

MEMORANDUM

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: 11th Street Development Partners LLC Development Agreement DATE: 2/14/2013

The 11th Street Development Partners LLC is undertaking the redevelopment of the former trailer court site at the intersection of 11th Street and Black Hawk Road. The 11th Street Development Partners LLC is a partnership with Pat Eickenberry and Kevin Koellner. This redevelopment complements the redevelopment of Watchtower Plaza as both Black Hawk College and State Farm will relocate operations to this development. The 11th Street Development will build a new building for Black Hawk College and provide a building pad for State Farm. The development will include four or more additional structures of office or retail nature which will be identified in the future.

The project includes major reconfiguration to the intersection of 11th Street and Black Hawk Road and how 9th Street intersects 11th Street. This is being done to promote safety of the intersection design and to give the new development better access. The development will have direct access to the 11th Street and Black Hawk Road intersection along with additional access to 9th Street.

Recommendation:

Council authorize the execution of a development agreement with 11th Street Development Partners LLC, subject to minor modification being implemented by the parties legal counsel prior to execution and authorize the City Manager to execute documents at his discretion.

Submitted by: Jeffery A. Eder, Community and Economic Development Director

Approved: Thomas Thomas, City Manager

DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Rock Island, IL, an Illinois Municipal Corporation (the “City”), and 11th Street Partners, LLC (the “Developer”), as of the ____ day of February, 2013.

RECITALS

WHEREAS, the parties desire to memorialize their intentions and obligations in their entirety with this Agreement;

WHEREAS, the City owns certain property, more specifically described on Exhibit “A”, attached hereto (the “Property”); and

WHEREAS, the City desires to encourage redevelopment and expansion in said; and

WHEREAS, the City agrees to establish a new Tax Increment Financing (TIF) district supporting the development; and

WHEREAS, the Project (as defined below) will help enable the Developer to redevelop this site within the City of Rock Island rather than see the continued deterioration and increased blight; and

WHEREAS, business redevelopment and blight elimination is a high priority goal for the City of Rock Island, and

WHEREAS, pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois TIF Act (65 ILCS 5/11-74.4-1 et. seq.) as from time to time amended (hereinafter the TIF Act) the Council for the City of Rock Island (hereinafter the Council) is empowered to undertake the redevelopment of a designated area within its municipal limits in which existing conditions permit such area to be defined as a “conservation area” and /or a blighted area as defined in Section 11.74.4-3 of the TIF Act (65 ILCS 5/ 11-74.4-3) and

WHEREAS, the City Council so FINDS that jobs will be preserved and expanded, blight will be eliminated and tax base increased as a result of the agreement signed therein; and

NOW, THEREFORE, the parties hereto agree that their obligations and agreements are stated in their entirety as follows:

Section 1. The Project. The project is a redevelopment of City owned land at _____ address (formerly known as the trailer park site) exhibit A. The new development will contain a series of buildings with all associated infrastructure, exhibit B.

Prior to the construction of the Project, the Developer shall submit to the City copies of all plans and engineering documents related to the Project as customarily required under existing City Ordinances. The City may request reasonable changes to such plans and documents to insure

compliance with existing applicable City Ordinances and engineering requirements plus a quality appearance. The total Project shall consist of a series of buildings having at least _ gross square feet (more or less).

Section 2. Developer Obligations. The Developer shall undertake the Re-development Project, consisting of the construction and installation of certain new buildings, facilities and other improvements, and related improvements to adjacent streets, sanitary sewer lines and water mains as part of the 11th Street Re-development Project. Developer agrees to make the following improvements:

- A. The Developer shall dedicate the necessary right-of-way when or if it is deemed necessary by the traffic study or project engineering requirements.
- B. The Developer agrees to construct an approximately 13,986 sq. ft. facility for Black Hawk College. The developer will establish a working team which includes Black Hawk College representatives to provide guidance during the design and construction. The construction will be completed by October, 1, 2013.
- C. The Developer will provide a building pad ready site to Christine Elsberg (State Farm) for her to construct approximately 3,000 sq. ft. building by July, 1, 2013.
- D. The Developer agrees to construct additional buildings as outlined on the attached plan, Exhibit A. This plan is subject to change as tenants are identified.

The Developer shall agree to execute a minimum assessment agreement effective from 12/30/14 through 12/30/27 as to the entire project encompassing the total site in the amount of Three Million Dollars (\$3,000,000).

Section 3. City of Rock Island Obligations. In recognition of the Developer's commitment set out herein, the City agrees to make payments (the "Payments") to the Developer, as follows:

- A. The City will transfer clear title to the subject site, per Exhibit B, to the Developer for a price of ten dollars (\$10.00).
- B. The City agrees to a cash payment of Seven Hundred Thousand Dollars (\$700,000) for infrastructure work in order for the Black Hawk College development to proceed. Total infrastructure work is expected to exceed Two Million Six Hundred Thousand Dollars (\$2,600,000).
- C. The City agrees to a cash payment of not to exceed One Million Seven Hundred Fifty-Two Thousand Dollars (\$1,752,000) for the construction of the facility for Black Hawk College. Payments are as follows: 25% upon execution of development agreement and receiving design sign off by both City of Rock Island and Black Hawk College, 25% upon completion of site work, 25% upon completion of the building shell and final 25% upon building completion with certificate of occupancy and sign off by Black Hawk College. Note: This payment is out of the moving expenses for Black Hawk College and is not part of the TIF incentive for the balance of the development.

- D. The City agrees to additional TIF backed payments supporting the development with a maximum financial support of Two Million Dollars (\$2,000,000) or twenty (20) years of increment of increment generated from this project whichever comes first.
- E. City will terminate at will all existing bill board leases located on the development site.
- F. City agrees to rezone the property to the appropriate zoning classification for the planned use of the development.
- G. City will be responsible for all off site public improvements including:
 - 1. 11th Street and Black Hawk Road Intersection Redesign
 - 2. 9th Street Reconstruction and relocation to connect to 11th Street.

The Payments shall be made solely and only from incremental property taxes received by the City from the Rock Island County Treasurer, which are attributable to the improvements made to the Property as called for herein. Beginning January 1, 2014 TIF payments will not exceed 90% for years one (1) through five (5) and will not exceed 80% for years six (6) through twenty (20) of the increment generated by this project. The Payments to the Developer are subject to the timely payment of property taxes by the Developer or other owners of the Property, and to the satisfactory completion of the Improvements.

Section 4. Term. On or about November 1st of each year commencing November 1, 2013, the Developer and/or its assigns, shall report to the city the Status of payment of all property taxes then due on the property and certify to the city the development costs associated with the project. Such costs may be aggregated for purposes of the certification, including all previously certified costs and new costs, and shall be reduced by all payment of incremental tax money then received by the Developer and/or its assigns. This certification may be hand delivered, or may be mailed by certified or registered mail, return receipt requested to the City Manager or his designee, City of Rock Island, 1528 Third Avenue, Rock Island, IL 61201. On December 1st of each year or an appropriate review period if information was not submitted on November 1st, and based upon the Developer's and/or assigns' certification to the City, the city shall certify said amount to the County Auditor pursuant Section 11-74.4-9(a) of the TIF Act (65 ILCS 5/11-74.4-9as debt incurred within the District (as established by the Tax Increment Financing Ordinance).

The City shall make the Payments to the Developer on December 1st and June 1st of each fiscal year, commencing with the fiscal year of tax payments arising from the January 1, 2015 and continuing for a maximum of twenty (20) fiscal years of taxes or until a maximum of Two Million Dollars (\$2,000,000) in Incremental tax revenue has been rebated to the Developer, whichever first occurs.

Section 4A. Bonded Payment. The City and Developer upon mutual agreement may elect to have the City bond for and make payment for the tax increment financing upon completion of all agreed upon site improvements in one lump sum.

Section 5. Assignment. This Agreement may not be amended or assigned by either party without the express permission of the other party. However, the City hereby agrees and consents that the Developer's right to receive the Payments hereunder may be assigned by the Developer to a private lender, as security, or to another entity which is controlled by the Developer, without further action or approval on the part of the City. In the event that Developer sells the Property subject to the minimum

assessment agreement as herein required, the Developer may without any further consent of the City assign its rights to the remaining payments. The City agrees, further, not to unreasonably withhold its permission upon receipt of a request from the Developer for assignment of all or any portion of its rights and obligations hereunder to any other party and to either approve or deny such request within sixty (60) days after receipt of such request by the City Council.

Section 6. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

Section 7. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of Illinois and for all purposes shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 9. Notice. Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or when deposited in the United State Mail, postage prepaid, sent certified or registered and addressed as follows:

**To: The City of Rock Island:
Mr. Thomas Thomas
City Manager
1528 Third Avenue
Rock Island, IL 61201
Office Phone (309) 732-2900**

**To: 11th Street Partners, LLC
Attn: Mr. Pat Eikenberry
P.O. Box 6040
1011 27th Avenue
Rock Island, IL 61201
Office Phone (309) 788-7644**

Section 10. Entire Agreement. This Agreement and the Exhibits attached hereto constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and supercede all negotiations, preliminary agreements and all prior and contemporaneous discussions and understandings of the parties in connection with the subject matter hereof. All Exhibits attached hereto are hereby incorporated into and made a part of this Agreement.

Section 11. Amendments. No amendment, waiver, change or modification of any of the terms, provisions or conditions of this Agreement shall be effective unless made in writing and signed or initialed by the parties. Wavier of any provision of this Agreement shall not be deemed a waiver of future compliance herewith and such provision shall remain in full force and effect.

Section 12. Severability. In the event any provision of this Agreement is held invalid, illegal or unenforceable, in whole or in part, the remain provisions of this Agreement shall not be affected thereby and shall continue to be valid and enforceable, and, if for any reason a court finds that any provision of this Agreement is invalid, illegal or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable, then such provision shall be deemed to be written and shall be construed and enforced as so limited.

Section 13. Construction. The titles or captions of paragraphs in this Agreement are provided for convenience of reference only and shall not be considered a part hereof for purposes of interpreting or applying this Agreement, as such titles or captions do not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms or conditions. Words and phrases herein shall be construed as in the singular or plural number and as masculine, feminine or neuter gender, according to the context.

Section 15. Unavoidable Delays: Any delays resulting from acts or occurrences outside the reasonable control of the party claiming the delay including but not limited to storms, floods, fires, explosions or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts or other labor disputes, delays in transportation or delivery of material or equipment necessary for construction and installation of the Project, litigation commenced by third parties, or the acts of any federal, State or local governmental unit (other than the City) are “Unavoidable Delays”. Time lost as a result of Unavoidable Delays shall be added to extend deadlines set forth herein by the number of days equal to the number of days lost as a result of Unavoidable Delays.

Section 16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, and in making proof hereof, it shall not be necessary to produce or account for more than one (1) such counterpart.

The City and the Developer have caused this agreement to be signed, and the City’s seal to be affixed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

11th Street Partners, LLC

Date

Thomas Thomas, City Manager
City of Rock Island, Illinois

Date

ATTEST: _____
Aleisha L. Patchin, *City Clerk*

DATE: _____

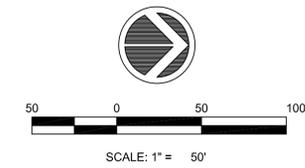
Exhibit A

Insert Legal Description

Will be added before closing

Exhibit B

Insert Proposed Site Plan



Building	Footprint Area	Height	Total Area	Use
A	3,000	1-Story	3,000	Office / Professional
B	12,500	1-Story	12,500	Retail
C	14,100	1-Story	14,100	Institutional
D	8,100	2-Story	16,200	Office / Professional
E	3,300	1-Story	3,300	Office / Professional
F	2,800	1-Story	2,800	Office / Professional
G	5,200	1-Story	5,200	Office / Professional

REVISIONS		DATE
No.	DESCRIPTION	

Missman, Inc.
Professional Engineers & Land Surveyors

Rock Island, IL • Bettendorf, IA • Rockford, IL • Sycamore, IL
 (309) 788-7644 • (563) 344-0260 • (815) 965-6400 • (815) 895-3825
 www.missman.com

11th Street Commercial Park
Rock Island, Illinois
CONCEPTUAL SITE PLAN

Missman Project No:
C12L057

File Name:
C12L057_Color Exhibit_REV
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Field Book No:
Drawn By: CAM
Checked By: PDE
Date: FEB 2013

Prepared for:
11th Street Redevelopment Partners, LLC