



MEMORANDUM

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: 1825 & 1829 2nd Avenue

DATE: October 16, 2013

The City of Rock Island continues to look for opportunities to support redevelopment in the downtown. To this regard, the City has requested Renaissance Rock Island purchase 1825 & 1829 2nd Avenue under one of its entities. Renaissance Rock Island has agreed to purchase the property under either Development Association of Rock Island ("DARI") or Rock Island Economic Growth Corporation ("Growth"). A purchase agreement has been entered into allowing either organization to purchase the property pending a determination of which entity is best suited to undertake the redevelopment of the property.

The purchase price is as follows:

1825 2 nd Avenue	\$131,000
1829 2 nd Avenue	\$310,000

The City is also agreeing to contribute \$100,000 for caring costs such as but not limited to: property taxes, utility payments, legal fees, maintenance, property stabilization & improvements, staging and other associated costs.

Renaissance Rock Island has agreed to put together a redevelopment plan for the property in conjunction with the City. The redevelopment will keep commercial spaces on the ground floor and look to create market rate residential units on the upper floors.

Recommendation:

The Community and Economic Development Department recommends that the Council adopted ordinance ____ (approving a development agreement subject to minor attorney modifications with Renaissance Rock Island) 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 THE DEVELOPMENT
ASSOCIATION OF ROCK ISLAND AND THE CITY OF ROCK ISLAND, ROCK
ISLAND COUNTY, ILLINOIS**

WHEREAS, the Development Association of Rock Island or Rock Island Economic Growth (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.

Dennis E. Pauley
Mayor, City of Rock Island

ATTEST:

Aleisha Patchin
CITY CLERK

1825 & 1829 2nd Avenue Redevelopment Agreement

THIS AGREEMENT is entered into this ____st day of October, 2013 by and between DEVELOPMENT ASSOCIATION OF ROCK ISLAND ("DARI") or ROCK ISLAND ECONOMIC GROWTH CORPORATION ("Growth") which ever entity is selected will be known as the "Developer" and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer intends redevelop a new multi-unit mixed use development known as "Star block" 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 will purchase the property at 1825 2nd Avenue and 1829 2nd Avenue.
2. The Developer agrees to provide maintenance of both buildings and complete repairs necessary to prevent further deterioration.
3. The City agrees to contribute cash to the Developer in the sum total of up to Four Hundred Forty-One Thousand Dollars and 00/100 (\$441,000) to be used to support the purchase 1825 2nd Ave for One Hundred Thirty-One Thousand Dollars. (\$131,000) and 1892 2nd Ave. for Three Hundred Ten Thousand Dollars (\$310,000) with said contribution derived from Tax Increment Finance (TIF) revenues. If the project does not proceed as contemplated by this agreement, all funds contributed by the City shall be paid back to the City.
4. The City agrees to contribute up to One Hundred Thousand Dollars and 00/100 (\$100,000) to support carrying costs, including: taxes, of both buildings for duration of two years, legal fees, Insurance, Utilities, Maintenance, Property Stabilization & Improvements, staging and other associated costs.
5. The Developer agrees to take possession of the property by January 1, 2014 and hold the properties for two years (January 1, 2016), at which time a comprehensive development plan may be implemented by the Developer or a selected private developer. The details of this plan to be negotiated in a separate agreement. Failure to complete construction or enter into a separate agreement by the date specified herein shall be considered a material breach of this agreement entitling 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.

6. 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.
7. 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.
8. 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.
9. 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.
10. 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.

11. 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.
12. Time is of the essence of this Agreement.
13. 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.
14. 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.
15. 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.
16. 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: Development Association of Rock Island
100 19th Street, Suite 109
Rock Island, IL 61201

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

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

Thomas Thomas, City Manager

Brian Hollenback, President

ATTEST:

Aleisha Patchin, City Clerk

Exhibit A

Legal Description



- Development Association of Rock Island
- Rock Island Economic Growth Corporation
- The Downtown Rock Island Arts & Entertainment District

October 7, 2013

Mr. Jeff Eder
CED Director
City of Rock Island
1528 3rd Avenue
Rock Island, IL 61201

Re: Request for Funding

Dear Jeff:

Please accept this letter of request from the Development Association of Rock Island (DARI) to acquire two buildings at 1825 2nd Avenue and 1829 2nd Avenue, part of the Star Block.

DARI is seeking a total of \$541,000 in City TIF funds to support the acquisition (\$441,000); first year holding and carrying costs, staging, maintenance and management (\$100,000) to landbank this local landmark. This will allow DARI time to finalize a redevelopment plan and secure funding. A future request will be made requesting holding and carrying costs for additional years once those costs have been established.

Rock Island Economic Growth Corporation (GROWTH) currently owns property part of the Star Block at 1821-1823 2nd Avenue. This request allows DARI to complete the ownership and management of the remaining properties that make up the Star Block. In total, if approved, all five properties part of the Star Block will be owned by GROWTH and DARI located in the heart of downtown along the Great River Plaza:



GROWTH owned



DARI Pending Request

Budget- Acquisition

1825 2 nd Avenue	\$131,000
1829 2 nd Avenue	\$310,000
Total Acquisition	\$441,000

Budget- 1st Year Carrying and Marketing Costs

Taxes- 1825 2 nd Avenue	\$7,103
Taxes- 1829 2 nd Avenue	\$13,240
Insurance- both properties	\$6,407
Water	\$1,200
Utilities	\$6,000
Maintenance	\$20,000
Property Stabilization & Improvements	\$36,050
Management	\$10,000
Total Carrying and Marketing Costs	\$100,000

Redevelopment plans for these properties will advance our shared goals of the Economic Development Strategic Plan and the Downtown Strategic Plan.

DARI appreciates your consideration of this request and wishes to thank city staff and city officials for your continued support to make our downtown one of the best in the nation.

Please feel free to contact me with any questions. I look forward to hearing from you.

Sincerely,



Brian Hollenback
President





