



# MEMORANDUM

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*"... meeting community needs... enhancing quality of life."*

TO: Community and Economic Development Committee (CEDC)

FROM: Matt Rehbein, Economic Development Specialist

DATE: March 3, 2014

RE: Update – Vacant Lots Northeast Business Park & Southpoint Commerce Park

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To follow is a status report of parcels sold one or more years ago in the Northeast Business Park and Southpoint Commerce Park that are subject to the City's right to repurchase clause per the Deed Restrictions:

#### Northeast Business Park:

##### SITE 1 – Subject to Development Agreement

Purchased by Gateway of Appleton LLC (Represented by Steve Winter) in June of 2005. A Development Agreement was entered into with the City that called for the creation of \$15 million in new tax base by the year 2010. The Development Agreement called for a good faith effort to acquire two adjacent residential properties and annex them to the City which was accomplished. The majority of the new tax base was created with the development of the Orthopedic & Sports Institute of the Fox Valley in 2005 which added approximately \$10M in value and the expansion of the Recovery Inn which brought the total assessed value for that parcel up to approx. \$14M. As of January of 2014 the tax base for the entire area subject to the Development Agreement (Identified by the pink border on the attached map) was \$19 Million. Gateway of Appleton LLC has met the terms of the development agreement. About 6 of the 19+ acres remain.

##### SITE 2 – Subject to Development Agreement

Purchased by Gateway of Appleton (Represented by Steve Winter) in June of 2004. A development agreement with the City was entered into which called for 2 hotels, 2 restaurants and a small office. The Development Agreement called for Gateway of Appleton to attempt to acquire two residential properties to the east and annex them to the City and relocate utilities that ran through the site. One parcel has been acquired, one has not due to lack of agreement from current owner. Construction was to begin in one year and substantially complete the project in four years. Two hotels were built; Cambria Suites, built in 2006 and assessed at approx. \$4.4M and AmericInn, built in 2005 is assessed at approx. \$1.9M. A restaurant, Beefeaters, was constructed in 2006 and is assessed at approx. \$1.3M. About 2.4 acres of the 8+ acre site remain.

SITE 3 – In 2005 Dr. John Gonis acquired the 7.73 acre site with plans to construct a large upscale office building. It was his intent to construct a building with similar architecture as the Orthopedic & Sports Institute of the Fox Valley. In February of 2008, Dr. Gonis passed away before he was able to develop the property. Fox Valley Investment Properties LLC (Represented by John Pfefferle) purchased the land from

the estate in 2009. Discussions have been had for build to suit projects, but nothing is complete at this time.

SITE 4 – Purchased by Single Month LLC (Represented by Carl Romenesko) in December of 2004. The lot is zoned M-1 Industrial, but because of the office development that has taken place around the site Carl has been holding off for a large office user. Marketing efforts for lease or Build-to-suit continue.

SITE 5 – Purchased by Gasman Enterprises LLC (Represented by Rick Gasman) in 2006. Rick had purchased two lots and developed one of them with a new restaurant in 2009 (Happy Joe's Pizza). Restaurant closed in 2013 and ownership of this lot was wholly transferred to Rick's Partner, Kerry Gasman. The parcel is for sale, ideally in conjunction with sale of the adjacent restaurant building.

SITES 6 & 7 – Purchased in February of 2001 by PDRC. PRDC intended to construct a second 20,000 square foot office on this site similar to the one it built on the two lots to the east. PDRC went bankrupt and Chad Cassianai who was an investor in the first office project bought out PRDC's interest in the vacant lots. Chad Cassianai currently leases space in the existing office building and plans to construct a second office building on the remaining vacant lots when market conditions improve. Mr. Cassiani would also consider selling lots.

SITE 8 – Purchased by Eagle Plastics in April of 2006. Sold to JJC Valley properties in Aug. 2012 as approved by Committee and Council in June 2012. JJC also owns parcel (and building) adjacent to the south. Plans to expand building to the west and north by approx. 60,000sf in summer of 2015.

SITE 9 – RP2 of Fox Valley LLC (Represented by Carl Romenesko) purchased the lot in 2007. It is currently marketed as a build-to-suit site. May also be expansion space for Nexgen which is Carl's tenant directly south of this parcel.

Southpoint Commerce Park:

SITE 1 – Purchased by Mike Roberts in October 2008 with intent to relocating a Kimberly business. Relocation never materialized. Sold to FLAIR Flexible Packaging (Adjacent property owner to the south) in September 2013 for expansion. No immediate plans to expand have been shared.

SITE 2 – Purchased in October of 2008 by RP4 LLC (Represented by Mike Roberts and Carl Romenesko). They had an approved site plan for the construction of two 10,000 square foot office buildings which expired in 2010. Plans were put on hold because of the slowdown in the economy. Waiting for market conditions to justify construction of office building.

Language in the Deed Restrictions as it applies to these parcels is:

***Repurchase Rights:***

**Failure to Build:** In the event the owner of land purchased from the City of Appleton does not commence construction of a building within one (1) year after the date of purchase, the City has the option to repurchase said property. The City shall pay the following repurchase price: the sum of the original purchase price and all special assessments which may have been paid by the buyer or levied against the property after the date of purchase minus the sum of any unpaid property taxes, pro-ration of the current years property taxes to date of closing, title insurance policy premium, real estate commission paid at time

of original closing, and any liens and encumbrances on the property of a definite or ascertainable amount. Further, repurchase price shall be adjusted by the amount equal to the amount of an option fee for that year had the property been under option between the City and the Buyer. Conveyance shall be by warranty deed.

**Resale of Vacant Land:** In the event the owner of land purchased from the City of Appleton elects to sell any portion thereof which is vacant, the property shall first be offered, in writing, to the City of Appleton. The City of Appleton shall have sixty (60) days from date of receipt of such offer to accept or reject repurchase of the property unless an extension of time may be mutually agreed upon and set forth in writing. In the event the City does not elect to repurchase the property, the owner may sell the land, but these Declarations of Covenants and Restrictions shall run with the land and be binding on the subsequent owner. The purchase price shall be computed as in the paragraph above (Failure to Build). Conveyance shall be by warranty deed. The seller shall furnish a title insurance policy at the seller's expense.