

**Memorandum
Community & Economic Development Department**



To: Thomas E. Thomas, City Manager
Subject: Disposition of City Property at in Southwest Industrial Park
Date: July 23, 2014

Staff has been working with members of Green Thumb Industries, LLC, or GTI, regarding their interest in a 10.19 acre city parcel located at 8153 51st Street West. The city acquired this property in October of 1999 as part of a business park development project. Please reference the provided location map.

GTI is an Illinois based partnership applying for one of the 22 licenses available through the State of Illinois to develop a cultivation center to produce medical marijuana. Of the many conditions involved with making application for a license is the need to locate a center on a property outside a 2,500 buffer area zoned exclusively for residential. The city parcel satisfies this criterion.

GTI is ready to sign a Purchase Agreement that provides for the sale of the property following a diligence period during which time GTI will prepare their license application. The purchase price for the property is set at \$135,000. At this time, GTI plans to construct a 30,000 – 80,000 sq. ft. facility that will employ between 30–100 people. Total for the investment in the site and building is estimated to be between \$5-10 Million. A copy of the Purchase Agreement is provided for review.

Staff recommends that City Council approve the signing of the purchase agreement as it will expand the city's tax base by returning a vacant parcel to the tax rolls, create new job opportunities, and continue to support development activity in southwest business park area.

Recommendation

The CED Department recommends that City Council authorize the City Manger to sign the purchase agreement with GTI Rock Island Partners, LLC, subject to minor modifications by legal counsel for each party prior to execution.

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

Approved: Thomas Thomas, City Manager

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "**Agreement**") is made as of _____, 2014, by and between City of Rock Island, Illinois, a Municipal Corporation ("**Seller**") and GTI Rock Island Partners, LLC, an Illinois limited liability company ("**Purchaser**").

RECITALS:

A. Seller is the owner of a parcel of real property commonly known as 8153-51st St, Rock Island, IL, having an area of approximately 10 acres (the exact area to be certified on the survey delivered pursuant to Paragraph 6 hereof), located in Rock Island County, Illinois, which is legally described on Exhibit A attached hereto and made a part hereof together with all improvements thereon and all easements, rights, privileges, servitudes and appurtenances thereunto belonging or appertaining, including all right, title and interest of Seller, if any, in and to the streets, alleys, and rights-of-way adjacent thereto (collectively, the "**Property**").

B. Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, the Property, upon and subject to all the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration paid by Purchaser to Seller, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

1. Agreement to Sell and Purchase. Seller hereby agrees to sell to Purchaser, and Purchaser hereby agrees to purchase from Seller, the Property, subject to all the terms and conditions set forth herein.

2. Purchase Price. The purchase price for the Property ("**Purchase Price**") shall be an amount equal to One Hundred and Thirty-Five Thousand and 00/100 Dollars (\$135,000). The Purchase Price shall be paid at Closing (as defined below) subject to adjustments and prorations as described herein, and subject to the credit for the earnest money to be paid by Purchaser as described below. The Purchase Price shall be paid by wire transfer of immediately available funds.

Within three (3) business days following full execution and delivery of this Agreement, the parties shall establish an escrow at Meridian Title Company, 423 – 17th Street, Rock Island, Illinois, 61201, (the "**Title Company**"), and Purchaser shall deposit in such escrow an amount equal to Five Thousand and 00/100 Dollars (\$5,000.00). The amount so deposited, plus the amounts deposited pursuant to Paragraph 4 hereof, if any, together with any investment fees related thereto are hereinafter collectively referred to as the "**earnest money**", all or a portion of which shall, at Purchaser's election, be credited against the Purchase Price at Closing, or returned to Purchaser at Closing. The earnest money, less the sum of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) ("**Nonrefundable Portion**"), which shall be paid to Seller in consideration of entering into this Agreement, shall be refundable except as otherwise provided herein. If and only if Purchaser exercises one or both of its options for an Extension Period (defined below) the entire earnest money shall be nonrefundable.

3. Inspections by Purchaser. From and after the execution of this Agreement, Purchaser and its agents shall have the right to enter upon the Property or any portion thereof and make such engineering, land use, physical, market or soil tests, investigations and studies concerning the Property (collectively, the “**Tests**”) that they may elect to perform. Purchaser agrees to indemnify and hold harmless Seller from any loss, cost or expense (including reasonable attorneys’ fees) for death, bodily injury or damage to the Property related to such entry except to the extent attributable to the negligence of Seller or by any preexisting defects in the Property, including the location of any Hazardous Substances (as herein defined), provided Seller shall tender defense of any claim subject to Purchaser’s indemnity to Purchaser in sufficient time to avoid prejudice, and Purchaser shall have the right to assume and control the defense thereof with counsel selected by Purchaser and reasonably acceptable to Seller. Within three (3) business days after the date of this Agreement, Seller shall provide to Purchaser all feasibility studies, soil reports, environmental audits and other appraisals, inspections, tests, reports, studies or information in the possession or reasonable control of Seller with respect to the Property.

4. Conditions Precedent. Purchaser’s obligation to consummate the transaction contemplated by this Agreement is subject to satisfaction of all of the conditions set forth in this Paragraph 4 within the time periods prescribed herein. Purchaser may waive any or all of such conditions in whole or in part but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by Purchaser of any of its rights or remedies nor release Seller from any of its liabilities under this Agreement. Satisfaction of such conditions shall not waive any representation or warranty made by Seller.

a. As of the date (“Contingency Date”) which is two hundred seventy (270) days following the date of full execution and delivery of this Agreement:

i. Purchaser shall be satisfied in its sole and absolute discretion with the results of the Tests.

ii. Purchaser shall be satisfied, in its sole and absolute discretion, that adequate public utilities, including sewers, water, gas electricity and telecommunication, and all other utilities, will be available at the Property in sufficient capacity for Purchaser’s proposed development of the Property.

iii. Purchaser shall be satisfied, in its sole and absolute discretion, that the soil and ground and subsurface conditions (including the ground water) are suitable for Purchaser’s proposed development of the Property.

iv. Purchaser shall have entered into written agreements for the sale and/or lease of the Property as Purchaser may require in form acceptable to Purchaser, in Purchaser’s sole and absolute discretion.

v. Purchaser shall have obtained any and all zoning and/or governmental approvals and other approvals, consents, amendments, modifications and the like (including, without limitation, any developer’s agreement or other agreement with respect to site infrastructure costs for

Purchaser's proposed development of the Property) that are necessary for Purchaser to proceed with Purchaser's proposed development and use of the Property.

If, as of the Contingency Date, Purchaser is not satisfied with any matter concerning Purchaser's proposed development of the Property, for any reason, in Purchaser's sole and absolute discretion, including, without limitation, any condition precedent set forth in this Paragraph 4(a), then Purchaser shall notify the Seller in writing of any such condition(s) that have not been satisfied and/or any reason(s) for Purchaser not being satisfied with any such matter concerning Purchaser's proposed development of the Property and the Seller shall have thirty (30) days after the date of such notice to satisfy any such condition(s) or matter(s) and if the Seller does in fact satisfy any such condition(s) or matter(s) within such thirty (30) day period, this Agreement shall remain in full force and effect. Purchaser shall not unreasonably withhold its approval with respect to the satisfaction of any such condition(s) or matter(s). If Seller does not in fact satisfy any such condition(s) or matter(s) within such thirty (30) day period, Purchaser shall have the right to terminate this Agreement, by written notice given to Seller on or before ten (10) days after such thirty (30) day period, and the earnest money shall promptly be returned to Purchaser.

b. As of the Closing Date (as herein defined):

i. Seller shall not be in default in the performance of any covenant or agreement to be performed by Seller under this Agreement.

ii. All representations and warranties made by Seller shall be true and correct.

iii. All permits and approvals required by Purchaser remain in full force and effect.

iv. There shall have been no Material Adverse Change in the Physical Condition of the Property. For purposes hereof, the term "Material Adverse Change in the Physical Condition of the Property" shall mean a failure on Seller's part to materially comply with its obligations to manage, operate, repair and maintain the Property in substantially the same manner as it operated the Property prior to the Effective Date and will keep the Property in a similar state of repair subject to normal wear and tear, exercising the same degree of care in such matters as Seller has previously exercised.

v. The title company is unconditionally committed to issue a title policy as required pursuant to Section 8(c) of the Purchase Agreement,

If Closing shall not occur due to any one or more of the conditions precedent set forth in this Paragraph 4(b) having not occurred, then Purchaser may elect to extend the time for such conditions precedent to occur or may elect to terminate this Agreement. If Purchaser terminates this Agreement, then the earnest money (less the Nonrefundable Portion, which shall be paid to Seller) shall promptly be returned to Purchaser.

Purchaser shall have the right and option to extend the Contingency Date for two (2) consecutive periods of thirty (30) days (each, an “**Extension Period**”), the first Extension Period commencing on the first day after the Contingency Date and the second Extension Period commencing on the day after the expiration of the first Extension Period. Purchaser shall exercise its right and option to extend the Contingency Date, as aforesaid, if at all, by giving Seller notice of such election on or before the Contingency Date (as the Contingency Date may have been previously extended), and within five (5) business days thereafter depositing with Title Company for each Extension Period an additional earnest money amount equal to Twenty Five Hundred and 00/100 Dollars (\$2,500.00). If Purchaser exercises its right and option to extend the Contingency Date as provided herein, then all earnest money, including that referenced in Paragraph 2 above, shall be non-refundable unless (i) Seller fails to deliver title to the Property in the manner required by this Agreement, (ii) Closing fails to occur by reason of a breach or default of Seller, (iii) Closing fails to occur by reason of failure of one or more of the conditions precedent set forth in Paragraph 4 above, or (iv) this Agreement is terminated pursuant to the provisions of Paragraphs 7 or 11 of this Agreement. The earnest money shall be applicable to the Purchase Price.

5. **Title Insurance Commitment.** Within ten (10) days after the date of this Agreement, Seller, at its sole cost and expense, shall cause to be delivered to Purchaser a title insurance commitment (the “**Commitment**”) issued by the Title Company in the amount of the Purchase Price, which shall commit the Title Company to issue the Title Policy (as herein defined) in form and substance as described in Paragraph 8, and the Commitment shall have attached thereto copies of all documents referred to therein which constitute encumbrances on title to the Property. Seller shall also provide Purchaser, at Seller’s sole cost and expense, with customary searches for bankruptcies, judgment liens, tax liens, and special assessments, showing all levied, pending and deferred special assessments and real estate taxes.

If the Commitment that the Title Company issues after execution hereof or the Title Policy the Title Company is prepared to issue at Closing does not comply with the requirements of this Agreement, Seller shall be allowed a period of seven (7) days from the date of issuance of the Commitment, or twenty (20) days from the date on which the Title Company is prepared to issue the Title Policy, as the case may be, to cause the Commitment or the Title Policy, as the case may be, to conform to the requirements of this Agreement, and shall use its best efforts to do so (and Seller shall notify Purchaser promptly if Seller determines that Seller will not be able to do so); and if Seller shall not cause the Commitment or the Title Policy to conform to the requirements of this Agreement, then Purchaser may elect (i) to have the Title Company issue its endorsement insuring against damage caused by said failure to comply and take title as it then is, with the right to deduct from the Purchase Price amounts equal to all liens and similar type encumbrances of a definite or ascertainable amount, (ii) to terminate this Agreement and receive a return of the earnest money (less the Nonrefundable Portion, which shall be paid to Seller), or (iii) to extend the time for Seller to cause the Commitment or the Title Policy, as the case may be, to conform to the requirements of this Agreement (and if Purchaser elects to so extend the time as described herein, Purchaser shall have the same rights concerning title matters at the end of the extended period as Purchaser had at the end of the original period). Further, if the matter which causes the Commitment or the Title Policy, as the case may be, to fail to conform to the requirements of this Agreement is a matter which was intentionally caused by Seller, then Purchaser’s rights set forth in the immediately preceding sentence shall be in addition to, and not

in lieu of, any other rights and remedies available to Purchaser for a default by Seller. Failure of Purchaser to make any of the foregoing elections within the time limits prescribed herein shall constitute an election by Purchaser to extend the time for Seller to cause the Commitment or the Title Policy, as the case may be, to conform to the requirements of this Agreement for the time period prescribed above.

6. Survey. Within ten (10) days after the date of this Agreement, Seller, at its sole cost and expense, shall furnish Purchaser with a survey of the Property, prepared by a surveyor licensed in the State of Illinois, dated subsequent to the date of this Agreement, certified in favor of Purchaser, Purchaser's nominee, if any, and the Title Company as having been prepared in accordance with the Minimum Standard Detail Requirements for Urban Class land title surveys jointly established by ALTA, ACSM and NSPS (as revised from time to time) and prepared in accordance with the accuracy standards prescribed therein, including Table A Items reasonably acceptable to Purchaser and disclosing the state of facts existing on the date of such certification and showing and certifying the acreage of the Property. The survey shall contain the surveyor's certification that the Property or any part thereof is not located within a wetland or an area that has been designated by the Federal Emergency Management Agency, the Army Corps of Engineers or any other governmental agency as having or being subject to special flood hazards. If the survey indicates any encroachments or other title matters which would not constitute Permitted Exceptions, Seller shall have a period of ten (10) days in which to cure such matters or cause the Title Company to commit to insure against such matters in a manner which is satisfactory to Purchaser, and shall use its best efforts to do so (and Seller shall notify Purchaser promptly if Seller determines that Seller will not be able to do so); and if Seller shall not cure such matters or cause the Title Company to commit to insure against such matters in a manner satisfactory to Purchaser, Purchaser shall have the same rights it would have in the event that the Commitment or the Title Policy to be delivered to Purchaser were not in accordance with the requirements of this Agreement (including, in the case of a matter intentionally caused by Seller, rights which Purchaser would have in case of an unpermitted title matter which was intentionally caused by Seller).

7. Representations and Warranties of Seller. Seller represents and warrants to and covenants with Purchaser that:

a. Seller has good and marketable, fee simple title to the Property, subject only to the exceptions to title set forth on Exhibit B attached hereto and made a part hereof ("**Permitted Exceptions**"), and that Seller has the power and authority to enter into and perform the terms and conditions of this Agreement, and such performance will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which Seller is a party or by which it is bound, or constitute a default under any of the foregoing; this Agreement is valid, binding and enforceable against Seller in accordance with its terms.

b. Seller has not received any notice of any violation of any law, municipal ordinance or other governmental requirement affecting the Property, including without limitation any notice of any fire, health, safety, building, pollution, environmental or zoning violation, and Seller has no knowledge that any governmental authority contemplates issuing such a notice, or that any such violation exists.

c. Seller has not received any written notice of any condemnation or eminent domain proceedings, or negotiations for purchase in lieu of condemnation, relating to the Property, or any portion thereof; and Seller has no knowledge that any condemnation or eminent domain proceedings have been commenced or threatened in connection with the Property, or any portion thereof.

d.

(1) The Property (A) is not subject to any private or governmental lien or judicial or administrative notice, order or action relating to Hazardous Substances or environmental problems, impairments or liabilities with respect to the Property and (B) to the best of Seller's knowledge, is not in, or with any applicable notice and/or lapse of time, and/or failure to take certain curative or remedial actions, will not be in violation of any Environmental Laws (as herein defined).

(2) To the best of Seller's knowledge, no Hazardous Substances are located on or have been stored, generated, used, processed or disposed of on or released or discharged from (including ground water contamination) the Property and no above or underground storage tanks exist on, or have been removed from, the Property. Seller shall not allow, prior to Closing, any Hazardous Substances to exist or be stored, generated, used, located, discharged, released, possessed, managed, processed or otherwise handled on the Property, and shall comply with all Environmental Laws affecting the Property.

(3) Seller shall immediately notify Purchaser should Seller become aware of (A) any Hazardous Substance or other environmental problem or liability with respect to the Property, (B) any lien, order, action or notice of the nature described in subparagraph (1) above, or (C) any litigation or threat of litigation relating to any alleged unauthorized release, discharge, generation, use, storage or processing of any Hazardous Substance or the existence of any Hazardous Substance or other environmental contamination, liability or problem with respect to or arising out of or in connection with the Property.

Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed that Purchaser does not assume or agree to be responsible for, and Seller hereby agrees to defend, indemnify and hold Purchaser harmless from and against, any and all claims, obligations and liabilities and all costs, expenses and attorney's fees incurred, based upon or arising out of any obligation, liability, loss, damage or expense, of whatever kind or nature, contingent or otherwise, known or unknown, incurred under, or imposed by, any Environmental Laws arising out of any act or omission by Seller or its employees or representatives prior to the Closing.

As used herein, "**Hazardous Substances**" means any matter giving rise to liability under the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the

Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601 et seq. (including the so-called “Superfund” amendments thereto), or other applicable, federal, state or local statute, law, ordinance, rule or regulation governing or pertaining to any hazardous substances, hazardous wastes, chemicals or other materials, including without limitation asbestos, polychlorinated biphenyls, radon, petroleum and any derivative thereof, or any common law theory based on nuisance or strict liability (all of the foregoing statutes, laws, ordinances, rules, regulations and common law theories being sometimes collectively hereinafter referred to as “**Environmental Laws**”).

e. No litigation or proceedings are pending or, to the best of Seller’s knowledge, contemplated, threatened or anticipated, relating to the Property, or any portion thereof.

f. Seller has no knowledge of any unrecorded agreements, undertakings or restrictions which affect the Property. There are no tenants, persons or entities occupying any portion of the Property and no claim exists against any portion of the Property by reason of adverse possession or prescription.

g. Seller has no knowledge of any condition or circumstance which would prevent, hinder or make more expensive the proposed development of the Property, with the exception that the Seller and Purchaser are both aware that there are residences near the Property which are outside the City limits which may be close enough to the Property which is the subject of this agreement, which may limit the uses to which the subject Property may be put, and Seller has made no representations to Purchaser whether the property will be able to be used for any specific use.

h. To the best of Seller’s knowledge: (i) there is no assessment payable in annual installments, or any part thereof, which has become a lien on the Property; (ii) there is no obligation with respect to the Property for any assessment, annexation fee, payment, donation or the like, other than general real estate taxes, for schools, parks, fire departments or any other public facilities which are required to be made by the owner of the Property; (iii) there are no obligations in connection with the Property of any so-called “recapture agreement” involving refund for sewer extension, oversizing utility, lighting or like expense or charge for work or services done upon or relating to the Property or otherwise; and (iv) there is no unexecuted paving agreement or undertaking with any government agency respecting construction or any acceleration or de-acceleration lane, access, or street lighting.

i. No portion of the Property is located within a flood plain, flood prone area, special flood hazard area or the like, as so designated by any applicable Flood Hazard Boundary Map or any such similar map or plat issued or controlled by the Federal Insurance Administration and/or any other federal agency appointed to regulate such matters under the Federal Flood Disaster Protection Act, as amended, or pursuant to any other national, state or local flood insurance program.

j. No management agent or other personnel employed in connection with the operation of the Property has the right to continue employment with respect to the Property after Closing.

k. Seller has fully complied with all obligations relative to the Property and no obligations exist under any development or like agreement with regard to the Property.

If, prior to the Closing Date, Seller obtains knowledge of a fact or circumstance the existence of which would constitute a breach by Seller of its representations and warranties hereunder or would render any such representations and warranties untrue or incorrect, Seller shall promptly notify Purchaser in writing of the same. Under said circumstances, and in addition to any other right or remedy that may be available to Purchaser, Purchaser, at its option, may terminate this Agreement without further liability by giving written notice thereof to Seller, in which event the earnest money (less the Nonrefundable Portion, which shall be paid to Seller) shall promptly be returned to Purchaser within five (5) days after Purchaser's demand therefor. Seller agrees to defend, indemnify and hold harmless Purchaser from and against any loss, claim, damage or expense, including reasonable attorneys' fees, that Purchaser may sustain because of the breach of any of Seller's representations and warranties, whether such breach is discovered before or after the Closing Date.

All representations, warranties, covenants, indemnities and undertakings made herein shall be deemed remade as of Closing and shall be true and correct as of Closing and shall be deemed to be material and to have been relied upon by the parties, notwithstanding any investigation or other act of Purchaser heretofore or hereafter made, and shall survive Closing and execution and delivery of the Special Warranty Deed.

8. Closing. The conveyance of the Property to Purchaser, or Purchaser's nominee, and the payment of the Purchase Price to Seller ("Closing") shall occur at the office of the Title Company on a date ("Closing Date") selected by Purchaser upon at least five (5) days prior written notice to Seller and within thirty (30) days after the Contingency Date (as the Contingency Date may be extended), or at such other date, time and place as the parties may mutually agree, subject to delays by reason of operation of Paragraph 5.

Closing shall occur through an escrow with the escrow department of the Title Company ("Escrowee"), in accordance with the general provisions of Escrowee's usual form of deed and money escrow agreement, with special provisions inserted in the escrow agreement as may be required to conform to this Agreement and subject to the terms of a separate money lender's escrow, if any. The escrow agreement shall provide that Purchaser shall not be required to deposit funds in the escrow until the Escrowee is prepared to disburse such funds and insure title to the Property as required herein. The attorneys for both Seller and Purchaser are authorized to sign the escrow agreement. Upon the creation of such escrow, payment of the Purchase Price and delivery of the Special Warranty Deed shall be made through the escrow. The cost of the deed and money escrow shall be divided equally between Seller and Purchaser. This Agreement shall not be merged into nor in any manner superseded by the escrow agreement.

The Property shall be conveyed to Purchaser, or Purchaser's nominee, by Special Warranty Deed, conveying good and marketable, fee simple title subject to no exceptions to title other than the Permitted Exceptions.

At Closing, Seller and Purchaser shall each execute and deliver or cause to be executed and delivered such documents, closing statements, affidavits, searches, declarations, lien waivers, certificates, indemnities or deposits as shall be customary, necessary or appropriate to complete the transaction and cause the issuance of the Title Policy. At Closing, Seller shall deliver physical possession of the Property to Purchaser in substantially the same condition as exists on the date of execution of this Agreement. At Closing, Seller shall also execute and deliver or cause to be executed and/or delivered:

a. Certification with respect to Seller's non-foreign status sufficient to comply with the requirements of Section 1445 of the Internal Revenue Code of the United States of America and all regulations applicable thereto.

b. Certification to Purchaser, or its nominee, that the representations, warranties and covenants contained in this Agreement shall be true, correct and complete as of Closing.

c. An Owner's Title Insurance Policy (ALTA Form 2006) ("**Title Policy**") issued by the Title Company, at Seller's expense, in the amount of the Purchase Price insuring title to the Property to be good and marketable and free from exceptions other than the Permitted Exceptions and insuring any appurtenant easements. The Title Policy shall have extended coverage over the general exceptions contained therein, and shall contain endorsements reasonably satisfactory to Purchaser pertaining to (i) zoning, (ii) contiguity, (iii) access, (iv) the absence of violations of restrictive covenants and easements, (v) the identity of the Property as described in the Title Policy with the Property as shown on the survey delivered pursuant to Paragraph 6, (vi) the agreement of the Title Company to increase the amount of insurance to reflect the value of improvements Purchaser plans to construct on the Property, (vii) utility facilities, (viii) arbitration, (ix) subdivision, and (x) any other endorsement reasonably requested by Purchaser (including without limitation any encroachment endorsement required as a result of matters disclosed by the survey delivered pursuant to Paragraph 6).

9. Apportionments. At and as of the Closing, Seller and Purchaser shall make adjustments for and apportion all expenses with respect to the Property including, without limitation, adjustments and apportionments with respect to real estate taxes (exclusive of any real estate taxes attributable to any existing improvements and any special assessments, payment of which shall be Seller's responsibility), and all expenses accrued prior to and on the Closing Date shall be paid by Seller (including any real estate taxes applicable to any period prior to Closing, regardless of when assessed or levied, including any so-called roll back taxes imposed because of a change in use of the Property after Closing, and including all special assessments affecting the Property, including installments thereof due after Closing and any real estate taxes attributable to any existing improvements), and all expenses with respect to the Property accruing after the Closing Date shall be paid by Purchaser. Notwithstanding the foregoing, if the Property is subject to any special assessments, Purchaser may elect to take title to the Property

subject to the unpaid balance of any such special assessments and receive a credit against the Purchase Price in respect thereof. Real estate taxes for which Seller is responsible and special assessments which are not paid prior to Closing shall be paid by means of a credit to Purchaser against the Purchase Price. If the amount of any real estate taxes to be adjusted is not ascertainable at the time of Closing, the adjustment thereof shall be on the basis of 110% of the amount of the most recent ascertainable real estate taxes and shall be readjusted upon receipt of final bills therefor. If any real estate tax bill relating to the Property also relates to other property, the portion thereof applicable to the Property shall be determined by comparing the acreage and improvements of the portion of the Property covered by such bill with the total acreage and improvements covered by such bill; provided, however, Seller shall be responsible for any real estate taxes attributable to any existing improvements. If required, at or prior to Closing, Seller shall prepare a petition for tax division ("Petition") which shall be filed with the Rock Island County Assessor's Office, petitioning for a division of the tax parcel or parcels presently applicable to the Property so that the Property will become a separate tax parcel. Purchaser shall sign the Petition, if required, and shall cooperate with Seller in obtaining a separate permanent index number for the Property. If, following Closing, the real estate tax bill(s) are issued covering the Property and other property, Seller and Purchaser shall cooperate in making an appropriate allocation of the tax bill(s) so that each party shall pay its prorata share of said bill(s). Such allocation shall be determined based upon the land (excluding any improvements, payment of which shall be Seller's responsibility) covered by the tax bills. Purchaser shall pay to Seller the amount so determined (promptly to avoid a late payment of taxes) to be allocated to the Property and Seller shall be responsible for paying the tax bill(s). The parties will prorate taxes for the year of closing and the Purchaser will receive a credit at Closing for the full amount of unpaid taxes payable during the year in which Closing occurs. The parties' obligations with respect to this paragraph shall survive the Closing and execution and delivery of the Special Warranty Deed.

Seller shall pay all state deed tax imposed by reason of the transfer of title to the Property to Purchaser or its nominee.

10. Development Assurances and Cooperation. From and after the execution of this Agreement, Seller shall, at the request of Purchaser, cooperate and work together with Purchaser (including, without limitation, joining in the execution of the materials described in clause (i) below) in connection with (i) applications, agreements, amendments, approvals and annexation agreements relating to, among other things, zoning, site plan, planned development, subdivision, protective covenants, utility and other development matters to permit the development of the Property in accordance with Purchaser's proposed development plans, and (ii) any requirements of local, state or federal governments, or any agency thereof, or any public utility, relating to the proposed development of the Property. The provisions of this paragraph shall survive the Closing and execution and delivery of the Special Warranty Deed.

11. Eminent Domain. In the event that between the date of this Agreement and the Closing Date, any eminent domain proceedings are initiated which might result in the taking of any part of the Property, or if Seller receives written notice from a governmental or quasi-governmental authority which states that such an action is contemplated, Purchaser may:

a. terminate this Agreement, in which event all rights and obligations of the parties hereunder shall terminate, and the earnest money (less the Nonrefundable Portion, which shall be paid to Seller) shall promptly be returned to Purchaser; or

b. keep this Agreement in effect, and consummate the purchase of the Property or part thereof; in which event the Purchase Price shall be calculated without deduction for the loss of any portion of the Property taken or to be taken by eminent domain, and Seller shall cause to be conveyed and assigned to Purchaser all right, title and interest in and to any award made in connection with such eminent domain proceedings.

Seller shall notify Purchaser immediately, in writing, of the occurrence of any eminent domain proceedings, or the receipt of a written notice stating that such an action is contemplated. Purchaser shall then notify Seller within thirty (30) days after Purchaser's receipt of Seller's notice whether Purchaser elects to exercise its right under Subparagraph (a) or (b) of this Paragraph 11. Closing shall be delayed until Purchaser makes such election. If Purchaser elects to consummate the transaction, the Closing Date shall be adjusted accordingly.

12. Covenants of Seller. Between the date of this Agreement and the Closing Date, Seller shall:

a. comply with all laws, ordinances, regulations and restrictions affecting the Property and its use;

b. not create any mortgage, lien, pledge or other similar encumbrance in any way affecting the Property, nor otherwise convey any interest in the Property;

c. not commit any waste or nuisance upon the Property; and

d. not, without first obtaining the written consent of Purchaser, enter into any contracts or agreements pertaining to the Property, except contracts or agreements which are not inconsistent with Purchaser's rights hereunder and which may be terminated on not more than thirty (30) days' notice.

13. Intentionally Deleted.

14. Default. If Closing does not occur, and the failure of such Closing to occur is caused by the default of Purchaser, then Seller shall be entitled, as its sole and exclusive remedy, to retain the earnest money paid by Purchaser as liquidated damages, and neither party shall have any further rights or obligations hereunder. If Closing does not occur, and the failure of such Closing to occur is caused by a reason other than the default of Purchaser, then Purchaser shall be entitled the immediate refund of the earnest money and the remedy of specific performance. If either party shall bring suit against the other to enforce the terms of this Agreement, the losing party shall pay to the substantially prevailing party that percentage of the substantially prevailing party's costs and expenses, including reasonable attorneys' fees, equal to the percentage that the value of the judgment or award received by the substantially prevailing party bears to the total value of the judgment or award claimed by such party.

15. Notices. All notices and demands herein required shall be in writing and shall be sent by United States Certified Mail return receipt requested, personal delivery, overnight courier (guaranteeing next day delivery) or facsimile:

a. To Seller:

Thomas Thomas
City Manager
City of Rock Island
1528 Third Avenue
Rock Island, IL 61201
(309) 732-2012

b. To Purchaser:

GTI Rock Island Partners, LLC
875 North Michigan Avenue, Suite 3400
Chicago, Illinois 60611
Attention: Ben Kovler
Facsimile Number: (312) 664-8983

All notices shall be deemed given two (2) business days following deposit in the United States mail with respect to a certified or registered letter, one (1) business day following deposit if delivered to an overnight courier guaranteeing next day delivery or on the same day if sent by personal delivery or telecopy (with proof of transmission). Attorneys for each party shall be authorized to give notices for such party. Any party may change its address for the service of notice by giving written notice of such change to the other party, in the manner above specified.

16. Confidentiality. This Agreement and all discussions related thereto shall be held in confidence by the Seller and Purchaser and will not be discussed with third party consultants except on an “as needed” basis, provided, however, Purchaser shall have the right to notify the Department of Agriculture (or other necessary governmental body) of the existence of this letter in any applications required to obtain the governmental approvals referenced in Paragraph 4(a)(v) above, provided the parties are continuing to negotiate or have executed this Agreement. Additionally, the Purchaser shall be able to discuss this Agreement with third parties in connection with Purchaser’s efforts to raise funds for its business, and this Paragraph shall not apply to feasibility studies.

17. Exclusivity. In consideration of the significant time and expense to be devoted by Purchaser to its potential acquisition of the Property, Seller agrees that, during the term of this Agreement, Seller; (a) will negotiate exclusively with Purchaser concerning a potential sale of the Property; (b) will not market the Property for sale or permit other potential purchasers onto the Property to inspect or tour the same; and (c) has not and will not enter into any agreement to sell the Property to any party other than to Purchaser.

18. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

19. Time. Time is of the essence of this Agreement. If the time for performance of any obligations hereunder falls on a Saturday, Sunday or a day which is a Illinois state or federal holiday, the time for performance of such obligations shall be extended to the next day which is not a Saturday, Sunday or Illinois state or federal holiday.

20. Brokers. Seller represents and warrants to Purchaser that in connection with the transaction contemplated hereby no third party broker or finder has been engaged or consulted by Seller or is entitled to compensation or commission in connection herewith other than _____ (“**Seller’s Broker**”). Seller shall be responsible for payment of any commission due and owing Seller’s Broker, and Seller hereby agrees to defend, indemnify and hold harmless Purchaser from and against any and all claims of other brokers, finders or any like third party claiming any right to commission or compensation by or through acts of Seller in connection herewith. Purchaser represents and warrants to Seller that in connection with the transaction contemplated hereby no third party broker or finder has been engaged or consulted by Purchaser or is entitled to compensation or commission in connection herewith other than _____ (“**Purchaser’s Broker**”), whose commission shall be paid by Seller’s Broker pursuant to a separate agreement between Seller’s Broker and Purchaser’s Broker. Purchaser hereby agrees to defend, indemnify and hold harmless Seller from and against any and all claims of brokers, finders or any like third party claiming any right to commission or compensation by or through acts of Purchaser in connection herewith other than Seller’s Broker. The indemnity obligations hereunder shall include all damages, losses, risks, liabilities, and expenses (including reasonable attorneys’ fees and costs) arising from or related to matters being indemnified hereunder. Neither Seller’s Broker, Purchaser’s Broker, nor any other broker, finder or like party shall be entitled to rely (as a third party beneficiary or otherwise) on the provisions herein in claiming any right to commission or compensation or otherwise.

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

22. Memorandum. Seller and Purchaser agree that either party may record a memorandum of this Agreement and the other party shall render such assistance as is necessary and appropriate to the execution and recording of such a memorandum.

23. Further Assurances. The parties each agree to do, execute, acknowledge and deliver any and all other documents and instruments and to take all such further action before or after the Closing as shall be necessary or desirable to fully carry out this Agreement and to fully consummate and effect the transaction contemplated hereby.

24. Counterparts. This Agreement and any document or instrument executed pursuant hereto may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

25. Written Waiver Required. No covenant, term or condition of this Agreement shall be deemed to have been waived by either party, unless such waiver is in writing signed by the other party charged with such waiver.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement as of the day and year first above written.

PURCHASER:

GTI Rock Island Partners, LLC,
an Illinois limited liability company

By: _____
Its: Managing Member

SELLER:

City of Rock Island, Illinois
an Illinois Municipal Corporation

By: _____
Its: Thomas Thomas, City Manager

This Agreement Includes the Following Exhibits:

Exhibit A - Legal Description of Property

Exhibit B - Permitted Exceptions

EXHIBIT A

Legal description of Option Property

Parcel # 11-4256-1

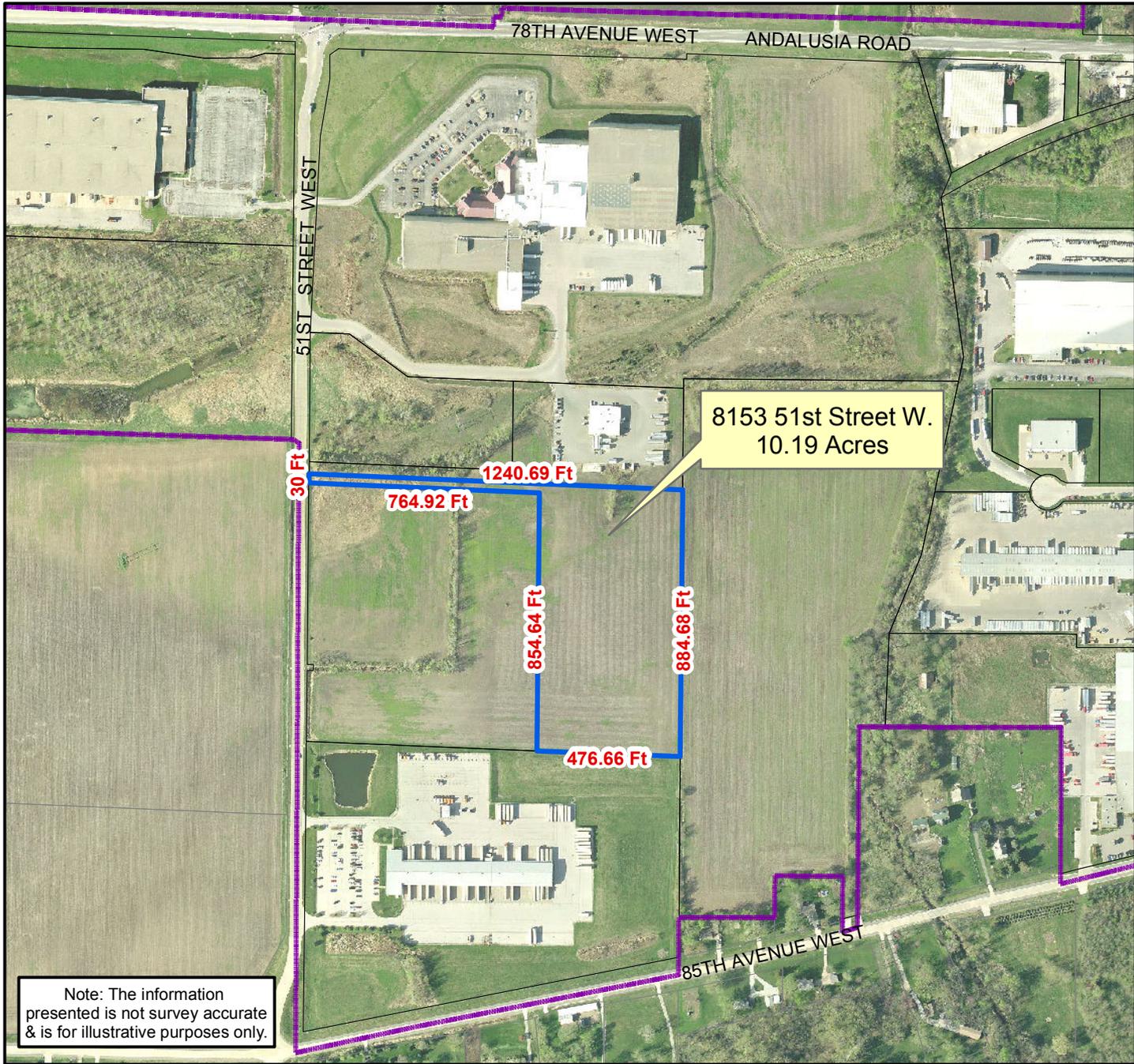
EXHIBIT B

Permitted Exceptions

- (A) Real Estate Taxes not yet due and payable.
- (B) Acts of Purchaser or persons claiming by, through or under Purchaser.
- (C) Such other exceptions as may be agreed to in writing by both Seller and Purchaser.

Part of Lot 2 of USF - Holland Business Park, recorded as Document Number 98-30417 in the Rock Island County Recorder's Office, City of Rock Island, County of Rock Island, State of Illinois, described as follows: Commencing at the Southwest Corner of said Lot 2; THENCE North 2 Degrees 00 Minutes 47 Seconds West along the East Right-of-Way Line of 51st Street West, a distance of 854.64 feet to the Point of Beginning; THENCE continuing North 2 Degrees 00 Minutes 47 Seconds West along said East Right-of-Way Line, a distance of 30.01 feet to the Northwest Corner of said Lot 2; THENCE North 89 Degrees 48 Minutes 27 Seconds East along the North Line of said Lot 2, a distance of 1240.69 feet to the Northeast Corner of said Lot 2; THENCE South 2 Degrees 04 Minutes 14 Seconds East along the East Line of said Lot 2, a distance of 884.68 feet to the Southeast Corner of said Lot 2; THENCE South 89 Degrees 48 Minutes 27 Seconds West along the South line of said Lot 2, a distance of 476.66 feet; THENCE North 2 Degrees 00 Minutes 47 Seconds West, a distance of 854.64 feet; THENCE South 89 Degrees 48 Minutes 27 Seconds West, a distance of 764.92 feet to the Point of Beginning, containing 10.19 acres, more or less. For the purpose of this description the South Line of said Lot 2 has been assigned the bearing of North 89 Degrees 48 Minutes 27 Seconds East.

LOCATION MAP



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

LOCATION MAP

8153 51st Street West

Legend

- Parcels
- Subject Property
- Municipal Boundary

0 100 200 400 600 800 Feet

City of Rock Island

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT
Planning and Redevelopment