

Brownfield Case Study

Wisconsin Waterfront Revitalization Conference

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Background

- Former American Brass Foundry
 - 100 year history as a foundry
 - 29 Acres
- Current ownership/status of property
- Property is vacant
- Known Soil and Groundwater contamination

Pre-Negotiation Strategy

- Threaten condemnation with municipal exemption liability for clean up.
- Threaten cost recovery for remediation necessary to support residential redevelopment.
- Estimated cost difference for industrial vs. residential remediation was in excess of \$15 million.

Negotiated Agreements

- Offer To Sell
- The Exit Strategy Contract
- Property Conveyance Settlement Agreement
- Pollution Legal Liability Select Cleanup Cost Cap Insurance Policy

Summary of Deal

- CITY takes title to property
- CITY pays \$5,000,000
- ARCo and OCK pays \$5,075,000 through
AIG
- Arco and OCK pays to City \$765,000 for
fencing/capping obligations

Summary of Deal

- TRC decontaminate and demolish Bldgs.
- TRC assumes baseline Cleanup Obligation forever
- AIG insurance policy
- These benefits are assignable to future site owners

The Exit Strategy Contract

- Building Demolition
- TRC Baseline Remediation
- CITY Remediation Responsibility
- Industrial Development is prohibited
- TRC Hold Harmless Obligations

The Exit Strategy Contract (cont.)

- Developer Benefits
- CITY Barrier Obligation
- Payment to TRC through Commutation Account (managed by AIG)
- Site Condition Upon Remediation

Property Conveyance, Settlement Agreement & Release

- Land transfer to the CITY
- CITY release and agrees to indemnify ARCo and OCK
- City's indemnification and assumption obligations **does not include certain specified claims**

The AIG Insurance Policy

- Ensure that TRC performs its Cleanup
- Insurance policy paid by TRC out of payments made by the parties
- 30 Year Term
- No Deductibles

Coverage

- Insurance Coverage
 - On-site and off-site cleanup for pre-existing contamination
 - Third party claims for off-site cleanup (\$11,000,000)
 - Remediation cost cap insurance (\$15,700,000)
- Insureds - CITY, ARCo, OCK as well as any future owners and developers

Funding Sources for City

- \$1 million Brownfield grant from Wisconsin Department of Commerce.
- \$1 million loan/grant from U.S. EPA.
- Tax incremental financing for balance of \$5 million City share.

Planning Strategy

- City retains Urban Land Institute for unbiased master plan for site.
- ULI will prepare a comprehensive suggested development plan with full public input.