



MEMORANDUM

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: Riverview Lofts

DATE: October 2, 2013

The City of Rock Island has made creating new downtown housing options a priority as a strategy to redevelop downtown buildings. Outside of a few downtown building owners, Rock Island Economic Growth (Growth) a local non-profit developer has been the only agency to redevelop housing in the downtown in recent times. Both City staff and Growth staff have worked hard to get interest from the private sector to undertake downtown redevelopment projects.

Mark Roemer, a local developer/property owner, has a contract to purchase the Vanderginst building. The project known as Riverview Lofts will create 44 market rate residential units and 5 commercial spaces on the ground floor. His total project costs are expected to exceed \$5.3 million dollars. The total incentives for the project are \$1,595,000. In addition to the building renovation, new public sidewalks will be installed as well as building lighting including lighting on the Chief Black Hawk mural. It had been a goal of the CED department since the painting was completed to light the mural.

Residential incentives \$30,000 per unit – 44 Units	\$1,320,000
Commercial Space	100,000
Public Sidewalk (reimbursable - amount not to exceed)	75,000
Exterior Building Lighting (reimbursable – amount not to exceed)	100,000
Total Incentive Package	\$1,595,000

The incentive is comparable on a per unit basis with other past developments in the downtown. Completion of the renovation will have a positive effect on the downtown and will help to keep our tax base growing into the future.

Recommendation:

The Community and Economic Development Department recommends that the Council adopted ordinance ____ (a development agreement subject to minor attorney modifications with Riverview Lofts LLC) and authorize its execution by the City Manager.

Submitted by: Jeffery Eder, Community & Economic Development Director

Approved: Thomas Thomas, City Manager

CITY OF ROCK ISLAND

ORDINANCE NO. _____-2013

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF THE
REDEVELOPMENT AGREEMENT BY AND BETWEEN RIVERVIEW LOFTS, LLC
AND THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

WHEREAS, Riverview Lofts, LLC (the “Developer”) desires to enter into a redevelopment agreement (“Redevelopment Agreement”) with the City of Rock Island, Rock Island County, Illinois (the “City”) for purposes of redeveloping of a portion of the Downtown Redevelopment Project Area (the “Redevelopment Area”) with a mixed use development (the “Project”); and

WHEREAS, the Corporate Authorities of the City find it is in the best interests of the City to enter into the Redevelopment Agreement.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Rock Island, Rock Island County, Illinois, as follows:

Section 1. That the foregoing recital clauses to this Ordinance are adopted as the findings of the Corporate Authorities of the City of Rock Island and are incorporated herein by specific reference.

Section 2. That upon receipt from the Developer of four (4) executed copies of the Redevelopment Agreement, the City Manager is hereby authorized to execute, and the City Clerk is hereby authorized to attest to, the Redevelopment Agreement in substantially the form of such agreement appended to this Ordinance as Exhibit “A,” with such changes therein as shall be approved by the officials of the City executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such Redevelopment Agreement.

Section 3. That the officials, officers and employees of the City are hereby authorized to take such further actions and execute such documents as are necessary to carry out the intent and purpose of this Ordinance and of the Redevelopment Agreement.

Section 4. That this Ordinance shall be in full force and effect upon and after its passage and approval in the manner provided by law.

PASSED AND APPROVED on October _____, 2013.

Thomas Thomas
CITY MANAGER, CITY OF ROCK ISLAND

ATTEST:

Aleisha Patchin
CITY CLERK

EXHIBIT "A"

REDEVELOPMENT AGREEMENT

River Lofts Redevelopment Agreement

THIS AGREEMENT is entered into this _____st day of October, 2013 by and between Riverview Lofts, LLC ("Developer ") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer intends develop a new multi-unit mixed use development known as "Riverview Lofts" within the Downtown Redevelopment Project Area (the "Downtown TIF") as part of the implementation of the Downtown Plan, and;

WHEREAS, it is in the best interest of the City to support development within the Downtown Redevelopment Project Area;

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 shall acquire the real property legally described in Exhibit A, attached hereto and made a part hereof, and will develop a mixed use development which shall include 44 market rate lease residential units and first floor market rate lease commercial space (the "Project").
2. The Developer agrees that the total costs of the Project, including but not limited to land acquisition, site development, planning, engineering, legal services, marketing, professional fees, mortgage interest, construction loan interest, labor and construction materials is estimated to exceed \$5 million.
3. Developer shall commence work on the Project no later than January 2014 and the Project completed and all units ready for occupancy no later than June 30, 2015. Failure to complete construction by the date specified herein shall be considered a material breach of this Agreement and shall entitle the City to terminate this Agreement by written notice to Developer at his address of such intention not less than fourteen (14) days prior to the desired termination date.
4. The City shall provide economic incentive to the Developer in an amount not to exceed One Million Four Hundred Twenty Thousand Dollars and 00/100 (\$1,420,000) to be used to reimburse the Developer for eligible Project costs, with said contribution derived from the funds in the Special Tax Allocation Fund for the Downtown TIF. The funding amounts work out to approximately \$30,000 per unit for the proposed 44 residential units and an additional \$100,000 for the development of commercial retail space. If the Project does not proceed as contemplated by this Agreement, all funds contributed by the City to the Developer shall be paid back to the City not less than fourteen (14) days following Developer's receipt of written notice from the City.

5. The economic incentive shall be paid to the Developer in four (4) equal annual installments once the developer has acquired the Property and obtained a building permit. The payment schedule shall be as follows:

January 15, 2014	\$355,000
January 15, 2015	\$355,000
January 15, 2016	\$355,000
January 15, 2017	\$355,000

6. As part of the Project, the Developer shall install new sidewalks on three sides of the Project and shall be reimbursed in an amount not to exceed the lesser of the cost of the installation of the sidewalks or \$75,000, such reimbursement being separate from other incentives set forth in this Agreement. The sidewalks shall be completed prior to June 30, 2015.
7. The Developer will make his best efforts to preserve the Chief Black Hawk painting on the north face of the building. The Developer shall install exterior lighting and touch up the painting as part of the Project and shall be reimbursed in the amount not to exceed the lesser of the cost of the installation or \$100,000, such reimbursement being separate from other incentives set forth in this Agreement. Completion shall be prior to June 30, 2015.
8. Prior to the payment of the economic incentives provided for herein by the City to the Developer, the Developer shall, not less than thirty (30) days prior to the payment dates set forth above, provide the City with documentation evidencing the expenditure of eligible redevelopment project costs, as defined in the Illinois Tax Increment Allocation Act (65 ILCS 5/11-74.4-1 et seq.), in an amount in excess of the payment to be received. Such documentation shall include closing statements, paid invoices, receipts, cancelled checks, sworn statements, lien waivers, engineer's certificates, or other such documentation demonstrating the payment of eligible redevelopment project costs by the Developer.
9. To the extent required by law, the Developer agrees to pay, and to contractually obligate and cause any and all general contractors and subcontractors to pay, the prevailing rate of wages as established by the City pursuant to the Illinois Prevailing Wage Act [820 ILCS 130/0.01 et seq. (Illinois State Bar Ed. 2010)] when constructing the Automobile Dealership Project.
10. In the event a claim is made against the City, its officers, officials, agents and employees or any of them, or if the City, its officers, officials, agents and employees or any of them (the ■Indemnified Party• or ■Indemnified Parties•), is made a party-defendant in any proceeding arising out of or in connection with the Developer's construction, operation, duties, obligations and responsibilities

under the terms of this Agreement or the Automobile Dealership Project including, but not limited to, any claim or cause of action concerning the closing of the Current Dealership and subsequent construction and operation of the Automobile Dealership Project and, matters pertaining to hazardous materials and other environmental matters in existence as of the date of this Agreement, to the extent permitted by law, the Developer shall indemnify, defend and hold harmless the Indemnified Parties, or any Indemnified Party, from all claims, liabilities, losses, taxes, judgments, costs, fines, fees, including expenses and reasonable attorneys fees, in connection therewith. Any such Indemnified Party may obtain separate counsel to participate in the defense thereof at his or her own expense. The Indemnified Parties shall cooperate in the defense of such proceedings and be available for any litigation related appearances which may be required. Further, the Developer shall be entitled to settle any and all claims for money, in such amounts and upon such terms as to payment as it may deem appropriate, without the prior approval or consent of the Indemnified Parties, or any of them, as the case may be, provided that neither the City nor any of the other Indemnified Parties shall be required to contribute to such settlement, and further provided the Special Tax Allocation Fund (as defined herein) shall not be used in connection with any such settlement without the consent of the City.

11. 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.
12. 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.
13. Delays by the Developer or the City in performing obligations hereunder due to acts of God or 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 or the City's control and not resulting from the Developer or the 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.

14. Time is of the essence of this Agreement.
15. The rights and obligations of the Developer are fully assignable by means of written notice to the City, provided that no assignment shall be deemed to release the Developer of its obligations to the City under this Agreement unless the written consent of the City to release of the Developer obligations is obtained.
16. 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.
17. 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.
18. 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: Riverview Lofts, LLC
 2550 Middle Road
 Suite 300
 Bettendorf, IA 52722

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

19. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
20. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.

21. 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

Riverview Lofts, LLC

Thomas Thomas, City Manager

Mark Roemer

ATTEST:

Aleisha Patchin, City Clerk

Exhibit A

Legal Description

Exhibit B

Conceptual Drawings

PATRICIA "PAT" VERONDA
 ROCK ISLAND COUNTY RECORDER
 ROCK ISLAND, IL

TRUSTEE'S DEED

This indenture made this 27th day of December, 2006, between **CHICAGO TITLE LAND TRUST COMPANY**, a corporation of Illinois, as Trustee under the provisions of a deed or deeds in trust, duly recorded and delivered to said company in pursuance of a trust agreement dated the 20th day of January, 1975, and known as Trust Number 1434 a/k/a 5801434, party of the first part, and

RECORDED ON
 01/05/2007 08:25AM

REC FEE: 32.50
 RHSP FEE: 10.00

BOOK: 0
 PAGE: 0

PAGES: 2

VAN DER GINST PROPERTIES, INC, an Illinois Corporation

whose address is

400 - 16th Street
 Rock Island, IL 61201

party of the second part

WITNESSETH, That said party of the first part, in consideration of the sum of **TEN and no/100 DOLLARS (\$10.00) AND OTHER GOOD AND VALUABLE** considerations in hand paid, does hereby **CONVEY AND QUITCLAIM** unto said party of the second part, the following described real estate, situated in Rock Island County, Illinois, to wit

TRACT 1

LOT 10 AND THE WEST HALF OF LOT 9 IN BLOCK 1 IN THAT PART OF THE CITY OF ROCK ISLAND KNOWN AS AND CALLED SPENCER AND CASE'S ADDITION TO SAID CITY, IN ROCK ISLAND COUNTY, ILLINOIS

TRACT 2:

THE NORTH 110 FEET OF LOT 5 IN BLOCK 1 IN THAT PART OF THE CITY OF ROCK ISLAND KNOWN AS AND CALLED SPENCER AND CASE'S ADDITION TO SAID CITY, IN ROCK ISLAND COUNTY, ILLINOIS

Permanent Tax Number: R.I. 6380 AND R.I. 6383

together with the tenements and appurtenances thereunto belonging.

TO HAVE AND TO HOLD the same unto said party of the second part, and to the proper use, benefit and behoof forever of said party of the second part

This deed is executed pursuant to and in the exercise of the power and authority granted to and vested in said trustee by the terms of said deed or deeds in trust delivered to said trustee in pursuance of the trust agreement above mentioned. This deed is made subject to the lien of every trust deed or mortgage (if any there be) of record in said county given to secure the payment of money, and remaining unreleased at the date of the delivery hereof.