

## Memorandum

### Community and Economic Development Department

**To:** Rock Island City Council  
**Subject:** Loan Extension Agreement  
**Date:** March 7, 2022



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The Community and Economic Development Department has been asked by Rock Island Economic Growth Corp to extend the 2006 loan agreement for sixty months. The original loan amount was \$50,000 to be paid in full on November 1, 2020, two months before the expiration of the Downtown TIF.

The funds being repaid will be returned to Rock Island County to be distributed to the taxing bodies on an annual basis.

#### **Recommendation:**

The Community and Economic Development Department recommends that Council approve the loan extension and authorize the City Manager to execute the agreement.

**Submitted by:** Colleen Small-Vollman, Budget and Grant Manager  
Miles Brainard, CED Director

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**Approved by:** John Gripp, Interim City Manager

## LOAN EXTENSION AGREEMENT

**THIS LOAN EXTENSION** (the “*Agreement*”) is entered into this \_\_\_ day of March, 2022, by and between the City of Rock Island, Rock Island County, Illinois, an Illinois home rule municipal corporation (the “*Lender*”) having its principle offices at 1528 3<sup>rd</sup> Avenue, Rock Island, Illinois and Rock Island Economic Growth Corporation having its principle offices at 100 19<sup>th</sup> Street, Suite 109, Rock Island, Illinois (the “*Borrower*”).

### WITNESSETH:

**WHEREAS**, the Borrower owns certain real estate commonly known as Sala Flats Apartments, 330 19<sup>th</sup> Street, Rock Island, Illinois (the “*Property*”), identified by PIN No: 0735209009 and Parcel No. 096498 (the “*Subject Property*”); and,

**WHEREAS**, in 2006, under the authority vested in the Lender pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq.*) (the “*TIF Act*”), the Lender loaned the Borrower \$50,000 for a term of fourteen (14) years, with interest at the rate of one percent (1%) per annum (the “*Loan*”) payable annually and the principal of \$50,000 payable on November 1, 2020, for the purpose of reimbursing the Borrower for certain improvements to the Subject Property which is located in the Downtown Tax Increment Financing District established pursuant to the TIF Act; and,

**WHEREAS**, the Borrower failed to pay the principal of the Loan on November 1, 2020, and has now requested an extension of time to pay the principal amount due on the Loan which the Lender is prepared to grant but only on the terms and conditions hereinafter provided.

**NOW, THEREFORE**, for good and valuable consideration, the parties hereto agree as follows:

*Section 1.* The Lender shall extend the due date on the principal amount of the Loan for sixty (60) months but only if the Borrower shall perform the following:

A. The Borrower makes payments in the amount of \$833.33 on the first day of each month during the Term or this Extension Agreement, as hereinafter defined until the principal amount of the Loan is paid in full.

B. Payment shall be made directly to the Lender to the attention of the American Bank and Trust Co..

*Section 2.* Upon payment in full of the principal amount of the Loan, the Lender shall deliver written acknowledgment that the Borrower’s obligations under the Loan have been paid in full.

*Section 3.* In the event the Borrower fails to make any monthly payment as and when due, the Lender shall proceed to take any and all action, or remedy, available to it to collect the amount due and owing.

*Section 4.* The Term of this Agreement shall commence upon execution of the parties with the first monthly payment due on the first day of each month immediately following the date of execution and continue without interruption until the Lender has received \$50,000 the outstanding principal amount due on the Loan.

Dated as of the date first written above.

City of Rock Island, an Illinois municipal corporation

By: \_\_\_\_\_  
John Gripp, Interim City Manager

*Attest:*

\_\_\_\_\_  
City Clerk

Rock Island Economic Growth Corp.

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Brian Hollenback, President