

LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

January 26, 2015

STAFF

Dan Casanova, Economic Development, and Ed Richardson, Planning

PROPERTY

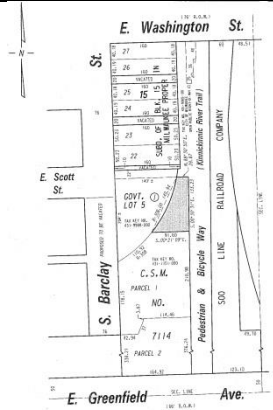
Part of 224 East Greenfield: Approximately 7,126 SF of public right-of-way, currently used for the Kinnickinnic Bicycle and Pedestrian Trail, will be vacated and will revert to City ownership upon vacation. The area will be excess to the trail when trail access at an alternate location is provided in a pending redevelopment project.

The property was acquired in 2003 by the City using funds provided by the Congestion Mitigation and Air Quality Improvement ("CMAQ") Program through the Wisconsin Department of Transportation ("WisDOT"). The conveyance is subject to CMAQ rules and WisDOT approval of the conveyance and property appraisal.

The property is situated in the Port of Milwaukee Redevelopment Project area and the South 1st – West Greenfield Tax Incremental District.



KK Bicycle & Pedestrian Trail Vacated Area



Vacation Map



Vacated area – Looking west



View from KK Trail looking North

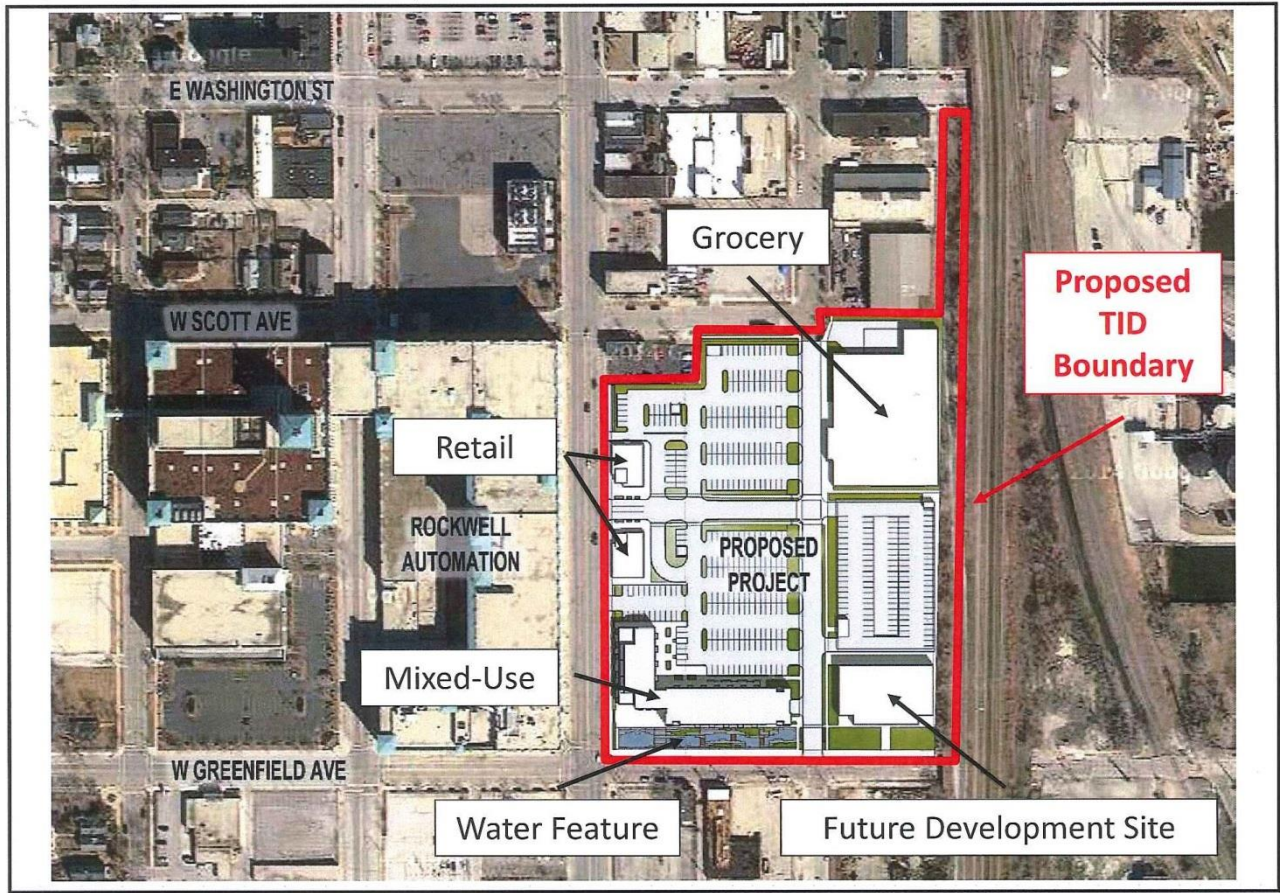
BUYER

WP Property Acquisitions, LLC, a limited liability company created by Wangard Partners, Inc. Founded in 1992, Wangard is a diversified commercial, industrial and residential real estate company that offers development, investment, brokerage and management services in the greater Milwaukee area. Steward Wangard is its president. Key projects include 875 East Wisconsin office (Roundy's & Ernst and Young), High Pointe Office Center on Mayfair Road, 1910 on Water (68-unit apartment on

Water Street near Humboldt) and The Park at 1824 (a luxury student housing project near UWM). The company has the adjoining 7 acres at 1st and Greenfield under an option to purchase from Citizens Bank of Mukwonago and has obtained General Planned Development zoning for the site.

PROPOSED DEVELOPMENT

Freshwater Plaza, a four-phase, mixed-use development situated on 3.66 acres that has an estimated development cost of \$47 million. Phase I involves construction of a 42,000 SF Cermak Fresh Market and will serve as the gateway to the UWM School of Freshwater Science as well as a catalyst for neighborhood development.



OFFER TERMS AND CONDITIONS

The purchase price is \$56,700 or \$7.96/SF and is based on an independent value of the property. The appraisal was prepared to WisDOT standards and has been approved by the agency. Due to the way the property was acquired, 80 percent of the proceeds must be returned to WisDOT. The remaining 20 percent, less a 30 percent fee to the Redevelopment Authority of the City of Milwaukee, goes to the City.

A Purchase and Sale Agreement will be negotiated with the Buyer to outline the terms and conditions of the conveyance. The Buyer will be required to provide access between the Kinnickinnic River Tail and City streets that shall be subject to a public access easement if the land remains in private ownership. Conveyance will be by quit claim deed on an "as is, where is" basis. In addition to a restrictive covenant for performance, the conveyance will include restrictions requiring the land to be fully taxable for property tax purposes and that the vacated land be joined with the Buyer's adjoining property.

Due Diligence Checklist

B-1	<p>Market Value Determination</p> <p>The sales price is based on an independent property appraisal and is considered market value.</p>								
B-2	<p>Full Description of Project</p> <p>Included in above Land Disposition Report, in File No. 141267 approving the TID No. 81 Project Plan and File No. 141113 approving the Detailed Planned Development zoning.</p>								
B-3	<p>Architectural Renderings/Property Operations</p> <p>Project renderings for Freshwater Plaza were provided to the Common Council during consideration of the Detailed Planned Development known as 1st and Greenfield Development that was adopted on December 16, 2014. No major modifications can be made to project plans without Common Council approval of a zoning modification.</p>								
B-4	<p>Developer's Development Project History</p> <p>Wangard Partners, Inc. has extensive experience with commercial and residential development. The Land Disposition Report summarizes several key projects that the firm has recently developed.</p>								
B-5	<p>Capital Structure</p> <p>Total costs – Phase I: \$ 47,124,416</p> <p>Sources of Funds:</p> <table> <tr> <td>Equity</td> <td>\$ 943,989</td> </tr> <tr> <td>NMTC</td> <td>\$ 11,912,925</td> </tr> <tr> <td>Financing</td> <td>\$ 29,344,503</td> </tr> <tr> <td>Grants</td> <td>\$ 4,922,999</td> </tr> </table> <p>Grant sources include TID funds and a WEDC Brownfields Grant</p>	Equity	\$ 943,989	NMTC	\$ 11,912,925	Financing	\$ 29,344,503	Grants	\$ 4,922,999
Equity	\$ 943,989								
NMTC	\$ 11,912,925								
Financing	\$ 29,344,503								
Grants	\$ 4,922,999								
B-6	<p>Lease Terms & Cash Flow</p> <p>Not applicable.</p>								
B-7	<p>Project Risk Factors</p> <p>The major risk is if the project does not receive New Market Tax Credits. However, the project has already received a NMTC commitment from US Bank and it expects additional allocation from GWOFF and FIRE.</p>								
B-8	<p>Tax Consequences to the City</p> <p>The TID Project Plan estimated the City's incremental tax revenues to be approximately \$400,000/year.</p>								