



PROJECT MANAGEMENT TEAM

Minutes

Tuesday, July 17, 2018

1:30 p.m.

Renew Moline

City of Moline

Moline, IL

Members Present: David Parker, Alderman (Chairman)
Lori Turner, Alderman
Mike Wendt, Alderman
Greg Derrick, Private Sector
Jerry Butts, Private Sector
Mike Ellis, Renew Moline

**Members via
Teleconference:** Stephanie Acri, Mayor (Vice-Chairman)

Members Absent: Steve Nelson, WIU
Kevin Schoonmaker, Alderman

Staff: Douglas Maxeiner, City of Moline, City Administrator
Ray Forsythe, City of Moline, Planning & Development Director
Jeff Anderson, City Planner
Maureen Riggs, City of Moline, City Attorney
Alexandra Elias, Renew Moline, CEO/President
Suzanne Chevalier, Renew Moline, Office Operations Director

Other: Terri Smith, Moline Main Street
Annisa Wanat, Global Communities
Mark Roemer, Phillips Lofts & Berglund Flats
Kent Pilcher, Riverstation
Kirk Whalen, Heart of America
Mike Waldron, Alderman
Sonia Berg, Alderman at Large (2 p.m.)
Jeff Nelson, Metrolink

➤ **Call to Order** - The meeting was called to order by Chairman David Parker, at 1:32 p.m.



- **Approval of July 17, 2018 PMT Minutes:** A motion was made by Alderman Mike Wendt to approve the July PMT meeting minutes. The motion was seconded by Alderman Lori Turner, and unanimously approved by the PMT.
- **Action Items**
 - **Phillips Lofts and Berglund Flats** – Ray Forsythe provided an overview of the two projects requesting changes to the development agreement. These two projects were important to the development of the west end of downtown. DBMT met on Monday, July 16, and voted to recommend approval. The Phillips Lofts development agreement is dated June 21, 2011. The former property owner was delayed in vacating the property, which delayed the project. Currently, the rebate on the increment would total \$133,000 because of the project delay also delayed the payment schedule. To accommodate the anticipated rebate of \$240,000, the development agreement would need to extend the time allowed to pay the increment.
 - Alderman Wendt asked what happens if county assessment is less than city receives. Ray stated that the funds are returned into the TIF Fund. Alderman Wendt asked whether developer provided documentation of development cost verified through a third party. Ray said yes it was done by the Developer.
 - Alderman Turner moved to approve the changes in development agreement for Phillips Lofts. Seconded by Jerry Butts, unanimously approved.
 - Ray Forsythe provided an overview of Berglund Flats. The Development Agreement was dated March 6, 2012. The project had environmental issues and contractor filed bankruptcy. As a result, no rebate was paid in 2014 or 2015. The Developer is requesting to pay out at 100% until total increment provided in the original development agreement is received.
 - Alderman Wendt asked what the impact is impact for TIF #1; Ray responded \$892,400. There is a positive balance – that can be transferred into other TIF projects. Ray said the TIF accounting doesn't include food and beverage sales taxes – and this project has successful businesses in it. As a result, funds are generated from this project.
 - Alderman Turner made a motion to approve the changes to the development agreement. Alderman Mike Wendt seconded the motion, which carried unanimously.
 - **Riverstation** – Proposed sale of property. Ray Forsythe provided an overview of the proposed agreement. The development agreement for this project was done long ago in a unique process that covers most of Bass Street Landing. Section 108 funds were used to purchase some of the property – it is a very complicated contract. The Section 108 loan was paid off in 2008. Ray explained that the formula contained in the agreement was extremely complicated and therefore difficult to arrive at a purchase price. The terms of the proposed sale were laid out in the memo accompanying today's agenda.
 - The PMT had a lengthy a discussion of the formula and the land value calculations and minimum assessment.



- Alderman Wendt asked whether taxes are not being collected on the minimum assessment in the agreement. City staff stated that the minimum assessment was extremely high from the beginning of the project and it was not reasonable to use that figure in the agreement. Alderman Wendt stated that it should be presented in the memo. Ray stated that it was discussed at the DBMT thoroughly – and the memo provides details.
 - Chairman Parker stated that the DBMT met to discuss this issue. Staff stated that the DBMT recommended that the proposed agreement waive the purchase price in exchange for free parking and rent on the storage area. He asked whether this helps support the building of the deck the money we will receive. Ray it will help some –
 - Jerry Butts moved that the PMT recommend that the City Council adopt the DBMT’s recommendation to waive the \$97,000 in the sale of the property. Alderman Turner seconded the motion.
 - Alderman Wendt stated that the proposed sale is an enormous reduction in money that could be owed – parking for forever vs six years – and stated that he just cannot support this right now.
 - Maureen Riggs stated that parking is a 40 year agreement that will bring more revenue to the City. The purchase price staff proposed is based on what is the fair market value of the land, and that a good comparison is the property at WIU.
 - Developer Kent Pilcher stated that the project was done in a fashion of respect and cooperation. We collaborated with the City and Renew and went from two to three floors and 13 years later are finally at 100% occupancy and breaking even. In this recent discussion, city staff worked hard to understand the formula and come up with a reasonable and defensible payment. He stated that he appreciated the spirit of that negotiation 14-15 years later, and efforts of City staff, and the collaboration of the DBMT.
 - Jerry Butts stated that at the time of the project, there was extreme cooperation with the developer – they cooperated in good faith. The City develops a reputation on being fair and that should continue.
 - Chairman Parker stated that this is a great project.
 - Votes in Favor-6 (Nay – Alderman Wendt)
- 5th Avenue Building - Ray Forsythe provided an overview of the proposed amendment to the 5th Avenue Development Agreement. The project is a complicated development agreement that begin in September of 2016. The 5th Avenue and Sears building as one large project and relocation of tenants. The project includes a Hilton Tapestry Hotel, a “Syndicate” Restaurant – and 2 large banquet areas. In January, the developer requested that the portion of the project that included the Sears building not be used as banquet space, but be converted to an office use at a cost of \$2.4m, under the same terms.
- A number of project elements changed since the project was initiated: the hotel flag changed, and with it, construction elements (fixtures, windows and doors, etc). Also the increased cost resulted from the change in use.



- Alderman Wendt requested clarity on the numbers. Ray stated that the increase of \$4m incentive caps to \$5.688m total rebate.
- Chairman Parker stated that the DBMT had approved the project unanimously. We want professionals downtown – this is going to be an amazing space and an incredible space downtown and will be something we will be proud of.
- A detailed discussion on the increases in project costs and the incentives took place, with focus on a 22% increase in project cost and change the assessed value. Kirk Whalen stated that if the project doesn't achieve the income, the rebate isn't paid. Alderman Wendt stated that the TIF has 23 years but this is a 13 year payout, and that the minimum assessment needs to be addressed.
- A motion to approve staff recommendation was made by Alderman Turner and seconded by Jerry Butts. Motion carried with Alderman Wendt voting Nay.

The Q & Element Hotel – Ray Forsythe provided an overview of the proposed development Agreement for the QC Multi-Modal Station (MMS), that was first executed on November 12, 2013. The original agreement had the total construction cost at \$8 million and the second amendment raised the cost to \$13.5m. The third amendment did not pertain to the project cost. This, the 4th Amendment raises the total project cost to \$17.3m.

- Jeff Nelson, Metrolink stated that the original project costs was not for the same project that was constructed—the original plan was to tear down the building and just build a train station, but this project is so much larger and has regional benefits. City would have had to pay purchase price and there was nothing “sustainable”. Now there is income associated with the hotel and retail uses.
- For the TIGER grant, there were \$10m in federal funds and \$5m in state funds. The total project cost went up to meet the requirements of the grant, along with a number of changed circumstances having to do with infrastructure issues as well as requirements to meet historic resource standards.
- Ray reviewed the city's costs since project inception and stated that any cost increase or purchase of property was approved by city council, and indicated that funds were all paid out of TIF. A discussion took place about the cost increases and the city's commitment over time, as well as the long term cost of parking, and the value of funds over time.
- Jerry Butts made a motion to approve staff recommendation, which was seconded by Alderman Turner. Motion carried with Alderman Wendt voting Nay.

➤ **Global Communities Floreciente Update:**

- Annisa Wanat and Terri Smith announced community updates

➤ **Next PMT:** The next PMT meeting will be Tuesday, August 14, 2018.

➤ **Adjourned:** Chairman Parker made a motion to adjourn the meeting. Seconded by Alderman Wendt. Meeting adjourned at 3:25 p.m.