

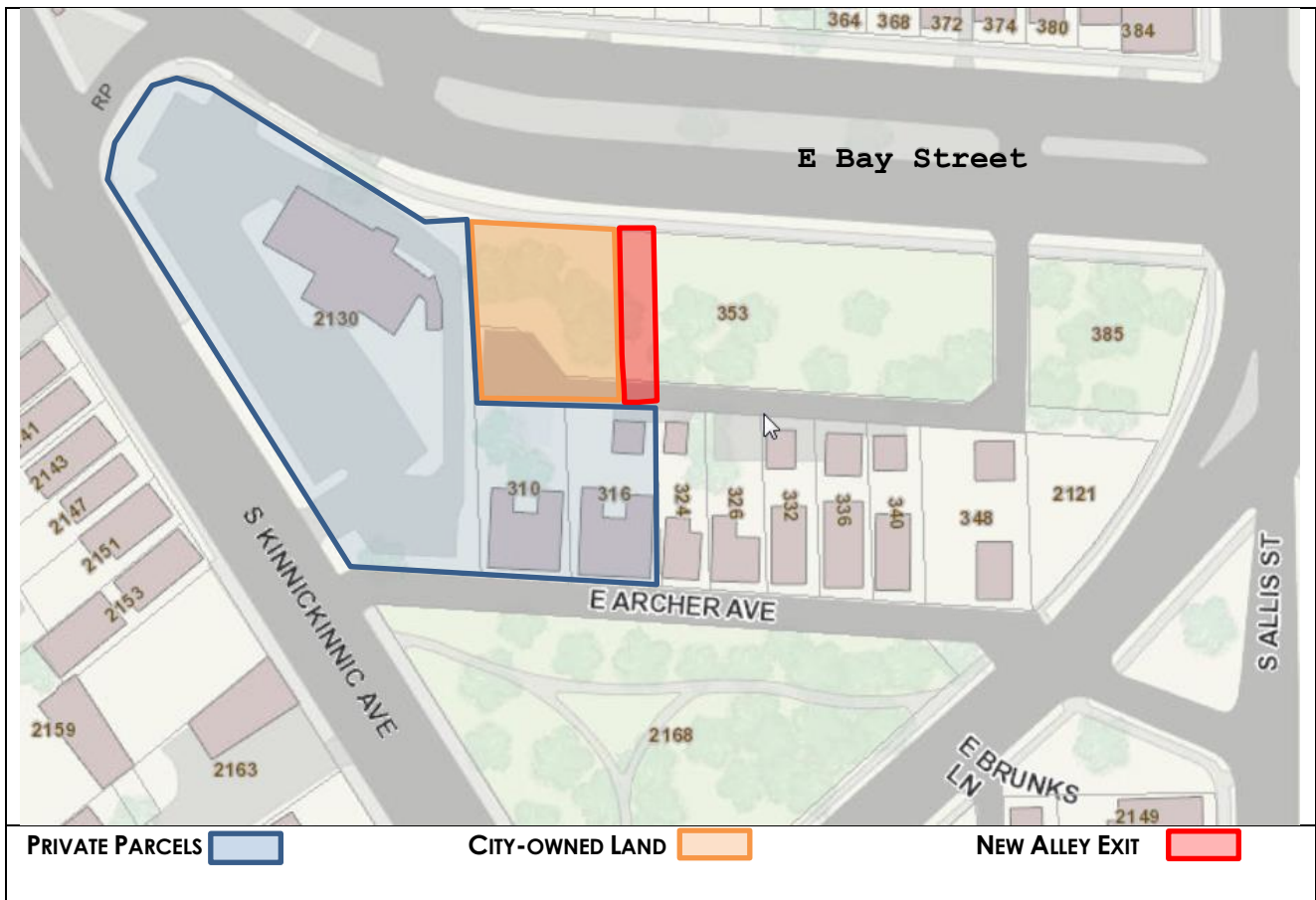
**LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

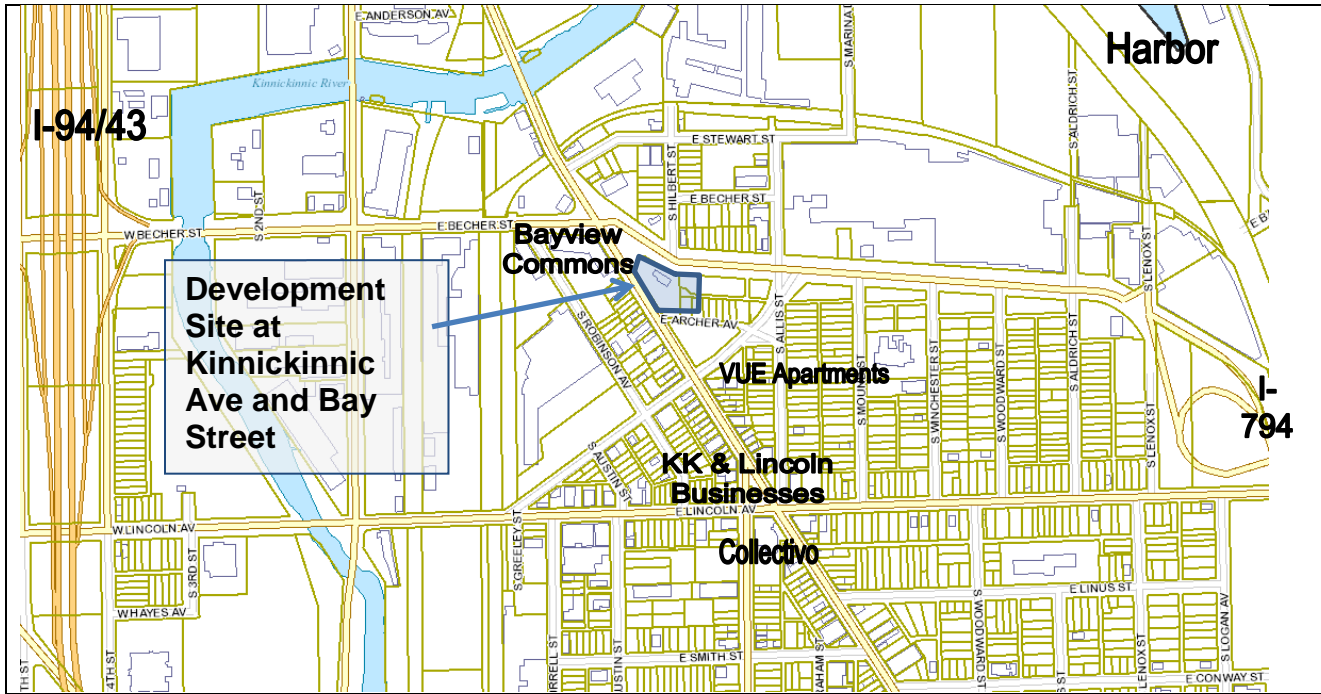
DATE
July 25, 2017

RESPONSIBLE STAFF
Yves LaPierre, Department of City Development Real Estate

PARCEL ADDRESS & DESCRIPTION

353 East Bay Street (part). City-owned, vacant parcel created when Bay Street was widened in 1957. At the time of street widening, parcels were purchased by the City and houses on those parcels were demolished to accommodate the Bay Street expansion project. Using a certified survey map, the Developer will combine 105 feet of 353 East Bay Street with 2130 South Kinnickinnic Avenue and 310 to 316 East Archer Avenue into a single parcel for the development site and to accommodate a new exit leg of the alley. As part of the project, the Developer agrees to relocate and reconstruct the alley at its own cost.





BUYER

The Buyer is New Land Enterprises, LLP (hereinafter either “NLE” or “Developer”), a development firm with a long history of projects in Milwaukee. NLE has developed projects in Milwaukee since 1993 and manages a large portfolio of vintage apartment buildings, along with notable landmarks like the Oriental Theater. NLE has competed in and won numerous City RFP competitions. Projects range from condominium projects in the Beerline to the Third Ward, Kilbourn Tower on the Lakefront and recently the Rhythm and Trio apartment developments. NLE is headed by Boris and Tim Gokhman. Korb and Associates is the architect for the project at South Kinnickinnic Avenue and East Bay Street.

PROJECT DESCRIPTION

NLE will combine 105 feet of 353 East Bay Street with 2130 South Kinnickinnic Avenue and 310 to 316 East Archer Avenue into a single parcel using a certified survey map. Mixed-use development will be a six-story structure, with 15,000 square feet of first floor commercial space, 183 parking spaces on the ground and second levels and up to 144 residential units on the upper floors. Residential units will be primarily one and two-bedroom units and rents will be market rate.



Project View at intersection of Kinnickinnic Avenue and Bay Street



View Looking North Along Kinnickinnic Avenue



View Looking West Along Bay Street

Estimated project costs are \$25 million. Project will be financed with Developer equity and private financing. Developer agrees to enter into a Human Resources Agreement with the City in which Developer agrees to use best efforts to use Small Business Enterprises for 25 percent of the construction and supply costs and 18 percent of professional services costs and to use unemployed and underemployed residents for no less than 40 percent of total "worker hours," pursuant to the City's Residents Preference Program.

OPTION TERMS AND CONDITIONS

The purchase price for the City land is \$161,500 and the Developer is responsible for all costs associated with development, including the vacation, dedication, relocation and construction of the adjacent City alley. Sale proceeds, less sale expenses, will be deposited in the City General Fund.

City will convey the property via quit claim deed in an "as is, where is" condition, with no warranties or representations, express or implied, and with all faults and defects, including environmental and geotechnical conditions, known or unknown. Such provisions shall bar all tort, warranty and misrepresentation claims, including any action based on non-disclosure. No additional environmental investigation shall be conducted by the City. Developer shall be responsible for all closing costs. The deed will include a restriction prohibiting the Developer or its successors or assignees from applying to the City for tax-exempt property status. The City has provided the Developer with an Historic Land Use Investigation.

City closing contingencies include Developer preparation of a certified survey map, DCD approval of final site and building plans, evidence of firm financing and equity, completion of the alley's relocation, dedication and construction. Evidence of firm financing and equity may include a first mortgage loan commitment and construction loan commitment, or any other documentation satisfactory to the Department of City Development ("DCD") Commissioner to demonstrate project financing is secured.

A Purchase and Sale Agreement will be negotiated and executed prior to closing. The Purchase and Sale Agreement will require Developer's submission of a \$10,000 Performance Deposit that will be returned once Developer obtains the certificate of occupancy. City shall have a retained reversionary interest in the property to guarantee Developer's performance. City's reversionary right is a material provision to the conveyance of the property, without which, the City would not have entered into this transaction. Final site and building plans must be consistent with the preliminary plans the Developer submitted to obtain the option to purchase and conform to the approved Detailed Planned

Development zoning.

Closing shall occur on or before 12/31/2017. If the Developer is unable to close on or before 12/31/2017, the Developer may submit to the DCD Commissioner a written request for up to two (2) three (3) month extensions of this Land Disposition Report for the closing. Extension will require a \$500 non-refundable renewal fee per extension request and submission of a progress report on the Developer's efforts to secure firm financing and prepare final site and building plans. The DCD Commissioner shall grant the extension for the closing if Developer's progress can be verified. The renewal fee shall not be credited toward the purchase price.

Failure to comply with the schedule or any terms and conditions outlined in this Land Disposition Report, or any City policy generally applied to conveyance of City-owned land per Wisconsin Statutes or Milwaukee Code of Ordinances, terminates the Developer's interest in the property.

DUE DILIGENCE CHECKLIST – KINNICKINNIC AVENUE AND EAST BAY STREET

Market value of the property.	The property is 8,500 square feet located in the Bay View Neighborhood, in the 14th Aldermanic District. The property is being sold "as is, where is," without any guarantees. Sales price for the property is \$161,500 or approximately \$19.00 per square foot. Sales price is based on the price paid by Dermond Property Investments for City-owned land in 2016, so it could assemble a development site for the VUE apartments, which are one block south of NLE's proposed development.
Full description of the development project.	Mixed-use development will be a six-story structure, with 15,000 square feet of first floor commercial space, 183 parking spaces on the ground level and second level and up to 144 residential units on the upper floors. Residential units will be primarily one and two-bedroom units and rents will be market rate. Green roof for storm water management and for tenants' use. Landscaping along property perimeter. Vacation, dedication, relocation and construction of the adjacent City alley.
Complete site, operations and scope of work for development.	Please see the Land Disposition Report for details.
Developer's project history.	NLE has developed numerous projects in Milwaukee since 1993. Notable projects include: <ul style="list-style-type: none"> • Lyon Court Condominiums • Crescent Condominiums • Jefferson Block Apartments • Kilbourn Tower • Cathedral Square Condominiums • Rhythm Apartments • Trio Apartments
Capital structure of the project, including sources, terms and rights for all project funding.	NLE will fund the project with its own equity and private financing.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	Department of City Development staff determined that there is very low risk in selling the property to NLE, based on the Developer's track record developing previous projects in Milwaukee and ability to finance and complete projects in a timely manner. Sale of City land will allow a more substantial development at this location.
Tax consequences of the project for the City.	The deed of conveyance will contain a restriction prohibiting the Developer, its assignee or its successors from applying to the City for tax-exempt property status. Development of City land and adjacent property with a new mixed-use retail/residential project will greatly increase taxable value of property.