

MEMORANDUM

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: Lease Termination – Watchtower Plaza

DATE: 5/8/13

Over the past several months, staff has been working with the tenants at Watchtower Plaza as they prepare to vacate the property in support of the Wal-Mart development. A lease purchase offer was recently presented to the tenants at the north end of the plaza. Responses have started to arrive with efforts now focused toward a Lease Termination Agreement.

The owner of Comfort Furniture, Inc. has accepted the City's Lease buyout proposal of \$125,000. The owner continues to search for a new location in Rock Island and is considering a few options. A copy of the signed Lease Termination Agreement is provided for your review.

Staff recommends the approval of this Lease Termination Agreement as it supports the goals to redevelop the former Watchtower Plaza site for the Wal-Mart Project.

Recommendation:

Council approve the Lease Termination Agreement with Comfort Furniture, Inc. for \$125,000, and authorize the City Manager to execute the agreement.

**Submitted by: Jeffery A. Eder, Community and Economic Development Director
Mary Chappell, Development Programs Manager**

Approved: Thomas Thomas, City Manager

LEASE TERMINATION AGREEMENT

This LEASE TERMINATION AGREEMENT (the "Agreement") is entered into this 7 day of May, 2013, by and between COMFORT FURNITURE, INC., (hereinafter "Lessee") and THE CITY OF ROCK ISLAND, ILLINOIS, a municipal corporation, hereinafter ("Lessor") and for consideration of the sum of ONE HUNDRED TWENTY-FIVE THOUSAND AND NO/100ths Dollars (\$125,000.00) the receipt of which is hereby acknowledged by Lessee, it is hereby agreed to by the Lessee and Lessor as follows:

1. The Lease dated July 26, 2011, entered into between COMFORT FURNITURE, INC., as Lessee and R OWN PROPERTIES, INC., (Lessor's predecessor in title, a copy of which is attached hereto as Exhibit "A" and identified as the Original Lease) is hereby terminated and cancelled as of June 15, 2013, (hereinafter "Termination Date").
2. From and after the Termination Date neither Lessee nor Lessor will have any further rights or obligations under said Original Lease including any Addendums thereto and also including any rights of automatic renewal or any extensions of said Lease or Addendums thereto.
3. Lessee and Lessor have expressly agreed that on or before the Termination Date, Lessee will vacate and surrender the demised property as identified in the Original Lease to Lessor. Lessee will remove all of their property from the demised premises on or before the Termination Date.

4. Lessee and Lessor, for themselves and their respective parent, subsidiary or related parent corporation, partnerships, affiliates, heirs, successors and assigns, do each hereby and release forever discharge each other and their present and former directors, officers, shareholders, managers, agents, owners, trustees, beneficiaries, attorneys and employees (the "Released Parties") from any and all obligations, damages, losses, costs, expenses and liabilities whether known or unknown contingent or direct, liquidated or unliquidated, and from any claims, demands, judgments, actions or suits of any kind (collectively "Claims") which each may have against one another arising out of or relating to the Original Lease and any Addendums thereto and for the use and occupancy of the demised premises, including, without limitation, any attorney's fees incurred in connection therewith. Both the Lessee and the Lessor acknowledge the possibility that the other party may have unknown claims against the other arising out of or related to the Original Lease or any Addendums thereto, and the use and occupancy of the demised premises, and that by signing this Agreement each party expressly waives such claims. The parties further acknowledge that the consideration for this mutual release takes into account the possibility of such further claims.

5. Lessor agrees as further consideration of Lessee executing this Agreement, to abate all rent due and owing Lessor from March 1, 2013 through June 15, 2013.

6. Lessee agrees that all amounts Lessee owes to Lessor under a CIRLF Loan, Note #8880007391-1, will be deducted by Lessor from the amounts due Lessee under this Agreement prior to disbursement to Lessee.

7. The parties have read this Agreement and the Releases contained herein and freely and voluntarily enter into this Agreement with the full understanding of its terms.

8. The above recitals are an integral and substantive part of this Agreement and are incorporated herein.

9. If either party commences an action against the other arising out of or in connection with this Agreement, the prevailing party will be entitled to recover attorney's fees and expenses from the other.

10. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

11. This Agreement may be executed in any number of duplicate original or counterparts, each of which will be deemed to be an original, and all of which taken together will constitute one and the same Agreement. The parties agree that their signatures may be delivered by fax or email.

12. The validity, interpretation, construction and performance of this Agreement will be controlled by and construed under the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties have executed this Lease Termination Agreement as of the date first above written.

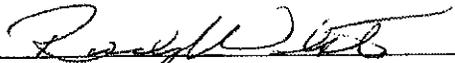
LESSOR:

THE CITY OF ROCK ISLAND, ILLINOIS,
a municipal corporation

By: _____
Name: Thomas Thomas
Title: City Manager

LESSEE:

COMFORT FURNITURE, INC.

By:  _____
Name: Randy Webster
Title: CEO