

## **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 created Tax Incremental District No. 59 (Bronzeville Cultural and Entertainment) (“District”) with the adoption of their respective resolutions No. 041531; No. 050395; and No. 061139. The District consists of 170 acres of land area and extends from West Garfield Avenue north to West Center, and North 7<sup>th</sup> east to Dr. Martin Luther King Jr. Drive, and includes a narrow north-south segment encompassing the blocks on either side of Dr. Martin Luther King Drive from West Lloyd Street north to West Burleigh Street. The District includes a portion of the Historic King Drive commercial district, and immediately adjacent residential areas; and

**WHEREAS**, Funding provided by the Project Plan for the District totals \$3,288,500 for the purposes including Phase II improvements such as paving, landscaping, signage, along with funds for grants or loans to assist with catalytic private development opportunities in the District and assistance for new home development; and

**WHEREAS**, One of the catalytic projects proposed in the District the restoration and renovation of the office building at 642 W. North Avenue; and

**WHEREAS**, Renovations for this property are estimated to cost \$500,700 and include new windows, roof work; updated heating, ventilation and air conditioning (HVAC); facade restoration including original architectural features; pavement maintenance/ patchwork, landscaping, and construction of a parking area in the rear of the building; now, therefore, be it

**WHEREAS**, In order to assist Developer with its restoration and redevelopment plans for the former Inner City Arts Council property, the City desires to provide funding, in the form of a recoverable loan, to fund up to \$171,000 of the \$500,700 estimated total cost of the project; and

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

1. Loan to Developer. City agrees to provide up to \$171,000 to RACM for the purposes of providing a Loan to the Developer on Terms set forth in Exhibit A, hereto.

2. Establishment of Fund Account. Funding for the Loan shall be provided from TID 59 Account No. TD05982010. The City Comptroller shall establish such funds and accounts in TID 59 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 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 Loan. 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:**

By: \_\_\_\_\_  
Tom Barrett, Mayor

By: \_\_\_\_\_  
Lois A. Smith, Chair

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
David P. Misky, Assist. Exec. Dir.-Sec.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**COUNTERSIGNED:**

By: \_\_\_\_\_  
City Comptroller

Date: \_\_\_\_\_

Approved as to form, execution, and  
content this \_\_\_\_ day of \_\_\_\_\_, 2010.

By: \_\_\_\_\_  
Assistant City Attorney

## EXHIBIT A

### Term Sheet for Loan for

#### 642 West North Avenue (Bronzeville) Redevelopment Project

- **Project.** The “Project” consists of the exterior renovation / restoration and interior remodeling of the approx. 4,800 s.f. former Inner City Arts Council building at 642 W. North Ave., Milwaukee, WI, and its conversion to a multi-tenant office facility, and first floor contractors plan review room.
- **Developer/Owner.** The “Developer” for the Project will be Inner City Arts LLC, 1200 West North Avenue, Milwaukee, WI 53205, or a single-purpose limited liability company, to be formed, which shall be owned or controlled by Kalan Haywood, Randy Roth, and Osprey Inc., or entities owned or controlled by such individuals.
- **Project Budget.** The estimated cost of the Project, is approx. \$500,700, including building acquisition costs.
- **City Funding.** The City will provide up to \$171,000 to the Redevelopment Authority of the City of Milwaukee (“RACM”) from Tax Incremental District Bond Account No. TD05982010 for the purposes of providing a Loan to Project.
- **Loan Terms.** The Loan shall have an interest rate of zero, and be due as a single balloon payment, if at any time before seven years from the date of Loan origination the building is sold or refinanced. 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 shall be personally guaranteed by the shareholders of the Developer, in proportion to each shareholder’s ownership interest in the Developer.
- **Façade Easement.** As additional consideration for the Loan, Developer shall provide RACM with a Façade Easement substantially in the form attached hereto.
- **RACM Responsibilities.** Funds provided by the City to RACM shall be utilized for restoration and renovation costs of the Project and shall be disbursed by the Project’s primary lender, prorata with its loan funds in the amount of \$262,542, pursuant to a disbursing agreement to be entered into with RACM and a mutually acceptable title insurance company, following the investment, by Developer, of \$37,500 into the Project. Any revenues received by RACM from participation in cash flow, or net sales proceeds of the Project shall be transferred to the City as Project Revenues, as defined in Sec. 66.1105(2)(f)1, Wis. Stats. until the termination of TID No.59.
- **Additional Funding Sources:** To the extent Developer obtains New Markets Tax Credits, or state, local, or federal grants or other funding sources with which to finance or refinance

the Project, the amount of the Loan shall be reduced by 75% 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 exterior restoration and interior renovation shall be approved by the Commissioner, and the Milwaukee Historic Preservation Commission.
  - C. The Commissioner shall have received and approved a signed EBE Agreement.
  - D. The Developer shall have closed on a construction loan for the Project, in an amount not less than \$ 200,000 and all conditions to the disbursement of such loan, as required by the lender, shall have been satisfied.
  - E. Developer's equity contribution in the minimum amount of \$ 37,500 shall be disbursed to fund the costs of the Project. The Loan shall be disbursed following substantial completion of the project.
  - F. Any Developer Contingency at the end of construction shall be disbursed pro rata on a 75%/25% basis to City/Developer.
- **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.** Not Applicable
- **Form of Leases, Tenants.** Developer shall execute leases with Vanguard Group LLC, and Endeavor Corporation, both of whose separate tenancy shall be a term of not less than 7 years. 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 first-floor tenants shall exclude employment agencies, check cashing outlets, and non-profit businesses to the extent they exceed 10% of the street level retail leasable area of the Project.
- **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.