

LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE
DATE

September 9, 2020

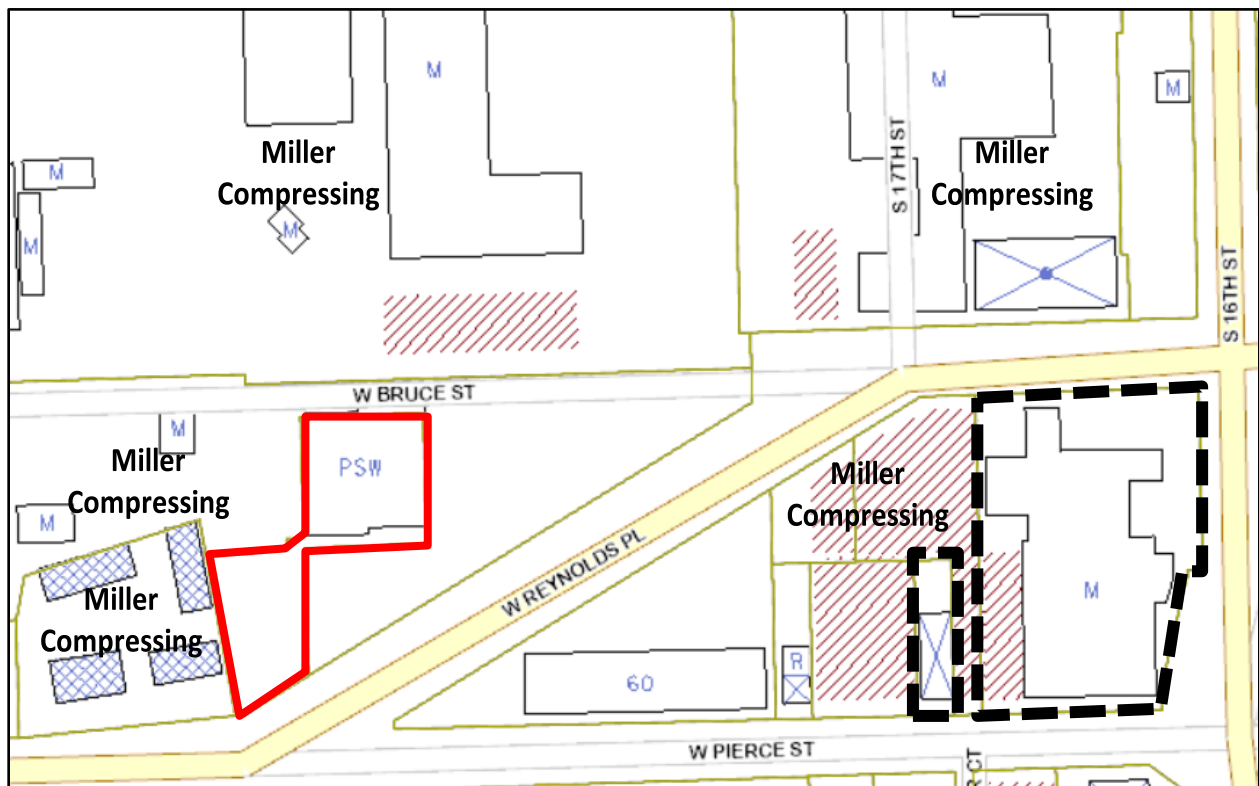
RESPONSIBLE STAFF

Matthew F. Haessly, Real Estate Specialist, Department of City Development

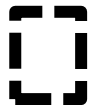
PARCEL ADDRESS AND DESCRIPTION

1875 West Bruce Street (the "DNA Parcel"): A 33,715 square foot parcel with a multi-story warehouse building. The DNA Parcel has historically operated as the International Harvester Company heating plant and later for indoor salvage.

The DNA Parcel is zoned Industrial Mixed or IM and located within the Mitchell Park Neighborhood.



1875 West Bruce



Law Tanning

BUYER—John Raettig is an architect, commercial real estate broker, and developer. He began redeveloping obsolete properties in 1995. Early Milwaukee projects include the loft apartments at Gallun Tannery Row (since converted to condominiums), loft condominiums at the Cawker Building one block west of City Hall, and conversion of

the Zummach Paint factory to art studios. He also redeveloped properties on Milwaukee Street between Mason Street and Wisconsin Avenue.

Raettig and Ryan Law will create a new LLC, specific to the DNA Parcel ("Buyer"), to take title on the day of closing from City and the Buyer will redevelop the DNA Parcel and be the long-term owner.

Buyer will then lease the DNA Parcel to Law Tanning Co. LLC ("Tanning"), or a subsidiary thereof ("Tenant").

Tenant: Tanning's corporate headquarters and manufacturing operations are at 1616 and 1638 West Pierce Street. The following excerpt was obtained from the Law Tanning website: <https://lawtanning.com/>

"For 83 years, Law Tanning Company has produced fine leathers in the United States. As a fourth-generation American owned and operated leather producer, it is our goal to deliver a quality product to our customers year after year. The Law family began tanning in 1936 in Milwaukee not far from where we are located today. Ten years later, in 1946, the family opened a grain tannery in Cudahy, Wisconsin. After its closure in 2008, the Law family focused its attention on the Law Tanning operation. Since that time, Law Tanning has been expanding its product offerings. Today, we produce full grain cow, full grain and corrected grain steer, cowhide split and suede products, unique American bison, nubuck pig grain with abilities for elk, deer and kangaroo. All of this under one roof in downtown Milwaukee.

In 2019, Law Tanning invested heavily into its infrastructure with state-of-the-art equipment, including new sample drums, a new tanner, other key personnel and talent and recently committed to a complete rebuild of its on-site water treatment facility. Law Tanning has no plans to stop there as they continue to invest in new equipment, training of its workforce and creating new ways of sourcing materials."

Tanning currently has 76 employees with 100 percent of the production & manufacturing employees living within 2.5 miles of Tanning.

Tenant will sign a long-term lease that will be effective the day of closing.

PROJECT DESCRIPTION:

Rather than relocating, Tanning wants to remain and expand at its current location, in a way that is respectful of the neighborhood.

The DNA Parcel has been vacant and unoccupied for years. It is tax-delinquent and has outstanding code violations. It sits across Reynolds Place from the existing Tanning facility.

Buyer will rehab the DNA Parcel and Tenant will use it as a warehouse for Tanning's operations and specialty leathers. This will allow Tanning to free up some of its cramped main plant space so that Tanning can expand its manufacturing capacity.

Tanning, Buyer and Tenant anticipate that the Project will add about 10-15 new jobs to its workforce over the next year.



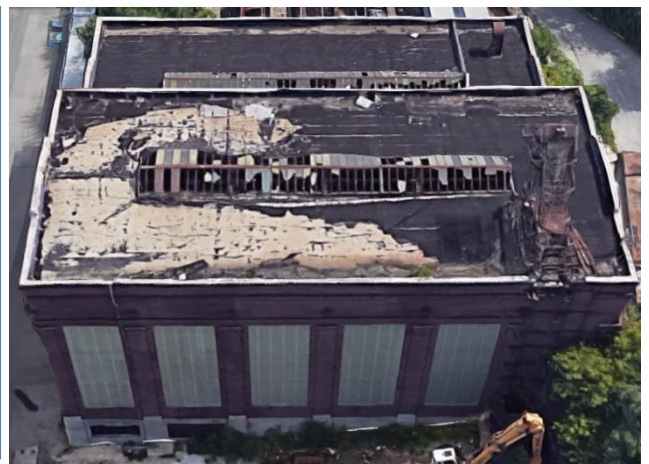
PROPOSED (EAST ELEVATION)



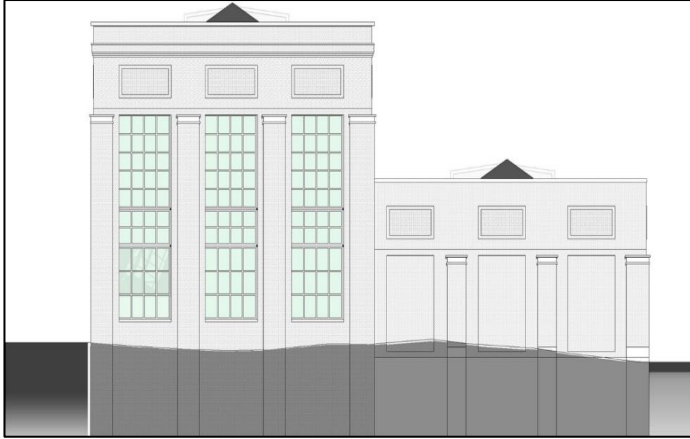
EXISTING



PROPOSED (WEST ELEVATION)



EXISTING



PROPOSED (SOUTH ELEVATION)



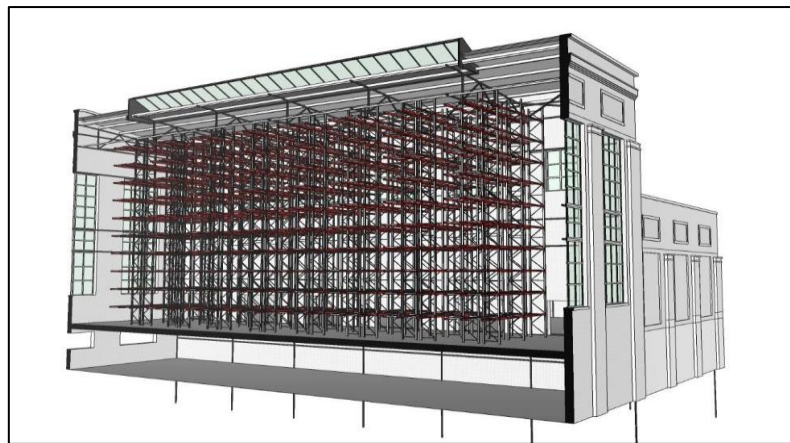
EXISTING



PROPOSED (NORTH ELEVATION)



EXISTING



Plan perspective showing new specialty leather racks

PURCHASE TERMS AND CONDITIONS

The purchase price for the DNA Parcel is \$5,000. The estimated Project budget is \$2,500,000.

The conveyance of the DNA Parcel is contingent upon the City being able to successfully tax foreclose against it so that the City may acquire title and then convey it to Buyer. The DNA Parcel is in the City's 2020 No. 2 In Rem Tax Foreclosure File. If the City is able to successfully tax foreclose to acquire title, then the City will convey to Buyer on an "as is, where is" basis, including environmental adversities, if any.

While John Raettig is a Wisconsin real estate broker, there will be no broker commission paid by the City on this transaction.

Buyer understands that the proposed project also may require certain City approvals in addition to Common Council approval of the transaction and Land Disposition Report ("LDR"). Buyer will renovate and undertake the Project in accordance with applicable permits and approvals, including landscaping (see Milwaukee Code of Ordinances 295-405).

If City can successfully tax foreclose, then City's deed to Buyer will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status. At closing, the sale proceeds, less sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee, will be deposited in the Delinquent Tax Fund.

Due Diligence Checklist
Address: 1875 West Bruce Street

The Commissioner's assessment of the market value of the property.	1875 West Bruce Street (the "DNA Parcel") is in the City of Milwaukee's 2020 property tax foreclosure File No. 2. The DNA Parcel is privately owned by BCMR Development LLC. It is un-occupied and it is a tax-delinquent brownfield property that will be sold "as is, where is." The purchase price for the DNA Parcel is \$5,000. The building is vacant and has considerable deferred maintenance. The Property is zoned Industrial Mixed or IM.
Full description of the development project.	Buyer will rehab the DNA Parcel and Tenant will use it as a warehouse for Tanning's operations and specialty leathers. This will allow Tanning to free up some of its cramped main plant space so that Tanning can expand its manufacturing capacity. Tanning, Buyer and Tenant anticipate that the Project will add about 10-15 new jobs to its workforce over the next year.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	See preliminary site plans and building elevations in LDR.
Developer's development project history.	See "Buyer" section of LDR.
Capital structure of the project, including sources, terms and rights for all project funding.	The estimated development costs are \$2,500,000. The Buyer is considering conventional financing and personal equity to finance the development.
Project cash flows for the lease term for leased property.	At closing, Department of City Development will ensure a lease is in place between Buyer and Tenant (or Tanning). Any rental income will be between Buyer and Tenant.
List and description of project risk factors.	The current property owner has not paid property taxes since 2011 and has delinquent property taxes exceeding \$101,000. If the building remains under current ownership, the delinquent property taxes will continue to grow and deferred maintenance and costs to cure will continue to increase. The building in its current condition and under its current ownership is a blighting influence. The sale and Buyer's Project will remove the blighting influence.

Tax consequences of the project for the City.	Buyer anticipates investing \$2,500,000 in the Project. The DNA Parcel will be returned to the tax rolls. The deed to Buyer will contain a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.
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