



CommunityDevelopmentAuthority

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December 2, 2021

Dr. Ruben Anthony
Urban League of Greater Madison
2222 S. Park St, Suite 200
Madison, WI 53713

RE: Letter of Intent
Black-Owned Business Hub Project

Dear Dr. Anthony:

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 Community Development Authority of the City of Madison (the “CDA”) and Urban League of Greater Madison, Inc. (“ULGM”). The Agreement shall provide for the conveyance of a newly platted lot, which is 30,658 s.f. (the “Property”) adjacent to the CDA-owned Village on Park, 2300 S. Park Street, Madison WI (the “CDA Property”), pursuant to a mutually agreeable Certified Survey Map to be furnished and recorded with the Dane County Register of Deeds by the CDA. ULGM intends to construct an approximately 76,000 gross square foot multi-tenant building on the Property (the “HUB Building”) principally containing a ground-floor retail “Hub” for small Black-owned businesses and upper-story office space (“Project”). The Agreement shall include the following terms and conditions for property conveyance, as well as ongoing maintenance and operational obligations of the CDA and ULGM related thereto.

1. Description.

- a. ULGM (or a subsidiary 501(c)2 entity incorporated by ULGM for the exclusive purpose of holding title to property) shall purchase and the CDA shall sell and convey by Special Warranty Deed (the “Deed”) fee simple ownership of the Property, including all improvements located thereon. As a condition to Closing (defined in Section 5 below), ULGM shall deliver a certification to the CDA, together with any other assurances as may be reasonably required by the CDA, confirming that ULGM is prepared to commence construction of the Project within sixty (60) days following Closing. Commencement of construction of the Project is defined as the excavation and pouring of footings and foundation. A completion guaranty will be outlined in a “Development Agreement” between the parties that shall survive closing, which will specify the monetary damages

related to this matter. The Deed shall also contain a parking restriction provision, which will describe the maximum parking stalls that will be permitted on the CDA Property, which is defined below as the Hub Total Parking Stalls below. Finally, the Deed will also contain permitted exceptions to the title policy.

- b. In a separate agreement to be recorded at closing, ULGM shall commit to operate the Project for a minimum period of ten (10) years following Project completion primarily in service of the Black-owned Business Hub concept (the “Operating Covenant”). Project completion is defined as the date a certificate of occupancy has been issued by the City of Madison (“City”). The Operating Covenant shall also grant the CDA a right of first refusal to purchase the Property on the terms and conditions described in the attached Exhibit A.
2. Purchase Price. The total purchase price of the CDA’s interest in the Property (the “Purchase Price”) shall be One and 00/100 Dollar (\$1.00), payable in cash at closing, subject to the adjustments and prorations herein provided.
3. Conditions of Sale.
 - a. The CDA and the City make no warranty as to the environmental conditions of the Property and shall convey the Property in “as-is” condition. Except where noted in the following paragraphs, CDA shall not be liable for any costs associated with remediation or other predevelopment costs related to the Project, nor shall payments for such eligible costs be construed as evidence of CDA or City liability as a known viable causer of past environmental contamination of the Property. The CDA furnished to ULGM a Phase I Environmental Site Assessment (“ESA”) prepared by SCS Engineers dated August 2, 2021 (the “Phase I ESA”) for their information.
 - b. Should ULGM decide to remove the residual contaminated soil on the Property as described in the Phase I ESA, then the CDA shall reimburse ULGM up to \$20,000 of the costs incurred by ULGM relating thereto. Said costs shall be reimbursed to ULGM within thirty (30) days of submittal of invoices and approval by the CDA for payment. ULGM shall be responsible for all said costs that exceed \$20,000.
 - c. ULGM shall acknowledge that the construction of a parking structure on the CDA Property serving the “Existing Uses” (as defined below in 3.e) and the Project is dependent on ULGM securing necessary land use approvals, financing, and the legal conveyance of Property for purposes of constructing the Project. The CDA will seek City approvals for a parking structure with up to 295 parking stalls, contingent upon the CDA closing the current redevelopment financial gap relating thereto. Such determination must be made by the CDA by March 31, 2022.
 - d. If approved, the CDA will develop a parking structure on the CDA Property (the “Parking Structure”), that will become part of the Common Areas to serve the Permittees as defined in the Operating Easement (see definition in 3.k below). The surface parking stalls on the CDA Property plus the parking stalls in the Parking Structure are defined herein as the “Total Parking Stalls”. The surface parking stalls will vary as the CDA Property is redeveloped per the Master Plan dated July 12, 2021 prepared by Strang Inc., subject to City approvals and revisions thereto.

- e. The CDA shall furnish no more than 182 parking stalls of the Total Parking Stalls for the Project's tenants' employees and their customers (the "Hub Total Parking Stalls").

The Total Parking Stalls less the Hub Total Parking Stalls are allocated to the Village on Park's tenants, the South Madison Community Condominium plus these users' customers (the "Existing Uses"). See Exhibit B detailing the proposed allocation of the Hub Total Parking Stalls on CDA Property.

- f. ULGM shall not lease space in the Hub Building to a tenant (i) whose primary revenues from such space would be derived from sales of doughnuts, pastries, cookies, krinkles, cakes, scones, muffins, rolls, brownies or coffee beverages; (ii) that is operating as a grocery or convenience store; (iii) that is a current or future tenant at the CDA Property, unless approved by the CDA in writing; (iv) whose use conflicts with the zoning ordinances.
- g. ULGM shall not lease space to tenants that collectively will have parking demand needs for its employees and customers that collectively will exceed the Hub Total Parking Stalls, which will be further documented in an amendment to the Operating Easement (defined below) or another recordable document to be executed separately at Closing.
- h. The CDA will lease a portion of the parking stalls in the Parking Structure to ULGM, for the Hub Building's tenants/customers (the "Hub Parking Structure Stalls"), and tenants/customers of the Existing Uses and other users in its sole discretion.

A master parking lease between the CDA and ULGM will govern the terms and conditions of the Hub Parking Structure Stalls (the "Hub Parking Lease"). The terms and conditions of Hub Parking Lease will be agreed to by the parties prior to Closing. It is the intent of the CDA to have the employees of the Hub Building's tenant's park in the Hub Parking Structure Stalls so the surface parking stalls are left for its tenant's customers.

The Hub Parking Structure Stalls shall be leased at a monthly rate to be determined by CDA in its sole discretion for set business hours or evening hours. ULGM shall further acknowledge that the annual renewal of the Hub Parking Lease for the Hub Parking Structure Stalls is subject to renegotiation of the monthly rate, and other terms including possible reduction in the number of total Hub Parking Structure Stalls, as may be deemed mutually agreeable and suitable for the Hub Building's tenant's needs.

- i. The number of Hub Parking Structure Stalls will depend on the number of stalls approved for the Parking Structure and the CDA's capital budget relating thereto. The Hub Total Parking Stalls, less the Hub Parking Structure Stalls, will be surface parking stalls that are non-exclusive and will not be reserved with signage and/or unreserved stalls, if available, in the Parking Structure.
- j. The CDA shall have no obligation to provide additional stalls in the Parking Structure or elsewhere on the CDA Property greater than the Hub Total Parking Stalls, but may choose to do so at its sole discretion.

- k. CDA and/or its property management representative shall be responsible for maintenance and security of all stalls in the Parking Structure as will be further defined in an amendment to the Operating Easement.

The existing Operation and Easement Agreement between CDA and ULGM dated March 26, 2009 and as previously amended on March 8, 2013 (the “Operating Easement”) shall be amended prior to Closing, including but not limited to the following changes thereto (please note that some of the terms not defined in this section of the LOI are defined in the Operating Easement): (i) to include the Property therein; (ii) include the Parking Structure in the definition of Common Area; (iii) update the proportionate Owners’ shares based on the total gross square footage of the buildings allocated during each phase of redevelopment of the CDA Property. See the attached Exhibit C, which provides the revised Proportionate Share for the allocation of CAM Charges; (iv) revise Section 6.d.iv to have the estimated Owner’s Proportionate Share of the CAM Charges billed to the Owners on a monthly basis over the calendar year; (v) to add in Section 6.c the following permissible costs in the CAM Charges related to the:

(a) Parking Structure: security; security monitoring and cloud storage; PILOT taxes or real estate taxes and special assessments; janitorial supplies and labor; maintenance supplies and labor; sweeping; floor cleanings; fire and life safety inspections and monitoring; elevator inspections; elevator phone lines; area of refuge monitoring and phone lines; trash removal; light fixtures supplies; signage-except for any sign that is exclusive to any reserved ULGM parking levels, which full cost shall be billed to ULGM or any signs related to the CDA’s grocery store, which full cost shall be billed to the CDA; snow removal; vandalism; exterminating; water charges; electric charges; storm water and urban forestry based on the common area land s.f. under the Parking Structure; fire, casualty, and special form insurance premiums; and the maintenance, repairs and replacement of the following: security equipment; fire and life safety equipment and devices; elevators; area of refuge equipment; electrical infrastructure; light fixtures; gate and card reader equipment-except for any equipment that is exclusive to any reserved ULGM parking levels, which full cost shall be billed to ULGM; solar equipment if added; mechanical systems; all heating, air conditioning, ventilation and service equipment in the electric and water pump rooms; telecommunication systems; fire extinguishers; doors and hardware; floors; façade; walls and ceilings.

(b) Other Common Areas: security; the maintenance, repairs and replacement of the security equipment; PILOT taxes or real estate taxes for the Common Area land; special assessments for public work adjacent to Common Area land billed to the CDA; storm water and urban forestry based on the common area land s.f.; and inserting the words “repairs and replacement” next to the permissible CAM charges in Section 6.c i, ii, v, vii, of the Operating Easement.

Until the City of Madison Assessor’s office reassess the CDA Property due to the redevelopment, the current PILOT taxes of \$70,000 will be allocated to the permissible CAM charges in the amount of \$42,000, which equals sixty percent of the total tax amount.

After the City of Madison Assessor's office reassess the CDA Property due to the redevelopment, the CDA will (i) take total land value provided divided by the CDA Property's total land area to arrive at a per square foot value for the land. This per square foot value will then be multiplied by the Common Area land total area (after the Property sale less the land under the CDA building is 184, 015 s.f. (the "CA Land SF")), and add (ii) the Parking Structure value. The combination of these values will then be multiplied by the assessment ratio and then multiplied by the tax rate to arrive at the Common Area tax figure.

If the City of Madison's Assessor's office does not break out the Common Area land as part of its Assessed Value, then the CDA shall take the CA Land SF and multiply it by \$6.80 per s.f. for 2021. This value will increase by three percent per annum. If the City of Madison's Assessor's office does not allocate a value for the Parking Structure then it will take the cost approach to arrive at a value.

ULGM and the unit owners of the South Madison Community Condominium shall pay to the CDA estimated CAM Charges payments on a monthly basis. The CDA will reconcile the actual CAM Charges for the previous calendar year against the Owner's estimated CAM Charges' payments for the previous calendar year.

- l. The CDA and the City acknowledge, at the request of ULGM, the necessity of relocating the current drive aisle and access from Hughes Place in order to provide a development pad large enough to accommodate the Project as currently designed. ULGM shall be responsible for all design and construction costs related to the relocation of this drive aisle and new concrete apron, which shall be completed before the existing drive is demolished such that the downtime of the Hughes Place access to the CDA Property is minimized. ULGM shall also be responsible for design and construction costs for all necessary site improvements and street improvements, including new or relocated utility extensions, new or relocated utility easements (water, sewer, electric, etc.) and similar items serving the Property that may be constructed under and upon CDA Property and in the City's right of way. The aforementioned work will be outlined in the Development Agreement, and a developer's agreement with the City and ULGM (the "City's Developer Agreement").
- m. In addition, the parties shall enter into a utility easement ("Utility Easement") for ULGM's new exclusive utility infrastructure and new shared utility infrastructure located on the CDA Property that will be recorded at Closing. The Utility Easement will (i) include an exhibit that legally defines and depicts the new (exclusive and shared) utility infrastructure; (ii) include a provision for costs relating to the repairs, maintenance or replacement of the shared utility infrastructure will be split evenly between the parties, unless one party caused any damage etc. (iii) include restoration language for any pavement disturbed to perform work on the exclusive utility infrastructure.
- n. ULGM shall be responsible for development of a stormwater management plan for the Property, including applicable easements for any related stormwater infrastructure that may be constructed on or below CDA Property, and secure all necessary City of Madison approvals. The construction of the stormwater infrastructure and responsibilities relating thereto will be detailed in the Development Agreement.

ULGM shall further enter into with CDA a declaration of conditions, covenants and restrictions for maintenance of all approved stormwater management measures for the Project. In addition, the parties shall enter into a stormwater easement ("Stormwater Easement") for the new exclusive stormwater infrastructure and new shared utility infrastructure located on the CDA Property that will be recorded at Closing. The Stormwater Easement will (i) include an exhibit that legally defines and depicts the new stormwater infrastructure (exclusive and shared); (ii) include a provision for costs relating to the repairs, maintenance or replacement of the shared infrastructure to be split evenly between the parties, unless one party caused any damage etc. (iii) include restoration language for any pavement disturbed to perform work on the exclusive utility infrastructure.

- o. ULGM shall be responsible for all costs associated with the relocation of the existing Village on Park monument sign near the corner of S. Park Street and Hughes Place to a new location elsewhere on the CDA Property as determined solely by CDA. The relocation of this sign and restoration to its current operating condition shall include, but is not limited to: installation on new concrete footings; electrical conduit and power connections for nighttime lighting; landscape restoration and sign permit approvals, as necessary. Full restoration of the sign shall be completed within 30 days following its removal from the existing location. This provision will be included in the Development Agreement.
- p. ULGM shall, at its sole cost, obtain all governmental entitlement approvals required for the construction of the Project on the Property. The parties shall work collaboratively on ensuring consistency of the Project with the City's Comprehensive Plan, the proposed South Madison Plan, and the Village on Park Master Plan.
- q. ULGM shall be solely responsible for obtaining sufficient financing commitment letters for the commencement of the Project in advance of Closing, and the CDA commencing construction on the Parking Structure.
- r. ULGM and CDA shall work together in good faith to negotiate a Purchase and Sale Agreement for the Property based on the terms outlined in this Letter of Intent, and to record all other necessary legal encumbrances prior to Closing, including but not limited to a Development Agreement, Utility Easement, Stormwater Easement, Operating Covenant, and amended Operating Easement (together, the "Agreements"). Such Agreements shall include the above listed Conditions of Sale as well as relevant details governing development activities by both parties between the time of Project commencement and Project completion (the "Construction Period") including, but not limited to:
 - i. use of CDA Property for construction staging, and ingress/egress to the Property during the Construction Period, subject to a recorded Temporary Limited Easement;
 - ii. prohibition of parking for contractors' personal and construction vehicles on CDA Property throughout the Construction Period; and
 - iii. timing and coordination of adjacent site work, including predevelopment activities taking place on CDA Property, e.g. reconstruction of interior access drives, closure of

the Hughes Place entrance to the CDA Property, and closure of certain public surface parking stalls adjacent to the Property.

4. Title Insurance. The CDA shall provide to ULGM at the CDA's expense at least thirty (30) 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 ULGM, to be in the condition called for in the Agreement, and further subject only to any standard title insurance exceptions acceptable to ULGM and the CDA. ULGM shall notify the CDA of any valid objection to title, in writing, within fifteen (15) days after receipt of the title commitment. The CDA 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 CDA be unable or unwilling to carry out the Agreement by reason of a valid legal defect in title which ULGM 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 CDA agrees to execute and deliver to ULGM at closing the Deed conveying the Property to ULGM free and clear from all liens and encumbrances, except the following: municipal and zoning ordinances and agreements entered under them; recorded utility easements; recorded right of way documents; municipal and association services; recorded building and use restrictions and covenants; the documents currently recorded against the CDA's Property that affect the Property (as shown in the title commitment accompanying the recent ALTA survey); the Development Agreement, the Amended Operating Easement, Utility Easement, Stormwater Easement, Operating Covenant, and any other mutually agreed upon documents.
 - c. ULGM shall pay all recording/filing fees except that the CDA 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 CDA shall be responsible for any and all special assessments, area assessments, or any other charges payable to any municipality or utility with regard to the Property as of the date of Closing.
 - f. CDA would have a right to repurchase the property for \$1 (free and clear of all liens and other encumbrances) if a closing on all financing for the project does not occur by 3/31/22.
 - g. As part of the real estate Closing, ULGM must establish a \$500,000 cash escrow with First American, to be used by ULGM to restore the site to its prior condition (e.g. surface parking lot) if ULGM fails to meet the 3/31/22 NMTC closing deadline.

- h. If CDA exercises its repurchase right:
- i. ULGM must restore the site using the escrowed funds, or other funds as may be necessary.
 - ii. ULGM must follow all public bidding laws when performing site restoration
 - iii. ULGM must complete site restoration work within 90 days
 - iv. ULGM must convey title to CDA upon completion of the restoration work
 - v. CDA's repurchase right and the escrow/restoration agreement contemplated above will all be terminated upon a successful NMTC closing

6. No Brokers. Neither CDA nor ULGM shall enter into any contract, arrangement or understanding with any person or firm which may result in the obligation of either party to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations or the consummation of the real estate transfer contemplated herein.

This "Letter of Intent" 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 CDA and ULGM unless and until a Purchase and Sale Agreement is executed between the CDA and ULGM.

Sincerely,



Matt Wachter
Executive Director
Community Development Authority of the City of Madison

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

By: _____

Dr. Ruben Anthony
Urban League of Greater Madison, Inc.

Date

EXHIBIT A

RIGHT OF FIRST REFUSAL

1. Right of First Refusal. The CDA shall have a right of first refusal to purchase the Property on the terms and conditions set forth herein (the “ROFR”).

a. A breach in the Operating Covenant relating to the operation of the Project as a Black Business Hub, defined as XXXX SF of space dedicated to providing space to black and other minority owned businesses, including co-working spaces.

b. Sale of Property during the term of the Operating Covenant

ULGM shall not at any time during the term of the Operating Covenant sell or convey or agree to sell or convey the Property without first having complied with the requirements of this ROFR. If at any time during the term of the Operating ULGM receives a bona fide offer to purchase the Property that ULGM desires to accept (an “Offer”), ULGM shall provide a copy of such Offer to the CDA and the CDA shall have sixty (60) days after receipt of such Offer to elect to purchase the Property.

c. If the CDA elects to so purchase the Property, the CDA shall give written notice to ULGM (the “Acceptance Notice”) within said sixty-day period. If the CDA delivers an Acceptance Notice as provided herein, then ULGM and the CDA shall, within thirty (30) days after such delivery, enter into a mutually acceptable purchase and sale agreement (the “Purchase and Sale Agreement”) reflecting the general terms and conditions of the Offer, provided, however, that the purchase price to be paid by the CDA shall be an amount equal to the purchase price contained in the Offer, *less* the fair market value of the land (exclusive of all improvements), as determined by an appraisal to be obtained by the CDA, at the CDA’s expense. The parties agree to act reasonably and cooperatively in negotiating, executing, and delivering the Purchase and Sale Agreement. The closing shall be held within thirty (30) days after the date of the parties’ execution of the Purchase and Sale Agreement, or on such other date as is mutually and reasonably acceptable to ULGM and the CDA. Except as otherwise specified in the Offer, at the closing ULGM shall deliver to the CDA a special warranty deed, sufficient to convey to the CDA fee simple title to the Property free and clear of all liens, restrictions and encumbrances, except: the rights of tenants in possession; municipal and zoning ordinances and agreements entered under them; recorded easements for the distribution of utility and municipal services; recorded building and use restrictions and covenants; and general and special taxes levied in the year of closing.

d. In the event the CDA elects not to purchase the Property as provided above, ULGM may thereafter sell the Property to the person or entity that made the Offer, free and clear of the terms of the ROFR, provided that the purchase is consummated within twelve (12) months following ULGM’s submission of the Offer to the CDA.

e. Notwithstanding anything herein to the contrary, the terms of this ROFR shall not be triggered, and the CDA shall have no right of first refusal, in the event of (i) any sale or conveyance of the Property in any foreclosure sale (or similar proceeding) of a bona-fide mortgage, assignment of leases and rents or similar lien or to any conveyance in lieu of foreclosure of such lien; (ii) any conveyance in connection with a merger, reorganization, or sale of all or substantially all of the assets of ULGM (or any successor in interest) to another tax-exempt entity; or (iii) any conveyance to a Related Entity. “Related Entity” shall mean any trust, corporation, partnership, limited liability company or other entity which, directly or indirectly, controls, or is controlled by, ULGM. None of the events stated in this paragraph shall cause the ROFR to terminate.

2. Subordination. This ROFR is and shall be subject and subordinate at all times to the lien of any mortgages, assignment of leases and rents or similar lien now or hereafter placed on or against the Property and to all of the terms, conditions and provisions thereof, to all advances made, and to any renewals, extensions,

modifications or replacements thereof, without the necessity of the execution and delivery of any further instruments on the part of the CDA to effectuate such subordination.

3. Successors and Assigns. The burdens of this ROFR shall run with the land and shall be binding on ULGM's successors in interest. The benefits of this ROFR are personal to the CDA and shall not be transferred or assigned to any third party.

EXHIBIT B

PROPOSED ALLOCATION OF THE HUB TOTAL PARKING STALLS

Hub Total Parking Stalls: 182 stalls

Parking Structure Allocation

Stalls	Level	HUB Exclusive Employees/ Parking Lease	VOP Stalls Signed for Grocery	VOP/SMCC/HUB customers
50	level one	4	22	24
55	level two			55
55	level three			55
55	level four	55		
55	level five	55		
25	level six	25		
295	total	139	22	134
% of Total		47.1%	7.5%	45.4%

ALLOCATION OF COMMON AREAS COSTS TO THE BELOW OWNERS

Owner's Proportionate Shares	Gross SF	% of Total
Village on Park	123,295	53.3%
South Madison Community Condominium	32,178	13.9%
HUB	76,000	32.8%
Total	231,473	100.0%