



**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:** October 23, 2008

**SUBJECT:** **A Third Amendment to a Redevelopment Agreement Between the City of Urbana and Allen Strong (395 N. Race Street)**

---

**Summary**

Attached to this memorandum is an ordinance approving a third amendment to a Redevelopment Agreement between the City of Urbana and Allen Strong to allow for an extension to Ordinance No. 2003-11-136 (*An Ordinance Approving a Redevelopment Agreement with Allen Strong*), which was approved by the City 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 at a key gateway into the downtown and the proposed use is consistent with the goals set forth in the Tax Increment Finance District 2 (TIF 2) Plan, Comprehensive Plan, and Downtown Strategic Plan. The developer is requesting an extension of the amended agreement that will, if approved, extend from December 31, 2008 to December 31, 2010.

**Background**

At the Committee of the Whole meeting on October 13, 2008, Committee Members reviewed the attached Third Amendment to a Redevelopment Agreement and voted to keep the item in Committee to be considered again on October 27, 2008. Councilmembers expressed concern about the status and timeframe of the project and requested that staff meet with Mr. Strong to review the project timeframe and to discuss any obstacles to the redevelopment. There was also a concern that Mr. Strong be present at the Committee meeting to answer any questions or concerns about the redevelopment project and its current status.

City staff has had an opportunity to further discuss the project and the proposed redevelopment agreement with Mr. Strong. Mr. Strong appreciates the opportunity to address the Committee of the Whole and answer questions related to the project. He reiterated his agreement with the terms of the Third Amendment to the Redevelopment Agreement, as originally proposed on October 13, 2008,

and asked for Council support for the Amendment as presented.

As discussed at the last meeting, the agreement extension will allow Mr. Strong to proceed with the demolition of the existing Helmick building and to continue to work towards completion of the banquet center within a timeframe that is financially feasible given the current economic conditions.

While development of the banquet center has been slower than the City would like, the proposal does remain a viable redevelopment project for downtown Urbana. Mr. Strong has shown progress by clearing the site and making preliminary improvements upon it. The Agreement Amendment will allow him to continue towards the goal of final redevelopment of the site with a banquet center, permanent parking for the Silvercreek Restaurant, and walkway connections consistent with the City's Greenways Plan.

For its part, City legal and economic development staff are committed to assisting Mr. Strong and the adjoining property owner to reach a mutually agreeable arrangement to allow the proposed redevelopment project to move forward in a manner that accommodates the needs of both parties. Staff will work towards this goal in an expeditious manner and will report on progress to the City Council.

### **Fiscal Impact**

The original redevelopment provided for a \$50,000 loan to Mr. Strong for eligible expenses related to demolition and site work for Phase 1 of the project. The City Council can extend the redevelopment agreement to facilitate the future completion of the redevelopment project, or City Council can deny the extension and request that the \$50,000 loan be repaid to the City. If the City were to not extend the agreement and require Mr. Strong to repay the \$50,000 loan at this time, the property could potentially remain vacant and the existing buildings would continue to deteriorate. The funds that Mr. Strong would use to demolish the Helmick building and further improve the property would likely be used instead to repay the City's loan. The potential for development of the banquet center would be unlikely without the benefit of the development agreement. City staff believe that the potential long term benefit of the completion of the redevelopment project far outweighs the one time benefit related to the repayment of the \$50,000 loan.

### **Recommendation**

Given the established commitment of the City of Urbana and Mr. Strong 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 recommends that Council authorize the extension of the Redevelopment Agreement with Allen Strong, as presented.

**Attachments:**

1. Proposed Ordinance
2. Third Amendment to the Redevelopment Agreement

Prepared by:

---

Tom Carrino, Economic Development Manager

Cc: Allen Strong

ORDINANCE NO. 2008-10-123

AN ORDINANCE APPROVING A THIRD AMENDMENT  
TO A REDEVELOPMENT AGREEMENT WITH ALLEN STRONG  
(395 N. Race Street)

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

Section 1. That a Third 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 \_\_\_\_th day of \_\_\_\_\_, 2008.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_th day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor

---

---

**THIRD AMENDMENT TO  
REDEVELOPMENT AGREEMENT**

**by and between the**

**CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS**

**and**

**ALLEN STRONG**

**Dated as of October 1, 2008**

---

---

**Document Prepared By:**

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

**THIRD AMENDMENT  
TO REDEVELOPMENT AGREEMENT**

**THIS THIRD AMENDMENT TO REDEVELOPMENT AGREEMENT**, (this “**Third Amendment**”) is made as of the 1st day of October, 2008, 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, by and between the City and the Developer, as supplemented and amended by a First Amendment to Redevelopment Agreement dated as of August 1, 2005 and a Second Amendment to Redevelopment Agreement dated as of September 1, 2007 (collectively, the “**Agreement**”). All capitalized words, terms and phrases as used in this Third 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 further supplement and amend the Agreement by this Third Amendment in order to extend the time in which the Private Development is to be substantially completed and the Development Loan is to be paid in full.

**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 Third 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 seven (7) 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, 2010, the Development Loan shall be deemed fully paid and discharged.

**Section 3.** That Section 4.1 Agreement to Undertake Private Development of the Agreement be and the same is hereby amended to provide as follows:

**Section 4.1. Agreement to Undertake the Private Development.** The Developer covenants and agrees to undertake the Private Development in the manner and with the effect set forth in this Agreement, including at the times set forth in Section 3.2 of this Agreement, substantially in accordance with the Site Development Plans, including as such Site Development Plans, as modified by the Developer, may be subsequently approved by the City in writing. In addition, the Developer covenants and agrees to undertake each of the following:

(a) to complete the Private Development-Phase I by demolishing, clearing and removing any existing open outdoor storage structures located within or upon the Development Area and any other existing buildings or structures located within or upon the Development Area on or before December 31, 2008;

(b) to remediate in a timely manner any environmental contamination that may be located upon the Development Area;

(c) to complete the Private Development-Phase II by commencing such further acquisition, construction and installation of the Private Development in a timely manner as to satisfactorily assure that such acquisition, construction and installation of the Private Development is substantially completed and open for business on or before December 31, 2010; provided, however, that in the event that the Developer, in his sole discretion, elects not to proceed with the acquisition, construction and installation of the Private Development-Phase II on or before such date, such election shall not constitute a default under Section 6.1 of this Agreement but the City shall retain all rights and remedies under the Loan Documents.

**Section 4.** 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, 2010, 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 and 4.6 of this Agreement shall be and remain in effect in accordance with the express provisions of such Sections.

**Section 5.** That the Loan Documents, including particularly the Promissory Note, as described in and attached to the Agreement as Exhibits thereto, shall be further modified as required on their face in order to conform to the provisions of this Third Amendment.

**Section 6.** That except as expressly supplemented and amended as provided in this Third 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 Third 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 Third 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