

**LAND DISPOSITION REPORT  
REDEVELOPMENT AUTHORITY  
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

**DATE**

May 20, 2010

**RESPONSIBLE STAFF**

Deshea Agee (286-0793), DCD Neighborhood and Business Development

**REDEVELOPMENT PROJECT AREA**

North 7<sup>th</sup> Street – West Garfield Avenue (Bronzeville). The original 1983 plan was amended in 1984, 2005 and 2006 to promote the Bronzeville Cultural and Entertainment District to authorize property acquisitions and establish use and design guidelines. Tax Incremental District # 59 was adopted in 2005 to finance the district improvements.

**PARCEL DESCRIPTION**

642 West North Avenue has a 4,410 SF building situated on a 4,830 SF lot. The building was constructed in 1876 as a fire station and was last used as by the Inner City Arts Council. The structure is historically designated and listed on the National Register of Historic Places. The property is a key location at the west gateway to the Bronzeville District.



The Authority has provided the Redeveloper with a Phase I Environmental Site. If Redeveloper requires an updated Phase I, this cost will be at Redeveloper's sole expense. The Authority will not perform any additional environmental work on the Property. The Property will be sold in its "as is where is" condition.

## REDEVELOPER

Inner City Arts, LLC a limited liability company formed primarily by the Vanguard Group, LLC, Osprey, Inc. and Endeavour Corp.

Kalan Hayward is president of the Vanguard Group, a Milwaukee real estate and business development company. The firm has developed over 500,000 SF of residential and commercial space since 2006. The company specializes in joint-venture opportunities in addition to owning, developing and managing its own commercial projects.

The Endeavour Corporation, led by member Randy Roth, is a retail-focused real estate development company located in Milwaukee. Under Roth, Endeavor has developed over \$100 million worth of real estate projects in over 20 cities across the United States over the past 15 years, including single-tenant retail, multi-tenant retail and mixed-use.

Osprey, Inc. is a subsidiary of Impact Seven, a 39-year-old community economic development corporation located in Almena, Wisconsin. William Bay is the president of both corporations. Impact Seven provides loans funds and capital to businesses. They have a venture capital fund, twelve revolving loan funds, a micro-loan program, as well as a New Market Tax Credits allocation. Since its inception, Impact Seven has developed over \$85,000,000 in single and multi-family housing.

## PROJECT DESCRIPTION

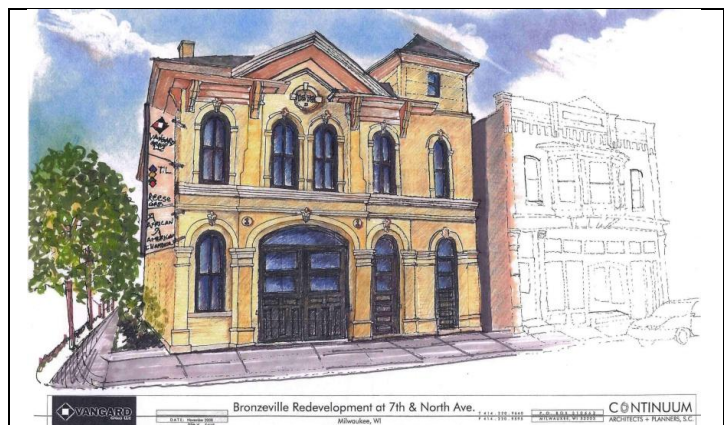
Renovate the existing building for offices for the Vanguard Group and Endeavour Corporation. A portion of the building will include space for a contractor's plan review room.

Building renovations will entail new windows, updated HVAC and roof work. The site work includes pavement maintenance/patchwork, landscaping, construction of a parking area in the rear of the building.

All exterior work on the building will conform to the United States Secretary of Interior Guidelines.

Vanguard currently has 4 full-time and 2 part-time employees and plans to add at least 2 additional over the next two years. Endeavour currently employs 3 full-time and 2 part time staff.

Total development costs are about \$500,000. The project will be financed in part through developer equity, a loan from Impact Seven, and funds from Bronzeville Development Grant.



The Redeveloper is committed to a strong EBE involvement and is aiming for 40% EBE participation.

**OPTION TERMS AND CONDITIONS**

The purchase price shall be \$10,000.00. A \$5,000 non-refundable Option Fee is required within 10 days of Common Council approval and shall be credited toward the purchase price if the sale closes within six months of Council approval. A \$5,000 Performance Deposit must be submitted at closing and shall be held until satisfactory completion of the building.

The base option term is six months to allow Redeveloper to obtain final rehabilitation plans and firm financing. If additional time is required, the Executive Director may extend the option for up to two three-month periods upon Redeveloper submitting with each request a \$500 non-refundable renewal fee and a progress report on the efforts to obtain financing and plan approvals and permits.

Closing contingencies include Authority approval of final construction plans and firm financing. Prior to closing, an Agreement for Sale that provides for reversion of title in the event of non-performance will be negotiated with the Redeveloper. Sale expenses, including the Authority's 30% development fee, shall be deducted from the Purchase Price and the net proceeds shall be returned to TID No. 59.

**PAST ACTIONS**

In 2007, the Vanguard Group began discussions with RACM staff after expressing interest in redeveloping the property. Vanguard conducted numerous site visits and due diligence leading to a scope of work, and incorporated interior plans in conjunction with Community Design Solutions (CDS).

**FUTURE ACTIONS**

Once all project elements – approved final plans and firm financing -- are in place, the Redevelopment Authority will enter into an Agreement for Sale with the Redeveloper and will proceed to close in accordance with the terms and conditions expressed herein and contained in the resolution adopted by the Authority. Final construction plans must be substantially similar to the conceptual drawings that Redeveloper submitted to obtain the Option to Purchase or major revisions may require future Authority action.