

Due Diligence Checklist
1432 West Forest Home Avenue

GH 10-14-2020, CAO 269943

<p>The Commissioner's assessment of the market value of the property.</p>	<p>The property was constructed as the Forest Home Library in 1966. It's a 14,500 square foot, one-story building on a 41,948 square foot lot. The property was appraised for \$650,000 on April 18, 2018. It was offered for sale through a competitive RFP process and only one Proposal was received from Voces De La Frontera, Inc. ("Voces") for \$450,000. Voces did not end up buying the Property, so the City relisted it on March 29, 2019. HK Gill Properties LLC submitted a Proposal to purchase for \$400,000 and renovate the Property for use by Voces as the sole tenant. However, HK Gill was unable to finalize a lease with Voces and so HK Gill did not buy the Property. The Department of City Development ("DCD") relisted the Property again. On January 31, 2020, DCD received a Proposal from ICAP Development LLC for \$600,000. After site and building assessments, however, ICAP determined that it wasn't feasible to renovate the existing building. On July 30, 2020, ICAP, through a related LLC, I-Forest LLC, submitted a new Proposal for \$450,000 that includes razing the existing building and constructing a new 18,000 square foot building. The Property is being sold "as is, where is," including all environmental and geotechnical conditions, for \$450,000.</p>
<p>Full description of the development project.</p>	<p>Buyer will raze the existing building and construct a new 18,000 square foot building into medical office space for a well-known medical group in the Milwaukee area. The medical group will enter into a long-term lease for the Property and focus on health and wellness of children and young adults in the surrounding area. Building and site plans must be approved by City DCD, Design Review Team ("DRT"). The estimated cost to purchase, raze and construct the new building is estimated at \$5.4M.</p> <p>Buyer understands that the proposed project may require certain City approvals in addition to the approval of the Land Disposition Report.</p>
<p>Complete site, landscaping plans and architectural renderings for development.</p>	<p>DCD/DRT approval of building, site and landscaping plans required.</p>
<p>Developer's development project history.</p>	<p>Buyer plans to use Groth Design Group, Inc. as its Architect.</p> <p>Other successful development projects by Buyer include: La-Z-Boy in Wauwatosa; Aldi in Kenosha, Mukwonago and Oak Creek; Fairfield Inn & Suites in West Allis; Walgreen's in Fond du Lac and Franklin; Wheaton Franciscan Healthcare in Oak Creek; Bubon Orthodontics in Brookfield; and retail centers in Oak Creek and Glendale.</p>
<p>Capital structure of the project, including sources, terms and rights for all project funding.</p>	<p>Conventional financing of 80 percent and 20 percent equity from Buyer. Broker commission of 5 percent to CBRE.</p>
<p>List and description of project risk factors.</p>	<p>Closing will be contingent upon the Buyer obtaining necessary Board of Zoning Appeals ("BOZA") approval if required, and obtaining DCD approval of Buyer's plans and specifications, and of Buyer's proof of financing, and of Buyer's long-term lease with the Tenant. Buyer will pay a Performance Deposit of \$10,000 at closing. <i>The Common Council of the City of Milwaukee must be aware that the City owns this Property per statute for the benefit of the Milwaukee Public Library. Proceeds of the sale go to the Library Fund. Wis. Stat. 43.58 (1). The Library Board declared this Property surplus and approved sale to this Buyer.</i></p>
<p>Tax consequences of the project for the City.</p>	<p>The deed to the Buyer for this Property will contain a restrictive covenant prohibiting the Buyer or its successors from applying to the City for tax-exempt property status.</p>