

ADDENDUM A

This Addendum is hereby attached to and made a part of that certain WB-15 Commercial Offer to Purchase (the "Offer") between Racine Harborside LLC ("Seller") and the City of Racine ("Buyer") for certain real property located in Racine, Wisconsin as more particularly described in the Offer (the "Property"). If any term or provision of this Addendum conflicts or is inconsistent with any term or provision in the Offer, this Addendum shall control.

1. Purchase Price. The Purchase Price for the Property shall equal Six Million Four Hundred Ninety-Six Thousand and 00/100 Dollars (\$6,496,000.00), which amount represents the agreed upon lump sum cost of constructing the Parking Units under the construction contract to be entered into by Seller and C.D. Smith Construction, Inc. for construction of the Parking Units. Buyer agrees to pay and deliver the Purchase Price to Seller as follows: \$3,248,000.00 at the time fifty percent (50%) of the Parking Units are completed, as determined and certified by Seller's architect and reasonably approved by Buyer's engineer (the "Earnest Money"), and the remaining \$3,248,000.00 on the Closing Date. Buyer shall deliver the Earnest Money to Chicago Title Insurance Company (the "Title Company"), which Earnest Money shall be held pursuant to the Title Company's standard form of earnest money escrow agreement. For purposes of this Offer, the term "Substantial Completion" shall mean the date on which construction of the Parking Units is sufficiently complete such that the Parking Units can be used for their intended purpose, as determined and certified by Seller's architect and reasonably approved by Buyer's engineer.

2. AS-IS Sale and Purchase; Limited Representations and Warranties. Buyer acknowledges and agrees that Buyer is purchasing the Property in its existing condition, "AS-IS, WHERE-IS, WITH ALL FAULTS". Except for the warranties to be provided to Buyer at Closing pursuant to Section 4 of this Addendum and the warranties of title set forth in the special warranty deed to be delivered to Buyer at Closing, Buyer acknowledges and agrees that Seller hereby makes no representations or warranties with respect to the condition of or title to the Parking Units.

3. Closing Documents. At Closing, Seller and Buyer shall execute and deliver a closing statement setting forth the Purchase Price and adjustments and prorations thereof, the Lease attached hereto as Exhibit A for Seller's use of the Parking Units to be constructed by Seller post-closing, and such title insurance affidavits as may be required by the Title Company to issue to Buyer a standard ALTA owner's title insurance policy for the Parking Units. Legal possession of the Property shall be delivered to Buyer on the Closing Date.

4. Assignment of Warranties. At Closing, Seller shall deliver and assign to Buyer any warranties provided to Seller by Seller's general contractor, subcontractors and suppliers, to the extent such warranties are assignable and relate to the construction of the Parking Units.

5. Binding Contract. Seller and Buyer hereby acknowledge and agree that they intend this Offer to be a binding and enforceable agreement, subject to the terms and conditions set forth herein.

6. Brokers. Buyer warrants and represents that it has dealt with no brokers or other persons who might claim a brokerage commission or finder's fee in connection with this transaction, and will indemnify, defend and hold Seller harmless from and against any losses, costs (including reasonable attorneys' fees), liabilities, judgments and damages Seller may incur as a result of Buyer's breach of this warranty and representation. Seller warrants and represents that it has dealt with no brokers or other persons who might claim a brokerage commission or finder's fee in connection with this transaction, and will indemnify, defend and hold Buyer harmless from and against any losses, costs (including reasonable attorneys' fees), liabilities, judgments and damages Buyer may incur as a result of Seller's breach of this warranty and representation. This paragraph shall survive closing.

7. Additional Provisions.

A. All of the terms, covenants and conditions of the Offer shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

B. The captions and section numbers appearing in the Offer are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections of the Offer, nor in any way affect the Offer.

C. On the Closing Date, or thereafter if necessary, each party hereto shall, without cost or expense to the other party, execute and deliver to or cause to be executed and delivered to the other party, such further instruments of transfer and conveyance as may be reasonably requested, and take such other action as a party may reasonably require to carry out more effectively the transactions contemplated herein. This paragraph shall survive closing.

D. This Offer may be executed in counterparts. Signatures exchanged hereon via facsimile or email shall be binding.

E. Seller covenants and agrees that, prior to closing, it shall keep confidential and not make any public disclosures concerning the subject matter of this Offer or its terms or conditions, except that Seller shall have the right to make such disclosures to Seller's attorneys, bankers, brokers, and agents as Seller deems reasonably necessary.

F. Buyer may not assign this Offer without the prior written consent of Seller.

[SIGNATURES ON NEXT PAGE FOLLOWING]

Dated this _____ day of _____, 2019.

CITY OF RACINE

By: _____
Cory Mason, Mayor

Attest: _____
_____, City Clerk

This Offer is hereby accepted this _____ day of _____, 2019.

RACINE HARBORSIDE LLC

By: Royal Capital Group, LLC, its Member

By: _____
Kevin L. Newell, Manager

By: CDS Racine 2018, LLC, its Member

By: _____
Michael Krolczyk, Manager

EXHIBIT A

Parking Lease

[See Attached]

LEASE

THIS LEASE (this “Lease”) made effective this _____ day of _____, 2019, by and between the CITY OF RACINE, a municipal corporation of the State of Wisconsin, located in Racine County, hereinafter called the “Landlord” and RACINE HARBORSIDE LLC, a Wisconsin limited liability company, hereinafter called “Tenant”.

WITNESSETH:

1. Parking Units and Term.

- a) Parking Units. Landlord hereby Leases to Tenant, and Tenant Leases from Landlord, two (2) structured parking units to be constructed by Tenant on a portion of the real property described in the attached Exhibit A (the “Parking Units”) within the City of Racine, County of Racine, State of Wisconsin together with all improvements thereon. The Parking Units are condominium units located within a mixed use condominium project being developed by Tenant and known as the _____ Condominium.
- b) Commencement and Term. The term of this Lease shall commence as of the date first stated above (the “Commencement Date”). The term of this Lease shall end on the last day of _____, 2034, at which time Landlord shall convey to Tenant fee simple title to the Parking Units by limited warranty deed in consideration for \$1.00, unless Tenant exercises its Option to Purchase prior thereto. Notwithstanding any provision of this Lease to the contrary, this Lease shall terminate in the event Tenant abandons or ceases to use the Parking Units for a period of twelve (12) consecutive months upon receipt by Tenant of written notice from Landlord issued during the continuation of any such abandonment.

2. Permits.

- a) Building Permits. Promptly after the execution and delivery of this Lease, Tenant shall, at its sole expense (subject to Landlord’s reimbursement of expenses under the Tax Increment Financing Agreement dated as of _____, 2019 entered into by and between the City of Racine and Tenant, the “TID Financing Agreement”), take all steps, including

application for licenses and permits necessary for the construction and operation of the Parking Units provided for hereunder. Landlord agrees to cooperate with Tenant in applying for all necessary licenses and permits. In the event Tenant is unable to acquire all licenses and permits necessary for the construction of the Parking Units within 120 days of the effective date of this Lease, Tenant may, at its option, declare this Lease null and void.

- b) Improvements by Tenant. Tenant shall, at Tenant's sole expense (subject to reimbursement by the City of Racine under the TID Financing Agreement), obtain all necessary building permits and promptly after obtaining the necessary permits, Tenant shall, diligently proceed with, the construction of a minimum 232 parking stalls and all other related improvements to the Parking Units, which shall be substantially consistent with the site plan attached hereto as Exhibit B. In the event Tenant is unable to acquire all building permits and approvals necessary for the construction of the Parking Units within 120 days of the effective date of this Lease, Tenant may, at its option, declare this Lease null and void.
- c) Parking Units Design and Construction. Tenant shall prepare, at its sole expense, any plans, drawings, and specifications that may be reasonably necessary for the construction of the Parking Units.
- d) Tenant Property. All improvements made by Tenant to the Parking Units shall be the property of Landlord throughout the term of this Lease.

3. Rent.

- a) Fixed Rent. Tenant shall pay to Landlord \$1.00 per year for each year of occupancy provided for under this Lease on or before January 31 of each year during the term of this Lease. Tenant may, at Tenant's option, pay the full rents required hereunder at the time of execution of this Lease.
- b) Real Estate Taxes. Landlord and Tenant acknowledge that, as of the date of this Lease, the Parking Units are exempt from real estate taxes by virtue of Landlord's tax-exempt status. In the event of a change in the taxable status of the Parking Units during the term

of this Lease by virtue of a change or repeal of the applicable provisions of Wis. Stat. § 70.11, or otherwise, Tenant shall pay when due any real property taxes and any special assessments that are assessed upon the Parking Units during this Lease. In the event Tenant exercises its Option to Purchase under this Lease, Tenant's payment obligations under this Lease shall terminate.

4. Condition/Use of Parking Units.

Use by Tenant. Tenant shall use and occupy the Parking Units for purposes of providing parking for Tenant's improvements. Tenant shall, at its expense, fully comply with all statutes, orders, regulations, ordinances and requirements of law, including those of the Federal Government, the State of Wisconsin and any county, municipal or other public authority with jurisdiction over the Parking Units and shall fully comply with any direction of any public officer or officers pursuant to law and with all rules, orders, and regulations of the City of Racine and any other governmental body imposing any duty upon the Landlord or Tenant with respect to the Parking Units. In the event that any change in Tenant's use of the Parking Units requires Tenant to repair or replace any portion of the Parking Units in order to comply with any such rule, regulation or requirement, Tenant shall be responsible, at Tenant's cost and expense, to complete the required repair or replacement of the Parking Units.

5. Care and Repair of Parking Units.

- a) Maintenance. Tenant shall be responsible for all maintenance and repairs of any nature whatsoever, and shall commit no waste and shall take good care of the Parking Units and make all repairs necessitated by Tenant's use of the Parking Units. Tenant shall keep the Parking Units in a clean and safe condition.
- b) Structural Repairs and Capital Costs. Tenant shall be responsible for all structural repairs or capital costs for replacement of any portion of the parking structure.
- c) Snowplowing. Tenant shall provide, or cause to be provided, snowplowing services for the Parking Units.

6. Alterations.

- a) Tenant Alterations. Tenant may, at its expense, and without Landlord's consent, make all structural and non-structural alterations, changes, installations, additions, or improvements (collectively "changes") in, on, to, or about the parts of the Parking Units that it deems expedient or necessary for its purposes. All work shall be done in a good and workmanlike manner, and in accordance with all applicable laws.
- b) Prior Consent Required. Neither Landlord nor Tenant may, without the other party's prior written consent, assign this Lease or sublet all or any part of the Parking Units. Notwithstanding the foregoing, Tenant may grant a leasehold mortgage on Tenant's interest under this Lease to the holder of a first mortgage lien on Tenant's other units within the _____ Condominium, without Landlord's consent, and the holder of such leasehold mortgage may succeed to the interest of Tenant under this Lease by assignment or foreclosure.

7. Services.

Charges, Fees. Tenant agrees to pay all charges and fees related to the Parking Units and to pay for all permits and licenses that may be required by Tenant's use of the Parking Units.

8. Indemnity-Liability Insurance.

- a) Indemnification. After the Commencement Date, Tenant shall indemnify and hold Landlord harmless against and from any and all liabilities, fines, suits, claims, demands, and actions, and costs and reasonable expenses of any kind or nature (including but not limited to attorneys' fees) or by anyone whomsoever, due to or arising out of (i) any default by Tenant in observing, or any violation, or nonperformance of any term, covenant, or condition of this Lease required to be observed and performed by Tenant, (ii) any damage to person or property occasioned by Tenant's use and occupancy of the Parking Units or to any use or occupancy that Tenant may permit or suffer to be made of the Parking Units, (iii) any injury to person or persons, including death, resulting at any time therefrom, occurring on or about the Parking Units during the term of the Lease arising out of or related to Tenant's occupancy or use of the Parking Units, or (iv) arising

out of Tenant's occupation or operations on the Parking Units. Tenant's liability under this section shall be reduced by the net proceeds actually collected on any insurance provided by Tenant on the risks in question for Landlord's benefit. Nothing herein shall serve to limit Landlord's immunities and limits of liability under Wisconsin statute §893.80.

- b) Liability Insurance. During the term of this Lease, Tenant, at its sole expense and for the mutual benefit of Landlord and Tenant, shall carry and maintain comprehensive public liability insurance, including property damage, insuring Landlord and Tenant against liability for injury to persons or property occurring in or about the Parking Units or arising out of its ownership, maintenance, use or occupancy. The insurance shall have a limit of not less than \$1,000,000 per event with a \$1,000,000 aggregate. Nothing herein shall serve to limit Landlord's immunities and limits of liability under Wisconsin statute §893.80.

9. Option to Purchase.

During the term of this Lease, Tenant shall have an Option to Purchase the Parking Units for \$1.00 by giving Landlord written notice of exercise at any time during the term of this Lease. Closing on conveyance of the Parking Units shall be within thirty (30) days after the date of Tenant's exercise of its option. At closing, Landlord shall convey fee simple title to the Parking Units to Tenant by limited warranty deed, warranting against Landlord's own acts only. Landlord shall not be permitted to sell or otherwise transfer or encumber title to the Parking Units during the term of this Lease.

10. Notices.

- a) Notices. Notices and demands required or permitted to be given hereunder shall be given by certified mail, addressed:

In the case of the Landlord, to:

City of Racine
730 Washington Avenue
Racine, Wisconsin 53403
Attn: City Attorney

In the case of Tenant, to:

Racine Harborside LLC
c/o Royal Capital Group, LLC
710 N Plankinton Ave, Suite 300
Milwaukee, WI 53203
Attn: Terrell J. Walter

- b) Notice shall be deemed to have been given on the date such notice is deposited in the United States mail.
- c) Either party may change the address to which notices or demands to it are to be given by notifying the other party hereto in writing of a new address to be used for such notices.
- d) Both parties agree that they will promptly forward to the other party a copy of any notice received from any third party affecting the rights of either party under this Lease.

11. Quiet Enjoyment.

- a) Quiet Enjoyment. Landlord covenants that, so long as Tenant pays the rent and performs the terms, covenants, and conditions applicable to this Lease, Tenant shall peaceably and quietly have, hold, and enjoy the Parking Units for the term of this Lease, subject to its provisions.
- b) Title Warranty. Landlord warrants and represents that it has good and marketable title to the real property of which the Parking Units form a part, free and clear of all liens and encumbrances except as noted on Exhibit C attached hereto.
- c) Landlord's Authority. Landlord represents and warrants that it is duly authorized and has full authority to enter into this Lease and to perform the covenants provided for

hereunder. Landlord warrants that it will defend Tenant and hold it harmless from any loss arising out of or related to any claim by any person holding an interest in the Parking Units alleging that Landlord lacked authority to enter into and/or perform its obligations under this Lease.

12. Miscellaneous Provisions.

- a) Non-Waiver. The failure of either party to insist on strict performance of any term, covenant, or condition hereof, or to exercise any option herein contained shall not be construed as a waiver of such term, covenant, condition, or option in any other instance.
- b) Written Modification. This Lease cannot be changed or terminated orally, but only by an instrument signed by both parties.
- c) Mechanic's Liens. Tenant and Landlord shall take all actions necessary to keep the Parking Units free and clear from all mechanics and other liens. Within 30 days after notice from the other party, the party for which materials or labor are claimed to have been furnished to the Parking Units shall discharge such mechanic's lien(s).
- d) Access to Premises. Landlord may enter the Parking Units at reasonable times upon reasonable notice to Tenant for the purpose of inspecting the condition thereof or supplying any service to be provided by Landlord hereunder.
- e) Interruption of Services. Interruption or curtailment of any utility service maintained in the building of which the Parking Units form a part, or furnished to the Parking Units, if caused by strikes, mechanical difficulties, or any causes beyond Landlord's control whether similar or dissimilar to those enumerated, shall not entitle Tenant to any claim against Landlord or to any abatement in rent, nor shall the same constitute constructive or partial eviction.
- f) No Representations. Neither party has made any representations or promises, except as contained in this Lease.
- g) Headings. Headings in this Lease are for convenience and reference only and shall not be used to interpret or construe its provisions.

- h) Binding Effect. The provisions of this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors, legal representatives, and assigns.
- i) Governing Law. This Lease shall be construed in accordance with and governed by the laws of the State of Wisconsin.
- j) Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.
- k) Time is of the Essence. Time is expressly declared to be of the essence in this Lease.
- l) Entire Agreement. This Lease is the complete and entire agreement of the parties with respect to the matters covered by this Lease, and it shall supersede all prior agreements to the contrary. No agreements, promises, or representations made during or in connection with the negotiations for or approval of this Lease shall be binding or effective unless they are included herein. No modification of this Lease shall be binding unless in writing and signed by Landlord and Tenant.
- m) Rules of Construction. The parties acknowledge and represent that this Lease is the subject of negotiation by all parties and that all parties together shall be construed to be the drafter hereof and this Lease shall not be construed against any party individually as drafter.
- n) No Legal Relationship. Nothing in this Lease shall be construed to create an employer/employee relationship, joint employer, a joint venture or partnership relationship, or a principal/agent relationship.
- o) Recording. After execution, a memorandum of this Lease may be prepared by either party and recorded with the Register of Deeds for Racine County.

[Signatures begin on following page]

LANDLORD:

CITY OF RACINE

By:
Cory Mason, Mayor

By: _____, City Clerk

STATE OF WISCONSIN)
) SS
COUNTY OF RACINE)

Personally came before me this day of _____, 2019, the above-named Cory Mason, Mayor, and _____, City Clerk, of the City of Racine, and to me known to be such Mayor and City Clerk of said municipal corporation and acknowledged that they executed the foregoing instrument as such officers as the deed of said municipal corporation by its authority, and pursuant to the authorization by the Common Council from their meeting on the ___ day of _____, 2019.

Notary Public, State of Wisconsin
My commission expires: _____

APPROVED AS TO FORM:

Scott R. Letteney, City Attorney

Provisions have been made to pay the liability that will accrue hereunder.

David Brown, Finance Director

This document was drafted by Attorney H. Stanley Riffle on behalf of the City of Racine.

EXHIBIT A

Legal Description

Parcel A:

All of Lots 6, 7, 8, 9, 10 & 11, Knight and Cram's Subdivision of Block 58, Original Plat of Racine according to the recorded plat of said Subdivision.

Also that part of Block 56, Original Plat of Racine, as surveyed by Moses Vilas, according to the recorded plat thereof, lying Easterly of the recorded Plat of Knight and Cram's Subdivision. Also that part abutting said property known as Hamilton Street, as vacated from the East line of Michigan Boulevard Easterly to Lake Michigan. Also the North 290.00 feet of Block 57, of said Original Plat of Racine, excepting therefrom the real estate described in Quit Claim Deed from Walker Manufacturing Company of Wisconsin to the City of Racine dated March 21, 1958 and recorded April 21, 1958 in Volume 622 of Deeds, Page 507, Document No. 673654, as follows: "All that certain piece of parcel of land located in Northeast 1/4 Section 9-3-23 East; lying South of South line of Hubbard Street and East of line described as follows: Begin at a point in North line of Block 56, Original Plat of City of Racine; run thence from said point South 0 degree 22 minutes East to a point in Northerly boundary line of lands conveyed by Walker Manufacturing Company of Wisconsin a Wisconsin Corporation to W.H. Pugh Coal Company, a Wisconsin Corporation, by Warranty deed dated October 18, 1955 and recorded in the Office of the Register of Deeds from Racine County, Wisconsin on October 20, 1955 in Volume 582 of Deeds, Page 83, as Document No. 638690, in the Office of the Register of Deeds for Racine County, Wisconsin". Also excepting therefrom that portion conveyed to W.H. Pugh Coal Company by Deed dated October 18, 1955 recorded October 20, 1955 in Volume 582 of Deeds, Page 83, Document No. 638690, as follows:

Beginning on the Easterly extended North line of Reichert Court as now laid out, at a point that is located 642.65 feet East of the East line of Michigan Boulevard, run thence North 180.00 feet; thence East to the waters of Lake Michigan, run thence Southerly along the waters edge of Lake Michigan to the extended centerline of said Reichert Court; thence West along the extended centerline of Reichert Court to a point 642.65 feet East of the East line of Michigan Boulevard; thence North to the place of beginning. Said land being in the City of Racine, County of Racine and State of Wisconsin; West line and North line of Document No. 638690 is delineated on a Plat of Survey that is on file at the Real Estate Description Department with file Number 642067, Job No. 98.146 Nielson Madsen and Barber. Also excepting therefrom the tract of land that is North of a line that begins at the Northeast corner of Lot 6 of Knight and Cram's Subdivision and extends East to Lake Michigan. Said Extended line is parallel to the North line of Block 56, of said Original Plat of Racine.

TOGETHER WITH that part of vacated Hubbard Street lying east of the right of way line of Michigan Boulevard to Lake Michigan, as contained in Resolution No. 4414, recorded on April 2, 2002, as Document No. 1824415; ALSO that part of vacated Reichert Court as contained in Resolution No. 3698, recorded on January 11, 2001, as Document No. 1754728.

Tax Key: 2485

Address: 1129 Michigan Boulevard

Parcel B:

All of Lots 1, 2, 3, 4, 5, 12, 13, 14, 15 & 16, Knight and Cram's Subdivision of Block 58, Original Plat of Racine, according to the recorded Plat of said Subdivision.

Also that part of Block 58, Original Plat of Racine, as surveyed by Moses Vilas, according to the recorded Plat thereof, lying Easterly of the recorded Plat of Knight and Cram's Subdivision that tract of land that is North of a line that begins at the Northeast corner of Lot 6 of Knight and Cram's Subdivision and extends East to Lake Michigan, said extended line is parallel to the North line of Block 58, of said Original Plat Racine. Excepting therefrom the real estate described in Quit Claim Deed from Walker Manufacturing Company of Wisconsin to the City of Racine dated March 21, 1958 and recorded April 21, 1958 in Volume 622 of Deeds, Page 507, Document No. 673854, as follows: "All that certain piece of parcel of land located in Northeast 1/4 of Section 9-3-23 East, lying South of the South line of Hubbard Street and East of line described as follows: Begin at a point in North line of Block 58 produced East, being Southerly line of Hubbard Street, which point is 980.40 feet North 89 degrees 35 minutes East from Northwest corner of Block 58, Original Plat of City of Racine; run thence from said point South 0 degree 22 minutes East to a point in Northerly boundary line of lands conveyed by Walker Manufacturing Company of Wisconsin, a Wisconsin Corporation, to W.H. Pugh Coal Company, a Wisconsin Corporation, by Warranty Deed dated October 18, 1955 and recorded in the Office of the Register of Deeds of Racine County, Wisconsin on October 20, 1955 in Volume 582 of Deeds, Page 83, as Document No. 638690. Said land being in the City of Racine, County of Racine and State of Wisconsin.

Tax Key: 2468

Address: 1231 Michigan Boulevard

EXHIBIT B

Site Plan

[To Be Attached]

EXHIBIT C
Permitted Encumbrances

[To Be Attached]