

## Memorandum Community and Economic Development

**To:** Thomas Thomas, City Manager  
**Subject:** Star Block Phase 1 & 2 – EPA Loan  
**Date:** January 13, 2016



The City received a grant from the U.S. Environmental Protection Agency (“USEPA”) in 2010 for Five Hundred Thousand Dollars (\$500,000). The grant was in two parts the first being grant dollars for clean up associated with the Jackson Square project for Three Hundred Thousand Dollars (\$300,000) which was spent according to the grant. The second part was to establish a revolving loan fund of Two Hundred Thousand Dollars (\$200,000) to support clean up of brownfield properties which was never drawn down from USEPA. The City has a deadline of September 30, 2016 to draw down the funds which was extended from the original September 2015 date.

The extension was allowed by USEPA as Rock Island Economic Growth intends to use the funds to clean up the environmental issues at the Star Block project. It’s important to note Growth listed this funding as US Environmental Protection Agency funding as part of the financial request to the City. This was why it was not discussed at the Council study session as without the other additional funding the project would not be moving forward. Attached to this memo is the USEPA required loan document between the City of Rock Island and Star Block Lofts, LLC for the Star Block Phase 1 loan request in the amount of One Hundred Thousand Dollars (\$100,000) and Star Block Phase 2 loan request of One Hundred Thousand Dollars (\$100,000). Upon the approval of this loan agreement, CED staff will have the loan agreement executed and draw down the funds from USEPA for disbursement for phase 1 and will hold phase 2 for final signature until the project moves forward.

### **RECOMMENDATION:**

CED Staff recommend approval of the Brownfield Revolving Loan Fund Loan Agreement for both phase 1 of One Hundred Thousand Dollars (\$100,000) and phase 2 of One Hundred Thousand Dollars (\$100,000) for a total of Two Hundred Thousand Dollars (\$200,000) and authorize the City Manager to execute the documents.

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

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**Approved by:** Thomas Thomas, City Manager

**BROWNFIELD REVOLVING LOAN FUND  
LOAN AGREEMENT  
Star Block 1**

**THIS BROWNFIELD REVOLVING LOAN FUND LOAN AGREEMENT** (the "Agreement") is made and entered into on \_\_\_\_\_, 2016, by and between **Star Block Lofts, LLC** an Illinois limited liability company, with an address at 100 19<sup>th</sup> Street, Suite 109, Rock Island, IL 61021 (hereinafter referred to as the "Borrower"), and the **CITY OF ROCK ISLAND**, an Illinois municipal corporation, with an address at 1528 3<sup>rd</sup> Avenue, Rock Island, Illinois (hereinafter referred to as the "Lender").

**RECITALS**

A. The Lender is the recipient of U.S. Environmental Protection Agency ("USEPA") Brownfield Revolving Loan Funds ("RLF") and authorized to make loans from the RLF (the "Loan Funds").

B. Loan Funds are to be used to undertake cleanup of brownfield sites by making low interest loans and grants to parties willing to undertake cleanup of these sites.

C. The Borrower is the owner of certain real property located in the City of Rock Island, Illinois (the "Property"), which property is more particularly described in **Exhibit A**, attached hereto.

D. The Borrower has agreed to undertake **certain remediation work including an engineered barrier and building control technology (the "Work") necessary to remedy the petroleum and hazardous substances** at the Property in order to redevelop the Property for mixed-use, including approximately eight residential units and two commercial spaces.

E. The Lender has agreed to lend to Borrower the Loan Funds which will be used by the Borrower for the Work at the Property.

F. A determination of Borrower, Site and Property Ownership Eligibility was prepared for the Property and is included as Exhibit B. An updated Phase I Report was prepared to supplement the determination of Borrower, Site and Property Ownership Eligibility. The determination demonstrated qualification of the Property and Borrower for consideration of funding through the USEPA RLF.

G. The Lender has consulted with the Illinois State Historic Preservation Office ("SHPO") and has received confirmation that the Work will result in no adverse effects on any historic properties in the area or the historic nature of the area. The SHPO's confirmation is appended to this Agreement as **Exhibit C**.

H. The Borrower certifies that it will conduct the Work in accordance with a response activity plan (the "Plan") which is in compliance with the RLF Program and the relevant and applicable Illinois Department of Licensing and Regulatory Affairs (LARA) guidelines. Borrower further certifies that the Plan will be submitted to LARA and will be in accordance with the LARA Asbestos program and the National Emission Standards for Hazardous Air Pollutants (NESHAP).

**NOW, THEREFORE**, in consideration of the covenants and promises contained herein, it is mutually agreed by and between these parties as follows:

## **ARTICLE I LOAN**

**Section 1.01. Loan.** Lender agrees to make a loan in the amount of up to **\$100,000** (the "Loan"). The Borrower shall evidence its obligation to repay the Loan by execution of a Promissory Note (the "Note") attached hereto as **Exhibit D**. The Note shall contain specific terms for the repayment of the Loan. Lender shall have no obligation to lend to Borrower any amount in excess of the Loan.

**Section 1.02. Promissory Note.** The obligation of the Borrower to repay the Loan shall be evidenced by the Note, all terms of which are incorporated herein by reference. The Note shall mature on the 1/15/2037. Upon maturing, any remaining balance owed Lender shall be due and payable. Principal, interest, if any, and late payments, if any, on the Loan are payable in accordance with the terms of the Note.

**Section 1.03. Repayment Prior to Maturity.** The Borrower may, without premium, prepay any portion of the principal on the Loan prior to maturity of the Note. Should the Borrower, at any point in time prior to maturity of the Note, cease to be the majority owner of the Property, the Loan shall be due and payable on or before the date the Borrower relinquishes its majority ownership.

**Section 1.04. Security.** Prior to disbursement of the Loan Funds, the Borrower will have provided the Lender with the joint and several unconditional personal guarantees (the "Guarantees") of one or more of its members in a total amount not less than the Loan. The Guarantees will be in a form acceptable to the Lender and the USEPA.

**Section 1.05. Purpose.** Until payment in full of the Note, the Borrower shall not, without the Lender's prior written consent, use the proceeds of the Loan for activities other than the Work as set forth in the Plan, as the same may be amended, supplemented or replaced from time to time as approved by the Lender, and as determined by the Lender, subject to written approval by the Illinois Department of Environmental Quality ("ILDEQ").

The following activities are deemed to be eligible uses of the Loan proceeds and thus part of the Work:

**Completion of the Plan including the Work as identified therein, generally described  
the installation of a Building Control Technology and Engineered barrier.**

**Section 1.06. Contractor Qualifications and Insurance.** The Borrower affirms that its contractor (the "Contractor") has examined the Property, is fully familiar with local conditions, and is able to execute the Plan. The Contractor shall carry out the Plan consistent with the level of care and skill exercised by similar contractors performing comparable services under comparable circumstances. The Contractor shall possess the appropriate license from the Contractor's state licensing board to perform the Work. The Contractor shall maintain and keep in full force and effect the following insurance: pollution and general liability insurance with a minimum of \$1,000,000 coverage per accident or claim, and workman's compensation insurance.

**Section 1.07. Schedule for Completion of EPA Cleanup Requirements.** The Borrower, with the cooperation and assistance of the Lender, prepared certain documents which comprise the Administrative Record (the "Administrative Record") which was on display for a 14-day period for inspection and comment (the "Comment Period") and was published in *The Rock Island Argus* on September 2, 2015. The Comment Period ran 14 consecutive days from the date of said publication. The documents which comprise the Administrative Record, are as follows:

a. Community Involvement Plan ("CIP"). The CIP includes relevant information regarding the importance of community involvement in the remediation of contaminated properties located within the community - the CIP has been prepared in draft form.

b. Analysis of Brownfield Cleanup Alternatives ("ABCA"). The ABCA includes information about the Property and contamination issues (i.e. exposure pathways, identification of contaminant sources, etc.); cleanup standards; applicable laws; alternatives considered and the proposed cleanup. The ABCA includes effectiveness, implement ability, and the cost of the cleanup proposed - the ABCA has been prepared in draft form.

The Comment Period has ended, the Borrower issued an "Action Memorandum" which summarizes the intended response to contamination in the redevelopment of the Property and approved the CIP and the ABCA. The Action Memorandum also included a response to any comments submitted regarding the Administrative Record. No comments warranted nor necessitated any modifications or revisions to the ABCA or the CIP that would require an approval in writing from the U.S. EPA prior to implementation.

**Section 1.08. Loan Proceeds.** Loan funds shall be payable to the Borrower as reimbursement for allowable expenses as incurred based upon the progress of the Work and as documented by invoices submitted by the Borrower. No payment shall be made to the Borrower without written approval of the Lender.

**Section 1.09. Adherence to Project Budget.** The Borrower agrees to keep all expenditures from proceeds of the Loan within the approved Project Budget. The Borrower agrees to obtain Lender's and USEPA's prior approval of any substantive changes in the Project Budget. The Lender agrees that such approval shall not be unreasonably withheld or delayed.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES**

**Section 2.01. Environmental Warranties.** The Borrower represents and warrants that:

1. The Property is not listed or proposed for listing on the National Priorities List of the USEPA.
2. The Borrower did not generate or transport hazardous substances, pollutants or contaminants at or to the Property.

**Section 2.02. Legal Status.** The Borrower is validly existing under the laws of the State of Illinois (the "State") and has all requisite power and authority to execute, deliver and perform all of its obligations under this Agreement, and the Note.

**Section 2.03. No Violation.** The making and performance by the Borrower of this Agreement does not violate any provision of federal, State or local law, or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which the Borrower may be bound.

**Section 2.04. Authorization.** This Agreement and the Note have been duly authorized, executed and delivered and are valid and binding agreements of the Borrower. The Guarantees have been duly authorized, executed and delivered and are valid and binding agreements of the guarantors.

### **ARTICLE III CONDITIONS**

**Section 3.01. Conditions of Loan.** The obligation of the Lender to make the Loan is subject to the following conditions:

1. **Approval of Lender's Counsel.** All legal matters incidental to Lender's commitment to issue the Loan hereunder shall be satisfactory to Lender's counsel.
2. **Compliance.** The representations and warranties contained herein shall be true on and as of the date of the signing of this Agreement with the same effect as though such representations and warranties had been made on and as of such date, and on such date no Event of Default as defined in Article V herein, and no condition, event or act, which with the giving of notice or the lapse of time or both, would constitute an Event of Default shall have occurred and be continuing or shall exist.
3. **Identification of Contractors.** The Borrower shall submit to the Lender a list identifying the Contractor and all subcontractors whose work is funded by the Loan prior to commencement of the Work.
4. **Cooperation with Audit.** The Borrower agrees to cooperate fully with an audit of the Loan and the Work, if required.

### **ARTICLE IV AFFIRMATIVE COVENANTS**

**Section 4.01. Punctual Payment.** The Borrower shall punctually pay the principal of and interest, if any, on the Note at the times and place and in the manner specified in the Note.

**Section 4.02. Records Retention.** The Borrower agrees to maintain financial and programmatic records pertaining to all matters relative to the Loan and in accordance with generally accepted accounting principles and procedures. All such records and supporting documents shall be made available, upon request, for inspection or audit by Lender or its representatives. Borrower shall retain all records and supporting documentation applicable to the Loan for a period of 3 years except records that are subject to audit findings, which shall be retained for 3 years after such audit findings have been resolved. Borrower shall obtain approval from Lender and

USEPA prior to destroying such documents.

**Section 4.03. Annual Compliance Report.** The Borrower shall furnish annual reports that document that it is in material compliance with all relevant federal and State environmental regulations.

**Section 4.04. Annual Financial Statements.** During the period of time the Work is undertaken, the Borrower shall furnish annual financial statements, including basic accounting and control mechanisms to track legitimate use of the proceeds of the Loan and document that such proceeds are put to authorized uses.

**Section 4.05. Additional Information.** The Borrower shall furnish such other information as Lender may from time to time reasonably request.

**Section 4.06. Compliance with Applicable Law.** The Borrower shall carry out the Work in accordance with all applicable State, local and federal laws, including but not limited to the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.) ("CERCLA"); Uniform Administration Requirements for Grants and Cooperative Agreements to States and Local Governments, 40 C.F.R. Part 31; the National Oil and Hazardous Substances Contingency Plan ("NCP"), 40 C.F.R. Part 300; Executive Order 11246, Equal Employment Opportunity, and implementing regulations at 41 C.F.R. 60-4 relating to federally-assisted construction contracts; all applicable "cross-cutting requirements" described in this section, including those federal requirements agreed between the USEPA and City defined by their Cooperative Agreement No. BF- OOE00417-0; MBEWBE requirements found at 40 C.F.R. 31.36(e) or 40 C.F.R. 30.44(b); OSHA Worker Health & Safety Standard 29 C.F.R. 1910.120; the Uniform Relocation Act; Historic Preservation Act; Endangered Species Act; and permits required by Section 404 of the Clean Water Act; Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 327-333) the Anti Kickback Act (40 U.S.C. 276c); Section 504 of the Rehabilitation Act of 1973 as implemented by Executive Orders 11914 and 11250; and cooperative agreements for Superfund Responses Actions, 40 C.F.R. Part 35, Subpart 0. The Borrower and the Lender agree and understand that the Borrower's compliance with the aforementioned rules and applicable laws shall occur by the Borrower's implementation of the Work.

**Section 4.07. Davis-Bacon Act Compliance.** The Borrower shall carry out the Work in accordance with the Davis-Bacon Act of 1931 (CERCLA § 104(g)(1), 40 U.S.C. 276a to 276a-5 and 42 U.S.C. § 3222 as set forth in CERCLA § 104 (g)). Such compliance requires payment of federal prevailing wage rates for construction, repair or alteration work funded in whole or in part with the Loan. The Borrower must obtain recent and applicable wage rates from the United States Department of Labor and incorporate them into the contract for the Work.

**Section 4.08. Non-Discrimination and Equal Opportunity.** The Borrower agrees to comply with the statutes prohibiting discrimination on the grounds of race, color, national origin, sex and disability. In addition, Borrower shall undertake good faith efforts in compliance with 40 C.F.R. § 35.6580 to give opportunities to qualified small business enterprises, minority business enterprises and women-owned business enterprises to submit proposals and bids and provide services on contracts and subcontracts for services and supplies. Borrower shall submit a report of such efforts at the request of Lender.

**Section 4.09. Debarment and Suspension.** The Borrower certifies that Borrower and, to its knowledge, its contractor(s):

a. are not presently or proposed to be debarred or suspended, declared ineligible, or voluntarily excluded from federal, State or local (hereinafter "public") transactions;

b. have not within a 3 year period preceding the date of this Agreement been convicted of or had a civil judgment rendered against them for (i) fraud or commission of a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction, (ii) violation of federal or State antitrust laws, or (iii) embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

c. are not presently indicted for or otherwise criminally or civilly charged by a public entity with commission of any of the offenses enumerated above in this Section 4.09; and

d. have not within the preceding 3 years had a public transaction terminated for cause or default.

**Section 4.10. Environmental Compliance.** The Borrower certifies that it is not now, and has not in the past, been subject to any penalties resulting from environmental non-compliance at the Property. The Borrower further certifies that it will undertake the Work in accordance with the RLF program, the Plan, and Act 451, Part 201 of the Illinois Public Acts of Illinois of 1994, as amended, and will modify the cleanup activities, as required by the Lender, and MDEQ based on unforeseen site conditions or public involvement requirements. All changes or modifications to the Work or Plan shall be approved in writing by the MDEQ prior to such change or modification becoming effective.

**Section 4.11. Erect Sign.** Borrower agrees to erect a sign on the Property, approved by the Lender, stating that the Work is being financed in part by RLF funds and providing the appropriate contacts for obtaining information on activities being conducted at the Property and for reporting suspected criminal activities. The sign erected on the Property shall comply with 40 C.F.R. Part 35, Subpart O (Section 35.6105(a)(2)(ii)).

**Section 4.12. Inspection and Right to Stop Work.** The Lender shall have full authority to enter the Property and inspect the Work at all times during the execution of the Work. The Borrower recognizes that the Lender has the right to stop the Work immediately and take reasonable and necessary action in the event that the Work is unsatisfactory or is not substantially in accordance with the Plan as approved by the Lender, or that a condition exists which creates an imminent and substantial threat to human health, welfare or the environment.

**Section 4.13. Completion of Project.** The Borrower agrees to begin the Work within 2 months of the date of the executed Note and to exercise its best effort to complete the Work within 12 months following commencement of the Work. The Borrower shall notify the Lender when the Work is complete. The notice shall contain certification or documentation necessary to establish the following:

1. The Work was conducted in accordance with the Plan as approved by the Illinois Department of Licensing and Regulatory Affairs (LARA) guidelines. This report shall be prepared as a closure report. The Borrower shall supply supplemental information as needed by the Lender to complete a cleanup closeout report as may be required by USEPA.

2. The Work was conducted in accordance with the requirements of the RLF program and was eligible for payment with the Loan.

3. All proceeds of the Loan were expended for eligible project costs.

## **ARTICLE V EVENTS OF DEFAULT**

**Section 5.01. Events of Default.** Each of the following shall constitute an Event of Default:

1. Default by the Borrower in any payment when due, of principal or interest if any, under the Note, which default is not cured within 30 days of receipt of a notice of default, or failure to implement the Plan, in accordance with its terms or in a timely manner.

2. Any representation or warranty made by the Borrower hereunder or in the Note proves false or misleading in any material respect.

3. Use of the proceeds of the Loan for purposes other than the Work or otherwise than approved in writing by the Lender.

4. Default by the Borrower in the performance of any other term, covenant or agreement contained herein or in the Note, which default is not cured within 30 days of receipt of a notice of default (or such longer period as shall be reasonably necessary to cure such default provided the Borrower promptly commences such cure and thereafter diligently pursues such cure to completion).

**Section 5.02. Acceleration.** Notwithstanding anything to the contrary in the Note, upon an Event of Default, any indebtedness of the Borrower under this Agreement and the Note shall, at Lender's option and without notice, become immediately due and payable without presentment, notice or demand, all of which are hereby expressly waived by the Borrower, and the obligations, if any, of the Lender to permit further borrowing hereunder by the Borrower shall immediately cease and terminate.

## **ARTICLE VI REMEDIES OF LENDER**

**Section 6.01. Remedies.** Upon the occurrence of an Event of Default, the Lender may exercise, singly or in combination, any or all of the rights, powers and privileges provided herein and all other remedies available to the Lender under the Note, at law or in equity, at any time and from time to time. Such exercise shall not constitute a waiver of any of the Lender's rights or remedies

thereunder, or hereunder, whether or not the indebtedness evidenced by the Note shall be due and payable and whether or not the Lender shall have instituted any actions for the enforcement of its rights under the Note. Failure of the Lender to exercise any rights or remedies at any time shall not constitute a waiver of any of its rights or remedies.

## **ARTICLE VII MISCELLANEOUS**

**Section 7.01. Waiver.** No delay or failure of the Lender to exercise any right, power or privilege hereunder or in the Note shall affect such right, power or privilege; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or privilege affect such right, power or privilege. The rights and remedies of the Lender hereunder are cumulative and not exclusive. Any waiver, permit, consent or approval of any kind by Lender of any breach or default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

**Section 7.02. Successor and Assigns.** This Agreement shall be binding upon the permitted assigns or successors of the Borrower and the Lender. This Agreement shall not be assigned or transferred by the Borrower without the written consent of the Lender and any purported assignment or transfer without such prior written consent shall be void.

**Section 7.03. Notices.** Any notice, consent, waiver, request or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed given (a) on the same day if personally delivered, (b) 3 business days after mailed if delivered by certified or registered mail, return receipt requested, postage prepaid or (c) 1 business day after dispatched if dispatched by nationally recognized overnight delivery service, addressed to the party's address as follows:

**To The Lender:**  
City of Rock Island  
1528 3<sup>rd</sup> Avenue  
Rock Island, Illinois 61201  
Attn: CED Department

**To the Borrower:**  
Star Block Lofts, LLC  
100 19<sup>th</sup> Street Suite 109  
Rock Island, IL 61201  
Attn: Managing Member

Each party may, upon notice to the other, change its address for all subsequent notices.

**Section 7.04. Exhibits.** All exhibits attached hereto shall be incorporated herein.

**Section 7.05. Entire Agreement.** The terms and conditions of this Agreement, all exhibits attached hereto and any documents expressly incorporated by reference represent the entire agreement between the parties with respect to the subject matter of this Agreement. This Agreement shall supersede any prior agreements, oral or written, regarding the subject matter of this Agreement between the Lender and the Borrower. This Agreement may only be amended or modified with the

written consent of the parties hereto.

**Section 7.06. Inconsistency.** If any conflicts arise between the terms and conditions of this Agreement and the terms and conditions of the attached exhibits or any documents expressly incorporated by reference, the terms and conditions of this Agreement shall control except where federal statutes or regulations are controlling.

**Section 7.07. Severability.** If any part of this Agreement is determined to be illegal or unenforceable, all other parts shall be given effect separately and shall be in effect.

**Section 7.08. Governing Law.** This Agreement and the Note shall be constrained in accordance with and governed by the laws of the State except where superseded by federal statutes or regulations.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed the date first above written.

**Star Block Lofts, LLC**  
"Borrower"

By: \_\_\_\_\_

Attest: \_\_\_\_\_

**City of Rock Island**  
"Lender"

By: \_\_\_\_\_

Attest: \_\_\_\_\_

**State of Illinois**  
**Rock Island County**

I, \_\_\_\_\_ a Notary Public in and for said county and state, do hereby certify that Brian Hollenback and Jeffery A. Eder, whose names are subscribed to the foregoing instrument as such, and having appeared before me this day in person, and acknowledged that he signed and delivered the said instrument for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires:

## **EXHIBITS**

**EXHIBIT A**  
**LEGAL DESCRIPTION OF PROPERTY**

Street Address:           1821-1823, 2<sup>nd</sup> Avenue  
                                  Rock Island, Illinois

Permanent Parcel No.   RI-6398   RI-6399

Legal Description:   The East Forty Feet (E40) of Lot Number Seven (7) in block number two (2) in that part of the City of Rock Island known as and called Spencer and Cases Addition, situated in the county of Rock Island and the State of Illinois.

**EXHIBIT B**  
**SITE AND BORROWER ELIGIBILITY DETERMINATION**

(Letter of Eligibility Determination from the Illinois Environmental Protection Agency is on the next page.)



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-2829

BRUCE RAUNER, GOVERNOR

LISA BONNETT, DIRECTOR

July 24, 2015

City of Rock Island  
 Attn: Jeffery A. Eder  
 Community & Economic Development Director  
 1528 Third Avenue  
 Rock Island, IL 61201

Dear Mr. Eder:

The City of Rock Island, IL has requested a petroleum eligibility determination for the Star Block Lofts 1 property listed below. This letter acknowledges the City's planned use of existing USEPA Revolving Loan Fund monies for the site(s) in question. Based on statements made by the City of Rock Island, its consultant (*EnviroNET, Inc.*), and a review of Illinois EPA records, the Illinois EPA has determined the following:

The site(s) in question are of "relatively low risk" as compared with other petroleum-only sites in Illinois. The sites are not being cleaned up using LUST trust fund monies and are not subject to a response under the Oil Pollution Act.

No judgment in a court of law or an administrative order has been issued by an administrative body that would require the responsible party or parties to assess, investigate, or clean up the sites; no filed enforcement action has been brought by federal or state authorities; and, there is no citizen suit that would, if successful, require parties to assess, investigate, or clean up the sites. It is unknown whether the parties are financially capable of satisfying obligations under federal or state law to assess, investigate, or clean up the sites.

The City of Rock Island is a volunteer who is not potentially liable for the petroleum contamination. The City of Rock Island has likewise not caused or contributed to the petroleum contamination.

According to Illinois EPA records, the sites in question are not subject to any order issued under 9003(h) of the Solid Waste Disposal Act.

Based on these assertions, the following sites/addresses are eligible with the conditions noted below:

<b>Star Block Lofts 1</b>	<b>1821 – 1823 2<sup>nd</sup> Avenue</b>	<b>PIN: 0735202011</b>
		<b>PIN: 0735202012</b>
<b>Star Block Lofts 2</b>	<b>1825 2<sup>nd</sup> Avenue</b>	<b>PIN: 0735202013</b>
<b>Star Block Lofts 3</b>	<b>1827 – 1829 2<sup>nd</sup> Avenue</b>	<b>PIN: 0735202015</b>

Should the City of Rock Island and/or *EnviroNET* be made aware of any new information affecting the eligibility status of the parcel(s) in question, the City must seek an amended

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petroleum eligibility determination from Illinois EPA prior to initiating further investigation or cleanup activities as applicable.

The information reviewed above is consistent with the determinations set forth in Section 101 (39)(d)(II)(bb) of CERCLA. If you have any questions, please contact Mike Charles of my staff at (217) 785-3846 or by email at [mike.charles@illinois.gov](mailto:mike.charles@illinois.gov).

Sincerely,

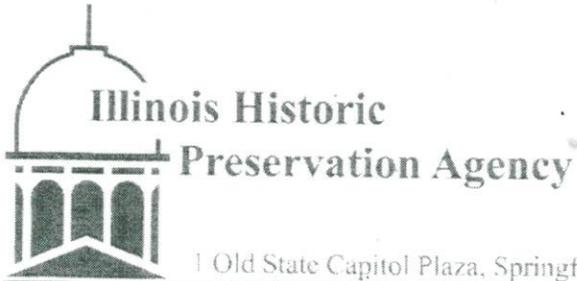
*Steve Colantino* by M.C.

Steve Colantino, Manager  
Office of Brownfields Assistance

c: Jon Peterson – U.S. EPA Region 5

**EXHIBIT C**  
**ILLINOIS STATE HISTORIC PRESERVATION OFFICE**  
**CONFIRMATION OF "NO ADVERSE EFFECT"**

(Letter from the Illinois Historic Preservation Agency is on the next page.)



FAX (217) 782-8161  
[www.illinoishistory.gov](http://www.illinoishistory.gov)

Rock Island County  
Rock Island  
Rehabilitation  
1821-1823 2nd Ave.  
IHPA Log #010040113

November 20, 2013

Paul Fessler  
Rock Island Economic Growth Corporation  
100 19th St., Suite 109  
Rock Island, IL 61201

Dear Mr. Fessler:

We have reviewed the additional information provided for the above referenced project. In our opinion, these plans meet The Secretary of the Interior's "Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings".

Please retain this letter in your files as evidence of a No Adverse Effect determination and compliance with Section 106 of the National Historic Preservation Act of 1966, as amended.

If you have any further questions, please contact me at 217/785-5027.

Sincerely,



Anne E. Haaker  
Deputy State Historic  
Preservation Officer

**EXHIBIT D**  
**PROMISSORY NOTE**  
**Phase One**

\$100,000.00

Due No Later Than: 11/01/2015

Rock Island, Illinois

**FOR VALUE RECEIVED**, the undersigned, **Star Block Lofts, LLC** (the "Borrower"), hereby promises to pay to the order of the **City of Rock Island** (the "Lender") the principal sum of One Hundred Thousand Dollars 00/100 (\$100,000.00) (hereinafter referred to as the "Loan Obligation") with interest. The Loan Obligation shall be payable at the offices of the Lender located at City Hall, 1528 Third Avenue, Rock Island, Illinois or at such other place as may be designated by the Lender from time to time.

**BORROWER'S PROMISE TO PAY**

In return for a loan that **Star Block Lofts, LLC.**, hereinafter referred to as (THE BORROWER), has received, THE BORROWER promises to pay U.S. **One Hundred Thousand Dollars 00/100 (\$100,000.00)** (this amount will be called "principal"), plus interest, to the order of the LENDER. The LENDER is the City of Rock Island, Illinois. The Lender, who is entitled to receive payments under this Note, will be called the "Note Holder".

**INTEREST**

THE BORROWER will pay interest at a yearly rate of 1%. Any principal amount not paid when due (at maturity, by acceleration, or otherwise) shall bear interest, thereafter until paid at a rate, which shall be Two percent [2%]. Interest will be charged on that part of principal which has not been paid. Interest is continuing until the full amount of principal has been paid.

**PAYMENTS**

THE BORROWER will pay principal and interest by making payments each year for the term of 20 years. THE BORROWER will make payments on the first day of each month beginning on **January 15, 2017**. THE BORROWER will make these payments every month until THE BORROWER has paid all of the principal and interest and any other charges, described below, that THE BORROWER may owe under this Note. If, on **January 15, 2037**, THE BORROWER still owes amounts under this Note, THE BORROWER will pay all those amounts, in full, on that date.

**BORROWER'S PAYMENTS BEFORE THEY ARE DUE**

THE BORROWER has the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When THE BORROWER makes a prepayment, THE BORROWER will tell the Note Holder in a letter THE BORROWER is doing so. A prepayment of the entire unpaid principal is known as a "full prepayment." A prepayment of only part of the unpaid principal is known as a "partial prepayment."

THE BORROWER may make a full prepayment or a partial prepayment without paying any penalty.

The Note Holder will use all of my prepayments to reduce the amount of principal that THE BORROWER owes under this Note. If THE BORROWER makes a partial prepayment, there will be no delays in the due dates or changes in the amounts of my payments unless the Note Holder agrees in writing to those delays or changes. THE BORROWER may make a full prepayment at any time.

This Promissory Note evidences a loan to the Borrower from the Lender under the U.S. Environmental Protection Agency Revolving Loan Program for the purpose of carrying out a remedial action to address the hazardous substances identified on the Property described in Exhibit A attached to the Brownfield Revolving Loan Fund Loan Agreement dated \_\_\_\_, 2016 (the "Agreement") between the Borrower and the Lender.

This Note is subject to the terms and conditions of the Agreement which is executed concurrently with this Promissory Note. All the terms, conditions and provisions of the Agreement are, by this reference thereto, incorporated herein as part of this Promissory Note, and shall control in the interpretation and enforcement of this Promissory Note.

**STAR BLOCK LOFTS, LLC**

By \_\_\_\_\_  
Brian Hollenback, Managing Member

**State of Illinois  
Rock Island County**

I, \_\_\_\_\_ a Notary Public in and for said county and state, do hereby certify that Brian Hollenbeck, whose names are subscribed to the foregoing instrument as such, and having appeared before me this day in person, and acknowledged that he signed and delivered the said instrument for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires:

**EXHIBIT E  
SECURITY  
GUARANTY AGREEMENT**

This Guaranty Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 2016, is by and between Rock Island Economic Growth Corporation (collectively, the "Guarantors") and the City of Rock Island ("City of Rock Island").

**RECITALS**

The Guarantors (either individually or as trustees of trusts) are the members of Star Block Lofts, LLC (the "Company"). The Company entered into a Brownfield Revolving Loan Fund Loan Agreement (the "Loan"), \_\_\_\_\_, 2016, with the City of Rock Island.

**AGREEMENT**

The parties agree as follows:

1. Guarantee. In consideration of and as an inducement for the making of the Loan between the City of Rock Island and the Company, Guarantors hereby jointly and severally and irrevocably guarantee to the City of Rock Island, its successors and assigns, the full and prompt payment, when due and at all times thereafter, of all amounts owing from the Company to the City of Rock Island under the Loan (the "Indebtedness").

2. Terms of Guarantee. The Guarantors' guarantee is absolute and unconditional. It shall be enforceable against the Guarantors without the necessity of any notice of nonpayment or nonperformance or of any other notice of demand to which the Guarantors might otherwise be entitled, all of which the Guarantors hereby expressly waive. The Guarantors hereby expressly agree that the validity of this Guarantee Agreement and the obligations of the Guarantors hereunder shall not be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert any remedy the City of Rock Island may have against the Company.

3. Binding Effect. This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

Dated: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT F**  
**AMORTIZATION SCHEDULE**

\$100,000.00                      12-17-2015 to 1-17-2036

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	01-17-2017	5,498.61	86.11	5,412.50	94,587.50
2	01-17-2018	5,498.61	959.01	4,539.60	90,047.90
3	01-17-2019	5,498.61	912.99	4,585.62	85,462.28
4	01-17-2020	5,498.61	866.49	4,632.12	80,830.16
5	01-17-2021	5,498.61	821.77	4,676.84	76,153.32
6	01-17-2022	5,498.61	772.11	4,726.50	71,426.82
7	01-17-2023	5,498.61	724.19	4,774.42	66,652.40
8	01-17-2024	5,498.61	675.78	4,822.83	61,829.57
9	01-17-2025	5,498.61	628.60	4,870.01	56,959.56
10	01-17-2026	5,498.61	577.51	4,921.10	52,038.46
11	01-17-2027	5,498.61	527.61	4,971.00	47,067.46
12	01-17-2028	5,498.61	477.21	5,021.40	42,046.06
13	01-17-2029	5,498.61	427.47	5,071.14	36,974.92
14	01-17-2030	5,498.61	374.88	5,123.73	31,851.19
15	01-17-2031	5,498.61	322.94	5,175.67	26,675.52
16	01-17-2032	5,498.61	270.46	5,228.15	21,447.37
17	01-17-2033	5,498.61	218.05	5,280.56	16,166.81
18	01-17-2034	5,498.61	163.91	5,334.70	10,832.11
19	01-17-2035	5,498.61	109.83	5,388.78	5,443.33
20	01-17-2036	5,498.52	55.19	5,443.33	0.00
<b>TOTALS:</b>		109,972.11	9,972.11	100,000.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

**BROWNFIELD REVOLVING LOAN FUND  
LOAN AGREEMENT  
Star Block 2**

**THIS BROWNFIELD REVOLVING LOAN FUND LOAN AGREEMENT** (the "Agreement") is made and entered into on \_\_\_\_\_, 2016, by and between **Star Block Lofts, LLC** an Illinois limited liability company, with an address at 100 19<sup>th</sup> Street, Suite 109, Rock Island, IL 61021 (hereinafter referred to as the "Borrower"), and the **CITY OF ROCK ISLAND**, an Illinois municipal corporation, with an address at 1528 3<sup>rd</sup> Avenue, Rock Island, Illinois (hereinafter referred to as the "Lender").

**RECITALS**

A. The Lender is the recipient of U.S. Environmental Protection Agency ("USEPA") Brownfield Revolving Loan Funds ("RLF") and authorized to make loans from the RLF (the "Loan Funds").

B. Loan Funds are to be used to undertake cleanup of brownfield sites by making low interest loans and grants to parties willing to undertake cleanup of these sites.

C. The Borrower is the owner of certain real property located in the City of Rock Island, Illinois (the "Property"), which property is more particularly described in **Exhibit A**, attached hereto.

D. The Borrower has agreed to undertake **certain remediation work including an engineered barrier and building control technology (the "Work") necessary to remedy the petroleum and hazardous substances** at the Property in order to redevelop the Property for mixed-use, including approximately eight residential units and two commercial spaces.

E. The Lender has agreed to lend to Borrower the Loan Funds which will be used by the Borrower for the Work at the Property.

F. A determination of Borrower, Site and Property Ownership Eligibility was prepared for the Property and is included as Exhibit B. An updated Phase I Report was prepared to supplement the determination of Borrower, Site and Property Ownership Eligibility. The determination demonstrated qualification of the Property and Borrower for consideration of funding through the USEPA RLF.

G. The Lender has consulted with the Illinois State Historic Preservation Office ("SHPO") and has received confirmation that the Work will result in no adverse effects on any historic properties in the area or the historic nature of the area. The SHPO's confirmation is appended to this Agreement as **Exhibit C**.

H. The Borrower certifies that it will conduct the Work in accordance with a response activity plan (the "Plan") which is in compliance with the RLF Program and the relevant and applicable Illinois Department of Licensing and Regulatory Affairs (LARA) guidelines. Borrower further certifies that the Plan will be submitted to LARA and will be in accordance with the LARA Asbestos program and the National Emission Standards for

Hazardous Air Pollutants (NESHAP).

**NOW, THEREFORE,** in consideration of the covenants and promises contained herein, it is mutually agreed by and between these parties as follows:

## **ARTICLE I LOAN**

**Section 1.01. Loan.** Lender agrees to make a loan in the amount of up to **\$100,000** (the "Loan"). The Borrower shall evidence its obligation to repay the Loan by execution of a Promissory Note (the "Note") attached hereto as **Exhibit D**. The Note shall contain specific terms for the repayment of the Loan. Lender shall have no obligation to lend to Borrower any amount in excess of the Loan.

**Section 1.02. Promissory Note.** The obligation of the Borrower to repay the Loan shall be evidenced by the Note, all terms of which are incorporated herein by reference. The Note shall mature on the 1/15/2038. Upon maturing, any remaining balance owed Lender shall be due and payable. Principal, interest, if any, and late payments, if any, on the Loan are payable in accordance with the terms of the Note.

**Section 1.03. Repayment Prior to Maturity.** The Borrower may, without premium, prepay any portion of the principal on the Loan prior to maturity of the Note. Should the Borrower, at any point in time prior to maturity of the Note, cease to be the majority owner of the Property, the Loan shall be due and payable on or before the date the Borrower relinquishes its majority ownership.

**Section 1.04. Security.** Prior to disbursement of the Loan Funds, the Borrower will have provided the Lender with the joint and several unconditional personal guarantees (the "Guarantees") of one or more of its members in a total amount not less than the Loan. The Guarantees will be in a form acceptable to the Lender and the USEPA.

**Section 1.05. Purpose.** Until payment in full of the Note, the Borrower shall not, without the Lender's prior written consent, use the proceeds of the Loan for activities other than the Work as set forth in the Plan, as the same may be amended, supplemented or replaced from time to time as approved by the Lender, and as determined by the Lender, subject to written approval by the Illinois Department of Environmental Quality ("ILDEQ").

The following activities are deemed to be eligible uses of the Loan proceeds and thus part of the Work:

**Completion of the Plan including the Work as identified therein, generally described  
the installation of a Building Control Technology and Engineered barrier.**

**Section 1.06. Contractor Qualifications and Insurance.** The Borrower affirms that its contractor (the "Contractor") has examined the Property, is fully familiar with local conditions, and is able to execute the Plan. The Contractor shall carry out the Plan consistent with the level of care and skill exercised by similar contractors performing comparable services under comparable circumstances. The Contractor shall possess the appropriate license from the Contractor's state licensing board to perform the Work. The Contractor shall maintain and keep in full force and effect the following insurance: pollution and general liability insurance with a minimum of \$1,000,000 coverage per accident or claim, and workman's compensation insurance.

**Section 1.07. Schedule for Completion of EPA Cleanup Requirements.** The Borrower, with the cooperation and assistance of the Lender, prepared certain documents which comprise the Administrative Record (the "Administrative Record") which was on display for a 14-day period for inspection and comment (the "Comment Period") and was published in *The Rock Island Argus* on September 2, 2015. The Comment Period ran 14 consecutive days from the date of said publication. The documents which comprise the Administrative Record, are as follows:

a. Community Involvement Plan ("CIP"). The CIP includes relevant information regarding the importance of community involvement in the remediation of contaminated properties located within the community - the CIP has been prepared in draft form.

b. Analysis of Brownfield Cleanup Alternatives ("ABCA"). The ABCA includes information about the Property and contamination issues (i.e. exposure pathways, identification of contaminant sources, etc.); cleanup standards; applicable laws; alternatives considered and the proposed cleanup. The ABCA includes effectiveness, implementability, and the cost of the cleanup proposed - the ABCA has been prepared in draft form.

The Comment Period has ended, the Borrower issued an "Action Memorandum" which will summarize the intended response to contamination in the redevelopment of the Property and approved the CIP and the ABCA. The Action Memorandum also included a response to any comments submitted regarding the Administrative Record. No comments warranted nor necessitated any modifications or revisions to the ABCA or the CIP that would require an approval in writing from the U.S. EPA prior to implementation.

**Section 1.08. Loan Proceeds.** Loan funds shall be payable to the Borrower as reimbursement for allowable expenses as incurred based upon the progress of the Work and as documented by invoices submitted by the Borrower. No payment shall be made to the Borrower without written approval of the Lender.

**Section 1.09. Adherence to Project Budget.** The Borrower agrees to keep all expenditures from proceeds of the Loan within the approved Project Budget. The Borrower agrees to obtain Lender's and USEPA's prior approval of any substantive changes in the Project Budget. The Lender agrees that such approval shall not be unreasonably withheld or delayed.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES**

**Section 2.01. Environmental Warranties.** The Borrower represents and warrants that:

1. The Property is not listed or proposed for listing on the National Priorities List of the USEPA.
2. The Borrower did not generate or transport hazardous substances, pollutants or contaminants at or to the Property.

**Section 2.02. Legal Status.** The Borrower is validly existing under the laws of the State of Illinois (the "State") and has all requisite power and authority to execute, deliver and perform all of its obligations under this Agreement, and the Note.

**Section 2.03. No Violation.** The making and performance by the Borrower of this Agreement does not violate any provision of federal, State or local law, or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which the Borrower may be bound.

**Section 2.04. Authorization.** This Agreement and the Note have been duly authorized, executed and delivered and are valid and binding agreements of the Borrower. The Guarantees have been duly authorized, executed and delivered and are valid and binding agreements of the guarantors.

### ARTICLE III CONDITIONS

**Section 3.01. Conditions of Loan.** The obligation of the Lender to make the Loan is subject to the following conditions:

1. **Approval of Lender's Counsel.** All legal matters incidental to Lender's commitment to issue the Loan hereunder shall be satisfactory to Lender's counsel.
2. **Compliance.** The representations and warranties contained herein shall be true on and as of the date of the signing of this Agreement with the same effect as though such representations and warranties had been made on and as of such date, and on such date no Event of Default as defined in Article V herein, and no condition, event or act, which with the giving of notice or the lapse of time or both, would constitute an Event of Default shall have occurred and be continuing or shall exist.
3. **Identification of Contractors.** The Borrower shall submit to the Lender a list identifying the Contractor and all subcontractors whose work is funded by the Loan prior to commencement of the Work.
4. **Cooperation with Audit.** The Borrower agrees to cooperate fully with an audit of the Loan and the Work, if required.

### ARTICLE IV AFFIRMATIVE COVENANTS

**Section 4.01. Punctual Payment.** The Borrower shall punctually pay the principal of and interest, if any, on the Note at the times and place and in the manner specified in the Note.

**Section 4.02. Records Retention.** The Borrower agrees to maintain financial and programmatic records pertaining to all matters relative to the Loan and in accordance with generally accepted accounting principles and procedures. All such records and supporting documents shall be made available, upon request, for inspection or audit by Lender or its representatives. Borrower shall retain all records and supporting documentation applicable to the Loan for a period of 3 years except records that are subject to audit findings, which shall be retained for 3 years after such audit findings have been resolved. Borrower shall obtain approval from Lender and

USEPA prior to destroying such documents.

**Section 4.03. Annual Compliance Report.** The Borrower shall furnish annual reports that document that it is in material compliance with all relevant federal and State environmental regulations.

**Section 4.04. Annual Financial Statements.** During the period of time the Work is undertaken, the Borrower shall furnish annual financial statements, including basic accounting and control mechanisms to track legitimate use of the proceeds of the Loan and document that such proceeds are put to authorized uses.

**Section 4.05. Additional Information.** The Borrower shall furnish such other information as Lender may from time to time reasonably request.

**Section 4.06. Compliance with Applicable Law.** The Borrower shall carry out the Work in accordance with all applicable State, local and federal laws, including but not limited to the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.) ("CERCLA"); Uniform Administration Requirements for Grants and Cooperative Agreements to States and Local Governments, 40 C.F.R. Part 31; the National Oil and Hazardous Substances Contingency Plan ("NCP"), 40 C.F.R. Part 300; Executive Order 11246, Equal Employment Opportunity, and implementing regulations at 41 C.F.R. 60-4 relating to federally-assisted construction contracts; all applicable "cross-cutting requirements" described in this section, including those federal requirements agreed between the USEPA and City defined by their Cooperative Agreement No. BF- OOE00417-0; MBEWBE requirements found at 40 C.F.R. 31.36(e) or 40 C.F.R. 30.44(b); OSHA Worker Health & Safety Standard 29 C.F.R. 1910.120; the Uniform Relocation Act; Historic Preservation Act; Endangered Species Act; and permits required by Section 404 of the Clean Water Act; Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 327-333) the Anti Kickback Act (40 U.S.C. 276c); Section 504 of the Rehabilitation Act of 1973 as implemented by Executive Orders 11914 and 11250; and cooperative agreements for Superfund Responses Actions, 40 C.F.R. Part 35, Subpart 0. The Borrower and the Lender agree and understand that the Borrower's compliance with the aforementioned rules and applicable laws shall occur by the Borrower's implementation of the Work.

**Section 4.07. Davis-Bacon Act Compliance.** The Borrower shall carry out the Work in accordance with the Davis-Bacon Act of 1931 (CERCLA § 104(g)(1), 40 U.S.C. 276a to 276a-5 and 42 U.S.C. § 3222 as set forth in CERCLA § 104 (g)). Such compliance requires payment of federal prevailing wage rates for construction, repair or alteration work funded in whole or in part with the Loan. The Borrower must obtain recent and applicable wage rates from the United States Department of Labor and incorporate them into the contract for the Work.

**Section 4.08. Non-Discrimination and Equal Opportunity.** The Borrower agrees to comply with the statutes prohibiting discrimination on the grounds of race, color, national origin, sex and disability. In addition, Borrower shall undertake good faith efforts in compliance with 40 C.F.R. § 35.6580 to give opportunities to qualified small business enterprises, minority business enterprises and women-owned business enterprises to submit proposals and bids and provide services on contracts and subcontracts for services and supplies. Borrower shall submit a report of such efforts at the request of Lender.

**Section 4.09. Debarment and Suspension.** The Borrower certifies that Borrower and, to its knowledge, its contractor(s):

a. are not presently or proposed to be debarred or suspended, declared ineligible, or voluntarily excluded from federal, State or local (hereinafter "public") transactions;

b. have not within a 3 year period preceding the date of this Agreement been convicted of or had a civil judgment rendered against them for (i) fraud or commission of a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction, (ii) violation of federal or State antitrust laws, or (iii) embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

c. are not presently indicted for or otherwise criminally or civilly charged by a public entity with commission of any of the offenses enumerated above in this Section 4.09; and

d. have not within the preceding 3 years had a public transaction terminated for cause or default.

**Section 4.10. Environmental Compliance.** The Borrower certifies that it is not now, and has not in the past, been subject to any penalties resulting from environmental non-compliance at the Property. The Borrower further certifies that it will undertake the Work in accordance with the RLF program, the Plan, and Act 451, Part 201 of the Illinois Public Acts of Illinois of 1994, as amended, and will modify the cleanup activities, as required by the Lender, and MDEQ based on unforeseen site conditions or public involvement requirements. All changes or modifications to the Work or Plan shall be approved in writing by the MDEQ prior to such change or modification becoming effective.

**Section 4.11. Erect Sign.** Borrower agrees to erect a sign on the Property, approved by the Lender, stating that the Work is being financed in part by RLF funds and providing the appropriate contacts for obtaining information on activities being conducted at the Property and for reporting suspected criminal activities. The sign erected on the Property shall comply with 40 C.F.R. Part 35, Subpart O (Section 35.6105(a)(2)(ii)).

**Section 4.12. Inspection and Right to Stop Work.** The Lender shall have full authority to enter the Property and inspect the Work at all times during the execution of the Work. The Borrower recognizes that the Lender has the right to stop the Work immediately and take reasonable and necessary action in the event that the Work is unsatisfactory or is not substantially in accordance with the Plan as approved by the Lender, or that a condition exists which creates an imminent and substantial threat to human health, welfare or the environment.

**Section 4.13. Completion of Project.** The Borrower agrees to begin the Work within 2 months of the date of the executed Note and to exercise its best effort to complete the Work within 12 months following commencement of the Work. The Borrower shall notify the Lender when the Work is complete. The notice shall contain certification or documentation necessary to establish the following:

1. The Work was conducted in accordance with the Plan as approved by the Illinois Department of Licensing and Regulatory Affairs (LARA) guidelines. This report shall be prepared as a closure report. The Borrower shall supply supplemental information as needed by the Lender to complete a cleanup closeout report as may be required by USEPA.

2. The Work was conducted in accordance with the requirements of the RLF program and was eligible for payment with the Loan.

3. All proceeds of the Loan were expended for eligible project costs.

## **ARTICLE V EVENTS OF DEFAULT**

**Section 5.01. Events of Default.** Each of the following shall constitute an Event of Default:

1. Default by the Borrower in any payment when due, of principal or interest if any, under the Note, which default is not cured within 30 days of receipt of a notice of default, or failure to implement the Plan, in accordance with its terms or in a timely manner.

2. Any representation or warranty made by the Borrower hereunder or in the Note proves false or misleading in any material respect.

3. Use of the proceeds of the Loan for purposes other than the Work or otherwise than approved in writing by the Lender.

4. Default by the Borrower in the performance of any other term, covenant or agreement contained herein or in the Note, which default is not cured within 30 days of receipt of a notice of default (or such longer period as shall be reasonably necessary to cure such default provided the Borrower promptly commences such cure and thereafter diligently pursues such cure to completion).

**Section 5.02. Acceleration.** Notwithstanding anything to the contrary in the Note, upon an Event of Default, any indebtedness of the Borrower under this Agreement and the Note shall, at Lender's option and without notice, become immediately due and payable without presentment, notice or demand, all of which are hereby expressly waived by the Borrower, and the obligations, if any, of the Lender to permit further borrowing hereunder by the Borrower shall immediately cease and terminate.

## **ARTICLE VI REMEDIES OF LENDER**

**Section 6.01. Remedies.** Upon the occurrence of an Event of Default, the Lender may exercise, singly or in combination, any or all of the rights, powers and privileges provided herein and all other remedies available to the Lender under the Note, at law or in equity, at any time and from time to time. Such exercise shall not constitute a waiver of any of the Lender's rights or remedies

thereunder, or hereunder, whether or not the indebtedness evidenced by the Note shall be due and payable and whether or not the Lender shall have instituted any actions for the enforcement of its rights under the Note. Failure of the Lender to exercise any rights or remedies at any time shall not constitute a waiver of any of its rights or remedies.

## **ARTICLE VII MISCELLANEOUS**

**Section 7.01. Waiver.** No delay or failure of the Lender to exercise any right, power or privilege hereunder or in the Note shall affect such right, power or privilege; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or privilege affect such right, power or privilege. The rights and remedies of the Lender hereunder are cumulative and not exclusive. Any waiver, permit, consent or approval of any kind by Lender of any breach or default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

**Section 7.02. Successor and Assigns.** This Agreement shall be binding upon the permitted assigns or successors of the Borrower and the Lender. This Agreement shall not be assigned or transferred by the Borrower without the written consent of the Lender and any purported assignment or transfer without such prior written consent shall be void.

**Section 7.03. Notices.** Any notice, consent, waiver, request or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed given (a) on the same day if personally delivered, (b) 3 business days after mailed if delivered by certified or registered mail, return receipt requested, postage prepaid or (c) 1 business day after dispatched if dispatched by nationally recognized overnight delivery service, addressed to the party's address as follows:

**To The Lender:**  
City of Rock Island  
1528 3<sup>rd</sup> Avenue  
Rock Island, Illinois 61201  
Attn: CED Department

**To the Borrower:**  
Star Block Lofts, LLC  
100 19<sup>th</sup> Street Suite 109  
Rock Island, IL 61201  
Attn: Managing Member

Each party may, upon notice to the other, change its address for all subsequent notices.

**Section 7.04. Exhibits.** All exhibits attached hereto shall be incorporated herein.

**Section 7.05. Entire Agreement.** The terms and conditions of this Agreement, all exhibits attached hereto and any documents expressly incorporated by reference represent the entire agreement between the parties with respect to the subject matter of this Agreement. This Agreement shall supersede any prior agreements, oral or written, regarding the subject matter of this Agreement between the Lender and the Borrower. This Agreement may only be amended or modified with the

written consent of the parties hereto.

**Section 7.06. Inconsistency.** If any conflicts arise between the terms and conditions of this Agreement and the terms and conditions of the attached exhibits or any documents expressly incorporated by reference, the terms and conditions of this Agreement shall control except where federal statutes or regulations are controlling.

**Section 7.07. Severability.** If any part of this Agreement is determined to be illegal or unenforceable, all other parts shall be given effect separately and shall be in effect.

**Section 7.08. Governing Law.** This Agreement and the Note shall be constrained in accordance with and governed by the laws of the State except where superseded by federal statutes or regulations.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed the date first above written.

**Star Block Lofts, LLC**  
"Borrower"

By: \_\_\_\_\_

Attest: \_\_\_\_\_

**City of Rock Island**  
"Lender"

By: \_\_\_\_\_

Attest: \_\_\_\_\_

**State of Illinois**  
**Rock Island County**

I, \_\_\_\_\_ a Notary Public in and for said county and state, do hereby certify that Brian Hollenback and **Jeffery A. Eder**, whose names are subscribed to the foregoing instrument as such, and having appeared before me this day in person, and acknowledged that they signed and delivered the said instrument for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires:

## **EXHIBITS**

**EXHIBIT A**  
**LEGAL DESCRIPTION OF PROPERTY**

Street Address:           1825-1829, 2<sup>nd</sup> Avenue  
                                  Rock Island, Illinois

Permanent Parcel No.   RI-6397   RI-6396

Legal Description:   The East Forty Feet (E40) of Lot Number Seven (7) in block number two (2) in that part of the City of Rock Island known as and called Spencer and Cases Addition, situated in the county of Rock Island and the State of Illinois.

**EXHIBIT B**  
**SITE AND BORROWER ELIGIBILITY DETERMINATION**

(Letter of Eligibility Determination from the Illinois Environmental Protection Agency is on the next page)



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-2829

BRUCE RAUNER, GOVERNOR

LISA BONNETT, DIRECTOR

July 24, 2015

City of Rock Island  
 Attn: Jeffery A. Eder  
 Community & Economic Development Director  
 1528 Third Avenue  
 Rock Island, IL 61201

Dear Mr. Eder:

The City of Rock Island, IL has requested a petroleum eligibility determination for the Star Block Lofts 1 property listed below. This letter acknowledges the City's planned use of existing USEPA Revolving Loan Fund monies for the site(s) in question. Based on statements made by the City of Rock Island, its consultant (*EnviroNET, Inc.*), and a review of Illinois EPA records, the Illinois EPA has determined the following:

The site(s) in question are of "relatively low risk" as compared with other petroleum-only sites in Illinois. The sites are not being cleaned up using LUST trust fund monies and are not subject to a response under the Oil Pollution Act.

No judgment in a court of law or an administrative order has been issued by an administrative body that would require the responsible party or parties to assess, investigate, or clean up the sites; no filed enforcement action has been brought by federal or state authorities; and, there is no citizen suit that would, if successful, require parties to assess, investigate, or clean up the sites. It is unknown whether the parties are financially capable of satisfying obligations under federal or state law to assess, investigate, or clean up the sites.

The City of Rock Island is a volunteer who is not potentially liable for the petroleum contamination. The City of Rock Island has likewise not caused or contributed to the petroleum contamination.

According to Illinois EPA records, the sites in question are not subject to any order issued under 9003(h) of the Solid Waste Disposal Act.

Based on these assertions, the following sites/addresses are eligible with the conditions noted below:

<b>Star Block Lofts 1</b>	<b>1821 – 1823 2<sup>nd</sup> Avenue</b>	<b>PIN: 0735202011</b>
		<b>PIN: 0735202012</b>
<b>Star Block Lofts 2</b>	<b>1825 2<sup>nd</sup> Avenue</b>	<b>PIN: 0735202013</b>
<b>Star Block Lofts 3</b>	<b>1827 – 1829 2<sup>nd</sup> Avenue</b>	<b>PIN: 0735202015</b>

Should the City of Rock Island and/or *EnviroNET* be made aware of any new information affecting the eligibility status of the parcel(s) in question, the City must seek an amended

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petroleum eligibility determination from Illinois EPA prior to initiating further investigation or cleanup activities as applicable.

The information reviewed above is consistent with the determinations set forth in Section 101 (39)(d)(II)(bb) of CERCLA. If you have any questions, please contact Mike Charles of my staff at (217) 785-3846 or by email at [mike.charles@illinois.gov](mailto:mike.charles@illinois.gov).

Sincerely,

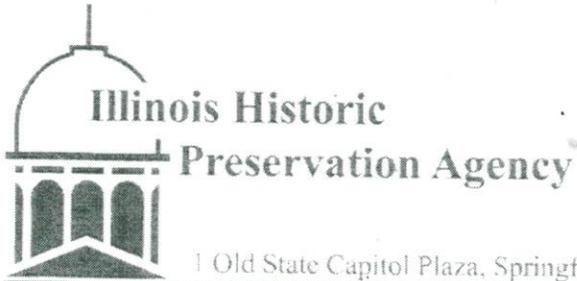
*Steve Colantino* by M.C.

Steve Colantino, Manager  
Office of Brownfields Assistance

c: Jon Peterson – U.S. EPA Region 5

**EXHIBIT C**  
**ILLINOIS STATE HISTORIC PRESERVATION OFFICE**  
**CONFIRMATION OF "NO ADVERSE EFFECT"**

(Letter from the Illinois Historic Preservation Agency is on the next page.)



FAX (217) 782-8161  
[www.illinoishistory.gov](http://www.illinoishistory.gov)

Rock Island County  
Rock Island  
Rehabilitation  
1821-1823 2nd Ave.  
IHPA Log #010040113

November 20, 2013

Paul Fessler  
Rock Island Economic Growth Corporation  
100 19th St., Suite 109  
Rock Island, IL 61201

Dear Mr. Fessler:

We have reviewed the additional information provided for the above referenced project. In our opinion, these plans meet The Secretary of the Interior's "Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings".

Please retain this letter in your files as evidence of a No Adverse Effect determination and compliance with Section 106 of the National Historic Preservation Act of 1966, as amended.

If you have any further questions, please contact me at 217/785-5027.

Sincerely,



Anne E. Haaker  
Deputy State Historic  
Preservation Officer

**EXHIBIT D**  
**PROMISSORY NOTE**  
**Phase One**

\$100,000.00

Due No Later Than: 11/01/2015

Rock Island, Illinois

**FOR VALUE RECEIVED**, the undersigned, **Star Block Lofts, LLC** (the "Borrower"), hereby promises to pay to the order of the **City of Rock Island** (the "Lender") the principal sum of One Hundred Thousand Dollars 00/100 (\$100,000.00) (hereinafter referred to as the "Loan Obligation") with interest. The Loan Obligation shall be payable at the offices of the Lender located at City Hall, 1528 Third Avenue, Rock Island, Illinois or at such other place as may be designated by the Lender from time to time.

**BORROWER'S PROMISE TO PAY**

In return for a loan that **Star Block Lofts, LLC.**, hereinafter referred to as (THE BORROWER), has received, THE BORROWER promises to pay U.S. **One Hundred Thousand Dollars 00/100 (\$100,000.00)** (this amount will be called "principal"), plus interest, to the order of the LENDER. The LENDER is the City of Rock Island, Illinois. The Lender, who is entitled to receive payments under this Note, will be called the "Note Holder".

**INTEREST**

THE BORROWER will pay interest at a yearly rate of **1%**. Any principal amount not paid when due (at maturity, by acceleration, or otherwise) shall bear interest, thereafter until paid at a rate, which shall be Two percent [2%]. Interest will be charged on that part of principal which has not been paid. Interest is continuing until the full amount of principal has been paid.

**PAYMENTS**

THE BORROWER will pay principal and interest by making payments each year for the term of 20 years. THE BORROWER will make payments on the first day of each month beginning on **January 15, 2018**. THE BORROWER will make these payments every month until THE BORROWER has paid all of the principal and interest and any other charges, described below, that THE BORROWER may owe under this Note. If, on **January 15, 2038**, THE BORROWER still owes amounts under this Note, THE BORROWER will pay all those amounts, in full, on that date.

**BORROWER'S PAYMENTS BEFORE THEY ARE DUE**

THE BORROWER has the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When THE BORROWER makes a prepayment, THE BORROWER will tell the Note Holder in a letter THE BORROWER is doing so. A prepayment of the entire unpaid principal is known as a "full prepayment." A prepayment of only part of the unpaid principal is known as a "partial prepayment."

THE BORROWER may make a full prepayment or a partial prepayment without paying any penalty.

The Note Holder will use all of my prepayments to reduce the amount of principal that THE BORROWER owes under this Note. If THE BORROWER makes a partial prepayment, there will be no delays in the due dates or changes in the amounts of my payments unless the Note Holder agrees in writing to those delays or changes. THE BORROWER may make a full prepayment at any time.

This Promissory Note evidences a loan to the Borrower from the Lender under the U.S. Environmental Protection Agency Revolving Loan Program for the purpose of carrying out a remedial action to address the hazardous substances identified on the Property described in Exhibit A attached to the Brownfield Revolving Loan Fund Loan Agreement dated \_\_\_\_\_, 2016 (the "Agreement") between the Borrower and the Lender.

This Note is subject to the terms and conditions of the Agreement which is executed concurrently with this Promissory Note. All the terms, conditions and provisions of the Agreement are, by this reference thereto, incorporated herein as part of this Promissory Note, and shall control in the interpretation and enforcement of this Promissory Note.

**STAR BLOCK LOFTS, LLC**

By \_\_\_\_\_  
Brian Hollenback, Managing Member

**State of Illinois  
Rock Island County**

I, \_\_\_\_\_ a Notary Public in and for said county and state, do hereby certify that Brian Hollenbeck, whose names are subscribed to the foregoing instrument as such, and having appeared before me this day in person, and acknowledged that he signed and delivered the said instrument for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires:

**EXHIBIT E  
SECURITY  
GUARANTY AGREEMENT**

This Guaranty Agreement made this \_\_\_\_\_ day of August, 2016, is by and between Rock Island Economic Growth Corporation (collectively, the "Guarantors") and the City of Rock Island ("City of Rock Island").

**RECITALS**

The Guarantors (either individually or as trustees of trusts) are the members of Star Block Lofts, LLC (the "Company"). The Company entered into a Brownfield Revolving Loan Fund Loan Agreement (the "Loan"), August 01, 2016, with the City of Rock Island.

**AGREEMENT**

The parties agree as follows:

1. Guarantee. In consideration of and as an inducement for the making of the Loan between the City of Rock Island and the Company, Guarantors hereby jointly and severally and irrevocably guarantee to the City of Rock Island, its successors and assigns, the full and prompt payment, when due and at all times thereafter, of all amounts owing from the Company to the City of Rock Island under the Loan (the "Indebtedness").

2. Terms of Guarantee. The Guarantors' guarantee is absolute and unconditional. It shall be enforceable against the Guarantors without the necessity of any notice of nonpayment or nonperformance or of any other notice of demand to which the Guarantors might otherwise be entitled, all of which the Guarantors hereby expressly waive. The Guarantors hereby expressly agree that the validity of this Guarantee Agreement and the obligations of the Guarantors hereunder shall not be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert any remedy the City of Rock Island may have against the Company.

3. Binding Effect. This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

Dated: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT F**  
**AMORTIZATION SCHEDULE**

\$100,000.00                      12-17-2016 to 1-17-2037

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	01-17-2018	5,498.61	86.11	5,412.50	94,587.50
2	01-17-2019	5,498.61	959.01	4,539.60	90,047.90
3	01-17-2020	5,498.61	912.99	4,585.62	85,462.28
4	01-17-2021	5,498.61	866.49	4,632.12	80,830.16
5	01-17-2022	5,498.61	821.77	4,676.84	76,153.32
6	01-17-2023	5,498.61	772.11	4,726.50	71,426.82
7	01-17-2024	5,498.61	724.19	4,774.42	66,652.40
8	01-17-2025	5,498.61	675.78	4,822.83	61,829.57
9	01-17-2026	5,498.61	628.60	4,870.01	56,959.56
10	01-17-2027	5,498.61	577.51	4,921.10	52,038.46
11	01-17-2028	5,498.61	527.61	4,971.00	47,067.46
12	01-17-2029	5,498.61	477.21	5,021.40	42,046.06
13	01-17-2030	5,498.61	427.47	5,071.14	36,974.92
14	01-17-2031	5,498.61	374.88	5,123.73	31,851.19
15	01-17-2032	5,498.61	322.94	5,175.67	26,675.52
16	01-17-2033	5,498.61	270.46	5,228.15	21,447.37
17	01-17-2034	5,498.61	218.05	5,280.56	16,166.81
18	01-17-2035	5,498.61	163.91	5,334.70	10,832.11
19	01-17-2036	5,498.61	109.83	5,388.78	5,443.33
20	01-17-2037	5,498.52	55.19	5,443.33	0.00
<b>TOTALS:</b>		109,972.11	9,972.11	100,000.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.