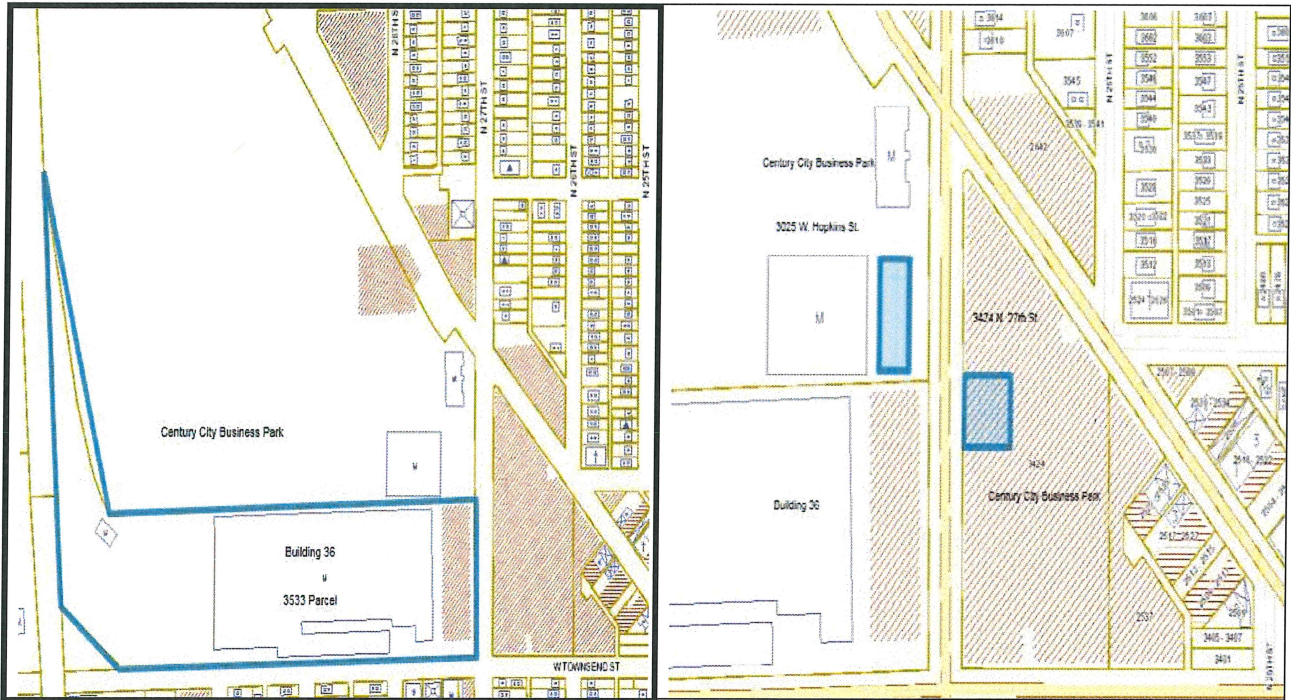


**LAND DISPOSITION REPORT  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE**  
August 28, 2017

**RESPONSIBLE STAFF**  
Benjamin Timm, Project Manager, RACM

**PARCEL ADDRESS AND DESCRIPTION**  
3533 North 27<sup>th</sup> Street – Tax Key #269-0442-000 (the “3533 Parcel”):  
A portion of 3025 W. Hopkins St. – Tax Key #269-0453-000 (“RACM Owned Parking Lots”)  
A portion of 3424 N. 27<sup>th</sup> St. – Tax Key #285-1724-120 (“RACM Owned Parking Lots”)



**Parcel Boundaries =** 

**LESSEE**  
Talgo, Inc. is a Spanish manufacturer of intercity, standard, and high-speed passenger trains. Talgo was founded in 1941 and currently employs over 1,400 people worldwide. Talgo trains provide daily service for passengers in Spain, Portugal, France, Germany, Kazakhstan, Canada, and the United States. They maintain U.S. business offices in Seattle, Washington, D.C. and Orlando. Talgo has been a tenant at the Century City Business Park in Milwaukee since 2010 where they manufactured Series 8 trainsets and employed more than 40 people. The Series 8 trainsets are currently operating on Amtrak's Cascades Corridor between Eugene, Oregon and Vancouver, British Columbia.

**PROJECT DESCRIPTION**

Talgo will lease the property and facilities at 3533 North 27th Street ("3533 Parcel") owned by the Century City Redevelopment Corporation ("CCRC") where they will refurbish subway cars for the Los Angeles County Metropolitan Transportation Authority ("LACMTA"). The LACMTA contract requires Talgo to improve the performance of 74 vehicles by replacing and/or overhauling the units' critical systems and subsystems. The Century City Business Park facility is set up as a rail maintenance facility and offers flexibility for growth. Talgo anticipates hiring 40 employees and are currently working with Employ Milwaukee and other agencies to find local workers.

Talgo will also lease parking lots owned by the Redevelopment Authority of the City of Milwaukee ("RACM") adjacent to the 3533 parcel for employee parking and oversized truck turning.

**GENERAL LEASE TERMS AND CONDITIONS**

Talgo will lease the 3533 North 27<sup>th</sup> Street Parcel and operate within 139,850 s.f. of finished space within Building 36. RACM will lease two Parking Lots adjacent to the 3533 Parcel.

Talgo shall pay Rent to CCRC for the 3533 Parcel at the rate of \$349,625 per year or \$29,135.42 per month.

Talgo shall pay Rent to RACM for the Parking Lots at the rate of \$1,000 per month.

Talgo shall pay for maintenance, repairs, inspections, cleaning, snow removal, grass cutting, pest control, utilities, and security associated with the 3533 Parcel and Parking Lots as stated in the lease.

The term of this Lease is four (4) years beginning October 1, 2017 and ending September 30, 2021. Talgo has the ability to extend the lease on a month-to-month basis for up to 12 additional months.

CCRC has allowed Talgo to continue its occupancy under the 2015 Lease during the period from June 1, 2017 to September 30, 2017.

Talgo's use of the 3533 Parcel portion of the Premises shall be for the assembly, overhauling, repair, refurbishment, and storage of trainset equipment and supplies. Talgo's use of the Parking Lots is for vehicular parking to serve Talgo's operations at the 3533 Parcel.

CCRC may lease a 5,000 s.f. portion of Building 36 to a Possible Other Tenant (or an entity owned, managed and controlled by the Possible Other Tenant), in which case:

- 1) Talgo's monthly rent for the 3533 Parcel shall decrease by \$12,500, and the Possible Other Tenant shall pay CCRC that \$12,500 for monthly rent for the Possible Other Tenant Space.
- 2) Talgo shall bill Possible Other Tenant for 4% of Talgo's utility, security, janitorial, garbage removal, snow removal, and landscaping expense for the 3533 Parcel and Possible Other Tenant shall pay same directly to Talgo.

**DUE DILIGENCE CHECKLIST**

**Address: 3533 North 27<sup>th</sup> Street – Tax Key #269-0442-000 (the “3533 Parcel”):**

**A portion of 3025 W. Hopkins St. – Tax Key #269-0453-000 (“RACM Owned Parking Lots”)**

**A portion of 3424 N. 27<sup>th</sup> St. – Tax Key #285-1724-120 (“RACM Owned Parking Lots”)**

<p>The Commissioner's assessment of the lease rate.</p>	<p>The lease rate will remain the same as the 2015 lease amendment. In addition, Talgo will take on the responsibility for maintenance, repairs, inspections, cleaning, snow removal, grass cutting, pest control, utilities, and security associated with the properties.</p>
<p>Full description of the project.</p>	<p>Talgo will lease the property and facilities at 3533 North 27th Street where they will refurbish subway cars for the Los Angeles County Metropolitan Transportation Authority. The Century City Business Park facility offers flexible space that is set up as a rail maintenance facility. The property provides Talgo with room to expand and diversify their business opportunities. They anticipate hiring 40 employees for the LACMTA contract.</p>
<p>Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.</p>	<p>Talgo will use the 3533 Parcel for the assembly, overhauling, repair, refurbishment, and storage of trainset equipment and supplies. Talgo will use the Parking Lots for vehicular parking to serve Talgo's operations at the 3533 Parcel. Talgo does not expect any new construction at this time, but may complete facility upgrades as needed at their expense.</p>
<p>Tenant's History</p>	<p>Talgo, Inc. has been in business since 1941 and has been a responsible tenant at the Century City Business Park since 2010.</p>
<p>Capital structure of the project, including sources, terms and rights for all project funding.</p>	<p>Not applicable.</p>
<p>Project cash flows for the lease term for leased property.</p>	<p>Not applicable.</p>
<p>List and description of project risk factors.</p>	<p>The property would become vacant and CCRC and RACM would incur the expense of maintaining a vacant facility. This includes heating large industrial spaces during the Winter months. Talgo currently employs 18 people in Milwaukee and these people could lose their jobs.</p>
<p>Tax consequences of the project for the City.</p>	<p>Not applicable.</p>