

Approved

Historic Brewers Hill Association (HBHA)
Minutes of the Special Meeting
Tuesday, November 15, 2016

I. Call to Order

Mr. Bishop called the meeting to order at 6:02PM. He introduced himself as the HBHA Treasurer and thanked everyone for attending the meeting.

II. Roll Call

Board Members Present: DeWayne Bishop, Treasurer; Molly Booth, Secretary; Ashley Booth, Larry Roffers, Sarah Nowak, and Chris Bryant; Auxiliary Board Members.

Board Members Absent: William Jenkins, President; Terry Mambu Rasch, Vice President; and Barb Janczak, Auxiliary Board Member.

Meeting Presenters: Rodney Carter, Legal Counsel for Midwest Commercial Funding; Robert Chandler, Midwest Commercial Funding; Akuwa Dantzler, Legislative Assistant to Alderwoman Milele Coggs; and Yves La Pierre, City of Milwaukee.

Meeting Attendees: 22 Members (John Lerner, Gregg Prossen, Mary Eastwood, DeWayne Bishop, Larry Roffers, Chris Bryan, Cheryl Milbauer, Fernando Martinez Vera, Jamison Klinkner, Ashley Booth, Molly Booth, Roger Kocher, Phoebe Lawrence, Dan Keehn, Allison Gerchke, Eugene Router III, Stefanie Dugan, Chris Tomlinson, Ned Brown, William Treichel, Sarah Nowak, and Mat Kroupa) and 2 Non-Members.

III. 1851 North Second Street

Mr. Bishop began by distributing copies of a handout provided by the meeting presenters, Rodney Carter, Legal Counsel for Midwest Commercial Funding and Robert Chandler, Midwest Commercial Funding. He continued by explaining the history of the subject property, 1851 N 2nd Street (SWC 2nd & Reservoir), which the City of Milwaukee took possession of from the former owners, Tim Brophy and affiliates, in early 2016. The subject property, containing a historically significant home and one of the oldest in Brewers Hill, sat vacant after many years of neglect and evasion of property taxes and code compliance.

The former owners/affiliates submitted a petition to regain control of the subject property and appeared on the May 16, 2016 Judiciary & Legislation Committee meeting agenda. The HBHA came together and voiced opposition to this petition, as allowing this type of blight and neglect is unacceptable in the Brewers Hill neighborhood. The petition was denied and since taking possession of the property, the City has invested significant efforts and resources into restoring the exterior of the house. The former owners/affiliates have made a second petition to the Judiciary & Legislation Committee to have the property returned to them. Mr. Bishop stated that as he understands the former owners/affiliates presented their case to Alderwoman Coggs, who found their case compelling enough to resurrect the petition for consideration by the Judiciary & Legislation Committee. The petition appeared on the October 3, 2016 meeting agenda and at the meeting it was requested by Alderwoman Coggs the committee will give an opportunity to

hear concerns of constituents regarding the return of this property and for those individuals to express concerns to the district council member.

Mr. Bishop concluded that the purpose of this special meeting is to have the former owner/affiliates discuss with the neighborhood why they believe they should be allowed to take control of the property again, and after this discussion, the HBHA may or may not consider amending our official position on this issue based on membership input.

Mr. Chandler, Midwest Commercial Funding (MCF), explained his affiliation with the previous owner of the subject property, OPM Global LLC and Reservoir Properties, LLC, stating that his company (MCF) is a hard money lender. He provided the operating agreement of MCF which included four managing members: Robert Chandler, Steven Hribar, Michael Hribar, and Mark Hribar. Mr. Chandler explained his company lent money to OPM Global LLC (registered to Tim Brophy and Keith Chesemen) to purchase the subject property approximately five years ago. Mr. Brophy stopped paying MCF, transferred property to another individual, leaving MCF to foreclose on Brophy and repossess the property. He stated MCF was in the process of moving the ownership of the subject property at the time the City took possession but MCF was unable to file the deed in a timely manner.

Mr. Chandler went onto explained MCF business model which is to lend money to unsavory people and businesses who need the money. MCF never had ownership intention in subject property, simply to just be a hard money lender. Mr. Chandler continued that to recoup his investment, MCF intention is to finish the rehab and market the home as a single-family owner occupied. He stated rehab items include a new garage door, exterior windows, and interior finishes as the inside was previously gutted. MCF has also agreed to pay the back taxes as well as all the monies that the City has invested in the property so far. He stated that they believe to sell the property for \$300K - \$400K.

The following questions were asked from members of the audience:

1) If subject property returned to MCF, would they agree to legal commitments; to provide a list of previous rehabbed properties; and what is MCF interest in 1921 and 1923 N 2nd St?

Answer: MCF agrees to adhere to a construction deadline that within six months, the interior will be fully restored and the subject property listed on the market, once required approvals obtained from the City. MCF agrees to repayment of all immediate funds. MCF owns 1921 and 1923 as a result of repossessing properties from Tim Brophy and affiliates.

2) Would MCF agree to demonstrating liquidity for one year?

Answer: MCF does not have an issue of money in order to finish rehabbing the subject property.

3) Will MCF make money on the subject property, knowing the extent of improvements needed; why do this; what's in it for MCF?

Answer: Dollars and cents, to get the most dollar out of it because money has already been invested in it.

4) A new owner may want to renovate the interior themselves, possibly with historically accurate finishes. Why does MCF want to put all that money into the interior finishes?

Answer: High-end finishes to be used for interior, thinks value will be \$300,000 once completed.

5) What improvements have been done to the subject property if MCF has been lending money to Tim Brophy for approximately five years?

Answer: MCF was a hard money lender. Difference between owner and lender.

6) If returned, what is the timeframe to list the subject property on the market?

Answer: As soon as possible. Aiming to complete rehab within 6 months and list spring of 2017.

7) What is the timeframe with 1921 and 1923 N 2nd St properties?

Answer: These properties have received the required Certificate of Appropriateness and are continuing to pursue the required building permits. Interior demolition is occurring. MCF posted a non-refundable \$20,000 bond with the City on 1923 N 2nd property.

8) Once listed, what is MCF expectations of how long to hold onto the subject property if market conditions don't lend themselves to a sale?

Answer: MCF will enact monthly reductions of the sale price and hold until property sells.

9) Where has MCF been in the past five years?

Answer: Collecting payments from Tim Brophy until the payments stopped.

10) Does MCF own any other properties within the Historic Brewers Hill boundaries?

Answer: 1921 and 1923 N 2nd Street.

11) It appears a lack of transparency is occurring with 1921 and 1923 properties, with little progress being made. Will this same lack of transparency occur if subject property is returned to MCF?

Answer: MCF has money at stake with the intent to maximize value of property to minimize losses. MCF will take the same path as the City by selling property to an owner occupant.

Mr. La Pierre, City of Milwaukee Department of City Development, arrived at 6:35PM. He explained the City has invested approximately \$98,000 in the subject property to date with \$70,000 estimated for scope of interior improvements, back taxes being approximately \$47,000, DNS fines being approximately \$3,000 and Maintenance fees being \$1,900, resulting in the City's investment into the subject property at approximately \$150,000. He continued to explain that if the City retains possession of the property, the City will market and sell the property as a single family with guaranteed owner occupancy as a requirement. The City can vet potential owners, making sure their finances can support the remaining scope of improvements. He continued that the City's intent is for neighborhood stability and owner occupancy. A question from the audience asked what the property would be listed at. Mr. La Pierre responded that he estimates around \$150,000 to \$160,000 as the City is looking to support the market, not inflate the market.

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As the time was nearing 7PM, Mr. Bishop thanked Mr. Chandler and Mr. Carter for presenting at tonight's meeting. After the guest speakers left, an advisory vote was taken as to what position the HBHA should take regarding MCF's petition. The overwhelming majority in attendance (19-2) voted in favor of HBHA taking a position in opposition to the City returning the property to MCF. Mr. Bishop concluded the meeting by stating the Board of Directors will meet in the near future to review the advisory vote and information from tonight's meeting.

IV. Adjournment

Mr. Roffers motioned, seconded by Ms. Booth, to adjourn the meeting at 7:34PM.

Voice Vote:

All "Ayes", no "Nays", none abstaining

Respectfully Submitted,
Molly Booth
HBHA Secretary