

MEMORANDUM

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: River Stone Property

DATE: 1/31/13

Development of the intersection of I-280 and IL-92 has been a priority for the City of Rock Island for some time. In 2008 Jumer's Casino and Hotel was built on the Southeast corner of this intersection. Jumer's has become the premier Casino and Hotel destination in the Quad Cities. It is the desire of the City to build upon this success. Jumer's Crossing has been in the works with a market study completed in 2012 by Vierbicher Advisors. The study shows the area will support additional retail and entertainment. Surveys of Jumer's customers also support they would take the opportunity to shop during a visit to the casino. Possible concepts include: outlet mall, Lifestyle retail center, sporting goods store, Gas station, and restaurants.

The City identified approximately 90 acres located at the Northeast corner of I-280 and IL-92 as the best site for additional development. The City has worked out an agreement with Riverstone Group, Inc. to purchase the property.

The importances of the project to the City of Rock Island are the creation of jobs and the growth of the tax base. The project will increase the visibility and awareness at the I-280 / IL 92 corridor. It will capitalize on Jumer's Casino & Hotel growth and market to the visiting demographic. Additionally, it will increase the outer growth in visitation and tourism creating many joint marketing opportunities.

Recommendation:

Council authorize the purchase property owned by Riverstone Group, Inc. in the amount of \$1,000,000, subject to minor modification being implemented by the parties legal counsel prior to execution and authorize the City Manager to execute purchase and finance contract documents at his discretion.

Submitted by: Jeffery A. Eder, Community and Economic Development Director

Approved: Thomas Thomas, City Manager

PURCHASE AGREEMENT FOR COMMERCIAL REAL ESTATE

This Purchase Agreement for Commercial Real Estate ("Agreement") is entered into on this _____ day of February, 2013, between RIVERSTONE GROUP, INC., ("Seller"), and THE CITY OF ROCK ISLAND, ILLINOIS, ("Purchaser"). In consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

TERMS: The Purchaser agrees to purchase from the Seller and the Seller agrees to sell to the Purchaser the real estate described on the attached Exhibit A showing Tracts 1 and 2 and Survey of Tract 1, in four (4) pages, situated in the County of Rock Island and State of Illinois, (the "subject property"), for the total sum of One Million and No/100ths Dollars (\$1,000,000.00) to be paid as follows:

\$ <u>10,000.00</u>	EARNEST MONEY, in the form of a check or wire, which shall be held in escrow by Meridian Title Company as a part of the cash at closing, the receipt of which by said title company shall be evidenced to Seller with delivery of this Offer.
\$ <u>990,000.00</u>	ADDITIONAL CASH DOWN PAYMENT, which shall be paid at the time of closing, which shall be on or about March 15, 2013.

POSSESSION: Possession shall be at the time of closing.

EVIDENCE OF TITLE: Within a reasonable time, Seller shall deliver a commitment for title insurance issued by a title insurance company regularly doing business in the county where the subject property are located, committing the company to issue an owner's policy in the usual form insuring merchantable title to the subject property in the Purchaser for the amount equal to the purchase price. If title evidence discloses exceptions other than those permitted under the rules for examination for abstracts of title adopted by the local County Bar Association, Purchaser or Purchaser's attorney shall give written notice of such exceptions to Seller within a reasonable time. Seller shall have a reasonable time to have such title exceptions removed, or, any such exception which may be removed by the payment of money may be cured by deduction from the purchase price at the time of closing. If Seller is unable to cure such exception, then Purchaser shall have the option to terminate this Agreement in which case Purchaser shall be entitled to a refund of the earnest money. Furnishing a title insurance policy insuring over an exception shall constitute a cure of such exception.

CLOSING: Closing shall be on or about March 15, 2013. Parties agree to close at Meridian Title Company, Rock Island, Illinois. Parties agree to split the closing fee charged by the title company.

CONVEYANCE OF TITLE AND DOCUMENTS OF SALE: The title to be conveyed shall be by Warranty Deed to Purchaser and free and clear of all liens and encumbrances not herein specifically waived or assumed by Purchaser. The parties agree to execute any transfer declarations or other documents required by the state, county or municipality in which the subject property is located, as well as any documents required by the title insurance company in order to issue title insurance. All parties agree to comply with the provisions of the Real Estate Settlement Procedures Act of 1974 (RESPA).

PRORATIONS AND ADJUSTMENTS: The following items shall be prorated at closing as of the date of delivery of possession:

Prorations:

- (a) Real estate taxes, based on the most recent tax information available, which, in the absence of fraud, shall be final;
- (b) Rent, if any, (with transfer in full of any security/damage deposit);
- (c) Other income and operation expenses, if any;
- (d) Special assessments, if any.

EXPENSES OF TRANSFER:

Seller shall pay:

- (a) Broker's commission, if any;
- (b) Cost of owner's title insurance policy;
- (c) Revenue stamps and recording of any releases; and
- (d) Seller's Closing Protection Letter, as required.

Purchaser shall pay:

- (a) Recording fee for deed;
- (b) Assumption fee if mortgage assumed;
- (c) Cost of Purchaser's mortgage title insurance policy as required by mortgagee; and
- (d) Purchaser's and Lender's Closing Protection Letters, as required.

Each party shall be responsible for their own attorney fees and customary closing costs.

DEFAULT: If Purchaser fails to make any payment or to perform any obligation imposed upon Purchaser by this Agreement, Seller may serve written notice of default upon Purchaser and if such specified default is not corrected within ten (10) days thereafter, Seller may accept the earnest money and any additional down payment as damages or may pursue any available legal remedy including specific performance. In the event Seller fails to perform any obligation imposed upon Seller by this Agreement, Purchaser may serve written notice of default upon Seller and if such default is not corrected within ten (10) days thereafter, earnest money and any additional down payment deposit shall be refunded to Purchaser without prejudicing the Purchaser's right to any available legal remedy including specific performance. In the event of default, the defaulting party shall be liable to the other party for reasonable attorney fees and expenses incurred by reason of the default.

CASUALTY CLAUSE: Seller shall cause to be kept in force the existing insurance, including fire and other extended coverage, on improvements, if any, on the subject property until title has passed to Purchaser or possession is delivered to Purchaser, whichever first occurs. Purchaser shall be responsible for insurance coverage upon taking title or possession of the subject property, whichever first occurs.

ESCROW: This Agreement will be closed through an escrow with Meridian Title Company, in accordance with the general custom of the community and in conformity with this Agreement. The funds held in escrow shall be paid out upon recording of the necessary documents and the vesting of merchantable title in the Purchaser.

ASSESSMENTS: Seller shall pay all special assessments which are a lien on the subject property as of the date of closing. Seller acknowledges that prior to the execution of this Agreement, Seller has no knowledge of or no notice has been received from any municipal authority concerning improvements which could result in a special assessment on the subject property. Tap on fees, if any, which exist for municipal services to the property shall be paid by Purchaser.

REPRESENTATIONS OF SELLER – HAZARDOUS WASTE: Seller hereby represents to Purchaser that, to the best of Seller's knowledge, the subject property is not contaminated with, nor threatened with contamination from outside sources by any chemical, material or substance to which exposure is prohibited, limited or regulated by any federal, state, county, local or regional authority or which is known to pose a hazard to health and safety and that Seller has not used the subject property as a landfill or dumpsite, or for storage of hazardous substances, or to the best of Seller's knowledge, has not otherwise done anything to contaminate the subject property with hazardous wastes or substances. Seller warrants that to the best of Seller's knowledge, the subject property is not subject to any local, state or federal judicial or administrative action, investigation or order, as the case may be, regarding wells or underground storage tanks, solid waste disposal sites, or hazardous wastes or substances.

At Purchaser's cost, and before closing of this transaction, Purchaser shall be permitted to conduct any environmental tests it deems necessary for the purpose of discovering the existence of any hazardous waste or substances. Should such environmental testing reveal the presence of any hazardous wastes or substances, Purchaser may, at its option, terminate this Agreement and any earnest money paid shall be returned to the Purchaser. Notwithstanding the above, the parties may agree by amendment and modification of this Agreement to terms necessary to remedy any environmental condition discovered and then proceed with performance of this Agreement. Purchaser agrees, at its cost and without undue delay, to restore subject property to its original condition should it proceed with the environmental testing contemplated herein. The parties agree that "environmental testing" after closing is not a contingency to this transaction. Closing of this transaction without "environmental testing" shall be deemed a waiver of that contingency by Purchaser.

GENERAL CONDITIONS: This Agreement shall be binding upon the parties and their successors and assigns. Time is of the essence of this Agreement. This Agreement shall be governed by the enforced in accordance with the laws of the state in which the subject property is located. This Agreement contains the entire Agreement of the parties and no representations, warranties, or Agreements have been made by either party as set forth herein. No modification, waiver, or amendment of the Agreement shall be effective unless made in writing and signed by the parties. All representations, warranties and covenants made by the parties shall survive closing. Paragraph headings are for the convenience of reference and shall not limit or affect the meaning of the Agreement.

NOTICES: All notices required hereunder shall be in writing and shall be served upon the parties at the addresses designated herein by personal service, certified mail (return receipt requested), or Federal Express or other overnight mail.

Seller:

RiverStone Group, Inc.
c/o Charles C. Ellis, President
1701 Fifth Avenue
Moline, IL 61265

Copy to:

Robert H. Alvine
Attorney at Law
501 – 15th Street, Suite 503
Moline, IL 61265

Purchaser:

The City of Rock Island, Illinois
Attn. Thomas Thomas, City Manager
1528 Third Avenue
Rock Island, IL 61201

Copy to:

Theodore G. Kutsunis
City Attorney
1515 – 4th Avenue, Suite 301
Rock Island, IL 61201

LEGAL ASSISTANCE: The Seller and Purchaser are aware that when fully signed, this is a legally binding Agreement for the sale and purchase of real estate and that in order to protect their respective interests, Seller and Purchaser are advised to consult legal counsel before this Agreement is signed.

1031 EXCHANGE: Seller/Owner hereunder desires to exchange for other property of like kind and qualifying use within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended and the Regulations promulgated thereunder, fee title in the property which is the subject of this contract. Owner expressly reserves the right to assign its rights, but not its obligations, hereunder to a Qualified Intermediary as provided in IRC Reg.1.1031(k)-1(g)(4) on or before the closing date. Purchaser agrees to cooperate with this process.

USE RESTRICTION OF SUBJECT PREMISES: It is stipulated and agreed by and between the parties hereto that the final conveyance from Seller to Purchaser that closes this transaction shall contain the following use restriction, to-wit:

“The premises that is the subject matter of this conveyance to The City of Rock Island, Illinois, shall have the following use restriction that shall be binding upon the Grantee herein, and its successors and assigns, in perpetuity, to-wit: Said premises shall never be used for any sand and gravel extraction and/or sale of the same. This use restriction shall run with the land and be binding upon Grantee’s successor’s and assigns.”

APPROVAL: This Offer shall be subject to and contingent upon Purchaser obtaining approval by the City Council of The City of Rock Island, Illinois.

ACCEPTANCE BY SELLER: Until accepted by Seller this document constitutes an offer by Purchaser on the terms stated above. This Agreement must be accepted by Seller within two (2) business days from date shown next to Purchaser’s signatures below. If not so accepted, the offer shall be void and the earnest money returned to Purchaser. This Agreement has been read and executed on the dates beside our signatures.

Executed by Purchaser:

THE CITY OF ROCK ISLAND
ILLINOIS, a municipal corporation

By: _____
Date

Print Name: _____

Attest: _____
Date

Print Name: _____

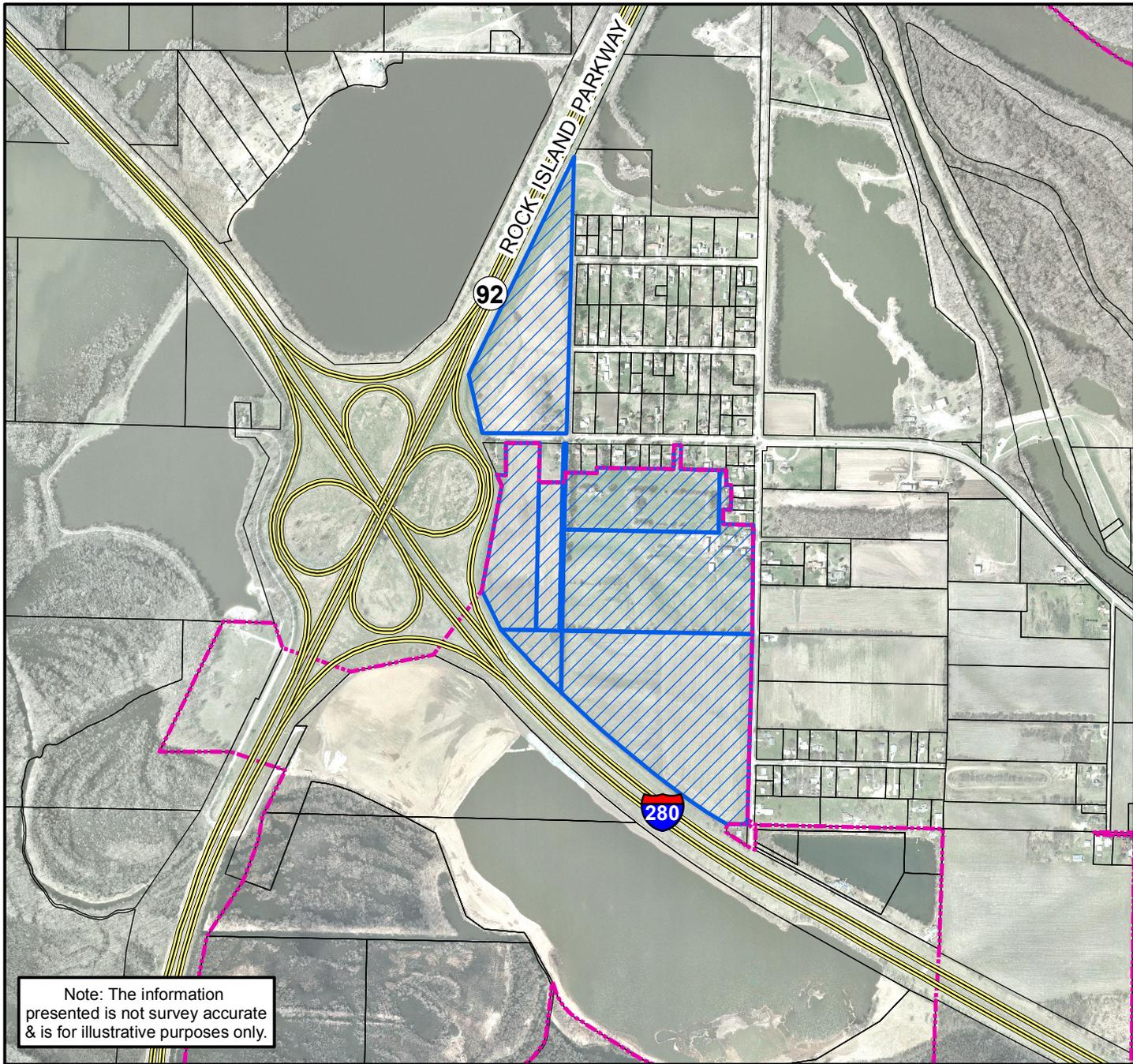
Executed by Seller:

RIVERSTONE GROUP, INC.

By: _____
Date

Print Name: _____

LOCATION MAP



Note: The information presented is not survey accurate & is for illustrative purposes only.

LOCATION MAP

Legend

-  Property to be Purchased
-  Highways
-  Parcels
-  Municipal Boundary



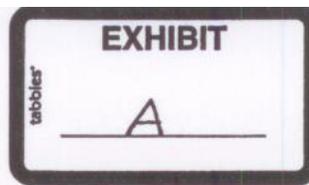
0 250 500 1,000 1,500 Feet

City of Rock Island

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT
Planning and Redevelopment



ROCK ISLAND ILLINOIS



RIVERSTONE LEGAL DESCRIPTIONS
Re: Sale to City of Rock Island, IL.

TRACT 1:

PART OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION SIXTEEN (16) IN TOWNSHIP SEVENTEEN (17) NORTH, RANGE TWO (2) WEST OF THE FOURTH PRINCIPAL MERIDIAN; SITUATED IN ROCK ISLAND COUNTY, ILLINOIS, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION SIXTEEN (16);

THENCE WEST ALONG THE SOUTH LINE OF SAID SOUTHEAST QUARTER 30 FEET TO THE WEST RIGHT OF WAY LINE OF A TOWNSHIP ROAD;

THENCE CONTINUING WEST ALONG SAID SOUTH LINE TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF F.A.I. ROUTE 280;

THENCE NORTHWESTERLY ALONG SAID RIGHT OF WAY LINE TO A POINT OF INTERSECTION WITH THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION SIXTEEN (16);

THENCE CONTINUING NORTHWESTERLY ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 319.82 FEET;

THENCE NORTHEASTERLY AND CONTINUING ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 709.09 FEET;

THENCE NORTHWESTERLY AND CONTINUING ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 128.36 FEET;

THENCE EASTERLY AND PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION SIXTEEN (16) A DISTANCE OF 76.80 FEET;

THENCE NORTHERLY AND PERPENDICULAR TO THE NORTH LINE OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION 16 A DISTANCE OF 223.0 FEET TO A POINT 20.4 FEET SOUTH OF THE NORTH LINE OF THE SOUTHEAST QUARTER (SE¼) OF SAID SECTION SIXTEEN (16), SAID POINT BEING ON THE SOUTHERLY RIGHT-OF -WAY OF 56TH AVENUE WEST;

THENCE EASTERLY AND PARALLEL TO SAID NORTH LINE A DISTANCE OF 234.85 FEET;

THENCE SOUTHERLY ALONG THE WEST LINE OF LOT 1 OF DENNIS SUBDIVISION A DISTANCE OF 264 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1;

THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 1 A DISTANCE OF 165 FEET TO THE SOUTHEAST CORNER OF SAID LOT 1;

THENCE NORTHERLY ALONG THE EAST LINE OF SAID LOT 1 A DISTANCE 264 FEET TO THE NORTHEAST CORNER OF SAID LOT 1 AND THE SOUTH RIGHT-OF-WAY LINE OF 56TH AVENUE WEST;

THENCE EASTERLY ALONG THE SOUTH RIGHT-OF-WAY LINE OF 56TH AVENUE WEST A DISTANCE OF 16.5 FEET TO THE NORTHWEST CORNER OF LOT 1 OF VOSS SUBDIVISION NUMBER 2;

THENCE SOUTHERLY ALONG THE WEST LINE OF VOSS SUBDIVISION A DISTANCE OF 195 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1;

THENCE EASTERLY ALONG THE SOUTH LINE OF LOTS 1 AND 2 OF VOSS SUBDIVISION NUMBER 2 A DISTANCE OF 215.45 FEET TO THE SOUTHEAST CORNER OF SAID LOT 2;

THENCE NORTHERLY ALONG THE EAST LINE OF SAID LOT 2 A DISTANCE OF 35 FEET TO THE SOUTHWEST CORNER OF LOT 3 OF CHURCH SUBDIVISION;

THENCE EASTERLY ALONG THE SOUTH LINE OF LOTS 1, 2 AND 3 OF CHURCH SUBDIVISION AND THE SOUTH LINE OF LOTS 4 AND 5 OF VOSS SUBDIVISION (RECORDED JUNE 12, 1957, IN PLAT BOOK 30, PAGE 379) A DISTANCE OF 532 FEET TO THE SOUTHEAST CORNER OF LOT 4 OF SAID VOSS SUBDIVISION;

THENCE NORTHERLY ALONG THE EAST LINE OF SAID LOT 4 A DISTANCE OF 160 FEET TO THE NORTHEAST CORNER OF SAID LOT 4 AND THE NORTHWEST CORNER OF LOT 3 OF VOSS SUBDIVISION NUMBER 2 AND THE SOUTH RIGHT-OF-WAY LINE OF 56TH AVENUE WEST ;

THENCE EASTERLY ALONG THE SOUTH RIGHT-OF-WAY LINE OF 56TH AVENUE WEST A DISTANCE OF 50 FEET TO THE NORTHWEST CORNER OF LOT 1 OF VOSS SUBDIVISION NUMBER 3;

THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 1 A DISTANCE OF 160 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1 OF VOSS SUBDIVISION NUMBER 3;

THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 1 A DISTANCE OF 302.74 FEET TO A POINT ON THE WEST LINE OF LOT 3 OF FUESSEL'S SUBDIVISION;

THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 3 A DISTANCE OF 105 FEET TO THE SOUTHWEST CORNER OF SAID LOT 3;

THENCE SOUTHERLY ALONG A LINE PARALLEL TO AND 228 FEET DISTANT FROM THE EAST LINE OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION SIXTEEN (16) A DISTANCE OF 170 FEET TO A POINT ON THE NORTH LINE OF LOT 1 OF VOSS SUBDIVISION, (RECORDED DECEMBER 8, 1972, IN PLAT BOOK 43 AT PAGE 350);

THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 2 FEET TO THE NORTHWEST CORNER OF SAID LOT 1;

THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 1 A DISTANCE OF 100 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1;

THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 1 A DISTANCE OF 200 FEET TO THE SOUTHEAST CORNER OF SAID LOT 1 AND THE WEST RIGHT OF WAY LINE OF A TOWNSHIP ROAD;

THENCE CONTINUING EASTERLY A DISTANCE OF 30 FEET TO THE EAST LINE OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION SIXTEEN (16);

THENCE SOUTHERLY ALONG SAID EAST LINE OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION 16 TO THE POINT OF BEGINNING.

Subject to easements and restrictions of record and subject to existing roadways. Containing 77.36+/- acres. (See "Exhibit Tract 1" attached; survey by Shive Hattery dated 06/05/02).

TRACT 2:

Blackhawk Township Real Estate Tax Parcel 143.

Subject to easements and restrictions of record and subject to existing roadways.

Seller agrees to secure a perimeter survey with legal description from Licensed Surveyor at Seller's expense, before closing.

EXHIBIT TRACT 1

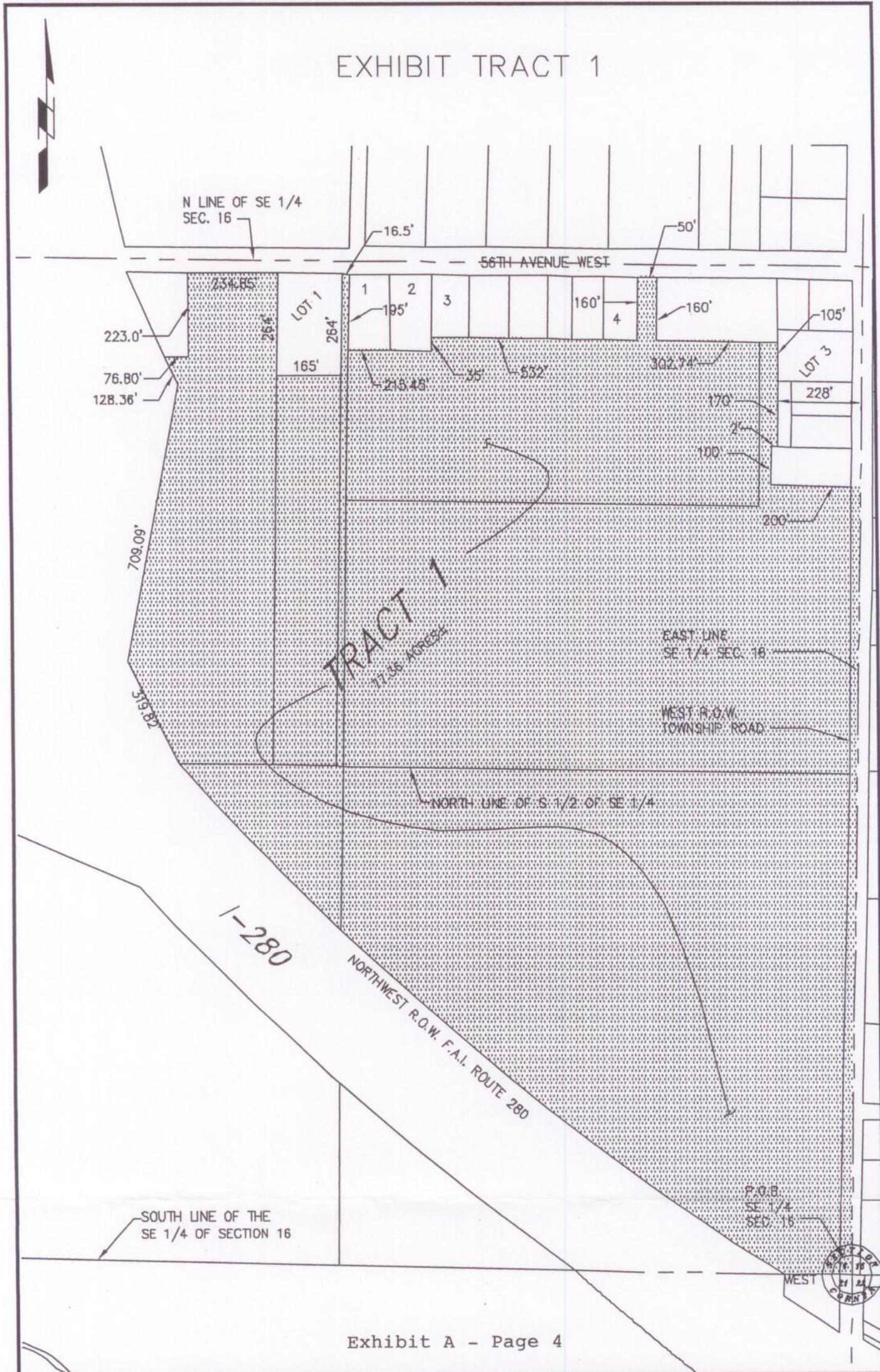


Exhibit A - Page 4



SHIVE-HATTERY

Cedar Rapids, IA • Iowa City, IA • Des Moines, IA
Moline, IL • Bloomington, IL • Chicago, IL
<http://www.shive-hattery.com>

EXHIBIT TRACT 1

DATE	06/05/02	SCALE	NONE
DRAWN	JEW	FIELD BOOK	
APPROVED	JWA	REVISION	

PROJECT NO.
399431-0

SHEET NO.

1