

MEMORANDUM

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: Real Estate Advisors LLC

DATE: July 20, 2012

In order to promote the economic development goals of council, the City seeks to enter into an agreement with Real Estate Advisors, LLC (REA) to assist with land acquisition for a possible redevelopment. REA will be tasked with working with interested property owners and entering into Option Agreements. The redevelopment will lead to enhancement of the City tax base through the re-development process. REA will work with City Staff during the entire process to maximize the effectiveness of the redevelopment effort.

Recommendation: Authorize the City Manager to sign the agreement with Real Estate Advisors, LLC.

Submitted by: Jeffery A. Eder, Community and Economic Development Director
Robert Hawes, Public Works Director, Assistant City Manager

Approved: Thomas Thomas, City Manager

PROPERTY ACQUISITION AGREEMENT

This Development Agreement ("Agreement") entered into as of the ___ day of July, 2012, between THE CITY OF ROCK ISLAND, an Illinois municipal corporation (the "City") and REAL ESTATE ADVISORS, LLC, an Iowa limited liability company (the "REA"):

WITNESSETH

THAT WHEREAS, the City wishes to retain REA to enter into legally binding option agreements to enable REA to have the option to acquire the real estate identified by the City ("the Property") as an agent for the City within one year after the Assemblage Date, as defined below, with such Property to be purchased and owned by the City or by an end user selected by the City; and

WHEREAS, City intends to assist in the re-development of the Property for an end user that has been identified by the City to enhance the tax base of the City and finds that this Agreement is made in the best interest of the City; and

WHEREAS, the parties have entered into this Agreement for the purpose of memorializing the agreements reached by the parties with respect to acquiring the Property

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

1. Acquisition of Property. REA agrees to use its best efforts to enter into legally binding option agreements to enable REA to acquire the Property on or before _____, 2013 (the "Assemblage Deadline") and such option agreements shall permit REA to assign such option agreements to the City or to the end user approved by the City to enable the City or the end user to close and acquire title to the Property pursuant to said option agreements. If REA has not secured the legal right to acquire the Property on or before the Assemblage Deadline, this Agreement shall automatically terminate at 12:01 a.m. on the day following the Assemblage Deadline subject to the City's continuing obligation to reimburse REA for the REA Costs as defined in paragraph 2 below.

2. Reimbursement of REA Costs. The City agrees to reimburse REA for its reasonable and necessary costs incurred to perform its obligations under this Agreement which shall include, but shall not be limited to, postage, couriers, overnight, delivery, telephone, car mileage at the rate of \$00.555 per mile, travel, attorneys fees to draft the option agreements, earnest money, payments to owners of the Property to obtain the option agreements, survey, abstracting, title insurance, and other fees and costs incurred by REA (the "REA Costs"). The REA Costs shall not include REA attorneys fees related to the preparation and execution of this Agreement and travel costs outside of Rock Island County not approved in advance by the City). REA shall submit written and itemized statements documenting the REA Costs and the City shall remit payment to REA within 30 days of the receipt of REA's statements. Statements not paid when due shall incur a service charge of 1.5% per month plus REA Developer's reasonable attorney's fees and costs required to enforce the terms of this Agreement.

3. REA Compensation. The City and REA expect REA to be paid for its services. The real estate commission shall be: (i.) Three and One Half Percent 3.50% of the Option Price or; (ii.) if the property is acquired by the City by condemnation or donation REA shall be paid a lump sum of ten thousand dollars (\$10,000.00) per property or; (iii.) Two Hundred Dollars per Hour (\$200.00 per hour) if REA is required to attend any special meetings, appear in court as a result of condemnation or failure to perform as per the contract. The real estate commission will be paid by the City to REA at closing on the property being acquired. REA agrees to use their best efforts to acquire property on the most favorable terms as possible.

4. Assignment. Provided REA has entered into definitive option agreements with the owners of the Property before the Assemblage Deadline, REA shall assign to the City all such rights to acquire the Property to the City or the end user approved and identified by the City and the City or end user shall indemnify and hold harmless REA from any liability arising from the City's or end user's failure to perform such agreements.

5. Disclosure. The manager and member of REA is a licensed real estate broker in the state of Illinois.

6. City Duty to Meet and Confer. The City agrees to promptly meet and confer with REA at such times and places in order to enable REA to negotiate effectively with the owners of the Property and to reasonably ensure that the terms and conditions of the prospective option agreements will likely be satisfactory to the City and the end user.

7. Entire Agreement; Severability. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof, and supersedes and discharges all prior oral or written, or contemporaneous oral, agreements. If any portion of this Agreement should for any reason be declared to be invalid or illegal by a court of competent jurisdiction, the remaining portions of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date set forth above.

THE CITY OF ROCK ISLAND, an Illinois municipal corporation

By: _____
Thomas Thomas, City Manager

Attest: _____
Aleisha Patchin, City Clerk

Real Estate Advisors, LLC, an Iowa limited liability company

By: _____
Frederick "Ted" Rebitzer, its Manager