

LAND DISPOSITION REPORT AND DUE DILIGENCE CHECKLIST COMMON COUNCIL OF THE CITY OF MILWAUKEE

DATE

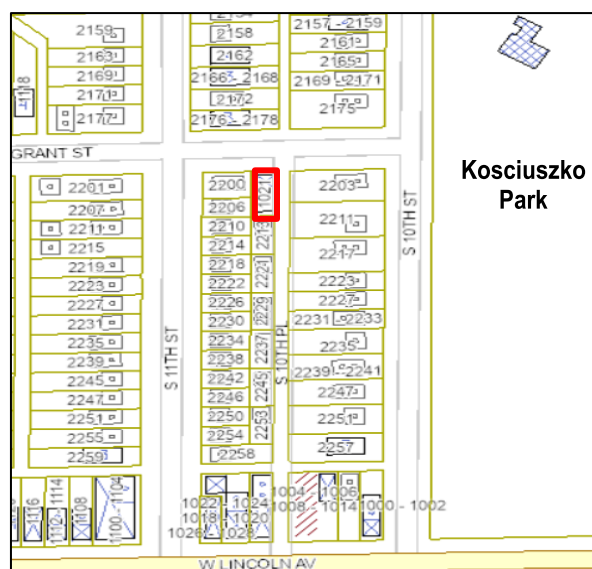
February 18, 2020

RESPONSIBLE STAFF

Dwayne Edwards, Program Manager, Department of City Development

PARCEL ADDRESS AND DESCRIPTION

1021 West Grant Street (the "Property"): A 3,084 square foot, two-story mixed-use building, with three residential apartments and a lot area of approximately 2,414 square feet. The City of Milwaukee ("City") acquired the Property on August 31, 2018 through property tax foreclosure.



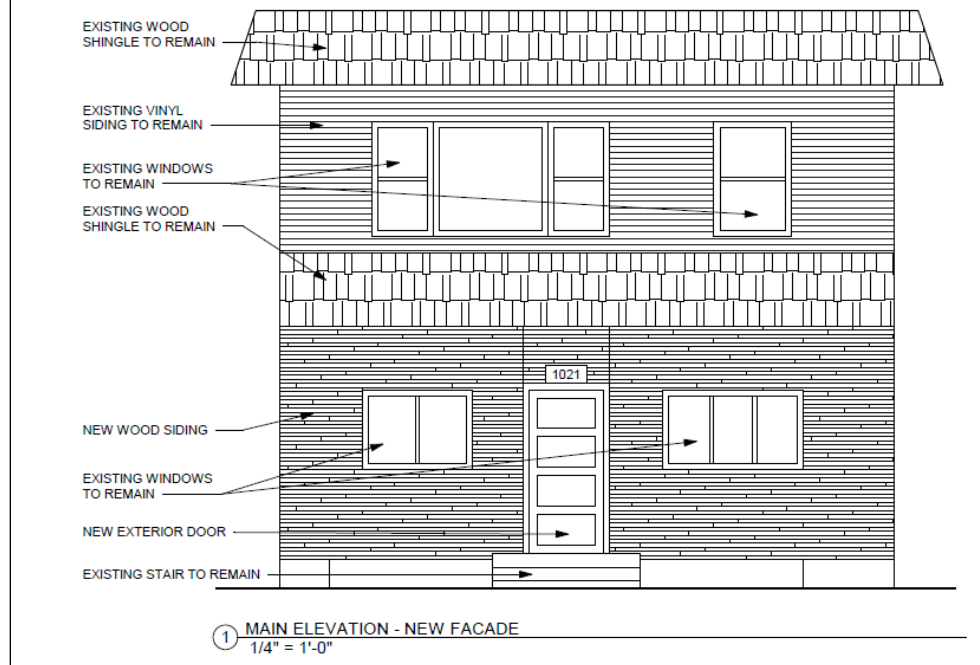
City Property

BUYER

BVRC Properties LLC ("BVRC") or its assignee is owned by Jose Pimienta and Jeff Mussa (the "Buyers"). Mr. Pimienta, the managing member, will oversee the day-to-day operations. The Buyers contacted Department of City Development ("DCD") real estate staff about the Property after the Property was re-advertised on the City's website and MLS.

The Buyers, who grew up on the south side of Milwaukee, both attended Bay View High School and later earned undergraduate degrees from local colleges. The long-time friends partnered three years ago when they started BVRC Properties LLC.

Since 2016, the Buyers have acquired six properties and have been very successful in renovating and managing those units. Improvements will include removing the sign board, new roof, siding, windows and doors, in addition to other amenities.



PROJECT DESCRIPTION

BVRC will purchase and renovate the property to convert the first floor commercial space into a small apartment unit and have four market-rate rental units available to the public by December 2020. Renovations include a total interior rehab and repairs will include, but are not limited to, electrical and plumbing upgrades, bathroom updates, new mechanicals, flooring, doors, painting, window repair as needed, security systems and ceiling work. Exterior repairs include new wood siding, door, lighting and roof repair.

The Buyers estimated rehabilitation costs are approximately \$80,000 and a portion of the work will be completed through "sweat equity." BVRC has purchased and renovated several south side residential properties.

BVRC may need certain City approvals in addition to the approval of the Land Disposition Report. Closing is contingent upon the Buyers obtaining all necessary approvals, financing and DCD approval of the final landscaping plans.

PURCHASE TERMS AND CONDITIONS

The purchase price is \$5,000. The Buyers may seek City assistance for the renovation work or choose to do the improvements privately. The conveyance of the Property will be on an "as is, where is" basis. The deed of conveyance will include a restriction prohibiting the Buyers from applying to the City for tax-exempt property status.

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

DUE DILIGENCE CHECKLIST**ADDRESS: 1021 WEST GRANT STREET**

The Commissioner's assessment of the market value of the property.	<p>The "Property" at 1021 West Grant Street is being sold "as is, where is," without any guarantees. The Property is zoned RT4 or Residential. The two-story, mixed-use building, with three residential apartments, was previously occupied as a mixed-use office.</p> <p>The purchase price is \$5,000. The building has considerable deferred maintenance, including defective electrical, HVAC and plumbing. Extensive interior damage to ceilings, floors and walls have negatively affected the overall value of the building.</p>
Full description of the development project.	<p>The Buyers, BVRC Properties LLC, plan to convert the first floor commercial space into a small apartment unit and have four market-rate rental units in the building upon completion of all renovations.</p> <p>Renovations include a total interior rehab and repairs. Work will include, but is not limited to, electrical and plumbing upgrades, bathroom updates, new mechanicals, flooring, doors, painting, security systems and ceiling work. Exterior repairs include new wood siding, lighting and roof repair.</p>
Complete site, operations and landscaping plans and architectural renderings for new construction or redevelopment.	Facade modifications will include new door, windows with clear glazing and new wood siding.
Developer's development project history.	The Buyers have purchased and rehabilitated several south side properties in the City of Milwaukee. BVRC Properties LLC has no outstanding violations on any properties.
Capital structure of the project, including sources, terms and rights for all project funding.	The estimated renovation and improvement costs are \$80,000. The Buyers are considering conventional financing and/or personal equity to finance renovations.
Project cash flows for the lease term for leased property.	Not applicable.
List and description of project risk factors.	If the building remains vacant, the deferred maintenance and costs to cure will continue to increase. Continued vacancy of the building will serve as a hindrance to efforts to redevelop the Property.
Tax consequences of the project for the City.	The Property will be fully taxable. The deed of conveyance will contain a restriction prohibiting the Buyers or their successors from applying to the City for tax-exempt property status.