



MEMORANDUM

TO: Laurel Lunt Prussing, Mayor, City of Urbana
Members, Urbana City Council

FROM: Bruce Walden

DATE: July 25, 2005

RE: An Amendment to a Redevelopment Agreement Between the City of Urbana and Allen Strong (395 N. Race Street)

Summary

Attached to this memorandum is a one year extension to Ordinance No. 2003-11-136 (*An Ordinance Approving a Redevelopment Agreement with Allen Strong*) to assist in the demolition and redevelopment of the former Helmick's Lumber site, located at 395 North Race Street. The redevelopment plan includes construction of a facility with banquet seating for up to 300, as well as a coffee shop, retail bakery, and overflow parking for both the new facility and the existing Silvercreek Restaurant across the street. The property is situated in a key gateway into the downtown and the proposed use is compliant with the goals set forth in the Tax Increment Finance District 2, Comprehensive, and Downtown Strategic plans. The developer is requesting a one year extension of the original agreement that will, if approved, expire in December 2006.

Background

The former Helmick's Lumber, located on the northwest corner of Race Street and the Canadian National railroad tracks, was identified as a key redevelopment area in the Tax Increment Finance District 2, Downtown Strategic, and Comprehensive Plans and is located in a gateway to downtown Urbana. In recent years, the property suffered deterioration and operations there were significantly decreased. In September 2003, the property was sold at auction to Allen Strong, owner of the Silvercreek Restaurant located directly east of this site on Race Street. Mr. Strong approached the City with a proposal to construct a 250-300 seat banquet facility, retail bakery, coffee shop, and additional parking to complement the existing Silvercreek Restaurant. Construction would be accomplished in two phases: Phase 1 would include demolition of the lumber shed structures to create a temporary recycled asphalt surface parking area, and Phase 2 would involve the demolition of the existing main building and construction of the banquet/retail facility.

Mr. Strong indicated that he would be unable to accept this redevelopment project without the assistance of TIF incentives from the City. Due to the highly visible nature of this location and for reasons outlined in the Tax Increment 2, Downtown, and Comprehensive plans, staff concluded it was in the best interest of the City to provide incentives encouraging the project to begin. Council unanimously approved both the redevelopment agreement on January 12, 2004 (*Ordinance No. 2003-11-136: An Ordinance Approving A Redevelopment Agreement with Allen Strong*) and the request to rezone the property from Industrial to Central Business on April 19, 2004 (*Ordinance No. 2004-04-046: An Ordinance Amending the Zoning Map of the City of Urbana, Illinois; Rezoning for 395 N. Race Street From IN, Industrial, to B-4, Central Business –Plan Case No. 1885-M-04*).

The original redevelopment agreement required significant completion of the banquet center by October 31, 2005, or repayment of the \$50,000 note and mortgage. Progress on the project, however, has been stalled due to lack of an agreement between Mr. Strong and an adjacent property owner. On July 12, 2005, Mr. Strong submitted a letter requesting a one-year extension of the development agreement to explore alternatives to the original project.

Financial Impacts

Under the terms of the amended agreement, the City would assist the developer by utilizing TIF District 2 funds in the amount of up to \$50,000 in loans at 0% interest payable in full no later than three years after the first advance for eligible costs associated with the redevelopment of the site. In return, the developer has agreed to complete construction of the redevelopment site by the end of December 2006. If the second phase is completed and open for business on or before December 31, 2006, the loan will be forgiven.

Recommendations

Given the established commitment of the City of Urbana thus far, the significant development potential of this project, and the positive contribution of this project to the downtown environment and city as a whole, staff requests that Council approve extending the Redevelopment Agreement with Allen Strong, as described herein. Staff will advise Council of any modifications prior to final approval.

Attachments:

1. Amendment to the Redevelopment Agreement
2. Ordinance
3. Correspondence from Bruce Walden to Allen Strong
4. Correspondence from Allen Strong to Bruce Walden

Prepared by:

Elizabeth Davis, Economic Development Specialist

ORDINANCE NO. 2005-07-116

AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF A FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT WITH ALLEN STRONG

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

Section 1. That a First Amendment to Redevelopment Agreement Between the City of Urbana and Allen Strong, 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 Assignment and Estoppel Certificate as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____, 2005.

AYES:
NAYS:
ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2005.

Laurel Lunt Prussing, Mayor

**FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT**

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

ALLEN STRONG

Dated as of August 1, 2005

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
P.O. Box 737
Champaign, IL 61820**

**FIRST AMENDMENT
TO REDEVELOPMENT AGREEMENT**

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT, (this “**First Amendment**”) is made as of the 1st day of August, 2005, by and between the City of Urbana, Champaign County, Illinois, an Illinois municipal corporation (the “**City**”) and Allen Strong, whose address is 2004 Willow Road, Urbana, Illinois (the “**Developer**”), with respect to that certain Redevelopment Agreement dated as of November 1, 2003 (the “**Agreement**”), by and between the City and the Developer. All capitalized words, terms and phrases as used in this First Amendment shall have the same meanings as respectively ascribed to them in the Agreement.

RECITAL:

The City and the Developer each now find and determine that it is necessary, desirable and appropriate to supplement and amend the Agreement by this First Amendment in order to extend the time in which the Development Loan is to be paid in full and the Private Development is to be substantially completed.

NOW, THEREFORE, in consideration of the covenants and agreements by the City and the Developer as parties to the Agreement, including those as contained in this First Amendment to the Agreement, the City and the Developer mutually covenant and agree as follows:

Section 1. That Section 3.1. City’s Financial Obligations of the Agreement be and the same is hereby amended to provide as follows:

Section 3.1. City’s Financial Obligations. The City shall have the obligations set forth in this Section 3.1 relative to financing Eligible Costs at the Development Area. Subject to the terms and conditions of Section 3.2 of this Agreement, the City agrees to provide to the Developer the Development Loan. The Development Loan shall be payable in full no later than three (3) years after the date of the first advance. The Development Loan shall be a straight line of credit. Any Loan Advance under the Development Loan shall only be made upon the submission to the City of a Requisition for Eligible Costs incurred or paid in accordance with the procedures set forth in Section 5.1 of this Agreement.

Section 2. That Section 3.3. Discharge of Development Loan of the Agreement be and the same is hereby amended to provide as follows:

Section 3.3. Discharge of Development Loan. Anything to the contrary in the Loan Documents notwithstanding, in the event that the Private Development is substantially completed and open for business on or before December 31, 2006, the Development Loan shall be deemed fully paid and discharged.

Section 3. That Section 7.15. Term of the Agreement be and the same is hereby amended to provide as follows:

Section 7.15. Term. Unless earlier terminated pursuant to the terms hereof, this Agreement shall be and remain in full force and effect until December 31, 2005, including as such date may be extended, if at all, by any “unavoidable delays” as defined in Section 7.5 of this Agreement. Anything to the contrary notwithstanding, however, the Developer’s obligations under Sections 4.4, 4.5 and 4.6 of this Agreement shall be and remain in effect in accordance with the express provisions of such Sections.

Section 4. That the Loan Documents, including particularly the Promissory Note, as described in and attached to the Agreement as Exhibits thereto, shall be modified as required on their face in order to conform to the provisions of this First Amendment.

Section 5. That except as expressly supplemented and amended as provided in this First Amendment above, all other provisions of the Agreement shall be and remain applicable with respect to the Private Development. The provisions of the Agreement, including as supplemented and amended by this First Amendment, are hereby ratified, confirmed and approved by both the City and the Developer.

IN WITNESS WHEREOF, each of the parties hereto have executed or caused this First Amendment to be executed by proper officers duly authorized to execute the same as of the date set forth below.

THE CITY OF URBANA,
CHAMPAIGN COUNTY, ILLINOIS

ALLEN STRONG

By: _____
Mayor

(SEAL)

ATTEST:

City Clerk



BRUCE K. WALDEN
CHIEF ADMINISTRATIVE OFFICER

(217) 384-2454, Ext. 110
FAX (217) 384-2426
bkwalden@city.urbana.il.us

City of Urbana
400 South Vine Street
Urbana, IL 61801

June 8, 2005

Mr. Allen Strong
2004 Willow Road
Urbana, Illinois 61801

RE: Banquet Center Development Agreement

Dear Allen:

The development agreement requires substantial completion of the banquet center by October 31, 2005 or the repayment of the \$50,000 note and mortgage. It doesn't appear the construction will take place on that timetable. What do you want to do? One option is to request an extension.

Can you give me the status of Kingston and the project? Thanks.

Sincerely,



Bruce K. Walden
CHIEF ADMINISTRATIVE OFFICER

BKW:ss





Silvercreek
402 North Race
Urbana, IL
61801

July 12, 2005

City of Urbana
Attn: Bruce Waldon
Chief Administrative Officer
Urbana, IL 61801

Dear Bruce:

In response to your letter regarding the development agreement between the City of Urbana and myself, I would like to ask for a one year extension.

We are very interested in moving forward on this project. In fact, we have already purchased several key pieces of equipment for the facility.

Unfortunately, we have had no cooperation with Mrs. Kingston and that situation seems to be intractable. We need to explore what the alternatives might be and a one year extension would hopefully allow us the needed time to explore those options.

Sincerely,



Allen Strong