

Land Disposition Report

Common Council of the City of Milwaukee

Date

February 26, 2019

Responsible Staff

Rhonda Szallai, DCD – Real Estate Staff

Parcel Address and Description

Former Hayes School at 2431 South 10th Street (the “Property”) consists of a 43,396 SF building constructed in 1906 on a 1.3-acre site. The Property was listed as Surplus/Vacant on the Milwaukee Public Schools’ annual building inventory list dated August 2017 and provided to the City Clerk. Under the requirements imposed by Wisconsin Statutes, Section 119.61, the Property was listed for sale to education operators only between September 2017 and August 2019. An offer to purchase was submitted by an education operator on January 18, 2019.



Buyer

Carmen High School of Science and Technology, Inc. (“Buyer”) proposes to purchase and renovate the Property for school use as Stellar Collegiate Academy (“Stellar”). Stellar is currently a charter school (K4-3) operated under a contract with the University of Wisconsin – Milwaukee. Stellar is currently located

at 1115 South 7th Street and opened in August 2016. Carmen is a network of schools chartered by the Milwaukee Public Schools that has operated in Milwaukee for a dozen years.

Project Description

The Buyer proposes to renovate the existing building and site to accommodate approximately 380 students once at full capacity. The Buyer intends to open a new school in the building in September 2019.

The Property is zoned RT4 and a school is a permitted use. Closing of the sale is contingent upon the Buyer obtaining all necessary approvals, financing and DCD approval of the final building elevations and site plans. The Buyer has submitted a Letter of Interest to provide financing from two sources.

The estimated project cost for the purchase and renovation is \$1.3 million.

Purchase Terms and Conditions

The purchase price is \$350,000, based on the appraised value of \$670,000, less existing deferred maintenance. The conveyance is on an “as is, where is” basis, including all environmental and geotechnical conditions, if any.

The Buyer and the City of Milwaukee will enter into a Purchase and Sale Agreement that requires Buyer Performance and a Performance Deposit of \$10,000.

At closing, Department of City Development sales expenses will be subtracted from the sale proceeds and the remaining proceeds shall be deposited in the Milwaukee Public Schools Operations Fund.

The deed of conveyance will contain a Reversionary Clause consistent with Wisconsin Statutes, Section 119.61(4)(c)(5)(b), requiring the Buyer to complete the renovations and occupy the Property within 24 months of closing.