



# Milwaukee County

## Legislation Details (With Text)

**File #:** 11-53      **Version:** 1      **Name:** UWM Innovation Park Amendment  
**Type:** Action Report      **Status:** Adopted  
**File created:** 1/24/2011      **In control:** County Clerk  
**On agenda:**      **Final action:** 2/6/2014  
**Title:** From UWM Innovation Park, LLC, requesting an amendment to the Real Property Purchase Agreement for County-owned land located in the Northeast Quadrant of the County Grounds in the City of Wauwatosa

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. resolution, 2. fiscal note, 3. exhibit, 4. Audio F&A 01/27/11

Date	Ver.	Action By	Action	Result
2/6/2014	1	Milwaukee County Board of Supervisors	Recommended for Adoption	Pass

From UWM Innovation Park, LLC, requesting an amendment to the Real Property Purchase Agreement for County-owned land located in the Northeast Quadrant of the County Grounds in the City of Wauwatosa

**DATE** : January 10, 2011

**TO** : Committee on Economic and Community Development  
Committee on Finance and Audit

**FROM** : Craig C. Dillmann, Manager of Real Estate Services  
Department of Transportation and Public Works

**SUBJECT** : From UWM Innovation Park, LLC requesting an amendment to the Real Property Purchase Agreement for County-owned land located in the Northeast Quadrant of the County Grounds in the City of Wauwatosa.

**BACKGROUND:**

In May 2009 the Milwaukee County Board of Supervisors adopted Resolution File No. 09-14(a)(g) approving a Development Agreement and accepting a Real Property

Purchase Agreement (“Purchase Agreement”) from UWM Innovation Park, LLC (“UWM”) for approximately 88.9 acres of land in the Northeast Quadrant of the County Grounds for the development of a new College of Engineering and Applied Science Campus, known as Innovation Park. The Purchase Agreement, as extended by the County Board in December 2010, includes the current schedule of payments by UWM for the \$13.55 million purchase price as follows:

- Initial \$5 million payable at closing on January 15, 2011
- Second \$5 million payable on the one (1) year anniversary of closing or January 15, 2012
- \$887,500 payable on January 15, 2013
- \$887,500 payable on January 15, 2014
- \$887,500 payable on January 15, 2015
- \$887,500 payable on January 15, 2016

The County Board adopted Resolution File No. 09-14(a)(n) in December 2009 approving a Habitat Restoration Landscaping Plan (“Habitat Plan”), which preserves and protects the environmentally sensitive areas of the land to be acquired by UWM. In response to the County Board approving the Habitat Plan, the Purchase Agreement and Development Agreement were amended to incorporate the elements of the Habitat Plan.

In May 2010, the City of Wauwatosa (“City”) Common Council approved the Preliminary Business Planned Development, the change of zoning and the land division by CSM and in September 2010 the following events occurred:

- The City approved the creation of a Tax Incremental Financing District to fund the public infrastructure improvements for Innovation Park.
- UWM waived the three major contingencies of the Purchase Agreement (Preliminary Business Plan Development (i.e.; site plan), the change in zoning and the land division by CSM), thus eliminating them as a condition of closing.
- The CSM, which legally divides and describes the land to be conveyed to UWM was fully executed and will be recorded in conjunction with the closing.
- Mr. Michael Lovell, the dean of UWM’s College of Engineering and Applied Science, was named the interim chancellor upon the departure of Chancellor Santiago.
- A \$5.4 million federal grant was secured to fund the construction of the “business accelerator” building within Innovation Park.

In November 2010, the County Board adopted Resolution File No. 10-14(a)(j) extending the Contingency Waiver Date in the Purchase Agreement until December 15, 2010. The extension was granted for UWM to solidify the donations necessary to fund the purchase of the County-owned land and to address the remaining closing contingencies in the Purchase Agreement. In the attached letter dated December 15, 2010, UWM waived all the remaining closing contingencies and per the Purchase Agreement deposited an additional \$175,000 of earnest money to the existing \$25,000 currently in escrow with the title company (title company confirmed receipt of the \$175,000 on December 17, 2010). In the letter, UWM indicates they are in the position to make the first \$5 million installment payment of the \$13.55 million purchase price at closing in

early February 2011, but may not be able to raise the second \$5 million payment by the one-year anniversary of closing as required in the Purchase Agreement. Therefore, UWM requested in the letter that the County consider granting an amendment to the Purchase Agreement that would extend each of the five remaining installment payment dates from closing by twenty-four (24) months. In the enclosed letter, dated January 5, 2011, UWM has reinforced their commitment to close on the purchase of the land and make the initial \$5 million payment of the \$13.55 million purchase price. However, as they did in their December 15, 2010 letter UWM is requesting an extension for each of the installment payment dates for the remaining \$8.55 million of the purchase price by twenty-four (24) months,. Therefore, UWM is requesting an amendment to the Purchase Agreement incorporating the following:

1. Extend the closing date to February 15, 2011.
2. Extend each of the purchase price installment payment dates by twenty four months.
3. Provide that 75% of all gross sale proceeds from a sale of real property in UWM Innovation Park shall be paid to Milwaukee County in consideration of the County's release of such property from the lien of its first mortgage.
4. Provide that gross sale proceeds paid to the County per par. 3, above, shall be credited against the outstanding installment payments due the County in the inverse order of the due dates for such installment payments, thereby shortening the payment schedule.
5. Provide that in consideration of UWM Innovation Park, LLC's payment of the initial \$5 million at closing, Milwaukee County will release from its first mortgage the amount of land necessary to construct the "accelerator building" being funded by a U.S. Economic Development Administration grant (not to exceed two acres).
6. Provide that the County will agree to release from its first mortgage those portions of the site that the City of Wauwatosa requests be dedicated to the City or must be granted to a utility company to accommodate the installation of public improvements and site infrastructure, such as streets, sewer, water, gas and electric.
7. Provide that all philanthropic funds in excess of \$1.8 million received for the acquisition of the Innovation Park property be paid to Milwaukee County within thirty (30) days of receipt, and credited against the next installment payment due the Milwaukee County.
8. Provide that the County Executive and County Clerk, or other appropriate County official(s) are authorized to execute any and all releases and/or terminations to eliminate the appropriate exceptions to the title commitment for closing.

**RECOMMENDATION:**

Staff recognizes that the uncertain economic environment has had a material adverse impact on UWM's fundraising ability for the Innovation Park project. The importance of the project to UWM, the County and the region again calls for a unified partnership to accomplish this mutually beneficial objective. Each entity of the partnership is contributing toward the project; the City of Wauwatosa by creation of a \$12 million Tax Incremental Financing District for the project infrastructure, the U.S. Department of Commerce with a \$5.4 million grant toward construction of the first building and

Milwaukee County by conveying the land needed for the project at fair market value, while protecting environmental components of the land. Therefore, staff recommends approval of an amendment to the Purchase and Development Agreement incorporating the following:

1. Extend the closing date to February 15, 2011, with the initial \$5 million payment due at closing.
2. Extend each of the purchase price installment payment dates after closing by twenty four months or as follows:
  - Second \$5 million payable on February 15, 2014
  - \$887,500 payable on February 15, 2015
  - \$887,500 payable on February 15, 2016
  - \$887,500 payable on February 15, 2017
  - \$887,500 payable on February 15, 2018
3. Provide that 75% of all gross sale proceeds from a sale of real property in UWM Innovation Park shall be paid to Milwaukee County in consideration of the County's release of such property from the lien of its first mortgage.
4. Provide that gross sale proceeds paid to the County per par. 3, above, shall be credited against the outstanding installment payments due the County in the inverse order of the due dates for such installment payments, thereby shortening the payment schedule.
5. Provide that in consideration of UWM Innovation Park, LLC's payment of the initial \$5 million at closing, Milwaukee County will release from its first mortgage the amount of land necessary to construct the "accelerator building" being funded by a U.S. Economic Development Administration grant (not to exceed two acres).
6. Provide that the County will agree to release from its first mortgage those portions of the site that the City of Wauwatosa requests be dedicated to the City or must be granted to a utility company to accommodate the installation of public improvements and site infrastructure, such as streets, sewer, water, gas and electric.
7. Provide that all philanthropic funds in excess of \$1.8 million received for the acquisition of the Innovation Park property be paid to the County within 30 days of receipt, and credited against the next installment payment due Milwaukee County.
8. Provide that the County Executive and County Clerk, or other appropriate County official(s) are authorized to execute any and all releases and/or terminations to eliminate the appropriate exceptions to the title commitment for closing.

### **FISCAL NOTE:**

The requested twenty-four (24) month extension in the schedule of payments after closing will still result in the initial \$5 million payment to the County at closing. Postponing the payments after closing by twenty-four months would result in a \$5 million shortfall in 2011 revenue that was budgeted in a number of capital projects (for capital project detail, see fiscal note form attached to the subject resolution). The extended payment schedule will also result in a

decrease in the anticipated revenue in 2012 by \$887,500. The total nominal value of the original agreement and the amended agreement are each \$13.55 million. Since the cash flows under the extended payment schedule are being received over a longer period of time, the net present value of the amended agreement is \$342,616 less than the original agreement. However, if the gross sale proceeds from the sale of real property in UWM Innovation Park are paid to the County by UWM and credited in the inverse order of the due dates for such payments, as called for under the amended agreement, the twenty-four month extension period would be shortened and the \$5 million shortfall in 2011 reduced. In addition, per the amended agreement, all philanthropic donations received by UWM, in excess \$1.8 million, for the acquisition of the Innovation Park property and paid to the County would also reduce the \$5 million shortfall in 2011.

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Craig C. Dillmann, Manager

Real Estate Services

ECD Committee Meeting Date: January 24, 2011

F&A Committee Meeting Date: January 27, 2011

Attachments

cc: Lee Holloway, County Executive  
Michael Mayo Sr., County Board Chairman  
Supervisor James Schmitt, District 19  
Jack Takerian, Director, Transportation and Public Works  
Renee Booker, Director-Administrative Services  
Steve Cady, Fiscal and Budget Analyst, County Board  
Josh Fudge, Fiscal Mgt Analyst

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