

**REDEVELOPMENT AUTHORITY  
OF THE CITY OF MILWAUKEE  
REGULAR MEETING  
MAY 17, 2012**

**MINUTES**

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The Redevelopment Authority of the City of Milwaukee held a regular meeting at 1:30 p.m. in the 1<sup>st</sup> Floor Board Room, 809 North Broadway, Milwaukee, Wisconsin.

MEMBERS PRESENT:                   Commissioner Lois A. Smith, Chair  
  Commissioner Bill Schwartz, Vice Chair  
  Commissioner Kathryn M. West  
  Commissioner Alderman Willie C. Wade  
  Commissioner Robert B. Rondini  
  Commissioner Jose Galvan

ALSO IN ATTENDANCE:               David P. Misky, Assistant Executive Director-Secretary

After the Pledge of Allegiance and Roll Call, The Chair asked for a motion to adopt the Minutes of the April 19, 2012 meeting. Hearing no corrections or objection, the minutes were adopted by consensus.

**Item 1, Regular Business**

Resolution relative to the issuance of Redevelopment Authority Revenue Bonds (Bradley Townhomes project). (9th Aldermanic District; submitted by Economic Development)

Jim Scherer of Economic Development reminded the Commission of the introductory resolution for this item approved in June 2011. The NTE \$10 million of revenue bonds will be used to acquire and rehabilitate the 12 apartment buildings and 232 apartments. The upgrades include new windows, doors, roofs, and electric. A large percentage (62%) of the units will be set aside for residents who have income's less than 60% of median income. A cooperation agreement between RACM and HACM allows the Authority to act as a bond conduit for housing and not deem the property blighted. Tony Augustine of Prairie Management and Development introduced himself and his firm. The company has 10 projects in WI and own properties with 100% Section 108 and others that are mixed income. The current owners are wanting to divest themselves of the properties and are willing to sell to Prairie Management.

Commissioner Schwartz moved for adoption of the resolution and it carried by a vote of 5 ayes - 0 nays. Adopted resolution is No. 10350. (Commissioner Wade was excused prior to vote and returned after Item 2 was introduced.)

**Item 2, Regular Business**

Resolution to authorize a negotiation of release of reversionary rights and retention of certain rights with buyer for the property at 1150 North Water Street. (4th Aldermanic District; submitted by Economic Development)

Dan Casanova of Economic Development provided some history of the site and project. The Authority sold five parcels in 2006. The buyer, DOC Milwaukee, combined those properties with two other properties and a vacated alley to build the Staybridge hotel building. Ground was broken in December 2006 and work stopped in 2008.

Gregg Hagopian of the City Attorney's Office then described the appointment of a receiver in 2009 by the Court. After a couple years of legal fights, the receiver is now poised to take the property to auction. The auction is scheduled for May 31st with the confirmation hearing scheduled for June 5th. The property will be awarded to the highest bidder who will receive a Quit Claim Deed that wipes out all liens. The Authority does have a reversionary right on the deed that the receiver is requesting the Authority release for the auction to move forward but will allow us to work with the successful bidder to establish new rights to ensure financial wherewithall to complete the project. This negotiation will have to occur between May 31st and June 5th.

Commissioner Schwartz asked if reversionary rights would allow the Authority to get the land back if project was not completed. Mr. Hagopian stated that is correct and is customary for all RACM land sales. For the auction, each bidder is required to put up \$100,000 of earnest money to be eligible to participate. There are currently 7 bidders participating that the Authority could negotiate some assurance to complete project. Commissioner Schwartz suggested maybe a performance bond or deposit, or a letter of credit.

Jerry Krings, representing the receiver, stated it has taken 3 years to unravel the whole project to get to this point. The mortgage holder is owed about \$21 million and has a right to bid. The starting bid for the auction is \$5 million and that the receiver is open to have the Authority negotiate with the highest bidder. Mr. Krings stated that all the liens would be wiped out based on a question from Commissioner Galvan. Commissioner Smith wanted clarity on what happens if negotiations with highest bidder break down. Mr. Krings stated the receiver goes to the 2nd highest bidder.

Commissioner Wade asked about the prospective bidders. Mr. Krings said that he and the receiver are not entirely sure who the bidders are and where they are from at this time.

The Board asked for an amended resolution title to state the following: "that the Redevelopment Authority authorizes its Executive Director (or designee) to negotiate with the winning bidder the termination of the existing PASA and release of the current reversionary rights on terms and conditions to effectuate the intent of this resolution, including assurance that construction of improvements will be completed, that adequate security in, for example, performance deposit form, will exist to ensure completion of construction."

Finally, the Board suggested holding a special meeting on June 4th between the auction and the confirmation hearing to get a report from Mr. Hagopian and Mr. Misky on the status of the negotiation with the highest bidder. It was decided that the special meeting would be held on the 4th at 4:30 p.m.

Commissioner Wade moved for adoption of the resolution and it carried by a vote of 5 ayes - 0 nays with Commissioner Rondini abstaining. Adopted resolution is No. 10351.

### **Item 3, Regular Business**

Resolution amending the Option to Purchase with United Methodist Children's Services of Wisconsin, Inc. to allow for donation of the properties at 3701 to 3717 West Vliet Street for the Friendship Gardens senior housing development. (15th Aldermanic District; submitted by Real Estate)

Elaine Miller, Real Estate Manager, provided the background whereby the Authority agreed to sell several lots in November 2011 for "Friendship Gardens," a low-income development proposed through a partnership between UMCS and the Hmong American Friendship Association. The group was unable to secure the tax credits this last round

from the State but needs a property donation to improve their chances of an Affordable Housing Program grant from the Federal Home Loan Bank. Securing a grant would improve their chances of a WHEDA tax credit allocation in 2013. Matt Melendes, consultant for partnership, described the project in more detail including 36 affordable units for seniors, a library, rooftop garden, and a fitness room. HAFA would move their headquarters to this new building and would provide job placement assistance, elderly services, and 20 other programs. Mr. Lo Neng, Director of HAFA, stated his organization assists 8,000 families. Commissioner West asked for clarification on the purchase price. Ms. Miller mentioned the price was \$30,000 for all the lots last fall but that the \$1 price will help secure the grant and WHEDA tax credits. There is 1 year remaining on the initial option.

Commissioner Rondini moved for adoption of the resolution and it carried by a vote of 6 ayes - 0 nays. Adopted resolution is No. 10352.

#### **Item 4, Regular Business**

Resolution authorizing the application, acceptance, and funding of a grant for the restoration of a portion of the Menomonee Riverbank from the Fund for Lake Michigan. (8th Aldermanic District; submitted by Real Estate)

David Misky, Assistant Executive Director, presented the item describing the need for riverbank restoration between S. 33rd Court and S. 35 Street south of Palermos. The Authority has already secured funds from the State Department of Natural Resources and the Milwaukee Metropolitan Sewerage District and this grant of \$125,000 would assist the Authority in completing our commitments along the river in the Menomonee Valley Industrial Center.

Commissioner West moved for adoption of the resolution and it carried by a vote of 6 ayes - 0 nays. Adopted resolution is No. 10353.

#### **Item 5, Regular Business**

Resolution authorizing a Certificate of Completion for 1205 West Mount Vernon Avenue. (4th Aldermanic District; submitted by Real Estate)

Matt Haessly of Real Estate provided background on the property. The Authority had sold the parcel in July 2007 to Mr. Joe Santoro for a landscape company. The property went into foreclosure in September 2011 with Tri-City Bank taking ownership. The Milwaukee Economic Development Corporation was in second position and, to complete a sale, paid for completion of the landscape that was required of Mr. Santoro (\$30,000). Tri-City sold the property to Mr. Ron Sanfelippo in 2011 who would like the encumbrance removed from the deed. Staff recommends approval of the Certificate of Completion and the return of the performance deposit to MEDC.

Commissioner West moved for adoption of the resolution and it carried by a vote of 6 ayes - 0 nays. Adopted resolution is No. 10354.

#### **Item 6, Administration**

Resolution authorizing the Redevelopment Authority to acquire property insurance coverage for improved commercial properties under the State of Wisconsin's Local Government Property Insurance (LGPI) fund. (City Wide; submitted by Finance & Administration)

David Schroeder of Finance & Administration introduced the topic by stating the Authority contracted TE Brennan to conduct a review of all of RACM's insurance policies. One of the gaps was coverage for commercial properties. Scott Stange provided more detail of the resolution stating there are currently 8 RACM properties that need additional coverage including the Manpower and Cathedral Square Parking Structures. The

Authority is eligible under the State of Wisconsin's Local Government Property Insurance fund which provides significant cost savings on premiums. Commissioner Schwartz asked about this gap coverage and the lower premium costs. Mr. Stange indicated the State fund pools government entities together to provide lower rates.

Commissioner West moved for adoption of the resolution and it carried by a vote of 6 ayes - 0 nays. Adopted resolution is No. 10355.

Commissioner Rondini was excused.

**Item 7, Closed Session**

Upon motion duly made and carried, the Board may convene in closed session pursuant to Sec. 19.85 (1) (g) Wis Stats. to confer with legal counsel regarding pending or threatened litigation concerning dispute over railroad sidings at Century City site.

The Authority entered into closed session for a discussion with Attorney Hagopian before reconvening in open session.

**Item 8, Regular Business**

Resolution authorizing negotiated settlements and a release agreement between RACM and various parties regarding a dispute over railroad sidings at the Century City site. (7th Aldermanic District; submitted by Real Estate)

Benji Timm from Real Estate described the Authority's \$2 million contract with Veit for the Century City Project. New tracks were installed as spurs to Building 36 became warped due to the temperature at the time of installation. The remedy to fix the problem cost about \$30,000 which was distributed among several different subcontractors who did not claim any fault. This resolution is to sign off on a release agreement negotiated with AECOM and the various parties as drafted by the City Attorney's Office.

Commissioner Schwartz moved for adoption of the resolution and it carried by a vote of 5 ayes - 0 nays. Adopted resolution is No. 10356.

**ADJOURNMENT**

There being no further business to come before the Authority, a motion was made by Commissioner West to schedule the next regular meeting for **June 21, 2012**, at 1:30 P.M., 1st Floor Board Room, 809 North Broadway, Milwaukee, Wisconsin, and, to adjourn. The motion carried without objection.



David P. Misky  
Assistant Executive Director-Secretary

NOTE: A verbatim transcript of the public hearing is incorporated and made a part hereof by reference as if fully set forth herein. A copy is available upon request.