



OFFICE OF THE CITY MANAGER

## **THE CITY OF PEORIA RELEASES SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT WITH EM PROPERTIES**

February 26, 2012

Released by: Patrick Urich, City Manager, 494-8524

Peoria – Today, the City of Peoria released the second amendment to the Redevelopment Agreement between EM Properties and the various entities established by the Redeveloper that will extend the project deadline to March 30, 2012.

The administration, the lenders and the Redeveloper have been working collaboratively and closely to finalize all of the closing documentation. Due to the additional entities created by the Redeveloper and the complexity of the transaction, the length of time to complete the project has been longer than anticipated.

**Mayor Jim Ardis said, “We recognize that reaching the closing date on this deal has taken longer than we would have hoped. However, we want to insure that the City’s interest and financial involvement in this project are fully protected.”**

The important points of note in the agreement are as follows:

- If the \$30 million Senior Loan is refinanced without the Hotel being sold, then either the entire outstanding balance of the \$7 million City Loan shall become due and payable or the interest rate on the City Loan shall increase to eight percent (8%) per annum;
- Includes Liquidated Damages of \$41,000 per month if the Hotel Pere Marquette does not open by March 1, 2013, and if the Courtyard Inn and Suites does not open by May 1, 2014; and
- Establishes new closing conditions agreed to by the Redeveloper, Senior Lender, and City. Once the City receives notice that all documentation is complete and in escrow, it has 14 to 21 days to sell and issue the Bonds, and the deal closes.

**City Manager Patrick Urich stated, “City staff and our legal team are working closely with the Redeveloper and the senior lender to conclude this transaction. The changes to this Redevelopment Agreement provide additional provisions beneficial to the City, including incentives to open the hotels as soon as possible.”**

The second amendment to the hotel redevelopment agreement will be discussed by the Peoria City Council at their February 28, 2012 meeting.

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