



Department of City Development

City Plan Commission
Historic Preservation Commission
Neighborhood Improvement
Development Corporation
Redevelopment Authority

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

January 4, 2011

Mr. Ronald D. Leonhardt
City Clerk
City Hall, Room 205
Milwaukee, WI 53202

Dear Mr. Leonhardt:

Enclosed is a fully executed copy of the duplicate original of the Cooperation Agreement between the Redevelopment Authority of the City of Milwaukee and the City of Milwaukee regarding the financing for new development and adjacent site improvements at 1538 thru 1574 W. National Avenue.

Please insert this document into Common Council Resolution File No.100642, approved October 12, 2010.

Sincerely,

Scott Stange
Compliance Officer

Enclosure

DUPLICATE
ORIGINAL

COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT ("Agreement") is entered into as of 12/15 2010, by and between the City of Milwaukee, Wisconsin, a Wisconsin municipal corporation ("City") and the Redevelopment Authority of the City of Milwaukee ("RACM").

WITNESSETH THAT:

WHEREAS, City and RACM have amended the Project Plan for Tax Incremental District No. 27 (Clarke Square) ("District") with the adoption of their respective resolutions No. 100642 and No. 10242; and

WHEREAS, The amendment ("Amendment") provides for \$400,000 of financing for the development of a 6500 s.f. retail facility and adjacent site improvements at 1538 thru 1574 W. National Ave.; and

WHEREAS, renovations for this property are estimated to cost \$1.5 million as detailed in the Amendment; and

WHEREAS, the above resolutions further authorized the City and RACM to enter into this Cooperation Agreement for the purposes of providing the financing from TID 27 on terms set forth in the Term Sheet attached as **Exhibit "A"**;

NOW, THEREFORE, The parties hereto mutually agree as follows:

1. Grant to RACM. City agrees to provide \$400,000 to RACM for the purposes of providing financing on Terms set forth in Exhibit A, hereto.
2. Establishment of Fund Account. Funding for the Grant shall be provided from TID 27 Account No. TD02788001. The City Comptroller shall establish such funds and accounts in TID 27 as necessary to accomplish the transaction contemplated herein.
3. Administration of the Fund Account. The City Comptroller shall review and approve the accounting and financial reporting systems necessary to administer the Grant Account.
4. Verification by Comptroller. The City Comptroller shall, from time to time as in the Comptroller's judgment is appropriate, review the receipts and expenditures of RACM, or of management operations in relation to the Grant. The Comptroller shall have full power to conduct

an audit or to have such an audit conducted as is necessary in the Comptroller's judgment to provide a full accounting to the City. The results of such audit shall be reported to the Common Council.

IN WITNESS WHEREOF, The parties have executed this Agreement the day and year as hereinafter set forth.

CITY OF MILWAUKEE

REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE

Tom M. Barrett
Tom M. Barrett, Mayor

By: _____
Lois Smith, Chair

Date: _____

Date: _____

Ronald O. Lehardt
City Clerk

By: _____
Rocky Marcoux, Exec. Dir.

Date: 12/3/10

Date: _____

COUNTERSIGNED:

DEPUTY Michael G. Quinn
City Comptroller

Date: 12/15/10

Approved as to form, execution, and content this 15th day of Dec 2010.

Kevin P. Sullivan
Assistant City Attorney

4. Verification by Comptroller. The City Comptroller shall, from time to time as in the Comptroller's judgment is appropriate, review the receipts and expenditures of RACM, or of management operations in relation to the Grant. The Comptroller shall have full power to conduct an audit or to have such an audit conducted as is necessary in the Comptroller's judgment to provide a full accounting to the City. The results of such audit shall be reported to the Common Council.

IN WITNESS WHEREOF, The parties have executed this Agreement the day and year as hereinafter set forth.

CITY OF MILWAUKEE

Tom D. Barrett, Mayor

Date: _____

City Clerk

Date: _____

REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE

By: Lois Smith
Lois Smith, Chair

Date: 11/24/10

By: Rocky Marcoux
for Rocky Marcoux, Exec. Dir.

Date: 11/24/10

COUNTERSIGNED:

City Comptroller

Date: _____

Approved as to form, execution, and

COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT ("Agreement") is entered into as of _____, 2010, by and between the City of Milwaukee, Wisconsin, a Wisconsin municipal corporation ("City") and the Redevelopment Authority of the City of Milwaukee ("RACM").

WITNESSETH THAT:

WHEREAS, City and RACM have amended the Project Plan for Tax Incremental District No. 27 (Clarke Square) ("District") with the adoption of their respective resolutions No. 100642 and No. 10242; and

WHEREAS, The amendment ("Amendment") provides for \$400,000 of financing for the development of a 6500 s.f. retail facility and adjacent site improvements at 1538 thru 1574 W. National Ave.; and

WHEREAS, renovations for this property are estimated to cost \$1.5 million as detailed in the Amendment; and

WHEREAS, the above resolutions further authorized the City and RACM to enter into this Cooperation Agreement for the purposes of providing the financing from TID 27 on terms set forth in the Term Sheet attached as **Exhibit "A"**;

NOW, THEREFORE, The parties hereto mutually agree as follows:

1. Grant to RACM. City agrees to provide \$400,000 to RACM for the purposes of providing financing on Terms set forth in Exhibit A, hereto.
2. Establishment of Fund Account. Funding for the Grant shall be provided from TID 27 Account No. TD02788001. The City Comptroller shall establish such funds and accounts in TID 27 as necessary to accomplish the transaction contemplated herein.
3. Administration of the Fund Account. The City Comptroller shall review and approve the accounting and financial reporting systems necessary to administer the Grant Account.

Term Sheet for

S. Cesar Chavez Dr. & W. National Ave. Redevelopment Project

- **Project.** The “Project” consists of the construction of a 6500 s.f. retail facility located at the north-east corner of S. Cesar Chavez Dr. & W. National Ave. for lease to O’Reilly Automotive, Inc. In addition, the project includes parking and other site improvements and environmental remediation on the properties identified as 1538 through 1574 W. National Ave. – all as more particularly set forth in Amendment No. 1 to the Project Plan for Tax Incremental District No. 27 in the City of Milwaukee.
- **Developer/Owner.** The “Developer” for the Project will be an LLC to be formed by Hussein Govani.
- **Project Budget.** The estimated cost of the Project, is \$1,512,000 including site acquisition costs.
- **City Funding.** The City will provide \$400,000 to the Redevelopment Authority of the City of Milwaukee (“RACM”) from Tax Incremental District Bond Account No. TD02780002 for the purposes of providing a Loan to the Project. This funding will be contingent upon the City amending Tax Incremental District No. 27 (Clarke Square), and such amendment being approved by the Joint Review Board for Milwaukee tax increment districts.
- **Loan Terms.** The Loan amount will be \$400,000 and will have an interest rate of 0%, and a term of 17 years. No payments will be due until the third year. Thereafter, the loan will be amortized in equal payments of principal plus interest based on a 20 year amortization. Payments will be made monthly. Security for the Loan will be a second mortgage encumbering the Project, the terms of which shall be commercially reasonable. In addition, RACM will execute a subordination agreement in form and content reasonably acceptable to Developer’s first mortgage lender. The Loan may be prepaid at any time without penalty or fee.
- **Personal Guarantee.** The Loan shall be personally guaranteed by the shareholders of the Developer, in proportion to each shareholder’s ownership interest in the Developer.
- **RACM Responsibilities.** Funds provided by the City to RACM shall be utilized for the costs of the Project and shall be disbursed following the investment by the Developer of not less than \$215,000 and the disbursement, by the Project’s primary lender of its loan proceeds pursuant to a disbursing agreement to be entered into with RACM and a mutually acceptable title insurance company. All repayment revenue received by RACM shall be transferred to the City as Project Revenues, as defined in Sec. 66.1105(2)(f)1, Wis. Stats. until the termination of the TID.
- **Additional Funding Sources:** To the extent Developer obtains state, local, or federal grants or other funding sources with which to finance the Project, the amount of Loan or Grant

proceeds shall be reduced by 90% of such additional sources and such amount will be immediately due and payable upon such event.

- **Disbursement of TID Funds.** Prior to disbursement of the Loan the following actions must occur:
 - A. A final budget for the total costs of the Project (hard and soft costs) shall have been approved in writing by City's Commissioner of City Development ("Commissioner").
 - B. Final plans and specifications for the Project shall be approved by the Commissioner.
 - C. The Commissioner shall have received and approved a signed Human Resources Agreement.
 - D. The Developer shall have closed on a construction / permanent loan for the Project, in an amount of \$900,000, and all conditions to the disbursement of such loan, as required by the lender, shall have been satisfied.
 - E. Developer shall provide evidence, satisfactory to the Commissioner, that it has invested \$215,000 of its funds, exclusive of funding from the permanent lender or funding from the Redevelopment Authority.
- **Human Resource Requirements.** Prior to disbursement of any City funds, the Developer, City, and RACM shall enter into a customary EBE Agreement providing for not less than 18% participation by Emerging Business Enterprises and a 21% Residents Preference commitment, both in forms consistent with similar transactions.
- **PILOT Payments.** The Loan Agreement will require payments in lieu of taxes with respect to the Project or portion of the Project that subsequently becomes exempt from real property taxes.
- **Form of Leases, Tenants.** Leases shall be a form generally accepted in the commercial real estate industry for retail and office tenants, and shall be subject to approval as to form only by the Commissioner. Permitted tenants shall exclude employment agencies, and check cashing outlets.
- **Other Provisions.** This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort shall be incorporated into one or more agreements including the Development Agreement between the City, RACM, and the Developer.