

## Memorandum

### Community and Economic Development Department

**To:** Rock Island City Council  
**Subject:** QCIC Agreement, Third Amendment  
**Date:** February 27, 2023



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The Rock Island City Council approved a development agreement with LRC Developers, Inc. for redevelopment of the Quad Cities Industrial Center property in March of 2021. The agreement has been twice amended to change the scope and which properties were associated with which projects. The third amendment has been requested in order to change from reimbursement at the end of a single investment period on the “additional project” to reimbursement after the completion of phases. The request is being made due to the changing nature of the project as outlined in the attached letter and financing requirements.

#### Recommendation:

The Community & Economic Development Department recommends that the City Council approve the attached amendment and consider the attached ordinance.

**Submitted by:** Tarah Sipes, Economic Development Manager  
Miles Brainard, Community & Economic Development Director

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**Approved by:** Todd Thompson, City Manager



350-44<sup>th</sup> Street ~ Rock Island, IL 61201 ~ Phone: 309-788-8880

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February 6<sup>th</sup>, 2023

To: Tarah Sipes; Community and Economic Development Manager of Rock Island  
Re: Development Agreement Amendment

Tarah,

I am requesting an amendment (attached) to our current Development Agreement (DA) in furtherance of our redevelopment efforts at Columbia Park. As you are aware, we currently have the redevelopment agreement split into two projects, the "Project" (4-Story building and Solar array) and the "Additional Project" (Hill & Valley). Both of the projects I mention have always been anticipated to be completed in phases, but the "Project" Development Agreement language was structured to be completed and reimbursed in phases, while the "Additional Project" language does not appear to be structured that way.

In these uncertain and challenging times we are in, with unprecedented inflation and rising interest rates, many capital projects have taken on additional scrutiny from lenders and our project is no exception. In our situation, the continued attempt to redevelop our property is reliant on different pieces of financing and one piece of that financing, is access to the Columbia Park TIF District Fund.

The "Additional Project" (Hill & Valley) was anticipated to be done in phases, but at the time of the drafting of the original development agreement, it was thought that the second phase, the installation of new equipment, was going to be completed immediately after Phase 1, which was the installation of the infrastructure (i.e. MEP), but due to unforeseen circumstances, including significant changes in the food sector of the economy, the Second Phase of the "Additional Project" is experiencing delays and an undefined completion date.

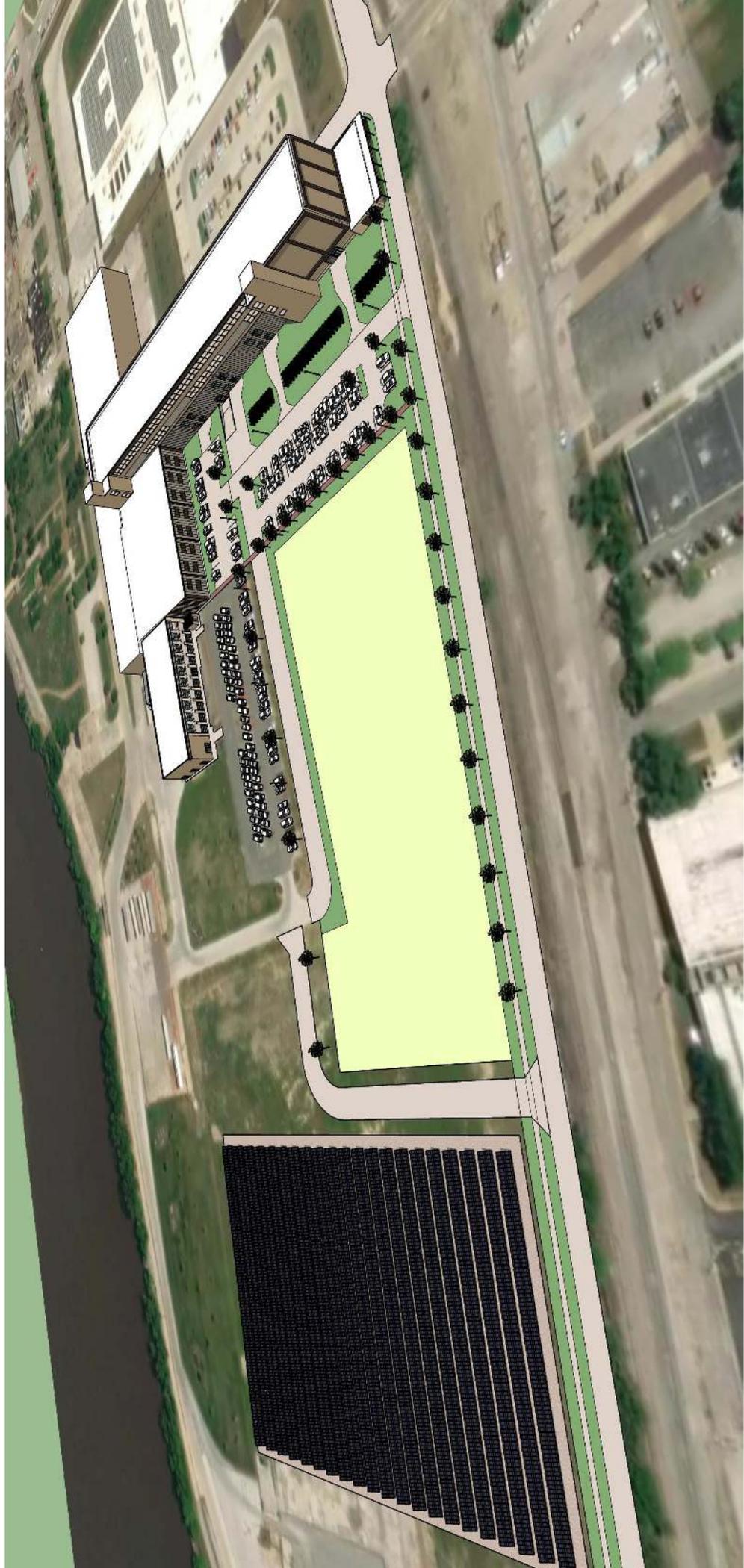
There has been a significant investment in Phase 1 of the project to prepare for future business opportunities, but the Second Phase of installing new equipment is currently experiencing delays, which is why I am requesting the Third Amendment to our Development Agreement. This Third Amendment would simply allow for the "Additional Project" to be approved and reimbursed in one or more phases.

In order for me to continue with my plans for the "Project" and the continued investment into our property and Rock Island specifically, I am reliant on completing my financing, which is dependent on the TIF reimbursement. This Third Amendment would allow me to complete my financing and continue my work on the development of the "Project" (4-story building and Solar array) that includes the development of a Small Business Incubator and a Solar Array in furtherance of developing the local job market and supporting the developments that we have done.

Thank you for your consideration.

Scott Christiansen

President  
LRC Developers, inc.



**THIRD AMENDMENT  
TO  
REDEVELOPMENT AGREEMENT BY AND BETWEEN THE  
CITY OF ROCK ISLAND AND L.R.C. DEVELOPERS, INC.**

**THIS THIRD AMENDMENT TO REDEVELOPMENT AGREEMENT** (this “*Third Amendment*”) is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2023 (“*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 L.R.C. Developers, Inc., an Illinois corporation, and its permitted assigns under this Agreement (the “*Developer*”). The City and the Developer sometimes are referred to collectively as the “*Parties*”.

**WHEREAS**, on March 8, 2021, the Parties entered into a Redevelopment Agreement (the “*Initial Agreement*”) with respect to the redevelopment of certain property located in Rock Island, Illinois; and

**WHEREAS**, on December 21, 2021, the Parties entered into a first amendment to the Initial Agreement (the “*First Amendment*”); and

**WHEREAS**, on December 1, 2022, the Parties entered into a second amendment to the Initial Agreement (the “*Second Amendment*”) (the Initial Agreement, as amended by the First Amendment and the Second Amendment, is hereinafter referred to as the “*Redevelopment Agreement*”).

**WHEREAS**, the Parties desire to amend the Redevelopment Agreement as hereafter set forth.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Defined terms not otherwise defined in this Third Amendment shall have the same meanings assigned to them in the Redevelopment Agreement.
2. Notwithstanding anything to the contrary set forth in the Redevelopment Agreement, the Additional Project may, in the Developer’s discretion, consist of one or more phases. In connection therewith, the Additional Project may be approved, permitted, constructed, completed and certified for occupancy under Article 2 of the Redevelopment Agreement in one or more phases. Further, Redevelopment Project Costs incurred with respect to the Additional Project shall be reimbursed to the Developer under Article 4 of the Redevelopment Agreement for each completed phase of the Additional Project. Payments to the Developer under Section 4.2(b) shall commence with an initial payment the year of completion of the first phase of the Additional Project.
3. Except as specifically modified and amended as provided in this Third Amendment, the Redevelopment Agreement shall remain in full force and effect.
4. This Third Amendment may be executed and effectuated through the transmission of signature pages by facsimile or electronic mail and in several counterparts, each

of which shall be deemed to be an original, and all of such counterparts together shall constitute one and the same Amendment.

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

City of Rock Island, an Illinois municipal  
corporation

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City Manager

*Attest:*

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City Clerk

L.R.C. Developers, Inc., an Illinois corporation

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President