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Real Estate Brokerage, Development, Investment & Consulting

March 12, 2013

City of Waterloo
Mo Hansen, City Clerk/Treasurer
136 North Monroe Street
Waterloo, WI 53594

RE: Letter of Intent for Redevelopment

Dear Mr. Hansen:

The Lang Group, LLC is pleased to provide you with a Letter of Intent for the Redevelopment of the existing property located 565-629 W. Madison Street, which is known as the Former RR Donnelly Offices. The following summarizes our proposal:

- Owner/Developer:** Lang Group, LLC and The Architectural Firm
- Option To Purchase:** Lang Group, LLC (“Lang”) and the City of Waterloo (“City”) wish to enter into a formal Option to purchase within 15 days to purchase the property and all of its contents for \$10.00. This Option to Purchase will be for 4-8 months and will allow the City to expand the TID and reduce the assessed value of the property, while allowing Lang to perform due diligence on the property, which will include construction drawings, bidding, permits, local approvals, etc.
- Building:** Parcel Number 290-0813-0643-049, with the physical addresses of 565-629 W. Madison Street, Waterloo, WI. Please see the attached Aerial Site Plan.
- Use by Lang Group:** Lang shall renovate the existing structure into Market Rate (high amenities) Multi-family residential units with a Cafe, Fitness Classes and Sport Rental Business (open to the public) to be completed by and have Occupancy in April 2014.
- Project Scope:** Redevelopment shall create a finished mixed use project with an taxable assessed value in excess of \$1,750,000. Current Property is considered to have a Fair Market Value of \$130,600 considering the City is considering demolishing the entire building.
- City Participation:** The City will aid Lang with the Tax Increment Financing, necessary amendments to Tax Increment District #2, potential utility sizing increases, City Loan, permits and licenses as necessary, waiver of all impact fees, and any other items as determined as the project progresses. There will not be any demolition required from the City.
- Tax Increment Financing:** Lang shall enter into a Development Agreement with the City, which will allow Lang to recoup a portion of the future tax increment generated by the redeveloped project over a fifteen year period. This portion of the future tax increment will be leveraged to enhance the private financing for the redevelopment.

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Sources of Funds: Lang and Investor Equity: \$350,000
 Private Financing: \$900,000
City Loan/Demo Grant: \$500,000
 Total of all Funds: \$1,750,000

Building Size: Total Square Feet (TSF): 50,200sf.

Commencement Date: Occupancy will commence on the earlier of the date Lang occupies the Property or October 1st, 2013. Lang shall be allowed access to the space upon Option to Purchase execution for due diligence purposes.

Option Term: March, 2013 through December 31, 2013.

Time is of the Essence: This Letter of Intent must be signed and accepted by Tenant and acknowledged by the Guarantors, on or before March 30, 2013.

Binding Effect: This letter proposal is for discussion purposes only, and is not intended to be a legal and binding document and may be terminated or revoked by either the Landlord or Tenant prior to the execution of the Lease contemplated by this letter proposal. In the event the Landlord and Tenant execute this letter proposal, Landlord and Tenant shall be required to enter into a Lease within fifteen (15) days of the date of this letter proposal or this letter proposal shall be null and void and of no further force and effect. The aforementioned fifteen (15) day limitation shall in no way be construed or deemed to limit either party's ability to terminate this letter proposal at any time upon written notice to the other party.

If this proposal is acceptable as the basis for a lease, please indicate your acceptance by signing below and returning one executed copy to me.

Sincerely,



James (Jay) R. Lang II
 Principal/Owner

ACKNOWLEDGED AND ACCEPTED: City of Waterloo

By: _____ Date: _____
 Name/Title:

ACKNOWLEDGED AND ACCEPTED: City of Waterloo

By: _____ Date: _____
 Name/Title _____