



Aurora's Economic Development Partnership

To: Invest Aurora Board of Directors
From: David Hulseberg, President/CEO, Invest Aurora
Date: 10/6/2015
Re: Shodeen/City of Aurora Redevelopment Agreement

Overview The City of Aurora is seeking to enter into an agreement with the Shodeen Family Property Company, LLC. (Shodeen) to redevelop the project area defined by the area approximately bounded by Downers Place (north) to Benton Street (south), between the Fox River (west) and Water Street (east). This agreement is subject to and conditioned upon two additional agreements, namely the "Parking Lot Lease Agreement" and "Compromise and Release Agreement." The following information highlights the specific details of the "Redevelopment Agreement."

Redevelopment Plan Under the Redevelopment Agreement, Shodeen agrees to the demolition of buildings on the property that are vacant, blighted, dilapidated, and/or in serious disrepair, as well as making the property available for redevelopment. After signing the agreement, Shodeen has 60 days to submit to the City a proposed construction budget and schedule for demolition. Within 60 days of construction budget approval, Shodeen must prepare and submit final plans for demolition.

Before beginning construction, Shodeen must secure all required permits as outlined by City ordinances. Both Shodeen and the City must agree that the demolition and redevelopment are in compliance with the TIF Plan, as well as any and all applicable federal, state, county, municipal, or administrative laws, ordinances, rules, regulations, codes, and orders.

Use of TIF Funds Shodeen is eligible for reimbursement for the project, which is not to exceed \$250,000. Shodeen will advance the funds to complete the work, after which the City will reimburse for documented costs as set forth in the construction budget and schedule, and only where eligible and allowable under the TIF Plan. In order to receive reimbursement, Shodeen must submit to the City all applicable documentation relating to the project. The City has 60 days to approve or disapprove reimbursement expenditures. If disapproved, the City must provide Shodeen a written explanation.

Any costs relating to the project in excess of the \$250,000 City incentive will be paid by Shodeen without reimbursement. Should City incentive amounts paid to Shodeen be found to be ineligible, Shodeen must return incentive funds to the City within 60 days.

Conditions The City will place an interest free, no payment mortgage lien on the property in the amount of the eligible reimbursement. The City will release the lien on the property within 5 years of reimbursement. The constructed building will have a minimum construction value of \$500,000. Shodeen will repay the full amount of the incentive reimbursement upon failure to commence construction. Failure to repay will constitute a default on the mortgage, and the City may prosecute foreclosure proceedings.

Shodeen agrees to pay all real estate taxes and special assessments. Failure to pay in a timely manner will constitute a breach of the agreement. Shodeen also understands that funds are generated from

the tax increment, and as such will not contest the validity or amount of the real estate property taxes.

Shodeen agrees to all legal compliance, including any and all government charges relating to redevelopment of the property. Additionally, Shodeen will defend, indemnify, and hold harmless the City and its representatives in the redevelopment agreement and subsequent proceedings.

Shodeen will obtain and continuously maintain insurance for the following:

- Builder's risk insurance, equal to 100% of the insurable value of the work at date of completion
- Comprehensive general liability insurance in the amount not less than \$5,000,000
- Property and casualty insurance equal to 100% of the value of the work at date of completion

Shodeen will not store, dispose of, or release any hazardous substance, contaminant, or other dangerous environmental material on the property.

Shodeen will not transfer any of the property interests without the written prior consent of the City. In the event of default of the agreement by either Shodeen or the City, either will have 60 days to remedy after receiving written notice. In the event of default by Shodeen, the City will be relieved of its obligations under the agreement. Shodeen would reimburse the City all amounts previously paid within 120 days of default. In the event of default by the City, Shodeen will be relieved of its obligations under this agreement. Shodeen would then have the right to terminate this agreement.

Simultaneous to signing this agreement, Shodeen must disclose through submittal of a sworn affidavit the identity of any owner, beneficiary, and stakeholder entitled to receive more than 7.5% of the organization's total distributable income.

Recommendation Upon reviewing the proposed Redevelopment Agreement, it is the recommendation of Invest Aurora staff that the board approve the agreement between Shodeen Family Property Company, LLC. and the City of Aurora.

Attachments Redevelopment Agreement.
