



Department of Planning & Community & Economic Development

## Economic Development Division

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Office of Real Estate Services

April 22, 2016

**VIA E-MAIL**

Eric Nordeen  
Ascendant Holdings, LLC  
324 East Wisconsin Avenue  
Suite 1010  
Milwaukee, WI 53202

RE: Purchase by City of Office Building located at  
7941 Tree Lane, Madison, WI  
Real Estate Project No. 10674

Dear Eric,

The purpose of this Letter of Intent (“LOI”) is to outline the principal terms and conditions for a Purchase and Sale Agreement (the “Agreement”) where the Buyer shall purchase, and the Seller shall sell and convey by Warranty Deed (the “Deed”), fee simple ownership of the Property, including all improvements and fixtures located thereon and all appurtenances thereto to be executed between the Community Development Authority of the City of Madison (the “Buyer”) and AH Oakbridge Office Limited Partnership (the “Seller”) pertaining to property owned by the Seller located at 7941 Tree Lane, Madison, Wisconsin, subject to the following terms and conditions:

1. Property. Approximately 1.33 acres of improved land with an approximately fifteen thousand three hundred eighty (15,380) square foot building known as 7941 Tree Lane, Madison, WI (the land and building collectively referred to as the “Property”). The Property is legally described on attached Exhibit A.
2. Effective Date. The “Effective Date” shall be the later date of execution of the Agreement by the Seller or the Buyer, as indicated on the signature page.
3. Purchase Price. Eight Hundred Thousand and 00/100 Dollars (\$800,000.00). The Purchase Price, less the Earnest Money as described below, shall be paid in cash at closing, subject to the adjustments and prorations herein provided.
4. Earnest Money. Seller shall pay Buyer \$100,000 of earnest money (the “Earnest Money”), to be applied to the Purchase Price at closing. The Earnest Money shall be paid in two equal installments of \$50,000. Within ten (10) business days following the

Effective Date, Buyer shall deposit Fifty Thousand and 00/100 Dollars (\$50,000.00) with the Title Company as an earnest money deposit. Within ten (10) business days following the Buyer's Contingency Period (described in Section 6 below), Buyer shall deposit Fifty Thousand and 00/100 Dollars (\$50,000.00) with the Title Company as an earnest money deposit. The Earnest Money shall be applied to the Purchase Price at closing.

The Earnest Money shall become non-refundable to Buyer upon notice from Buyer to Seller of its removal of all contingencies. At closing, Buyer shall pay Seller Seven Hundred Thousand and 00/100 dollars (\$700,000.00), subject to the conditions specified below.

5. Delivery of Documents. Within ten (10) days of the Effective Date and throughout the Buyer's Contingency Period as described in Paragraph 6, the Seller will reproduce at the Seller's expense and send to the Buyer at the Buyer's office copies of all environmental studies, reports, permits, applications and remediation plans or assessments of the Property, and all building plans, studies, reports, or assessments related to the condition of the improvements on the Property including, but not limited to, asbestos, lead-based paint inspections and other hazardous waste inspections related to the physical condition of the improvements in the Seller's possession or control.
6. Buyer Contingencies. The Buyer shall have ninety (90) days from the Effective Date (the "Buyer's Contingency Period") to satisfy or waive the following contingencies (the "Buyer's Contingencies") or to otherwise terminate the Agreement if, in the Buyer's sole discretion, any of the Buyer's Contingencies are unacceptable. If the Buyer timely terminates the Agreement as a result of any of the Buyer's Contingencies, the Earnest Money shall be promptly refunded to the Buyer.
  - a. Inspections and Testing. The Buyer obtaining, at its sole cost, various inspections and testing of the Property and any improvements located thereon that are satisfactory, in the Buyer's sole discretion, to the Buyer. Said inspections and testing may include, but not be limited to, a Phase 1 and 2 environmental site assessment and related testing, soils testing and any other inspections or testing deemed necessary by the Buyer.
  - b. Budget Authorization. The Buyer obtaining budget authorization from the Community Development Authority and the Common Council of the City of Madison for the purchase of the Property. Should the Buyer require additional time to secure said budget authorization, the Buyer's Contingency Period may be extended for an additional thirty (30) days by written notice from the Buyer to the Seller delivered prior to the expiration of the Buyer's Contingency Period.
7. Due Diligence Period. The Agreement shall provide that Buyer shall have up to ninety (90) days from mutual execution of the Agreement (the "Due Diligence Period") to review and inspect all aspects of the Property. Buyer's right to access of the Property shall commence upon execution of the Agreement.

Buyer and Buyer's authorized agents, engineers, consultants, appraisers, and contractors shall be permitted access to the Property during the Due Diligence Period for the purpose of conducting review, an appraisal and physical inspections of the Property, including, but not limited to, a Phase 1 or 2 environmental assessment of the Property at reasonable times with at least twenty-four (24) hour notice to Seller. Buyer's access to, and inspection of, the Property shall be at Buyer's sole risk and expense and Seller shall have no responsibility therefor. Buyer will repair, at Buyer's cost, all damages caused by its inspections or testing so that the condition of the Property is returned to as good or better condition as existed prior to the inspections or testing.

If within the Due Diligence Period Buyer determines that it does not desire to purchase the Property, then it may give notice of such fact to Seller and the Agreement shall terminate immediately, whereupon the Earnest Money, with all accrued interest therefore, shall be immediately refunded to Buyer.

If Buyer does not give notice terminating the Agreement on or prior to the ninetieth (90<sup>th</sup>) day of the Due Diligence Period, then the Agreement shall remain in full force and effect and the parties shall proceed to close the transaction.

Should Buyer wish to move forward to closing prior to the end of the Due Diligence Period, Buyer may provide Seller with written notice of its intent to do so. Provision of such notice by Buyer shall not affect the terms contemplated in the Agreement, except that the Closing Date shall occur on or before fifteen (15) days from the date Seller receives such notice, unless the parties agree in writing to another date.

8. Land Use Approvals. The Buyer will secure all land use approvals necessary for the development of a multi-family housing project on the Property by no later than Dec 7, 2016. Should the Buyer be unsuccessful in obtaining all land use approvals to use the Property for multi-family housing, the Buyer may extend the date as necessary for consistency with Paragraph 16(b). Should the Buyer still not be able to gain approvals, Seller shall be entitled to retain any and all Earnest Money and this Agreement shall be null and void unless otherwise agreed to in writing by the buyer. Seller shall cooperate in obtaining any and all land use approvals required by Buyer under this provision.
9. Access to Property. The Buyer and the Buyer's authorized agents, engineers, consultants, appraisers, and contractors shall be permitted access to the Property for the purpose of conducting the inspections and testing anticipated by the Buyer's Contingencies including, but not limited to, a Phase 1 or 2 environmental assessment of the Property and/or a physical inspection of the Property and any building and related improvements located on the Property at reasonable times with at least twenty-four (24) hour notice to the Seller. The Buyer's access to, and inspection of, the Property shall be at Buyer's sole risk and expense and Seller shall have no responsibility therefor. The Buyer will repair, at the Buyer's cost, all damages caused by its inspections or testing so that the condition of the Property is returned to as good or better condition as existed prior to the inspections or testing.

10. Leases. Within 10 business days of the execution of this Agreement, the Seller shall provide the Buyer with a rent roll. Seller shall agree that it shall not enter into any lease, lease amendment, or rental of the Property, or any portion thereof without the express written consent of the Buyer. After the Effective Date, any future leases of the Property, or any portion thereof, shall have a termination date of no later than March 31, 2018.
11. Personal Property. The purchase of the Property does not include any personal property. All personal property shall be removed by the Seller prior to Closing.
12. Survey. Any survey of the Property including, but not limited to, an ALTA/ACSM Land Title Survey that meets the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys effective February 23, 2011 that is required to eliminate all survey related exceptions to the title insurance policy, certified as of a current date in favor of the Buyer and the title company providing the title insurance described in Paragraph 14 shall be at the sole cost and expense of the Buyer.
13. Information. Seller agrees to deliver to Buyer, either electronically or by hard copy, copies of any information Seller possesses relevant to the sale of the Property, including any surveys, title insurance policies, condition reports, service contracts or leases, building plans or specifications, and operating expense histories or estimates no later than ten (10) days after the Effective Date.
14. Title Insurance. Seller shall provide to Buyer, at Seller's expense, within thirty (30) days prior to closing a commitment from the Title Company to issue an ALTA Owner's Title Insurance Policy 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 Buyer, 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 exceptions acceptable to Buyer ("Permitted Exceptions"). Buyer shall notify Seller of any valid objection to title, in writing, prior to the Closing Date. Seller 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 Seller be unable or unwilling to carry out the Agreement by reason of a valid legal defect in title which Buyer is unwilling to waive, the Agreement shall be void and Buyer shall be entitled to a return of the Earnest Money.
15. Deed Restriction. Seller shall cooperate with the Buyer in eliminating and vacating the deed restriction recorded at the Dane County Register of Deeds on Document #2843738 on April 8, 1997. Said deed restriction requires the prior written consent of Grantor (Seller) to construct any improvements other than a fire station on Lot 2, Certified Survey Map 8493 (recorded with the Dane County Register of Deeds on February 25, 1997, in Volume 46 of Certified Surveys page 193, as Document No. 2834147). Upon request, Seller shall sign and deliver to Buyer any and all documents required by Buyer to eliminate and vacate this deed restriction. This paragraph shall survive termination of the Agreement.

16. Closing.

- a. The Agreement shall provide that the “Closing Date” shall (a) occur on or before December 16, 2016; or (b) such other date agreed to in writing by the parties.
- b. Buyer shall have the authority to extend the closing date by sixty (60) days to accommodate delays in the receipt of land use approvals for the use of the Property for multi-family housing.
- c. Buyer shall agree to buy the Property in its as-is condition. Seller agrees to execute and deliver at closing a Warranty Deed conveying the Property to Buyer free and clear from all liens and encumbrances, excepting the following: Municipal and zoning ordinances and the Permitted Exceptions.
- d. Seller shall pay for (a) one-half of the escrow fees charged in connection with the closing; (b) the cost of an owner’s policy of title insurance; (c) transfer taxes or fees resulting from the transfer of the Property to Buyer; (d) brokerage commissions.
- e. Buyer shall pay (a) one-half of the escrow fees charged in connection with the closing and any cost of endorsements that Buyer or any lender may request be included in its title insurance policy; (b) if Buyer elects to obtain an extended coverage (ALTA) owner’s policy, the incremental cost of such extended coverage above the cost of a standard coverage owner’s policy; (c) the cost of the survey, if any; (d) its own “due diligence” costs, including, without limitation, any fees and expenses of environmental consultants, engineers and any other consultants.
- f. Real estate taxes shall be prorated between Seller and Buyer in accordance with the period of ownership of both Buyer and Seller as of the Closing Date, based upon latest known assessment and latest known mil rate.
- g. Seller and Buyer shall each pay their own legal fees and expenses in connection with the preparation and negotiation of the Agreement.

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. All terms and conditions remain subject to the final approval of the City’s Common Council, the Community Development Authority and the City Attorney’s Office.

By signing in the spaces provided below, the parties indicate their desire to begin drafting a definitive Purchase and Sale Agreement. No binding agreement will exist between the Buyer and the Seller unless and until a Purchase and Sale Agreement is executed between the Buyer and the Seller.

May 13, 2016

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**The Seller shall have a period of five (5) days from receipt of this Letter of Intent to accept the proposal set forth herein.**

Sincerely,

Natalie Erdman  
Executive Director  
Community Development Authority of the City of Madison

**ACCEPTANCE**

The proposal set forth in this Letter of Intent is acceptable to AH Oakbridge Office Limited Partnership. I further certify that I have the full authority to execute this Letter of Intent on behalf of AH Oakbridge Office Limited Partnership.

**AH Oakbridge Office Limited Partnership.**

By: \_\_\_\_\_

\_\_\_\_\_ Date

\_\_\_\_\_  
(print or type name and title)

**EXHIBIT A**

**THE PROPERTY LEGAL DESCRIPTION**

Parcel # 0708-233-0804-8

CERTIFIED SURVEY MAP NO 8493 AS RECORDED IN DANE COUNTY REGISTER OF DEEDS IN VOL 46 PAGE 193 OF CERTIFIED SURVEYS, LOT 1.