

## DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into as of the 13<sup>th</sup> day of December, 2016 between the City of Rochelle, an Illinois municipal corporation ("City"), Prescott Properties--Rochelle, LLC, an Illinois limited liability company and Prescott Brothers Ford, Inc., an Illinois corporation :

### WITNESSETH

**THAT WHEREAS**, Prescott Properties--Rochelle, LLC , an Illinois limited liability company ("Owner") is the owner of a parcel of land located within the corporate boundaries of the City, legally described as shown on **Exhibit A** attached hereto, improved with a commercial building and a parking lot, which is currently used as an automobile dealership and repair facility ("Property"); and

**WHEREAS**, Prescott Brothers Ford, Inc., an Illinois corporation ("Operator"), operates the automobile dealership and repair facility on the Property; and

**WHEREAS**, Owner and Operator intend to develop the Property by renovating and remodeling the commercial building on the Property, provided that the City offers to Owner and Operator certain economic incentives to do so; and

**WHEREAS**, the City deems it to be in the best interests of the City for the Property to be developed in the manner intended by Owner and Operator, and for the City to offer certain economic incentives to Owner and Operator to do so; and

**WHEREAS**, the Rochelle City Council has made the following findings with respect to the sales tax rebate provisions of paragraph 2(b) of this Agreement: (1) that the buildings on the Property no longer comply with current building codes; (2) that the Development is expected to create or retain job opportunities within the City; (3) that the Development will serve to further the development of adjacent areas; (4) that without the agreement for a rebate of sales taxes the Development would not be possible; (5) that Owner and Operator meet high standards of creditworthiness and financial strength, as demonstrated by a letter from a financial institution with assets of \$10,000,000.00 or more attesting to the financial strength of Owner and Operator; (6) that the Development will strengthen the commercial sector of the City; (7) that the Development will enhance the tax base of the City; and (8) that this Agreement is made in the best interest of the City; and

**WHEREAS**, the parties have entered into this Agreement for the purpose of memorializing the agreements reached by the parties with respect to the Development, and the economic incentives to be offered by the City to Owner and Operator for the Development;

**NOW, THEREFORE**, in consideration of the mutual agreements contained herein, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Development of Property.** Owner and Operator agree to develop the Property as an automobile dealership with related uses, with development commencing on or before January 31, 2017, and being substantially completed on or before May 1, 2017. The Development shall include renovation and remodeling of the commercial building on the Property, all as described on the Plan attached as **Exhibit B**. The Development shall comply in all respects with the requirements of the Rochelle Municipal Code on the Commencement Date of Development, except as expressly set forth in this Agreement, unless a variance is granted following the procedures set forth in the Rochelle Municipal Code. The commencement of development shall be the date that any building permit is issued by the City for any portion of the construction of the Development.

**2. Employment.** The Property, as so developed, shall employ a minimum of nineteen (19) full-time equivalent employees for at least five (5) years, beginning on the date the Development is substantially complete.

**3. Economic Incentives.** In consideration of the Development of the Property by Owner and Operator in conformity with the terms of this Agreement, including without limitation the employment requirements set forth in Section 2, the City shall provide the following economic incentives to Owner and Operator for the Development:

(a) **Real Estate Tax Rebate:** The City will provide to Owner a rebate of the real estate taxes attributable to any new improvements added to the Property, on a graduated basis over five (5) years, commencing with the real estate taxes for the year 2017, payable in 2018, as follows: 90% for year one, 75% for year two, 60% for year three, 45% for year four, and 30% for year five. The foregoing rebates will not apply to real estate taxes attributable to the Property as it exists on the date of this Agreement.

(b) **Sales Tax Rebate:** The City will rebate to Operator a sum equal to one-half of the one percent portion of Operator's Retail Occupation Tax paid by Operator to the Illinois Department of Revenue ("Department") and distributed by the Department to the City, for sales generated at the Property, for a period of three (3) consecutive years, commencing with the calendar year 2017. Operator shall execute the required consent forms to allow the Department to share Operator's sales tax information and returns with the City, and shall provide documents showing the portion of Operator's Retail Occupation Tax attributable to sales and services rendered at the new showroom facility. The City's rebate to Operator shall be made by the end of the month in which the City receives the Department's distribution to the City for the applicable months. In the event Operator use local contractors (contractors whose business offices are served by Rochelle Municipal Utilities) for the Development, and the local contractors' contracts account for at least 50% of the total contracted cost of the Development, the City will extend the sales tax rebate for an additional two (2) consecutive years, commencing with the calendar year 2020, on the same terms. Operator shall provide adequate documentation to the City of its compliance with the terms of this provision when applying for an extension. In no event shall any rebate be made on taxes paid by Operator after the calendar year 2021. This Agreement does not require that the Development be the exclusive business location or sales office for Operator in Illinois. However, during the term of this Agreement, the Development shall not be covered by another economic incentive agreement providing for a

rebate of sales taxes. The rebate provided herein does not apply to the taxes imposed by the City pursuant to Section 90-131 of the Rochelle Municipal Code.

(c) **Limitation on Total Tax Rebates:** In no event shall the total of the real estate tax rebates and the sales tax rebates provided in this Agreement exceed the actual total costs of the Development, which are estimated in **Exhibit B**.

(d) **Building Permit Fees:** The City will waive any building permit fees for new construction or renovations of existing structures on the Property for a period of one (1) year from the date of this Agreement.

(e) **Codes:** Construction of new structures on the Property, and renovations to existing structures, shall be subject to the provisions of the building codes incorporated by reference in Chapter 22 of the Rochelle Municipal Code as of the date of this Agreement. Portions of the existing structures which are not being renovated, and which were in compliance with applicable building codes at the time of construction or installation, shall remain subject to those codes, and shall not be subject to the provisions of the building codes incorporated by reference in Chapter 22 of the Rochelle Municipal Code.

**4. Term.** This Agreement shall terminate on December 31, 2022.

**5. Entire Agreement; Non-Assignability; Severability.** Except as otherwise expressly set forth herein, this Agreement represents the entire agreement of the parties with respect to the subject matter hereof, and supersedes and discharges all prior oral or written, or contemporaneous oral, agreements. This Agreement may not be assigned by either party without the prior written consent of the other party, which shall not be unreasonably withheld. If any portion of this Agreement should for any reason be declared to be invalid or illegal by a court of competent jurisdiction, the remaining portions of this Agreement shall remain in full force and effect.

**6. Contingencies.** The agreements and covenants of Owner and Operator herein are expressly contingent upon Owner and Operator obtaining such financing for the construction of the Development as Owner and Operator elect, in their sole and exclusive discretion, to accept from any one or more financiers.

**6. Remedies.** Each party shall have all remedies at law or equity for breach of this Agreement by another party. The prevailing party in any lawsuit arising under this Agreement shall be entitled to recover its reasonable attorney's fees in addition to any other relief obtained. Without limiting the foregoing, the City shall be entitled to recover from Owner and Operator any economic incentives provided pursuant to this Agreement in the event of a material breach by Owner or Operator of any of the terms of this Agreement, including without limitation the employment requirements contained in Section 2.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement as of the date set forth above.

**THE CITY OF ROCHELLE**, an Illinois municipal corporation

By: \_\_\_\_\_  
David S. Plyman, City Manager

Attest: \_\_\_\_\_  
Bruce W. McKinney, City Clerk

**PRESCOTT PROPERTIES--ROCHELLE, LLC**, an Illinois limited liability company

By: \_\_\_\_\_  
Thomas K. Prescott, Manager

**PRESCOTT BROTHERS FORD, INC.**, an Illinois corporation

By: \_\_\_\_\_  
Thomas K. Prescott, President

**EXHIBIT A**  
**(Legal Description of Property)**

Lots 2 and 3 in Edwin Sarver Commercial Addition to the City of Rochelle, in Ogle County, Illinois, according to the Plat thereof recorded in Book H on page 53 in the Recorder's Office of said Ogle County.

**EXHIBIT B**  
**(Development Plans)**

# Phalen Steel Construction Company

P.O. Box 707 – Mendota, IL 61342  
815-539-9391 (P) 815-538-4101 (F)

November 21, 2016

Prescott Brothers Ford  
620 S. 7<sup>th</sup> Street  
Rochelle, IL 61068

## Re: Office Remodel

Dear Tom,

Per our previous meetings, I have compiled the estimated costs for remodeling the interior and exterior of your showroom/office at your Ford dealership in Rochelle.

Only the exterior remodeling portion of these prices has been “hard bid” at this point. The remaining pricing has been estimated in one of three ways. They were calculated thru in-house estimating programs, they were compared to previous bids we have on similar projects, or they were estimated through correspondence with subcontractors providing budget costs.

### Scope of work for Exterior:

- New glazing for showroom corner (including doors)
- New windows in single punched window openings
- Architectural aluminum panels above area of new glazing around corner and on the sides of the new doors (no decorative aluminum tower accent at either walk door for now)
- Horizontal corrugated metal paneling installed on furring over the brick areas south and west of new glazing areas

### Scope of work for Interior:

- Demo and enlarge restrooms and rework plumbing to provide larger ADA restroom (s)
- Paint three existing offices and customer waiting area
- New wood doors for offices, closet, restrooms, and into the parts department (8 total)
- New barrow lite windows in two offices and customer waiting area
- New parts department countertop
- Fur block walls and drywall the hall to restrooms and paint
- Fur block walls and drywall the hall in front of the parts department area
- New carpet squares in 3 offices and customer waiting room
- New drywall 2 walls, add electric, replace cabinets, and provide display shelves in customer waiting room
- New ceramic tile in hallways, restrooms, and showroom
- New desk area, cabinets, and counter tops in southwest corner of showroom
- Paint existing showroom walls

This budget includes allowances for reconfiguring owner computer wiring and telephone. This does not include installing a fire alarm, security alarm, or video surveillance systems. Does not include any work in the parts department area (other than closing in back door to hallway by restrooms)

The budget price is \$104,116 for ext. remodel + 284,000 for interior remodel = Total \$424,200.

Approximate breakdowns for this work are:

- \$ 5,040 Material purchased by GC and supplied to subs for their use
- \$ 2,800 Concrete demo and patch back for underfloor plumbing
- \$132,496 Carpentry materials and labor
- \$ 29,120 Architectural metal accent panels on exterior
- \$ 36,400 Store front glazing, doors, and aluminum flashings
- \$ 13,440 New acoustic ceilings restrooms & customer waiting– misc. tile replaced
- \$ 47,320 Demo ceramic tile and carpets, prep floors, new floor coverings and base
- \$ 39,200 Taping & sanding all new drywall, staining & poly, and painting
- \$ 39,480 Plumbing demo, moving water service/meter, restroom piping & fixtures
- \$ 3,584 Demo and new duct for HVAC in restrooms & venting new exhaust fans
- \$ 42,336 Electric materials and labor
- \$ 11,984 Phone and computer work materials and labor
- \$ 20,944 General Conditions: construction storage trailer, glass cleaning, dumpsters, portable toilets for subs and employees (when restrooms are inactive), builder's risk insurance, architectural drawings, print reproduction costs, and site superintendent

Please review and call with any questions.

Thanks,



Timothy J. Phalen – Phalen Steel Construction Company  
VP of Market Development



**Phalen Steel Construction Company**





