



Department of Planning & Community & Economic Development

## Economic Development Division

Website: [www.cityofmadison.com](http://www.cityofmadison.com)

- Office of Business Resources
- Office of Economic Revitalization
- Office of Real Estate Services

Madison Municipal Building, Room 312  
215 Martin Luther King, Jr. Boulevard  
P.O. Box 2983  
Madison, WI 53701-2983

TTY/TEXTNET 866 704 2318  
FAX 608 261 6126  
PH 608 266 4222

June 23, 2010

Steven J. Schooler  
Porchlight, Inc.  
306 North Brooks Street  
Madison, WI 53715

RE: Letter of Intent  
Acquisition – 4002 Nakoosa Trail  
Project 8989

Dear Mr. Schooler:

The purpose of this Letter of Intent (“LOI”) is to outline the principal terms and conditions for a Purchase and Sale Agreement (the “Agreement”) to be executed between the City of Madison (the “City”) and Porchlight, Inc. (“Porchlight”), providing for the conveyance of a City-owned property, located at 4002 Nakoosa Trail (Parcel # 081033400871), Madison WI (the “Property”), as shown and identified on the attached Exhibit A (specific parcel boundaries may be adjusted upon reconciliation of “apparent overlap” noted within Exhibit A), for the construction of approximately thirty-eight (38) housing units with supportive services for homeless persons, as such persons are defined by the McKinney-Vento Act, at 42 USC 11302 (the “Project) on the Property. The Agreement shall include the following terms and conditions:

1. Description. Porchlight shall purchase and the City shall sell and convey by Quit Claim Deed (the “Deed”) fee simple ownership of the Property, including all improvements located thereon. The Deed shall contain a reversionary interest by which the Property shall automatically revert to the City if Porchlight does not complete construction of the Project and receive a certificate of occupancy on or before December 31, 2015. The Project shall be deemed completed if a certificate of occupancy has been issued.
2. Purchase Price. The total purchase price of the City’s interest in the Property (the “Purchase Price”) shall be One and 00/100 Dollars, payable in cash at closing, subject to the adjustments and proration herein provided.
3. Conditions of Sale.
  - a. The City shall reimburse to Porchlight up to \$210,000 of costs (the “Development Costs”) incurred by Porchlight for the installation of geopiers required for structure support due to the soil

conditions on the Property; other additional predevelopment costs attributable to the contaminated fill condition of the property, such as: soil testing conducted by CGC, Inc.; the implementation of the Remedial Action Plan as referenced below; preparation of a stormwater management plan; and, if required, joint filing of an NR 103 permit. Said costs shall be reimbursed to Porchlight within thirty (30) days of submittal of invoices and approval by the City.

If Porchlight determines that the Development Costs exceed \$210,000 it shall have the right to terminate the Agreement.

- b. The City shall prepare, at its sole cost, a Remedial Action Plan (the "RAP") that is consistent with a Voluntary Party Liability Exemption (the "VPLE") approved by the Wisconsin Department of Natural Resources. Said plan shall take into account the possibility that a third building could be constructed on the Property. The parties shall work collaboratively on the RAP and the VPLE.
- c. The City shall, at its sole cost, rezone the Property from M1 to C2 to allow the construction of the Project on the Property. The parties shall work collaboratively on the rezoning of the Property to insure compliance with the City's Comprehensive Plan and allow for the possibility of a third building being constructed on the Property within the concept plan. The parties shall work collaboratively to ensure that all zoning, permitting and land use approvals are obtained in timely manner so that project can be completed and a certificate of occupancy issued by December 31, 2015.

4. Title Insurance. The City shall provide to Porchlight at the City's expense at least ten (10) business days prior to closing a commitment from a title insurance company licensed in Wisconsin to issue title insurance in the amount of the Purchase Price upon the recording of proper documents, together with a gap endorsement. The commitment shall show title to the Property, as of a date no more than fifteen (15) days before such title proof is provided to Porchlight, to be in the condition called for in the Agreement, and further subject only to liens which will be paid out of the proceeds of the closing and to any standard title insurance exceptions acceptable to Porchlight. Porchlight shall notify the City of any valid objection to title, in writing, prior to closing. The City shall have a reasonable time, but not exceeding fifteen (15) days, to remove the objections and closing shall be extended as necessary for this purpose. Should the City be unable or unwilling to carry out the Agreement by reason of a valid legal defect in title which Porchlight is unwilling to waive, the Agreement shall be void.

5. Closing.

- a. Closing shall occur within thirty (30) days after execution of the Agreement by the parties, at the office of the title insurance company issuing the commitment for title insurance, unless the parties agree in writing to another date or place.
- b. The City agrees to execute and deliver to the Buyer at closing the Deed conveying the Property to the Buyer free and clear from all liens and encumbrances, excepting the following: municipal and zoning ordinances and agreements entered under them; recorded easements for the distribution of utility and municipal services; and recorded building and use restrictions and covenants. Notwithstanding the foregoing, the Deed shall include a reversionary interest as described in paragraph 1 above.
- c. Porchlight shall pay all recording/filing fees except that the City shall pay the recording/filing fees for such documents as are required to be recorded/filed in order to cause title to the Property to be in the condition called for by the Agreement.
- d. The transaction contemplated by the Agreement is exempt from real estate transfer taxes payable pursuant to Section 77.25, Wisconsin Statutes.

- e. The City shall be responsible for any and all special assessments, area assessments, interceptor charges or any other charges payable to any municipality or utility with regard to the Property as of the date of closing.

This is a "Letter of Intent" which does not constitute a definitive statement of all of the terms and conditions of the proposed transaction. This Letter of Intent is not intended to constitute an agreement to execute any contract in the future. If the parties enter into negotiations, either party may terminate such negotiations at any time. Neither party will be legally bound in any manner unless and until a contract has been prepared, executed and delivered between them. If in the event the Property cannot be developed for the Project for reasons other than Porchlight failing to acquire funding for the Project, then the City will assist the CDA in locating an equivalent parcel of real estate upon which the CDA can accommodate Porchlight. If an equivalent parcel has not been located by the time the CDA acquires the Truman Olson Reserve Center site, then Porchlight will be accommodated on the Truman Olson Reserve Center site, subject to all regulatory approvals, including but not limited to zoning, land use and other adopted policies; as identified in City of Madison Resolution Number RES-08-00864.

By signing in the space provided below, the parties indicate their desire to begin drafting a definitive Purchase and Sale Agreement. No binding agreement will exist between the City and Porchlight unless and until the terms are approved by the Common Council of the City of Madison and the Porchlight Board of Directors and a Purchase and Sale Agreement is executed between the parties.

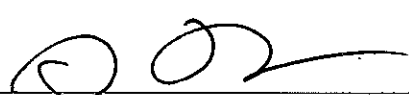
Sincerely,



Donald S. Marx  
Manager, Office of Real Estate Services

The proposal set forth in this Letter of Intent is acceptable to Porchlight, Inc. I further certify that I have the full authority to execute this Letter of Intent on behalf of Porchlight, Inc.

By:

  
\_\_\_\_\_  
Steven J. Schooler  
Porchlight, Inc.

7/21/2010

\_\_\_\_\_  
Date

