

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

DATE

March 7, 2022

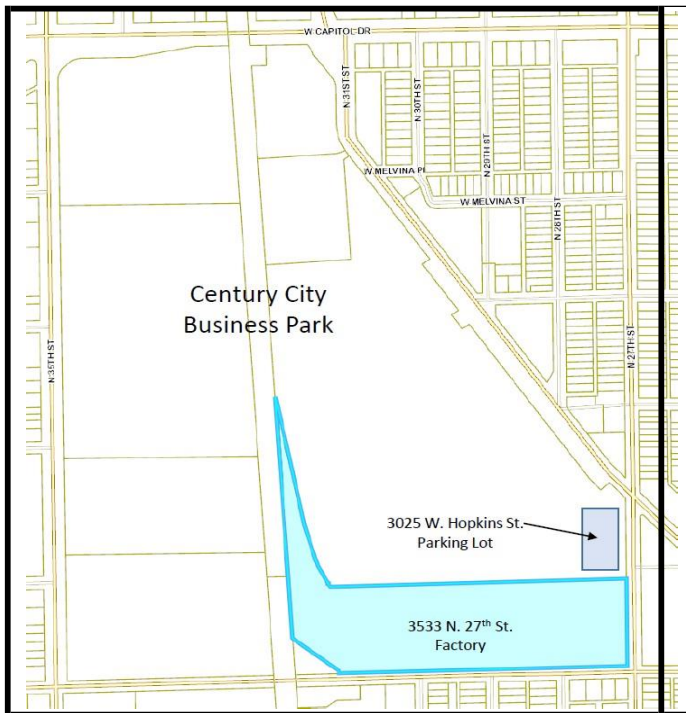
RESPONSIBLE STAFF

Benjamin Timm, Project Manager, Redevelopment Authority of the City of Milwaukee ("RACM")

PARCEL ADDRESSES AND DESCRIPTION

3533 North 27th Street – Tax Key #269-0442-000 (the "3533 Parcel")

A portion of 3025 West Hopkins Street – Tax Key #269-0453-000 ("Parking Lot")



**Parcel boundaries are shaded.

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 Milwaukee, Seattle, Washington, D.C. and Orlando. Milwaukee is the home of Talgo USA's manufacturing, assembly, and refurbishment activities. Talgo has been a tenant at the Century City Business Park since 2010 where they employed about 100 people. The company has invested more than one million dollars in facility upgrades and is currently working on a number of contracts from across the country, including Los Angeles Metro subway cars and Southern California Metrolink. In early 2022 Talgo announced it has created a relationship with Lagos, Nigeria and will be selling trains

and equipment to that region for their rail service. Talgo is a global brand that gives Milwaukee a unique competitive advantage in the passenger rail industry.

PROJECT DESCRIPTION

The Century City Business Park facility is set up as a rail maintenance facility and offers flexibility for growth. Talgo will lease the property at 3533 North 27th Street ("3533 Parcel") and a portion of 3025 West Hopkins Street ("Parking Lot") for employee and visitor parking. Talgo currently employs about 100 people and is working with Employ Milwaukee and other agencies to find additional workers.

GENERAL LEASE TERMS AND CONDITIONS

Talgo currently leases the 3533 Parcel and the Parking Lot under an October 1, 2017 agreement that was recorded with the Milwaukee County Register of Deeds on January 19, 2018 as Document No. 1010746068. In general, the Terms & Conditions of the 2022 lease are similar to the 2017 lease. See the attached *Talgo Lease 2022 – Comparison of General Terms & Conditions* sheet.

Talgo will lease the 3533 Parcel and operate within factory space and railyard. Talgo will also lease the Parking Lot, which is directly adjacent to the factory.

Talgo shall pay rent to RACM for the 3533 Parcel at the rate of \$362,000 per year or \$30,166 per month. There will be an annual rent escalator of 5 percent.

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

The term of this Lease is five (5) years beginning April 1, 2022 and ending April 2027. Talgo has the ability to extend the lease on a month-to-month basis for up to 12 additional months.

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

DUE DILIGENCE CHECKLIST

Addresses: 3533 North 27th Street – Tax Key #269-0442-000 ("3533 Parcel)
 A portion of 3025 West Hopkins Street – Tax Key #269-0453-000 ("Parking Lot")

The Commissioner's assessment of the lease rate.	The lease rate is slightly higher than the 2017 lease. An annual rent escalator of 5 percent has been added to the new lease. Talgo is making investments in the facility and is responsible for utility costs and building maintenance.
Full description of the project.	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 and other clients. 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 opportunities to diversify their business.
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	Talgo will use the 3533 Parcel for the assembly, overhauling, repair, refurbishment, and storage of trainset equipment and supplies. Talgo will use the Parking Lot for vehicular parking to serve Talgo's operations at the 3533 Parcel.
Tenant's History	Talgo, Inc. has been in business since 1941 and has been a responsible tenant at the Century City Business Park since 2010. Talgo has invested more than \$1,000,000 in facility improvements since 2018.
Capital structure of the project, including sources, terms and rights for all project funding.	Not applicable.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	The property would become vacant and RACM would incur the expense of maintaining a vacant facility. This includes heating large industrial spaces during the Winter months. Talgo currently employs about 100 people in Milwaukee and these people could lose their jobs.
Tax consequences of the project for the City.	Not applicable.