

Memorandum
Community & Economic Development Department



To: Thomas E. Thomas, City Manager
Subject: Disposition of City Property at in Southwest Industrial Park - **REVISED**
Date: September 12, 2014

Note: This is a revision of the original agreement submitted to Council on September 8th, 2014 changing the name only from A. Hana LLC to the legal name of A. Hana Growers LLC.

Staff has been working with members of A. Hana Growers LLC, regarding their interest in a 14 acre city parcel located at Northeast corner of Andalusia Road and IL-92. Please reference the provided location map.

A. Hana Growers LLC is an Illinois based partnership headed by Matt Stern 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.

A. Hana Growers LLC is ready to sign a Purchase Agreement that provides for the sale of the property following a diligence period during which time A. Hana Growers LLC will prepare their license application. The purchase price for the property is set at \$189,000. At this time, A. Hana Growers LLC plans to construct a 30,000 – 80,000 sq. ft. facility. 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 Manager to sign the revised purchase agreement with A. Hana Growers LLC, subject to minor modifications by legal counsel for each party prior to execution.

Submitted by: Jeffery A. Eder, Assistant City Manager / CED Director

Approved: Thomas Thomas, City Manager

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "**Agreement**") is made as of the _____ day of September, 2014, by and between The City of Rock Island, Illinois, a municipal corporation, ("**Seller**") and A. HANA GROWERS, L.L.C., an Illinois limited liability company, ("**Purchaser**").

RECITALS:

A. Seller is the owner of a parcel of real property legally described on the attached Exhibit A, also known as Blackhawk Township Parcel 192-3, consisting of approximately 14 +/- acres, located in Rock Island County, Illinois, together with all improvements thereon and all easements, rights, privileges, servitudes and appurtenances thereunto belonging or appertaining.

B. Purchaser is participating in the Illinois Medical Cannabis Pilot Program and is acquiring the property for use as a Cultivation Center in conjunction with such program and "Seller" acknowledges same and consents to such use.

C. 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 Eighty-Nine Thousand and 00/100 Dollars (\$189,000.00). 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 a form acceptable to Purchaser, in Purchaser's sole and absolute discretion.

v. Purchaser shall have obtained any and all zoning and/or governmental approvals, including but not limited to approval from the Illinois Department of Agriculture for the establishment of a Cultivation Center pursuant to the Medical Cannabis Pilot program, 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 (less the Nonrefundable Portion, which shall be paid to Seller) 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. **Evidence of Title:** Within a reasonable time, Seller shall obtain and deliver to Purchaser a commitment for title insurance issued by a title insurance company regularly doing business in the county where the subject property is located, committing the company to issue an owner's policy in the usual form insuring merchantable title to the subject property in the Purchaser in the amount of the purchase price. If title evidence discloses exceptions which are unacceptable to Purchaser, 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.

6. **Survey.** As soon as possible after the date of this Agreement, Seller, at Purchaser's 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, 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.

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 deceleration 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.

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. The parties will equally contribute to the payment of Meridian Title Company's closing fee.

The Property shall be conveyed to Purchaser, or Purchaser's nominee, by 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.

9. 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.

10. Expenses of Transfer:

Seller shall pay:

- (a) Broker's commission, if any;
- (b) Cost of owner's title insurance policy;
- (c) Revenue stamps, transfer taxes 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.

11. 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 Warranty Deed.

12. 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.

13. 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.

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:

The City of Rock Island, Illinois
Thomas Thomas, City Manager
1528 Third Avenue
Rock Island, IL 61201
Email: Thomas.thomas@rigov.org
Eder.jeff@rigov.org (CED Director)

Copy to:

David G. Morrison, City Attorney
1515 Fourth Avenue, Suite 301
Rock Island, IL 61201
Email: davemorrison@netexpress.net
dlerschen@netexpress.net (Paralegal)

- b. To Purchaser:

A. Hana Growers, L.L.C.
208 – 18th Street, Suite 204

Rock Island, IL 61201
Attn: Francis J. Coyle
Facsimile Number: (309)788-0811

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)

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

21. 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.

22. 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.

23. 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.

24. Approval. This Offer to Purchase shall be subject to and not binding upon Purchaser pending submission and approval by the City Council of The City of Rock Island, Illinois.

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

PURCHASER:

A. HANA GROWERS, L.L.C.,
an Illinois limited liability company

By: _____
Its: Managing Member

SELLER:

THE CITY OF ROCK ISLAND,
ILLINOIS, a municipal corporation

By: _____
Its: City Manager

By: _____
Its: City Clerk

EXHIBIT A

A parcel of land in the Southwest Quarter of Section 21, Township 17 North, Range 2 West of the Fourth Principal Meridian, Rock Island County, Illinois, described as follows:

Commencing at the Southeast corner of the Southwest Quarter of said Section 21; thence Westerly on the South line of said Southwest Quarter, said line having a bearing of North 90 degrees 00 minutes 00 seconds West, a distance of 215.97 feet; thence Northwesterly on a line having a bearing of North 30 degrees 05 minutes 28 seconds West, a distance of 138.15 feet to the Point of Beginning of the hereinafter described parcel of land; thence Westerly on a line having a bearing of South 89 degrees 59 minutes 16 seconds West, a distance of 985.01 feet; thence Northerly on a line having a bearing of North 0 degrees 17 minutes 30 seconds West, a distance of 1056.73 feet; thence Southeasterly on a line having a bearing of South 52 degrees 02 minutes 08 seconds East, a distance of 735.21 feet; thence Southeasterly on a line having a bearing of South 41 degrees 03 minutes 48 seconds East, a distance of 275.58 feet; thence Southeasterly on a line having a bearing of South 30 degrees 05 minutes 28 seconds East, a distance of 458.19 feet to the Point of Beginning, containing 14.111 acres, more or less.

For the purpose of this description, said South line of the Southwest Quarter of Section 21 has been assigned the bearing of North 90 degrees 00 minutes 00 seconds West.