

# Office of the Prosecuting Attorney

County-City Building  
227 West Jefferson Blvd., 10<sup>th</sup> Floor  
South Bend, IN 46601  
(574) 235-9544 Fax (574) 235-9761



**MICHAEL A. DVORAK**  
Prosecuting Attorney

60<sup>th</sup> Judicial Circuit  
St. Joseph County  
Indiana

July 18, 2006

Ms. Bonita A. Raine, Ph.D.  
Executive Director  
United Health Services  
711 East Colfax Avenue  
South Bend, IN 46617

**Re: Letter of Intent**

Dear Bonnie:

I have enclosed for you to review a letter of intent setting out the terms of a proposed lease with option to purchase between United Health Services and the Family Justice Center.

I wanted to provide you with an explanation at how we arrived at the proposed purchase price. We took the purchase price of \$650,000 that you initially provided to us and deducted amounts attributable to immediate repairs that would need to be made to the HVAC system as well as a portion of the amounts attributable to required painting, recarpeting and bathroom remodeling consistent with ADA requirements. We anticipate that the needed repairs to the HVAC system based on a estimate from Woodcox Construction to be in the range of \$45,000-\$65,000. As to the repainting, recarpteting and bathroom remodeling work that will be required, the Woodcox estimate of those expenses is \$92,000.

Because we are interested in finalizing this transaction at the earliest possible date, we have not deducted the full amount of this required wok, but believe that a \$100,000 deduction is appropriate in the light of the fact that these items would in most cases be viewed as the building owner's responsibility.

We look forward to finalizing this transaction in the mutual interest of our respective agencies.

Sincerely,

Catherine M. Wilson  
Acting Executive Director  
Family Justice Center of St. Joseph County

Enclosure

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711 East Colfax Avenue  
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RE: Lease with Option to Purchase

Dear Bonnie:

This is to follow up on our discussions of last week concerning the terms under which the Family Justice Center ("FJC") would be interested in leasing the United Health Services ("UHS") building. The following provisions represent the fundamental terms by which the FJC would be willing to proceed with a lease of the UHS building.

**1. Premises**

FJC shall have exclusive use of the entire building containing 13,580 rentable sq. ft. ("Premises"). Square footage has been verified by an independent consultant.

**2. Location**

The Premises located at 711 E. Colfax Avenue, South Bend, IN ("Premises").

**3. Lease Term**

The lease term would be for Twenty-Four (24) months with an option to renew for an additional Twenty-Four (24) months.

**4. Lease Rental Amounts**

The lease rental amount for the initial term shall be Twelve Dollars and Fifty Cents (\$12.50) per square foot or One Hundred Sixty-nine Thousand Seven Hundred Fifty Dollars (\$169,750) per year. The lease rental amount for the second term shall be Thirteen Dollars and Fifty

Cents (\$13.50) per square foot or One Hundred Eighty-three Thousand Three Hundred Thirty Dollars (\$183,330) per year.

The initial lease rental amount covering the first Twenty-Four (24) month period in the amount of Three Hundred Thirty-nine Thousand Five Hundred Dollars (\$339,500) would be paid upon the initial occupancy of the Premises by the FJC.

**5. UHS Obligations Prior to Commencement of Lease**

UHS shall have the responsibility for sealing the parking lot, removal of asbestos in the open "network room," repair the soffits and fascia, and servicing of the elevator as required.

**6. Expense Escalations**

During the lease term, to the extent operating expenses in any calendar year exceed the total operating costs for the calendar year 2005, FJC shall be responsible for said excess. Operating expenses shall include, by way of example, UHS's costs for taxes, utilities, interior and exterior maintenance and repair, management fees, building insurance and snow plowing and lawn care.

**7. Occupancy**

Within ninety (90) days following the execution of a definitive lease.

**8. Condition of Premises**

Any modifications to the Premises or building required by FJC shall be at FJC's sole expense. FJC agrees to use a reputable, bonded, licensed and insured contractor. UHS shall have the right to reasonably approve FJC's contractor and plans for improvements.

**9. Option to Purchase**

The FJC may exercise the option to purchase as described herein at any time during the initial lease term.

**10. Purchase Price**

The purchase price for the Premises will be Five Hundred Fifty Thousand Dollars (\$550,000). The FJC shall receive credit towards the purchase price for the advance rental payment. The credit shall be Six Thousand Seven Hundred Eighty-three Dollars and Thirteen Cents (\$6,783.13) per month for the months the FJC has occupied the premises and the amount of

rent paid in advance for the balance of the lease term<sup>1</sup>. For example, if the option to purchase is exercised after the initial six (6) months, the credit amount would be Two Hundred Ninety-five Thousand Three Hundred Twenty-three Dollars and Seventy-seven Cents (\$295,323.77) (Eighteen (18) months prepaid rent equals Two Hundred Fifty-four Thousand Six Hundred Twenty-four Dollars and Ninety-nine Cents (\$254,624.99) and the monthly credit for rent attributable to FJC's occupancy or Thirty-Four Thousand One Hundred Sixty-two Dollars and Fifty-six Cents (\$34,162.56)).

**11. Contingency**

This offer to lease is contingent upon approval and a release of funding by the Federal Office on Violence Against Women.

**12. Janitorial**

FJC shall be responsible for its own janitorial service and determining frequency.

**13. Parking**

FJC shall have exclusive use of the parking areas for the Premises. There are approximately 49 total parking spaces at the Premises, including approximately 14-15 along the fence in the front and 22 in the center and 13 in the rear.

**14. Communications**

FJC shall be responsible for its own telephone, data, and communication wiring at the Premises.

**15. Signage**

At its expense, FJC shall have the option to place signage on the Premises and/or property. Said signage shall be subject to all municipal codes and shall be subject to UHS's prior written approval of specific sign design and placement. FJC shall be responsible for the cost to remove said signage (and restore any damage, if applicable) at the end of the lease term.

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<sup>1</sup> Credit for months of lease "used" is calculated on the basis on the lease payment of Fourteen Thousand One Hundred Forty-five Dollars and Eighty-three Cents (\$14,145.83) per month minus operating expenses of Seven Thousand Three Hundred Sixty-two Dollars and Seventy Cents (\$7,362.70) equals Six Thousand Seven Hundred Eight-three Dollars and Thirteen Cents (\$6,783.13).

**16. Additional Approvals**

This letter of intent is subject to the final UHS's Board approval, final approval by the FJC Board and the parties entering into a definitive Lease and Option Agreement incorporating the terms summarized herein.

We look forward to discussing your response to these proposed terms and thank you for your continuing cooperation.

Sincerely,



Catherine M. Wilson  
Acting Executive Director  
Family Justice Center of St. Joseph County