

Old #5 Development, LLC
1609 Mississippi Street
La Crosse, WI 54601

May 29, 2020

City of La Crosse Planning & Development
c/o Ms. Dawn Reinhart
400 La Crosse Street
La Crosse, WI 54601

Re: Requested Changes to Terms of Purchase for 1222 Denton Street, La Crosse, WI

Dear Ms. Reinhart:

We are writing to request changes to the terms for purchasing the property at 1222 Denton Street from the City of La Crosse. The property was formerly known as the Southside Senior Center. Due to the COVID-19 pandemic, the economy has undergone drastic changes over the past two months that have completely changed projections for the real estate market. We currently see little to no demand for office space over the next few years as the economy recovers, so Option B (office on the second floor) as presented to the City is no longer feasible. Option A has been modified since we feel that a surplus of available retail and restaurant space could become very abundant depending on how many establishments go out of business during the current economic downturn. Our current proposal replaces office space with a third dwelling unit on the back portion of the first floor. We have attached a revised Proforma showing how the project is still not financially sustainable with this model unless historic tax credits can be obtained. The construction cost is shown at approximately \$430,000, but could easily rise to \$450,000. The previous estimate had construction costs at \$400,000; the increase is for the additional dwelling unit build-out. After adding in soft costs and a small contingency, the project cost is around \$500,000.

One of our partners has decided to leave the project, so the LLC is currently being reconfigured. The remaining three partners are still committed to moving forward, but given the weakened rental market and higher construction costs, we propose the following changes:

1. All asbestos abatement costs are to be paid in full by either the La Crosse County grant that was previously mentioned or by the City of La Crosse.
2. The new 6" water main, storm and sanitary sewer hook-ups from the connection at the public utility to the building are to be paid in full by either the La Crosse County grant or by the City of La Crosse.
3. If the National Register Nomination Process does not result in the building being eligible for Historic Tax Credits, then Old #5 Development has the option to withdraw from the project with no penalty or forfeiture as described in the developers agreement.
4. The elevator must be current on inspections and have any noted deficiencies corrected prior to purchase of the property.
5. The City of La Crosse shall furnish a report to Old #5 Development, LLC documenting the water damage caused to the structure and elevator by the pipe rupture in the basement in March 2020 (after the offer to purchase had been made).
6. The project will be eligible to receive a \$10,000 façade grant for work on the front of the building.

Old #5 Development, LLC
1609 Mississippi Street
La Crosse, WI 54601

With recent events, the probability of project success has dropped significantly. We are still committed to this project and the preservation of a local landmark, but the margins are very tight. If you have other potential funding sources we would welcome your input.

Respectfully Submitted,

A handwritten signature in black ink, reading "Marcus J. Zettler", followed by a horizontal line extending to the right.

Marcus J. Zettler, NCARB, APT

On behalf of:
Old #5 Development, LLC
(608) 844-1208
MZettler0916@gmail.com