

PROMISSORY NOTE

\$2,250,864.00

Racine, Wisconsin
_____, 2019

FOR VALUE RECEIVED, Racine Harborside, LLC (“Maker”) promises to pay to the order of the City of Racine (“Payee”), the principal sum of Two Million Two Hundred Fifty Thousand Eight Hundred Sixty-Four Dollars (\$2,250,864.00). Commencing on December 1, 2020, and continuing thereafter annually on the 1st day of December of each year through December 1, 2033 (each an “Installation Payment Date”), Maker shall pay to Payee an annual installment of One Hundred Sixty Thousand Seven Hundred Seventy-Six and 00/100 Dollars (\$160,776.00) each.

Notwithstanding the foregoing, the annual installments due hereunder, beginning with the third Installment Payment Date of December 1, 2022, and continuing through the fourteenth (14th) Installment Payment Date of December 1, 2033, the annual installment payable by Maker hereunder shall be equal to the lesser of (i) \$160,776.00.00; (ii) the net cash flow from the Property after payment of all amounts then due and owing under the Senior Debt, operating expenses for the Property and real estate taxes assessed against the Property, and (iii) an amount equal to the product of (A) the number of residential units within the Property leased and occupied as of the October 31st immediately preceding the applicable Installment Payment Date multiplied by (B) Six Hundred Fifty and 87/100 Dollars (\$650.87). Any shortfall in the annual installment payments payable on the third through the fourteenth Installment Payment Dates below the \$160,776.00 annual installment payment amount shall accrue and be added to the balloon payment due hereunder payable on or before December 1, 2034.

In any event, the then outstanding principal balance due under this Note shall be fully due and payable on December 1, 2034.

All payments due hereunder shall be paid to Payee at 730 Washington Avenue, Racine, Wisconsin 53403, Attention: _____, or to such other person or at such other address as Payee may from time to time direct.

Maker may prepay all or any portion of the unpaid principal balance of this Note at any time without penalty.

If (a) there is a default (i) in payment of any installment due hereunder, and if such default is not cured within ten (10) days after written notice of default, or (ii) in the performance of any of the terms, conditions or provisions contained herein, or in any other document securing or evidencing payment hereunder, or in any document executed and/or delivered by Maker in connection herewith, and if such default is not cured within thirty (30) days after notice to Maker, or (b) the Maker hereof should make an assignment for the benefit of creditors, become insolvent or be adjudged a bankrupt, or a receiver, trustee, custodian, liquidator or like officer be appointed to take custody, control or possession of any property subject to any lien, encumbrance or security interest securing payment of this Note, and if such receiver, trustee, custodian or liquidator is not discharged within sixty (60) days of the appointment, if the appointment was an involuntary proceeding, then the entire principal balance shall, at the option of Payee and without notice, notice being hereby expressly waived, mature and be immediately due and payable, with interest after

acceleration at the annual rate equal to six percent (6.00%). Failure to exercise this option shall not constitute a waiver of the right to exercise the same at a later time or upon the occurrence of any subsequent event of default.

Maker waives and renounces presentment, protest, demand and notice of dishonor and any and all lack of diligence or delay in collection or endorsement hereof, and expressly consents to any extension of time, release of any party liable for this obligation, release of any security which may have been or which may hereafter be granted in connection herewith, or any other indulgence or forbearance which may be made without notice to Maker and without in any way affecting the liability of Maker.

Nothing contained herein nor any transaction related hereto shall be construed or shall so operate either presently or prospectively to require the payment or the doing of any act contrary to law; but if any clause or provision herein contained shall otherwise so operate to invalidate the Note and/or the transaction related hereto, in whole or in part, then such clause(s) and provision(s) only shall be held for naught as though not contained herein and the remainder of this Note shall remain operative and in full force and effect.

All of the covenants contained herein are joint and several and shall also bind, and the benefits hereof shall also inure to the respective heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto. Whenever used, the singular shall include the plural, the plural the singular, and the use of any gender shall include all genders. The rights and remedies of Payee as provided in this Note or any document securing this Note shall be cumulative and concurrent, and may be pursued singularly, successively or together against Maker, the property described in any mortgage securing this Note or any other security for the debt evidenced by this Note, and the discretion of Payee.

Maker agrees that if, and as often as, this Note is placed in the hands of an attorney for collection, or to defend or enforce any of the Payee's rights hereunder or under any document securing this Note, whether or not litigation is commenced, the undersigned shall pay to Payee, Payee's reasonable attorneys' fees, together with all court costs and other expenses incurred or paid by Payee in connection therewith.

This Note is secured by a Real Estate Mortgage of even date herewith ("Mortgage") encumbering the real property located at 1198 Michigan Boulevard, Racine, Wisconsin ("Property"). Payee acknowledges that the Mortgage and the indebtedness secured by such Mortgage and evidenced by this Note is and shall be subordinate to Maker's construction and permanent loans obtained for development of the Property ("Senior Debt"), and Payee agrees to execute such subordination and standstill agreements as may be requested by the holders of such Senior Debt from time to time to evidence and confirm such subordination and standstill agreement.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned Maker has executed this Note as of the date first above written.

RACINE HARBORSIDE, LLC

By: Racine Harborside P2, LLC, Manager

By: _____
Kevin Newell, Managing Member