



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor

FROM: Elizabeth H. Tyler, FAICP, Director, Community Development Services

DATE: July 7, 2011

SUBJECT: **Local Agency/Company Agreement (City of Urbana/Creative Thermal Solutions)**

Introduction and Background

On September 20, 2010, the Urbana City Council approved a Redevelopment Agreement with Archeorent LLC (506 East Anthony Drive – Creative Thermal Solutions). As part of that agreement, the City agreed to apply for Economic Development Program (EDP) funds through the Illinois Department of Transportation (IDOT) for the improvement of Willow Road north of Anthony Drive.

In February 2011, the City was notified that IDOT would provide \$140,430 in funding for the project through the EDP. The attached ordinance (Exhibit A) approves the Local Agency/Company Agreement, which is part of the grant process and sets the stage for the subsequent agreement between the City and IDOT.

While the original redevelopment agreement was with Archeorent LLC (property owner), the Local Agency/Company Agreement is with the business that will be creating the jobs, or Creative Thermal Solutions, Inc. (CTS)

Discussion

The Local Agency/Company Agreement includes a few basic items. The agreement establishes that CTS will move forward with their project, which includes the creation and/or retention of at least 14 full-time jobs over five years. The agreement further stipulates that CTS will file annual employment progress reports with the state to ensure compliance with the EDP. The final major provision of the agreement states that if CTS fails to create the required jobs, or fails to file progress reports, they can be considered in default related to EDP funds and may be asked to repay all or a portion of those funds. Therefore, the City is held harmless related to any possible repayment of state funds.

Fiscal Impact

Strictly speaking, there is no fiscal impact to the City related to this agreement. However, this agreement lays the groundwork for the Willow Road improvement project and the agreement between the City of Urbana and IDOT, which does commit the City to the local share of the project. The local share of the project is budgeted at \$250,000 as part of the FY 2011-2012 budget in Tax Increment Finance District 4. While more details of the project budget will be discussed as part of the agreement between the City of Urbana and IDOT, it is important to note that the local portion of the project is expected to be less than the \$250,000 budgeted for the project.

Aside from the direct fiscal impact related to the expenses for the road project, the private development and proposed job creation made possible by the road project will have a significant positive impact on TIF 4 and the local economy.

Options

1. Approve the Local Agency/Company Agreement ordinance as presented.
2. Approve the Local Agency/Company Agreement ordinance with changes. It should be noted that any changes will need to be agreed upon by the company.
3. Deny the Local Agency/Company Agreement ordinance.

Recommendation

The commitment made as part of a previous agreement, the availability of state grant funds, the prospect of substantial job creation, and facilitating the redevelopment of a vacant parcel indicates that this agreement is a benefit to the City and TIF 4.

Staff recommends that the City Council approve the attached Local Agency/Company Agreement ordinance.

Prepared by:

Tom Carrino, Economic Development Manager

Attachments:

Exhibit A: Draft Ordinance with Agreement

Exhibit A

ORDINANCE NO. 2011-07-075

AN ORDINANCE APPROVING A LOCAL AGENCY/COMPANY AGREEMENT
(City of Urbana/Creative Thermal Solutions, Inc.)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That a Local Agency/Company Agreement Between the City of Urbana and Creative Thermal Solutions, Inc. in substantially the form of the copy of said Agreement attached hereto, be and the same is hereby approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____, 2011.

AYES:

NAYS:

ABSTAINS:

Phyllis Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2011.

Laurel Lunt Prussing, Mayor

LOCAL AGENCY/COMPANY
AGREEMENT

(City of Urbana/Creative Thermal Solutions, Inc.)

THIS AGREEMENT is made as of the ____ day of _____, 20__ by and between the City of Urbana, Illinois hereinafter called the LOCAL AGENCY and Creative Thermal Solutions, Inc., hereinafter called the COMPANY.

WHEREAS, the LOCAL AGENCY is interested in expanding its economic base with the primary emphasis on creating and retaining jobs; and

WHEREAS, the LOCAL AGENCY has entered into a Development Agreement with the COMPANY to develop certain property in the City which agreement contemplates applying for an Economic Development Program grant to assist in the project; and

WHEREAS, if such grant is awarded, special reporting obligations are a necessary condition of the grant; and

WHEREAS, the LOCAL AGENCY will enter into an agreement with the Illinois Department of Transportation, hereinafter called the STATE, to implement an economic development program that significantly impacts upon the LOCAL AGENCY's economic base; and

WHEREAS, proposed project will create and/or retain jobs, thus providing a significant benefit to the LOCAL AGENCY's economic base; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

I. REPORTING REQUIREMENTS

- I.1. As required by Public Act 93-552, the COMPANY shall to submit to the STATE an annual progress report of employment for five years from the date of the IDOT/Local Agency funding agreement.
- I.2. The annual progress report shall consist of job classifications, wages, number of positions, and other pertinent information as shown on Exhibit I.
- I.3. All annual employee progress reports will be completed on-line through the Department of Commerce and Economic Opportunity. The COMPANY will be notified by letter annually with instructions on how and when to fill out their annual report. This report will then be submitted electronically to IDOT.
- I.4. COMPANY agrees to make all reporting requirements under Public Act 93-552,

also an obligation of any tenants on parcel PIN 91-21-05-277-003 (address).

II. DEFAULT AND REMEDIES

- II.1. The COMPANY shall make the investment in the Project which shall create and/or retain a minimum of fourteen (14) full-time jobs at the facility within five (5) years of the approval of this Local Agency/Company Agreement.
- II.2. In the event the COMPANY fails to create and/or retain the requisite number of full-time jobs, or the COMPANY fails to comply with the reporting requirements herein, the COMPANY may be held in default. If declared in default, the COMPANY shall be put on suspension and shall be prohibited from completing any current or providing any future development assistance until the state receives proof that the recipient has come into compliance with the requirements of Public Act 93-552.
- II.3. The commitment of EDP funds is contingent upon the fulfillment of the commitments to business investment and job creation/retention represented to the IDOT by the city of Urbana and The COMPANY. Any substantial modifications to these commitments change in location of this facility or the failure of The COMPANY to make firm commitment to this site will cause IDOT's commitment to be reevaluated.

The employment levels committed by The COMPANY must be created within and retained over the five-year reporting period required by Public Act 93-552. If these commitments are not met, the department will review the project funding provided to the city of Urbana. If reasonable justification for non-performance of the commitments is not provided, the city will be required to repay the EDP funding to IDOT in total or an appropriate pro rata sum commensurate with the circumstances of the situation.

It is understood and agreed that the City is seeking an Economic Development Program grant from IDOT for the purpose of improving Willow Road for the benefit of both parties. If such grant is awarded but later declared by the State to be in default under Section II hereof, or for any reason, and the State demands repayment of all or a portion of the grant, COMPANY will repay the City and hold the City harmless for such amount.

III. TERMINATION

- III.1. This Agreement may be terminated at any time by written, mutual agreement of the parties.
- III.2. This Agreement, and all further obligations of the parties hereunder, will terminate when the Project has been completed and when the COMPANY has

satisfied its reporting obligations under Section I.

IV. GENERAL PROVISIONS

IV.1. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision shall be invalid under applicable law, such provision shall be ineffective to the extent of such invalidity without invalidating the remaining provisions of this Agreement.

IV.2. This Agreement represents the full and complete agreement between the parties with respect to the matters addressed herein and there are no oral agreements or understandings between the parties.

IV.3. This Agreement shall be construed in accordance with and governed by the law of the State of Illinois.

APPROVED BY

Creative Thermal Solutions, Inc.

Title _____

Signature _____

Date _____

APPROVED BY

City of Urbana, Illinois

By _____
Mayor

ATTEST

By _____
City Clerk

Date _____