

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

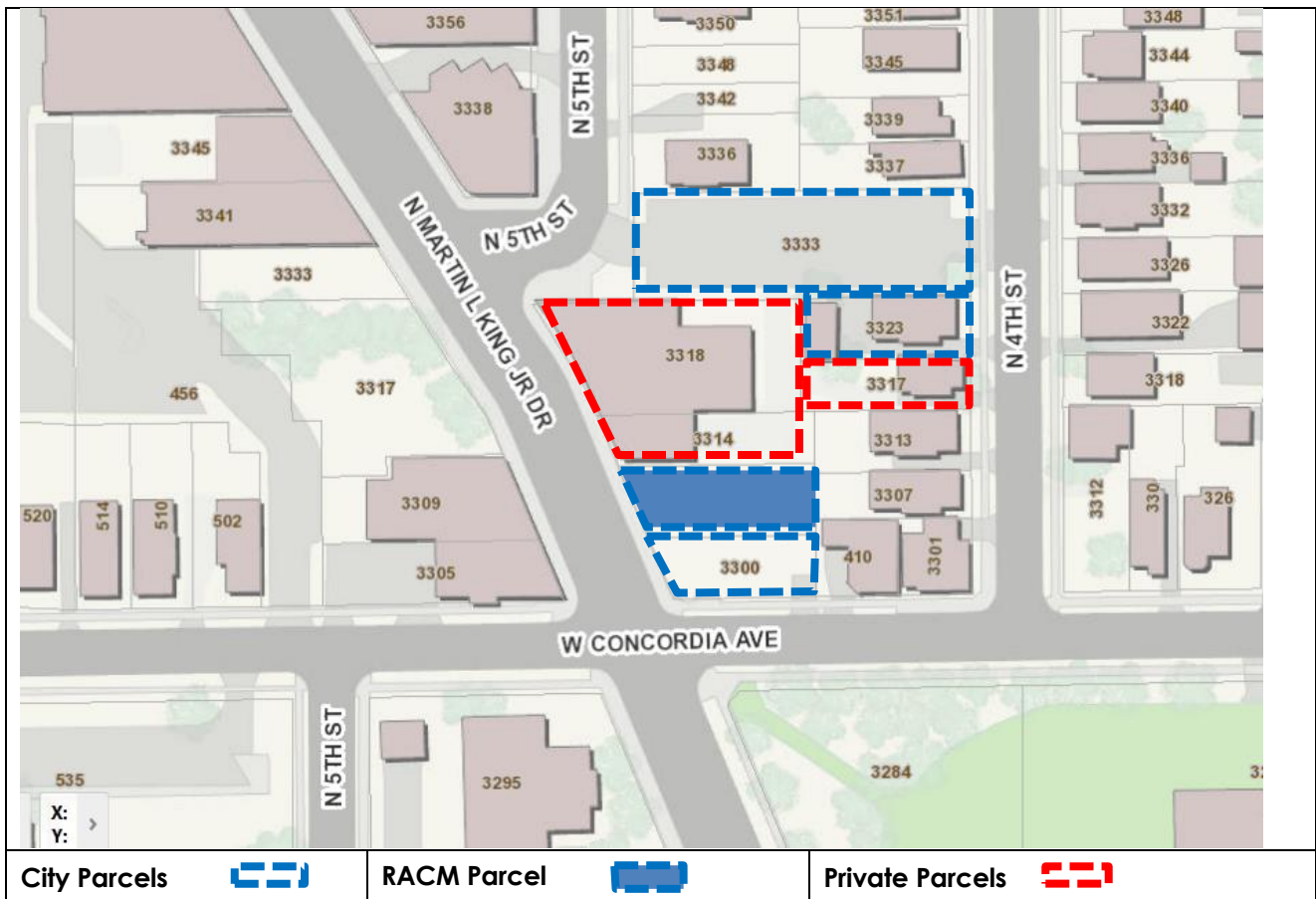
DATE
 September 20, 2016

RESPONSIBLE STAFF
 Yves LaPierre, Department of City Development, Real Estate

PROPOSED ACTIVITY
 Authorize property sales to MLK LLC to create a development site at North Dr. Martin Luther King Jr. Drive and Concordia Street. The action would approve conveyance of the Redevelopment Authority of the City of Milwaukee (RACM) property at 3306-10 North Dr. Martin Luther King Jr. Drive to the City of Milwaukee. The RACM lot will be incorporated with other City property in an offer to purchase with MLK LLC.

PARCEL ADDRESSES AND DESCRIPTION
 Four parcels consisting of the City-owned vacant lots at 3323-25 North 4th Street and 3300-04 North Dr. Martin Luther King Jr. Drive, the RACM-owned vacant lot at 3306-10 North Dr. Martin Luther King Jr. Drive as well as a City-owned parking lot at 3333 North 4th Street, declared surplus to municipal needs by the City Planning Commission on October 17, 2016. The City-owned parcels total 29,134 square feet.

The City-owned parcels will be combined with adjacent private parcels to create a development site of approximately 48,667 square feet. A Certified Survey Map will be required to combine all parcels.





BUYER

MLK LLC, a subsidiary of the Bader Philanthropies, Inc. Bader is a major philanthropic organization that has been headquartered in Milwaukee since 1992. Over 24 years, Bader has invested over \$250 million to address major social needs in Milwaukee, in Wisconsin and in places across the world. Bader will be relocating its headquarters to the Harambee Neighborhood as part of its overall strategic growth plan that will allow the foundation to fulfill its mission by putting down roots in one of the communities it supports.

PROJECT DESCRIPTION

The project involves the renovation and expansion of the Greenbay building at 3318 North Dr. Martin Luther King Jr. Drive. The Greenbay building has been empty and boarded for many years. Renovation entails preservation of the Greenbay building's structure and details and the addition of period-appropriate windows and doors. Expansion will include an addition for a commercial kitchen at the rear of the building and an addition to allow access to underground parking. The renovation will revive a signature building on the North Dr. Martin Luther King Jr. Drive commercial corridor. A deteriorated home on North 4th Street and a deteriorated commercial structure on King Drive will be demolished as part of site preparation. The site will include a new parking lot, with associated landscaping, and the addition of public and private garden areas at the intersection of King Drive and Concordia Street. The redeveloped building and site will house conference and meeting rooms on the ground floor with offices for Bader employees on the second floor.

The architect is Uihlein Wilson. The estimated project costs are to \$8 million. The project will be financed with Buyer equity and private financing. SBE participation is targeted to meet current City goals for 25 percent of hard costs and 15 percent of professional services.



LANDSCAPE PLAN
3318 N. Dr. MLK Drive
Bader Philanthropics
Proj. No. 16-129
09/30/16

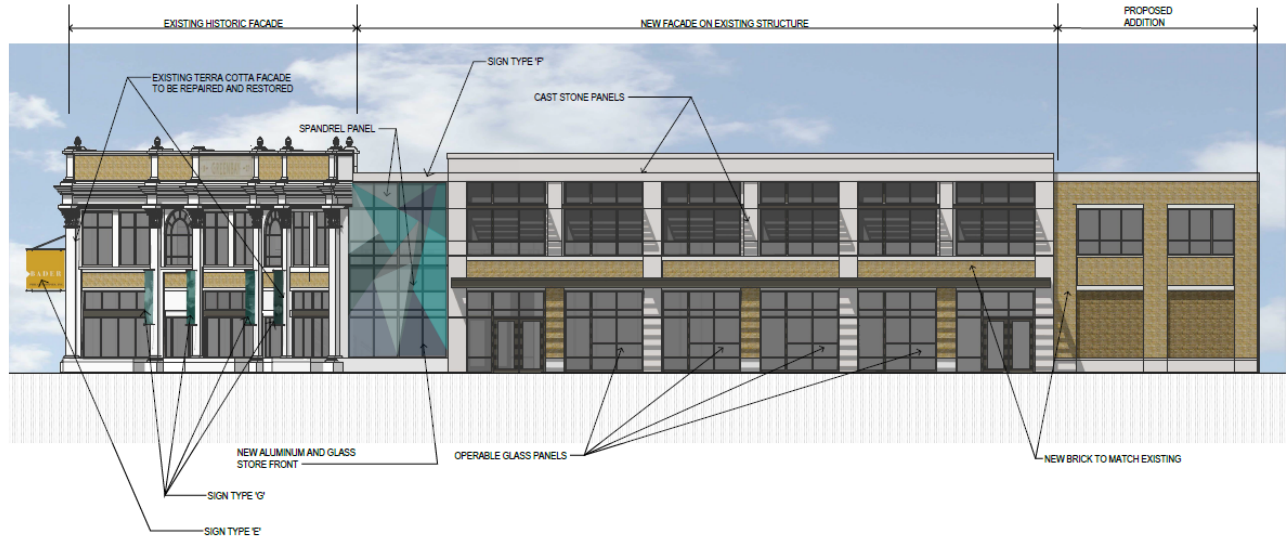
Scale
1"=30'-0"

L-1
Drawing No.

Site Plan



North Dr. Martin Luther King Jr. Drive Elevations



SOUTH ELEVATION

3318 N. Dr. MLK Drive
Bader Philanthropies
Proj. No. 16-12P
September 30, 2016

Scale
3/16"=1'-0"

A-2.2

Drawing No.



NORTH ELEVATION

3318 N. Dr. MLK Drive
Bader Philanthropies
Proj. No. 16-12P
September 30, 2016

OPTION TERMS AND CONDITIONS

The purchase price for the City and Redevelopment Authority properties is \$58,000 and the Buyer is responsible for all costs associated with development of the project. Sale proceeds, less sale expenses and a 30 percent disposition fee to the Redevelopment Authority, will be divided equally between the City Parking Fund and the Delinquent Tax Fund. The properties will be conveyed on an "as is" basis. The City has provided the Buyer with Historic Land Use Investigations for its properties and the Buyer will be responsible for all environmental matters.

City closing contingencies include DCD approval of final construction plans, evidence of firm financing and equity. A Purchase and Sale Agreement will be executed to outline performance obligations and assure satisfactory compliance through reversion of title power. The Purchase and Sale Agreement also will require submission of a \$10,000 Performance Deposit that will be held until satisfactory completion of the project. The Buyer has agreed to a Payment in Lieu of Taxes (PILOT) Agreement that will be based on the value of the property after full development. Final building plans must be consistent with the preliminary plans the Buyer submitted before the final City land sale and conform to the approved Detailed Planned Development zoning.

RACM ACTIONS

The Redevelopment Authority held a public hearing on November 17, 2016, on the proposed transfer of 3306-10 North Dr. Martin Luther King Jr. Drive to the City as required by Wisconsin Statutes. After the hearing, RACM authorized conveyance to the City for no monetary consideration subject to approval of the Common Council.

DUE DILIGENCE CHECKLIST**MLK LLC DEVELOPMENT AT NORTH DR. MARTIN LUTHER KING JR. DRIVE AND CONCORDIA STREET**

Market value of the property.	Four parcels, one of which is an underused City-owned parking lot, one Redevelopment Authority-owned vacant lot and two City-owned vacant lots. The properties are in the Harambee Neighborhood in the 6th Aldermanic District. The properties are being sold "as is, where is," without any guarantees. Sales price for the properties is \$58,000 or approximately \$2 per square-foot. Sales price is based on similar asking prices in areas with limited market sales.
Full description of the development project.	The project will be developed on an underused City-owned parking lot, along with one Redevelopment Authority-owned vacant lot and two City-owned vacant lots. Said properties will be combined with adjacent private vacant land and the Greenbay building at 3318 North Dr. Martin Luther King Jr. Drive. The vacant and boarded Greenbay building will be renovated and expanded to house Bader's headquarters. The site will include an expanded and landscaped parking lot and garden space at the corner of King Drive and Concordia Street. The full site will be approximately 48,667 square feet and the new headquarters will be approximately 18,000 square feet.
Complete site, operations and scope of work for development.	Please see the Land Disposition Report for details.
Developer's project history.	The Buyer has a long history and commitment to the City of Milwaukee. Bader has been headquartered in Milwaukee's Third Ward since 1992 and will be moving all operations to this site in the Harambee Neighborhood. Uihlein Wilson Architects also has a long history of successful projects developed in the City of Milwaukee.
Capital structure of the project, including sources, terms and rights for all project funding.	MLK LLC (Bader) will fund the project with its own equity and private financing.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	Department of City Development staff determined that there is very low risk in selling the property to MLK LLC, based on the Buyer's history and commitment to the City and ability to finance and complete the project in a timely manner.
Tax consequences of the project for the City.	The Buyer has agreed to a PILOT Agreement, based on the final value of the completed development. Development of the City-owned parking lot and adjacent properties with an \$8 million commercial project will greatly increase revenue to the City of Milwaukee.