

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

DATE
October 20, 2005

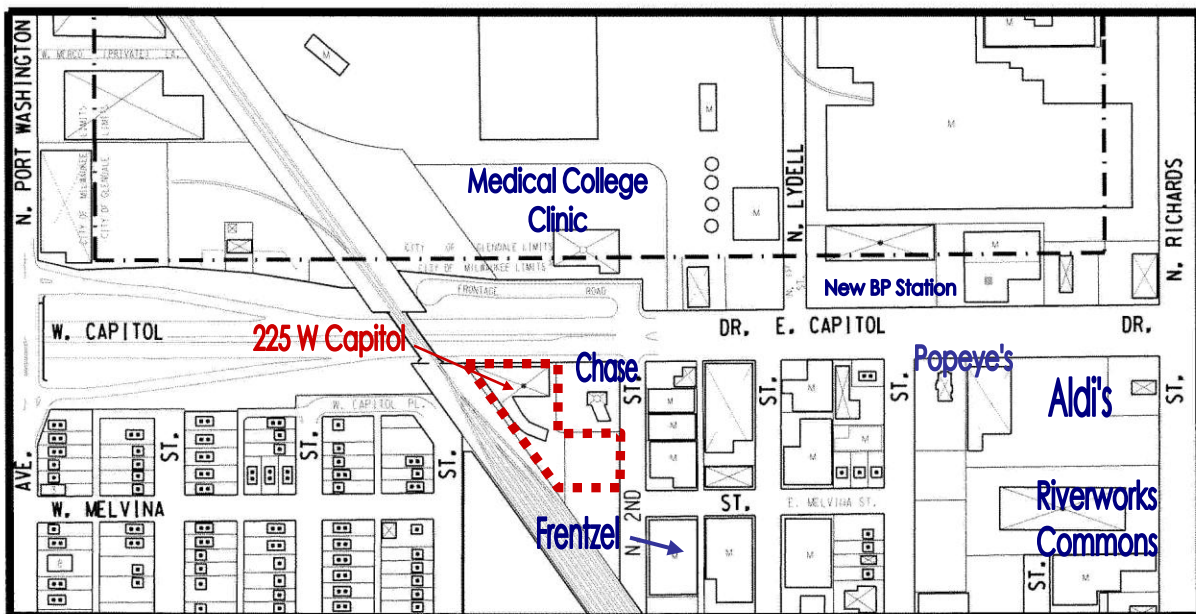
RESPONSIBLE STAFF
Matt Haessly, Real Estate Section (286-5736)

REDEVELOPMENT PROJECT AREA

Blight Elimination/Riverworks: In April 2001, the Redevelopment Authority authorized the acquisition of several properties in the Riverworks Industrial Center, including the warehouse at 225 West Capitol and a vacant manufacturing building at 3901 North 2nd. The properties were acquired in 2003 and the improvements at 3901 North 2nd were razed. Environmental testing and remediation has also been conducted. The property is part of the Riverworks Business Improvement District and Tax Incremental District No. 24.

BACKGROUND:

A Request for Proposals was advertised on the Authority's web site and one proposal was received before the deadline. Staff reviewed and recommended plan modifications to accommodate the expansion needs of an adjacent business.



REDEVELOPER

Phillip Katz-Project Development LLC and Williams Development Corporation. A new, limited liability company will be formed prior to the real estate conveyance.

Phillip Katz-Project Development LLC is an architecture, development and construction practice firm operated by Phillip Katz, a graduate of UWM's Architecture Masters' Program. Mr. Katz was a design team participant on the Calatrava Art Museum Addition, the Hilton City Center and other corporate and civic projects. He has extensive design and project management experience on diverse commercial and residential projects.

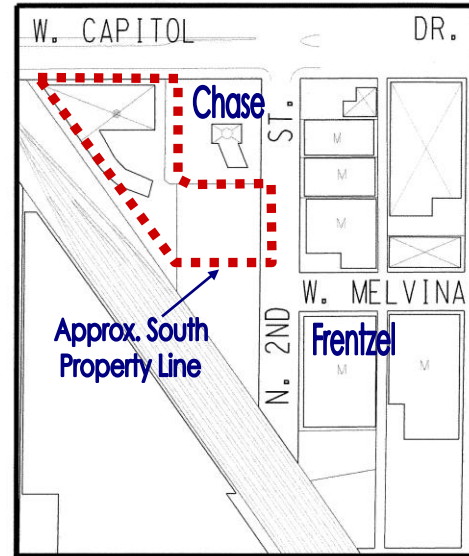
Williams Development Corporation is a real estate development and financing company. Since 1983, the firm has developed, financed or managed approximately 25 properties including the ASQ Center (Marshall Field/Gimbels building) restoration. William Orenstein is the president and he has developed close to \$500 million of real estate during his 50-year career. Andrew Orenstein and Charles Biller are vice presidents in the firm and also have extensive real estate and finance experience.

Other team members include Stifel Nicolau and Company, an investment banking firm, Ivest Design Group with architectural and mechanical design expertise and Graef, Anhalt, Schloemer

& Associates for engineering services.

PARCEL ADDRESSES & DESCRIPTION

225 West Capitol Drive and 3901 North 2nd Street. A three-story, 40,125 square-foot building on approximately 59,350 square feet of land. The Crane Company of Chicago constructed the building in 1930 as a distribution warehouse and showroom. The building was designed by Herbert W. Tullgren, one of Milwaukee's most famous architects who often designed in the Art Deco/Art Modern style. Acquired by the Authority in 2001, the property has been mostly vacant for many years, the exterior windows closed with unattractive metal panels, building mechanicals were generally inoperable and the site improvements have degraded significantly.



The original 225 property lacked direct access to 2nd Street so a portion of the property at 3901 North 2nd will be assembled with the front parcel to create access and provide parking. The exact land area will be determined by a Certified Survey Map after the sale to the adjoining owner, Thomas Frentzel at 125 West Melvina. Phase II testing has been conducted on both parcels. The Authority will work with developer and the DNR to obtain closure using natural attenuation with the building and parking lot acting as an engineering control to cap the contamination.

PROJECT DESCRIPTION

Development of Capitol Crossing, a mix of about 27,000 square feet of flexible office space for two primary tenants and 13,500 square feet of speculative light industrial space. The anchor tenants will be an architecture practice and a construction management firm. The building will be restored – including removal of the metal panels and restoration of the original window openings. Other improvements will include repairing the masonry, installing a new loading dock and building entry, making the building ADA compliant and incorporating sustainable construction techniques, where practical. The rear lot will provide parking spaces as well as truck access.



The original RFP submission included a possible 8,000 square-foot future addition. Construction

of this building is unlikely though since the land area has been reduced.

The approximate project cost is estimated to be \$2.7 million. The developers are targeting 21% of the construction costs to Emerging Business Enterprise (EBE) recipients. The developer hopes to finance the project in part through Historic Tax Credits, New Market Tax Credits and façade grants through the BID.

OPTION TERMS AND CONDITIONS

The purchase price will be \$200,000. This asking price in the RFP was reduced when the land area was reduced to accommodate the adjacent business. An additional credit may be granted at closing based on demonstrated economic infeasibility. A \$4,000 Option Fee will be required and the fee is non-refundable, but shall be credited toward the purchase price if the Redeveloper closes within the first six-month option period. A \$10,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project.

The base option period is six months and will allow the Redeveloper time to obtain financing and final plans that are satisfactory to the Authority. The Executive Director may extend the option for up to two three-month periods upon submission of a \$500 non-refundable renewal fee and satisfactory progress report on efforts to obtain financing and final plans.

PAST ACTIONS

The Redevelopment Authority held a public hearing on October 20, 2005, after which it conditionally accepted the proposal of the named Redevelopers.

FUTURE ACTIONS

Upon Common Council approval, the Redeveloper will obtain firm financing and approval of final plans prior to closing. An Option to Purchase will be drafted in accordance with the terms and conditions expressed herein and contained in the resolution adopted by the Authority.