

LAND DISPOSITION REPORT – WISCONSIN STATUTES, SECTION 75.106 COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

February 15, 2016

RESPONSIBLE STAFF

Matt Haessly, Real Estate Specialist, DCD

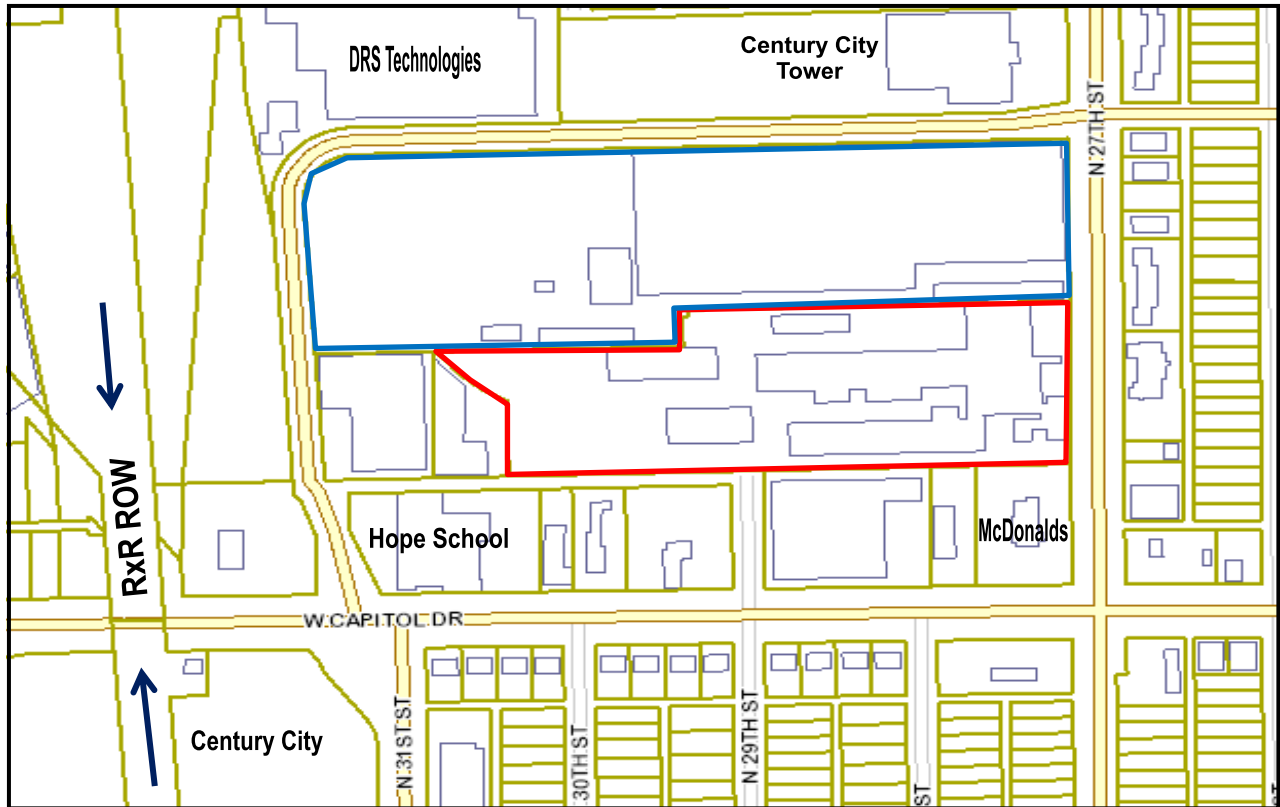
PARCEL ADDRESS AND DESCRIPTION

4041-51 North 27th Street (the "Property") is a privately-owned, tax-delinquent brownfield. The Property has multiple industrial buildings that have a combined area of approximately 146,500 square feet situated on an 8.3 acre parcel. The Department of Neighborhood Services ("DNS") has issued an order to raze the buildings on the Property.

The Property has mostly been used for industrial purposes, including forging. Historical uses have adversely impacted soil and/or groundwater conditions of the Property. Due to the known and unknown environmental liabilities, the Property was placed on the City's Tax-Delinquent Brownfield list. The Property is located within the Garden Homes Neighborhood.

The current owner, 27th Street Industrial LLC, is an affiliate of Lincoln Investors LLC, which owns the adjacent property at 4143 North 27th Street. 27th Street Industrial LLC purchased 4041-51 North 27th Street from the prior delinquent owner in November 2015 to take control of criminal activity, while its members sought a possible Wisconsin Statutes, Section 75.106 acquisition. All outstanding DNS orders and violations and tax-delinquencies accrued while the prior owner held title.

DNS considers the Property to be a public nuisance, based on the condition of the buildings, and intended on starting litigation to abate that nuisance. However, Phoenix Citation LLC initiated litigation at its expense to abate the public nuisance, thereby saving DNS resources that would have been used to accomplish the same. Phoenix Citation LLC's goal of razing the buildings on the Property is aligned with the DNS goal of abating the public nuisance caused by those buildings.



 4041-51 North 27th Street (Property)  4143 North 27th Street (Lincoln Investors LLC)

LINCOLN INVESTORS LLC; 4143 NORTH 27TH STREET:

Lincoln Investors LLC ("Lincoln"), which is an affiliate of Phoenix Citation LLC, owns 4143 North 27th Street ("4143"). David Marks, who is the managing member of Phoenix Citation LLC, is the trustee for the trust that owns nearly all of Lincoln. In 2015, Lincoln acquired 4143 and commenced a \$2.66 million renovation project that includes dock upgrades, fire suppression upgrades, new power distribution, high-efficiency lighting upgrades, cosmetic upgrades, roof work, landscaping and parking lot upgrades. A portion of 4143 is currently leased to an affiliate named Phoenix Construction, and the remaining space will be leased to third parties as soon as renovations are complete. Based on interest from possible lessees, Lincoln anticipates that most of 4143 will be occupied by third parties for warehousing and distribution use.

ASSIGNEE AND PROJECT DESCRIPTION – 75.106 DEAL FOR TAX-DELINQUENT PARCEL

Phoenix Citation LLC wants to use Wisconsin Statutes, Section 75.106, to acquire the Property by receiving an assignment of the City of Milwaukee's ("City's") right to a property tax-foreclosure judgment against the Property. If the Court grants Phoenix Citation LLC the assignment, Phoenix shall raze the buildings, enter into an agreement with the Wisconsin Department of Natural Resources ("WDNR") to remediate the Property and develop the Property in a manner consistent with the existing zoning code at the time development commences and consistent with local law.

CONVEYANCE TERMS AND CONDITIONS

Phoenix Citation LLC will pay: \$10,000, as an assignment fee; Year 2014-15 unenclosed taxes; and \$3,500 of foreclosure expenses. Also, Phoenix Citation LLC will raze the buildings at its own cost within six months of obtaining the assignment for the Property and remediate environmental issues at the Property as the WDNR may require.