

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

DATE

October 3, 2019

RESPONSIBLE STAFF

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REDEVELOPMENT PROJECT AREA

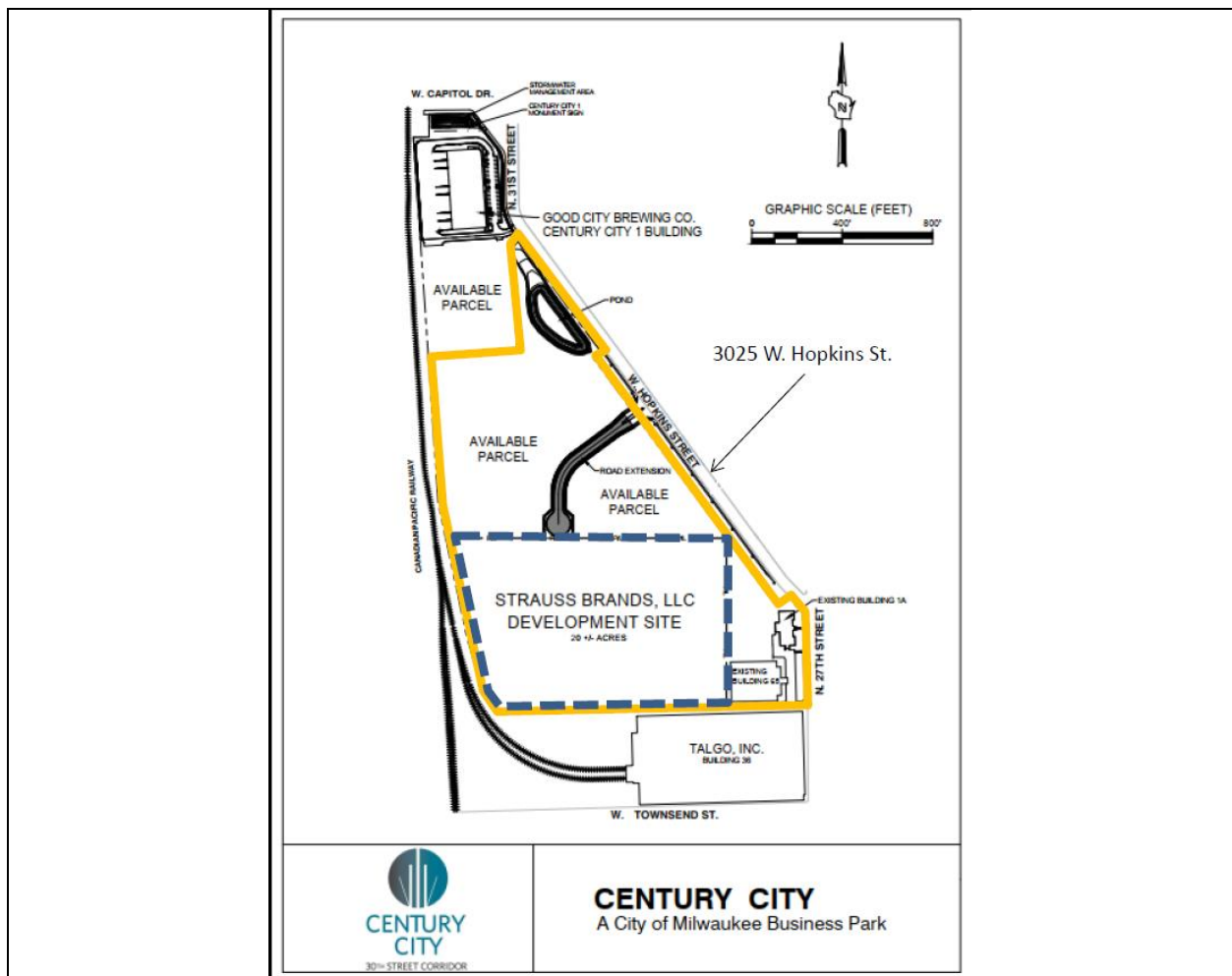
35th & Capitol (Century City) Redevelopment Project Area

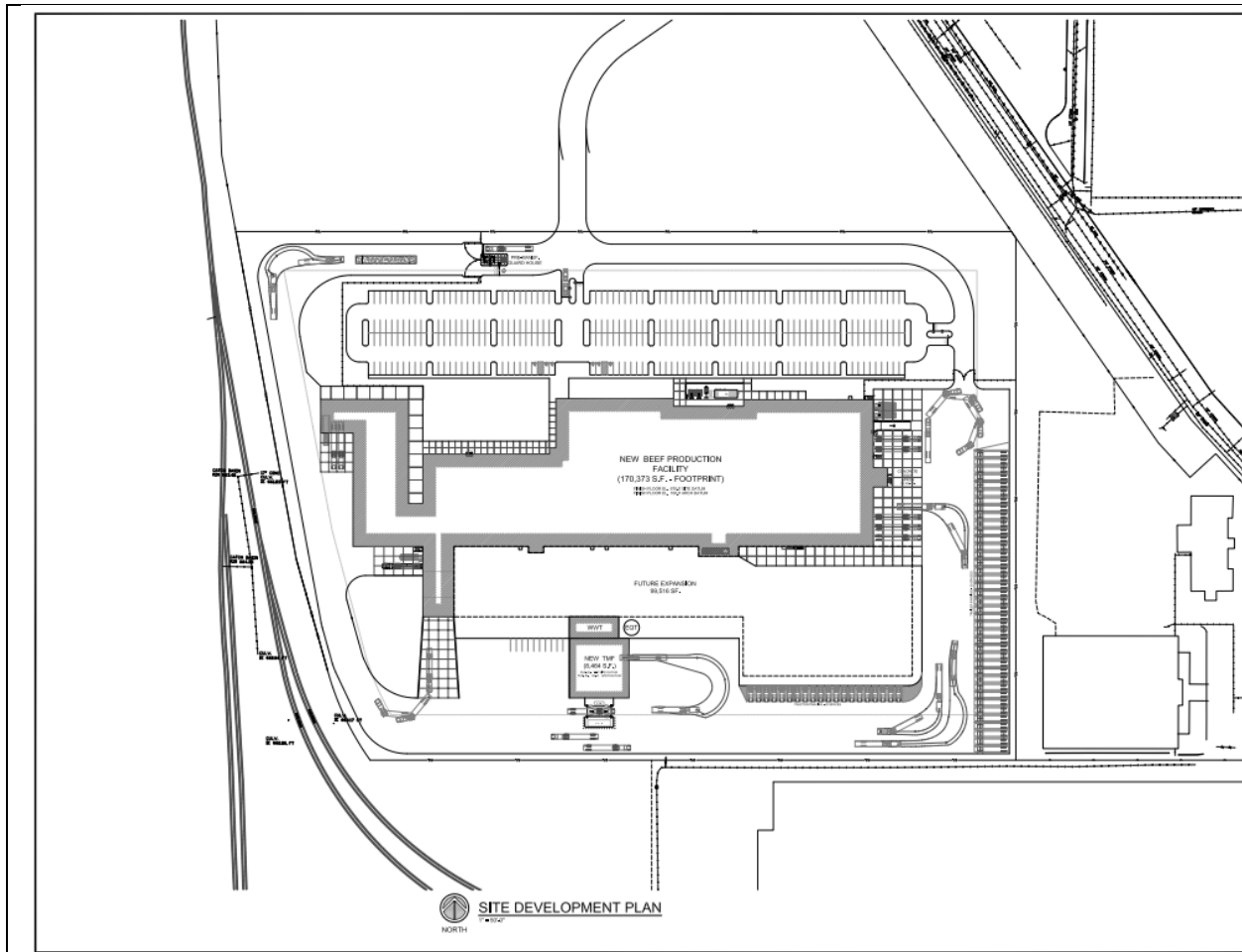
PARCEL ADDRESS AND DESCRIPTION

Address: Part of 3025 West Hopkins Street

Tax Key No.: 269-0453-000

3025 West Hopkins Street (the "Property") is owned by the Redevelopment Authority of the City of Milwaukee ("RACM") and was created by Certified Survey Map No. 8629 in 2014. The parcel is zoned Industrial-Heavy ("IH") and is 45.2 acres. This parcel will be divided into four new lots to accommodate future development. This Land Disposition Report anticipates the sale of approximately 20 acres (labeled "Development Site" on the attached map).





CENTURY CITY BUSINESS PARK

RACM acquired 84 acres of the former A.O. Smith/Tower Automotive site, subdivided it, and undertook an initiative to transform the site into a modern business park. RACM demolished 2.1 million square-feet of dilapidated buildings, removed footings and foundations, and conducted soil and groundwater remediation. The City worked to eliminate hurdles and make site development more efficient by creating a stormwater management facility to serve future businesses and by improving streets, sidewalks, storm sewers, water supply, electrical, gas, street lighting, and telecommunications.

Century City has multiple businesses that employ hundreds of people. They include Talgo, Inc., Good City Brewing, City of Milwaukee Department of Public Works, CSC Milwaukee MTESS, and Pak-Technologies. The site is surrounded by strong residential neighborhoods and supported by Business Improvement District #37 (the “Corridor”). Century City is located in a federally designated Opportunity Zone. Strauss Brands, LLC (the “Buyer”) would be the second company at Century City to utilize the Opportunity Zone incentive.

Food and beverage manufacturing is identified as a target industry and cluster for Century City. The 30th Street Industrial Corridor Economic Development Master Plan, the Growing Prosperity plan, and M7 identify the food and beverage industry as area where Milwaukee is competitive and Century City provides one of the largest footprints in the City of Milwaukee to attract new and expanding businesses.

BUYER AND PROJECT DESCRIPTION

The Buyer is a leading producer of specialty meats including American grass-fed and organic beef, as well as veal and lamb. Strauss supplies a mix of retail and food service customers throughout the United States. Established in 1937, Strauss has been family owned and operated for 82 years. A private equity firm, Insight Equity Holdings, LLC, recently bought a majority share of the company; however the Strauss family

has retained a significant ownership position. Randy Strauss remains in his role as 3rd generation co-owner, Chief Executive Officer, and President.

The Buyer currently employs more than 250 employees at an existing facility in suburban Milwaukee. They are currently out of space and need to modernize their operation. They plan to consolidate their operations (processing, warehousing, logistics, & offices) at Century City. They are proposing to construct an approximately 170,000 square-foot industrial and office facility on approximately 20 acres. The site will also allow for future expansion. Initially, the Company plans to employ 250 people at Century City, which would be increased over time.

There is a developer funded Tax Incremental District ("TID" No. 101) being proposed as part of this project. The TID incentive could increase as employment numbers rise over time. Many of the Buyer's employees are City of Milwaukee residents and Century City provides convenient and multi-modal access for the workforce. The mean salary for production, maintenance, quality control, shipping and logistics employees is about \$17.00/hour. Strauss is a union company and offers a full benefits package to employees. The Buyer explored a number of locations and determined that Century City offered the best opportunity to expand their business. The five year job projections will exceed the job goals of 15 jobs per acre described in the Century City Redevelopment Plan.

The Buyer understands that the proposed project may require additional City approvals in addition to the approval of the Land Disposition Report.

OFFER TERMS AND CONDITIONS

- A. A Purchase and Sale Agreement shall be executed between RACM and Strauss Brands, LLC to outline performance obligations and assure satisfactory compliance. The Property is being sold in an "as-is, where-is" condition and the purchase price is \$1.00.
- B. The Buyer expects to close on the real estate transaction and begin construction by the end of 2019.
- C. The Buyer shall comply with the terms and conditions described in the Term Sheet for the proposed TID, including but not limited to a Human Resources agreement to utilize Small Business Enterprises ("SBE") certified companies and to utilize workers in the Resident Preference Program ("RPP").

DUE DILIGENCE CHECKLIST**ADDRESS: PORTION OF 3025 WEST HOPKINS STREET****TAX KEY No.: 269-0453-000**

Market value of the property.	The Redevelopment Authority-owned property was created in 2014 as part of the Century City Business Park pre-development activities. The parcel is currently 45 acres but will be divided into four new lots. Strauss Brands, LLC will acquire approximately 20 acres with an option to acquire five additional acres within 10 years. The land is being sold "as is, where is." The sale price is \$1.00. There is some environmental work that will need to be completed as part of the buildout. The sale price is partly in consideration of the environmental work and because the company is bringing a large number of jobs to Century City.
Full description of the development project.	Strauss Brands, LLC will make a \$40,000,000+ investment at Century City with the development of a 170,000 square-foot animal processing facility. This will be a state-of-the-art facility that will include processing, portioning, packing, and the shipping of fresh meat products. Strauss' site plan includes an area for the future buildout of a 99,000 square-foot addition. The site also includes a truck maintenance garage and a check-in station for trucks. Strauss will bring 250+ jobs to Century City. The company anticipates growth and their incentive package is tied to bringing more jobs to the new facility.
Complete site, operations and scope of work for development.	Strauss will build a state-of-the-art facility. Live animals will be trucked into the site on an as-needed basis. Strauss is aware they are in an urban environment and will have a concealed animal loading area. The unloading area is at the west end of the property, behind the building, near the railroad corridor. USDA inspectors will be in the facility during regular operations. Trucks and employees will enter the facility from the north side of the site. RACM will build a new public right-of-way to serve the facility, as well as the other new lots. The new ROW will connect with West Hopkins Street. Many of the company's current employees reside in the City of Milwaukee. Century City offers multi-modal transit options for current and future employees.
Developer's project history.	Strauss Brands, LLC is a local company that has been in business since 1937. They currently operate a 41,000 square-foot facility in Franklin, WI and have other support facilities in the region. A large part of the company was recently acquired by an equity investor however the Strauss family still retains significant control of the company. Randy Strauss is the President and CEO.
Capital structure of the project, including sources, terms and rights for all project funding.	Project will be funded with the Developer's equity and private financing. TID No. 101 is being created to support this project and Century City is located in an Opportunity Zone.
Project cash flows for the lease term for leased property.	Not applicable.

List and description of project risk factors.	Strauss is making a significant investment in their facility and the Department of City Development staff determined that there is low risk in selling the property to Strauss.
Tax consequences of the project for the City.	TID No. 101 will be created to support this project. The City will require the company to enter into a PILOT agreement in the event the property becomes tax-exempt during the original term of the TID.