

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

DATE

January 13, 2015

PROPERTY

3126-32 West Pierce Street: A 5,721 SF building on a 15,266 SF lot. The brick building was constructed in 1875 and most recently was used as a rooming house and a tavern. The interior is severely deteriorated, but the exterior retains much of its original appearance. The property was acquired through tax foreclosure in October 2010.



3126 West Pierce Street

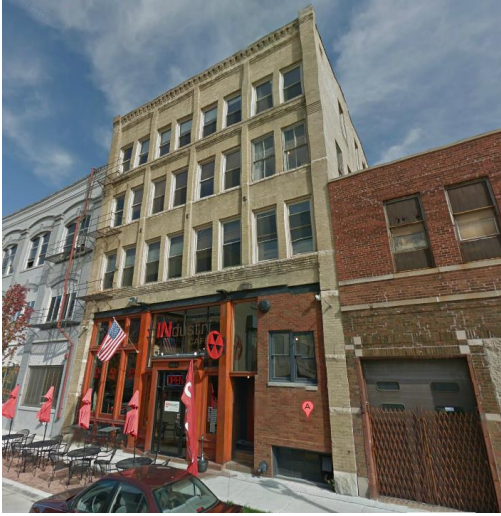


City Property

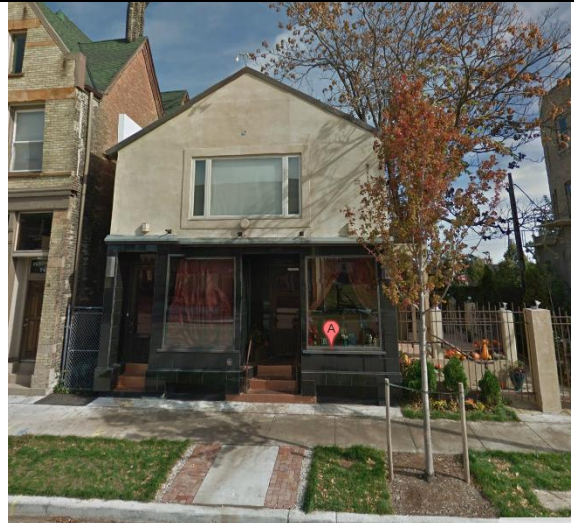
BUYER

3126 Pierce LLC – a limited liability company created by Dieter Freiderich Wegner III to acquire and rehabilitate the property. Mr. Wegner has purchased and renovated several historic, cream-city brick buildings in the Walker’s Point neighborhood. His renovated buildings consist of ground floor commercial with office space and residences on the upper floors. Mr. Wegner owns AL TEC Building Services, Inc., a construction and roofing company, which is located in Milwaukee. His company has been in business for over 25 years.

Properties renovated by Dieter Wegner in the Walker's Point Neighborhood



524 South 2nd Street



704-710 South 2nd Street



712-718 South 2nd Street



719 South 5th Street

PROPOSED DEVELOPMENT

Gut rehabilitation of the interior of the existing building to provide four loft-living units to be rented at market rates. Exterior of the building will be preserved and historic photos will be used to guide window and door installation along with porch reconstruction. Grounds will be landscaped and parking will be provided at the rear of the building.


Total project budget is based on a scope of work that totals \$182,000. The project will be financed by conventional loans and the buyer's funds.

OFFER TERMS AND CONDITIONS

The purchase price will be \$9,500. Property was listed at \$15,000 based on property square footage and condition.

A purchase and sale agreement will be executed with the buyer to outline performance obligations and assure satisfactory compliance through reversion of title power. A Certificate of Occupancy must be provided within twelve months following closing as evidence of satisfactory renovation and conformance with City of Milwaukee code. A \$1,000 performance deposit will be required. The City shall provide the buyer with its Historic Land Use Investigation, rather than provide an independent Phase I environmental site assessment. Conveyance will be by quit claim deed on an "as is, where is" basis with a deed restriction prohibiting tax-exempt status. Property is subject to an access easement to the City's neighboring properties. The sale proceeds, minus a 30 percent fee to the Redevelopment Authority, will be provided to the Tax Deed Fund.

DUE DILIGENCE CHECKLIST

B-1	<p>Market Value Determination \$9,500 based on submitted offer. The property was listed at an asking price of \$15,000, but the offer was determined reasonable based on the property's deteriorated condition and obsolete use.</p>
B-2	<p>Full Description of Project See above Land Disposition Report.</p>
B-3	<p>Architectural Renderings/Property Operations No structural modifications will be made to the facades visible from the street. Exterior renovations will be based on historic photos of the property (see below). Interior will be a complete gut rehabilitation and renovation into four loft-living units. The site improvements will generally remain the same with added landscaping and paved parking at the rear of the building.</p> 
B-4	<p>Developer's Development Project History The principal of the limited liability company, Dieter Wegner, has successfully renovated several historic, cream city brick properties in Walker's Point, including 524 South 2nd Street, 704-10 South 2nd Street, 712-18 South 2nd Street and 719 South 5th Street.</p>
B-5	<p>Capital Structure Project will be financed with a conventional loan and personal funds. The principal has submitted evidence of his equity and personal letter of credit. "Sweat equity" also will be provided by Mr. Wegner's construction company, AL TEC Building Services, Inc.</p>
B-6	<p>Lease Terms & Cash Flow Not applicable.</p>
B-7	<p>Project Risk Factors Low risk based on buyer's previous experience buying and renovating similar structures. Risk may be associated with financing difficulties and additional repairs discovered during renovation of the structure.</p>
B-8	<p>Tax Consequences to the City The project will be fully taxable and conveyance will be subject to a deed restriction prohibiting application to the City for an exemption from real property taxation.</p> <p>If assessed at the project cost of \$182,000, estimated taxes based on the 2013 tax rate (\$30.62 per \$1,000 of assessed value) would be approximately \$5,572.</p>