

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

DATE March 15, 2007

RESPONSIBLE STAFF

Dan Casanova (286-5921), Real Estate

REDEVELOPMENT PROJECT AREA

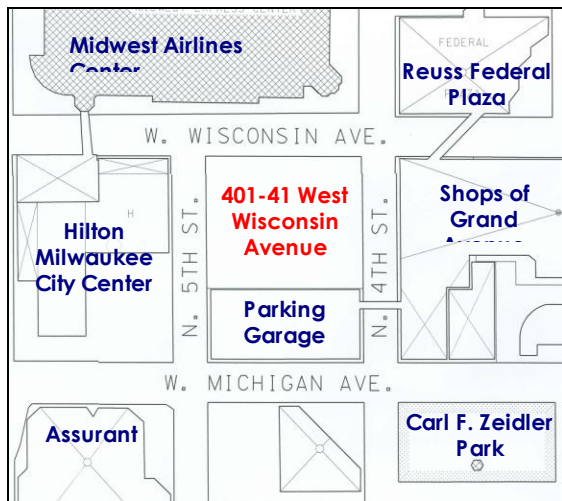
North 5th Street – West Wisconsin Avenue Redevelopment Project for which a Redevelopment Plan was recorded in the Milwaukee County Register of Deeds Office on December 1, 1981 as Document No. 5313949 (as amended by Amendment No. 1, recorded on November 8, 1982 as Document No. 5575434).

PROPERTY AND HISTORY

401-441 West Wisconsin Avenue: An 86,400 square foot parking lot on the south side of Wisconsin Avenue between North 4th and North 5th Streets. The property is a major development site along Wisconsin Avenue in downtown Milwaukee and offers excellent proximity to the Midwest Airlines Center, the Shops of Grand Avenue and area businesses. Redevelopment of this property was listed as a Catalytic Project in the Milwaukee Downtown Plan (1999).

Previously, the Redevelopment Authority had advertised this property through a Request for Proposal (“RFP”) in early 1997 and received one proposal. That developer was unable to finalize financing and the Option lapsed. In February of 2004, RACM entered into a development agreement for the site with another party. That developer was unable to perform due to financial feasibility and environmental issues, so RACM and the developer agreed to terminate the agreement.

On November 15, 2005, RACM issued another RFP, for which two proposals were received. The proposal from The Ghazi Company, LLC (described below) was chosen because it best met the criteria set forth in the RFP related to proposed use and urban design guidelines.



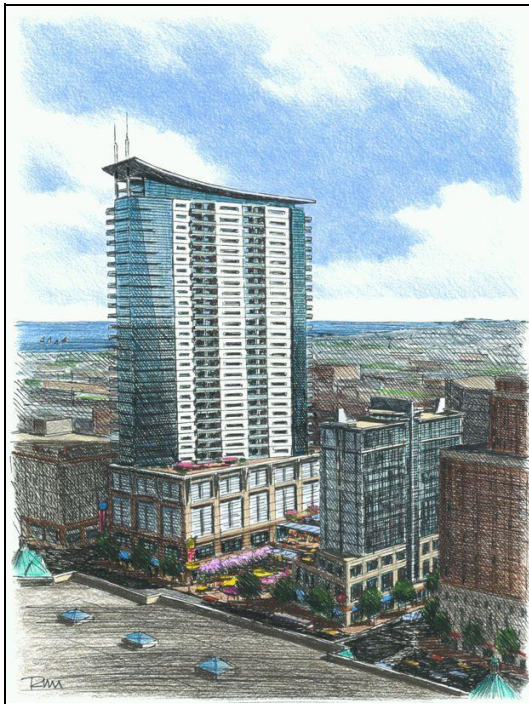
REDEVELOPER

The Ghazi Company, LLC (“Ghazi”), from Charlotte, North Carolina, whose President is Afshin Ghazi. Ghazi has completed several mixed-use centers in North Carolina. Its most ambitious project, the EpiCentre, is currently under construction in downtown Charlotte. When completed, the EpiCentre will have 400 residential units, major multi-level retail/entertainment and a boutique hotel on one city block. The developer’s website is: www.theghazicompany.com

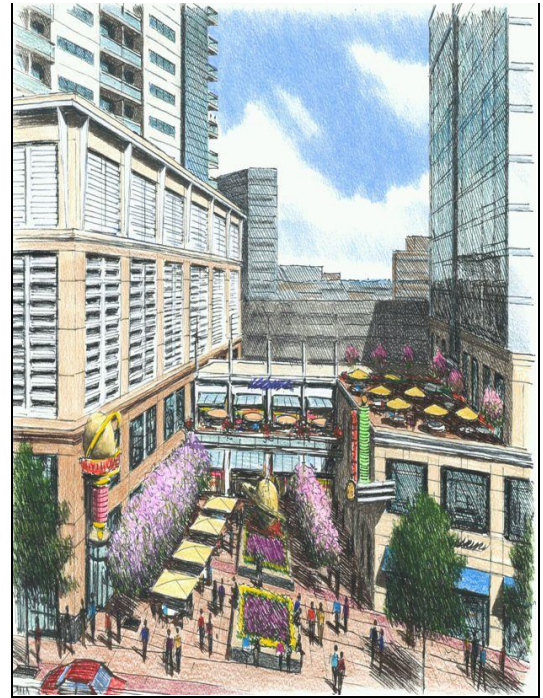
PROJECT DESCRIPTION

A mixed-use building preliminarily consisting of approximately 175 boutique hotel rooms, 200 residential units, 100,000 SF of retail/entertainment and associated structured parking. The final mix of the building will be determined during the Contingency Period of the Agreement (explained in more detail below). Redeveloper and RACM/City will cooperate on the placement and construction of a public, pedestrian, transit station and provide any necessary easements to the City of Milwaukee for that station. Estimated project cost is \$120 million and the Redeveloper will be required to meet RACM's Emerging Business Enterprises (EBE) goal of 18%. Under this scenario, an estimated 300 jobs would be created in the hotel and retail/entertainment areas. In addition, the proposed project would have the following benefits:

- \$2.2 million in annual property taxes
- \$731,000-1,958,000 in annual sales taxes
- \$400,000 in annual hotel taxes
- \$13.3 million in annual direct guest spending
- \$22.2 million in annual indirect guest spending



Preliminary Rendering



Preliminary View of Ground Floor

TERMS AND CONDITIONS

The purchase price is \$1.00. While the asking price was \$3,456,000, a credit has been given due to environmental issues on the site, site preparation costs and for proposed public improvements. The Redeveloper will enter into a Purchase, Sale and Development Agreement ("Agreement") with RACM after RACM and Common Council approval of this Land Disposition Report, which Agreement shall be consistent herewith. The Agreement will contain Redeveloper contingencies for environmental and geotechnical investigations, financing, obtaining necessary zoning approval, signage approval, RACM approval of final building plans and other similar contingencies. The Agreement will contain the following deadlines (while these are the agreed upon deadlines outlining when certain milestones must be reached, we expect many of them to be completed before their deadline and anticipate construction will begin in 2008):

- July 1, 2007*: Conceptual Architectural Site Plan Due and Notification whether adjacent parking garage will be part of the project
- September 1, 2007*: Preliminary Drawings and Elevations Due
- November 1, 2007*: Preliminary Budget/Evidence of Financing Due

- March 1, 2008*: Updated Preliminary Drawings, Budget and Financing Due
- May 1, 2008: Contingency Deadline of zoning, financing, signage approvals and other similar entitlements
- May 1, 2009*: RACM Approval of Final Drawings, Budget and Financing
- June 1, 2009: Closing
- June 15, 2009: Commencement of Construction
- December 1, 2011: Completion of Construction

*Dates when drawings are due are approximate and are subject to reasonable adjustment by mutual agreement of RACM and the Redeveloper.

In the event the Redeveloper elects to proceed with the project on a fast track basis, the Redeveloper will be permitted to accelerate the closing date and purchase the property for \$1.00; in which case RACM will have a reversionary right if the Redeveloper does not meet the deadlines.

The Agreement also will contain other typical RACM remedies including a reversionary clause. An earnest money deposit of \$25,000 will be required upon signing of the Agreement and shall be credited toward the Performance Deposit at closing. In total, a \$50,000 Performance Deposit will be required at closing to guarantee satisfactory completion of the improvements.

PAST ACTIONS

The Redevelopment Authority held a public hearing on March 15, 2007, after which it conditionally approved entry into the Purchase, Sale and Development Agreement with the named Redeveloper.

FUTURE ACTIONS

Upon approval by the Common Council and any other required approvals by regulatory bodies, RACM, with the assistance of the City Attorney's office, will prepare the Agreement consistent with the above.