

LA CROSSE INDUSTRIAL PARK CORPORATION

c/o La Crosse Area Development Corporation

601 7th Street N, La Crosse, Wisconsin 54601

(608) 784-5488

jorge@ladcolax.com

January 7, 2020

VIA HAND DELIVERY AND EMAIL (reinhardt@cityoflacrosse.org)

City of La Crosse

Planning Department

400 La Crosse Street

La Crosse, Wisconsin 54601

ATTN: Ms. Dawn Reinhart

Re: **Letter of Interest for redevelopment of Plaid Pantry Site
618 Jackson and 1004 7th Street (Parcels 17-30004-20 and -40)
+/- 8,929 square feet, La Crosse, Wisconsin 54601**

Ms. Reinhart:

This letter of interest ("LOI") provides you with the requirements requested in the City of La Crosse Request for Letters of Interest regarding the captioned property last revised September 19, 2019.

Letter of Interest Requirements:

1. The respondent, La Crosse Industrial Park Corporation, is a domestic corporation organized under the laws of the State of Wisconsin, that has been in perpetual existence since October 29, 1993 ("LIPCO"). LIPCO's purpose is to acquire, own, and develop commercial property in the city of La Crosse, to promote commercial development of the City, and to sell and lease property for the purpose of encouraging commercial development in the City.

In a transaction that concluded in 2016, LIPCO purchased, remediated and sold four substantial parcels known as the PACAL complex located on Car, Milwaukee and Sumner Streets in La Crosse.

In a transaction commencing in 2013, LIPCO purchased the former Trane Pant 6 site at 1325 Saint Andrews Street for more than \$1M and raised substantial funding to remediate and restore the site above the flood plain, restoring it to its present status as a greenfield that is shovel ready for development.

LIPCO also purchased a site and constructed a 40,000 sq. ft. office building in La Crosse. For a period of time, LADCO managed LIPCO's leasing of the property to substantial commercial tenants prior to selling the building a few years later.

LADCO's executive director also has extensive qualifications for undertaking the management of the redevelopment of the subject property. Mr. Beltran graduated in

1997 with honors from Harvard Law School after serving as a decorated United States Marine. For over two decades his practice focused on complex commercial real estate transactions representing a vast array of Fortune 500 companies, entrepreneurs, commercial and residential land developers, construction companies, manufacturers, national retail companies, government bodies, academic institutions, hospitals, auto suppliers and financial institutions.

2. The development approach LIPCO proposes would likely include the use of the subject property and one adjacent lot in a "lean urbanism" style. That is, a development model that aims to prove there's a market for a product or service gradually, instead of going all-in with a complicated, debt-funded venture. In addition, LIPCO proposes developing the 3-lot site as a mixed-use development with reasonably sized specialty retail needed in the area such as a fresh market or delicatessen serving fresh food made daily. As to the surrounding area, the idea is to develop the lots as a blended commercial, retail and residential spaces with modern design aesthetics and tastes that encourage similar development in the surrounding community.



The mixed-use development approach could lessen the impact of a poorly performing asset within the overall investment portfolio. That is, income from the residential units could be used to support the retail units below during the "start-up" window. Finally, the building materials would consist of long-lasting high grade commercial-grade components that could hold up well without too much maintenance.

3. LIPCO is proposing a ground floor commercial unit of approximately 4,900 square feet with two second floor residential units of approximately 1,300 square feet each in size, with accompanying common areas. Parking will be located to the rear of the subject property on the parcel to be acquired by LIPCO.
4. The commercial ground floor unit may be used as a location to graduate local culinary food truck and pop-up tenants at the CRBC and other incubators. Therefore, rent on the commercial space will be initially slightly below market-rate with a gradual increase to market rate rent. LIPCO is seeking support from Viterbo University with the residential units and market rent rates may be temporarily subsidized to start, with rent raising to market during the second lease term of the units.

5. Equity in the project will include the land purchased from the city and the cost of demolition being offset by the county's grant program. Project management and development will be subsidized by LADCO and LIPCO with the project being turned over to a preselected management company that has performed feasibility studies based on the value created by the purchase and development structure being proposed. Cost of the subject parcel and the adjacent site is estimated at \$150,000. Hard development and construction costs will be proposed within 60 days of CDC approval.
6. Acquisition due diligence to closing will take approximately 45 days. Site preparation will take 90 days. Permitting through issuance of certificate of occupancy will take 180 days. Residential and commercial occupancy and operation are expected withing 90 days after the issuance of certificate of occupancy.
7. Contacts: Jorge Beltran (manager) (608) 784-5488; jorge@ladcolax.com
Sam Bachmeier (manager) (608) 784-5488; sam@ladcolax.com
Ann Hlavacka (consultant) (608) 785-8782; ahlavaka@uwlax.edu
8. LIPCO will agree to convey the property back to the city in the event the city is not satisfied with LIPCO's progress, at the city's sole discretion, anytime during the first year of the project.

This letter of intent is intended to set forth general understandings and agreements of the Parties and to provide the basis for negotiating the attached contract.

Very truly yours,

La Crosse Industrial Park Corporation

By: La Crosse Area Development Corporation

By: _____

Jorge Beltran