

MEMBERSHIP UNIT PURCHASE AGREEMENT AND DUE DILIGENCE CHECKLIST
CENTURY CITY REDEVELOPMENT CORPORATION,
REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE AND THE
COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

July 31, 2018

RESPONSIBLE STAFF

Benjamin Timm

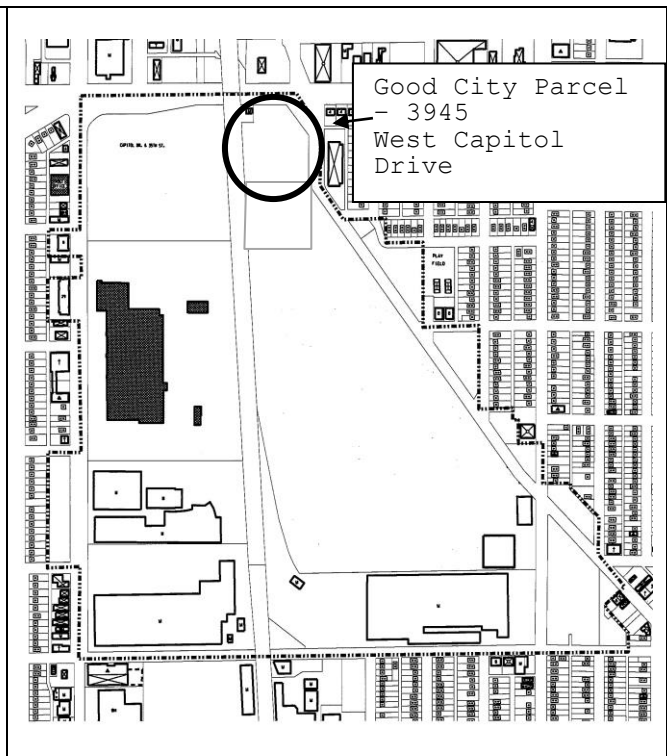
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REDEVELOPMENT PROJECT AREA

The "North 35th Street and West Capitol Drive – "Century City" Redevelopment Area" was approved in 2005 to guide redevelopment of the former A.O. Smith/Tower Automotive site. The plan was amended in 2009 to authorize acquisition of 84 acres of the former Tower site and redevelop the area into the Century City Business Park. The Redevelopment Authority and the Common Council also approved the creation of TID No. 74 to fund the Century City redevelopment.

Since acquiring the Tower site, the Authority has demolished 2.5 million SF of improvements, cleaned up environmental contamination, constructed a stormwater pond to manage all stormwater on-site and installed new gas, sewer and electrical infrastructure in preparation for land sales. The City created the Century City Redevelopment Corporation in 2011 to bring additional capital into the project and entered into a partnership with the General Capital Group to create the Century City 1 building.



CENTURY CITY REDEVELOPMENT CORPORATION

In 2011, the City of Milwaukee ("City") and the Redevelopment Authority of the City of Milwaukee ("Authority") created the Century City Redevelopment Corporation ("CCRC") and approved a Development Plan to facilitate property sales in the business park. CCRC is a redevelopment corporation created under Wis. Stat. 66.1301 through 66.1329 and the Wisconsin Business Corporation Law (Wis. Stat. Ch. 180) to assist in the redevelopment of the Century City Business Park ("CCBP"). The CCRC has a master Option to Purchase to facilitate the development of the CCBP that allows partial assignment of parcels once specific buyers were identified. In 2014, the CCBP was subdivided into three new development parcels (3945 North 31st Street, 3025 West Hopkins Street and 3055 West Hopkins Street). CCRC, in partnership with Gencap Century City 1, LLC, ("Gencap") an affiliate of General Capital Group, created Century City 1, LLC to acquire real property on which a 53,000 SF flex industrial building is located at 3945 North 31st Street, Milwaukee, Wisconsin, 53216 (the "Property"). 3945 North 31st Street was sold to Century City 1, LLC and the Century City 1 building was completed in early 2016. Century City 1, LLC has been marketing the Property, since its completion in 2016. Since 2016, there have been a number of short-term tenants, including Prostar Surfaces, Inc. who used the building to assemble the basketball floor for the new arena.

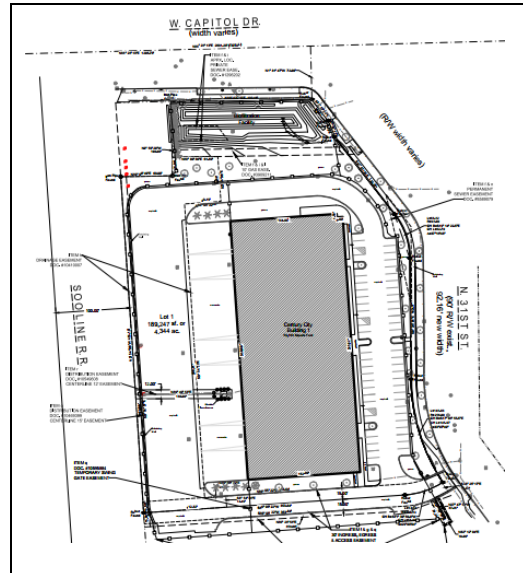
MEMBERSHIP UNIT PURCHASE AGREEMENT

CCRC and Gencap each own 50 percent of the membership interests in Century City 1, LLC ("CC1"). Good Opportunity 1, LLC, an affiliate of Good City Brewing, LLC, has offered to acquire CCRC's 50 percent ownership of CC1 as well as Gencap's 50 percent ownership of CC1. CCRC and Gencap both agreed to forgive their equity in the project. CCRC and General Capital see this as an investment in the future of the Century City Business Park. CCRC's equity contribution came from a New Markets Tax Credit transaction that infused \$5,000,000 into the project. This money came from the private sector. In return for 100 percent of the ownership interest, Good Opportunity 1, LLC has agreed to assume all of CC1's outstanding debt, with a current principal balance of approximately \$3,050,000. This debt is held by the Milwaukee Economic Development Corporation ("MEDC").

PROPERTY AND SITE PREPARATION ACTIVITIES

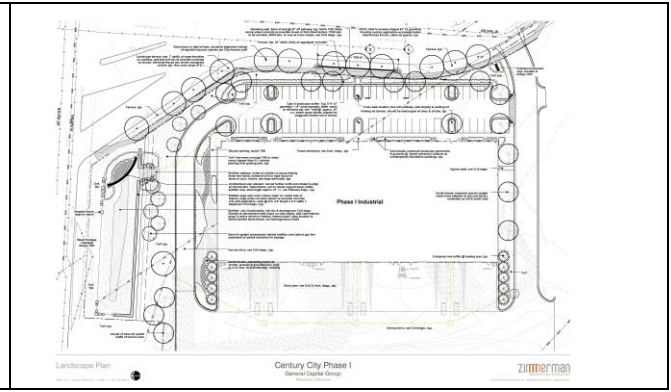
3145 North 31st Street: An 188,717-SF or 4.3-acre parcel at the southwest corner of North 31st Street and West Capital Drive. The property includes a 53,000 SF flex industrial building, a biofiltration facility for stormwater management and parking. The flex industrial building includes 24-foot clear ceiling heights, 59-foot structural bays and at-grade and full-depth, truck-high loading docks. The Wisconsin Department of Natural Resources issued a case closure letter in 2018.

There are cross easements between adjacent parcels to allow for utilities, stormwater runoff and future access for a new development to the south. New easements will be created to facilitate future bike and pedestrian infrastructure along West Capitol Drive and to allow for maintenance of the Century City Business Park monument sign at the corner of 31st and Capitol. The Authority will retain ownership of the monument sign.



DEVELOPMENT





TERMS AND CONDITIONS

Purchase Price for Membership: Good Opportunity 1, LLC will assume the existing debt of the Century City 1, LLC, consisting of a certain loan from MEDC Capital Fund XI that has an approximate balance of \$3,050,000, and a certain loan from the Authority in the amount of \$236,500. At closing, the Buyer shall pay the Seller \$35,000 in cash to close out the debt. The purchase price shall be adjusted for the following operating costs, earnest money deposit, real estate tax proration's and title insurance.

Century City 1, LLC and Good Opportunity 1, LLC shall enter into a preclosing license agreement that allows the Buyer to occupy the Property immediately upon execution of the Occupancy Agreement, on terms acceptable to the Buyer and Seller.

ACTIONS

The CCRC held a public hearing on July 31, 2018. The Authority held a board meeting on August 23, 2018. The item will be heard by the Zoning, Neighborhoods and Development Committee on September 18, 2018 and the Common Council on September 25, 2018.

Upon Common Council approval, the CCRC will transfer its membership interest to Good Opportunity 1, LLC. CCRC and the Authority are authorized to execute any needed easements or releases to facilitate project development.

Due Diligence Checklist

B-1	<p>Market Value Determination</p> <p>The property is being sold for fair market value. The Buyer will take on the outstanding debt from Century City 1, LLC.</p>
B-2	<p>Full Description of Project</p> <p>Included in Land Disposition Report.</p>
B-3	<p>Architectural Renderings/Property Operations</p> <p>Included in the Land Disposition Report.</p>
B-4	<p>Developer's Project History</p> <p>Good Opportunity 1, LLC is owned by Dan Katt. Dan and the other partners opened their restaurant and brewery on the East Side in 2016. In less than a year, they announced plans to expanded into the adjacent space and add a rooftop bar. In April 2017, the brewery inked a distribution deal with Beechwood Sales and Service to help continue its growth in a larger market. In mid-2018, Good City announced it would open a second production facility and tap room in the Entertainment Block near the new Milwaukee Bucks arena (the Fiserv Forum) downtown. Good City will move its corporate offices and warehouse to the Century City 1 building. This will allow its business to continue to expand. In the near term, Good City will look for additional tenants to lease the extra space. Good City currently has 48 employees and plans to add additional jobs as its business grows.</p>
B-5	<p>Capital Structure</p> <p>CCRC and Gencap each own 50 percent of the membership interests in Century City 1, LLC. Good Opportunity 1, LLC, an affiliate of Good City Brewing, LLC, has offered to acquire CCRC's 50 percent ownership of Century City 1, LLC as well as Gencap's 50 percent ownership of Century City 1, LLC. CCRC and Gencap have both agreed to forgive their equity in the project. Both groups see this as an investment in the future of the Century City Business Park. CCRC's equity contribution came from a New Markets Tax Credit transaction that infused \$5,000,000 into the Century City project from private entities. In return for 100 percent of the ownership interest, Good Opportunity 1, LLC has agreed to assume all of Century City 1, LLC's outstanding debt, with a current principal balance of approximately \$3.05 million. This debt is held by the Milwaukee Economic Development Corporation ("MEDC").</p>
B-6	<p>Lease Terms and Cash Flow</p> <p>Not applicable.</p>
B-7	<p>Project Risk Factors</p> <p>The membership purchase agreement might not close and the Authority may not get repaid the balance of its loan for \$236,500.</p>
B-8	<p>Tax Consequences to the City</p> <p>The 2018 principal tax bill was \$77,123.50. The tax increment will be used to retire debt of TID No. 74.</p>