

From: Brennan, Joel
To: Michael Murphy
Date: Thu, Jul 21, 2005 2:05 PM
Subject: FW: Follow up documents on MLK Property

Ald. Murphy -

Attached is a copy of a message I sent to Ald. McGee a month ago regarding the property on King Drive. The document attached outlines the timing of various aspects of this transaction. I'm checking with other staff to determine whether anyone recalls a similar situation.

Let me know if you have any questions.

Joel Brennan
Redevelopment Authority of the City of Milwaukee
Phone: (414) 286-5820
Fax: (414) 286-0395
E-Mail: jbreenn@mkedcd.org

From: Brennan, Joel
Sent: Wednesday, June 15, 2005 8:39 AM
To: Michael McGee Jr.
Subject: Follow up documents on MLK Property

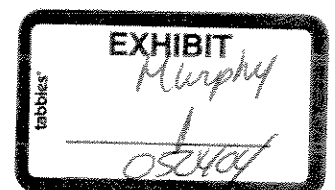
Ald. McGee -

Attached are the items I promised you regarding the MLK property. The first is a timeline put together by my staff, and the second is a letter from my predecessor regarding several issues to Ms. Allison from 4 years ago.

I am interested in any updated information about sources of financing for Ms. Allison, though as I expressed to you, several economic development professionals have expressed doubt about the ability to finance a worthwhile project for \$300,000 - \$500,000, especially since we have seen feasible proposals for \$1.5 million to \$2.5 million on the parcel.

As you know, the item will not be heard by the Redevelopment Authority this week.

Joel Brennan
Redevelopment Authority of the City of Milwaukee
Phone: (414) 286-5820
Fax: (414) 286-0395
E-Mail: jbreenn@mkedcd.org



H2

Timeline for Sale of 1940-48 N. MLK Drive

Prior to 2000, Carla Alison approached RACM seeking to purchase the parcel located at 1940-48 N. MLK Drive in order to expand her business, which is located directly north of the RACM parcel. A short time later, Nathan Conyers (owner of the Milwaukee Times Newspaper), the property owner directly to the south, approached RACM with a similar goal to expand his business and add parking by acquiring the RACM parcel.

The interested parties were asked to work out a joint development on how to develop ½ of the parcel. Both sides wanted all the RACM land. Since neither side was willing to work with the other in a joint venture the property remained undeveloped.

Mr. Conyers never produced any plans for the site and Carla Alison was granted an opportunity to develop the entire site. After several months, Ms. Alison submitted preliminary elevations and plans from Toki & Associates. Per DCD staff, elevations needed some work to get to an approved design and project. Ms. Alison's initial plans did not include budget, financing, source of equity and schedule; items that are necessary to complete any RACM sale. After many meetings, staff tentatively approved Ms. Alison's plans. MEDC reviewed Ms. Alison's budget and financing and determined that the project was financially insufficient. MEDC was not in a position to provide assistance based on the use proposed, and their concerns were communicated to Ms. Alison.

At the same time, Ms. Alison said she was not willing to share the Phase II clean-up costs to test the property, as is standard policy in any RACM land sale. The Phase II identified some contaminants in the soil and groundwater that exceeded regulatory guidelines. Phase II work is now completed and the City will request its environmental consultant to prepare the Remedial Action Plan in conjunction with site development prior to closure.

Attached is a letter from Greg Shelko dated 6-11-2001 that outlines many of the concerns expressed by staff and suggesting possible avenues to pursue.

After this effort, the parcel sat idle for more than a year with no further correspondence with Ms. Alison.

The Norquist administration sought to advertise available parcels, including 1940-48 N. Martin Luther King Jr. Drive on the DCD website. Since the Authority had not heard from Ms. Alison in some time, RACM advertised 1940-48 N. MLK Drive on August 5, 2003. Ms. Alison's rehabilitation of 1950 North Martin Luther King Drive was never properly completed and played a role in delaying decision on the parcel.

Giles Engineering and Associates noticed the development opportunity at 1940-48 N. MLK Drive via the DCD website and because they had done the environmental investigation and closure for the property, Giles expressed interest in the site.

Giles hired an architect, met with Historic Preservation staff and prepared plans for the

site. Giles contacted or met with newly elected Alderman Michael McGee, who informed city staff that Carla Alison should be given another opportunity to bid on the property. Staff informed Alderman McGee that we did not have a copy of Ms. Alison's previous plans.

RACM prepared a Request For Proposal for the site and released the RFP in early 2005. This procedure is consistent with the department's policy for marketable property. Three developers, Giles Engineering Associates, King Drive Development Group and The Reader's Group submitted responses. The selection committee chose the King Drive Development Group as the developer. The sale is scheduled to go before RACM on June 16, 2005.

Ms. Alison was not the selected buyer. Her proposal relied on information that was not current and she made no attempt to revise the data she had submitted in 2001. Ms. Alison did not submit an offer price for the land and failed to provide much of the required information that was requested in the RFP.

Ms. Alison forfeited her Performance Deposit on the building at 1950 North Martin Luther King that houses The Readers Choice bookstore because she failed to complete the building improvements agreed to when she purchased the building from RACM on October 20, 1994.

June 11, 2001

Ms. Carla Allison
1950 North Dr. Martin Luther King Jr. Drive
Milwaukee, WI 53212

Dear Ms. Allison:

Thank for you submitting the development proposal for the land at 1944-48 North Dr. Martin Luther King, Jr. Drive. While the plans and your proposed uses are generally acceptable, we have concerns with the cost and financing strategy. Accordingly, we did not feel the development was ready to present to the Redevelopment Authority on June 21st for formal approval.

Our concerns with the financing involve the participation of the Milwaukee Economic Development Corporation (MEDC) and the State of Wisconsin. We showed the financing plan to MEDC and explained your development. Since your businesses would occupy less than 50% of the new building, MEDC cannot participate in construction of investment real estate. Likewise, the State of Wisconsin programs finance businesses, not real estate development. Therefore, these programs will likely be unavailable to you to finance construction. You should consider discussing the project further with Legacy Bank or other financing institutions.

MEDC, however, may be able to become involved in the future by financing some portion of the "build-out" costs of the individual businesses. You and your lender would likely contact MEDC at a future date once the basic development financing was in place. Another option for you would be to contact the Women's Business Initiative Corporation, which may be able to provide technical assistance for the real estate development. They may also be able to assist in development of your new business enterprises. You can contact Vanessa Clayborn at WBIC (263-5450). The King Drive BID also provides technical and financial assistance and you could contact Bryan Haywood at 265-5141.

Once you have a better handle on the financing for the real estate development, the City of Milwaukee may be able to assist your new businesses with purchases of Furniture, Fixtures and Equipment (FF&E) through the Retail Investment Fund (RIF). Funds are tied to job creation and businesses can be eligible for up to \$50,000 in FF&E purchases. Information on this program can be obtained at our web site (www.mkedod.org/business/busrif.html) or by calling Mike Brodd at 286-8281.

We inquired about the façade grant program as well. This is generally available only for building rehabilitations, not new construction. However, some funds may be applied toward landscaping expenses. Information on this program is enclosed and you can call Rhonda Manual at 286-2037 for more information.

Ms. Carla Allison
Page 2

If you have any questions or would like to meet with myself or our staff members who work with these financial programs please contact Matt Haessly at 286-5736 to arrange a meeting. We look forward to working with you.

Sincerely,

**Redevelopment Authority
of the City of Milwaukee**

Gregory J. Shelko
Assistant Executive Director-Secretary

cc: Bryan Haywood
Historic King Drive BID