

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

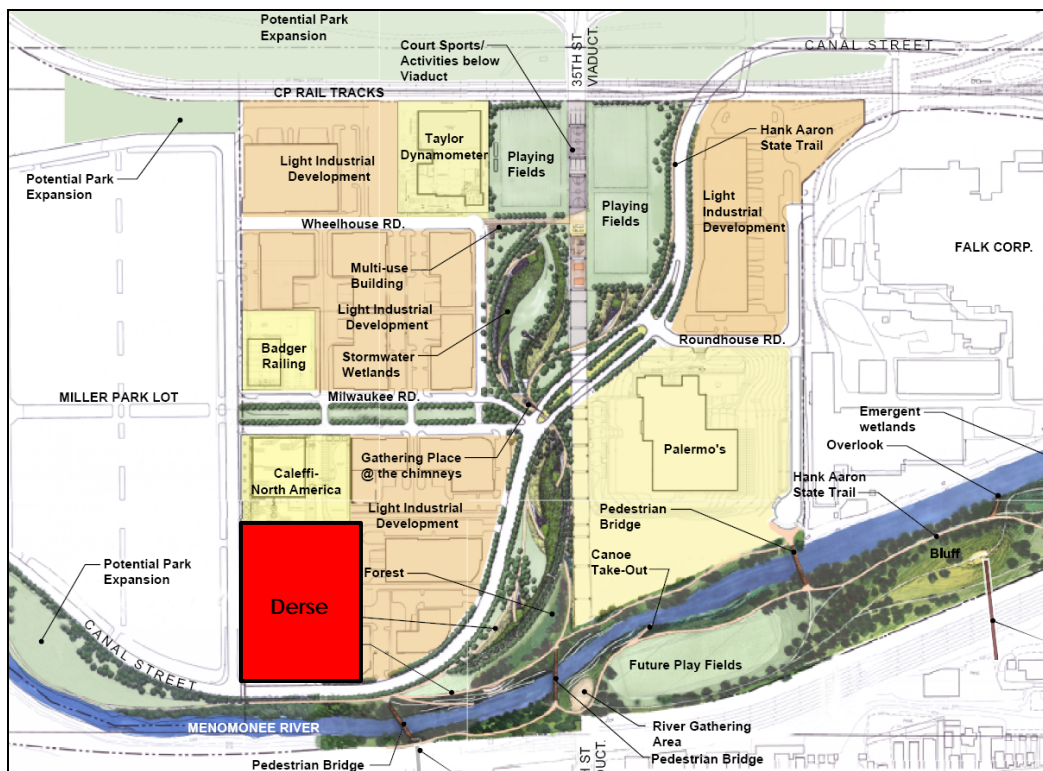
DATE: October 18, 2007

RESPONSIBLE STAFF

Dave Misky (286-8682), Land Development Manager

REDEVELOPMENT PROJECT AREA

Menomonee Valley Industrial Center: The Redevelopment Authority acquired approximately 130 acres in the Menomonee Valley in July 2003 from CMC Heartland Partners. Since acquisition, the Authority has been preparing the area for redevelopment by conducting environmental remediation, removing old building foundations and making geotechnical improvements, adding and compacting fill to raise the property out of the flood plain and conducting property surveys. Extension of West Canal Street through the project area was completed in April 2006. Since then, Palermo's, Badger Railing, Caleffi International and Taylor Dynamometer have moved to the Valley.



REDEVELOPER

Redeveloper is a limited liability company to be formed by and have the sole member and sole manager of HSI Development Partners, LLC. Members of HSI are Brett Haney, and Ryan Schultz. The Redeveloper will lease to Derse Inc. Derse will relocate its corporate office, manufacturing and warehousing facility from Wauwatosa to the site. Derse Inc. is one of the country's largest manufacturers of exhibition displays. HSI Development Partners, LLC, has contracted with Epstein Uhen Architects for architectural services and to apply the Valley Guidelines.

PROJECT DESCRIPTION

Approximately 8 acres located at northeast corner of North Selig Drive (the East Access Road in Miller Park) and West Canal Street. The exact area and configuration will be determined during

preparation of a Certified Survey Map. The site will be developed with a 160,000 SF (+/-) manufacturing facility, warehouse and offices for Derse Inc. Estimated project cost is \$10 million and the Redeveloper will be required to enter into a Best Efforts EBE Agreement. Redeveloper plans to begin construction in 2008 for June 1, 2009 occupancy.

Derse currently has 125 full-time employees in Wauwatosa and it plans to add 20 full-time jobs as it expands in the Valley. Hourly wages start at \$13/hr and the average salary is \$75,000/year. Benefits include medical, life, 401(k) and profit sharing. See attached Prospect Data Sheet for more salary and benefit information.



Preliminary Rendering

OPTION AGREEMENT TERMS AND CONDITIONS

The purchase price shall be \$120,000 per acre. The purchase sale and agreement will allow Redeveloper a contingency period (not to exceed 6 months) option term will be for six months to enable it to undertake, at its expense the Redeveloper to complete their environmental and geotechnical investigations, secure financing and finalize building plans. The Redevelopment Authority will provide the Redeveloper reasonable access to the property so that it can complete its environmental and geotechnical investigations. Further, the Redevelopment Authority will provide the Redeveloper with the Disclosure Material (as defined in the Term Sheet). The option period may be extended by the Executive Director for two three-month extension periods upon submission of a satisfactory written progress report and a \$250 renewal fee for each request. A \$10,000 Earnest Money Deposit Fee is required to be submitted with execution of the Agreement the Option to Purchase and shall be credited toward the purchase price at closing. In addition, a \$10,000 Performance Deposit will also be required at closing to guarantee satisfactory completion of the improvements.

Additional terms and conditions are identified in the attached Term Sheet.

PAST ACTIONS

The Redevelopment Authority held a public hearing on October 18, 2007, after which it conditionally approved sale to the Redeveloper.

FUTURE ACTIONS

Upon approval by the Common Council and any required approvals by regulatory bodies, and after entry into the Agreement, RACM's Closing will be conditioned on RACM staff approving the site and building plans, satisfactory evidence of buyer financing, and receipt of an approved and complete subdivision plat and/or certified survey map of the site.