

**OPTION AND PREDEVELOPMENT AGREEMENT**

This agreement made and entered into this 1st day of June, 2017, by and between the Redevelopment Authority of the City of Racine (“RDA”), a body politic, and Racine Revitalization Partnership, Inc. (RRP), a 501c3 Nonprofit Corporation, collectively described herein as “the Parties.”

WITNESSETH:

WHEREAS, RDA holds title to the land with buildings and improvements located at 1418 and 1420, and 1422 Washington Avenue, Racine, Wisconsin (PIN 276-00-00-0918-5000), described as “the Property”; and

WHEREAS, the Parties mutually wish to pursue acquisition, redevelopment and reuse of the Property by RRP; and

WHEREAS, certain surveys, studies, and investigations are necessary prior to acquisition, redevelopment, and reuse of the Property;

NOW THEREFORE, in consideration for One Hundred Dollars (\$100.00) (the “Option Consideration”), the receipt of which RDA hereby acknowledges, RRP and RDA hereby agree as follows:

1. Grant of Option. RDA hereby grants to RRP the exclusive and irrevocable option to purchase the parcel of land located at 1418 and 1420, and 1422 Washington Avenue , Racine, with the buildings and improvements thereon and together with all rights and easements appurtenant thereto, on the terms and conditions contained in this Agreement. RDA agrees to negotiate a full development agreement should it be necessary to accommodate RRP’s contemplated financing.

2. Term. This Agreement shall become effective on the date of signing of this Agreement and shall continue in effect until the earlier of:

- a. The date the RDA conveys the Property to the RRP;
- b. The Date the Parties execute a development agreement; or
- c. December 31, 2017 at 11:59 p.m. Central Standard Time.

3. Notice and Conditions Precedent of Exercise. This option may only be exercised by RRP or its assignee giving written notice of election to exercise to RDA by first class mail, postage prepaid, registered or certified, return receipt requested, or by hand delivery, in either case addressed or delivered to RDA at the office of its Executive Director, 730 Washington

Avenue, Room 102, Racine, Wisconsin. Said notice shall be deemed to have been duly given if postmarked or delivered by hand prior to the expiration date and the time specified herein. RRP's exercise of this option shall be of no force or effect unless at the time of such exercise RRP is in compliance with all of the conditions precedent required of it at the time the option is exercised, unless such conditions are expressly waived by RDA.

4. Failure to Exercise. In the event that RRP fails to exercise the option granted in this Agreement within the time specified in Section 2 above in accordance with Section 3 above, the Option Consideration shall be retained by RDA and thereafter neither RDA nor RRP shall have any further rights or claims against the other except those specifically provided as surviving closing or termination hereof.

5. Purchase Price. Subject to any adjustments or prorations as may be later agreed upon by the Parties, the total purchase price for the Property shall be One Hundred and One Dollars (\$101.00) (the "Purchase Price") payable at closing by certified or cashier's check or bank wire transfer. The Option Consideration (\$100) shall be credited to RRP or its assignee at the closing.

6. Title. RDA shall convey to RRP or its assignee at closing all rights, title and interest RDA has in the Property.

7. Assignment. RRP shall not assign or transfer this Agreement to any other corporation, organization, entity or person without the express written consent of RDA. Consent shall not be unreasonably withheld.

8. Environmental Review Required: Notwithstanding any other provision of this Contract, RRP shall have no obligation to purchase the property (land and buildings), and no transfer of title to the RRP may occur, unless and until the RDA has provided the RRP with written notification that:

(a) it has completed a federally required environmental review and its request for release of federal funds has been approved and, subject to any other contingencies in this Contract, ( i) the purchase may proceed, or (ii) the purchase may proceed only if certain conditions to address the issues in the environmental review shall be satisfied before or after the purchase of the property; or

(b) it has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required. The City of Racine and the RDA shall use its best efforts to conclude the environmental review of the property expeditiously.

9. Access. RDA retains the ability to access the Property from now until closing (the "Predevelopment Phase"). RRP or its assignee shall have access to conduct limited demolition, studies, testing and other evaluations of the Property and the RDA expressly recognizes that these demolitions, studies, testing, and other evaluations are necessary; however, RRP shall:

- a. Notify RDA of all methods of demolition, testing, studies, or evaluations that it or anyone on its behalf undertakes, as well as provide copies of all results of such demolitions, tests, studies, or evaluations;
- b. Conduct all demolitions, tests, studies, and evaluations following OSHA and lead-safe standards, with certified lead safe contractors and certified lead safe employees;
- c. Recognize that the subject property is a historical building with non-modern methods of construction and potentially unsafe construction materials, such as lead and abestos, and
- d. Conduct all demolitions, tests, studies, and evaluations in a manner that does not damage the structural integrity of the building or create a choice limiting action for the RDA.

10. Risk of Loss, Insurance. All risk of loss prior to closing shall remain on RDA, except if it arises from the act or omission of RRP. RRP acknowledges that predevelopment demolition, testing, studies and evaluations will be conducted on the Property, and do not constitute loss for purposes of this section, subject to the requirements Section 8 above.

RDA will maintain property insurance on the Property until closing.

11. Predevelopment Costs. Predevelopment Costs are those direct, out-of-pocket expenses incurred by each party after the date of this Agreement in connection with predevelopment activities related to the redevelopment of the Property, including without limitation the expense types described in Exhibit A, *Predevelopment Costs Apportionment*, and Exhibit B, *Term Sheet*. The Parties understand that actual costs for the items listed in Exhibits A and B may vary, however, in no instance shall withhold completion of the listed activity/obligation be based solely on nominal cost adjustments.

The attached Exhibits A and B and the terms therein are incorporated into this Agreement as if fully set forth herein.

The Parties agree to share with one another the results of the market analyses, studies, testing and other evaluations undertaken during the Predevelopment Phase.

12. Possession. RDA shall deliver possession of the Property to RRP at closing, free and clear of any leases, tenancies, or occupancies by any person.

13. Limitation of Liability. Except for the indemnity obligations set forth in this Agreement, the Parties waive any claims that each may have against the other with respect to punitive or other special damages, however caused, which may arise out of this Agreement. In addition, neither Party shall be liable to the other for any lost revenue, lost profits or loss of technology.

14. Modification. This Agreement may be modified or extended only upon the express written consent of all Parties.

15. Public Records. The Parties acknowledge RDA's obligations under the Wisconsin Public Records Law and Wisconsin Open Meetings Law, Wis. Stat. §§19.31-19.39 and 19.85-19.98. In the event that a request for records or information is received by any party, the receiving party shall endeavor to notify the other party of the request and provide an opportunity to object to release of the records or information.

16. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable by a court or agency of competent jurisdiction, the validity, legality and enforceability of the remaining provisions of this Agreement are not affected or impaired in any way if the overall purpose of the Agreement is not rendered impossible and the original purpose, intent or consideration is not materially impaired.

17. Notices. Notices required under this agreement shall be addressed as follows:

Redevelopment Authority of the City of Racine  
730 Washington Avenue, Room 102  
Racine, WI 53402  
Att'n: Amy Connolly, Executive Director

Racine Revitalization Partnership, Inc.  
1402 Washington Avenue  
Racine, WI 53403  
Att'n: Edward Miller, Executive Director

**RACINE REVITALIZATION PARTNERSHIP, INC.**

By: \_\_\_\_\_  
Edward Miller, Executive Director                      Date

By: \_\_\_\_\_  
Gai Lorenzen, President                      Date

**REDEVELOPMENT AUTHORITY OF THE  
CITY OF RACINE**

By: \_\_\_\_\_  
Amy Connolly, Executive Director                      Date

By: \_\_\_\_\_  
Gregory J. Holding, Chairman                      Date

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

By: \_\_\_\_\_  
David Brown, Finance Director                      Date

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Scott R. Letteney, Racine City Attorney                      Date

## **EXHIBIT A**

### **Predevelopment Costs Apportionment**

Expense Type	RDA/City Supplies	Racine Revitalization Partnership Pays
ALTA Survey	\$1,000.00	-0-
As Built Building Survey (interior)		\$2,500.00
Demolition of Nonbearing Interior Walls and Plaster		\$8,000.00
Waste Containers		\$3,500.00
Phase I Environmental		\$1,500.00
Environmental Survey/Review	\$0	
Architectural Drawings/Site Plan/Specifications		\$12,500.00
Environmental Waste Removal to Allow for Remodeling		\$4,500.00
Temp. Electrical Hook up/Deposit/Use		\$1,400.00
Market Analysis & Operational Pro forma		\$2,500.00
Pro forma		\$1,500.00
<b>TOTAL Pre-Development Costs</b>	<b>\$1,000.00</b>	<b>\$37,900.00</b>

## **EXHIBIT B**

### **TERM SHEET**

#### **1418 and 1420, and 1422 Washington Avenue**

City of Racine, WI & The Racine Revitalization Partnership

PROPERTY: 1418, 1420, and 1422 Washington Avenue, Racine, WI-Parcel # 276-00-00-09-185-000 (+, - .0551 Acres)

LOCATION: North side of Washington Avenue between Ann Street and Junction Avenue

PURCHASE PRICE: \$101 (Exhibit A)

#### **EXPENSES AND PROCESS TIMELINE:**

Pre-development Expenses (Starting June 2017)

Expense Type	Due	Contractor	RDA/City Pays	RRP Pays
ALTA Survey	5-1-2017	City selects	\$1,000.00	-0-
As Built Building Survey (interior)	4-15-2017	RRP		\$2,500.00
Demolition of Nonbearing Interior Walls and Plaster	5-5-2017	GLCCC		\$8,000.00
Waste Containers	5-26-2017	United Disposal Services		\$3,500.00
Phase I Environmental	4-30-2017	Gabriel Environmental		\$1,500.00
Environmental Survey/Review	4-30-2017	City of Racine DCD	City Conducts	-0-
Architectural Drawings/Site Plan/Specifications	5-26-2017	RRP		\$12,500.00
Environmental Waste Removal to Allow for Remodeling	5-26-2017	GLCCC		\$4,500.00
Temp. Electrical Hook up/Deposit/Use	5-26-2017	WE Energies, RRP		\$1,400.00

Market Analysis & Operational Pro forma	5-26-2017	RRP		\$2,500.00
Pro forma	5-26-2017	RRP		\$1,500.00
<b>TOTAL Pre-Development Costs</b>			<b>\$1,000</b>	<b>\$37,900.00</b>

DRAFT