



Department of Planning & Community & Economic Development
Economic Development Division

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

FAX 608 261-6126
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September 3, 2014

Carl Ruedebusch, Manager
RDC Development, LLC
4605 Dovetail Drive
Madison WI 53704

RE: Letter of Intent
Acquisition 516 Cottage Grove Road
Project 10432

Dear Carl:

The purpose of this letter of intent is to outline the principal terms and conditions of a purchase of a condominium unit (the "Library Condo Unit") by the City of Madison (the "City") from RDC Development, LLC (the "Seller"), or an entity to be formed by the Seller, within a proposed new development located at 516 Cottage Grove Road, Madison, WI. (the "Development"). The terms and conditions of the purchase are as follows:

1. Description. The Seller agrees to sell to the City, and the City agrees to purchase from the Seller, the following: (a) a 20,000 square foot (approximate) "gray box" condominium unit (the "Library Space") on the ground floor level of the Development; (b) an undivided interest in the Development's "Common Elements" appurtenant to the Library Unit, together with and subject to the rights, interests, obligations and limitations as set forth in the "Condominium Documents" (consisting of the condominium plat, declaration, bylaws, and rules or regulations adopted pursuant to the declaration or bylaws, and all amendments to any of the foregoing); and (c) a subsurface mechanical room consisting of approximately 500 square feet and a subsurface storage utility room consisting of approximately 400 square feet located below the Library Unit as depicted on attached Exhibit B and described in attached Exhibit C (the "Mechanical Room" and "Storage Utility Room"). The Library Space, the undivided interest in the Common Elements, the Mechanical Room and Storage Utility Room are hereinafter collectively referred to as the "Library Unit." The term "Common Elements" shall be defined in the Condominium Documents and shall include, but not be limited to, the following: surface parking, walkways, approaches, parking islands, lighting standards, refuse areas interior roadways, loading areas and other similar areas.

2. Purchase Price. The total purchase price of the Library Unit shall be calculated by multiplying the number of square feet in the Library Space by One Hundred and Twenty Five Dollars (\$125). Based on a preliminary estimate of 20,000 square feet, the acquisition price is estimated at Two Million Five Hundred Thousand Dollars (\$ 2,500,000).
3. Title Insurance. The Seller shall provide to the City, at the Seller'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 total purchase price upon the recording of proper documents, together with a gap endorsement. Such commitment shall show title to the Library Unit, as of a date no more than fifteen (15) days before such title proof is provided to the City, to be in the condition called for in this Offer, and further subject only to liens which will be paid out of the proceeds of the closing and standard title insurance exceptions, as appropriate. The commitment shall include a copy of each instrument listed as an exception to title or referred to therein. The City shall notify the Seller of any valid objection to title, in writing, prior to closing. The 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 the Seller be unable or unwilling to carry out this Offer by reason of a valid legal defect in title, which the City is unwilling to waive, this Offer shall be void.
4. No Personal Property. The transaction contemplated by this Offer does not include any personal property.
5. Signage. Provided City Zoning will allow, the City shall be permitted to install on the exterior of the Library Unit two (2) signs identifying the library. The City and the Seller shall agree to the location and size of the signs. One sign shall be located on the exterior façade of the Library Space facing Cottage Grove Road and the other sign shall be located on the exterior façade of the Library Space facing the surface parking area immediately behind the Development. The City shall pay for the cost of installing and maintaining the signs and supporting apparatus.
6. Construction.
 - a. The Seller shall, prior to closing and at its sole cost and expense, construct the Library Unit in accordance with the "Gray Box Construction" specifications set forth in attached Exhibit D.
 - b. The Seller shall, prior to closing, construct a Variable Refrigerant Volume System with Closed Loop Geothermal System (VRV/GEO) including: wells, pumps and piping to the Library Unit to be located under the surface parking area abutting the Development Specifications for the VRV/GEO system to be provided by the Seller are attached as Exhibit E.
 - c. The City shall own and be responsible for the cost in the installation of the VRV/GEO system within the Library Unit including duct work, zone controls, branch sectors, refrigerant piping and miscellaneous components required to

distribute heat and cooling throughout the Library Unit. The core of the VRV/GEO system will be located in the Mechanical Room

- d. The City shall be responsible for the construction and completion of all interior space improvements to the Library Unit. The City shall have a period of 18 months after the date of closing to complete the interior space improvements. Reasonable extensions to completion may be granted upon written agreement of the parties.
 - e. The Seller shall, prior to closing and at its sole cost and expense, construct the Common Elements of the Development. Elements of the final design shall include accommodation for a drive up and drop off point for Library customers .
 - f. The Development shall be built as proposed in the City approved plans, zoning text documents and related materials approved by the City.
 - g. Prior to closing and during the construction of the Development, City staff and its agents shall be granted reasonable access to perform periodic inspections of the Library Unit and Common Elements.
 - h. Completion of the Library Unit and the Development shall require mutual cooperation by the City and the Seller to assure that work performed by each party's contractors will be completed in a timely and efficient manner. The Seller shall have reasonable access to the Library Unit in order to complete the Development, and the City shall have reasonable access to the Development in order to complete the Library Unit.
7. Contingencies of Sale. This Offer and the City's purchase of the Library Unit are contingent upon the following:
- a. The City's approval of the Condominium Documents; and
 - b. The City and the Seller agreeing that the City's percentage of the vote as a member of the Royster Corners Owners Association shall, at any given time, be equal to the ratio that the square footage of the Library Space bears to the total square footage of all constructed units in the Development; and
 - c. The Seller grant of an easement to allow the City to access, maintain, repair and, if necessary, replace the VRV/GEOS well system located below the surface parking area. The easement shall provide that the City shall repair any damage to the surface parking lot caused by its activities; and
 - d. The City and the Seller agreeing upon the type and distribution of maintenance, utility and administrative charges to be included in the Condominium Documents as assessments or other fees.

The contingencies described in this Paragraph 7 shall be satisfied by the City within ninety

(90) days from the date the Mayor executes this Offer or the contingencies described in this Paragraph 7 shall be deemed waived. If the terms remain unacceptable to the City after negotiations the Offer shall be void.

8. Closing.

- a. Closing shall occur within ten (10) days after (1) completion of the Library Space and the VRV/GEO system as certified by the City's architect; and (2) completion of construction of the Scheduled Common Elements, as certified by the Seller's architect/engineer; which date the Seller agrees shall be no later than March 31, 2016. Reasonable extensions to closing may be granted upon written agreement of the parties.
 - b. The Seller agrees to execute and deliver to the City at closing a Warranty Deed conveying the Library Unit to the City 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, municipal and association services; easements for the performance of association duties; recorded building and use restrictions and covenants; general taxes in the year of closing; the Wisconsin Condominium Act; the Condominium Documents; and exceptions to title previously approved by the City.
9. The City shall pay all recording/filing fees except that the Seller shall pay the recording/filing fees for such documents as are required to be recorded/filed in order to cause title to the Library Unit to be in the condition called for by this Offer.
- a. The Seller shall pay all real estate transfer taxes payable pursuant to Section 77.25, Wisconsin Statutes, if any.
 - b. Real Estate taxes payable on the Library Unit shall be prorated between the parties at closing.
10. Special Assessments. The Seller shall be responsible for any and all special assessments, area assessments, connection charges, interceptor charges or any other charges payable to any municipality or utility with regard to the Library Unit as of the date of closing.
11. Assignment. The Seller shall have the right to assign this Offer without the City's prior written consent only to an entity owned or controlled by RDC Development, LLC or its principals. All other assignments shall require the City's prior written consent, which may be withheld in the City's sole discretion. If this Offer is assigned by the Seller, the Seller shall cause any permitted assignee to acknowledge in writing that it will be bound by all of the terms and conditions of this Offer, with said acknowledgement set forth in a form subject to the City's reasonable approval.
12. Possession. Legal and physical possession to the Library Unit shall be delivered to the City at the time the transaction is closed.

13. Notices. Any notice or communication to be given hereunder shall be given in writing signed by the party giving notice, personally delivered or mailed by first class mail, proper postage affixed, or sent by email or facsimile to the parties' respective addresses as set forth below:

To the Seller: Carl Ruedebusch , Manager
RDC, LLC
4605 Dovetail Drive
Madison, WI 53704
Facsimile:
carl@ruedebusch.com

To the City: Manager, Office of Real Estate Services
City of Madison
215 Martin Luther King, Jr. Blvd, Room 312
Post Office Box 2983
Madison, WI 53701-2983
Facsimile: (608) 267-8739
dmarx@cityofmadison.com

14. Miscellaneous.

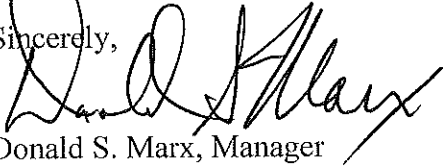
- a. Benefit and Burden. This Offer shall be binding upon and inure to the benefit of the parties hereto and their respective successors, and assigns. The provisions herein contained shall survive closing and delivery of the Warranty Deed and shall not be merged therein.
- b. Entire Agreement. This Offer contains the entire agreement between the parties and any modification, alteration or addendum to this Offer shall be valid only when written and executed by both parties.
- c. Severability. If any non-material part, paragraph, or article of this Offer shall be determined to be invalid, or otherwise unenforceable, the validity of all the remaining parts, paragraphs, and articles shall not be affected thereby. Any such non-material parts, paragraphs, or articles shall be deemed severable.
- d. Governing Law. This Offer shall be governed by, and construed in accordance with, the laws of or applicable to the State of Wisconsin.
- e. Headings. The headings in this Offer are meant for reference purpose only and shall not in any way affect the meaning or interpretation herein.

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.

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

Sincerely,



Donald S. Marx, Manager
Real Estate Services

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

RDC DEVELOPMENT, LLC

Carl Ruedebusch, Manager

Date: _____