

**MEMORANDUM  
FINANCE DEPARTMENT**

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**TO:** Randy Tweet, City Manager  
**SUBJECT:** Adjustment to the CY 2021 Budget

**Number:** 010-21  
**Date:** 02-15-2021

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The City of Rock Island executed an agreement with Friendship Manor in May 2020 to financially assist with the demolition of property located at 1114-1116 21<sup>st</sup> Avenue. The work has been completed and the reimbursement request has been received by the Community Economic Development. In order to complete the transaction, CED is requesting a budget adjustment in the amount of \$25,755.00.

It is requested that the CY 2021 budget be increased in order to process the reimbursement requested as outlined in CED's attached memo. The funding source is the North 11<sup>th</sup> St TIF (Fund 203). There is sufficient fund balance to cover this request.

Fund	203	CED
Department	312	Economic Development
Cost Center	801	General Development
Object Code	54101	Contributions
Project Code	6469000	Project

**Recommendation:** Council approve the budget adjustment, increasing the North 11<sup>th</sup> St TIF Fund (Fund 203) expenditures for CY 2021 by \$25,755.00.

**Submitted by:** Linda Barnes, Interim Finance Director

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**Approved:** Randy Tweet, City Manager

**Memorandum  
Community and Economic Development**

**To:** Linda Barnes, Interim Finance Director  
**Subject:** Fund 203 Budget Adjustment  
**Date:** February 22, 2021



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**Background:** The Community Economic Development Department executed an agreement with Friendship Manor in May 2021 to financially assist with the demolition of property located at 1114-1116 21<sup>st</sup> Avenue. The work has been completed and the reimbursement request has been received by the Community Economic Development. In order to complete the transaction according to the terms of the Agreement, CED is requesting a budget adjustment to Fund 203 in the amount of \$25,755.00.

**Recommendation:** Community Economic Development staff recommends that City Council approve the following budget adjustment in the amount of \$25,755.00 be made to Fund 203 (North 11<sup>th</sup> Street TIF).

Fund	203	CED
Department	312	Economic Development
Cost Center	801	General Development
Object Code	54101	Contributions
Project Code	6469000	Project

**Submitted by:** Colleen Small-Vollman, Budget and Grant Manager

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**Approved by:** Linda Barnes, Interim Finance Director



COPY

**REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF ROCK ISLAND  
AND FRIENDSHIP MANOR, INC.**

**THIS REDEVELOPMENT AGREEMENT** ("*Agreement*") is entered into as of the 21<sup>st</sup> day of May, 2020 ("*Effective Date*") by and between the City of Rock Island, Rock Island County, Illinois, a home rule municipality of the State of Illinois ("*City*"), and Friendship Manor, Inc., an Illinois corporation (the "*Developer*"). The City and the Developer sometimes are referred to individually as a "*Party*" and collectively as the "*Parties*".

In consideration of the mutual covenants and agreements set forth in this Agreement, the City and Developer hereby agree as follows:

**ARTICLE 1: RECITALS**

1.1 The City is engaged in the revitalization of certain commercial properties in an area which is commonly known as the North 11<sup>th</sup> Street TIF as depicted on *Exhibit A* attached hereto and made a part hereof and includes property commonly known as 1114-1116 21<sup>st</sup> Avenue (the "*Subject Property*").

1.2 The City has the authority pursuant to the laws of the State of Illinois, to promote the health, safety, and welfare of its inhabitants, to prevent the spread of blight, to encourage private development in order to enhance the local tax base, to increase job opportunities, and to enter into contractual agreements with third Parties for the purpose of achieving these purposes.

1.3 Pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, 65 ILCS 5/11-74.4-1, *et seq.*, as from time to time amended (the "*TIF Act*"), the Mayor and City Council of the City (collectively, the "*Corporate Authorities*") are empowered to undertake the redevelopment of a designated area within its municipal limits in which existing conditions permit such area to be classified as a "blighted area", or a "conservation area" as such terms are defined in the TIF Act.

1.4 To stimulate and induce redevelopment pursuant to the TIF Act, the Corporate Authorities, after giving all required notices, conducting a public hearing and making all findings required by law, on the 24<sup>th</sup> day of July, 2000, pursuant to Ordinance Nos. 53-00, 54-00 and 55-00 approved a Redevelopment Plan and Project (the "*Redevelopment Plan*") for an area designated as the North 11st Street Redevelopment Project Area (the "*Project Area*") which Project Area included the Subject Property, and adopted tax increment financing for the payment and financing of "redevelopment project costs" incurred within the Project Area as authorized by the TIF Act.

1.5 The Developer operates a not-for-profit corporation which provides senior housing from apartment homes to a nursing and rehabilitation facility.

1.6 The Developer has submitted a proposal to the City to repurpose the Subject Property which it currently owns, in order to demolish the existing structure thereon and undertake an environmental assessment of its condition for a total investment estimated to be approximately \$85,000 (Eighty-Five Thousand Dollars) (the "*Project*").

1.7 The Developer has advised the City that it is not economically feasible for the Developer to undertake the Project without financial assistance and the City is prepared to financially assist the Developer in order to accomplish the improvements to the Subject Property and enter into this Agreement with the Developer.

1.8 The City desires the Developer to proceed with the Project in accordance with this Agreement in order to eliminate the blight factors and characteristics found within the Subject Property in order to serve the needs of the City and to provide job opportunities for its residents and is prepared to reimburse the Developer for certain eligible costs of the Project, subject to the terms of this Agreement, the TIF Act and all other applicable provisions of law.

## **ARTICLE 2: DEVELOPER'S OBLIGATIONS**

2.1 The City's obligation to reimburse the Developer for certain eligible redevelopment costs of the Project is subject to satisfaction of the following by the Developer:

- (a) The Developer holds title to the Subject Property, subject only to such liens and encumbrances as shall not limit the Developer's ability to construct and complete the Project; and,
- (b) The Developer shall have secured by no later than December 31, 2019, all other approvals, consents, building permits, licenses and authorization from the City and all other governmental units and agencies having jurisdiction over the Subject Property, and have delivered to the City such performance bonds and any maintenance bonds as required by the Building Code or any other applicable ordinance of the City as deemed necessary to proceed with the construction of the Project.

2.2 The Project shall be constructed pursuant to and in accordance with the following:

- (a) This Agreement;
- (b) The City's Zoning Code and the City's Building Code;
- (c) All other applicable provisions of the Rock Island Code of Ordinances; and,
- (d) All applicable federal, State of Illinois, and all local laws, resolutions, orders rules and regulations.

2.3 On or before March 1, 2020, the Developer shall have commenced the Project and shall have completed the Project in accordance with the requirements of Section 2.2 above, on or before December 31, 2020.

## **ARTICLE 3: CITY'S OBLIGATION'S**

3.1 The City has established a Special Tax Allocation Fund (the "*STAF Account*") pursuant to Ordinance No. 54-00 into which the City annually deposits all "Incremental Taxes", as hereinafter defined, derived from the Project Area. For purposes of this Agreement,

"Incremental Taxes" shall mean the amount in the STAF Account equal to the amount of ad valorem taxes, if any, paid in respect of the Project Area which is attributable to the increase in the equalized assessed value of the Project Area and its improvements over the initial equalized assessed value of the Project Area as of the date of the adoption of Ordinance No. 54-00 adopting tax increment financing pursuant to the TIF Act. The City shall make certain payments to the Developer from the STAF Account as provided in Section 4.2(a).

3.2 THE CITY'S OBLIGATION TO REIMBURSE THE DEVELOPER UNDER THIS AGREEMENT IS A LIMITED OBLIGATION PAYABLE SOLELY FROM INCREMENTAL TAXES DEPOSITED IN THE STAF ACCOUNT AS HEREINAFTER PROVIDED AND SHALL NOT BE SECURED BY THE FULL FAITH AND CREDIT OF THE CITY.

#### **ARTICLE 4: DEVELOPER'S PAYMENTS**

In consideration of the improvements of the Subject Property and the construction and completion of the Project in accordance with the requirements of Section 2.2 of this Agreement, so long as no event described in Section 5 hereof shall have occurred and be continuing, the City shall reimburse the Developer \$25,755 (Twenty-Five Thousand Seven Hundred Fifty-Five Dollars), upon verification of the Developer's completion of the Project and the payment to all contractors involved in the improvements.

#### **ARTICLE 5: ENFORCEMENT AND REMEDIES**

5.1 The Parties may enforce or compel the performance of this Agreement, in law or in equity, by suit, action, mandamus, or any other proceeding, including specific performance. Notwithstanding the foregoing, the Developer agrees that it will not seek, and does not have the right to seek, to recover a judgment for monetary damages against the City or any elected or appointed officials, officers, employees, agents, representatives, engineers, consultants, or attorneys thereof, on account of the negotiation, execution, or breach of any of the terms and conditions of this Agreement other than payments due to the Developer under Article 4 hereof.

5.2 In the event of a breach of this Agreement, the Parties agree that the Party alleged to be in default shall have thirty (30) days after notice of any breach delivered in accordance with Article 8 hereof to correct the same prior to the non-defaulting Party's pursuit of any remedy provided for in Section 5.3; provided, however, that the 30-day period shall be extended, but only (i) if the alleged default is not reasonably susceptible to being cured within the 30-day period, and (ii) if the defaulting Party has promptly initiated the cure of the default, and (iii) if the defaulting Party diligently and continuously pursues the cure of the breach until its completion. If any Party shall fail to perform any of its obligations under this Agreement, and if the Party affected by the default shall have given written notice of the default to the defaulting Party, and if the defaulting Party shall have failed to cure the default as provided in this Section 5.2, then, except as specifically provided otherwise in the following Sections of this Article 5 and in addition to any and all other remedies that may be available either in law or equity, the Party affected by the default shall have the right (but not the obligation) to take any action as in its discretion and judgment shall be deemed necessary to cure the default. In any event, the defaulting Party hereby agrees to pay and reimburse the Party affected by the default for all costs and expenses reasonably incurred by it in connection with any action taken to cure the default.

5.3 Any of the following events or circumstances shall be an event of default by Developer with respect to this Agreement:

- (a) If any material representation made by Developer in this Agreement, or in any certificate; notice, demand to the City; or request made by the City in connection with any of documents, shall prove to be untrue or incorrect in any material respect as of the date made.
- (b) Developer's default in the performance or breach of any material covenant, warranty, or obligation contained in this Agreement.
- (c) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Developer in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official of Developer for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order un-stayed and in effect for a period of 60 consecutive days. There shall be no cure period for this event of default.
- (d) The commencement by Developer of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or other similar law, or the consent by Developer to the appointment of or taking possession, by a receiver, liquidator, assignee, trustee, custodian, sequestrator, or similar official of Developer or of any substantial part of Developer's property, or the making by any such entity of any assignment for the benefit of creditors or the failure of Developer generally to pay such entity's debts as such debts become due or the taking of action by Developer in furtherance of any of the foregoing. There shall be no cure period for this event of default.
- (e) Developer's failure to pay the fees and expenses described in this Agreement or failure to pay all permit fees, fines, taxes (including real estate taxes), licenses, water bill or any other amount due and owing to the City.
- (f) The Developer ceases to continue the full operation of its facility at the Subject Property.

5.4 In the event of default by the Developer, the City may:

- (a) Subject to the provisions of this Agreement, in the case of an event of default by Developer, the City, pursuant to Section 5.3, may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including proceedings to compel specific performance of Developer of its obligations under this Agreement.

- (b) In case the City shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the City, then, and in every such case, Developer and the City shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Developer and the City shall continue as though no such proceedings had been taken.

## **ARTICLE 6: MUTUAL UNDERSTANDINGS**

6.1 The Developer agrees to indemnify the City, and all of its elected and appointed officials, officers, employees, agents, representatives, engineers, consultants, and attorneys, against any and all claims that may be asserted at any time against any of such persons in connection with or as a result of (i) the Developer's development, construction, maintenance, or use the Project (ii) Developer's default under the provisions of this Agreement. Such indemnification obligation, however, shall not extend to claims asserted against the City or any of the aforesaid persons in connection with or as a result of: (i) the performance of the City's obligations under this Agreement; or, (ii) the act, omission, negligence or misconduct of the City or any of the aforesaid persons. If the Developer shall commit an event of default and the City should employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer, on the City's demand, shall pay to the City the reasonable fees of such attorneys and such other reasonable expenses so incurred by the City.

6.2 Developer shall maintain the Subject Property in reasonably good and clean condition at all times during the construction of the Project by the Developer.

6.3 The Developer shall also be responsible for payments as follows:

- (a) In addition to any other costs, payments, fees, charges, contributions, or dedications required by this Agreement, Developer shall pay to the City, as and when due, all application, inspection and permit fees, all water and sewer general and special connection fees, tap-on fees, charges, and contributions and all other taxes, fees, charges, fines and contributions including real estate taxes, required by applicable City codes, ordinances, resolutions, rules, or regulations provided the same are lawful and generally applicable to all similarly situated property in the City.
- (b) In addition to any other costs, fees, or charges that Developer is required by this Agreement or applicable City codes and ordinances to pay, Developer shall reimburse the City, promptly following receipt of reasonably detailed invoices therefor, all third-party (that is, non-City) engineering, architectural, and consultant fees and costs that the City incurs in connection with the review and processing of the Final Plat of Re-Subdivision and the Site Plan for the Subject Property. Notwithstanding the foregoing, under no circumstance shall the Developer be obligated to pay or reimburse the City for the attorneys, engineering, architectural, or other consultant fees and costs that the City has incurred prior to execution of



this Agreement. The Developer agrees that it shall be liable for and will pay on demand all costs incurred by the City for publishing notices and recording plats, plans and ordinances for the Subject Property that the Developer has proceeded to acquire and develop. Notwithstanding any other provision of this Agreement, payment of the aforesaid fees, costs, and expenses shall be a condition precedent to each and every obligation of the City under this Agreement.

6.4 The Developer acknowledges and agrees that (i) the City is not, and shall not be, in any way liable for any damages or injuries that may be sustained as the result of the City's review and approval of any plans or improvements or as a result of the issuance of any approvals, permits, certificates, or acceptances for the development or use of any portion of the Subject Property or the improvements and (ii) the City's review and approval of any plans and the issuance of any approvals, permits, certificates, or acceptances does not, and shall not, in any way be deemed to insure Developer, or any of its successors, assigns, tenants, or licensees, or any third Party, against violations or damage or injury of any kind at any time. In addition:

- (a) The Developer shall hold harmless the City, and all of its elected and appointed officials, employees, agents, representatives, engineers, consultants, and attorneys from any and all claims that may asserted at any time against any of such Parties in connection with (i) the City's review and approval of any plans or improvements; or, (ii) the City's issuance of any approval, permit or certificate. The foregoing provision, however, shall not apply to claims made against the City as a result of a City event of default under this Agreement and claims that the City, either pursuant to the terms of this Agreement or otherwise explicitly has agreed to assume.
- (b) Developer shall pay all expenses, including legal fees and administrative expenses, incurred by the City in defending itself with regard to any and all of the claims identified in the first sentence of Subsection (a) above.

6.5 Time is of the essence in the performance of all terms and provisions of this Agreement. However, the time for a Party's performance of any obligation hereunder shall be extended on a day-for-day basis by reason of Force Majeure, as hereinafter provided, and the time for performance of any obligation hereunder the Developer may be extended without having to amend this Agreement. The Parties shall cooperate with one another on an ongoing basis and make every reasonable effort (including, with respect to the City, the convening of meetings and, when necessary, public hearings, within reasonable periods, and the adoption of ordinances) to further the implementation of the provisions of this Agreement and the intentions of the Parties as reflected by those Provisions. Each Party agrees to execute such application and other documents and to otherwise cooperate as may be necessary, proper and appropriate to obtain approvals and authorizations from other government and administrative entities. Whenever a Party is required to obtain the approval or consent of the other Party, or of any of its employees, agents, or attorneys, under the provisions of this Agreement, such approval or consent shall not be unreasonably withheld or delayed.

6.6 Notwithstanding that time is of the essence; provided a party shall not be deemed in material default of this Agreement with respect to any obligations of this Agreement on such

Party's part to be performed if such Party fails to timely perform the same and such failure is due in whole or in part to any civil disorder, inability to procure materials, weather conditions, wet soil conditions, failure or interruptions of power, restrictive governmental laws and regulations, condemnations, riots, insurrections, war, fuel shortages, accidents, casualties, floods, earthquakes, fires, acts of God, epidemics, quarantine restrictions, freight embargoes, acts caused directly or indirectly by the other Party (or the other Party's agents, employees or invitees) or similar causes beyond the reasonable control of such Party ("Force Majeure"). If one of the foregoing events shall occur or either Party shall claim that such an event shall have occurred, the Party to whom such claim is made shall investigate the same and consult with the Party making such claim regarding the same and the Party to whom such claim is made shall grant any extension for the performance of the unsatisfied obligation equal to the period of the delay, which period shall commence to run from the time of the commencement of the Force Majeure; provided that the failure of performance was reasonably caused by such Force Majeure.

6.7 The Developer may not assign its rights or obligations under this Agreement without the express written consent of the City, which approval shall not be unreasonably withheld, conditioned or delayed upon demonstration by the Developer of the proposed transferee's or assignee's experience and financial capability to undertake and perform all of the Developer's obligations under this Agreement including the operation of its facility.

6.8 The Developer shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. To the fullest extent permitted by law, the Developer shall take affirmative action to require that applicants are employed and that employees are treated during employment, without regard to their race, creed, color, religion, sex or national origin. There shall be no discrimination against or segregation of any person or group of persons on account of sex, race, color, creed, national origin or ancestry in the construction of the Project. Neither the Developer nor any person claiming under or through the Developer shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of any portion of the Subject Property.

#### **ARTICLE 7. TERM**

This Agreement shall be in full force and effect upon its execution by the Parties and terminate upon receipt by the Developer of \$25,755 (Twenty-Five Thousand Seven Hundred Fifty-Five Dollars) (the "Term").

#### **ARTICLE 8. NOTICES**

8.1 All notices and other communications in connection with this Agreement shall be in writing and shall be deemed delivered to the addressee thereof (a) when delivered in person on a business day at the address set forth below, or (b) on the third business day after being deposited in any main or branch United States post office, for delivery by properly addressed, postage prepaid, certified or registered mail, return receipt requested, at the address set forth below, or (c) by facsimile or email transmission, when transmitted to either the facsimile telephone number or email address set forth below, when actually received.

*Notices and communications to Developer shall be addressed to, and delivered at, the following addresses:*

Friendship Manor, Inc.  
1209 21<sup>st</sup> Avenue  
Rock Island, Illinois 61201

*Notices and communications to the City shall be addressed to and delivered at these addresses:*

City of Rock Island  
1528 Third Avenue  
Rock Island, Illinois 61201  
Attn: City Manager

*With a copy to:*

Kathleen Field Orr  
2504 Hickory Road  
Suite 205  
Homewood, Illinois 60430

By notice complying with the requirements of this Section, each Party shall have the right to change the address or addressee, or both, for all future notices and communications to such Party, but no notice of a change of address or addressee shall be effective until actually received.

8.2 No modification, addition, deletion, revision, alteration, amendment or other change to this Agreement shall be effective unless and until the change is reduced to writing and executed and delivered by the City and the Developer. No term or condition of this Agreement shall be deemed waived by any Party unless the term or condition to be waived, the circumstances giving rise to the waiver and, where applicable, the conditions and limitations on the waiver are set forth specifically in a duly authorized and written waiver of such Party. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition of this Agreement, nor shall waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or different provisions of this Agreement.

8.3 No claim as a third-party beneficiary under this Agreement by any person, firm, or corporation shall be made, or be valid, against the City or Developer.

8.4 This Agreement shall constitute the entire agreement of the Parties; all prior agreements between the Parties, whether written or oral, are merged into this Agreement and shall be of no force and effect.

8.5 The following *Exhibit A* is attached to this Agreement and by this reference incorporated herein and made a part hereof.


8.6 This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their duly authorized officers on the above date at Rock Island, Illinois.


City of Rock Island, an Illinois municipal corporation

By:   
City Manager

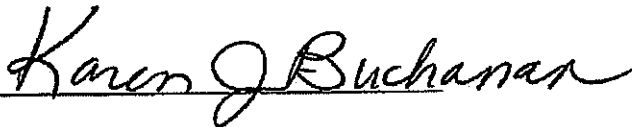
Attest:

  
City Clerk

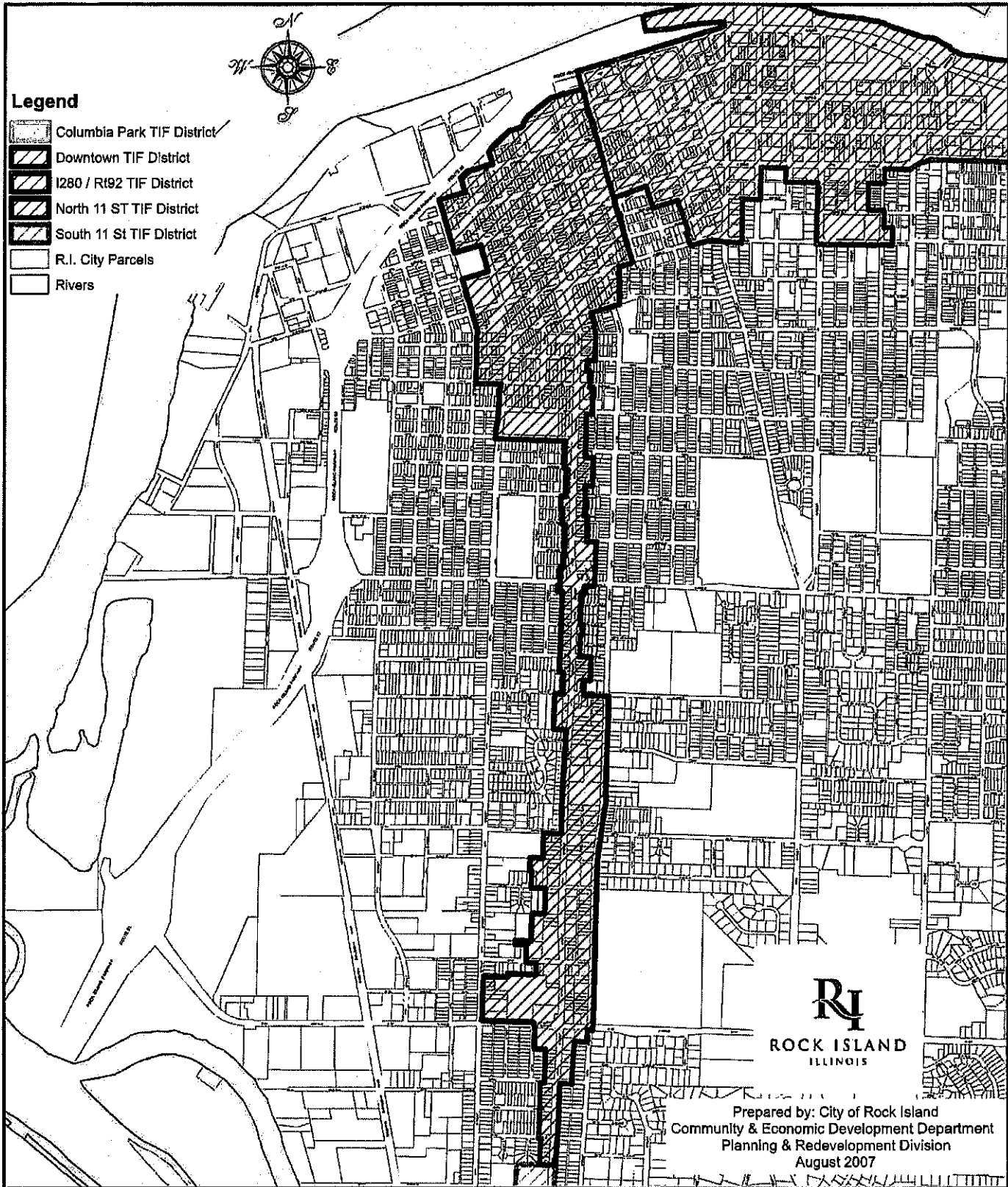
Friendship Manor, Inc., an Illinois corporation

By: 








Attest:



# City of Rock Island TIF Districts



## Legend

-  Columbia Park TIF District
-  Downtown TIF District
-  I280 / Rt92 TIF District
-  North 11 St TIF District
-  South 11 St TIF District
-  R.I. City Parcels
-  Rivers



Prepared by: City of Rock Island  
Community & Economic Development Department  
Planning & Redevelopment Division  
August 2007

*Exhibit B*

*Legal Description of Subject Property*

That part of Lot Number Eighteen (18) in Sara J. Aiken's Subdivision of the Middle 1/3 of the South 1/2 of Section Two (2) Township Seventeen (17) North, Range Two (2) West of the Fourth (4<sup>th</sup>) Principal Meridian described as follows: Beginning at a point 24.75 feet South of the center line of 21<sup>st</sup> Avenue and 173 feet West of the center of 12<sup>th</sup> Street in the City of Rock Island; Thence South 132.8 feet; Thence West 50 feet; Thence North 132.8 feet; Thence 50 feet to the place of beginning. Situated in the County of Rock Island and the State of Illinois.

