



REGULAR AGENDA ITEM NO. 8B

FOR COUNCIL: October 24, 2016

SUBJECT: Consideration of an Ordinance approving a Redevelopment Agreement between the City of Bloomington and Milan Hotels (Magnus Hotels LLC) for its proposed acquisition and redevelopment of the Baymont Inn & Suites at 604 ½ IAA Drive.

RECOMMENDATION/MOTION: That the Ordinance approving a Redevelopment Agreement between the City of Bloomington and Magnus Hotels LLC be approved, and authorize the Mayor and City Clerk to execute the necessary documents.

STRATEGIC PLAN LINK: Goal 3: Grow the Local Economy; Goal 4: Strong Neighborhoods; Goal 5: Great Place – Livable, Sustainable City.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3b. Attraction of new targeted businesses that are the “right” fit for Bloomington; 3c. Revitalization of older commercial homes; 3d. Expanded retail businesses; 3e. Strong working relationship among the City, businesses, economic development organizations. Objective 4c. Preservation of property/home valuations; 4d. Improved neighborhood infrastructure; Objective 5b. City decisions consistent with plans and policies; 5c. Incorporation of “Green Sustainable” concepts into City’s development and plans; 5e. More attractive city: commercial areas and neighborhoods.

BACKGROUND & OVERVIEW: Milan Hotels, an owner / operator of over 20 hotels in the United States, has requested municipal assistance to offset the extraordinary costs related to its proposed \$5.875 million acquisition and renovation of the 103 room Baymont Inn & Suites at 604 ½ IAA Drive into a 96 room “Best Western Plus” hotel. City staff with the assistance of PGAV, the City’s Economic Development Consulting firm, have thoroughly reviewed the developer’s request for municipal assistance and have determined that the project as proposed would not proceed if not for the incentive outlined in the proposed Redevelopment Agreement. Staff recommends Council approval of the Ordinance approving the Redevelopment Agreement as the proposed project is congruent with the both the objectives of the Empire Street Corridor Redevelopment Plan and the goals of the City’s 2035 Comprehensive Plan, and is in compliance with the City’s Economic Development Strategic Plan and Incentive Guidelines.

The subject property was included in the boundaries of the Empire Street Corridor TIF District as it was found to have deteriorated site improvements and is located adjacent to other properties in the TIF District which were found to contain additional qualifying blighting factors. The hotel on the subject property was constructed as a Hampton Inn & Suites in 1986 and operated under that flag until 2004 when it was reflagged as a Baymont Inn & Suites, the flag which it continues to operate under today. The current owner / operator of the subject property has experienced financial difficulties going back as far as 2011 and is presently behind in payments of both

property tax and Hotel / Motel Tax and the property is falling into a state of disrepair due to a lack of investment as documented in the attached pictures of the existing conditions of the property.

As part of the Redevelopment Agreement, Milan Hotels will be required to pay any and all back real estate and Hotel / Motel Tax owed as well as acquire and upgrade the property to the standards required by Best Western Hotels & Resorts to achieve the “Best Western Plus” designation. In addition to the requirements to renovate the property, Milan Hotels will also be required to comply with all local, state, and federal codes and laws, including payment of property tax and Hotel / Motel Tax throughout the term of the agreement.

Additional information regarding the proposed project can be found in the attached Economic Development Incentive Application Binder. The proposed Redevelopment Agreement formalizes the economic development incentives that have been negotiated between City staff and Milan Hotels to support the redevelopment project. The attached Ordinance and Redevelopment Agreement have been prepared and reviewed by the City's TIF Attorney, Kathleen Field Orr & Associates.

City staff recommends approval of the Ordinance and Redevelopment Agreement so that Milan Hotels can proceed with acquiring and renovating the subject property which would continue the City's efforts to enhance the vitality of the Empire Street Corridor. If not for the proposed municipal assistance package, Milan Hotels would not acquire the subject property and the condition of the Baymont Inn & Suites could continue to deteriorate further.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Appropriate City staff members have provided input on the proposed renovation of the subject property. Additional meetings have been held with neighboring property owners which have indicated that the proposed project would improve the attractiveness of the surrounding commercial neighborhood and the highly visible Veterans Parkway / Empire Street intersection. The proposed project would likely lead to additional leisure and business travelers patronizing the nearby retail stores and restaurants which would be beneficial for the many businesses in this area.

FINANCIAL IMPACT: The terms outlined in the Redevelopment Agreement are in compliance with the City's Economic Development Incentive Guidelines and have been crafted to protect the City from any unforeseen circumstances and to motivate the developer to acquire and promptly renovate the subject property and reopen it as an upper midscale hotel:

- The total amount of **municipal assistance is capped** / limited to \$675,000 based on a **minimum investment** of \$5.875 million. Should the minimum investment of \$5.875 million not be expended by the developer, **the total amount of municipal assistance will be recalculated to be 11.5% of the actual documented investment** thereby allowing the City to benefit from any potential savings the developer is able to achieve in the event the redevelopment project is less costly than originally estimated. The language in the redevelopment agreement outlining these terms is a form of a “lookback provision.”

- The \$675,000 incentive is targeted to assist the developer in **offsetting the extraordinary costs encountered in the proposed project**. Specifically, the existing hotel property is in need of significant repairs to the parking lot and grounds, a new roof is needed, and the current configuration of the lobby is not ADA compliant. When combined, these three deficiencies and the associated costs to cure them present a barrier to redeveloping the property in a profitable manner for the developer.
- The City agrees to support the project through **rebates of new / increased revenues generated by the project, only if those revenues materialize, and on a “pay as you go” basis**:
 - The developer will be rebated the Hotel / Motel Tax generated on the subject property on a sliding scale: 100% for the first thirty-six (36) months of operation, then reduced to 75% for the next twenty-four (24) months, then further reduced to fifty percent (50%) for the remaining sixty (60) months.
 - Simultaneous to the rebating of Hotel / Motel Tax, for up to ten (10) years the developer will also be rebated **75% of the newly created incremental property tax** paid by the developer resulting from the increased EAV of the subject property due to the improvements made to the property by the developer. Property tax increment will be collected by the City via the existing Empire Street Corridor TIF District.
 - **The municipal incentive will be sourced solely from the Hotel / Motel Tax revenue and property tax increment generated at the subject property, NOT by the full faith and credit of the City. Should the source revenues be insufficient to cover the incentive during the term of the Redevelopment Agreement, the City will NOT be obligated to make up the difference from any other fund of the City or revenue source.**

As set forth in the proposed Redevelopment Agreement, Milan Hotels (Magnus Hotels LLC) will acquire and renovate the subject property into a Best Western Plus which is anticipated to result in a property with a higher EAV than the present Baymont Inn & Suites and an improved hotel property that can command a higher Average Daily Room Rate (ADR). Based on the projected investment into the existing building and grounds and the resulting increase in EAV, and taking into account both conservative ADR and projected occupancy levels, the subject property is anticipated to generate Hotel / Motel Tax revenue and property tax revenue sufficient to cover the \$675,000 municipal incentive in less than ten years. Additionally, it is anticipated that the City will retain approximately \$175,000 in Hotel / Motel Tax revenue during the ten year time period of the agreement while the subject property will also generate approximately \$30,000 in uncommitted TIF increment during the same ten year period which would be retained in the Empire Street Corridor TIF fund.

Respectfully submitted for Council consideration.

Prepared by:

Austin Grammer, Economic Development Coordinator

Reviewed by: Tom Dabareiner AICP, Community Development Director

Financial & budgetary review by: Chris Tomerlin, Budget Analyst

Legal review by: Kathleen Field Orr, Counsel for Economic Development

Recommended by:



David A. Hales
City Manager

Attachments:

- Economic Development Incentive Application Binder: Milan Hotels
- Ordinance Approving the Redevelopment Agreement
- Redevelopment Agreement and Associated Exhibits

Motion: That the Ordinance approving a Redevelopment Agreement between the City of Bloomington and Magnus Hotels LLC be approved, and authorize the Mayor and City Clerk to execute the necessary documents.

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			



Office of Economic Development

Economic Development Incentive Application Binder

Milan Hotels / Magnus Hotels LLC

Renovation of the Baymont Inn & Suites (former Hampton Inn & Suites)
at 604 ½ IAA Drive into a Best Western Plus

October 24, 2016

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 - I. Milan Hotels Incentive Application
 - II. Best Western Property Improvement Plan (PIP)
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 - V. Best Western Hotels & Resorts Corporate Timeline

- B. Baymont Inn & Suites Existing Conditions and Delinquent Tax Documentation:
 - I. 604 ½ IAA Drive Tax Year 2015 Payable 2016 Property Tax Bill
 - II. Letter from City Attorney to Skyway Hospitality, LLC
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 - IV. 604 ½ IAA Drive Existing Conditions Photographs

- C. PGAV Review of the Proposed Project Memorandum

- D. Office of Economic Development Review of the Proposed Incentive

- E. City Council Meeting Presentation

- F. Economic Development Incentive Agreement & Ordinance



Commercial Incentive Application

I. Taxpayer Information

Name of Taxpayer Seeking Incentive: *Magnus Hotels/Milan Hotels LLC*

Mailing Address: *604 ½ IAA Drive, Bloomington IL 61701*

Name of authorized to represent taxpayer making application: *none*

Address of Authorized representative: *as above*

Telephone & Fax number of authorized representative: *ph: 309-686-7600 fx: 309-686-0686*

Provide a brief description of the Taxpayer's business, including company history, product(s), facilities, sales and corporate growth, and corporate employment. Also discuss any applicable future growth, planned expansions, and/or corporate diversification.

With ownership and management experience of more than 20 hotels all over the country and with 3 hotels under construction in Nashville TN, we are proud to bring Best Western to Bloomington, Illinois. We are confident of the economic growth after stabilization of business. Best Western will serve both corporate and leisure travelers during their travels to Bloomington.

Project Profile

In a separate document titled "Project Profile", provide an estimated project schedule including (when applicable):

- Closing of purchase
- Permitting
- Environmental Assessment and/or Remediation of Activities
- Construction Start
- Construction Completion
- Occupancy of facilities
- Purchase and installation of equipment
- Other pertinent dates, as appropriate



Commercial Incentive Application

Sponsor/Developer: *Nish Jobalia*

Project Street Address: *604 ½ IAA DR*

City, State & Zip Code: *Bloomington IL. 61701*

County: *McLean*

Project type (Commercial Real Estate, Business, Equipment): *Business (Hotel)*

Sq. ft. of project: *53,295 feet*

Total Project Cost/Investment: *\$5,875,000.00*

Total Incentive Requested: *\$750,000.00*

11 Digit Census Tract Code:

Please provide a narrative that describes the project in specific detail:

The entire hotel will undergo a major renovation. The remodel will include exterior of the hotel including parking lot, landscaping and roofline. The entire porte-cochere will be redesigned with new straight lines giving the entrance modern look and meeting the property improvement plan of the Best Western Inn Hotel standard. The remodel will include exterior paint and improving side walk and fence. The entire lobby and rooms includes replacing carpet, furnishings and FF&E package. New sign package and lighting package around the building will give an appealing look to the entire area. Swimming pool area will be revitalized and beautified to Best Western standards.

How is the property currently being used and what is the condition of the property?

Currently the property is in a sad stage and the building is not kept by the current owner. Even the taxes (Hotel Motel and Property taxes) are not getting paid to the city. There is an almost 2 foot hole in the concrete parking lot that is very dangerous and has not been fixed for more than a year.



Commercial Incentive Application

Will the project require additional municipal services or facilities?

Yes: _____ No: X

If yes, please explain:

II. For projects seeking municipal assistance for Commercial Real Estate development

Development Team

Please list all of members of the development team, their contact information and their role in the development process. If more than four members are on the team, please attach the additional contact information separately.

Name: *Gayln Clark*
Address: *141 Catherine St, East Peoria, IL 61611*
Phone Number: *309- 698-8282*
Fax Number:
Email:
Role: *Contractor*

Name: *Ravi Wadhwa*
Address: *2002 W War Memorial Dr, Peoria IL 61614*
Phone Number: *309-686-7600*
Fax Number: *309-686-0686*
Email: *baymontpgm@hotmail.com*
Role: *Member*

Name: *Nish Jobalia*
Address: *2002 W War Memorial Dr, Peoria IL 61614*
Phone Number: *309-686-7600*
Fax Number: *309-686-0686*
Email: *nish@milanhotelsllc.com*
Role: *Developer*

Describe the development team and its capacity to successfully complete the project:

Gayln Clark is the owner of Clark Construction of East Peoria, Illinois. He has successfully completed many hotel remodel and upgrade projects. Clark Construction has built the PAR A Dice Hotel in Peoria IL from ground up. Also, Clark Construction just finished a 180 room project named Blue Chip Hotel Casino in Michigan City Indiana. Nish Jobalia has the knowledge of brand standards and requirements to meet Best Western expectations delivered from the contractor.



Commercial Incentive Application

What physical changes will be made to develop or rehabilitate the property and how will the subject property be used?

The entire roof will be redesigned with a parapet roof. The landscaping will be completely beautified all around the building improving the curb appeal. The swimming pool deck will be repaired and resurfaced. The entire building will be painted with 3 approved colors from the Best Western design plan. The property will go under a major renovation outside and inside the building. The parking lot will be fixed with new concrete and new stripes. The new FF&E package will be installed in all the rooms. The lobby will be completely redesigned. We will add space to the breakfast room and fitness room. New spaces will be created for meeting room and board room with bringing the current room count down from 103 rooms to 95 rooms. The bathrooms will be completely redesigned and remodeled as well.

Total Investment for real estate component of project: \$2.5 million

Complete the corresponding budget worksheet, sources and uses statement and proforma, if applicable. Templates will be provided in Microsoft Excel format. The aforementioned documents will include, but are not limited to:

- Purchase of real estate and improvements
- Site preparation
- Demolition
- Construction of new structures
- Infrastructure improvements
- Architecture & Engineering fees

III. For projects seeking incentive for new manufacturing equipment

Total cost of new manufacturing and research & development equipment: N/A

Attach an itemized list of the proposed equipment acquisitions and the cost of each item. N/A

Describe the productive use of the proposed equipment acquisitions: N/A

Date new equipment is to be installed: N/A

Will the new equipment have an impact on the environment?

Yes: _____ No: _____X_____

If yes please attach a detailed explanation.



Commercial Incentive Application

IV. Determination of need for incentive

Please describe whether the project could move forward or not without the existence of the incentive.

Please see the attached shortfall excel sheet. Proforma has been sent to PGAV.

V. Community Impact

Is this project part of a larger, comprehensive revitalization plan sponsored by local government planners and/or local economic development groups?

Yes: No:

If yes, please describe how the project is related to the plan and if the project is one of the first undertaken.

Subject property is included in the Empire Street TIF District. The proposed renovation is congruent with the TIF plan.

Provide a 3-year history of employment levels at the project location:

Typically, a hotel of around 100 rooms employs between 23 to 25 people of which at least 13 to 15 people are full time employees. For last 3 years this hotel has employed 12 to 14 people of which only 3 people are full time.



Commercial Incentive Application

Will the project create new jobs that can employ local residents?

Yes: No:

If yes, please provide information about the businesses current and projected employees.

Employee Information	Current Employees	Projected Employees
Full-time employees (35+ hours/week)	3	13
Part – time employees	10	15
Average hours of part-time employees	20	25
Men		
Women		
African-American		
Latino		
Other/Racial Ethnic Minority		
Salary below \$20,000		
Salary between \$20,000 - \$40,000		20-27
Salary between \$40,000 - \$60,000		1 (General Manager)
Salary above \$60,000		
Paid Holidays		Yes
Paid Vacation		Yes
Paid Sick Days		No
Health Insurance		No
Dental Insurance		No
Employee Information	Current Employees	Projected Employees
Insurance for Dependents		No
Long –term disability		No
Short-term disability		No
401 (K)/Other Retirement		No
Child Care		No
Education/Training		No
Life Insurance		No

What is the value of benefits in comparison to base pay? *N/A*

Identify the type(s) of work or position(s) of the new employees that will be newly hired:

General Manager, Sales Manager, Front Desk Manager, Front desk clerks, Head of Housekeeping, Housekeepers, Groundskeeper, Maintenance Engineer, Breakfast attendant.



Commercial Incentive Application

Will the project provide goods and services not immediately available to the community?

Yes: No:

If yes, please explain:

There is not currently a Best Western in Bloomington-Normal

Will the project result in greater demand for local goods and services, resulting in indirect job creation for residents of the community?

Yes: No:

If yes, please explain:

As the Best Western will be providing a comfortable stay to both corporate and leisure travelers, nearby restaurants and stores in Eastland Mall and Empire Crossing will be positively affected.

Will the project provide vital community services to residents of the community?

Yes: No:

If yes, please explain: *N/A*

Does the project create environmental sustainable outcomes through green building concepts, location near mass transit, adaptive reuse of existing building or materials, etc.?

Yes: No:

If yes, explain:

Proposed project is a renovation of an existing building and in-fill development. Subject property is located on a Connect Transit bus route.

If applicable, will the building follow the Green Building Code?

Yes: No:

If applicable, will the building be LEED certified?

Yes: No:

If yes, certification level: _____



Commercial Incentive Application

Will materials and services necessary to the completion of the project be purchased and/or acquired by local Bloomington-Normal area businesses? *Yes.*

If yes, what percentage: *20 to 25%*

Application completed by: *Nish Jobalia*

Project Role: *Developer*

Contact Information: *Nish@milanhotelsllc.com*

Date Completed: *August 29, 2016*

Bloomington Best Western Improvement Plan

95 Rooms Total	Number	Per Room	Amount	
Furniture Package Two Queen Bed (Install)	43	\$2,350.00	\$101,050.00	
Furniture Package King with Installation	52	\$2,350.00	\$122,200.00	
Mattress Two Queen bed installed	43	\$972.00	\$41,796.00	
Mattress King room installed	52	\$559.00	\$29,068.00	
Bedding package Two Queen bed installed (Skirt Scarff and Bed Base) installed	43	\$334.00	\$14,362.00	
Bedding Package King	52	\$202.00	\$10,504.00	
Lamp Package Two Queen bedroom & Install	43	\$210.00	\$9,030.00	
Lamp package King room & Installation	52	\$210.00	\$10,920.00	
Carpet/Pad in the rooms with Installation	95	\$575.00	\$102,500.00	
Bathroom	95	\$1,900.00	\$180,875.00	
TV	103	\$549.00	\$56,547.00	
Drapes and Cornice board	103	\$400.00	\$41,200.00	
Art Work in Rooms	206	\$75.00	\$15,450.00	
Wall Sconce in corridor	90	\$100.00	\$9,000.00	
Soft Good fro the room	95	\$350.00	\$33,250.00	
TOTAL				\$777,752.00
A/C in rooms	103	\$520.00	\$53,560.00	
Corridor Carpet	3		\$55,000.00	
Lobby Upgrade	1	\$150,000.00	\$150,000.00	
Portcaher Upgrade	1	\$125,000.00	\$125,000.00	
Landscaping	1	\$60,000.00	\$60,000.00	
Outside paint	1	\$150,000.00	\$150,000.00	
Inside repaint of the rooms	103	\$850.00	\$87,550.00	
Parking lot Upgrade	1	\$200,000.00	\$200,000.00	
New Sign Package	1	\$45,000.00	\$45,000.00	
PMS System	1	\$20,000.00	\$20,000.00	
Pool		\$25,000.00	\$25,000.00	
Corridor Wallpaper/ Room paint	3	\$25,000.00	\$75,000.00	
New Roof	1	\$400,000.00	\$400,000.00	
General Condition and profit (Construction)			\$283,274.00	
Total				\$1,729,384.00
				\$2,507,136.00
Purchase price (Baymont Inn Bloomington)			\$2,500,000.00	\$5,007,136.00
Intrest carry and Fees				\$778,051.80
				\$5,785,187.80
Down Payment			\$1,100,000.00	
Financing by Bank			\$2,900,000.00	

Nishith Jobalia

Objective To acquire and help grow in hospitality Industry.

Experience **1991-Present**

Sought successful partnerships with appropriate investors.
Put together financial statistics for acquiring properties.
Work with real estate brokerage companies to identify suitable acquisition candidates.
Work with investment banks to acquire financing to complete a purchase.
Established several limited partnerships.
Build portfolio of properties valued at \$17 million
Established relationships with management teams to manage the acquired properties.

Formed and became partner of

- JDB Management company LLC (35%)
- Mannat Hotels / Hermitage Inn (33.5%)
- MSM Hotels LLC / Best Western Inn (Dalton) (25%)
- MPNS Hotels LLC/ Best Western (21%)
- Moksha Hotels LLC D/B/A Super 8 Airport (35%)
- MSS Hotels LLC D/B/A Howard Johnson (33.33%)
- Mukam Hotels LLC D/B/A Country Inn & Suites (20%)
- Milan Hotel LLC/DBA Baymount Inn & Suites Peoria
- Milap Hotels LLC/ DBA Hampton Inn
- Milap Hotel LLC/DBA Holiday Inn Express & Suites
- Mantra Hotels LLC/ DBA BestWestern Brentwood Inn
- Mukta Hotels LLC/DBA Baymont Inn & Suites

2007- Present Mukam Hotels LLC/ Country Inn & Suite Nashville

C.F.O./ Operating Member

- Overseen a \$1 million renovation.
- Have increased revenue by 10% year on year.
- Helped reduced debt cost of the property by refinancing loan.

2003-Present MPNS LLC/ Best Western Inn Franklin,TN

C.F.O:

- Executed purchase of property with favorable loan agreement.
- Increased revenue by 17% in 2012.
- Overseen a \$500,000 renovation as per B/W requirements.
- Projected for total revenue increase for this year by 18%

2002-Present MNS Hotels LLC/Best Western Dalton/GA

C.F.O./GM:

- Renovated the property as per Best Western Standard
- Work with contractor and purchaser for upgrading property
- Projection for 2005 and 2006 up 10%

2001-2012 MPR LLC / Days Inn Tampa, FL

Financial Advisor

Help reduce expenses from \$1.7 Million to \$1.3 Million.
Established better sales organization.
Help with marketing effort.
Control the renovation cost.
Help reduce the cost of insurance and property tax.

1995–2014 Mala LLC Manchester, TN

President

Increased sales from \$625 thousand to \$830 thousand.
Converted franchise from Comfort Inn to Ramada Inn.
Increased earnings by 23%.
Maintained Gold Key status of the property for 3 years in a row.
Leased operations such as restaurant and lounge.
Completed general management training program through Cendant corporation.

1991-2001 Scottish Inn Manchester, TN

Owner / General Manager

Managed staff of 15 employees.
Increased revenue from \$500 thousand to \$750 thousand.
Managed day-to-day operation of the company
Established good relationship with the franchise company
Achieved the highest level of customer satisfaction
Put together marketing plan and execute the plan by successful advertising campaign.

Education

1980-1985 Bombay University Mumbai, India
B.S., Accounting and Business Management.

References

First National Bank 1814 Hillsboro Blvd, Manchester TN 37355
Contact: Mr. Tom Allen Phone: 931-728-4444



October 10, 2016

David A. Hales
City Manager
City of Bloomington
109 E Olive Street
Bloomington, IL 61701-3157

Dear Mr. Hales,

Please use this letter as a letter of support for the TIF incentive application for Magnus Hotels, LLC that will be presented to the City Council in October 2016. This is an investment group that I have had a banking relationship with for the past eight years. They are very good operators and have grown the revenues at the Peoria location by 48% over that time period. I am confident that they will achieve their projections, and that this property on Veterans Drive will be an excellent redevelopment project for the City of Bloomington.

As you know, the costs to do the major renovation that is proposed are very high. The Best Western Plus brand is an upper mid scale brand as rated by the Smith Travel Agency. Over the past few months as they gathered the data on what must be changed to achieve this brand, the costs kept going up. Even with the large investment the bank is willing to make and the large investment of cash being made by the owners, there is still a shortfall. This conversion to a higher rated hotel had a great deal of costs that a normal renovation would not require. The TIF benefits are needed to complete this transaction and will be used to close the financing gap created by the extraordinary costs of this renovation.

I appreciate the City of Bloomington and especially the City Manager and Economic Development Coordinator for working hard to find a solution to this shortage and bridge the financing gap with the proposed incentive package. I am confident this will be a successful investment for the City.

Best Regards,

Andrew J. Sparks
Executive Vice President
Morton Community Bank

BEST WESTERN TIMELINE & STORY

Below are some highlights from the history of Best Western International.

- 2015** Best Western announces GLōSM, a broad-midscale boutique concept designed for secondary, suburban and highway markets. GLō is a broad-midscale new construction brand that offers a hip, boutique-style experience for savvy travelers who expect the best in value, design and comfort.
- 2014** Best Western announces VībSM, an urban boutique concept focused on style, technology and engagement and BW Premier CollectionSM, a soft brand of carefully selected, high-quality hotels in global primary markets
- 2012** Best Western introduces advanced cleaning technologies at its North American properties, becoming the first hotel brand to empower housekeeping staff to set a new standard for guest care through the use of UV wands, black lights and clean remote.
- 2012** Best Western introduces BEST WESTERN PLUS EXECUTIVE RESIDENCYSM, an upper-midscale hotel whose flexible spaces, stylish design, and brand signature elements come together to create an enriching extended stay experience guests.
- 2011** Best Western celebrates its 65th birthday introducing BEST WESTERN[®], BEST WESTERN PLUS[®] and BEST WESTERN PREMIER[®] descriptors to the North American market. The World's Biggest Hotel Family[®] tagline is introduced in the United States and Canada.
- 2010** Best Western passes ballot approving three descriptors - BEST WESTERN[®], BEST WESTERN PLUS[®] and BEST WESTERN PREMIER[®].
- 2008** Best Western launches new Atrea prototype.
- 2008** The Gold Crown Club[®] International Program celebrates its 20th Anniversary and is renamed Best Western Rewards[®].
- 2007** Best Western begins using online surveys to keep track of customer satisfaction, one of the first steps in leading the industry in superior customer care.
- 2007** The hotel chain is named a Preferred Lodging Partner of AAA/CAA, and begins a multi-year partnership with Harley-Davidson[®].
- 2006** Best Western celebrates its 60th Anniversary with the 1946 Room Rate Promotion, where lucky guests are provided with a special one-night charge of \$5.40 - the approximate value of overnight accommodations six decades ago, when the company got its start.
- 2005** Best Western begins averaging \$1 million in bookings per day through bestwestern.com.
- 2004** Best Western launches the hotel industry's largest High-Speed Internet Access (HSIA) initiative with the fastest implementation. In just eight months, the company establishes free wireless or hard-wired HSIA in some portion of the public areas, and at least 15 percent of rooms, at all of its North American properties.

2004	Best Western becomes the first-ever Official Hotel of NASCAR®.
2003	Best Western introduces the Best Western Premier® descriptor in Europe and Asia.
2002	Best Western China launches, beginning a decade of intense development in that country.
2001	Best Western Asia head office opens in Bangkok, Thailand, covering most of the continent and the Middle East.
1995	Best Western introduces its first listings on the Internet. Full information on 150 member properties, including photographs, becomes instantly available via personal home computer.
1995	Best Western opens its first property in Israel, establishing its presence in the Middle East.
1995	Best Western expands into Botswana, Zimbabwe and South Africa.
1994	Best Western establishes its presence in India.
1993	A brand identity study recommends the adoption of a new Best Western logo and identity. On Nov. 30, the members approve the adoption of a new logo and officially retire the Gold Crown logo.
1993	Best Westerns open in Japan, Venezuela, Russia and Lithuania.
1992	Best Western expands into South America with its first property in Brazil. Development also begins in Turkey.
1990	Best Western welcomes Greece into the family.
1988	The Gold Crown Club® International Program for frequent travelers launches. Within a year, it acquires more than 200,000 members and sales of more than \$40 million.
1987	Best Western welcomes Norway into the family.
1986	Best Western welcomes Portugal into the family.
1985	Best Western welcomes Spain into the family.
1984	Best Western welcomes Belgium, Finland and the Netherlands into the family.
1982	Best Western welcomes Denmark and Italy into the family.
1981	In August, a satellite reservations center is established inside the Arizona Center for Women (ACW), a minimum-security correctional facility in Phoenix. This innovative venture, employing inmates as reservations sales agents, answers the chain's business need for a flexible workforce. The program brings numerous awards and worldwide attention to Best Western.
1981	Best Western welcomes Austria, France, Sweden, Switzerland and Germany into the family.
1980	Best Western membership rises to 2,654 hoteliers worldwide.
1979	Best Western accommodates 15 million guests and generates \$1 billion in room sales.
1978	Best Western welcomes Great Britain and Ireland into the family.

1977	To meet the demands of rapid growth, a multi-million dollar Best Western International Headquarters complex is designed and built in northeast Phoenix.
1977	The phrase "World's Largest Lodging Chain" becomes a part of Best Western's corporate identification and advertising theme. The tagline later changes to "The World's Largest Hotel Chain".
1976	Best Western Mexico launches, bringing more than 100 properties in Mexico and Central America into the fold.
1975	Best Western begins to expand overseas, entering Australia and New Zealand.
1974	Best Western decides to drop its referral organization image, eliminates the word "motel" from its name and begins directly competing directly with other full-service lodging chains.
1972	Properties are required to accept six major credit cards. Reservations that are charged are considered "guaranteed" and rooms have to be held for the entire night. Properties have the right to bill for "no-show" clients.
1966	The entire membership, Best Western and Best Eastern, unites under the Best Western name. a seven-person Board of Directors is elected by regional members to provide leadership and make policy decisions. Guertin retires.
1966	The organization moves it's headquarters from Long Beach, CA, to Phoenix, AZ. The Board decides to relocate because of savings involved in centralizing operations and the potential for further expanding membership services.
1966	A major expansion of Best Western services is announced. Changes include establishing a new reservations center offering toll-free service for business commuters, travel agents and vacationers through arrangements with American Express; increasing membership standards; opening sales offices in Washington D.C., Montreal, Phoenix and Seattle; establishing tie-ins with airlines and representatives from other transportation industry organizations and investigating stronger infiltration of tour and business meeting markets.
1964	The group of motels east of the Mississippi River is incorporated as Best Eastern Inc.
1963	Best Western is the largest motel chain in the industry with 699 member properties and 35,201 rooms.
1962	Best Western has the only hospitality reservations service covering the entire United States.
1962	Best Western begins using the crown logo with a rope border to identify member properties.
1951	In a guest editorial published in American Motel Magazine, Guertin speaks of the importance of advertising properties to the general traveling public. This is considered a very revolutionary approach in the lodging industry.
1946	Best Western Motels is founded by M.K. Guertin, a hotelier with 23 years of experience in the business. The chain begins as an informal link between properties with each hotel recommending other lodging establishments to travelers. The "referral system" consists of phone calls from one desk operator to another.



Information for Parcel 14-35-377-025, Tax Year 2015

Generated 10/13/16 at 18:26:34

Property Information

Tax Year
2015

Tax Code
4001

Township
CITY OF BLOOMINGTON

Neighborhood

Property Class
0060-Improved Commercial

Land Use

Tax Status
Taxable

Lot Size

Net Taxable Value
687,500

Tax Rate
8.380370

Total Tax
\$57,615.04

Site Address
604 1/2 IAA DR
BLOOMINGTON, IL 61701

Owner Name and Address
PATEL, BHARAT
604 1/2 IAA DR
BLOOMINGTON, IL

Mailing Name and Address
PATEL, BHARAT
604 1/2 IAA DR
BLOOMINGTON, IL

Legal Description
MORAN SUB LOTS 1 & 2

Payments

Installment	Date Due	Tax Billed*	Penalty Billed	Cost Billed	Drainage Billed	Total Billed	Amount Paid	Total Unpaid
First	06/01/2016	\$28,807.52	\$1,296.34	\$0.00	\$0.00	\$30,103.86	\$30,103.86	\$0.00
Second	09/01/2016	\$28,807.52	\$864.23	\$10.00	\$0.00	\$29,681.75	\$0.00	\$29,681.75
Total		\$57,615.04	\$2,160.57	\$10.00	\$0.00	\$59,785.61	\$30,103.86	\$29,681.75

* Please use \$57,615.04 for income tax purposes.

Payment Detail

Installment	Receipt Number	Date Paid	Paid By	Amount
First	2015060001	08/29/2016	National Tax Search	\$30,103.86
Total				\$30,103.86

Tax Sales

Year	Type	Date Sold	Date Paid
2013	Tax Sale	10/29/2014	11/10/2014
2010	Tax Sale	11/01/2011	12/02/2011
2009	Tax Sale	11/05/2010	06/16/2011

* Contact the County Clerk for more information

SORLING NORTHROP

ATTORNEYS

August 5, 2016

NOTICE OF TAX LIABILITY

Skyway Hospitality, LLC
Baymont Inn
604 IAA Drive
Bloomington, IL 61701

The City of Bloomington Finance Department sent you a letter notifying you of a delinquency in your Hotel/Motel tax. You were sent a final notice by the City on July 13, 2016, warning that if full payment including late fees and interest was not received by the City within 10 days of the letter your account would be turned over to its Legal Department for collection. To date, the City has not received payment in full.

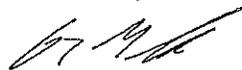
Our records indicate that you are currently delinquent in payments for the following months: July, November, December, 2014, January - December, 2015 and January - April, 2016

The City estimates the total balance you now owe is \$64,925.66. This total includes \$54,084.70 in unpaid taxes, \$4,236.80 in late penalties, and \$7,808.42 in interest.

City of Bloomington Ordinances provide: (i) that the City may bring suit to recover all taxes, penalties, and interest owed to it for failure to pay taxes, (ii) that the City may impose a lien for the amount of any tax imposed against all the real and personal property of any person to whom a final assessment has been imposed, and (iii) that the City has the authority to enter into installment contracts for repayment of the tax.

This is your **LAST** opportunity to enter into such an installment contract to repay the taxes, penalties, and interest owed. Please contact our office within ten days of the date of this letter to discuss such repayment. **If the City Legal Department does not hear from you within ten (10) days of this letter, we will file the complaint enclosed herein.**

Yours truly,



Gregory E. Moredock
cc: City of Bloomington Finance Department

Reply To:

1 North Old State Capitol
Plaza, Suite 200
P.O. Box 5131
Springfield, IL 62705

P: 217-544-1144
F: 217-522-3173

www.sorlinglaw.com

Gregory E. Moredock
Attorney
gemoredock@sorlinglaw.com

Stephen A. Tagge
C. Clark Germann
Gary A. Brown
Frederick B. Hoffmann
William R. Enlow
Michael C. Connelly
John A. Kauerauf
James M. Morphew
Stephen J. Bochenek
David A. Rolf
Peggy J. Ryan
Todd M. Turner
James D. Broadway
E. Zachary Dinardo
James G. Fahey
Michael G. Horstman Jr.
Stephen F. Hedinger
Jeffrey R. Jurgens
Michelle L. Blackburn
Brian D. Jones
Lisa A. Petrilli
Kirk W. Laudeman
Lisa Harms Hartzler
John R. Simpson
Elizabeth A. Urbance
Jeffrey T. Baker
Kevin M. Morphew
Gregory E. Moredock
Angela Fyans-Jimenez
Emily A. Reid-Peterson
Timothy J. Palen
Christine L. Self
Joshua J. Watson
Aaron D. Evans

Of Counsel:

William B. Bates Jr.
Mark H. Ferguson

401 S.W. Water Street
Suite 603
Peoria, IL 61602

P: 309-674-1144
F: 309-671-4368

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT

McLEAN COUNTY, ILLINOIS

McLEAN COUNTY
FILED
SEP 12 2016
CIRCUIT CLERK

CITY OF BLOOMINGTON,)
)
Plaintiff)
)
vs.)
)
Skyways Hospitality, LLC)
d/b/a Baymont Inn)
)
Defendant)

16-L-120

FIRST CASE MANAGEMENT CONFERENCE
BEFORE JUDGE Foley
SET ON 3/03/17 AT 9:00 AM/PM.

COPY

COMPLAINT

Now comes, City of Bloomington by its attorney and for its Complaint against Skyways Hospitality, LLC, d/b/a Baymont Inn, states as follows:

Count 1: Failure to Pay Tax

1. Defendant owns and operates a business located at 604 1/2 IAA Drive in Bloomington, Illinois ("Business").

2. The Business is engaged in renting hotel and/or motel rooms within the City of Bloomington.

3. The City of Bloomington is a home rule municipality and has enacted a tax upon the use and privilege of renting a hotel or motel room, hereafter the "Hotel/Motel Tax", found in Chapter 39, Section 25 *et seq.* of Bloomington City Code, pursuant to the authority granted it by Article VII Section 6 of the Illinois Constitution.

4. Defendant has the duty to collect and account for the Hotel/Motel Tax levied by the City and is required to remit said taxes to the City monthly.

5. Defendant engaged in renting hotel or motel rooms within the City for the following months: July, November, December, 2014, January - December, 2015 and January - June, 2016

6. Neither Defendant nor any person or entity acting on Defendant's behalf filed a Hotel/Motel Tax return or paid the Hotel/Motel Tax due on or before the last day of the month following the date the liability for the tax arose.

7. Neither Defendant nor any person or entity acting on Defendant's behalf has filed such a return or paid any of the tax due as of the date of filing this Complaint.

8. City sent Defendant Notice of Tax Liability on August 5, 2016, a copy of which Notice is attached hereto and incorporated herein by reference.

9. In addition to the Hotel/Motel Tax, Defendant owes a penalty of 5% of the tax due and interest at the rate of 1.5% per month.

10. Defendant owes \$57,387.51 plus interest and penalties for a total of \$70,536.95 for the Hotel/Motel Tax.

WHEREFORE, the City of Bloomington requests this court to enter a judgment against Defendant in the amount of \$70,536.95, plus costs, and to order said judgment paid to Plaintiff by a date certain.

CITY OF BLOOMINGTON

By: 
Its Attorney

Gregory E. Moredock
Legal Department
City of Bloomington
109 East Olive Street
Bloomington, IL 61701
(309) 434-2213

604 1/2 IAA Drive – Baymont Inn & Suites – Existing Conditions (www.baymontinns.com)



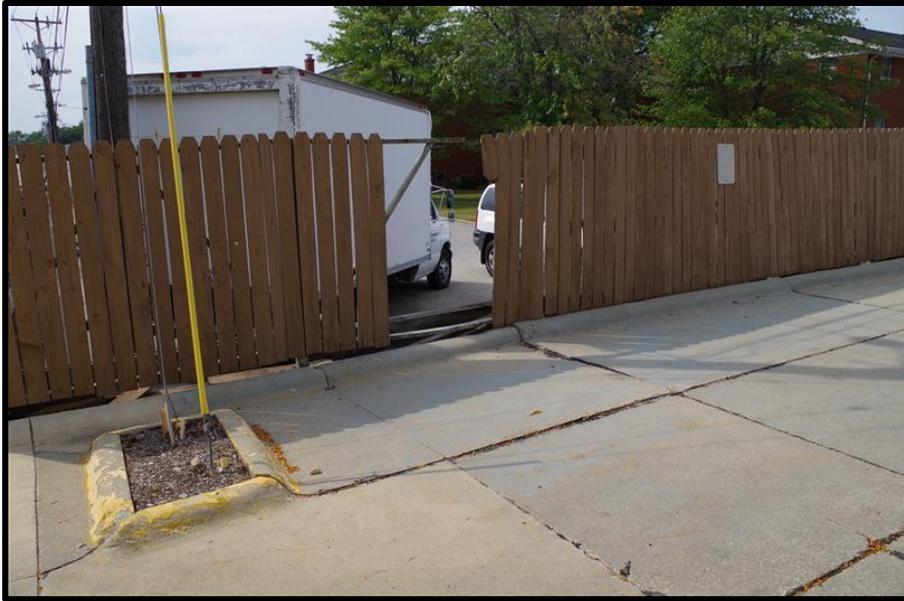
604 1/2 IAA Drive – Baymont Inn & Suites – Existing Conditions (www.baymontinns.com)



604 1/2 IAA Drive – Baymont Inn & Suites – Existing Conditions (PGAV, September 2, 2015)



604 1/2 IAA Drive – Baymont Inn & Suites – Existing Conditions (PGAV, September 2, 2015)



604 1/2 IAA Drive – Baymont Inn & Suites – Existing Conditions (PGAV, September 2, 2015)



MEMORANDUM

Re: Milan Hotels, LLC
Commercial Incentive Application

To: Austin Grammer, MBA
Economic Development Coord.
City of Bloomington, IL

Date: 10/4/2016

From: Mike Weber

CC: File 81227

We have reviewed the Commercial Incentive Application that the City received from Milan Hotels, LLC (the “Developer”), dated August 29, 2016, along with updated financial projections and other information submitted at various dates thereafter. We have the following comments and recommendations.

1. The applicant proposes purchasing the existing 103-room Baymont Inn on IAA Drive and renovate it into a 95-room limited service hotel with the Best Western flag.
2. We understand that the hotel is on the brink of foreclosure and is delinquent on the payment of hotel occupation sales taxes to the City. A check of the County Treasurer’s website on October 4, 2016 shows penalties being applied to the property tax bill for non-payment of the 2nd half of the tax bill that is past due. The Developer states that they are making the monthly mortgage payments on behalf of the current property owner.
3. The proposal involves more than “furniture, fixture and equipment” (FF&E) replacement and repainting. The proposal includes other significant expenses, including roof replacement costs that involves a roofline change from a mansard style to parapet configuration, changing the roof profile of the porta-cochere, renovation of the pool, repairs to the parking lot and new signage. The hotel would be completely shut down during construction, which is estimated to take about 12 months.
4. The property is located within the recently established Empire Street Corridor TIF district, and therefore, would be eligible for TIF incentives subject to a TIF agreement between the City and the Developer. Remember that the TIF district was established to induce significant private investment in underperforming properties within the district.

MEMORANDUM

5. The **Developer's stated estimated total project costs is about \$5.785 million** broken down as follows:
- | | |
|---|-------------|
| a. Property acquisition | \$2,500,000 |
| b. FF&E | \$777,752 |
| c. Building & site improvements | \$1,729,384 |
| d. Interest carry | \$196,550 |
| e. 1 st year working capital | \$188,849 |
| f. Years 2-4 projected operating losses | \$392,653 |
6. We used an industry average multiplier of 3.0 times room revenue to estimate the value for a limited service hotel property to determine the approximate ADR performance that would support the \$2.5 million property acquisition costs stated above. At a 65% average occupancy rate, the \$2.5 million value of a 103-room hotel would be supported by an ADR of just \$34.00. Thus, this order-of-magnitude evaluation suggests that the property is not overpriced, even though the Bloomington Township Assessor has this property appraised at approximately \$2.1 million.
7. After review of the project cost estimates, we made several corrections were made and the general conditions and profit on construction costs was reduced to the industry norm of 15%. Also, we don't agree with including the projected operation losses as part of the project costs. With these changes, **we revised the estimated total project costs to be approximately \$5.1 million.** The total of FF&E and construction costs equates to approximately \$25,000 per room.
8. PGAV ran several iterations of a **project financial pro-forma** using the Developer's revenue and expense figures plus two other scenarios that included incentives in the form of TIF reimbursements and sharing of hotel taxes:
- a. **Scenario A:** Use the Developer's revenue and expense estimates with the following financial incentives incorporated:
 - i. 75% reimbursement of tax increment generated by the property.
 - ii. Share hotel taxes:
 - 1. 100% year 2 & 3
 - 2. 75% Year 4
 - 3. 50% Year 5
 - 4. 25% Year 6-10

MEMORANDUM

- b. **Scenario B:** Revised the Developer's assumptions on "Average Daily Rates" (ADR) by increasing it by \$5.00 for years 2 through 6. We thought that these higher ADRs could be achievable. We also reduced several of the expense line items to be more realistic in terms of industry norms and reduced the Developer's estimated increase in property taxes to be more in line with hotel property assessments in Bloomington. Also, equity in the project was increased from 19% to 25%. The same financial incentives as Scenario A were incorporated.

We used an investment time horizon of 11 years. The results revealed very anemic cash on cash returns (or "return on equity") using the Developer's estimates and under Scenario A. Using the Developer's estimates, the overall ROE in this time horizon was about 2.9% annually. Incorporating the financial incentives (Scenario A), this improved to 6.5% annually, still below the level that could attract the necessary equity given the level of risk on this type of commercial property. With the adjustments made in the assumption under Scenario B, the overall ROE increases to 9.7%, certainly not robust, but on the cusp of rendering a "go" investment decision.

9. The Best Western flag is considered a chain "midscale" lodging product by Lodging Magazine. The Best Western brand is being updated and there seems to be greater marketing efforts to get the message out to consumers. There was discussion of obtaining a Best Western "Plus" flag, which is the next level up at "upper midscale". However, the Developer claimed that going to this level would add about \$600,000 to the project costs and without a commensurate increase in ADR, it would not be feasible.

Conclusions and Recommendations:

1. The existing Baymont Inn is at the stage where a hotel is typically in need of FF&E replacement and facility refreshment. In order to maintain a franchise, such reinvestment is typically necessary every 10 to 15 years. A significant portion of what the Developer is proposing is just that, but there are extraordinary expenses as well.
2. Incentivizing private investment in redevelopment projects is not intended to reduce costs to the point where the benefiting entity is put in a more competitive position than its business peers. Incentives should be structured so as to achieve the results of mitigating or avoiding conditions that may lead to blight such as

MEMORANDUM

vacant and unmaintained buildings. In doing so, such incentives can also close the “gap” between a project being not financially feasible to feasible.

3. Under the circumstances at hand, one option would be to let the market take its course. This would likely lead to foreclosure and perhaps a tax lien on the property. This could also lead to the building remaining vacant for some time and becoming further deteriorated. One of, if not the only upside to this option is that the ultimate sale price of the property may become lower than the current \$2.5 million price tag.
4. The other option would be to try to rescue the property by incentivizing a new owner to take over the hotel and invest a significant sum to revitalize it. If this is the course the City chooses, we recommend the following:
 - a. Keep incentive package for a hotel project to a term of 10 years or less.
 - b. Limit the incentive level to not more than 20% of the total project costs, unless other extraordinary costs, not already identified, justify an increase.
 - c. With respect to TIF, contribute not more than 75% of the tax increment so that there will be increment for other needs within the TIF district.
 - d. TIF will not likely generate a large revenue stream with respect to this property. The rebate of hotel operators’ occupation sales tax, under the City’s home rule authority, will likely be necessary to reach a level of 20% of the total project costs. We suggest a declining sliding scale for sharing such tax because the need for cash flow will be greater in the early years versus the later years.

**Review of the Proposed Incentive for Milan Hotels (Magnus Hotels LLC)
for Compliance with the City's Economic Development Goals, Plans, and Guidelines
October 24, 2016**

The proposed incentive for Milan Hotels (Magnus Hotels LLC) is in compliance with the City's Economic Development Strategic Plan and Economic Development Incentive Guidelines, both of which were approved by the City Council on October 22, 2012. The proposed incentive is congruent with the City of Bloomington Comprehensive Plan 2035 ("Bring it on Bloomington") which was adopted by the City Council on August 24, 2015. The proposed incentive is also congruent with the Redevelopment Plan for the Empire Street Corridor TIF District which was approved by the City Council on February 22, 2016.

A. The Economic Development Strategic Plan is supportive of the proposed incentive in accordance with the following Goals and Objectives:

- **Goal 1. Retail Retention & Recruitment:** Initiate retail retention and recruitment efforts that will expand the commercial tax base in such a way so as to enhance municipal operations and relieve the burden on individual tax payers.
 - ✓ **Objective B:** Exercise efforts to attract and recruit commercial retailers so as to improve upon shopping center occupancy rates and encourage revitalization of older commercial properties.
- **Goal 7. Prosperous Community:** Ensure that investment in economic development will add economic value and increase employment within the City.
 - ✓ **Objective A:** Increase the commercial and industrial tax base by actively working towards initiatives that positively impact business taxes including, but not limited to, property taxes, sales taxes, food and beverage taxes and hotel/motel taxes.
 - ✓ **Objective B:** Provide normal and customary incentives to new and existing businesses that locate within the City and create jobs.

B. The Economic Development Incentive Guidelines are supportive of the proposed incentive in accordance with the following Goals and Objectives:

- **Goal 1. Strategic Use of Incentives:** Economic incentives considered by the City must provide a distinct financial return to the City.
 - ✓ **Objective A:** Developer will be required to provide either an affidavit to support their "but for" claim or proof of a competing incentive offer from a location outside of McLean County.
 - ✓ **Objective B:** Careful consideration will be given in order to evaluate the financial situation of the developer and attest to the legitimacy, or lack thereof, of said affidavit.
 - ✓ **Objective D:** Economic incentives considered by the City of Bloomington will additionally factor in the economic impact an incentive to a specific applicant has to revitalize a particular area of the City beyond just the applicant's property.
- **Goal 2. Incentive Application Process:** Economic incentives considered by the City must be initiated by the formal application process.
 - ✓ **Objectives A:** Requests for economic development assistance must be in the form of a completed application.
 - ✓ **Objective B:** Applications must be accompanied by detailed financial information that demonstrates the anticipated revenue that the project is expected to generate and also includes a 'sources and uses statement'.

- **Goal 3. Incentive Sources and Uses:** Economic incentives considered by the City should be derived from new incremental revenue sources unless the ‘but for’ theory is proven and the City will benefit from a distinct financial return.
 - ✓ **Objective A:** For projects that are requesting sales or property tax rebate incentives, only those City revenues which are directly accrued on an annual basis by the proposed project, will be considered for use to assist in the development or redevelopment activities and costs.

- **Goal 4: Incentive Guidelines:** Economic incentives considered by the City of Bloomington must be of an appropriate amount and extend over an appropriate amount of time as related to the proposed project.
 - ✓ **Objective A:** Normally, not more than 20% of the total project cost will be supported by incentive revenues.
 - ✓ **Objective B:** Total project cost is the cost of development of the project including all land, site, and public infrastructure, and building and site amenity costs necessary to constitute an operating commercial or industrial project.

- **Goal 6. Incentive Terms and Agreements:** Economic incentives considered by the City of Bloomington will be subject to a development agreement inclusive of performance based measurements and appropriate claw back provisions.
 - ✓ **Objective A:** All project assistance from the City will be provided based on a negotiated development project agreement between the City and the developer and is subject to performance based measurements as adopted by the City Council.

- **Goal 7. State and Federal Regulations:** Economic incentives considered by the City of Bloomington will be subject to conformity with applicable State and Federal provisions.
 - ✓ **Objective B:** Projects proposed within a TIF Districts shall be subject to the provisions of the Illinois Tax Increment Allocation Redevelopment Act (TIF Act, 65 ILCS 5/11-74, 4-1), as amended.

- **Goal 8. Incentives for Future Development:** Economic incentives considered by the City of Bloomington will not be considered on a retroactive basis.
 - ✓ **Objective A:** No assistance will be provided to any project for expenditures incurred prior to the adoption of the ordinances required to implement the project.

C. The City of Bloomington Comprehensive Plan 2035 (“Bring it on Bloomington”) lists the subject property as a “**Tier 1 Site:** Vacant and under-utilized land for infill development or redevelopment within the City.” Further, the Comprehensive Plan is supportive of the proposed incentive in accordance the following goals:

ED-1.2 Leverage community assets in attracting business.

ED-1.2i Offer financial incentives to attract new businesses that meet one or more of the following criteria

- c) located on infill/redevelopment sites

ED-4. Enhance the image of Bloomington as a business friendly community.

ED-4.2 Prioritize infill and redevelopment to spur growth and reinvestment in the City.

ED-4.2d Develop incentives to encourage private reinvestment in targeted neighborhoods, including funding resources and infrastructure to make private reinvestment feasible.

ED-4.2e Target efforts to improve areas identified in the redevelopment areas map, prioritizing as opportunities are presented.

ED-4.2f Improve the appearance of the City’s primary entrances.

D. The Redevelopment Plan for the Empire Street Corridor TIF District is supportive of the proposed incentive in accordance the six objectives of the plan:

1. Reduce or eliminate those conditions that qualify the Area as eligible for tax increment financing by carrying out the Redevelopment Plan to renovate existing buildings, reduce building vacancies, selective redevelopment of properties, upgrade the water distribution system and other public works improvements.
2. Prevent the recurrence of blighting conditions.
3. Enhance the real estate tax base for the City and all overlapping taxing districts through the implementation and completion of the activities identified in the Redevelopment Plan.
4. Encourage and assist private investment in the redevelopment of the Area through the provision of financial assistance as permitted by the Act.
5. Provide for safe and efficient traffic circulation within the Area.
6. Complete all public and private actions required in this Redevelopment Plan in an expeditious manner.



**Consideration of an Ordinance approving a
Redevelopment Agreement with
Milan Hotels / Magnus Hotels LLC
to support the renovation of the hotel at
604 1/2 IAA Drive into a Best Western Plus**

City of Bloomington Office of Economic Development

October 24, 2016

604 1/2 IAA Drive: Subject Property Location

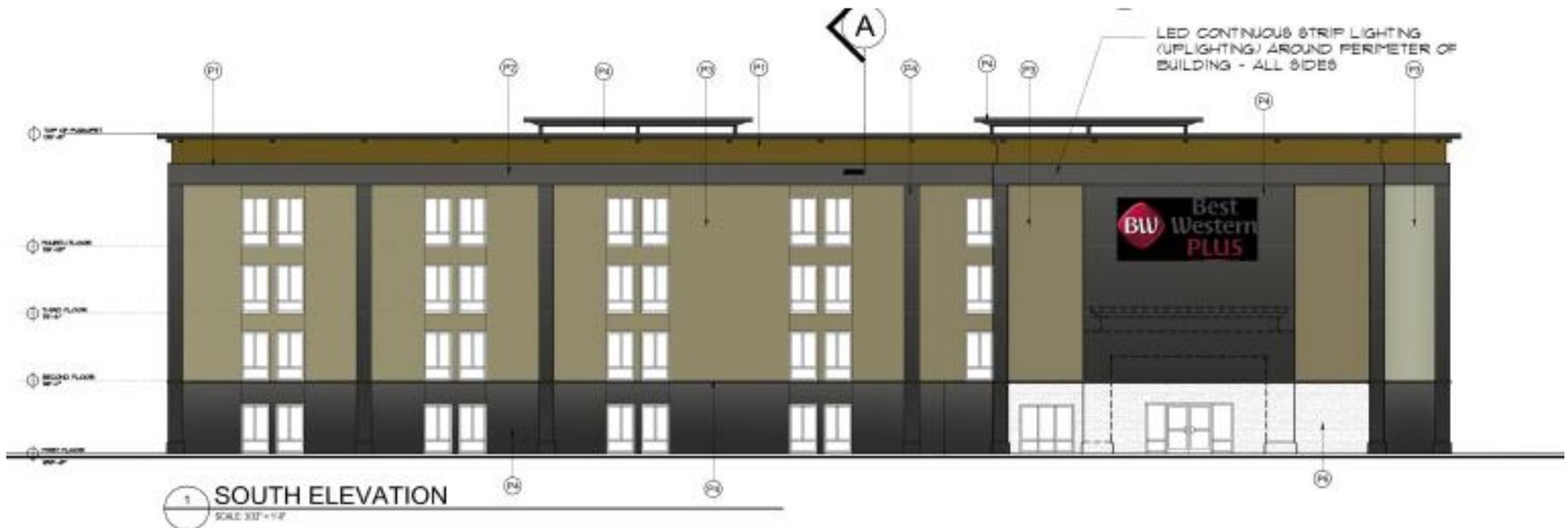


604 1/2 IAA Drive: History: 1981 – 1985: Mini Golf Course
1986 – 2004: Hampton Inn & Suites
2005 – 2016: Baymont Inn & Suites

BW | **Best Western**[®]
Hotels & Resorts



Precedent Images of Hampton Inn to Best Western Plus Conversions



Precedent Images of Hampton Inn to Best Western Plus Conversions



Sample Best Western Lobby



Sample Best Western Hotel Room

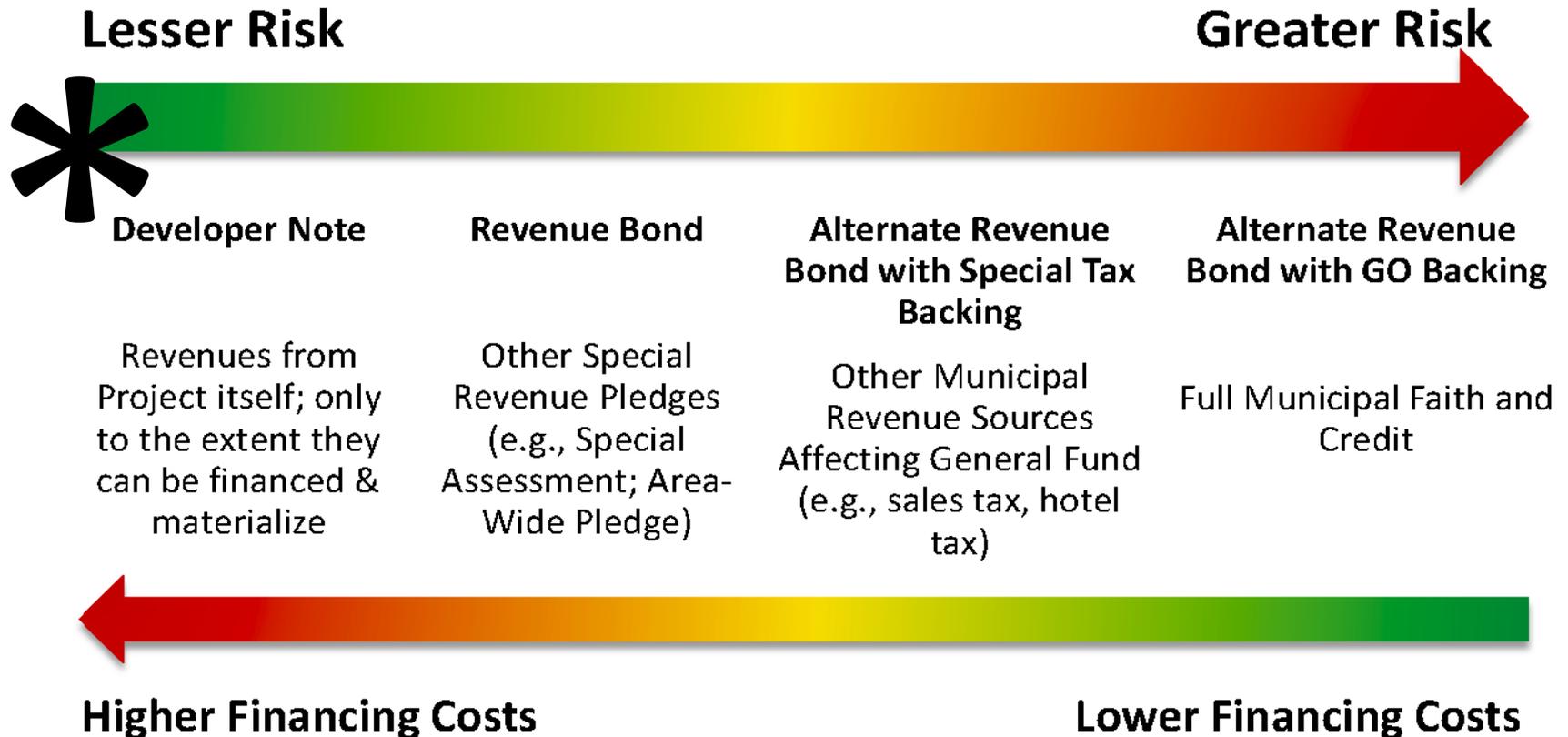




Best Western Hotels & Resorts Recognized for Excellence

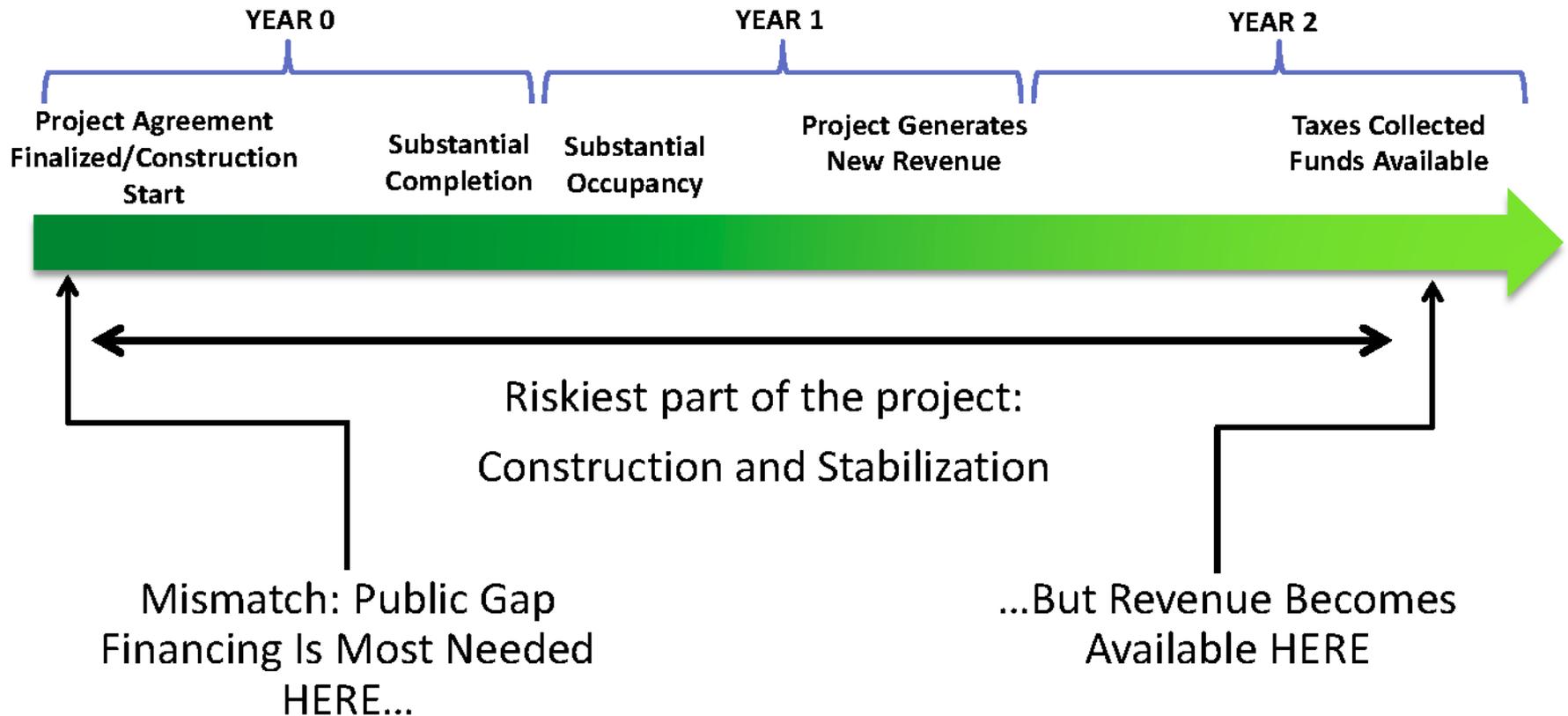
- **Best Western Ranked Number One Midscale Hotel, 2014 Business Travel News Chain Survey.**
- **Best Western Plus Ranked Number One Upper Midscale Hotel, 2014 & 2015 Business Travel News Chain Survey.**
- **Best Western Named AAA/CAA Partner of the Year since 2008.**
- **bestwestern.com Named Best Hotel Website by Compuware 2011-2015.**
- **Best Western Rewards Voted Top Three Best Hotel Loyalty Program by U.S. News & World Report and J.D. Power & Associates.**
- **Best Western Rewards received American Express Loyalty Award for Excellence in 2014.**
- **More than 1,800 Best Western hotels globally received TripAdvisor Certificate of Excellence awards in 2015.**

Municipal Risk Spectrum: Financing Mechanisms



Mixing approaches can balance risk and cost

Fundamental Timing Problem



CITY OF BLOOMINGTON

2016-117

**ORDINANCE APPROVING A REDEVELOPMENT AGREEMENT BY AND
BETWEEN THE CITY OF BLOOMINGTON, MCLEAN COUNTY, ILLINOIS AND
MAGNUS HOTELS LLC**

**Adopted by the City Council
Of the City of Bloomington
on October 24, 2016**

Published in pamphlet form by authority of the City Council of the
City of Bloomington, McLean County, Illinois, on October 25, 2016.

STATE OF ILLINOIS)
) ss.
COUNTY OF MCLEAN)

CERTIFICATE

I, Cherry L. Lawson, certify that I am the duly appointed and qualified municipal clerk of the City of Bloomington, County of McLean, Illinois.

I further certify that on the Corporate Authorities of the above municipality passed and approved Ordinance No. 2016-117 Ordinance Approving A Redevelopment Agreement By And Between the City of Bloomington, McLean County, Illinois and Magnus Hotels LLC, which provided by its terms that it should be published in pamphlet form.

The pamphlet form of this Ordinance, including the Ordinance and cover sheet thereof, was prepared, and a copy of the Ordinance was posted in the municipal building, commencing on October 25, 2016, and continuing for at least ten days thereafter. Copies of the Ordinance were also available for public inspection upon request in the office of the municipal clerk.

Dated at Bloomington, Illinois, on 10/25/2016.



Cherry L. Lawson, C.M.C.
City Clerk

Ordinance No. 117

ORDINANCE APPROVING A REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF BLOOMINGTON, MCLEAN COUNTY, ILLINOIS AND MAGNUS HOTELS LLC

WHEREAS, the City of Bloomington, McLean County, Illinois (the “*City*”) is a duly organized and validly existing home-rule municipality pursuant to Article VII, Section 6a) of the 1970 Constitution of the State of Illinois and as such, may exercise any power and perform any function pertaining to its government and affairs; and,

WHEREAS, pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, 65 ILCS 5/11-74.4-1, *et seq.*, as from time to time amended (the “*TIF Act*”) and the City’s authority and powers as a home rule unit, the Mayor and City Council (collectively, the “*Corporate Authorities*”) are empowered to undertake the development and redevelopment of designated areas within the City’s municipal limits in which existing conditions permit such areas to be classified as a “blighted area” or a “conservation area” as defined in Section 11.74.4-3(a) of the TIF Act; and,

WHEREAS, pursuant to their powers and in accordance with the requirements of the TIF Act, the Corporate Authorities of the City pursuant to Ordinance Nos. 2016-08, 2016-09, and 2016-10, respectively, adopted by the Corporate Authorities on February 22, 2016, approved a redevelopment plan and project (the “*Redevelopment Plan*”), setting forth a plan for the development, redevelopment and revitalization of a redevelopment project area; designated a redevelopment project area known as the Empire Street Corridor Redevelopment Project Area (the “*Project Area*”); and, adopted tax increment financing for the Redevelopment Project Area; and,

WHEREAS, the Project Area includes a certain parcel of real estate improved with a 103 room hotel d/b/a Baymont Inn located at 604½ IAA Drive in the City which property is legally described on *Exhibit A* (the “*Subject Property*”); and,

WHEREAS, Magnus Hotels LLC (the “*Developer*”) has advised the City that it is prepared to acquire the Subject Property to redevelop and transform the Baymont Inn into a Best Western Plus Hotel, as hereinafter described, at a cost of approximately \$5,875,000 including \$2,500,000 in acquisition costs, \$2,700,000 estimated for renovation costs and \$675,000 in financing and other costs (the “*Project*”), however, the Developer has also informed the City that its ability to proceed with the acquisition and renovation of the Subject Property shall require financial assistance from the City for certain costs to be incurred to acquire, construct and complete the Project; and,

WHEREAS, given the current deteriorated condition of the Subject Property and in order to induce the Developer to undertake the Project, the Corporate Authorities have determined that it is in the best interests of the City, and the health, safety, and welfare of the residents of the City, for the City to reimburse the Developer for certain eligible redevelopment project costs; and,

WHEREAS, the Corporate Authorities have determined that the Project to be undertaken by the Developer will be in furtherance of the Redevelopment Plan, thereby providing economic development and commercial business opportunities within the City, enhancing the tax base of the City and other taxing districts, and adding to the welfare and prosperity of the City and its inhabitants.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Bloomington, McLean County, Illinois that the Redevelopment Agreement by and between the City of Bloomington, McLean County, Illinois and Magnus Hotels LLC, as attached hereto and made a part hereof, is hereby approved and the Mayor and City Clerk are hereby authorized to

execute and deliver said Agreement and to undertake any and all actions as may be required to implement its terms.

This Ordinance shall be in full force and effect immediately upon its passage by the Corporate Authorities and approval as provided by law.

PASSED this 24th day of October, 2016.

APPROVED:

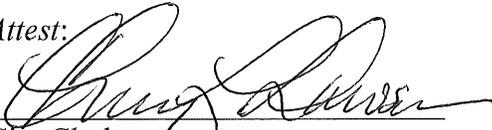


Mayor

AYES: 9

NAYS: 0

ABSENT: 0

Attest:


City Clerk

REDEVELOPMENT AGREEMENT
by and between
THE CITY OF BLOOMINGTON, MCLEAN COUNTY, ILLINOIS
and
MAGNUS HOTELS LLC
(Best Western Plus Hotel)

THIS REDEVELOPMENT AGREEMENT is entered into this 24th day of October 2016, by and between the City of Bloomington, McLean County, Illinois, an Illinois municipal corporation (the “*City*”), and Magnus Hotels LLC, an Illinois limited liability company (the “*Developer*”).

PREAMBLES

WHEREAS, the City is a duly organized and validly existing home-rule municipality pursuant to Article VII, Section 6a) of the 1970 Constitution of the State of Illinois and as such, may exercise any power and perform any function pertaining to its government and affairs; and,

WHEREAS, the Mayor and City Council of the City (the “*Corporate Authorities*”) have acknowledged that one of the primary goals of local government is to promote the health, safety and welfare of its citizens by encouraging private investment in industry, business and housing in order to enhance the City’s tax base, ameliorate blight and provide job opportunities for its residents; and,

WHEREAS, the Corporate Authorities have also acknowledged that in order to accomplish its goal to promote the health, safety and welfare of its citizens, there is often a need for economic assistance to address some of the extraordinary measures required to accomplish private investment in industry, business and housing; and,

WHEREAS, the City has identified certain commercial areas within its municipal boundaries where the existence of certain factors, such as excessive vacancies, deteriorating

buildings, and deteriorating site improvements, which factors, if not addressed, shall result in a disproportionate expenditure of public funds, decline of the City's tax base and loss of job opportunity for its residents; and,

WHEREAS, pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, 65 ILCS 5/11-74.4-1, *et seq.*, as from time to time amended (the "*TIF Act*") and the City's authority and powers as a home rule unit, the Corporate Authorities are empowered to undertake the development and redevelopment of designated areas within the City's municipal limits in which existing conditions permit such areas to be classified as a "blighted area" or a "conservation area" as defined in Section 11.74.4-3(a) of the TIF Act; and,

WHEREAS, on August 24, 2015, the Corporate Authorities authorized Peckham Guyton Alberts & Viets ("*PGAV*") to conduct a feasibility study of certain properties within the corporate boundaries of the City in order to determine the eligibility of a specific area for designation as a "redevelopment project area" (the "*Project Area*") pursuant to the provisions of the TIF Act and as a result of that said feasibility study determined that the Project Area qualified as a "conservation area" under the TIF Act; and,

WHEREAS, on February 22, 2016, the Corporate Authorities passed Ordinance Nos. 2016-08, 2016-09 and 2016-10 approving a redevelopment plan for the Project Area; designating the Project Area as the "Empire Street Corridor Redevelopment Project Area"; and, adopting the TIF Act as applicable to the Project Area; and,

WHEREAS, the Project Area includes a certain parcel of real estate improved with a 103 room hotel d/b/a Baymont Inn located at 604½ Iaa Drive in the City which property is legally described on *Exhibit A* (the "*Subject Property*"); and,

WHEREAS, the Developer has advised the City that it is prepared to acquire the Subject Property to redevelop and transform the Baymont Inn into a Best Western Plus Hotel, as hereinafter described, at a cost of approximately \$5,875,000 including \$2,500,000 in acquisition costs, \$2,700,000 estimated for renovation costs and \$675,000 in financing and other costs (the “*Project*”), however, the Developer has also informed the City that its ability to proceed with the acquisition and renovation of the Subject Property shall require financial assistance from the City for certain costs to be incurred to acquire, construct and complete the Project; and,

WHEREAS, the Developer is prepared to make commitments to the City regarding the renovation and redevelopment of the Subject Property as hereinafter set forth and upon satisfaction of such commitments, the City is prepared to reimburse the Developer for certain costs incurred in connection with the Project from revenues available to the City as authorized by the TIF Act as well as a portion of incremental hotel/motel taxes to be generated by the operation of a renovated hotel at the Subject Property, all as hereinafter set forth; and,

WHEREAS, given the current deteriorated condition of the Subject Property, the Corporate Authorities believe that its renovation and redevelopment is in the best interest of the City and the health, welfare and prosperity of its residents.

NOW, THEREFORE, the parties hereto, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

Section 1. Incorporation of Recitals.

All of the recitals contained in the Preambles to this Agreement are hereby incorporated into this Agreement as if restated in this Section.

Section 2. General Conditions for Financial Assistance.

It is understood and agreed by the parties hereto that the commitments by the City as set forth in this Agreement are contingent upon the following:

A. That the Subject Property is renovated and remodeled in accordance with the standards outlined in Best Western Hotels & Resorts' New Construction & Conversions Design Guidelines revised February 2016 ("*Best Western Design Guidelines*"); and, at the completion of the Project, Best Western Hotels & Resorts shall designate the Subject Property a "Best Western Plus".

B. That reimbursement by the City to the Developer shall be in an amount not to exceed the lesser of (i) 11.5% of the total costs of the Project; or (ii) \$675,000 of the "redevelopment project costs" as defined in the TIF Act ("*Redevelopment Project Costs*").

C. That the source of revenue for reimbursement by the City of Redevelopment Project Costs shall be limited to the Hotel/Motel Tax and incremental property taxes generated by the Subject Property, only to the extent those revenues materialize, and shall be rebated on a "pay as you go" basis for a maximum period of ten (10) years. The ten-year period of the incentive shall commence upon the awarding of a certificate of occupancy by the City's Community Development Department.

Section 3. Obligations of the Developer.

A. On or before December 31, 2016, the Developer shall have acquired the Subject Property and deliver to the City for its approval, such plans for the redevelopment and renovation of the Subject Property as deemed sufficient to meet the Best Western Design Guidelines.

B. On or before June 30, 2017, the Developer shall have commenced construction of the Project in accordance with the plans as approved by the City and on or before December 31,

2017; have completed the Project in accordance with the approved plans, all applicable City Codes and the laws of the State of Illinois; and, have been issued a certificate of occupancy by the City to commence operation of a Best Western Plus Hotel.

C. On or before December 31, 2017, the Developer shall provide the City with its certification and authorization from Best Western International, Inc., to operate a Best Western Plus Hotel at the Subject Property.

D. The Developer agrees to commence operation of a Best Western Plus Hotel on or before March 31, 2018, and to deliver to the City an itemized list of all costs incurred in connection with the Project, accompanied by such receipts, contracts, invoices, lien waivers and such other documents as necessary to evidence the total costs actually expended by the Developer for the acquisition, construction and completion of the Project (the “*Project Costs*”).

E. The Developer covenants and agrees to maintain the Subject Property in accordance with all applicable City Codes and laws of the State of Illinois and to pay, when due, all fees, taxes, fines, or other amounts due to the City pursuant to its ordinances and City Code, due to the County, the State of Illinois or the United States.

F. The Developer covenants and agrees to comply with the Illinois Prevailing Wage Act, 820 ILCS 130/0.01 *et seq.* (the “*Prevailing Wage Act*”), as may be required.

G. At all times during the term of this Agreement, the Developer covenants and agrees to comply with all applicable ordinance, permits, licenses and regulations of the City and all applicable laws of the State of Illinois and the Federal government.

H. The Developer shall pay any and all delinquent and outstanding real estate taxes on the Subject Property and all outstanding and unpaid “Hotel/Motel Tax”, as hereinafter defined, from hotel operations of the Baymont Inn at the Subject Property.

Section 4. City's Obligations.

A. Upon receipt of an itemized list of the Project Costs, the City shall calculate the amount to be reimbursed to the Developer, said amount being the lesser of 11.5% of the total Project Costs or \$675,000 (the "*Reimbursable Amount*"), but only for such costs as are eligible Redevelopment Project Costs as defined by the TIF Act.

B. Upon satisfaction of all of the obligations of the Developer as hereinabove set forth in Section 3 and for so long as no notice of default has been issued to the Developer and remains outstanding pursuant to Section 7 hereof, the City agrees to reimburse the Developer for Redevelopment Project Costs as defined in the TIF Act in an amount not to exceed the Reimbursable Amount from the following sources:

- (i) Seventy-Five Percent (75%) of the Incremental Taxes, as hereinafter defined as a result of the adoption of the TIF Act as applicable to the Subject Property; and,
- (ii) One Hundred Percent (100%) of the six percent (6%) Tax Upon the Use and Privilege of Renting a Hotel or Motel Room, as imposed by Chapter 39, Article VIII, Sections 25 through 31 of the Bloomington City Code (the "*Hotel/Motel Tax*"), for a period of three (3) years commencing upon the issuance of a certificate of occupancy for the Subject Property; then seventy-five percent (75%) of the Hotel/Motel Tax for the following twenty-four (24) months; and finally, fifty percent (50%) of the Hotel/Motel Tax for an additional sixty (60) months or less if the Reimbursable Amount has been paid.

For purposes of this Agreement "Incremental Taxes" shall mean the amount of ad valorem taxes, if any, paid in respect of the Subject Property and its improvements which is attributable to the increase in the equalized assessed value of the Subject Property and its improvements over the initial equalized value of the Subject Property.

Section 5. Pledged Funds.

A. The City has established a special tax allocation fund for the Project Area, as required by the TIF Act (the “*STAF*”) into which the City shall deposit Incremental Taxes as received from the Project Area as a result of the adoption of the TIF Act.

B. On December 1 of each year [or, if later, that date which is ten (10) days following the date upon which the City receives Incremental Taxes from the final installment of real estate taxes], seventy-five percent (75%) of the Incremental Taxes received by it with respect to the Subject Property shall be transferred and deposited into the Best Western Plus Hotel Subaccount of the *STAF* (which Subaccount shall be automatically created by the ordinance approving this Agreement) and used solely to reimburse the Developer for approved Reimbursable Project Costs in accordance with this Agreement.

C. Each month during the term of this Agreement, the City shall deposit the Hotel/Motel Tax remitted by the Developer into the Best Western Sub-Account to use to reimburse the Developer for Redevelopment Project Costs in accordance with the limitations hereinabove set forth.

D. The deposits into the Best Western Plus Hotel Sub-Account as hereinabove directed, shall be collectively hereinafter referred to as “Pledged Funds”.

Section 6. Procedures for and Application of Reimbursement to the Developer.

(a) The Developer shall advance all funds and all costs necessary to construct and complete the Project.

(b) So long as no notice of default has been issued and such default has not been cured on the condition that the Developer had submitted to the City an itemization of all costs incurred in connection with the Project pursuant to Section 3(c) hereof the City shall reimburse

the Developer for Redevelopment Project Costs on or before December 15 each year during the term of this Agreement from all Pledged Funds deposited in the Best Western Hotel Sub-Account since the prior date of reimbursement to the Developer until the earlier of: (i) payment in full of the Reimbursable Amount; or, (ii) the tenth (10th) anniversary of the date the certificate of occupancy is issued for the Subject Property.

Section 7. Remedies – Liability.

A. If, in the City's judgment, the Developer is in material default of this Agreement, the City shall provide the Developer with a written statement indicating in adequate detail any failure on the Developer's part to fulfill its obligations under this Agreement. Except as required to protect against further damages, the City may not exercise any remedies against the Developer in connection with such failure until thirty (30) days after giving such notice. A default not cured as provided above shall constitute a breach of this Agreement, unless the City grants the Developer additional time to accomplish the cure. Any failure or delay by the City in asserting any of its rights or remedies as to any default or alleged default or breach shall not operate as a waiver of any such default or breach of any rights or remedies it may have as a result of such default or breach.

B. If the Developer materially fails to fulfill its obligations under this Agreement after notice is given by the City and any cure periods described in paragraph (a) above have expired, the City may elect to exercise any right or remedy it may have at law or in equity, including the right to specifically enforce the terms and conditions of this Agreement. If any voluntary or involuntary petition or similar pleading under any section or sections of any bankruptcy or insolvency act shall be filed by or against the Developer, or any voluntary or involuntary proceeding in any court or tribunal shall be instituted to declare the Developer

insolvent or unable to pay the Developer's debts, or the Developer makes an assignment for the benefit of its creditors, or a trustee or receiver is appointed for the Developer or for the major part of the Developer's property, the City may elect, to the extent such election is permitted by law and is not unenforceable under applicable federal bankruptcy laws, but is not required, with or without notice of such election and with or without entry or other action by the City, to forthwith terminate this Agreement.

C. If, in the Developer's judgment, the City is in material default of this Agreement, the Developer shall provide the City with a written statement indicating in adequate detail any failure on the City's part to fulfill its obligations under this Agreement. The Developer may not exercise any remedies against the City in connection with such failure until thirty (30) days after giving such notice. A default not cured shall constitute a breach of this Agreement.

D. Any failure or delay by the City or the Developer in asserting any of their respective rights or remedies as to any default or any alleged default or breach shall not operate as a waiver of any such default or breach of any rights or remedies either of them may have as a result of such default or breach.

E. In addition to any other rights or remedies, a party may institute legal action against the other party to cure, correct or remedy any default, or to obtain any other remedy consistent with the purpose of this Agreement, either at law or in equity, including, but not limited to, the equitable remedy of an action for specific performance; provided, however, no recourse under or upon any obligation contained herein or for any claim based thereon shall be had against the City, its officers, agents, attorneys, representatives or employees in any amount or in excess of any specific sum agreed to be paid by the City hereunder, and no liability, right or claim at law or in equity shall be attached to or incurred by the City, its officers, agents,

attorneys, representatives or employees in any amount in excess of any specific sums agreed by the City to be paid hereunder and any such claim is hereby expressly waived and released as a condition of and as consideration for the execution of this Agreement by the City. Notwithstanding the foregoing, in the event either party shall institute legal action against the other party because of a breach of any agreement or obligation contained in this Agreement, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in connection with such action.

Section 8. Term.

Unless earlier terminated pursuant to Section 7, the term of this Agreement shall commence on the date of execution and end upon the earlier of payment in full of the Reimbursable Amount to the Developer as provided in Section 4 B. or the tenth (10th) anniversary of the issuance of a certificate of occupancy for the Subject Property.

Section 9. Verification of Tax Increment.

The Developer shall use its best efforts to cooperate with the City in obtaining copies of all real estate tax bills for the Subject Property bills payable in 2016, and paid in each subsequent year during the term of this Agreement for the Subject Property.

Section 10. Time; Force Majeure.

Time is of the essence of this Agreement, provided, however, a party shall not be deemed in material breach of this Agreement with respect to any obligations of this Agreement on such party's part to be performed if such party fails to timely perform the same and such failure is due in whole or in part to any strike, lock-out, labor trouble (whether legal or illegal), civil disorder, inability to procure materials, wet soil conditions, failure or interruptions of power, restrictive governmental laws and regulations, condemnations, riots, insurrections, war, fuel shortages,

accidents, casualties, floods, earthquakes, fires, acts of God, epidemics, quarantine restrictions, freight embargoes, acts caused directly or indirectly by the other party (or the other party's agents, employees or invitees) or similar causes beyond the reasonable control of such party ("*Force Majeure*"). If one of the foregoing events shall occur or either party shall claim that such an event shall have occurred, the party to whom such claim is made shall investigate same and consult with the party making such claim regarding the same and the party to whom such claim is made shall grant any extension for the performance of the unsatisfied obligation equal to the period of the delay, which period shall commence to run from the time of the commencement of the Force Majeure; provided that the failure of performance was caused by such Force Majeure.

Section 11. Assignment.

This Agreement, title to Subject Property or change of the management company of the Best Western Plus Hotel may not be assigned by the Developer without the prior written consent of the City.

Section 12. Developer's Indemnification.

The Developer shall indemnify and hold harmless the City, its agents, officers and employees against all injuries, deaths, losses, damages, claims, suits, liabilities, judgments, costs and expenses (including any liabilities, judgments, costs and expenses and reasonable attorney's fees) which may arise directly or indirectly from the failure of the Developer or any contractor, subcontractor or agent or employee thereof (so long as such contractor, subcontractor or agent or employee thereof is hired by the Developer) to timely pay any contractor, subcontractor, laborer or materialman; from any default or breach of the terms of this Agreement by the Developer; or from any negligence or reckless or willful misconduct of the Developer or any contractor,

subcontractor or agent or employee thereof (so long as such contractor, subcontractor or agent or employee is hired by the Developer). The Developer shall, at its own cost and expense, appear, defend and pay all charges of attorneys, costs and other expenses arising therefrom or incurred in connection therewith. If any judgment shall be rendered against the City, its agents, officers, officials or employees in any such action, the Developer shall, at its own expense, satisfy and discharge the same. This paragraph shall not apply, and the Developer shall have no obligation whatsoever, with respect to any acts of negligence or reckless or willful misconduct on the part of the City or any of its officers, agents, employees or contractors.

Section 13. Waiver.

Any party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement.

Section 14. Severability.

If any section, subsection, term or provision of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid or unenforceable, the remainder of said section, subsection, term or provision of this Agreement or the application of same to parties or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

Section 15. Notices.

All notices, demands, requests, consents, approvals or other instruments required or permitted by this Agreement shall be in writing and shall be executed by the party or an officer,

agent or attorney of the party, and shall be deemed to have been effective as of the date of actual delivery, if delivered personally, or as of the third (3rd) day from and including the date of posting, if mailed by registered or certified mail, return receipt requested, with postage prepaid, addressed as follows:

To the Developer : Nish Jobalia
Magnus Hotels LLC
604 ½ IAA Drive
Bloomington, Illinois 61701

With a copy to:

To the City : City Manager
City of Bloomington
109 East Olive Street
Bloomington, Illinois 61702

With a copy to : Kathleen Field Orr
Kathleen Field Orr & Associates
53 West Jackson Blvd., Suite 964
Chicago, Illinois 60604

Corporation Counsel
City of Bloomington
109 East Olive Street
Bloomington, Illinois 61702

Section 16. Successors in Interest.

This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns.

Section 17. No Joint Venture, Agency or Partnership Created.

Neither anything in this Agreement nor any acts of the parties to this Agreement shall be construed by the parties or any third person to create the relationship of a partnership, agency, or joint venture between or among such parties.

Section 18. No Discrimination – Construction.

The Developer for itself and its successors and assigns agree that in the construction of the improvements on the Subject Property provided for in this Agreement the Developer shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin.

Section 19. Amendment.

This Agreement, and any exhibits attached to this Agreement, may be amended only in a writing signed by all the parties with the adoption of any ordinance or resolution of the City approving said amendment, as provided by law, and by execution of said amendment by the parties or their successors in interest. Except as otherwise expressly provided herein, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof.

Section 20. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the above date at Bloomington, Illinois.

City of Bloomington, McLean County, an Illinois municipal corporation

By: Tara Ramsey
Mayor

Attest:

[Signature]
City Clerk

Magnus Hotels LLC, an Illinois limited liability company

By: [Signature]
President

Attest:

Secretary

Exhibit A

Legal Description of Subject Property

LOTS 1 AND 2 IN MORAN SUBDIVISION TO THE CITY OF BLOOMINGTON,
ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 1, 1973 AS NO. 73-
1955 IN MCLEAN COUNTY, ILLINOIS.

[PIN: 14-35-377-025; ADDRESS: 604 1/2 IAA Dr., BLOOMINGTON, IL 61701]