

SPECIAL MEETING MINUTES OF THE MAYOR AND ALDERMEN OF THE CITY OF ROCK FALLS

June 30th, 2015

A special meeting of the Mayor and City Council of Rock Falls, Illinois was called to order at 6:30 p.m. June 30th, 2015 in the Council Chambers of Rock Falls by Mayor William B. Wescott.

City Clerk Eric Arduini called the roll following the pledge of allegiance. A quorum was present including Mayor William B. Wescott, Aldermen Reitzel, Logan, Snow, Kuhlemier, Schuneman, Kleckler, Folsom and Watts. In addition City Attorney Jim Reese, and City Administrator Robbin Blackert were present.

6:33 p.m. Alderman Daehle Reitzel, and George Logan recused themselves, and left their desks from the Council.

Neil Densmore and John Kothe of the Rock Falls Hotel group LLC addressed the Council. Mr. Densmore stated that they are back to the Council a year later. The group had built other hotels, and had used allowances from other projects. This project is seeming to be a higher cost than others, and they have went back to find other sources of financing including new market tax credits, and another bank to put the project back on track. They hope to have the hotel open by December 31st. The new contract does provide a 90 day extension if certain benchmarks have been met.

City Attorney Jim Reese explained that the names of the documents are the same as the previous agreement. Some of the changes are:

1. The grant money will go to a corporation rather than an LLC, and this is due to the requirements of the new market tax credits.
2. The cost of the project is higher
3. The developer equity is \$250,000 higher, the new market tax credits will add \$1.5M to the project, and the bank loan is going to be \$190,000 higher. The money to be paid back to the city as spelled out in the recapture agreement would be on a second mortgage behind \$190,000 of added debt.

Attorney Reese explained that the agreements are still set up in a way, that the City's money is the last to go into the project. If construction goes under budget, the difference will be refunded to the City. Mr. Reese explained the process by which construction draw requests are handled.

Alderman Brian Snow asked if there is a plan in place if the deadline for the new market tax credits are not made by the end of the year. It was explained that the end of year deadline is for depreciation rather than the tax credits.

Alderman Rod Kleckler asked if these document change any liability to the City. Attorney Reese explained that the only liability the City would have is the grant money.

City Administrator Robbin Blackert stated that the economic impact over ten years to the City will remain the same at \$2.1M. The estimates are \$1M in property tax, \$700,000 in hotel /motel tax, and \$600,000 in utilities. Attorney Reese added that the City will retain all TIF benefits from the project.

Alderman Jim Schuneman thanked the representatives for coming back to the Council. Mr. Schuneman asked if the group was not made aware of the prevailing wage requirements prior to the signing of the last agreement. Mr. Densmore stated that they were aware, but they had miscalculated the cost. Alderman Schuneman requested that the hotel group return in 30 days for an update to the City Council. Mr. Densmore apologized for the lack in progress and stated that the project will move along quicker when the steel is set. He agreed to come back for an update.

Alderman Watts thanked the representatives for coming today, and appreciates their decision to come to Rock Falls for this project.

Mayor Wescott remarked that there was a caravan of trucks arriving at the project site today with floor joists.

Attorney Reese informed the Council that there will be one more agreement to be signed for the tax credits, and it will be brought to the Council at the next meeting.

and supporting documents upon review of the City Attorney and minor corrections with the Rock Falls Hotel Group and affiliated entities for development of a portion of the former Reliant Site for a Holiday Inn Express Hotel.

Vote 6aye, motion carried

6:59 Aldermen Reitzel, and Logan return to their desks at the Council Chamber.

Mayor Wescott gave the Council an update of the work that has been going on for the past week on West 1st Street. He explained that during the excavation of the area of the sinkhole the crews from our sewer department and other contractors have been bypass pumping around a section of 24" sewer main. Mayor Wescott mentioned that the Council had given approval for emergency repairs to begin, and as of Sunday the total bill from Civil was \$40,000. The approval of these emergency funds will be for Civil only, and will not include road work.

The Council viewed a video taken by our Sewer Department of the inside of the 24" sewer main illustrating that the blockage had been removed. Mayor Wescott stated that he is proud of our employees. They have been at that site a long time, and they are due a break.

Attorney Reese remarked that this project is located within the redevelopment area of the TIF, and normally Aldermen Reitzel, and Logan would not be able to vote. It is coincidental that this sewer main flows through the area, and would not be a value or benefit the Aldermen. The intent of the statute would be to prohibit voting if it were to increase the value of the property. This emergency vote will need a 2/3 majority of the Council for approval.

Alderman Kleckler asked if TIF money will be used for this repair. Mayor Wescott said that TIF funds would not be used.

A motion was made by Alderman Folsom, and second by Alderman Snow to authorize Civil Construction 1600 Reagan Road, Rock Falls Illinois to proceed with emergency repairs of the 24" sewer line on West First Street. The cost is not to exceed \$75,000 as is allowable under the Illinois Procurement Act, due to threat to public health, welfare, or safety.

Vote 8aye, motion carried

With nothing else for the good of the Council a motion was made by Alderman Folsom, and second by Alderman Reitzel to adjourn at 7:15pm.

Viva Voce Vote motion carried

Eric Arduini, City Clerk