

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

DATE

July 6, 2016

RESPONSIBLE STAFF

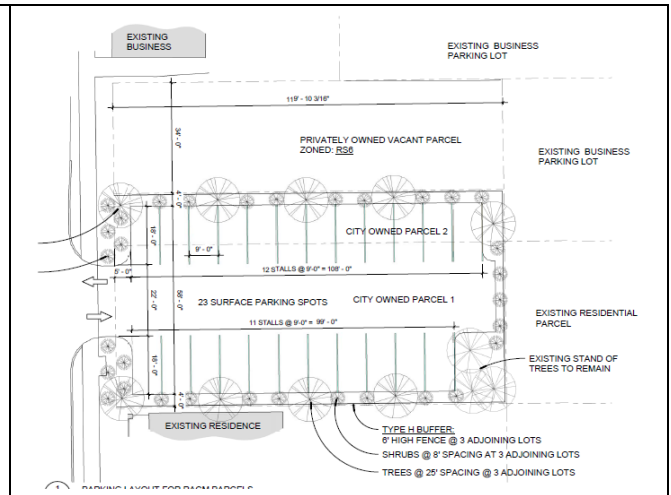
Yves LaPierre, Program Manager, Department of City Development

PROPERTIES

2242 and 2246 North 16th Street: Two City-owned vacant lots acquired through tax foreclosure in 1989 and 1997, respectively. The lots total 8,167 square feet and are located in the Triangle North neighborhood.



Wellness Commons and Parking



Parking Lot Plan



Walnut Way, Innovations and Wellness Commons (Phase I and II)

BUYER

Wellness Commons, LLC, organized by Walnut Way Conservation Corps, which is dedicated to revitalizing the area surrounding North Avenue and 17th Street. Walnut Way has been active in the area for years and was organized in 1999, and this is its first major development project.

PROPOSED DEVELOPMENT

Development of a parking lot to support the Innovations and Wellness Commons (the "Wellness Commons") project. Phase II of the Wellness Commons is an expansion onto the existing parking lot at the southwest corner of 16th Street and North Avenue. Phase II is a 12,000 square-foot development estimated to cost \$4,200,000 (includes all construction costs as well as larger development fundraising goals). Phase II Wellness Commons tenant-partners include the Milwaukee County Office of Engineering for Kids, Inc., the nonprofit Milwaukee JobsWork, CORE/EI Centro's north side natural healing center, Walnut Way's community outreach offices and offices for local health and wellness practitioners. The project is financed with an innovative and cooperatively based funding model that uses a combination of philanthropy, Federal and State grants and community funding. The Wellness Commons project is being developed by Walnut Way in partnership with Juli Kaufmann of Fix Development.

OFFER TERMS AND CONDITIONS

The purchase price is \$1,000. A Purchase and Sale Agreement will be executed with Wellness Commons to outline performance obligations and assure satisfactory compliance through reversion of title power. A Certificate of Code Compliance must be provided within eighteen months following the closing as evidence of satisfactory redevelopment and conformance with City of Milwaukee ("City") code. Conveyance will be by quit claim deed on an "as is, where is" basis, with a deed restriction prohibiting tax-exempt status. The sale proceeds, less sale expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Delinquent Tax Fund.

DUE DILIGENCE CHECKLIST**ADDRESSES: 2242 AND 2246 NORTH 16TH STREET**

Market value of the property.	Two City-owned vacant lots acquired through tax foreclosure in 1989 and 1997, respectively. The lots total 8,167 square feet. The property is being sold "as is, where is," without any guarantees. The \$1,000 sales price is based on similar sales of City-owned vacant lots to adjoining businesses.
Full description of the development project.	Development of a parking lot to support the Wellness Commons project at 16 th and North. Phase 1 of Wellness Commons has been successfully completed by the partnership of Walnut Way and Juli Kaufmann of Fix Development.
Complete site, operations and scope of work for development.	Please see the Land Disposition Report for details.
Developer's project history.	Juli Kaufmann of Fix Development is partnering with Walnut Way on Phase II of Wellness Commons. Juli Kaufmann has been part of many development teams with success at multiple Walker's Point projects, including 602 South 3 rd Street (Fix Development office); 130 West Bruce Street (Clock Shadow building); and 205 South 2 nd Street (Purple Door Ice Cream building). Also, she successfully co-developed Phase I of Wellness Commons and is currently developing a separate project at 1848 West Fond du Lac Avenue, a former City-owned tax foreclosure known as the Wally Schmidt Tavern set to open this summer.
Capital structure of the project, including sources, terms and rights for all project funding.	Development of The Innovations & Wellness Commons at 1601-1617 West North Avenue, Milwaukee, is based upon an innovative and cooperatively based funding model that uses a combination of philanthropy, Federal and State grants and community funding. To date, Walnut Way has raised nearly \$2.0 million in private funds towards the goal of \$4.2 million for Phase II. This includes generous grants and gifts from Zilber Family Foundation, The Lynde and Harry Bradley Foundation, Herbert H. Kohl Charities, Inc., Astor Street Foundation, The Brookby Foundation and Lynde Uihlein. Letters of interest for financing up to \$1 million have been received and the project team is currently working with a capital campaign committee to raise the final project funds.
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 low risk in selling the properties to Wellness Commons, based on the experience of its development team and committed funds. Walnut Way and Wellness Commons have been a stabilizing force in the neighborhood and this project will catalyze more development in the area.
Tax consequences of the project for the City.	The deed of conveyance will contain a restriction prohibiting the Buyer, its assignee or its successors from applying to the City for tax-exempt property status. Thus, formerly vacant, tax-exempt properties will be returned to the property tax rolls.