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PROJECT MANAGEMENT TEAM Minutes

Tuesday, October 22, 2013
5:30 p.m. – 6:30 p.m.
Committee-of-the-Whole
City Hall, 619 16th Street
Moline, IL

Members Present: Dr. Joe Rives, WIU, Renew Appointee
Scott Raes, Mayor
Dave Parker, Alderman
John Knaack, Alderman
Stephanie Acri, Alderman-at-Large
Greg Derrick, City of Moline Appointee
Steve Nelson, WIU Board of Trustees Appointee
Lori Turner, Alderman

Members Absent: Jerry Butts, City of Moline Appointee

Staff: Lew Steinbrecher, City Administrator
Maureen Riggs, City Attorney
Scott Hinton, City of Moline Public Works
Janet Mathis, Renew Moline, Executive Director
Suzanne Chevalier, Renew Moline

Other: Gregory Noe, Renew, Chairman of the Board
Dawn Neuss, Moline Dispatch
Thomas Geyer, QC Times
Dick Brown, Alderman
Kevin Schoonmaker, Alderman
Sean Liddell, Alderman
Janet Bender, Alderman
Tracy Koranda, City of Moline
Christopher Woods, 3 Corners
Mark Marshall, 3 Corners
Rory Washburn, Renew BoD
Jerry Lack, Renew BoD

- Call to Order - The meeting was called to order Dr. Joe Rives at 5:30 p.m.
- Approval of Minutes – Dave Parker made a motion to approval of Minutes from September 15, 2013. Motion was seconded by John Knaack. Motion carried.



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- Riverbend Commons Phase IA Discussion and Approval –
Dr. Joe Rives introduced Christopher Woods and Mark Marshall from 3Corners. Christopher thanked the PMT for allowing 3Corners to the PMT and then he reviewed Phase I and Phase II of the project, and explained that their goal in Phase I is to provide some amenities to the students who will be attending WIU QC Riverfront campus and other local colleges. Christopher said their goal is to attract more and more students to the QC, and then help in the transition as these students remain here in the Quad Cities as professionals. Riverbend Commons will be a mixed used development capitalizing on the various needs of the community and the residents. 3Corners' first focus will be how to bring the students here, and then the second step is to bring residents to market rate apartments in Phase II. After these two sides of the development are complete they will "fill" in the Centre Plan designing a high density urban plan for this development. Student housing for Phase I will have 90 units and 240 beds, with 20,000 square feet of commercial space and additional room for student amenities to include bike rooms, lounge areas, etc. As long as they are a student at any of the Quad Cities colleges they can live here.

Christopher stated that the term sheet reflects public private partnership with the City and 3Corners. Christopher said that as soon as Phase I starts he will leave this project in the hands of his team and start on Phase 2A which will be an approximately 150 unit market rate apartment building, and they also hope to attract a grocer to this site when there is enough density. Their current plan is to commence Phase 1A in 2013 and Phase 2A will commence in 2014 and Phase 3, which is the Town Centre concept will be built in 2015 or 2016.

Steve Nelson asked what could happen if Phase II and/or Phase III does not come about? Christopher replied that their market study has shown that there is a great need for Phase II, and their plan is to proceed with Phase II, which will bring "family" apartments to the far side of the development site. As Phase I and Phase II are activated and have proven their success, Phase III will be an even easier sell.

Dave Parker asked is there a financing issue for Phase II? Christopher replied he didn't think there will be any financing issues for Phase II, because we will have the proven success of Phase I. Christopher said that their market research again as shown a strong desire for two things, student housing and more market rate apartments. Christopher said he is confident that both of these developments will fill up fast.

John Knaack asked if we move to Phase II-A before we complete Phase IA, what happens with Phase IB? Christopher replied that after they stabilize Phase IA, which is the first leg of student housing, we will begin on Phase 2A, and once that is complete and stabilized we then start on more student housing in Phase IB which should happen in about 2 years. Christopher said that they are very excited about the student housing piece of this project especially since they have Best Management On Campus (BMOC) who will handle all aspects of the student housing. He said that BMOC goal is to help students achieve academic and social success and that they have a very holistic approach to managing student housing.



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Dave Parker asked if this doesn't work out, what happens next? Christopher replied that honestly he isn't sure what the next step will be because their entire focus has been on this project because 3Corners are firm believers in its' ultimate success.

Scott Raes asked how does an economic downswing influence Phase II and Phase III? Christopher said that Rob Ferrino started Madison Construction started in 2001 and Mr. Ferrino has over 25 years of experience in the building industry which helped them manage the downturn in 2008. 3Corners is a partner with Madison Construction. Christopher said he cannot predict the future; however, if the economy does takes a hard hit again, they firmly believe they can continue to achieve our goals. Their business model is working and working well. Christopher stated he strongly believes we are the cusp of doing something great for the community, and we are highly motivated and energized. Phase I will be an incredible catalyst for this entire development.

Lori Turner asked will this project achieve LEED status? Christopher responded that their goal is to be the first LEED neighborhood development in Illinois and Iowa.

- Janet reviewed portions of the Term Sheet for Riverbend Commons to the PMT.
 - The Developer will construct a mixed use project consisting of a 107,990 square foot student housing facility that will be known as the Mills at Riverbend Commons and a 20,087 retail use in the same building. There will be 240 beds in the student housing facility consisting of approximately 15 two-bed studio units, 45 two bed, two bedroom units, and 30 four bed, four bedroom units.
 - The City intends to negotiate a redevelopment agreement (the "Redevelopment Agreement" or "RDA") with the Developer for a \$4 million contribution of capital as follows:
 - The City will deposit the \$4 million into a construction escrow (the "City Construction Escrow") at which time all developer equity and senior construction debt is also placed into escrow in an amount that will facilitate construction of the entire project.
 - Upon closing, the Developer will purchase the eastern most 5 acres or such size necessary to complete the project.
 - The Developer will pay \$1.7 million for the land. The City will convey fee simple title to the land with all necessary environmental representations and warranties for the Developer to immediately commence construction.
 - A first right to purchase provision shall be placed in the RDA requiring the individual deeds to contain a first right to purchase clause providing that in the event the Developer terminates this Agreement prior to the issuance of a Certificate of Completion, or in the event the Developer is found to be in default under the RDA.
 - The Developer will contribute the sufficient debt and equity capital to finance the Project in entirety. Additionally, the Developer agrees to defer \$500,000 of its development fee from the Project until the sooner of the commencement of Phase 2 (to be defined in the RDA) or 18 months after commencement of construction of the Project.
 - The Completion Certificate for this development shall be issued upon the following conditions being met:



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- Completion of construction for all structures and all public infrastructure improvements required.
- Issuance of all Certificates of Occupancy for buildings in that phase of the Project by the City, not to be unreasonably withheld.
- The retail portion of the individual phase of the Project is at least 65 % leased.
- The student housing portion is at least 90% leased and occupied.
- The City and the Developer will follow the City's Design Build Management Process ("DBMT") process through Renew Moline.
- Until at which time a Certificate of Completion issued, the City agrees not to financially assist any other development that includes student housing without the Developer consent not to be unreasonably withheld.
- The Developer agrees to provide the City with schematic plans for Phase 2A of this development by June 30, 2014. The Developer will also make every good faith effort to develop all future phases. The Developer will agree not to request additional municipal incentives for future phases until at which time the \$4 million is fully repaid through increased property, sales and other revenues.
- The City will have a subordinate mortgage on the property to secure its \$4 million contribution. Full funding of developer equity, lender financing and City financing to be put into construction escrow, copy of owner title policy, UCC, tax and judgment searches, and opinion of counsel as to the Developer's ability to enter into the agreement.
- The Developer may not, at any point, apply for tax-exemption on the land or elect tax-exempt status. Furthermore, if the property is sold to a tax-exempt entity, that entity must pay the normal property taxes as levied by the assessor for the property unless otherwise agreed to in writing by the City. This provision will be secured by a covenant that will run with the land.
- The Developer may not, at any point, apply for tax-exemption on the land or elect tax-exempt status. Furthermore, if the property is sold to a tax-exempt entity, that entity must pay the normal property taxes as levied by the assessor for the property unless otherwise agreed to in writing by the City.
- Janet inquired if there was any questions from the PMT regarding the proposed Term Sheet.
 - Stephanie Acri asked Lew Steinbrecher why the City has never submitted a Term Sheet like this one that is proposed for Riverbend Commons. Lew replied that this has never been asked before by a developer to receive advanced funds, but it doesn't mean it isn't a sustainable option to consider even though it is not within the normal policy. Lew stated that he is recommending to the PMT to accept this term sheet. Stephanie asked can we adhere to the 15% project cost. Lew said that we tried to push for this option but it just didn't work within the parameters of the project.



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- Mayor Scott Raes said if Phase II and Phase III doesn't happened because of an economic down swing it could be possible that Moline won't get the money back. This has him concerned. Christopher stated that he fully understands the concerns of the City, but they are also deferring all their profits until Phase II is developed. Their goal is to activate Phase I so they can move onto Phase II. The success and completion of both projects are interconnected, and they and the city are economically aligned.
- Stephanie asked if we could tether both projects together on the Term Sheet, to spell out the City's investment. Christopher said he believes their commitment to this project does state that indeed both projects are linked together.
- Greg Noe, Chairman of Renew Moline spoke to the PMT. He said that Renew Moline's success at economic development in Moline is a proven record of highly successful projects. Mr. Noe stated that the Riverbend Commons project will enhance and benefit both downtown Moline and WIU QC Riverfront Campus. He stated that when the RFP went out to solicit bids for this project, we got what we asked for with 3Corners, and they have delivered with their plan what we are looking for at this project which is a high density urban community plan. He stated that Renew believes that the City and 3Corners will not only get Phase I done, but they will also get Phase II and beyond completed. Renew has a high level of confidence with 3Corners and their ability to fulfill their commitment to this entire development.
- Joe Rives thanked Greg Noe and the entire PMT for their diligence and hard work. He said he would like to call to vote the Term Sheet for the Riverbend Commons as presented to the PMT, however; he must abstain from voting. Greg Derrick made a motion to accept the Term Sheet for Riverbend Commons and John Knaack seconded the motion. The following voting occurred:
 - Joe Rives – abstained
 - Greg Derrick – Yes
 - John Knaack – Yes
 - Lori Turner – Yes
 - Scott Raes – No
 - Stephanie Acri – No
 - David Parker – No
 - Steve Nelson – No
 - Jerry Butts – absent
- Motion did not carry.
- Next Schedule PMT – TBD
- Adjourned – Meeting adjourned at 5:53pm.

Respectfully submitted:



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Suzanne Chevalier, Renew Moline