



**MILWAUKEE
PUBLIC SCHOOLS**

Lynne A. Sobczak
Board Clerk

Director, Office of Board Governance

5225 W. Vliet St., Room 273, Milwaukee, WI 53208
Phone (414) 475-8282 ■ Fax (414) 475-8071

October 15, 2013

The Common Council of the City of Milwaukee
c/o Mr. Jim Owczarski, City Clerk
City Hall, Room 205
200 East Wells Street
Milwaukee, WI 53202-3567

Ladies and Gentlemen:

Earlier today I was informed that there was a typographical error in the Term Sheet sent to you yesterday regarding the sale of the parcel at 2760 N. 1st Street (Malcolm X School). Superintendent Thornton has forwarded the enclosed communication to the Board members and will formally submit his report of the technical amendment correcting the error to the Board at its regular October Board meeting.

With this correspondence I am forwarding a copy of the Superintendent's Communication to the Board and the corrected Term Sheet for the Sale of the Parcel at 2760 N. 1st Street (Malcolm X School). Please replace the originally submitted Term Sheet with the enclosed corrected version.

I apologize for any inconvenience this may have caused. I have been working with the City Attorney's Office regarding this matter. Please contact either the City Attorney's Office or me if you require any further information or if we may be of further assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "Lynne A. Sobczak".

Lynne A. Sobczak
Board Clerk

Enclosure

cc: Tom Barrett, Mayor, City of Milwaukee
Willie L. Hines, Jr., President, Common Council
Grant Langley, City Attorney
Michael Bonds, President, Milwaukee Board of School Directors
Gregory Thornton, Superintendent, Milwaukee Public Schools
Bob DelGhingaro, Chief Accountability and Efficiency Officer
Michelle Nate, Chief Operations Officer

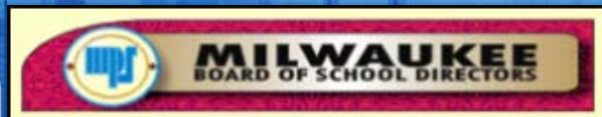


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AGENDA ITEM

review

Meeting Date:	10/29/2013 - 6:30 PM
Category:	Reports and Communications from the Superintendent
Type:	Info
Subject:	1. Report and Possible Action on a Technical Amendment to the Term Sheet for Sale of a Parcel Located at 2760 N. 1st Street, as Approved by the Board on October 14, 2013
Strategic Plan Compatibility Statement:	Goal 6 The district is accountable for measurable results
Policy:	
Attachments:	Malcolm X Term Sheet Corrected
File Attachment:	 Malcolm X Term Sheet Corrected.pdf
Summary:	<p>At its special meeting on October 14, 2013, the Board voted to authorize the Administration to submit a request to the City to sell the property located at 2760 North 1st Street in Milwaukee, Wisconsin, pursuant to the terms outlined in a term sheet drafted by the Office of the City Attorney which outlined the parameters to be used in negotiating and executing the sale of the property. The Board's action also authorized the Superintendent and the President of the Board to execute all documents necessary to complete the sale of the parcels located at 2760 North 1st Street.</p> <p>Subsequent to the Board's action, it was discovered that, due to a typographical error, under the heading "Lease Back" the term sheet erroneously stated that the Board "...shall pay a monthly rent of \$12.00 per square foot" for 83,392 square feet of educational space within the facility. The attached term sheet has been corrected to read that the Board "...shall pay an annual rent of \$12.00 per square foot" for the space.</p> <p>At this time, the Administration is reporting to the Board that a technical amendment to the term sheet has been made to correct the error and to set the annual rent to \$12.00 per square foot.</p>
Fiscal Impact Statement:	
Implementation and Assessment Plan:	
Recommendation	
Approvals:	<p>Recommended By:</p> <p>Pending: <i>Gregory Thornton</i></p> <p>Thornton, Gregory - Superintendent</p>

**TERM SHEET
FOR SALE OF PARCEL LOCATED AT
2760 N. 1st Street
(Malcolm X Middle School)**

Project: Redevelopment of the Property, or a portion thereof, as a multi-use project, including residential, retail, community resource, and educational uses. 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.

Property: Malcolm X Middle School is located at 2760 North 1st Street in Milwaukee, Wisconsin. This multi-level facility is approximately 170,948 gross square feet and sits on 4.92 acres of land, including green space (the “Property”).

Buyer: 2760 Holdings, LLC. (“Buyer”)

Purchase Price: Buyer to pay \$15.00 per square foot for 83,392 square feet of space to be used for educational purposes, \$10.00 per square foot for 87,556 square feet of space to be used for non-educational purposes. The total purchase price is \$2,126,439 subject to ordinary pro-rations and credits (including, but not limited to, a credit of \$10,000 for the Right to Negotiate fee paid by the buyer).

Lease Back: Buyer and MBSD shall enter into a Lease Agreement covering the 83,392 square feet of educational space. The term of the Lease shall be 50 months commencing sooner of April 1, 2014, or upon MBSD’s acceptance of the improvements to the educational space. MBSD shall pay annual rent of \$12.00 per square foot. The Lease Agreement between Buyer and MBSD shall include the following terms: (a) the Lease Agreement shall be on a “triple net” basis; (b) an option for MBSD to repurchase the Property at the end of the term of the Lease Agreement at a price that includes a credit for the amount of rent paid by MBSD to Buyer; (c) an option for MBSD to pay the entire rental amount of the Lease in advance; (d) repayment of costs of improvements to the MPS leased space

Operating Agreement: As part of the transaction, Buyer and MBSD shall negotiate and agree to an Operating Agreement for the operation of the Property. This Operating Agreement may include, but is not limited to, the following topics: (a) ingress and egress for the various uses on the Property; (b) the financing of capital improvements to the Property; (c) the planning and approval of further development of the Property; and (d) the hours of operation of the various uses.

Closing: Closing shall occur as mutually agreed by the parties.

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

Deed Restrictions: Sale of the property from MPS to Buyer is contingent upon the inclusion of the following Deed Restrictions; (1) the Property shall not be used for any use that has the effect of diminishing the annual average number of pupils enrolled in Milwaukee Public Schools, as determined pursuant to Wis. Stat. § 121.05; (2) should the Property, or any portion thereof, become tax exempt, Buyer or its successors and assigns may pay a PILOT payment in amount of the sum of the value of the Property times the Milwaukee Public Schools tax rate for the year plus the value of the Property times the City of Milwaukee tax rate for the year; and (3) Buyer shall grant MPS the right of first refusal with respect to the sale of all or any part of the Property during Buyer's ownership of the Property.

Financing Contingency: This transaction is contingent upon Buyer's ability to obtain financing for the purchase of the Property and the redevelopment thereof in a form acceptable to MPS and the City.

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 in one or more agreements among MPS, City, and Buyer. Resolutions approving this Term Sheet shall provide for the execution of all additional Project Documents and instruments necessary to implement the Project.

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