

RESCISSION AGREEMENT AND MUTUAL RELEASE

This Rescission Agreement and Mutual Release ("Agreement") entered into this 24th day of May, 2016, between the City of Rochelle, an Illinois municipal corporation ("City") and McCarty Technologies, Inc. (MTI), a Delaware corporation ("MTI"):

WITNESSETH

THAT WHEREAS, the parties hereto entered into an Economic Incentive and Tax Increment Allocation Financing Development Agreement dated June 9, 2015, ("Development Agreement"), related to the development of certain parcels of land commonly known as the Hub Theater, located at 416 Lincoln Highway, and the Graber Building, located at 413 Fourth Avenue, in Rochelle, Illinois, which parcels are legally described in Exhibit A ("Subject Properties"); and

WHEREAS, pursuant to the terms of the Development Agreement, the City made an initial contribution of \$250,000.00 for the purposes and on the terms set forth therein, which funds were divided equally and placed in two (2) escrow agreements ("Escrow Agreements") known as Escrow Agreement KO215772COM and Escrow Agreement KO215773COM, with Kenzley Title Company of Rochelle, Illinois, as the Escrow Agent; and

WHEREAS, pursuant to the Development Agreement, MTI purchased the Subject Properties, with the purchase price being funded from the Escrow Agreements; and

WHEREAS, MTI subsequently retained the architectural firm of Bracke-Hayes-Miller-Mahon Architects, LLP, of Moline, Illinois to provide architectural services in connection with the development of the Subject Properties, and paid for such services with funds from the Escrow Agreements; and

WHEREAS, MTI commenced the development of the Subject Properties, which development remains uncompleted; and

WHEREAS, the parties deem it to be in their mutual best interest to: (i) rescind the Development Agreement; (ii) provide for the payment of unpaid amounts to contractors/subcontractors who have provided services in connection with the development of the Subject Properties to date; (iii) provide for the assignment of the work product of the architects to the City; (iv) enter into a mutual release, each releasing the other from any further obligations under the Development Agreement; (v) provide for the conveyance of the Subject Properties to the City; and (vi) jointly direct the Escrow Agent to refund any funds remaining in the Escrow Agreements to the City;

NOW THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

1. Rescission of Development Agreement. The Development Agreement is hereby rescinded as of the date of this Agreement, and neither party shall have any further rights or obligations under said Agreement.

2. Assumption of Unpaid Obligations; Reimbursement. The City hereby assumes, and will promptly pay, the following unpaid obligations of MTI relating to the development of the Subject Properties to date:

- (a) William Schermerhorn--\$55,000.00 (approx)
- (b) Standard Roofing--\$5,390.00
- (c) Bruns Construction--\$1,163.84
- (d) Tom Finneberg--\$17,500.00 (approx)
- (e) Northern Illinois Disposal--\$3,177.77
- (f) ServPRO--\$259.38
- (g) RMU (Graber)--\$339.86
- (h) RMU (Theater)--\$1,097.68
- (i) NICOR--\$1,353.31.

MTI represents and warrants to the City that there are no other unpaid bills related to the development of the Subject Properties to date. In the event any other unpaid bills do exist, MTI shall be solely responsible for payment of such bills and shall indemnify the City from payment of same.

Additionally, contemporaneously with the conveyance of the Subject Properties to the City, the City will pay MTI the sum of Ten Thousand Dollars (\$10,000.00) as reimbursement in full for MTI's out-of-pocket expenditures related to the development of the Subject Properties to date.

3. Assignment of Architectural Work Product. MTI hereby assigns to the City all of MTI's interest in, and rights to, the work product of Bracke-Hayes-Miller-Mahon Architects, LLP, with respect to the Subject Properties.

4. Mutual Release. The City hereby releases MTI, its officers, directors and shareholders, from any and all claims, rights or causes of action which the City has, or may have, against any of said released parties, arising from or related to the Development Agreement or the Subject Properties, as of the date of execution of this Agreement. MTI hereby releases the City, its elected and appointed officials, employees and agents, from any and all claims, rights or causes of action which MTI has, or may have, against any of said released parties, arising from or related to the Development Agreement or the Subject Properties, as of the date of execution of this Agreement.

M. M. 5/17/16

5. Conveyance of Subject Properties. Within three (3) days following the execution of this Agreement, MTI shall execute and deliver to the City warranty deeds, in form and substance satisfactory to the City, conveying the Subject Properties to the City in fee simple, free and clear of liens, claims and encumbrances, subject to highways, conditions, easements and restrictions of record and real estate taxes for the year 2015 and subsequent years, and shall also execute and deliver to the City any and all other documents required to close the conveyance of the Subject Properties from MTI to the City. Closing costs of the title company closing this transaction shall be paid by the City. Each party shall pay its legal fees outside of closing.

6. Closing of Escrow Agreements. The parties shall, at closing, execute and deliver to the Escrow Agent a direction to refund to the City all funds remaining in the Escrow Agreements, and to close the escrows.

7. Remedies. Each party shall have all remedies available at law or equity for the breach by the other party of any term of this Agreement. Without limiting the foregoing, the parties shall be entitled to specific performance of this Agreement. In any litigation arising under this Agreement, the prevailing party shall be entitled to recover its costs of litigation, including reasonable attorney's fees, in addition to any other relief awarded. The exclusive jurisdiction and venue of any such lawsuit shall be in the Circuit Court of the 15th Judicial Circuit in Ogle County, Illinois, or the United States District Court for the Northern District of Illinois, Western Division, in Rockford, Illinois. This Agreement shall be governed by Illinois law, excepting only its choice of law provisions.

8. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof, and supersedes and discharges any prior oral or written, or contemporaneous oral agreements.

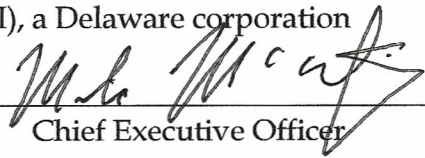
IN WITNESS WHEREOF, the parties have executed this Agreement, and delivered originals to each other, as of the dates shown below.

THE CITY OF ROCHELLE, an Illinois
municipal corporation

By: _____
City Manager

ALAN H. COOPER
Cooper & Lyons
233 East Route 38, Suite 202
PO Box 194
Rochelle, IL 61068
(815) 562-2677

MCCARTY TECHNOLOGIES, INC.
(MTI), a Delaware corporation

By: 
Chief Executive Officer

Handwritten note: M. McCarty 5/17/14

STATE OF ILLINOIS)
) ss.
COUNTY OF OGLE)

I, the undersigned notary public, do hereby certify that David S. Plyman and Bruce McKinney, the City Manager and City Clerk, respectively of the City of Rochelle, an Illinois municipal corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument in said capacity, pursuant to authority of the governing body of the City.

Given under my hand and official seal, this _____ day of _____, 2016.

(SEAL)

NOTARY PUBLIC

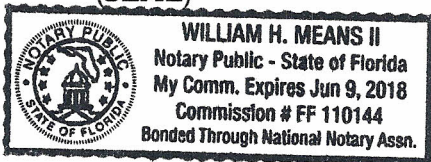
STATE OF Florida)
) ss.
COUNTY OF Brevard)

I, the undersigned notary public, do hereby certify that Mike McCarty, the Chief Executive Officer of McCarty Technologies, Inc. (MTI), a Delaware corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument in said capacity, pursuant to authority of the governing body of the Corporation.

Given under my hand and official seal, this 17 day of May, 2016.

(SEAL)

William H. Means II
NOTARY PUBLIC



W. H. Means II
5/17/16

EXHIBIT A
Legal Descriptions of Subject Properties

Hub Theater

Lot Three (3) in Block Seven (7) in the Original Town of Lane, now called the City of Rochelle, according to the Plat thereof recorded in Book D of Plats page 2 as Document No. 9921; situated in the Township of Flagg, the County of Ogle and State of Illinois.

PIN 24-24-339-018

Graber Building

The South 22 feet of Lot 6 in Block 8 of the Original Town of Lane (now called the City of Rochelle), Ogle County, Illinois, according to the plat thereof recorded July 30, 1853 as document No. 9921 and re-recorded June 30, 1915 in Book D of Plats, Page 2; situated in the Township of Flagg, County of Ogle and State of Illinois.

PIN 24-24-340-009

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