

**Memorandum
Community and Economic Development**



To: Thomas Thomas, City Manager
Subject: Holiday Inn – Renovation
Date: October 15, 2014

Kinseth Hospitality has invested over \$1.5 million to date on renovations to the Holiday Inn located in downtown Rock Island. In the past year, they completed work on all guest rooms (new furnishings), pool, exercise room, roof and banquet meeting space.

Kinseth Hospitality would like to undertake the next phase which includes all new HVAC as well as renovation of the front lobby. The HVAC is a critical system to the hotel operation and will promote guest comfort. This improvement will allow each room the ability to control temperature based on the guest's preference. The renovated lobby space will update and create a modern welcoming entry to the hotel. The total renovation for this phase of the project (HVAC and Lobby) is approximately \$900,000. Kinseth Hospitality is requesting assistance for the next renovation phase in the amount of \$500,000 from the downtown TIF paid out as follows:

January 15, 2017	\$50,000
January 15, 2018	\$250,000
January 15, 2019	\$200,000

RECOMMENDATION:

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

Submitted by: Jeffery A. Eder, Assistant City Manager / CED 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 KINSETH
HOSPITALITY COMPANIES AND THE CITY OF ROCK ISLAND, ROCK ISLAND
COUNTY, ILLINOIS**

WHEREAS, the Kensith Hospitality Companies (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 _____, 2014.

Dennis E. Pauley
Mayor, City of Rock Island

ATTEST:

Aleisha Patchin
CITY CLERK

AGREEMENT
Holiday INN – HVAC/Lobby

THIS AGREEMENT is entered into this _____ day of October, 2014 by and between Kinseth Hospitality Companies ("Developer") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, The developer intends rehab the Holliday INN as part of the implementation of the Downtown Plan, and;

WHEREAS, it is the intent of the City to support development within the downtown;

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 has already made improvements to the Holiday INN which include: guest room renovation (carpets, furniture, lighting, etc.), guestroom hallways, renovation of the entire 2nd floor, meeting rooms. The Developer will be making additional improvements which include: common areas, exterior renovations, HVAC improvements, window systems, Restaurant etc. The work is will be completed in phases. Some work has been completed already, including guestrooms and banquet areas.
2. The Developer agrees that the total costs of this phase of the project, including but not limited to planning, engineering, legal services, marketing, professional fees, labor and construction materials is estimated to exceed \$900,000. The developer has already completed work over \$1.5 million on the property.
3. Developer hereby agrees to commence work on the Phase II projects no later than December 2014 and have all construction work completed no later than December 2015. Failure to complete construction 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.
4. City agrees to contribute cash on a reimbursement basis to the Developer in the sum total of up to Five Hundred Thousand Dollars and 00/100 (\$500,000) to be used to support the renovation of the lobby, partial exterior and HVAC, 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.
5. The City of Rock Island agrees to the following pay out schedule once

January 15, 2017	\$50,000
January 15, 2018	\$250,000
January 15, 2019	\$200,000

6. The Developer hereby agrees to expend said TIF revenues only on those elements of the project that are eligible activities under 65 ILCS 5/11-74.4) and to comply with all applicable requirements for the use TIF funds under 65 ILCS 5/1-74.4. Prior to the release of said funds, a representative from the city and the developer shall meet and confer on the use of the funds.
7. The Developer hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.
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 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's or City's control and not resulting from the Developer's or 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. 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: Kinseth Hospitality Companies
 2 Quail Creek Circle
 North Liberty, IA 52317

 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

Kinseth Hospitality Companies

Thomas Thomas, City Manager

Bruce Kinseth, SVP

ATTEST:

Aleisha Patchin, City Clerk