

Memorandum
Community & Economic Development Department



To: Thomas E. Thomas, City Manager
Subject: Purchase of 4000-11th Street
Date: February 17, 2014

As part of the redevelopment of the Watchtower Plaza property, staff has been working with the owner of 4000 11th Street to purchase his property. The 12,100 sq. ft. parcel contains a 1,055 sq. ft. commercial building that is the current home of At Your Service Catering.

Property owner Mark Mueller has accepted the City's offer of \$250,000 to purchase the property. Conditions include a \$50,000 payment to be made on May 1, 2014, to assist with the acquisition of a new building. Mr. Mueller is actively searching in Rock Island to relocate his 33 year old business. A copy of the signed Purchase Agreement and a location map are provided for your review.

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

Vendor: Kutsunis & Weng Trust Account
Payment Amount: \$250,000
Fund: 207
Department: 312 Economic Development
Cost Center: 801 General Development
Object Code: 55301
Project: 6177
Requisition: 004396

Recommendation:

The CED Department recommends that the City Council approve the purchase of the property at 4000 11th Street from Mark Mueller for \$250,000, authorize the City Manager to execute the contract documents, and refer to the City Attorney for an ordinance.

Submitted by: Jeffery A. Eder, CED Director/Asst. City Manager
Mary Chappell, Development Programs Manager

Approved by: Thomas Thomas, City Manager

PURCHASE AGREEMENT FOR COMMERCIAL REAL ESTATE

This Purchase Agreement for Commercial Real Estate ("Agreement") is entered into on this 28th day of January, 2014, between MARK MUELLER, ("Seller"), and THE CITY OF ROCK ISLAND, ILLINOIS, a municipal corporation, ("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 commonly known as 4000 – 11th Street, and legally described as:

Lot 1, Watch Tower 4th Addition to the City of Rock Island,

situated in the County of Rock Island and State of Illinois, (the "subject property"), for the total sum of TWO HUNDRED FIFTY THOUSAND AND NO/100THS DOLLARS (\$250,000.00) to be paid as follows:

\$ <u>NONE</u>	EARNEST MONEY.
\$ <u>50,000.00</u>	ADVANCE CASH DOWN PAYMENT, which shall be paid to Seller on or about May 1, 2014.
\$ <u>200,000.00</u>	BALANCE at the time of closing.

POSSESSION: Possession shall be at the time of closing.

EVIDENCE OF TITLE: Within a reasonable time, Purchaser shall obtain 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 June 1, 2014.

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).

EXPENSES OF TRANSFER:

Purchaser shall pay all customary closing costs which include the cost of an owner's title insurance policy and the recording fee for the deed.

Each party shall be responsible for their own attorney fees.

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.

ASSESSMENTS: Seller shall pay all special assessments, if any, 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:

Mark Mueller
4000 - 11th Street
Rock Island, IL 61201

Copy to:

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.

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

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:

MARK MUELLER

By: Mark Mueller 1-28-14
Date

Print Name: Mark A. Mueller

By: _____
Date

Print Name: _____

LOCATION MAP



LOCATION MAP 4000 11th Street

Legend

 Parcels

 Subject Property



0 25 50 100 150 200 Ft

City of Rock Island

COMMUNITY AND ECONOMIC
DEVELOPMENT DEPARTMENT
Planning and Redevelopment



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