



MEMORANDUM

TO: City Council Members

FROM: Bruce Walden

DATE: October 4, 2001

RE: Fox Development Agreement, Medical Office Buildings

Background

The City of Urbana adopted the North Campus and King Park Redevelopment TIF #3 Plan in 1989. One of the primary goals was to develop a motel and private medical office uses along University Avenue adjacent to Provena and the Beckman Institute. This goal was partially achieved with the completion of the Hampton Inn and Perkins Restaurant project. The goal of achieving a medical/private office complex, while included in the original University Hotel LLC agreement in 1993 and subsequent amendments, did not materialize for a variety of factors.

Proposal

The proposal before the City Council comes in two major parts: The first is to amend the existing hotel/office development agreement, and the second is a new, separate agreement for office development. Additional actions relating to a pedestrian bridge and right-of-way vacations will follow.

Amended Agreement

The amended agreement will be in the form of a new restated agreement entitled "Redevelopment Agreement Third Amended and Restated by and between the City of

Urbana, Champaign County, Illinois and University Hotel LLC, an Illinois Limited Liability Company.” The amended agreement accomplishes essentially the following:

1. Retains the TIF agreement for the hotel and restaurant.
2. Eliminates the penalty provision applying to office structure.
3. Adds incentive for new addition to hotel.
4. Alters development boundary to exclude office building site.

The boundary of the “old” agreement overlapped the boundary of the “new” agreement; therefore, modification was required.

New Agreement

The new agreement is entitled “Redevelopment Agreement by and between the City of Urbana, Champaign County, Illinois and Fox Development Corporation, an Illinois Corporation.” The new agreement focuses on two medical office facilities and the potential for retail development. The agreement essentially does the following:

1. Provides a pay-as-you-go TIF benefit of 70% increment for office building #1.
2. An 80% TIF benefit for office building #2 if built on schedule.
3. A 100% TIF benefit if free-standing retail is constructed.

Agreement Finalization

During the next week we will be working to complete the needed legal descriptions and right-of-way license agreements.

Recommendation

Staff recommends approval of both agreements as soon as practicable upon completion of exhibits on October 15 or November 5.