



MEMORANDUM

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: Milan Surplus

DATE: November 6, 2013

The City of Rock Island continues to look for opportunities to support redevelopment along the 11th Street Corridor. To this regard, the City has been working with the DeSplinter's owners of D&L Surplus Specialties, Inc., (DBA Milan Surplus) to move into 2740 11th Street (former Walkeens) to open a retail hardware operation.

Milan Surplus has requested \$50,000 in North 11th Street TIF funds to support the purchase and redevelopment of 2740 11th Street. They estimate the total project costs would be \$385,000. The project will also be supported by a \$100,000 CIRLF loan in addition to bank financing. Milan Surplus will create at least 10 jobs as part of the move to the new location. It is estimated the project will be completed before May 31, 2014.

Recommendation:

The Community and Economic Development Department recommends that the Council adopted ordinance ____ (approving a development agreement subject to minor attorney modifications with D&L Surplus Specialties, Inc.) 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 D&L SPECIALITIES, INC.
AND THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

WHEREAS, D&L Surplus Specialties, Inc. (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 North 11th Street 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

D&L Surplus & Specialties, Inc. Redevelopment Agreement

THIS AGREEMENT is entered into this ___th day of November, 2013 by and between D&L Surplus Specialties, Inc., DBA Milan Surplus ("Developer ") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer intends to purchase and move into the property at 2740 11th Street and open a retail hardware operation within the North 11th Street Redevelopment Project Area or TIF, and;

WHEREAS, it is in the best interest of the City to support development within the North 11th Street 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 retail store operation (the "Project").
2. The Developer agrees that the total costs of the Project, including but not limited to land acquisition, site development, engineering, legal services, marketing, professional fees, mortgage interest, labor and construction materials is estimated to be \$385,000.
3. Developer shall commence work on the Project no later than January 2014 and the Project completed and ready for occupancy no later than May 31, 2014. 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 Fifty Thousand Dollars and 00/100 (\$50,000) to be used to reimburse the Developer for eligible Project costs to development of commercial retail space, with said contribution derived from the funds in the Special Tax Allocation Fund for the North 11th Street TIF. 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. This economic incentive is contingent upon the Developer securing bank financing in the amount of \$225,000 and the approval of a \$100,000 loan from the City of Rock Island's Commercial Industrial Revolving Loan Fund (CIRLF) program.
6. Prior to the payment of the economic incentives provided for herein by the City to the Developer, the Developer shall 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. 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.
9. 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.
10. 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.
11. Time is of the essence of this Agreement.

12. 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.
13. 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.
14. 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.
15. Notices, demands, consents, approvals or other instruments required to be 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: D&L Surplus & Specialities, Inc., DBA Milan Surplus
232 14th St. NE
Milan, IL 61264

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

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

D&L Surplus & Specialties, Inc.,
DBA Milan Surplus

Thomas Thomas, City Manager

Lynn DeSplinter, President

Devrin DeSplinter, Vice President

ATTEST:

Aleisha Patchin, City Clerk