

LAND DISPOSITION REPORT COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

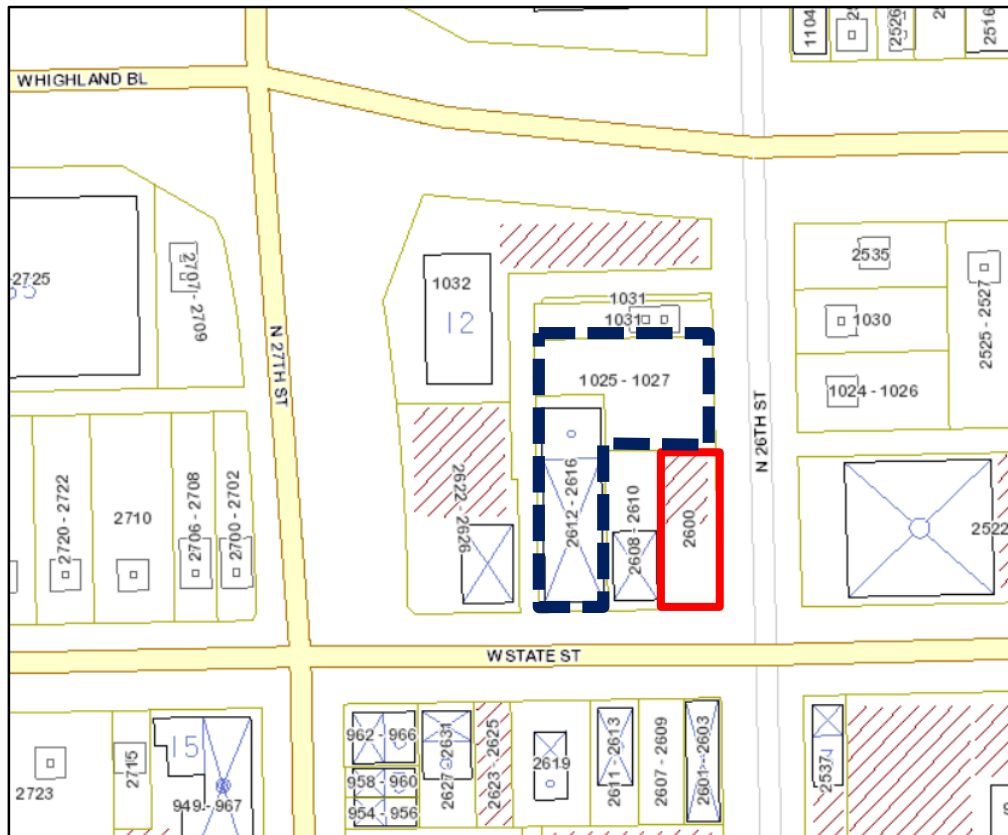
November 15, 2018

RESPONSIBLE STAFF

Matthew Haessly, Real Estate Specialist, DCD

PARCEL ADDRESSES AND DESCRIPTION

The City of Milwaukee ("City") acquired 2600 West State Street through property tax-foreclosure in August, 2013 and the Redevelopment Authority of the City of Milwaukee ("RACM") accepted 2612-16 West State Street and 1025-27 North 26th Street as a donation in December, 2000. The City and RACM parcels (together the "Properties") have a combined land area of 26,000 SF. The 2612-16 West State Street parcel is occupied by a fire-damaged 10,570 SF former theater. The Properties are located within the Avenues West neighborhood.



City Property



RACM Properties

BUYER

NEW STATE MKE LLC, the "Buyer," consists of "members." The members are as follows: John Hennessy, developer and founder of Hennessy Group, Inc. (Managing Member); Andrew Parker, neighborhood leader and owner of Manderley Bed and Breakfast (co-Managing Member); and West Side Arts Unlimited (a non-profit organization) instituted to provide music expertise, curriculum development/management, program management and long-term "community participation" in THE NEW STATE development and its programs.

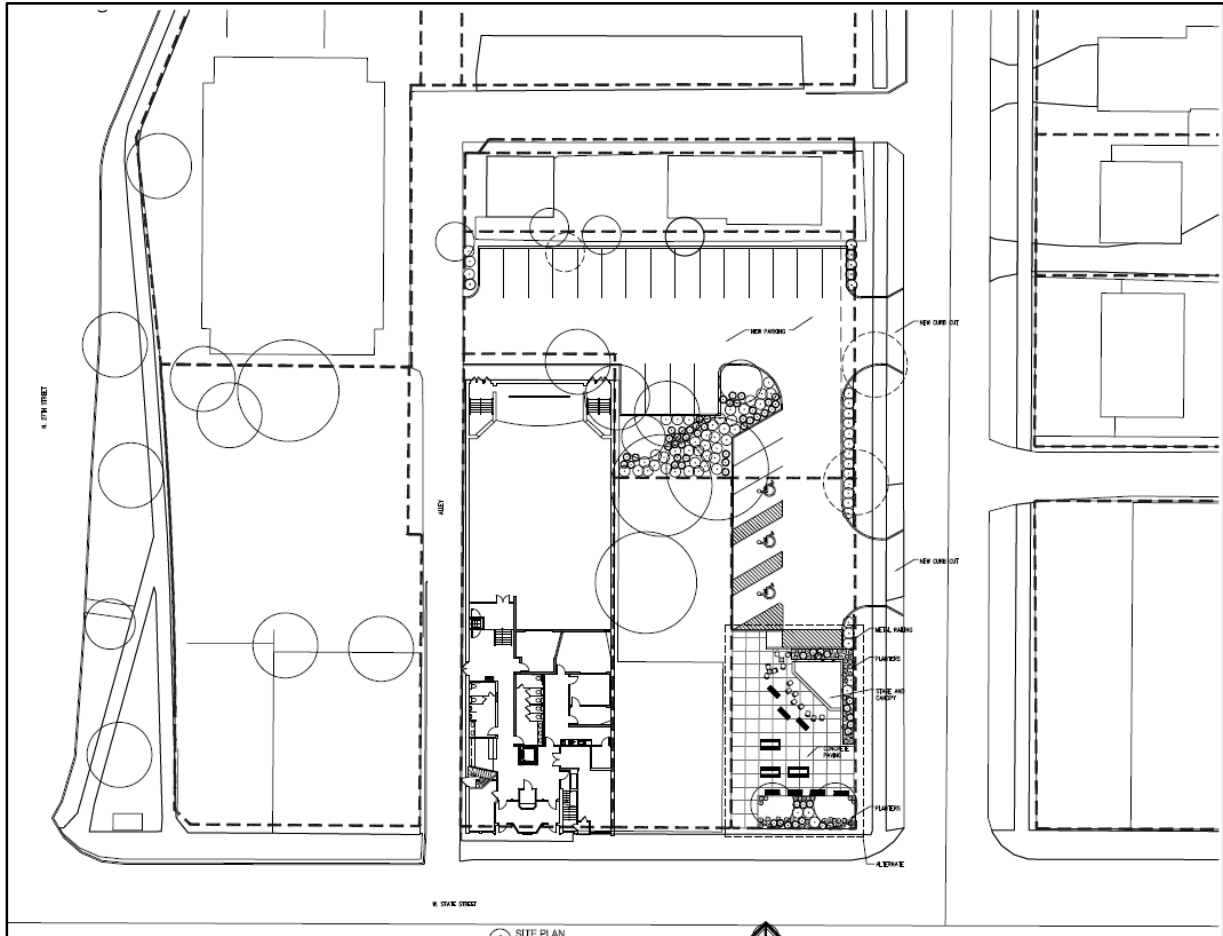
John Hennessy is the founder of Hennessy Group, a neighborhood real estate development firm which implements various development projects, manages apartment and commercial properties and provides related consulting. John is particularly dedicated to improving Milwaukee's Near West Side and Westtown (the west side of Downtown) communities, currently serving both neighborhoods as a member of the Near West Side and Westtown BID Boards, as Board Member/CED Chair for the Westtown Association, and as a member of the Near West Side Commercial Corridor Committee. Some of John's accomplishments include three National Register historic renovations-the Kilbourn Knoll Historic Apartments (31st and Kilbourn, Milwaukee), the Saint James Court Historic Apartments (8th and Wisconsin, Milwaukee) and the Lincoln School Historic Apartments (Racine); a complete gut rehab of the catalytic, mixed-use SoHi Building (27th and Wells, Milwaukee) and obtaining high-quality, successful tenants for the building; developing two architecturally significant/catalytic, newly constructed, condo-style buildings in Milwaukee's Marquette neighborhood, The Nicole & Tim's Place (16th and Kilbourn); using various multi-layered financing to accomplish neighborhood development projects, i.e., historic tax credits, owner and corporate equity, various debt instruments, grants, etc.; and developing successful management strategies for use in transitional urban areas.

In the 1980s, Andrew Parker teamed with neighbors and the City's Office of Historic Preservation to establish the area bounded by 27th and 35th streets, and Wisconsin Avenue and Highland Boulevard as the Historic Concordia District. Parker is the two-time past president of Historic Concordia Neighbors, Inc., an organization working to enhance its community. Parker and his wife, Marie, also own and operate the award-winning Manderley Bed and Breakfast at 3026 West Wells St., which they restored themselves.

West Side Arts Unlimited is run by a board currently consisting of Parker, Hennessy, Charles Forsberg (recording studio owner), Dima Pochtarev (record label owner), Janice Vogt (co-founder of FREESPACE, a local youth music organization), WebsterX (performance artist and co-founder of FREESPACE), Clara Tracey (neighborhood merchant, music entrepreneur and youth orchestra leader), Promise Bruce (local radio personality) and Barbara Tracey (neighborhood resident and choir director). Two other key members of THE NEW STATE Development Team are Allyson Nemecek (neighborhood resident, founder of Quorum Architects, Inc., community leader, and principal architect for the NEW STATE) and Joyce Altman (Past President/CEO of the Wisconsin Conservatory of Music).

PROJECT DESCRIPTION

The Buyer desires to acquire the Properties and restore and rehab the fire-damaged theater building at 2612-16 West State Street to house music, arts, entertainment and educational-related businesses and programs, including music production and performance along with recording studios and a retail shop for selling the music and wares of local and regional performance artists, and a 400+ seat all ages performance venue. In addition, the Buyer intends to create a pocket park in the vicinity of what is currently the 2600 West State Street parcel that will be open to the public and to construct a surface parking lot north of the pocket park. The Buyer shall provide landscaping along North 26th Street and the pocket park as required by MCO 295-405 (Type B Landscaping). The estimated budget is \$2,600,000.



PURCHASE TERMS AND CONDITIONS

The purchase price is \$2,000. The conveyance will be on an "as is, where is" basis. The Buyer shall be responsible for all site development activity, including, but not limited to, environmental and geotechnical conditions and site clearance. The Properties will be combined with a joinder deed restriction.

The transaction will provide for an up to \$50K reimbursable brownfield grant from the City based on submission by Buyer of paid invoices for such activities as demolition, building clean out and clearance and asbestos abatement.

The deed of conveyance will contain (i) a restriction prohibiting the Buyer or its successors from applying to the City for tax-exempt property status, (ii) a restriction joining the 3 parcels as one combined whole, and (iii) a reversionary clause such that if the Buyer does not complete the Project by January 5, 2024, the City may elect to reacquire title to the Properties.

At closing, the sale proceeds, less sale and marketing expenses and a 30 percent disposition fee to the Redevelopment Authority of the City of Milwaukee, shall be deposited in the Delinquent Tax Fund.