



MAR -5 2014

Item 20
03-11-14

1609 State Street • Bettendorf, Iowa 52722-4937 • (563) 344-4000

March 5, 2014

Dr. Teresa Paper, President
Scott Community College
Eastern Iowa Community College District
500 Belmont Road
Bettendorf, IA 52722

Dee Bruemmer, Administrator
Scott County Bicentennial Building
600 West 4th Street
Davenport, Iowa 52801

Tim Huey, Planning and Development Director
500 West 4th Street
Davenport, Iowa 52801

Dr. Theron Schutte, Superintendent
BCSD Administration Center
3311 – 18th Street
Bettendorf, Iowa 52722

SUBJECT: Establishment of a new Lodge Hotel Tax Increment Financing District.

Please accept this letter announcing the Opportunity to Consult on establishment of a new Tax Increment Financing District within the City of Bettendorf in Urban Renewal Area #3. The hearing will be held on **March 21, 2014**, at **10:00 a.m.** in the **Economic Development Office, City Hall, 1609 State Street, Bettendorf**. If you have any comments you wish to make, you are encouraged to attend at that time.

Spruce Hills Investment Partners, LLC consists of approximately 8.42 acres in the Utica Ridge Road Corridor and will be a redevelopment of the commercial area. This area is outlined in the attached aerial photo.

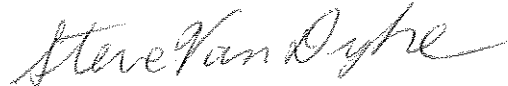
In an effort to promote commercial growth in the area, the developer is asking for the establishment of the new TIF District. Previous projects in the corridor have involved public and infrastructure improvements by the City of Bettendorf and Tax Increment Financing. The developer will be maintaining the assessed value of the project site at \$3,580,740. Therefore, there will be no reduction of the current revenue taxing entities are now receiving. The City will offer TIF for new commercial structures above the \$3,580,740 minimum assessed value of the improved land.

Prior to the passage of any TIF ordinance, the City of Bettendorf desires to notify the affected taxing entities and consult with them concerning the Lodge Hotel Tax Increment Financing District.

We have included a copy of the initial development agreement submitted from the developer.

Should you have any other questions regarding this matter, please feel free to contact us at any time.

Sincerely,

A handwritten signature in cursive script that reads "Steve Van Dyke".

Steve Van Dyke, Director
Economic Development

Enclosures

**DEVELOPMENT AGREEMENT BETWEEN
THE CITY OF BETTENDORF, IOWA,
AND
SPRUCE HILLS INVESTMENT PARTNERS, LLC**

This Agreement is entered into between the City of Bettendorf, Iowa, an Iowa Municipal Corporation (City), and Spruce Hills Investment Partners, LLC (Developer), as of the ____ day of _____, 2014.

RECITALS

WHEREAS, this agreement is entered into under the authority of Iowa Code Chapter 403, as amended (Urban Renewal Act); and

WHEREAS, the City Council has approved and adopted an urban renewal plan for the Project Area designated as the "Bettendorf Urban Renewal Area #3," as amended (Urban Renewal Plan); and

WHEREAS, in furtherance of the objectives of said Urban Renewal Plan, Developer will undertake the following Urban Renewal Project (Project) to advance the community's ongoing economic development efforts; and

WHEREAS, business redevelopment and blight elimination is a high priority goal for the City of Bettendorf; and

WHEREAS, under Chapter 15A of the State Code, the City is required to determine that a public purpose will reasonably be accomplished and the City Council so FINDS that jobs will be preserved and expanded, blight will be eliminated and tax base increased as a result of the agreement signed herein; and

WHEREAS, Chapters 15A and 403 of the Code of Iowa authorize cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private parties.

NOW, THEREFORE, the parties hereto agree as follows:

I. DEVELOPER OBLIGATIONS

Developer owns certain property, more specifically described on Exhibit "A", attached hereto, upon which Developer intends to redevelop the property into a Double Tree Hotel. Developer shall undertake the Project, consisting of the reconstruction/redevelopment of certain existing improvements, the demolition of certain existing structures and construction and installation of certain new buildings, facilities and other improvements.

The Developer anticipates that the Project will be developed in two phases. Phase I shall consist of the removal/replacement of all exterior treatment from the existing hotel, the reconstruction of the existing porte-cochere, creation of a second entrance to the site from Golden Valley Drive which will act as the hotels primary entrance, refurbishment of all sleeping rooms except those that are eliminated and the removal and replacement of the existing parking lot.

Phase II shall consist of the construction of a free-standing strip center for office and retail use which measures at a minimum 6,000 square feet allowing for the location of some 4 to 6 additional businesses on this site.

Prior to the construction of the Project, Developer shall submit to the City copies of all plats, site plans and engineering documents related to the Project as customarily required under existing City Ordinances. The City may request reasonable changes to such plats, site plans and documents to insure compliance with existing applicable City Ordinances and engineering requirements plus a quality appearance. Phase I of the Project shall commence promptly upon City approval of plats, site plans and issuance of a building permit, and the Developer shall diligently prosecute construction to be completed prior to the end of calendar year 2014. Phase II shall be completed no later than December 31, 2024.

II. TAX INCREMENT FINANCING PAYMENTS

In recognition of Developer's commitment set out herein, the City agrees to make economic development tax increment payments (Payments) to Developer in each fiscal year during the term of this Agreement, pursuant to Chapters 15A and 403 of the Code of Iowa, to reimburse the Developer for a portion of the cost of the project, in an amount equal to the tax incremental revenue derived from the project. For the purposes of this agreement, the tax incremental revenues derived from Phase I of the Project encompassing the site shall mean only the taxes available for division by the City under the Urban Renewal Law in excess of an assumed base year assessment on land and buildings of \$3,580,740. The Developer shall agree to execute a minimum assessment agreement effective from 1/1/13 through 12/31/25, with the minimum assessed value being \$3,580,740 effective 1/1/13 through 12/31/15 and \$10,580,740 from 1/1/16 through 12/31/25.

The Payments shall be made solely and only from incremental property taxes received by the City from the Scott County Treasurer, which are attributable to the improvements made to the Property as called for herein. The Payments to the Developer are subject to the timely payment of property taxes by the Developer or other owners of the Property, and to the satisfactory completion of the Improvements.

On or about November 1st of each year, the Developer and/or its assigns, shall report to the City the Status of payment of all property taxes then due on the property and certify to the City the development costs associated with the project. Such costs may be aggregated for purposes of the certification, including all previously certified costs and new costs, and shall be reduced by all payment of incremental tax money then received by the Developer and/or its assigns. This certification may be hand delivered, or may be mailed by certified or registered mail, return receipt requested to the City Administrator, City of Bettendorf, 1609 State Street, Bettendorf, Iowa 52722. On December 1st of each year, and based upon the Developer's and/or assigns' certification to the City, the City shall certify said amount to the County Auditor pursuant to Iowa Code Section 403.19(6) as debt incurred within the District (as established by the Tax Increment Financing Ordinance).

III. TERM OF TAX INCREMENT FINANCING

The payments shall be made on December 1st and June 1st of each fiscal year, commencing with the fiscal year of tax payments arising from the January 1st, 2015 tax assessment and continuing for a maximum of ten (10) fiscal years of taxes or until a maximum of \$1,750,000 in incremental tax revenue has been rebated to the developer, whichever first occurs.

1. The Developer shall reimburse the City \$175,000 for each year the Developer fails to timely pay real estate taxes over the ten (10) year period of this Agreement. No payments shall be made by the City until all real estate taxes are paid in full.
2. The Developer shall reimburse the City \$175,000 for failure to construct Phase I of the Project by December 31, 2014.
3. The Developer shall receive a two (2) year extension to the tax increment payments for Phase I of the Project upon successful completion of Phase II of the Project prior to December 31, 2024.

IV. RIGHT OF NON-APPROPRIATION

Notwithstanding anything in this Agreement to the contrary, the obligation of the City to pay any installment of the Rebate from the Pledged Tax Increment Revenues described in Section II hereto shall be an obligation limited to currently budgeted funds, and not a general obligation or other indebtedness of the City or a pledge of its full faith and credit within the meaning of any constitutional or statutory debt limitation, and shall be subject in all respects to the right of non-appropriation by the City Council of City as provided in this section. City may exercise its right of non-appropriation as to the amount of the installments to be paid during any fiscal year during the term of this Agreement without causing a termination of this Agreement. The right of non-appropriation shall be exercised only by resolution affirmatively declaring the City's election to non-appropriate funds otherwise required to be paid in the next fiscal year under this Agreement.

In the event the City Council of City elects to not appropriate sufficient funds in the budget for any future fiscal year from the Pledged Tax Increment Revenues described in Section II hereto for the payment in full of the

installments on the Rebate due and payable in that fiscal year, then the City shall have no further obligation to the Developer for the payment of all installments due in the next fiscal year which cannot be paid with the funds then appropriated for that purpose.

The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to pay future installments on the Rebate shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and the Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no event of default shall be deemed to have occurred as a result thereof. If any provision of this Agreement or the application thereof to any circumstance is so suspended, the suspension shall not affect other provisions of this Agreement which can be given effect without the suspended provision, and to this end the provisions of this Agreement are severable.

V. HOTEL/MOTEL TAX PAYMENTS

In further recognition of the Developer's commitments set out herein, the City agrees to make hotel/motel tax grants (Added Payments) to the Developer during the initial five years of the term of this Agreement, pursuant to Chapter 423A Code of Iowa, to reimburse the Developer for a portion of the cost of the project. The Added Payments shall equal the increased hotel/motel tax revenue attributable to the property and which are derived from the successful completion of the Project. The Added Payments to the Developer are subject to the timely payment of hotel/motel taxes by Developer or other owners of the property, and are subject to the satisfactory completion of Phase I of the Project.

Added Payments shall be calculated using the base values of Developer's calendar year 2013 quarterly hotel/motel tax submissions. Hotel/motel tax revenues paid by Developer above and beyond the quarterly base values shall constitute the value of the Added Payments. Developer shall submit copies of the 2013 quarterly hotel/motel tax receipts attributable to the property prior to the signing of this agreement.

Developer shall submit copies of all hotel/motel tax submissions to the City concurrently with any submissions to the State of Iowa during calendar years 2015 through 2019. These submissions may be hand delivered or may be mailed by certified or registered mail, return receipt requested, to the City Administrator, City of Bettendorf, 1609 State Street, Bettendorf, Iowa 52722.

For calendar years 2015 through 2017, Developer shall receive 100% of the Added Payments attributable to the property. For calendar years 2018 through 2019, Developer shall receive 75% of the Added Payments attributable to the property.

City shall make the Added Payments to Developer within 30 days of City's receipt of the hotel/motel taxes from the Iowa Department of Revenue. The Added Payments to Developer shall be made quarterly, consistent with the Department of Revenue's distribution cycle.

The Added Payments to Developer shall begin in calendar year 2015, and shall continue for a maximum of five (5) calendar years or until a maximum of \$1,000,000 in incremental hotel/motel tax revenue has been granted to the developer, whichever first occurs. The Added Payments are additionally subject to the following conditions:

1. No payments shall be made by the City until all hotel/motel taxes are paid in full.
2. The maximum of five (5) years of Added Payments under this Agreement shall be reduced by one (1) year for each year the Developer fails to timely pay hotel/motel taxes on the parcel.
3. The maximum of five (5) years of Added Payments under this Agreement shall be reduced by one (1) year for failure to construct the Project by December 31, 2015.

VI. ASSIGNMENT

This Agreement may not be amended or assigned by either party without the express permission of the other party. However, the City hereby agrees and consents that the Developer's right to receive the Payments hereunder may be assigned by the Developer to a private lender, as security, or to another entity which is controlled by the Developer, or under common control or management with the Developer, without further action or approval on the part of the City. In the event that Developer sells the Property subject to the minimum assessment agreement as herein required, the Developer may without any further consent of the City assign its rights to the remaining payments. The Developer may also retain the right to receive all rebate payments. The City agrees, further, not to unreasonably withhold its permission upon receipt of a request from the Developer for assignment of all or any portion of its rights and obligations hereunder to any other party and to either approve or deny such request within sixty (60) days after receipt of such request by the City Council.

VII. COVENANT WITH THE LAND

This Agreement shall run with the Site and shall be binding upon the Developer, its successors and assigns. Each party hereto agrees to cooperate with the other in executing a Memorandum of Agreement that may be recorded in place of this document.

VIII. GOVERNING LAW

This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with the laws of the State of Iowa.

IX. JURY TRIAL WAIVER

The parties hereto, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily, and intentionally waive any right they may have to a trial by jury in any litigation based on or arising out of this agreement or instrument, or any related instrument or agreement, or any of the transactions contemplated hereby or any course of conduct, dealing, statements, whether oral or written, or action of any party hereto. No party shall seek to consolidate by counterclaim or otherwise, any such action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by any party hereto except by a written instrument executed by all parties.

X. NOTICE

Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or when deposited in the United States mail, postage prepaid, sent certified or registered and addressed as follows:

To the City of Bettendorf:
Mr. Decker Ploehn
City Administrator
1609 State Street
Bettendorf, Iowa 52722
Office Phone (563) 344-4007

To Spruce Hills Investment Partners, LLC:
Attn: Mr. Raymond Stoddard, Managing Member
900 Spruce Hills Drive
Bettendorf, Iowa 52722
Office Phone (563) 359-7141

XI. ENTIRE AGREEMENT

This Agreement and the Exhibits attached hereto constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and supercede all negotiations, preliminary agreements and all prior and contemporaneous discussions and understandings of the parties in connection with the subject matter hereof. All Exhibits attached hereto are hereby incorporated into and made a part of this Agreement.

XII. AMENDMENTS

No amendment, waiver, change or modification of any of the terms, provisions or conditions of this Agreement shall be effective unless made in writing and signed or initialed by the parties. Waiver of any provision of this Agreement shall not be deemed a waiver of future compliance herewith and such provision shall remain in full force and effect.

XIII. SEVERABILITY

In the event any provision of this Agreement is held invalid, illegal or unenforceable, in whole or in part, the remaining provisions of this Agreement shall not be affected thereby and shall continue to be valid and enforceable, and, if for any reason a court finds that any provision of this Agreement is invalid, illegal or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable, then such provision shall be deemed to be written and shall be construed and enforced as so limited.

XIV. CONSTRUCTION

The titles or captions of paragraphs in this Agreement are provided for convenience of reference only and shall not be considered a part hereof for purposes of interpreting or applying this Agreement, as such titles or captions do not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms or conditions. Words and phrases herein shall be construed as in the singular or plural number and as masculine, feminine or neuter gender, according to the context.

XV. UNAVOIDABLE DELAYS

Any delays resulting from acts or occurrences outside the reasonable control of the party claiming the delay including but not limited to storms, floods, fires, explosions or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts or other labor disputes, delays in transportation or delivery of material or equipment necessary for construction and installation of the Project, litigation commenced by third parties, or the acts of any federal, State or local governmental unit (other than the City) are "Unavoidable Delays". Time lost as a result of Unavoidable Delays shall be added to extend the deadline by the number of days equal to the number of days lost as a result of Unavoidable Delays.

XVI. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, and in making proof hereof, it shall not be necessary to produce or account for more than one (1) such counterpart.

The City and the Developer have caused this agreement to be signed, and the City's seal to be affixed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

APPROVED AS TO FORM:

Bettendorf City Attorney

CITY OF BETTENDORF, IOWA

By: _____
Its Mayor

Attested by:

By: _____
Its City Clerk

Spruce Hills Investment Partners LLC

By: _____
Its Managing Member

02/06/02 12:00 31 309 786 0463 SNYDER SCHWARZ.. 012/013

2002

THE IOWA STATE BAR ASSOCIATION Official Form No. 106	Doc A. Runnels 2002-05914	FOR THE LEGAL EFFECT OF THE USE OF THIS FORM, CONSULT YOUR LAWYER
REAL ESTATE TRANSFER TAX PAID \$ 3527.00 RECORDED DATE 02/07/02 COUNTY SWA	FEE \$ 16.00 RECORDER OF DEEDS SCOTT COUNTY, IOWA 2002 FEB 7 PM 2 12	AUDITOR FK Transfer Fee SWA Recording Fee ILW
Information Doc A. Runnels, 1600 4th Avenue, Rock Island, IL 61201, (309) 786-8497		
Individual's Name	Street Address	City Phone



Address Tax Statement: Quad City Lodging Partners, LLC 801 Jackson, Dubuque, IA 52001

QUIT CLAIM DEED

For the consideration of One (\$1.00) Dollar(s) and other valuable consideration, Jumer's Castle Lodge, Inc., a Delaware corporation, pursuant to authority given by its Board of Directors,

do hereby Quit Claim to Quad City Lodging Partners, LLC, an Iowa limited liability company,

all our right, title, interest, estate, claim and demand in the following described real estate in Scott County, Iowa:

See Exhibit "A" attached hereto.

Personal Property in the amount of \$945,000.00 is Exempt

Said conveyance is subject to general real estate taxes in respect of 2001 subsequent; easements, covenants, conditions, restrictions, dedications and reservations of record, and zoning and use ordinances, rules and regulations, and matters of survey.

Each of the undersigned hereby relinquishes all rights of dower, homestead and distributive share in and to the real estate.

Words and phrases herein, including acknowledgment hereof, shall be construed as in the singular or plural number, and as masculine or feminine gender, according to the context.

Dated: February 6, 2002

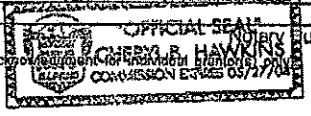
Frank Pedulla JUMERS CASTLE LODGE, INC. (Grantor)

STATE OF Illinois, ss: Leoria COUNTY,

On this 6th day of Feb, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared FRANK PEDULLA (Grantor)

to me known to be the identical persons named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed. (Grantor)

Cheryl B. Hawkins (Grantor)



(This form of acknowledgment is for acknowledgment purposes only.) (Grantor)

STREET ADDRESS: 900 Spruce Hills Drive
CITY: Bettendorf COUNTY: Peoria
TAX NUMBER:

LEGAL DESCRIPTION:

LOT 1 IN JUMER'S CASTLE LODGE ADDITION, AN ADDITION TO THE CITY OF BETTENDORF, IOWA; IN THE COUNTY OF SCOTT AND STATE OF IOWA; ALSO, LOT 2 IN SUMMIT HILLS COMMERCIAL PARK FIFTH ADDITION TO THE CITY OF BETTENDORF, SCOTT COUNTY, IOWA; ALSO, THAT FORMER HIGHWAY CONVEYED BY GRANT FROM THE STATE OF IOWA RECORDED MARCH 3, 1993 AS DOCUMENT NO. 4914-93 DESCRIBED AS FOLLOWS: TO-WIT: PART OF THE SOUTHEAST 1/4 OF SECTION 17, TOWNSHIP 78 NORTH, RANGE 4 EAST OF THE 5TH PRINCIPAL MERIDIAN, CITY OF BETTENDORF, SCOTT COUNTY, IOWA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHERLY MOST CORNER OF LOT 1 JUMER'S CASTLE LODGE ADDITION TO THE CITY OF BETTENDORF, IOWA, SAID POINT BEING ON THE EXISTING RIGHT OF WAY LINE OF I-74; THENCE SOUTH 16 DEGREES 32 MINUTES 41 SECONDS WEST, 15.12 FEET (FOR PURPOSES OF THIS LEGAL DESCRIPTION, THE SOUTHERLY LINE OF SAID LOT 1 IS ASSUME TO BEAR NORTH 80 DEGREES 45 MINUTES 02 SECONDS WEST); THENCE NORTH 80 DEGREES 45 MINUTES 02 SECONDS WEST, 170.06 FEET; THENCE NORTH 57 DEGREES 06 MINUTES 16 SECONDS WEST, 79.65 FEET; THENCE NORTH 50 DEGREES 11 MINUTES 56 SECONDS WEST, 124.44 FEET TO A POINT ON THE EXISTING RIGHT OF WAY LINE OF I-74; THENCE SOUTH 57 DEGREES 07 MINUTES 02 SECONDS EAST 200.04 FEET ALONG SAID RIGHT OF WAY LINE; THENCE SOUTH 80 DEGREES 45 MINUTES 02 SECONDS EAST, 168.84 FEET ALONG SAID RIGHT OF WAY LINE TO THE SAID POINT OF BEGINNING.

8417533011

NOTICE OF OPPORTUNITY TO CONSULT

You are hereby notified that the City of Bettendorf is beginning the process to establish the Lodge Hotel Redevelopment Tax Increment Financing (TIF) District. A meeting time and place has been established as follows so that you may discuss this matter should you so desire:

Date: March 21, 2014
Time: 10:00 am
Place: Bettendorf City Hall
Second Floor Conference Room
1609 State Street
Bettendorf, Iowa 52722

Should you be unavailable to meet at the above noted time and place, please contact Steve Van Dyke at 563-344-4060 at your earliest convenience in order to arrange for a meeting prior to that date and time. The following table summarizes the differences between the present taxes generated from the site and taxes anticipated to be generated upon completion of the development and also the length of time anticipated for the diversion of taxes for the TIF financing.

PROJECT

Lodge Hotel Redevelopment Tax Increment Financing (TIF) District

ESTIMATE OF COST

Total Project \$10,580,740

TAXES PRESENTLY BEING GENERATED FROM SITE

Land & Building Value \$ 3,580,740
Annual Taxes at Current Rate \$ 128,334

TAXES ESTIMATED TO BE GENERATED FROM DEVELOPMENT

Land & Building \$10,580,740
Estimated annual taxes at current rate \$ 366,094

FISCAL IMPACT OF THE DIVISION OF REVENUE FROM PROPOSED DEVELOPMENT

Property tax base will be increased and new taxes totaling \$237,760 per year will be generated when development is complete.

ESTIMATED SERVICES FROM TAXING ENTITY WILL BE EXPECTED TO PROVIDE THE TIF AREA

Scott County: Minimal
Bettendorf Community School District: None (non-residential)
Scott Community College: None

ESTIMATED DURATION OF DIVERSION OF REVENUE

12 years

ESTIMATED REVENUE AVAILABLE TO EACH TAXING ENTITY AFTER 12 YEARS IF PROJECT SUCCEEDS:

City of Bettendorf	36 %	\$131,794
Bettendorf Community School District	43 %	\$157,420
Scott County	17 %	\$ 62,236
E.I.C.C.	3 %	\$ 10,983
Others	1 %	\$ 3,661
TOTAL		\$366,094