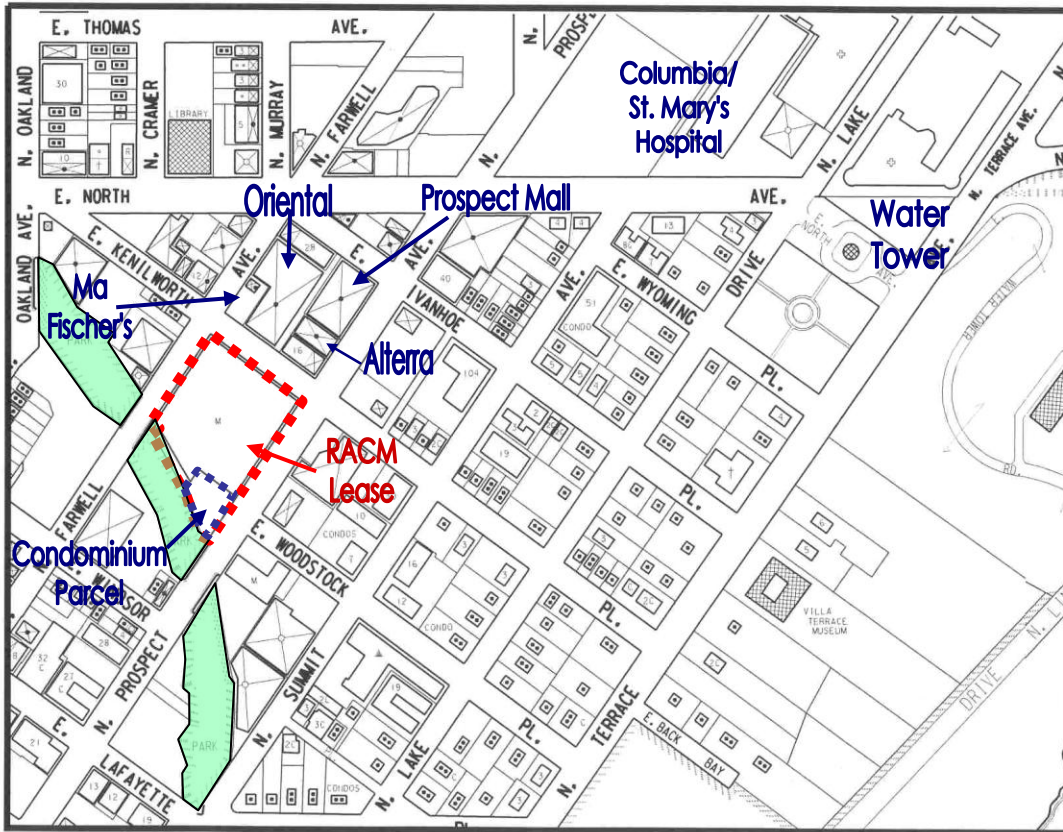


PROPOSED BLIGHT DESIGNATION SUMMARY AND LAND DISPOSITION REPORT

KENILWORTH BUILDING – 2185 NORTH PROSPECT AVENUE

Proposed Activity

Declare the Kenilworth Building at 2185 North Prospect blighted for acquisition and bond purposes to facilitate redevelopment. The Redevelopment Authority would lease a portion of the property from the University of Wisconsin-Milwaukee and then enter into a Development and Turnkey Agreement with a developer to conduct the rehabilitation. When the project is finished, the Authority would lease a portion of the improvements to the Wisconsin Department of Administration for use by UWM.



Property

The Kenilworth Building consists of two connected buildings containing 490,502 square feet and is situated on a 2.4668-acre site. The east portion of the building along Prospect Avenue was constructed in 1914 as a factory for Ford Motor Company. The west portion was constructed in 1942 as an ammunition plant operated by General Motors. UWM acquired the property from the U.S. General Services Administration in 1971. The property is used for storage and physical plan services.



Background

The property donation from the federal government came with the stipulation that the property could only be used for educational purposes for 30 years – or until 2001. In anticipation of the expiration of the restriction, UWM formed a committee of UWM staff, City of Milwaukee representatives and neighborhood stakeholders to study the potential for redevelopment of the facility. UWM then conducted a competitive proposal process and selected Weas Development Company to rehabilitate the property.

Developer

Kenilworth Development, LLC, a limited liability company formed by Weas Development and Milwaukee Development Corp (formerly Milwaukee Redevelopment Corp).

Douglas J. Weas, founder and president of Weas Development, has over 20 years of development experience. Recent projects by Weas include 1522 on the Lake and Innovation Point at Milwaukee County Research Park.

Milwaukee Development Corporation is a Section 501(c)(3) corporation that will become a support entity with respect to the Metropolitan Milwaukee Association of Commerce. Pat O'Brien is President. The predecessor of MDC has worked with the Redevelopment Authority on numerous projects, the most recent of which was Library Hill – Westtown Redevelopment.

Proposed Use

The existing building will be converted into two buildings separated by a pedestrian green area that will provide access to the adjoining Oak Leaf Trail. The West building will contain 179 apartments for upper class, graduate and married students, 10,000 square feet of ground-level retail space and 144 parking spaces. The East Building will house the Peck School of Arts – classrooms, offices and studio space – 16,500 square feet of retail space and 82 parking spaces. Total project costs are approximately \$68.0 million

The Developer will lease a small portion of the property at the southeast corner directly from the Board of Regents and will develop residential condominiums.

Kenilworth Street Elevation



Transactions Involving the Redevelopment Authority

The Authority's position in the transaction is a "sandwich leaseholder." This arrangement allows use of double tax-exempt financing that improves the project's economic feasibility. None of these transactions give rise to any direct financial obligation on the part of the Authority.

Ground Lease	Board of Regents on behalf of UWM, Lessor Redevelopment Authority, Lessee 66-year lease for the majority of the building, except for parking areas Rent will be based on Fair Market Value as determined by an appraisal, but paid separately by the Developer through an exchange with the Board of Regents in lieu of any direct payments by RACM.
Turnkey and Development Agreement	Redevelopment Authority will contract with Kenilworth Development, LLC for the rehabilitation. The developer was selected by UWM through a competitive process.
Operating Lease	Redevelopment Authority, Lessor Department of Administration on behalf of UWM, Lessee 30 year term; option to purchase at market value by the Board of Regents
Regents	Rent is calculated to pay off the bonds: \$1,900,000 in Year 1 and \$2,400,000 in Year 2. Thereafter the annual rent is increased by 4% or the percentage change in the Consumer Price Index, whichever is greater.

Public Hearing

The Redevelopment Authority held a Public Hearing on January 20, 2005, on the blight designation, acquisition and disposition of the property pursuant to Wisconsin Statutes.

Future Actions

Upon approval by the Common Council, the Executive Director is authorized to negotiate the final Ground Lease, Turnkey and Development Agreement and Operating Leases. These documents shall be substantially similar to those presented to the Authority at the public hearing. The proper officials of the Authority shall execute the final documents upon the recommendation of the City Attorney. Any substantive changes in the major terms shall be presented to the Authority for formal

approval.

Respectfully submitted,

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**

Joel T. Brennan
Assistant Executive Director-Secretary