

**TERM SHEET
FOR SALE OF PARCEL LOCATED AT
4601 N. 84th Street
(Morse Middle School)**

Buyer: Hmong American Peace Academy, Ltd. ("HAPA")

Property: Samuel Morse Middle School is located at 4601 N. 84th Street in Milwaukee, Wisconsin. This multi-level facility is approximately 165,000 square feet and sits on 14.959 acres of land, including green space (the "Property"). HAPA will use the Property to operate a PK3-12 charter school. HAPA proposes to purchase the facility and property through a land contract. Property is being sold in "as is where is" condition with all faults and defects, known or unknown, physical or otherwise, and without representation or warranty, express or implied.

Purchase Price: Two Million Seven Hundred Seventy Thousand Dollars (\$2,770,000.00).

Closing: Closing shall occur as mutually agreed by the parties, but not later than June 30, 2012.

Exclusivity Period: Prior to May 1, 2012, MPS agrees not to accept or solicit any offers for the purchase of the Property from any third parties without HAPA's written consent.

Title Insurance and Closing Fees: HAPA shall be responsible for obtaining and paying the cost of title insurance, gap endorsements, closing fees, and title updates, if any.

Due Diligence: HAPA shall have a 60 day due diligence period that shall begin after (1) the purchase agreement is executed and delivered to MPS and (2) HAPA's receipt of all books and records for the Property.

Financing Contingency: This transaction is contingent upon Seller's ability to provide Seller financing to HAPA. It is contemplated that the Seller financing shall be a land contract with a term of 20 years and an interest rate not to exceed 3% per annum. There will be no pre-payment penalty. HAPA shall obtain separate financing for repairs and improvements to the Property, receipt of which is not a contingency to this transaction.

(ITEM 5) **ACTION ON A RECOMMENDATION TO WAIVE ADMINISTRATIVE POLICY 5.012(B), DISPOSITION OF SURPLUS PROPERTY, AND ACTION ON A PROPOSED LAND CONTRACT FOR THE SALE OF REAL ESTATE LOCATED AT 4601 N. 84TH STREET TO THE HMONG AMERICAN PEACE ACADEMY**

Attachment, p. Error! Bookmark not defined.

BACKGROUND

1. Since the 2004-05 school year, the Hmong American Peace Academy (HAPA) has been under contract with the Milwaukee Board of School Directors to operate a MPS non-instrumentality charter school serving K4 through grade-8 students.
2. The school is currently leasing the former site of the Samuel Morse Middle School building, 4601 N. 84th Street.
3. On October 19, 2011, the MPS Administration received a Letter of Intent from the Hmong American Peace Academy, Ltd., to purchase, via land contract, the former Samuel A. Morse Middle School.

ADMINISTRATION'S ANALYSIS

4. The offer is for the appraised value of \$2,770,000. The offer further requests seller financing via land contract for a term of 20 years at a rate not to exceed 3%, with no pre-payment penalty. The property would be used by HAPA to operate a PK3-12 charter school
5. The Administration is requesting authority for the Board's President and the Superintendent to complete the sale described above in accordance with the attached term sheet. The term sheet, drafted by the Office of the City Attorney, outlines the parameters to be used in negotiating and executing the sale of the property. Use of a term sheet allows the district to complete real estate transactions in the most expeditious manner. This method has been used in the past and has been recommended by the City Attorney's Office.
6. Pursuant to Wisconsin Stats. § 119.60(2), property used for school purposes shall be sold by the City upon written request of the Board of School Directors. Sale of district real estate requires the Common Council's approval. Following approval by the Board of this proposed sale, the Administration will submit the requested sale for the City's approval.
7. HAPA has also requested that MPS issue up to \$2 million in QSCB (Qualified School Construction Bonds) for improvements to the school. In order to secure this financing, the school will enter into a repayment agreement with the school district for the full amount of the debt. The necessary Board action to approve this transaction is not part of this Board item and would require additional separate approval. The transaction is currently under discussion with the City of Milwaukee, which would issue the debt.

STRATEGIC PLAN COMPATIBILITY STATEMENT

8. The recommendation is consistent with the District's *Working Together, Achieving More* Strategic Plan.

Goal 6: The District is accountable for measurable results.

WTAM strategy: The district allocates resources in a fiscally responsible manner to improve academic performance.

WTAM measurable objective: Annual operational cost for excess space will be reduced by \$10 million.

STATUTE, ADMINISTRATIVE POLICY OR BOARD RULES STATEMENT

9. The Board will have to waive Administrative Policy 5.01(2)(b), Disposition of Surplus School Property, which requires the declaration of surplus before sale of property:

1. Subsequent to the designation of a property as surplus, the appropriate city, county, and other planning agencies shall make recommendations regarding potential future use(s). All properties designated as surplus must be approved as such by the Board prior to advertising for sale.

2. The following priorities shall be utilized in disposition:

1st — Sale, for non-public purpose, with the goal of returning as many properties to the tax base as possible.

2nd — Lease with maintenance and operations activities performed by the district. Lease must cover all cost to the Board of School Directors.

3rd — Sale/lease to other governmental agencies.

3. The sale of any surplus property shall be at fair market value, at a minimum.

4. As a general practice, all leases will be executed to minimize or eliminate all costs to the Board of School Directors. Net revenue generated from fees for the lease of vacant buildings owned by the Board shall be placed in the Construction Fund, unless otherwise designated by the Board.

FISCAL IMPACT STATEMENT

10. This item does not authorize expenditures. The sale's proceeds shall be deposited into the School Construction Fund, pursuant to Wis. Stats. § 119.60(1).

IMPLEMENTATION AND ASSESSMENT PLAN

11. Upon approval, the Administration will submit a request to the City to sell this property in accordance with the attached term sheet.

12. The Superintendent and President of the Board are authorized to execute documents as necessary to carry out the land sale transaction authorized pursuant to this item.

COMMITTEE'S RECOMMENDATION

Your Committee recommends that the Board:

1. authorize the Administration to submit a request to the City to sell the property located at 4601 N. 84th Street, pursuant to the terms outlined in the attached term sheet;
2. authorize the Superintendent and the President of the Board to execute all documents necessary to complete the sale of the parcels located at 4601 N. 84th Street, including an lease purchase agreement, in accordance with the terms of the attached term sheet; and
3. waive Administrative Policy 5.01(2)(b), Disposition of Surplus School Property, which requires the declaration of surplus before sale of property:

1. Subsequent to the designation of a property as surplus, the appropriate city, county, and other planning agencies

shall make recommendations regarding potential future use(s). All properties designated as surplus must be approved as such by the Board prior to advertising for sale.

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