

**Memorandum  
Community Economic Development Department**

**To:** Thomas Thomas, City Manager  
**Subject:** LRC Agreement  
**Date:** December 11, 2013



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The relocation of Hill & Valley, Inc. requires a new facility to be readied for them to lease. LRC will be constructing and ultimately leasing this new facility to Hill & Valley. The LRC agreement spells out the terms of the City of Rock Island's support. The agreement calls for One Million Nine Hundred Thousand Dollars (\$1,900,000) to support the construction by LRC for the benefit of Hill & Valley. This development is also being supported by Seven Million Dollars (\$7 million) in New Market Tax Credits which the team working on the project was able to secure from the Illinois Value Advisory Fund.

**RECOMMENDATION:**

The Community & Economic Development Department recommends that the Council adopt ordinance \_\_\_\_ (a development agreement subject to minor attorney modifications with LRC Developers Inc.) and authorize the City Manager to execute the development agreement.

**Submitted by:** Jeffery A. Eder, Assistant City Manager / Community & Economic Development Director

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**Approved by:** 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 LRC DEVELOPERS, INC.  
AND THE CITY OF ROCK ISLAND, ILLINOIS**

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WHEREAS, LRC Developers, Inc. (the “Developer”) desires to enter into a Redevelopment Agreement (“Redevelopment Agreement”) with The City of Rock Island, Illinois, (the “City”) for purposes of redeveloping a portion of the Columbia Park Redevelopment Project Area (the “Redevelopment Area”) with an industrial development (the “Project”); and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCK ISLAND, 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, Illinois, 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. All ordinances and parts of ordinances in conflict herewith are hereby repealed insofar as they do so conflict.

Section 5. This ordinance shall be in full force and effect from and after its passage and approval, as required by law.

\_\_\_\_\_  
MAYOR OF THE CITY OF ROCK ISLAND

PASSED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
CITY CLERK

**EXHIBIT "A"**  
**REDEVELOPMENT AGREEMENT**

**Redevelopment Agreement  
(LRC Developers Inc. – Hill & Valley)**

THIS AGREEMENT is entered into this \_\_\_\_\_ day of December, 2013 by and between LRC Developers, Inc. ("Developer ") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer intends to develop a redevelop property for occupancy by a manufacturing tenant within the Columbia Park Redevelopment Project area (the "Columbia Park TIF") as part of the implementation of the Columbia Park Plan, and;

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

WHEREAS, the relocation of Hill & Valley Inc. within the City requires a number of economic incentives to occur requiring reasonable significant risk and expense;

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 owns the real property legally described in Exhibit A, attached hereto and made a part hereof, and will develop a facility for occupancy by a manufacturing tenant which is expected to be Hill & Valley Inc. (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 \$10 million.
3. City and Developer agree the Project is contingent upon Developer receiving, directly or indirectly, assistance in the form of a \$1,900,000.00 grant as included in this Agreement, up to \$8,500,000.00 in QCREDA Industrial Revenue Bonds, a \$7,000,000.00 allocation in New Market Tax Credits, and all available EDGE Tax Credits.
4. Developer shall commence architectural and design work on the Project no later than January 2014 and the Project shall be permit ready for temporary occupancy by Hill and Valley no later than December 31, 2014. Failure to complete construction by the date specified herein, unless by force majeure or matters contained in Paragraph 11, shall be considered a material breach of this

Agreement and shall entitle the City to liquidated damages in the amount of \$2,000 per day until the project is ready for temporary occupancy.

5. The City agrees to timely cooperate in all phases of financial assistance as indicated in Paragraph 3. The City does and shall grant to the Developer an amount of One Million Nine Hundred Thousand Dollars and 00/100 (\$1,900,000). Payment of this amount is contingent upon a Lease Termination Agreement executed between the City and Hill and Valley Inc. This grant money shall be paid to the Developer not later than December 30, 2013; or in the alternative, or at such later date as within 14 days of execution of the Lease Termination Agreement.
6. This agreement shall be null and void if Hill & Valley does not execute a lease termination agreement with the City of Rock Island for its existing space at 3915 9th Street, Rock Island Illinois. This agreement shall be null and void if Hill & Valley does not execute a lease with LRC Developers Inc. In this event, the City shall, within 30 days, reimburse Developer 50% of Developers documented out of pocket expenses, not to exceed \$150,000.00.
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 Project.
8. Other than as it relates to any of the economic incentives contained in this Agreement, 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, duties, obligations and responsibilities under the terms of this Agreement or the Project including, but not limited to, any claim or cause of action concerning 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. Any settlement by the Developer which does not terminate, settle and release any third party claims pending or which could be brought within any applicable statute of limitation time period against the City does not relieve the Developer or its insurers from the obligation to continue to indemnify and/or defend and hold harmless any or all of the Indemnified Parties from these claims and causes of action pending or in the future should they arise.

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. Unless provided otherwise in this Agreement, 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 negligence, gross negligence, reckless or willful misconduct 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 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:           LRC Developers Inc.  
                                  350 44th Street  
                                  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. Developer reserves the right to assign all or a portion of the economic incentives to another entity as it relates to this project.
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

LRC Developers Inc.

\_\_\_\_\_  
Thomas Thomas, City Manager

\_\_\_\_\_  
Scott Christiansen

ATTEST:

\_\_\_\_\_  
Aleisha Patchin, City Clerk

Exhibit A

Legal Description

Exhibit B  
Conceptual Drawings