Prepared by : Jack E. Ruesch, 25 Main Place, Suite 200, Council Bluffs, IA 51502
Return to: Jack E. Ruesch, 25 Main Place, Suite 200, Council Bluffs, IA 51502

OPTION AGREEMENT

THIS AGREEMENT is made by and between Pottawattamie County Development Corporation d/b/a The 712 Initiative, an Iowa non-profit corporation, ("BUYER"), and the City of Council Bluffs, Iowa, an Iowa municipal corporation, ("SELLER"). In consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration paid by BUYER to SELLER as more fully set forth below, receipt of which is hereby acknowledged by SELLER, the parties agree as follows:

1. The SELLER hereby irrevocably gives and grants to BUYER and its successors and assigns, the sole and exclusive option to purchase the properties described in Exhibit "A" attached hereto and graphically depicted in Exhibit "B" attached hereto (the "Property").

2. In consideration for the grant of said option, BUYER will pay to SELLER immediately upon the execution of this agreement the sum of One Thousand and no/100 Dollars ($1,000.00) as a non-refundable option fee.

3. The option shall be for a period of five (5) years. The option will expire at 12:00 midnight on the fifth anniversary of the date of execution of this agreement by SELLER, unless sooner exercised in the manner provided herein. The parties may mutually agree to extend the option for additional one year terms for a fee of $500.00 for each additional year.

4. At any time prior to the expiration of the option period, but subject to the provisions of paragraph 5, the BUYER may exercise the option by giving a Notice of Exercise of BUYER's option to purchase the Property. Said Notice of Exercise shall either be hand-delivered to the City Clerk of the City of Council Bluffs or shall be mailed to the City Clerk of the City of Council Bluffs by certified mail. If mailed, service of the Notice shall be deemed complete upon mailing.

5. If the option is exercised, SELLER will convey the Property to BUYER by city deed for no additional monetary compensation, subject to the provisions of paragraph 7 herein. However, prior to the exercise of the option, BUYER and SELLER must have entered into an agreement for private development (the "Development Agreement") providing that BUYER or its successors and assigns will construct improvements on the Parcel #754425454011 as shown on Exhibit B-1 which will be fully assessable for real estate taxes and that when complete, the initial assessed value shall be not less than Two Million and no/100 Dollars ($2,000,000.00). Further, the Development Agreement may also provide for other financial incentives including, but not limited to, tax increment financing. It is the intention of BUYER to develop a mixed residential/commercial use project which will incorporate the improvements on the

properties located at 12 Scott Street and 530 West Broadway along with new construction on the parcel shown on Exhibit B-1.

6. The Notice of Exercise shall set a date for closing of the sale which date shall be 12 months after the delivery of the Notice of Exercise. The closing shall take place at such location as may be agreed upon by the parties.

7. At the time of closing, BUYER will execute in favor of the City of Council Bluffs a promissory note in the amount of $900,000.00 payable in ten equal annual installments without interest with the first payment being due on the third anniversary of the closing date and the remaining nine installments being due on the same date for the ensuing nine years. This note shall be forgivable provided certain criteria are met. This criteria shall include the successful completion of all of the minimum improvements provided for in paragraph 5 herein. Any additional criteria shall be negotiated and agreed upon between the parties at the time of execution of the promissory note.

8. If the option is exercised, SELLER shall at closing convey good and marketable fee simple title to the Property to BUYER by city deed, free and clear of all liens, mortgages, restrictions, covenants, easements, encroachments, leases, or other encumbrances. BUYER and SELLER shall each pay one-half (½) of the cost of an owner's title insurance policy for an amount to be determined by BUYER which shall show good and marketable fee simple title to the Property to be in SELLER. Said policy is to be issued by a company selected by BUYER.

9. During the period of this option, SELLER will not sell, convey, mortgage, or otherwise encumber the Property or enter into any lease agreement having a term of more than one (1) year nor do any other acts which may prevent or impede the ability to

complete this transaction in the event BUYER exercises the option. SELLER further represents and warrants that no other persons or entities have any recorded or unrecorded interests or right of possession to the Property except the current year-to-year tenant.

10. From and after the date of this agreement, BUYER and its agents, employees, and consultants, shall have access to the Property at reasonable times and under reasonable circumstances for purposes of conducting environmental testing, soil testing, surveying, and any other tests and studies which BUYER believes prudent and necessary to make a determination as to whether the option should be exercised.

11. SELLER acknowledges that BUYER, either before or after an exercise of the option, may seek zoning changes, plat approvals, conditional use permits, or other governmental permits, licenses, or approvals from SELLER or other governmental entities. SELLER agrees to fully cooperate with BUYER with regard to the foregoing matters.

12. BUYER shall have the absolute right to assign all of its rights and obligations under this agreement.

Dated: _____.

POTTAWATTAMIE COUNTY DEVELOPMENT CORPORATION d/b/a THE 712 INITIATIVE

BY: _____

Sheryl Garst, Executive Director

Dated: _____.

CITY OF COUNCIL BLUFFS, IOWA

BY: _____
Matthew Walsh, Mayor

ATTEST:

_____
City Clerk

PROPERTY LEGAL DESCRIPTIONS

CURRENT PARKING LOT AT SCOTT STREET AND BROADWAY

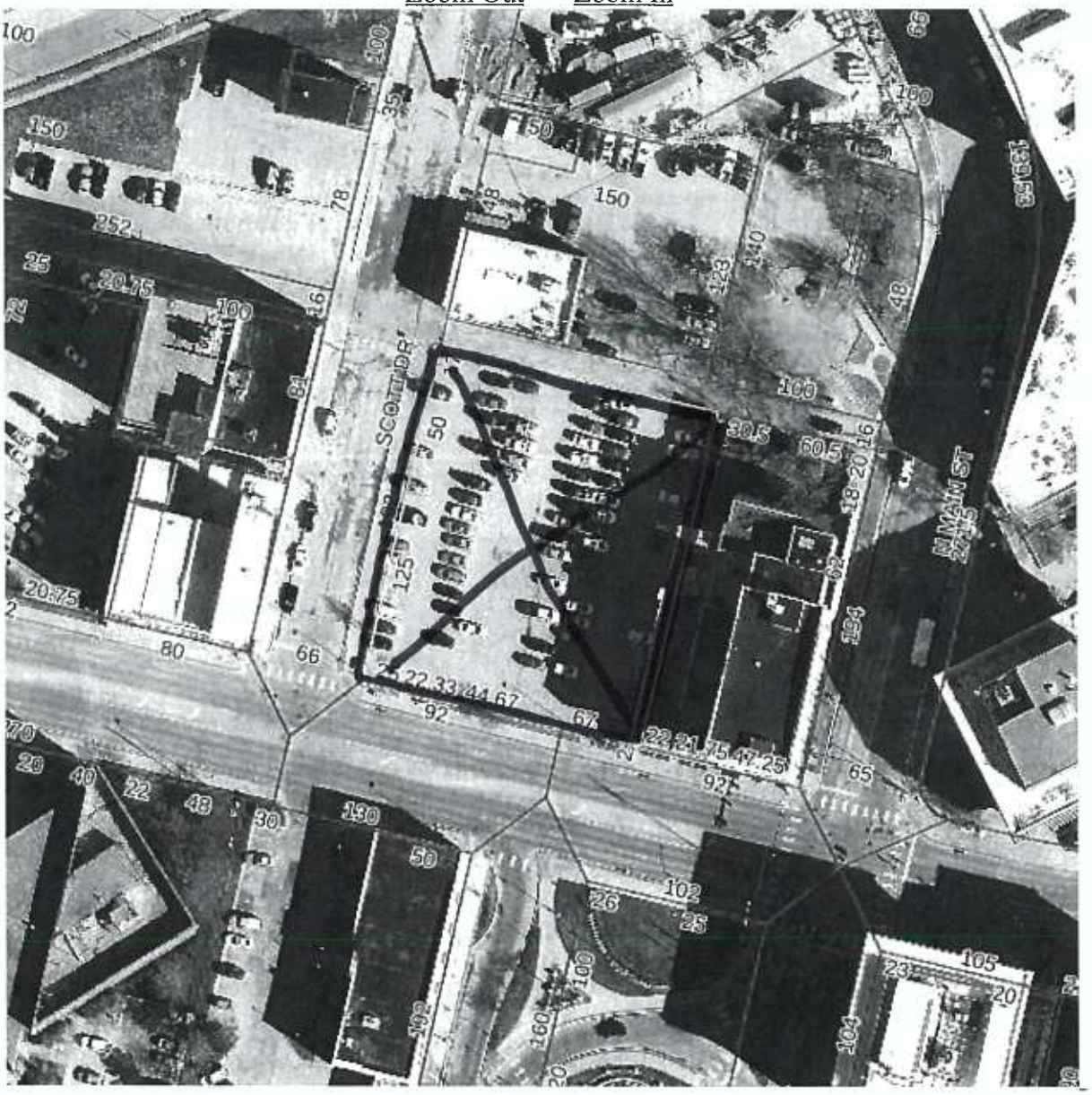
LOTS 1 THROUGH 6 OF THE AUDITOR'S SUBDIVISION OF LOT 5, BLOCK 5, MYNSTER'S ADDITION AND BLOCK 1, BAYLISS FIRST ADDITION.

CURRENT PARKING LOT AND ALLEY WEST OF SCOTT STREET AND SOUTH OF KANESVILLE BOULEVARD

THE NORTH 65 FEET OF LOTS 1, 2, 3, C, AND D, LYING SOUTHERLY OF KANESVILLE, LOT P AND THE NORTHERLY PART OF LOTS 5, E, F, G, AND H AND THE ALLEY LOCATED ADJACENT TO LOT D ALL IN THE AUDITOR'S SUBDIVISION OF BLOCK 6, MYNSTER'S ADDITION AND BLOCK 2 BAYLISS FIRST ADDITION.



Zoom Out Zoom In



600ft x 600ft

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EXHIBIT "B1"

Zoom Out Zoom In



600ft x 600ft

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EXHIBIT "B2"