

**Memorandum
Community and Economic Development**

To: Thomas Thomas, City Manager
Subject: DARI purchase 1718-1720 2nd Ave
Date: July 21, 2014



The City of Rock Island continue to look for opportunities to support redevelopment in the downtown. To this regard, Renaissance Rock Island through the Development Association of Rock Island ("DARI") has a purchase agreement with the current owner of 1718-1720 2nd Ave. (former Kai's). DARI is requesting One Hundred Twenty-Five Thousand Dollars (\$125,000) in downtown TIF funds to support the property purchase. The attached request letter outlines purchase price of \$140,000 and carrying costs for two years at \$125,000.

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 uses the second floor as commercial, office or residential. During this time period DARI agrees to keep the property on the tax role.

RECOMMENDATION:

The Community and Economic Development Department recommends that the Council adopt ordinance _____ (approving a redevelopment agreement subject to minor attorney modification with the Development Association of Rock Island) and authorize its execution by the City Manager.

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

Approved by: Thomas Thomas, City Manager

CITY OF ROCK ISLAND

ORDINANCE NO. _____-2014

**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 (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 July _____, 2014.

Dennis E. Pauley
Mayor, City of Rock Island

ATTEST:

Aleisha Patchin
CITY CLERK

1718-1720 2nd Avenue Redevelopment Agreement

THIS AGREEMENT is entered into this ____st day of July, 2014 by and between DEVELOPMENT ASSOCIATION OF ROCK ISLAND ("DARI", Developer) 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 "1718-1720 2nd Ave." 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 1718-1720 2nd Avenue.
2. The Developer agrees to provide maintenance 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 One Hundred Twenty-Five Thousand Dollars and 00/100 (\$125,000) to be used to support the purchase 1718-1720 2nd Ave 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 Developer agrees to take possession of the property by October 1, 2014 and hold the properties for two years (October 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.
5. 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.

6. 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.
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 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.
10. Time is of the essence of this Agreement.
11. 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.
12. 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.
13. 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.
14. 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: 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

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

Development Association 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

June 16, 2014

Mr. Jeff Eder
Assistant City Manager/ Community & Economic Development 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 1720 2nd Avenue, downtown Rock Island.

DARI is seeking a total of \$125,000 in City TIF funds to support the acquisition, two year holding and carrying costs, staging, maintenance and management to land bank this downtown property. This will allow DARI time to finalize a redevelopment plan and secure funding. DARI looks forward to working with City staff through the adaptive reuse of the underutilized building as part of downtown redevelopment efforts, and appreciates your consideration of this request.

This request allows DARI to take ownership and management of this strategic downtown property within the heart of downtown along the Great River Plaza:



1712 2nd Avenue

Budget- Acquisition

1720 2 nd Avenue	\$140,000.00
Total Acquisition	\$140,000.00

Budget- 2 year Carrying and Staging Costs

Down payment (20%)	\$28,000.00
Insurance	\$6,000.00
Water	\$4,000.00
Utilities	\$12,000.00
Maintenance	\$20,000.00
Property Stabilization & Improvements	\$40,000.00
Management	\$5,000.00
Staging	\$10,000.00
Total Carrying and Staging Costs	\$125,000.00

Redevelopment plans for these properties will advance our shared goals of the Economic Development Strategic Plan and objectives to be set forth in the existing and soon-to-be updated Downtown Strategic Plan.

As always, thank you for your continued support. Please feel free to contact me with any questions.

Sincerely,



Brian Hollenback
President