for the 73-unit Casa Maravilla and 45-unit Casa Morelos affordable housing developments in Chicago completed for The Resurrection Project. McShane Construction is honored to receive these prestigious distinctions and thanks those who supported the firm's selection for these noteworthy awards. □



2010 Project
of the Year



**General Contractor
of the Year**



Congratulations!

Park Douglas Affordable Housing Project Underway in Chicago

McShane Construction's experience within the affordable housing sector continues to grow. The firm was recently selected to construct the new Park Douglas development, a 19-building, 137-unit multi-family complex located on scattered sites within Chicago's West Side that will replace a portion of the Chicago Housing Authority's demolished Lawndale Gardens complex. Under development by the alliance of Brinshore Development, LLC, Michaels Development Company and Sinai Community Institute, Park Douglas will provide affordable, subsidized and market-rate apartment units. The project is registered with the Chicago Green Homes program, a city-operated permitting system fostering environmental construction and design practices. All completed buildings at Park Douglas will be Energy-Star certified. The assignment also includes the construction of an on-site, single-story LEED™-registered management office. The development will offer one- to four-bedroom rental units ranging from traditional to contemporary design. Funding for this large development has been obtained from a variety of sources, including \$10 million in stimulus funds provided by the American Recovery and Reinvestment Act of 2009 (ARRA). Koo and Associates LTD and Pappageorge Haymes Partners are providing the architectural services for this expansive multi-family assignment scheduled for completion in December 2011. □

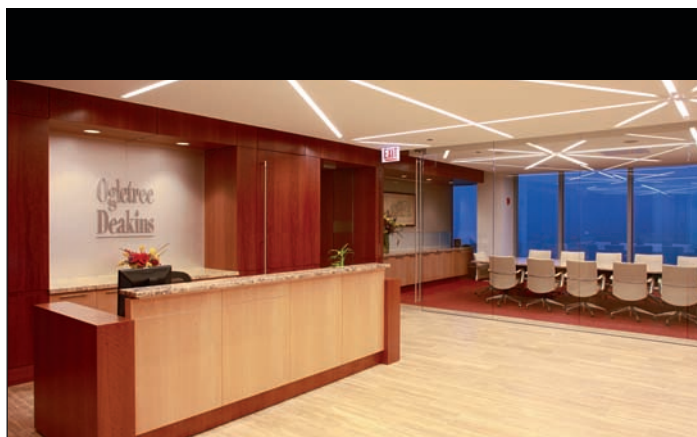


McShane Construction has been selected by the development alliance of Brinshore Development, LLC, Michaels Development Company and Sinai Community Institute to construct the 19-building, 137-unit Park Douglas affordable housing assignment located on scattered sites within Chicago's West Side neighborhood.

McShane Awarded Expansion Assignment at Ogletree Deakins

Ogletree, Deakins, Nash, Smoak & Stewart, P.C. (Ogletree Deakins) recently celebrated its relocation to a new 20,300 square foot office suite located at 155 North Wacker Drive in downtown Chicago. The Class A tenant suite, completed by McShane Construction in late Fall, complements this labor and employment law firm's contemporary

image and forward-thinking operations. To continue its phased growth plan, McShane Construction was also recently selected to complete an expansion of the new legal services suite totaling approximately 6,000 square feet that will add 18 private offices, three conference rooms, six soft offices and one breakroom to the recently completed space. The initial buildout features 36 private offices, 12 soft offices, three conference rooms, an extensive law library and a kitchen/breakroom. The upscale office environment incorporates high-end finishes, intricate millwork, attractive



The new 20,300 square foot Chicago office of Ogletree, Deakins, Nash, Smoak & Stewart, P.C. was recently completed by McShane Construction with the phased expansion of an additional 6,000 square feet currently being constructed to meet the changing needs of this growing legal practice.

fabric paneling and motorized sunshades. Additional aesthetic features include an artistically detailed lobby lighting system and intricate stone flooring. Striking views of the Chicago skyline are visible throughout the space. Atlanta-based ASD Architects served as the project architect for the relocation assignment as well as the phased expansion that is scheduled for completion in March 2011. □

McShane's Phoenix Office Completes 20,000 S.F. Office for Mobile Mini, Inc.

Mobile Mini, Inc. has settled into its new 20,000 square foot office suite at 7420 S. Kyrene Road in Tempe, Arizona that was recently completed by the Phoenix office of McShane Construction. Mobile Mini provides customers with secure and convenient portable storage options including numerous styles of storage containers, shipping containers and modular offices available for rent or purchase. The extensive interior improvement assignment at Mobile Mini's existing office location included the construction of nine private offices, 158 open workstations, two galley kitchens, one 1,800 square foot breakroom, one training room and four conference rooms. Interior finishes featured attractive wood and glass accents, in addition to a sports motif décor that has been integrated throughout the office space. The suite also houses two full-size displays of the company's mobile storage devices including one that has been cut away to allow unobstructed views of the interiors. Visitors to Mobile Mini's expanded office can effortlessly view both displays which are featured prominently within the reception area. Mobile Mini now occupies 85%

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of the office building since incorporating several of its smaller remote call center locations into this larger regional office. McCarthy Nordburg Architectural Interior Design provided the architectural services for this office improvement assignment. □

Four-Story, 60-Unit West Yard Lofts Reaches Completion

An important segment of the 'The Navy Yard at Noisette' mixed-use development has been completed with McShane Construction Company's recent delivery of the 60-unit, 75,982 square foot West Yard Lofts affordable multi-family project on behalf of developer, The Landmark Group. The new West Yard Lofts is part of a comprehensive revitalization plan for 340 acres of the former Charleston Naval Base that was closed in 1995. The Landmark Group received a Low Income Housing Tax Credit (LIHTC) from the South Carolina Housing Finance and Development Authority in order to launch this sizable neighborhood apartment complex. The project is situated on a 1.59-acre



The new 60-unit West Yard Lofts affordable housing project was recently delivered to developer, The Landmark Group, representing one phase of 'The Navy Yard at Noisette' mixed-use development located on the site of the former Charleston Navy Yard in North Charleston, South Carolina.

site at 2375 Noisette Boulevard in North Charleston on the site of the former Charleston Navy Yard. West Yard Lofts contains a variety of one-, two- and three-bedroom units with each residence featuring a sunroom, Energy Star appliances and broadband capabilities. The exterior was constructed of attractively-designed corrugated metal siding, cast stone, brick and decorative awnings. The development includes a multi-purpose room with kitchenette, fitness center, community laundry, computer room and leasing office. Martin Riley Associates Archi-

ects, PC provided the architectural services for this new affordable housing assignment. □

Telecommunications Firm Selects McShane For Upgrade Assignment

A large national telecommunications company has selected McShane Construction for the completion of extensive renovations and the addition of 5,000

square feet of new construction to an existing two-story, 18,000 square foot facility. The construction assignment includes upgrades to the generator and control room, extensive electrical work, the integration of a sophisticated building automation system and the addition of comprehensive seismic bracing to further protect the integrity of the facility. McShane Construction will also replace all mechanical systems and provide fresh interior finishes to office areas. The facility contains the firm's technical communications systems that require a highly-sophisticated and secure environment due to the support of the firm's network provided from this location. The facility will remain operational throughout the construction assignment so that customers will not experience a slowdown or disruption in service. McShane Construction will also complete a variety of site work that includes new sidewalks and pavement, fresh exterior paint and updated landscaping. The sizable renovation project is scheduled for completion in February 2012. □

Valparaiso University Selects McShane for 51,500 S.F. LEED™ Classroom Expansion

McShane Construction was recently selected to complete the 51,500 square foot design/build construction of a classroom and office building for the College of Arts and Sciences at Valparaiso University in Valparaiso, Indiana. The assignment will meet LEED™ certification standards and incorporate sustainable elements including an energy-efficient HVAC system, recycled and low-VOC materials, certified wood products and on-site construction waste recycling, among others. The building will feature an attractively-designed masonry, aluminum, precast and glass exterior that incorporates generous windowlines. The facility's interior will offer lobby space, staff offices, faculty lounge and flexible office and classroom areas for the College of Arts and Sciences. Classrooms will also feature high-tech audio visual equipment. Contemporary interior finishes will include perforated acoustical tile, polished concrete floors and exposed steel elements. EHDD Architecture is providing the architectural services, while KJWW Engineering is providing the structural engineering and MEP consulting services for this academic assignment scheduled for completion in December 2011. □



Valparaiso University in Valparaiso, Indiana has selected McShane Construction to complete a 51,500 square foot design/build office and classroom expansion at the College of Arts and Sciences that will meet LEED™ certification standards and be completed in December 2011.

Feature Department

Projects in Progress



RANDHURST VILLAGE PARKING GARAGE – MT. PROSPECT, IL



ROBERT LEE FROST ELEMENTARY SCHOOL – HOUSTON, TX



SAM HOUSTON ELECTRIC COOPERATIVE, INC. – LIVINGSTON, TX



SENDERA RANCH EAST ELEMENTARY SCHOOL – HASLET, TX

Pictured are current projects under construction by McShane Construction and Cadence McShane that include build-to-suit, design/build and general construction projects for the industrial, office, multi-family, mixed-use, retail and educational markets.



PHILLIPS SWIFT CREEK APARTMENTS – CARY, NC



NSK AMERICA CORPORATION – HOFFMAN ESTATES, IL



CVS/PHARMACY – HELENA, MT



PRATT INDUSTRIES (U.S.A.) INC. – FORT WORTH, TX

CONTINUED FROM FRONT PAGE The New Normal

resources into markets that possess security, stability and the potential for growth.

3. Be conservative in your decision-making – often the best deals are the ones that were not pursued.

4. Implement a sense of urgency in executing, changing or developing a new business plan for this 'New Normal'.

Surviving the 'New Normal' means doing more with less – fewer projects, razor-thin

budgets and tight limits on resources. The times demand exploring new specialties or niches and adapting your firm's best practices to work within this new economy.

Forecasters are quick to note that this 'New Normal' will be with us for an unpredictable, but extended period of time, causing us to consider it the permanent normal. However, economies and markets constantly shift and our focus should not be on the current conditions (although a healthy amount of business acumen and steady nerves are needed to

remain afloat today) but in seeking the opportunities that the future will certainly hold.

Reports indicate that the current economic recovery is stronger than the last two recoveries (2001 and 1991) in terms of profits, real gross domestic product growth and even job creation, although today's employment figures remain severely depressed. Although companies are making money, most are not spending it, creating a significant pent-up demand that will materialize in the years to come.

This 'New Normal' will yield a future that is currently unscripted. The most important point is that you stand ready to play a key role in that yet to be written economy. □

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