

September 21, 2017

Milwaukee Common Council
City of Milwaukee
200 E. Wells Street Room 205
Milwaukee WI 53202

Re: Proposed development at 1550 N. Prospect Ave.

Dear Members of the Common Council:

We appreciated the opportunity to present to and receive a favorable recommendation from the Plan Commission last month regarding our proposed development at 1550 N. Prospect as well as at Tuesday's Zoning, Neighborhoods and Development Committee meeting.

I remain tremendously excited about the opportunity to invest in Milwaukee, and hope that this project is the first of many in your great City. I believe that this project is a win-win-win for our community – bringing a beautiful new building to the City skyline, adding a new \$55 million project to the City that will create significant new tax base, creating new jobs for City residents, providing new patrons for East Side businesses and ensuring the restoration and revitalization of the historic Goll House.

In advance of Common Council consideration, I wanted to take a moment to address a few questions that arose during this week's meeting as well as in email correspondence from David Bourne to Common Council members.

Goll House

As I have said from the beginning, I am committed to saving and restoring the Goll House. After I acquired the parcel last year, I immediately began working to ensure the most immediate challenges with the building were addressed.

- As I said at the hearing – water intrusion was the most immediate challenge. We removed all of the air conditioning units that were causing problems with water infiltration and those that were no longer functional. We kept those that were operational to manage interior temperatures and control humidity.
- We patched the roof to fix the significant leaking that had been occurring in the building for years.
- We took care of basic external maintenance – fixing large potholes, replacing gas and water meters and painting over graffiti. In addition, we secured windows for weather and against vandalism.
- We have held off on other exterior improvements, pending the planned move of the building.

I also engaged a property manager to inspect the interior and exterior of the property at least weekly to check for water infiltration, damage, vandalism or other issues on the site and to ensure that any issues that might arise are addressed in a timely manner.

Financing

As indicated at ZND, while I do not currently have a specific financing agreement, I am confident in securing financing under the currently proposed project parameters. I have met with multiple lenders who are interested in financing the project and received favorable feedback. As is the case with any large project of this nature, it is neither cost effective nor practical for developers to seek formal financing commitments without knowing if they have the right to construct the building. In addition, it is neither cost effective nor practical for lenders to seek loan approval at this juncture because not all necessary information is available to make a credit decision. Questions of financing can be asked in multiple ways, often in order to elicit a specific response. Lawyers are especially adept at this. I am not a lawyer. If you ask me if I know that I can obtain financing for the project, the answer is yes. If you ask me if I have lenders ready to begin underwriting the project and working towards a financing commitment, the answer is yes. If you ask me if I've signed an agreement with a lender, the answer is no. I have been straightforward about all elements of this project and will continue to do so throughout this process.

Community Input and Outreach

As we were developing plans for the site, we conducted a meeting with representatives from 1522 N. Prospect in September 2015. We also conducted two community meetings that were hosted at 1522, including on March 9, 2016 and on June 6, 2016. In addition, there were numerous public hearings that provided opportunity for public input and involvement, including at a Plan Commission meeting on June 13, 2016, at a Zoning, Neighborhoods & Development Meeting on July 19, 2016 as well as at the Plan Commission meeting last month.

We modified the building in numerous ways as a result of that feedback. We included specifics about those revisions in our presentations to ZND and Plan Commission, but the changes included:

- Reducing the overall footprint of the building;
- Relocating building to limit encroachment on the bluff;
- Improving site access to address concerns regarding traffic patterns;
- Increasing long-term visitor parking, increasing short-term visitor parking and improving interior loading facilities;
- Improving structural engineering solution to eliminate pile driving; and
- Incorporating public art, improved landscaping, improved sustainability, increased windows, revised articulation at parking podium, green roof areas, solar panels, car charging stations and a car sharing program.

We believe the resulting development became even better because of the many great ideas that were shared. It is a beautiful building that will offer an attractive new residential housing option for City residents and enhance the neighborhood.

RPP / SBE

As discussed in past correspondence and in the meeting, I have again voluntarily committed to meeting or exceeding 20% Residents Preference Program (RPP) participation and 20% SBE/DBE/MBE subcontractor hiring. I have engaged Prism Technical to assist with this effort and have received commitments from CD Smith, the union general contractor I am working with, that they can meet this goal. As was shared by both yesterday, they are confident the project can meet or exceed these goals. Nevertheless, in the unlikely event that it doesn't, I was asked whether I would agree to carry over my commitments to any future projects and confirmed that I would.

As a project that would have no City financing, and that must be financed based on appropriate equity and construction completion ratios, the availability of funds to place in escrow that are not attributable to some element of construction is simply not feasible. That said, I am fully committed to meeting, if not exceeding, the proposed community benefits. This is important to me not just to say that I did it, but because I believe in increasing opportunity for everyone.

I remain tremendously excited about the opportunity to invest in Milwaukee, and hope that this project is the first of many in your great city. We look forward to continued discussion and welcome the opportunity to answer any other questions you may have. Please feel free to contact me at any time.

Sincerely,



Christopher Houden
Palisade Properties
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