

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

**DATE**

September 16, 2014

**RESPONSIBLE STAFF**

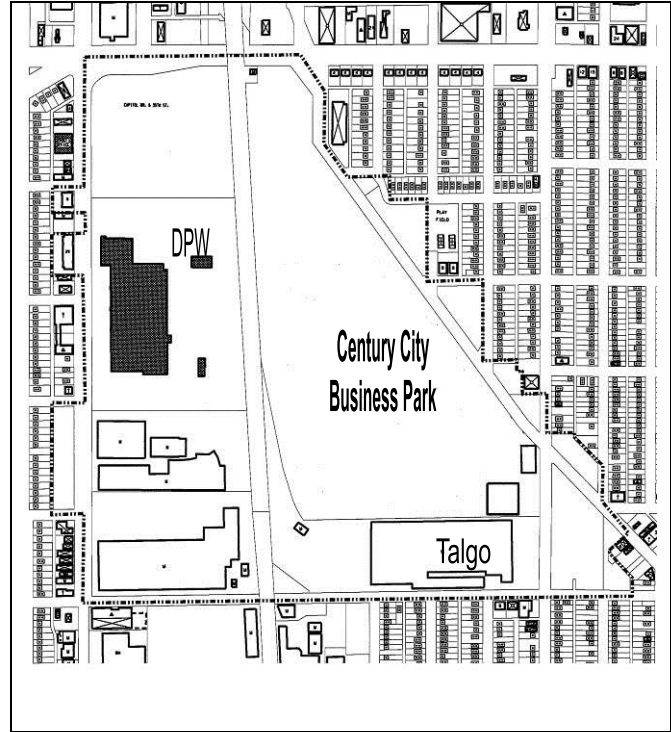
Benjamin Timm

**REDEVELOPMENT PROJECT AREA**

North 35th Street and West Capital Drive  
 Century City: Approved in 2005 to guide redevelopment of the former A.O. Smith/Tower Automotive site. A 2009 amendment authorized acquisition of the majority of the Tower site and development of the Century City Business Park. TID No. 74 was created to fund the redevelopment.

Since acquisition, large building sections have been demolished, environmental contamination has been remediated, a stormwater pond has been constructed to manage stormwater on-site and site surveys prepared. Efforts continue to release obsolete easements.

Future improvements will include new utility backbones for electrical and natural gas service. Also planned is a "Greenway" along West Hopkins Street between West Capitol Drive and North 27th Street to enhance the park gateway with trees, lighting, green space and a new road stub at the park entrance.



**PROPERTIES AND SITE PREPARATION ACTIVITIES**

Nine acres of the 56.3-acre parcel at 2725 West Hopkins. The site will be subdivided through a Certificate Survey Map to create two development parcels:

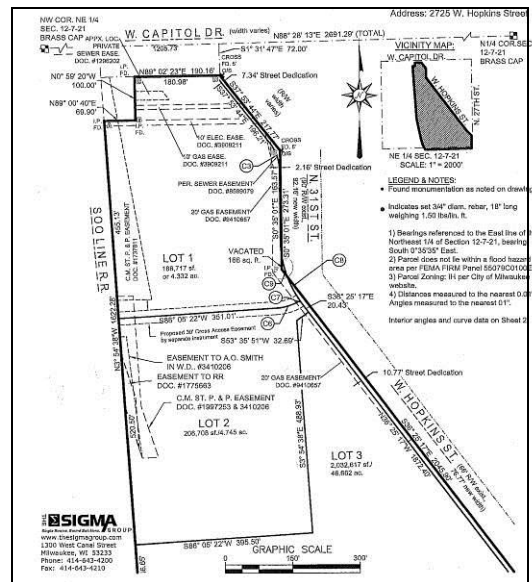
Lot 1 – 3145 North 31st Street:

An 188,717-SF or 4.3-acre parcel at the southwest corner of North 31st Street and West Capital Drive. Stormwater management will be provided internally for this parcel.

Lot 2 – Address to be determined:

A 206,708-SF or 4.7-acre parcel south of Lot 1 and set back from Hopkins Street behind the park's stormwater detention pond, which will be available for the buyer's use through a stormwater drainage easement.

Cross easements exist between the two parcels to provide shared access to the parcels.



The Redevelopment Authority will conduct additional site preparation prior to conveyance, including site clearance, rough grading, installation of the environmental "cap" and utility relocation. These services are currently being bid by the City, and the Redevelopment Authority authorized funding through a combination of funds from WEDC and the US EPA and HUD. The contract for these services is expected to be completed in the Fall of 2014, weather permitting.

### REDEVELOPER

General Capital Group, LLP, that will form new limited liability companies for the project. General Capital is a well-established Milwaukee real estate development and management firm with a strong track record in industrial, commercial and multi-family development throughout Wisconsin and northeastern Illinois. Michael Weiss is the President of General Capital. Relevant projects include the Watertech One at Reed Street Yards, Joshen Paper Building and Calumet Woods Business Park in Milwaukee, Bubrick's Office Supply in Germantown and IDC Aerospace in Menomonee Falls.

### PROPOSED DEVELOPMENT

Two "advance technology flex-industrial" buildings, each of which will contain approximate 52,000 SF. Building features include 24-foot clear ceiling heights, 59-foot structural bays and at-grade and full-depth, truck-high loading docks. The design lends itself to occupancy for six users, although two to four users are anticipated. General Capital is targeting industrial users suitable for Century City and has several strong prospects.

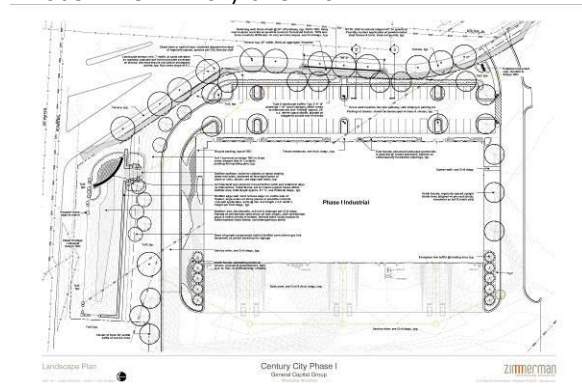
Full project layout and Greenway



Phase I Preliminary Rendering



Phase I Preliminary Site Plan



The cost of Phase I is estimated at \$4.3 million. Project sources include partner equity, grant funding and financing through the Milwaukee Economic Development Corporation.

Small Business Enterprise (SBE) participation is expected to meet City goals of 25% of hard costs and 18% of professional services. The Redeveloper also is targeting 40% Residential Preference Participation (RPP). All City-bid contracts require 25% SBE and 40% RPP participation.

### OFFER TERMS AND CONDITIONS

The purchase price for the land will be \$55,000/acre, based on the TID No. 74 economic development feasibility study. An Agreement for Sale of Land will be drafted to outline development obligations for each phase of the project and will include reversion of title provisions in the event of default. Site preparation for Phase I construction is expected to commence this Fall. The development team is working on WDR approval of a remedial action plan, relocation of an existing WE Energies high-

voltage line and completion of site preparation activities. The base term is six months, but provides for two, six-month renewals in the event of delay in WDNR approval or utility relocation.

Phase II construction will commence following development and leasing of Phase I. The option to execute the Purchase and Sale Agreement is one year commencing upon Common Council approval. Two, six-month option extensions are available if the Redeveloper demonstrates good faith efforts to complete Phase I and obtains final plans and financing for Phase II.

**PAST ACTIONS**

The Redevelopment Authority held a public hearing on June 19, 2014 after which it conditionally authorized the sale to a new limited liability company to be formed by the Redeveloper.

**FUTURE ACTIONS**

Upon Common Council approval, the Redevelopment Authority will execute Agreement(s) for the Sale of Land with the new limited liability company. Closing is contingent on firm financing and final plan approval. Final plans must substantially conform to the preliminary designs presented to the Redevelopment Authority and the Common Council to obtain the assignment. The Redevelopment Authority also is authorized to execute any needed easements or releases to facilitate project development.

**Due Diligence Checklist**

B-1	<p><b>Market Value Determination</b></p> <p>Land value of \$55,000/acre was determined by the TID No. 74 Economic Feasibility Study and Economic Analysis.</p>
B-2	<p><b>Full Description of Project</b></p> <p>Included in Land Disposition Report.</p>
B-3	<p><b>Architectural Renderings/Property Operations</b></p> <p>Read above and see attached Exhibit.</p>
B-4	<p><b>Developer's Development Project History</b></p> <p>Summarized above in the Land Disposition Report.</p>
B-5	<p><b>Capital Structure</b></p> <p>General Capital submitted application for financing to the Milwaukee Economic Development Corporation.</p> <p>Financing:                 \$ 3,200,000  Equity:                         \$ 800,000  Grant Contribution:     \$ <u>375,000</u>  Total Costs:                 \$ 4,375,000</p>
B-6	<p><b>Lease Terms and Cash Flow</b></p> <p>Not applicable.</p>
B-7	<p><b>Project Risk Factors</b></p> <ul style="list-style-type: none"> <li>• Construction bids result in higher than expected project costs that result in building modifications. The bidding process is currently underway. The final building design must</li> </ul>

	<p>substantially conform to the preliminary design submitted to obtain the option assignment, unless the Common Council approves the revision.</p> <ul style="list-style-type: none"> <li>• Firm financing. MEDC has given strong indications for project financing for Phase I. Phase II financing is to be determined.</li> <li>• Cannot fully lease the space to users that can meet the project job creation targets.</li> </ul>
B-8	<p><b>Tax Consequences to the City</b></p> <p>The project will be assessed by the State of Wisconsin Department of Revenue. An analysis of similar-size, new manufacturing buildings in the Menomonee Valley found assessments ranging from \$55.00 to \$60.00 per square foot of building area. This rate would indicate an assessed value of the proposed 52,000 square-foot building of \$2,860,000 to \$3,120,000. Estimated taxes using the 2013 tax rate (\$30.62 per \$1,000 of assessed value) would range from about \$87,600 to \$95,500. The tax increment will be used to retire debt of TID No. 74.</p>