



MEMORANDUM

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomoas, City Manager

SUBJECT: Holliday INN renovation – Roof Request

DATE: August 2, 2013

Kinseth Hospitality has been making improvements to the Holliday INN in downtown Rock Island. To date they have completed renovations to all the guest rooms and have began work on the second floor with the exercise room, pool and will shortly begin renovations of the banquet/meeting room space. The room renovations were over \$800,000 and the 2nd floor banquet/meeting renovations are \$550,000. Kinseth Hospitality is requesting assistance at this time with roof work for which they have a request to the City for \$150,000 in assistance.

Future renovations are in the planning stages include the following: exterior elevations, 1st & 2nd floor window replacement, restaurant, Porte Cochere enhancement, tuck pointing, HVAC. A future request for is expected to help cover this future work. Kinseth's team is working with an architect and contractors to pull details together.

Bruce Kinseth has prepared a presentation for study session on August 12 to go over the completed renovations and planned future renovations.

Recommendation:

Staff recommends the Council approve the development agreement for \$150,000 in assistance for to the Holliday Inn roof project and authorize its execution by the City Manager.

Submitted by: Jeffery Eder, Community & Economic Development Director

Approved: Thomas Thomas, City Manager

AGREEMENT

THIS AGREEMENT is entered into this _____ day of August, 2013 by and between Kinseth Hospitality Companies ("Developer") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer intends rehab the Holiday Inn as part of the implementation of the Downtown Plan, and;

WHEREAS, it is the intent of the City to support development within the downtown;

NOW THEREFORE, the parties, in exchange for the promises herein contained the receipt and sufficiency of which are hereby acknowledged agree as follows:

1. The Developer has already made improvements to the Holiday Inn which include: guest room renovation (carpets, furniture, lighting, etc.), guestroom hallways. The Developer will be making additional improvements which include: renovation of the entire 2nd floor, meeting rooms, common areas, exterior renovations, HVAC improvements, window systems, etc. The work is will be completed in phases. Some work has been completed already.
2. The Developer agrees that the total costs of the project, including but not limited to planning, engineering, legal services, marketing, professional fees, labor and construction materials is estimated to exceed \$1.3 million.
3. Developer hereby agrees to commence work on the Property no later than September 30, 2013 and have all construction work completed no later than August 31, 2014. Failure to complete construction by the date specified herein shall be considered a material breach of this agreement entitling the City to declare the Developer to be in default of this Agreement and allow the City to begin proceedings to terminate the Agreement as a result thereof. Written notice to Developer at his address of such material breach and the City's intention terminate shall be given to Developer no less than fourteen (14) days after the date construction was to be completed.
4. City agrees to contribute cash on a reimbursement basis to the Developer in the sum total of up to One Hundred Fifty Thousand Dollars and 00/100 (\$150,000) to be used to support the roof renovations of the Holiday Inn and conference spaces with said contribution derived from Tax Increment Finance (TIF) revenues. It is anticipated a future request to support additional renovations will be made. If the project does not proceed as contemplated by this agreement, all funds contributed by the City shall be paid back to the City.

5. The Developer hereby agrees to expend said TIF revenues only on those elements of the project that are eligible activities under 65 ILCS 5/11-74.4) and to comply with all applicable requirements for the use TIF funds under 65 ILCS 5/1-74.4. Prior to the release of said funds, a representative from the City and the Growth shall meet and confer on the use of the funds.
6. The Developer hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.
7. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue in Rock Island County.
8. In the event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of notice to the defaulting party specifying that said party has failed to perform a particular obligation, the other party shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party of this Agreement, the non-defaulting party shall have such other equitable rights and remedies as are available at law or in equity.
9. Delays by the Developer or City in performing obligations hereunder due to Acts of God, strikes, fires, floods, explosions, wars, differences with workers, delays in transportation or accidents during construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond the Developer's or City's control and not resulting from the Developer's or City's fault shall cause an automatic extension of the starting and/or completion dates for the period attributable to any such cause. The affected component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.
10. Time is of the essence of this Agreement.
11. Either party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy thereafter, nor shall it be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement.
12. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable.

13. Notices, demands, consents, approvals or other instruments required to permitted by this Agreement shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

To Developer: Kinseth Hospitality Companies
2 Quail Creek Circle
North Liberty, IA 52317

To City: City Clerk
City of Rock Island
1528 3rd Avenue
Rock Island, IL 61201

14. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
15. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.
16. This Agreement embodies the entire agreement between the parties and supersedes any written or oral agreement and may be amended or supplemented only by an instrument in writing executed by the parties hereto.

City of Rock Island

Kinseth Hospitality Companies

Thomas Thomas, City Manager

Bruce Kinseth, SVP

ATTEST:

Aleisha Patchin, City Clerk