MATC REHAB CONTRACT

(CAO 259791, GH 6-10-2019)

This Contract: is by and among the CITY OF MILWAUKEE ("City"), the REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE ("RACM"), MILWAUKEE AREA TECHNICAL COLLEGE ("MATC"), JCP CONSTUCTION LLC ("JCP"), and Ex3 LLC ("LLC"); is dated as of AUGUST 1, 2019 (the "Effective Date"); and is for good and valuable consideration, receipt and sufficiency of which are acknowledged.

RECITALS

A. City owns:

- 2606 North Holton Street, Milwaukee, Wisconsin, Tax Key No. 321-1629-000 (the "**First House**")
- Other properties that the City acquires from time to time by property tax foreclosure under Wis. Stat. 75.521.

B. The Wisconsin Legislature, in Wis. Stat. 66.1107 (1)(a), 66.1201 (2) and (4)(b), 66.1301 (2), 66.1331 (2), 66.1013, 66.1333, 66.1335, and 66.1337 (2), found that, in Wisconsin cities, there are blighted and deteriorated areas and conditions injurious to public health, safety and welfare, and that there is a severe shortage of adequate housing, and a shortage of private economic investment in blighted areas, thus meriting public intervention and investment.

C. RACM is a Wis. Stat. 66.1333 entity permitted to cooperate with the City to reduce blight and promote redevelopment.

D. MATC is a technical college that provides educational and training opportunities for its students through diverse course offerings and apprenticeship programs, which include, among other things, skilled trades. The Wisconsin Legislature, in Wis. Stat. 38.001, found that it is in the public interest for MATC, a technical college, to offer courses and programs: that enable students to gain occupational skills and job training necessary to fully participate in the work force; that facilitate educational options and foster economic development; and that function cooperatively with other governmental bodies.

E. JCP is a family-owned construction company with substantial experience in residential and commercial real estate, including construction, rehab, general contracting and construction management. LLC is wholly owned by JCP and managed and controlled by JCP.

F. City, RACM, MATC, JCP, and LLC enter this Contract so that: blight may be lessened; housing and neighborhoods may be redeveloped and improved; employers will benefit from a better trained entry workforce; and MATC students may earn college credit, apprenticeships, and valuable hands-on experience rehabbing property-tax

foreclosed homes, under supervision of MATC faculty, coordinated by JCP as construction manager, in order to enhance students' occupational skills, job training, employability and full participation in the work force.

AGREEMENT

1. <u>Recitals</u>. The recitals above are accepted and agreed to.

2. <u>City Conveyance to LLC</u>. City shall convey the First House to LLC in AS IS condition for \$1 *after and contingent upon the parties agreeing to an Approved Plan, Approved Budget and Approved Timeline*. LLC shall allow entry by MATC (including MATC students), JCP, City and RACM, with the students being supervised by MATC faculty or by the NPD (defined below) and with their work being coordinated by JCP, so that the First House may be rehabbed.

3. <u>Rehab Per Approved Plan, Budget, and Timeline.</u>

A. City Scope. MATC, JCP and LLC have a copy of the City-prepared Scope of Work (NIP Report) for the First House, not for any warranty or representation purposes, but for informational purposes only.

B. Rehab Plan, Budget, Timeline. MATC and JCP shall prepare and present to the City Department of City Development ("**DCD**"), for approval by the DCD Commissioner or his designee (herein also called "**DCD**") on behalf of City and RACM:

(1) a proposed **rehab plan** for the First House, including: party responsible for the work; whether 3rd party contractors are anticipated to be needed to carry out any part of the work or rehab plan; interior, systems, and exterior work; and where applicable, landscaping work, solar work, and storm water management work.

(2) a proposed **budget** to carry out the rehab plan, including proposed sources and uses of funds, and a proposed percentage distribution to the following of any "**profit**" (*defined below*) realized upon JCP sale of the First House after rehab:

(a) a percentage of profit to JCP
(b) a percentage of profit to MATC
(c) a percentage of profit to RACM
(d) a percentage of profit to reinvestment in a RACM-controlled reserve fund for possible repeat of this program on a different house.

The proposed budget may call for philanthropic contributions. The RACM Board, in approving RACM entry into this Contract approved RACM acceptance of donated contributions, if any, to RACM for the budget for use under, and in accordance with, this Contract (see, also MCO 304-24). JCP, LLC, and MATC may accept donated contributions on their own.

As part of the City Common Council approval of this Contract, the City agreed to convey the First House to LLC for \$1, and as part of the RACM approval of this Contract, RACM agreed to contribute \$25,000 toward Approved Budget expense, which RACM contribution shall be paid by RACM to JCP upon JCP request for reimbursement, or payment, of Approved Budget expense items. Any JCP request for payment shall be accompanied by paid receipts/invoices (in the case of reimbursement) and unpaid bills/invoices (in the case of advance payment requests) along with reference to the Approved Budget expense at issue.

(3) a proposed **timeline** to complete the rehab plan.

DCD shall review the proposed rehab plan, budget and timeline with MATC, LLC and JCP. When DCD, MATC, LLC and JCP agree on a rehab plan, budget and timeline, those agreed-upon items shall be called, respectively, the **Approved Rehab Plan**, **Approved Budget** and **Approved Timeline**, and the City shall close on its \$1 sale of the First House to LLC, and the parties shall cooperate in rehabbing the First House in accordance with them (or with any mutually agreed upon revisions to them).

C. Possible Revisions. If any party becomes aware of need to revise any of the Approved Rehab Plan, Approved Budget, or Approved Timeline due to material change in circumstance, that party shall let the other parties know in writing, and all parties shall endeavor, in good faith, to reach agreement on a written revision. Agreement is not to be unreasonably withheld, conditioned, or delayed. Upon agreement by all to the written revision, the revision shall be followed. As used herein, the terms "Approved Rehab Plan," "Approved Budget," and "Approved Timeline" include any agreed-upon revision.

D. Student Involvement. An intent of this Contract and program is to maximize experience and hands-on training for MATC students. To that end, the Approved Rehab Plan shall be written with MATC input in involving its students so they may gain experience, college credit, and certification, if applicable to become more desirable in the marketplace.

E. Other Involvement. The parties shall consider and encourage involvement by others such as contributing philanthropic funding sources and/or non-profit collaborators.

4. <u>Permits and Applicable Law.</u>

A. Rehab work shall be performed and conducted in accordance with applicable law and with requisite permits.

B. JCP or LLC shall pay for requisite governmental permit fees, and use funds contributed by RACM for that purpose.

5. <u>JCP Construction Management.</u> JCP shall coordinate overall work required under the Approved Rehab Plan being cognizant and respectful of the Approved Budget and Approved Timeline.

6. <u>Restriction Regarding Other Contractors.</u> The parties' approval is required before, and as a prerequisite to, hiring any 3rd party contractor (not already identified in the Approved Budget) to perform any work under the Approved Plan and Approved Budget. The intent is that MATC students will perform work to the greatest extent reasonably possible. To the extent a 3rd party contractor is not already identified in the Approved Budget, if any party determines that other contractors are needed, that party shall bring that to the other parties' attention in writing; and, prior to engaging a 3rd party contractor, the parties must approve such, and all parties must agree on any revisions necessary to the Approved Rehab Plan, Approved Budget and/or Approved Timeline. Agreement is not to be unreasonably withheld, conditioned, or delayed. Third party contractors do not include non-profit designees of MATC ("NPD's").

7. Entry, Conditions, Entry Hours.

A. Entry by MATC (including MATC students or an NPD) shall be at such times as are convenient for MATC and JCP, and may include evening and weekend hours to accommodate MATC student schedules and work required under the Approved Rehab Plan. Notwithstanding the foregoing, however, except in case of emergency for which access is needed:

- no MATC entry may occur prior to 7:00 A.M. or after 9:00 P.M. on any day
- prior to the parties' approval of an Approved Rehab Plan, an Approved Budget, and an Approved Timeline, and prior to approval of conveyance of the First House to LLC, then MATC, LLC and JCP need DCD approval before entering.

B. When MATC students enter, they shall be supervised by MATC faculty and/or by an NPD. Students shall not be left unsupervised in the First House.

C. After an Approved Rehab Plan, an Approved Budget and an Approved Timeline have been agreed upon, and at the Closing of the conveyance of the First House from City to LLC, DCD shall provide MATC, JCP and LLC contacts with a key or lock box code for the First House.

D. MATC, or an NPD, shall be responsible for ensuring that entry ways to the First House are locked and secured when MATC and JCP are not present.

E. Entry by parties, and storage of tools and equipment on-site owned by parties, shall be at their own respective risk.

F. After City conveys the First House to LLC, in addition to entry rights City may have under police powers, DCD may also enter the First House upon 24 hours advance notice to LLC to review status of work and obligations under this Contract.

G. The parties acknowledge that construction and rehab locations present certain risks that the parties assume, and they shall conduct themselves with care and caution that they deem appropriate, and take appropriate safety measures that they deem adequate. MATC, or an NPD shall instruct MATC students on safety measures prior to students entering the First House. Depending on First House condition, and status of rehab, not all utility service may be functioning or operational. For example, there may be no running water or toilet facilities and the parties will have to adjust accordingly. The parties had the opportunity to inspect the exterior and interior of the First House prior to entering into this Contract.

H. MATC shall be responsible for keeping the First House working areas in tidy condition, and for picking up after students.

I. LLC, when it becomes owner of the First House, subject to the entry provisions above, retains all entry rights and inspection rights as owner, including, *but not limited to* rights to show the First House to prospective buyers.

J. MATC, JCP and DCD entry rights hereunder are by permissive license by and per this Contract and do not constitute any leasehold right under Wis. Stat. Ch. 704.

8. Insurance; Liability.

A. JCP. JCP shall, while JCP is acting hereunder, at its expense, maintain at least the insurance coverage outlined in **EXHIBIT A.**

B. MATC. MATC shall, while MATC is acting hereunder, at its expense, maintain at least the insurance coverage outlined in **EXHIBIT B.**

C. LLC. LLC shall, while it is owner of the First House, at its expense, maintain at least the insurance coverage outlined in **EXHIBIT C.**

D. Each party is responsible for their own respective acts/omissions hereunder and at the First House, and each releases the other from liability (except such liability as may be the result of negligence or intentional act or omission occasioned by the other, and also except for any breach of contract hereunder).

E. Any party may request any other party to provide a certificate of insurance or evidence of insurance as required by this Contract.

9. <u>Damage Repair</u>. Notwithstanding anything to the contrary contained herein, each party is responsible for repairing any damage to the First House caused by, or attributable, directly or indirectly, to the willful or negligent acts or omissions of that party or of any person or entity claiming by, through, or under that party.

Damage caused by third-parties (such as graffiti or vandalism) shall be addressed on a case-by-case basis and may include revision to the Approved Budget. See MCO 275-35, Graffiti Abatement.

10. <u>Utilities.</u> Unless the Approved Budget provides otherwise, LLC shall pay for gas, electricity and water service provided to the First House from the time period during LLC's ownership and prior to LLC sale.

11. Expenses & LLC Sale of First House.

A. The parties intend that the Approved Budget will address expenses, and compensation and reimbursement.

B. Upon completion of rehab, JCP shall notify LLC, MATC and DCD, and LLC shall proceed to sell the First House. LLC may also undertake sales efforts prior to rehab completion to, if possible, achieve a "pre-sale" (an identified buyer with a signed offer to purchase who will buy and close on the transaction after rehab is complete).

Sales efforts may include, if needed, listing the First House with the Multiple Listing Service ("MLS").

If MATC desires and LLC and JCP agree, LLC can have MATC students participate in marketing and sales efforts.

C. LLC may sell in "AS IS" condition and is not required to warrant condition.

D. Any buyer shall be required to pay the purchase price at Closing (without seller financing, and without land contracts). Sales price, *if possible*, shall be determined in a manner (i) to cover actual costs associated with the First House, (ii) to realize **profit** for distribution per Section 3.B.(2) above and per the Approved Budget), and (iii) that respects the intention to reinvest in this program for possible repeat of this program on a different house.

E. "**Profit**" means the revenue realized upon LLC's sale of the First House, less actual expenses associated with the First House rehab and its sale, including but not limited to closing costs such as title insurance, typical closing prorations, and costs of sale and closing.

F. MATC employees and students, JCP employees, LLC employees, NPD

employees, RACM employees, and City employees, are not precluded from being buyers so long as (i) purchase price is determined in accordance with Subsection D. above, (ii) in the case of a RACM or City employee, the employee produces a City-DCD "Potential Conflict of Interest" form signed by or on behalf of the DCD Commissioner showing no conflict of interest, and (iii) the sale is approved per Subsection G. below.

G. LLC shall provide DCD and MATC with copies of accepted Offers to Purchase and closing documents regarding LLC's sale of the First House. LLC shall obtain JCP's, MATC's and DCD's prior approval prior to accepting any Offer to Purchase, such approval not to be unreasonably withheld, conditioned or delayed, with the parties understanding that LLC will be the then owner of the First House, and with the JCP, MATC and DCD decision on approval to be based on "sales price" factors in Subsection D. above. DCD, JCP, and MATC agree to act promptly in responding to any such request for approval.

If a sale and closing do, or will, not result in "profit," then the parties agree to discuss an amendment to the Approved Budget and reduction or elimination of the Section 3.B.(2) percentage interests if need be, with the parties recognizing (i) JCP and MATC expenditure of time and effort regarding the First House rehab and its resale, and (ii) RACM and City contribution (Section 2 reduced sale price and Section 3.B.(2) monetary contribution by RACM).

12. <u>**Periodic Reports.**</u> JCP shall provide periodic reports to DCD, LLC, and MATC, at least every *3 months*, to update the parties on buyer interest and on status vis-à-vis the Approved Plan, Approved Budget, and Approved Timeline, and including actual expenses incurred up until the report.

Upon DCD request, MATC, LLC, and JCP shall appear before the RACM Board and/or the City Common Council or its Committee(s) to provide additional information regarding the First House and this project.

13. <u>Lawn Cutting and Snow Shoveling.</u> During LLC ownership, LLC shall mow lawn and shovel snow.

14. <u>Signage</u>. LLC shall have approval rights of any signage placed at the First House. The parties shall agree on installation of signage identifying the First House as a collaborative project among the City, RACM, MATC, LLC and JCP, and such signage may acknowledge philanthropic contributors and NPD's (agreement not to be unreasonably withheld, conditioned or delayed).

15. <u>**Property Taxes**</u>. During City ownership, City is property-tax exempt (Wis. Stat. 70.01 and 70.11 (2)). After conveyance of the First House to LLC, LLC is responsible for property tax payments as same may be levied.

16. <u>Assignment Restriction</u>. No party may assign their rights or duties hereunder without written consent of all parties, not to be unreasonably withheld, conditioned, or delayed.

If MATC desires to appoint an NPD (non-profit designee of MATC) to perform certain of MATC duties hereunder, MATC shall provide written notice of such to RACM, City, LLC and JCP, and such notice shall identify: the NPD, contact information for the NPD (including contact person, NPD address, and phone and email of NPD contact person); the MATC duty that the NPD will perform; and whether NPD appointment will impact the Approved Budget.

Consent of JCP, LLC, RACM and City to appointment of an NPD is required, but shall not be unreasonably withheld, conditioned, or delayed. RACM, City, LLC and JCP agree to act promptly in responding to any such request for appointment.

17. Breach; 893.80.

A. In the event of breach of this Contract, the non-breaching party shall have all rights at law and in equity against the breaching party.

B. City, RACM and MATC retain their respective rights under Wis. Stat. 893.80.

C. Wisconsin law applies to this Contract.

18. <u>Termination</u>.

A. If all or a substantial part of the First House shall become damaged or destroyed by fire, earthquake, wind, tornado, or other such similar force or event, and if LLC does not receive adequate insurance proceeds or timely payment of insurance proceeds, or if the damage or destruction is not covered or not adequately covered by insurance, LLC may terminate this Contract upon written notice to the other parties hereto.

• If the Contract is terminated under this subsection, LLC shall still endeavor to sell per Section 11 above.

B. If LLC, JCP and/or MATC are in breach of this Contract, and there is a failure to cure after 90 days after DCD has provided written notice to cure, RACM or City may terminate this Contract upon written notice to the other parties hereto.

• If the Contract is terminated under this subsection, LLC shall still endeavor to sell per Section 11 above. However the other parties who suffer loss by the breach may offset their loss against the amount otherwise due to the breaching party as a way for non-breaching parties to offset their loss against the breaching party.

C. If the parties are not able to secure sufficient funding identified in the Approved

Budget as needed to commence and accomplish at least 70% of the Approved Rehab Plan, any party may terminate this Contract upon written notice to the others.

• If the Contract is terminated under this subsection, no party is entitled to payment hereunder, and if the Closing from the City to LLC has already happened, LLC shall re-convey the First House back to City (free of liens by third parties), JCP shall repay RACM amounts that RACM may have prepaid to JCP under Section 3.B.(2), and . RACM and City shall be entitled to any goods or services purchased or pre-purchased using their contributed funds under Section 3.B.(2).

D. If work under the Approved Plan does not commence within 75 days of City conveying the First House to LLC, any party may terminate this Contract upon written notice to the others.

• If the Contract is terminated under this subsection, no party is entitled to payment hereunder, and if the Closing from the City to LLC has already happened, LLC shall re-convey the First House back to City (free of liens by third parties). JCP shall repay RACM amounts that RACM may have prepaid to JCP under Section 3.B.(2), and RACM and City shall be entitled to any goods or services purchased or pre-purchased using their contributed funds under Section 3.B.(2).

E. If the parties are unable to agree upon an initial Approved Rehab Plan, Approved Budget and/or Approved Timeline within 75 days of signing this Contract, any party may terminate this Contract upon written notice to the others.

• If the Contract is terminated under this subsection, no party is entitled to payment hereunder.

19. <u>Departure At Termination, at Completion of Rehab, and Upon Sale; Key</u> <u>Return; Personal Property.</u> Upon termination of the Contract, and also upon completion of rehab, and also prior to closing on sale of the First House by LLC, then, in any of those events, JCP and MATC (and any NPD) must:

- vacate the First House
- remove all personal property and moveable (non-affixed) equipment at the First House
- cease entry into and any occupancy of the First House
- repair any damage attributable to its respective departure, move-out, and removal required hereunder
- leave the First House in a tidy, broom-clean condition
- return keys to the First House to LLC.

20. <u>Smoke & Carbon-Monoxide Detectors</u>. City agrees to install smoke and carbon monoxide detectors at the First House prior to conveyance to LLC. See Wis. Stat. 101.145

and 101.149. MATC agrees to test all detectors at least monthly and to notify LLC and JCP in case of malfunction observed during any such test.

21. Environmental.

A. Upon LLC sale of the First House, LLC is not required to guarantee or warrant improvements, and may sell "**AS IS**" if LLC wishes.

B. The parties hereto respect lead-safe practices understanding that many homes in Milwaukee may contain lead-based paint, especially structures built before 1978. Exposure to lead (including lead-based paint and lead in drinking water) may be harmful, especially to children and pregnant women.

C. At the City of Milwaukee's website (Water Works), any one may check City records to see if a property is served by a lead service line. See MCO 225-22.5 under which owners may be required to replace lead water service lines.

D. Neither City nor RACM is aware of any underground storage tank at the property, or past uses that could pose increased environmental hazard risk such as gas station, dry-cleaning, or manufacturing use.

E. Also residential homes may contain some form of asbestos (e.g. in floor tiles, or in insulating wrap, etc.).

22. <u>Notices</u>. Notices required or desired to be given by one party to another party under this Contract shall be in writing and shall be: (i) delivered personally; (ii) sent by e-mail, provided any e-mail is sent successfully (for example, no error or inability to send message is generated as a result of any such e-mail sent); (iii) sent by commercial courier service, prepaid; or (iv) sent by United States mail, postage prepaid; and, notices shall be addressed and given as follows, provided that recipient address information (such as change in e-mail address, or contact person) may, from time to time, be changed by notice duly sent hereunder:

If to CITY or RACM or DCD:	If to MATC:
Matt Haessly	David Polk
Department of City Development	Associate Dean of Apprenticeship &
809 North Broadway, 2 nd Floor	Trades
Milwaukee, WI 53202	MATC
Telephone: (414) 286-5736	6665 South Howell Avenue
E-mail: mhaess@milwaukee.gov	Oak Creek, WI 53154
	Telephone: (414) 571-4743
With a copy to:	E-mail: polkdd@matc.edu
Gregg Hagopian	
City Attorney's Office	With a copy to:
841 North Broadway, 7 th Floor	Kristen DeCato
Milwaukee, WI 53202	Asst. General Counsel

Telephone: (414) 286-2620	Office of General Counsel
Email: ghagop@milwaukee.gov	MATC
	700 West State Street
	Milwaukee, WI 53233
	Telephone: (414) 297-6484
	Email: decatok@matc.edu
	If to JCP or LLC:
	Jalin Phelps
	V.P. of Field Operations
	JCP Construction
	1849 North MLK Drive, Suite 200
	Milwaukee, WI 53212
	Telephone: (414) 349-4052
	E-mail: jalin@jcp-construction.com

23. Public Records and Information.

A. Public Records. RACM, City and MATC are subject to Wisconsin public records law. See Wis. Stat. Chapter 19, Subchapter II. This Contract and certain documents produced or required hereunder are or may be subject to the public records law. The parties hereto shall assist and cooperate with one another concerning records requests that may be made of any party hereto under Wisconsin's public records law so that a records custodian that is required to release a public record may do so.

B. Financial Information. City, RACM, MATC, LLC, and JCP shall assist and cooperate with one another concerning any party's request for production of documents and/or information needed to ascertain or verify expense, cost, reimbursement, compensation, net sales proceeds, and/or budget compliance.

C. MATC shall keep accurate records regarding MATC and NPD activities under this Contract, including MATC (faculty and student) entry and work and expenditures.

D. JCP shall keep accurate records regarding JCP activities under this Contract, including status of rehab, adherence to Approved Rehab Plan, Approved Budget and Approved Timeline, , and records of JCP expenditures hereunder.

E. LLC shall keep accurate records regarding LLC activities under this Contract, including, utility expenses, sales efforts, and LLC sale of the First House.

F. MATC, LLC and JCP shall make their above-referenced respective records available to DCD upon request.

24. <u>**Counterparts.**</u> This Contract may be signed in one or more counterparts, each of which, when taken together, shall be construed as one and the same document. Facsimile and/or email (PDF) signatures shall be accepted as originals.

25. <u>Severability.</u> The provisions of this Contract are severable such that the invalidity or unenforceability of a provision does not affect other provisions of the Contract.

26. <u>Entire Agreement.</u> This Contract is the entire agreement among the parties with respect to the subject matter herein and all oral statements are of no effect.

27. <u>Amendments</u>.

A. This Contract may only be amended by written document signed by all parties hereto.

B. The parties are hopeful that the aspirations alluded to in the Contract recitals may be realized, with the First House being successfully rehabbed and sold, and with this collaborative effort producing mutual benefits for the parties hereto, MATC students, the neighborhood and the public. If the parties desire, and agree, then, if the RACM Board and the Common Council so approve by future resolution, the parties envision the possibility of an amendment or amendments, adding a Second House and other houses (after the First House completion and sale); but, any such amendment adding another City-owned house to this program requires RACM Board and Common Council approval.

28. <u>**Captions**</u>. The captions in this Contract are for convenience and reference, and in no way define or limit the scope or intent of the various provisions, terms, or conditions hereof.

IN WITNESS WHEREOF, the parties enter this Contract as of the Effective Date specified above.

CITY: THE CITY OF MILWAUKEE	MATC: MILWAUKEE AREA TECHN ICAL COLLEGE
By:	
Mayor Tom Barrett	Ву:
CITY CLERK	Name Printed:
	Title:
James R. Owczarski, City Clerk	
	And By:
COUNTERSIGNED	
	Name Printed:
Martin Matson, City Comptroller	

CITY ATTORNEY APPROVAL (MCO 304- 21)	Title:
Gregg Hagopian, Asst. City Attorney City Common Council Resolution File #	
RACM: REDEVELOPMENT AUTHORITY	JCP: JCP CONSTRUCTION LLC
OF THE CITY OF MILWAUKEE By: Lois Smith, Board Chair	By: Jalin Phelps, Managing Member and VP Field Operations
And By: Dave Misky, Asst. Exec. Dr./Secretary. RACM Resolution File #	LLC: Ex3 LLC By: Jalin Phelps, Managing Member

EXHIBITS

A: JCP Insurance

B: MATC Insurance

C: LLC Insurance