

**ROCHELLE NORTHERN GATEWAY TIF DISTRICT
INTERGOVERNMENTAL AGREEMENT**

By and Between

THE CITY OF ROCHELLE, ILLINOIS

And

ROCHELLE TOWNSHIP HIGH SCHOOL DISTRICT NO. 212

And

ROCHELLE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 231

This Intergovernmental Agreement is entered into by and between the City of Rochelle, an Illinois Municipal Corporation, Rochelle Township High School District No. 212, an Illinois School District, and Rochelle Community Consolidated School District No. 231, an Illinois School District, pursuant to the 1970 Illinois Constitution and Illinois Compiled Statutes.

In consideration of their mutual promises, the parties hereto agree as follows:

1. The City of Rochelle ("City") is an Illinois Municipal Corporation organized under the Constitution and Statutes of the State of Illinois.
2. The Rochelle Township High School District No. 212 and the Rochelle Community Consolidated School District No. 231 (hereinafter collectively referred to as "School Districts") are Illinois School Districts organized under the Statutes of the State of Illinois.
3. The 1970 Illinois Constitution, Article VII, Section 10, and the Illinois Compiled Statutes, 1992, as amended, Ch. 5 Section 220/1 et seq. provide legal authority for intergovernmental privileges and authority to be enjoyed jointly by school districts and municipalities, as well as other public bodies politic.
4. The Tax Increment Allocation Redevelopment Act (TIF Act"), Illinois Compiled Statutes, 1992, as amended, Ch. 65 Section 5/11-74.4-1 et seq. authorizes a municipality to enter into all contracts necessary or incidental to the implementation and furtherance of its redevelopment plan and project.
5. The City has proposed a Redevelopment Plan and Projects and designated a Redevelopment Area pursuant to the TIF Act for the NORTHERN GATEWAY TIF District ("TIF District") which is an area located in the School Districts and which will impact the growth of the School Districts' taxing base.
6. The City has determined that it wishes to reduce some of the negative impact on the real estate tax base of the School Districts caused by the creation of the TIF

District, as a successful TIF District is reasonably anticipated to result in an increase in the student population of the School Districts which could, in turn, result in an increase in School District tax rates.

- 7. The City has determined that excellent, adequately funded schools, operating without tax rate increases necessitated by the TIF, encourage economic development and an increase in the real estate tax base.
- 8. The City and School Districts have determined that the license for use of the Bus Barn discussed herein within the TIF district would substantially benefit the redevelopment, making it a reasonable or necessary expense.
- 9. The parties declare that this Agreement is adopted pursuant to the 1970 Illinois Constitution, Article VII, and Section 10; the Tax Increment Allocation Redevelopment Act, Illinois Compiled Statutes, 1992, as amended, Ch. 65 Section 5/11-74.4-1 et seq. and other applicable statutes.

NOW, THEREFORE, the parties agree to implement these policies as follows:

I. REIMBURSEMENT CALCULATION

A. FORMULA CALCULATION

Each year during the term of this Agreement, the City agrees to reimburse the School Districts for expenditures for capital costs, job training, and advanced vocational and career education from the real estate tax increment created by any development or increase in equalized assessed valuation within the TIF District, a sum equal to Twenty-Four percent (24%) of the annual gross real estate tax increment created in the TIF District. The School Districts will only receive reimbursement for their respective increased costs that are permitted to be reimbursed pursuant to 65 ILCS 5/11-74.4-3(q) and 65 ILCS 5/11-74.4-4(c). Any amounts received under this paragraph shall be divided among the School Districts on a pro-rata basis, according to each District's tax rates as applicable for the most current tax year.

For example purposes only:

Assumptions:

- a) Increment: \$1,000,000
- b) School Districts Portion: 24%

Formula: (a) x (b) = \$240,000

Thus, under this example, \$240,000 would be paid to the School Districts for this parcel in the year stated.

Division of total amount among School Districts:

Assumptions:

- a) Grade School Tax Rate= 2.97457%
- b) High School Tax Rate= 2.53239%
- c) Sum of School District Tax Rates= 5.50696%

Formula: (a)+ (b) = (c); (a)/(c) = 54%; (b)/(c) = 46%

Thus, under this example, \$129,600 (54% of \$240,000) would be paid to the Grade School and \$110,400 (46% of \$240,000) would be paid to the High School for this parcel in the year stated.

B. STATE ENTITLEMENTS

The parties acknowledge and agree that under the current system of State of Illinois School Entitlement payments, the School Districts do not necessarily lose the full amount of real estate taxes generated by its levy and extended against the incremental real estate increase. Further, the parties agree that the actual real estate taxes lost to the School Districts are subject to several factors in part beyond the control of the parties and include: (1) the School Districts' operating tax rate; (2) the annual statutory State Entitlement; and (3) other relevant tax limits and formulas. The parties acknowledge that the entire method of funding common schools may be altered to lessen or increase the dependency of school funding on real property taxation and that the entire method of funding common schools may be altered to lessen or increase the dependency of school funding on real property taxation. If the methodology of calculating the annual statutory state entitlement is altered in any way after the date of this Agreement that reduces the amount of state entitlement funds the School District is to receive, then reimbursement calculations under this Agreement shall be adjusted to the extent necessary to ensure that the School District can receive additional reimbursement equal to the amount of statutory state entitlement so lost.

C. TAX INCREMENT

The parties agree that the Ogle County Clerk will provide to the parties the actual annual net real estate tax increment generated within the TIF District and within the boundaries of the School Districts and report such increment to the parties.

D. RATE CHANGES

The parties agree that the City will contribute on an annual basis to the School Districts an amount equal to the future tax revenues received in the TIF Fund attributable to (a) the School Districts' levies for the debt service on any Bond Issue; and (b) an increase in the School Districts' levy pursuant to any increase in any statutory maximum tax rate. For example, if the rate attributable to the School Districts' Bond or maximum tax rate increase in tax year 2019 was .15, the City would divide .15 by the total tax rate of 8.20 (for all taxing districts, for example) and multiply that result by the total revenue received in the TIF Fund, for tax year 2019. The School Districts shall apply the funds received under this section as a result of any

Bond Issue to the reduction of the principal and interest on the bond. The additional full payment from the City to the School Districts contemplated by this section shall only be paid to the School Districts to the extent that the City is in receipt of sufficient annual increment from this TIF to make all annual payments required by any bond issue enacted by the City for infrastructure improvements located within this TIF District (consistent with the limitations set forth in Section II- General - Term), plus City incurred TIF district establishment and annual administrative costs. To the extent that the City is not in receipt of sufficient annual increment to make the annual payments referenced in the preceding sentence, the School Districts shall only receive fifty percent (50%) of the full amount of payment from the City contemplated by this section.

The City agrees to set aside annually within the TIF Fund a sum equal to the actual loss of revenue attributable to the aforementioned bonds and maximum rate increases and contribute that sum to the amount paid to the School Districts as set forth above. The City will pay the sum determined to be used for capital and other allowable purposes, pursuant to current Section 74.4-3(q) of the TIF Act.

E. DISTRICT REIMBURSEMENT

The City will pay the sum above described in and subject to the limitations within Paragraph A to the School Districts from the Special Tax Allocation Fund to be used for capital costs and job training, advanced vocational education and other career education purposes pursuant to current Section 4-3(q) (7) and (10) of the TIF Act, other purposes pursuant to 4-3(q) of the TIF Act, and as lease payments pursuant to 65 ILCS 5/11-74.4-4(c), and the School Districts shall provide the City with a list of the expenditures annually.

The payments made under this paragraph may also be used for the following purposes which, as with all expenses referenced in this Section E, the City determines are reasonable or necessary expenses incurred and incidental expenses to the redevelopment plan and project:

1. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project to existing public building is to be demolished to use the site for private investment of devoted to a different use requiring private investment, pursuant to current Section 4-3(q) (3) and (10) of the TIF Act.
2. Costs of construction of public works or improvements, pursuant to current Section 4-3(q) (4) of the TIF Act.
3. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land,

pursuant to current Section 4-3(q) (4) of the TIF Act.

4. Financing costs, including but not limited to all related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto, pursuant to current Section 4-3(q) (4) of the TIF Act.

5. Any other lawful purpose authorized by any amendment to 65 ILCS 5/11-74.4-1 effective on or after the date of this Agreement.

For purposes of this Agreement, the term “capital” shall include all real property, and all personal property having a value in excess of \$500 and having a useful life of at least six (6) months and otherwise meeting the definition of “Capital” as set forth by the Illinois State Board of Education. Examples of capital costs are, but not limited to:

- a. Acquisition of land to serve the immediate or future needs of children from the development;
- b. Improvement to any existing school site which already serves such needs;
- c. Development of classrooms, parking lots, sidewalks, traffic signals, internal roadways, connections with water, sewer and electrical lines, playgrounds, recreation grounds and athletic fields;
- d. Remodeling or renovation of School facilities;
- e. Purchase and prefabrication of classroom units;
- f. Material, goods or equipment as set forth in Exhibit A of the Illinois Program Accounting Manual for Local Education Agencies prepared by the Illinois State Board of Education;
- g. Buses, maintenance, equipment, office equipment, District vehicles, or playground equipment; or
- h. Any other piece of capital equipment deemed necessary by the School Districts.

In the event that the capital expenditures of the School District, in any year, exceed the amount available for distribution hereunder as calculated hereinabove, any such unreimbursed sums shall be carried over to a subsequent year or years and be reimbursed by the City as amounts necessary for such reimbursement become available from the share of increment created hereunder for School District.

Such payments by the City are also made as lease payments on the City’s nonexclusive use of the Rochelle Township High School District No. 212 Bus Barn located at 1382-1384 N. 8th

Street, Rochelle, Illinois (hereinafter, the “Bus Barn”), which is hereby subleased to City by District No. 212, as owner, and District No. 231, as tenant. The City may store a number of vehicles and/or other materials acceptable to the Districts within or about said Bus Barn from time to time as may be mutually agreed by and between the City, District No. 212 and District No. 231. While such number shall not be less than 5, Districts 212 and 231 may require that such vehicles and/or other materials be stored/parked outside on said Bus Barn property. Upon mutual agreement said Bus Barn property may also be used by the City for fire and police training activities, and other activities as may be agreed upon by and between the parties hereto. The City shall coordinate with Districts 212 and 231 in advance of any and all such permitted parking, storage, training and activities, and such arrangements shall be agreed-upon by and between the parties in writing prior to such use.

F. RESIDENTIAL DEVELOPMENT

The City shall not permit residential development within the TIF District without first obtaining the written consent of the School Districts.

G. REIMBURSEMENT TIMING

The City shall pay the sum determined above to the School Districts within sixty (60) days of the City’s receipt of the real estate tax increment generated as a preference and in the same proportions as actually received by the City provided that the School Districts have filed periodically with the City a list of eligible project costs equal to or exceeding the calculated sum to be paid to the School Districts under the terms of this Agreement.

H. EXCLUDED PARCELS

The City and the School Districts agree that any redevelopment of Hickory Grove and any increment created by the redevelopment of that property shall not be subject to any disbursement under this Agreement. Hickory Grove’s Property Identification Number is 24-13-377-041 and is depicted in Exhibit 1 to this Agreement.

II. GENERAL

Binding Effect

This Agreement shall be binding on the parties and their respective successors – including successors in office. Should the School Districts merge, this Agreement shall apply to the successor School Districts.

Governing Law

This Agreement is governed by and shall be construed in accordance with the laws of the State of Illinois.

Term

The obligation of the parties hereto shall continue for the duration of the TIF District. The City agrees that the TIF District shall terminate twenty-three (23) years from the creation of the TIF District. Whether the TIF District exists for the entire twenty-three (23) years or terminates earlier, the City will pay in the following year thereafter, the sums due to the School Districts for the prior year.

Intended Increment Use

The City agrees that the purpose of the incremental revenues derived from the TIF District, except for the revenues provided to the School Districts pursuant to this Agreement, are for the payment of the above-mentioned Recovery Zone Bond, and, in addition, for reimbursing the City any sums advanced by the City to pay the debt service on such Bonds in the event that sufficient real estate increment does not exist to pay on the Bonds. Additionally, the City may use increment to pay all TIF District administrative costs. The parties acknowledge that there is no present intention by either party for any real estate affected by the TIF Plan to be subject to either (a) any extension of the TIF beyond the termination date referenced above; or (b) any successor TIF District.

Amendments, Waivers, Modifications

No amendment, waiver, or modification of any term or condition of this Agreement shall be binding or effective for any purpose unless expressed in writing and adopted by each of the parties as required by law.

No Use of Lighthouse Pointe TIF Revenues

No incremental revenues generated within the boundaries of the Lighthouse Pointe TIF District shall be deposited in the Special Tax Allocation Fund of this Northern Gateway TIF District.

Waiver of All Rights to Contest TIF District

The School Districts by their execution and approval of this Agreement hereby waives forever any and all right to directly or indirectly set aside, modify or contest in any manner the establishment of the proposed NORTHERN GATEWAY TIF District including the Redevelopment Plan as currently constituted and the Redevelopment Area as proposed (to the extent that it would not be inconsistent with other provisions of the Agreement). Nothing contained herein is to be construed to give the School Districts any right to participate in the administration of the TIF District or Plan or Project. Further, the School Districts or their agents, employees, or officers shall not aid or assist in any manner any other party or entity seeking to challenge the TIF District.

Amending the TIF District

The City will not otherwise amend the TIF Plan, except after providing prior written notice to the School Districts as required by statute.

Real Estate Tax Increment Information

- 1) The Administrators of the TIF Plan and City agree to provide the School Districts with information developed to establish the initial equalized assessed valuation of the TIF District and the calculations for successive years’ computation of the real estate tax increment for the TIF District as a whole and, if possible, for the School Districts alone.
- 2) The City agrees that its Administrators shall provide the School Districts with a copy of the TIF Annual Report when it is presented to the City Council. Such Report shall set forth: (a) the balance in the Special Tax Allocation Fund (“Fund”) at the beginning of the year; (b) all amounts deposited in the Fund by source; (c) an expenditure from the Fund by categories; and (d) the balance in the Fund at the end of the year by source.
- 3)

Complete Agreement

This Agreement expresses the complete and final understanding of the parties with respect to the subject matter.

Notice

Notices or demands hereunder shall be in writing and shall be severed (a) by personal deliver; or (b) by certified mail, return receipt requested to:

To The City:

City of Rochelle
Attn: City Manager
420 N. 6th Street
Rochelle, IL 61068

To The School Districts:

Rochelle Twp High School District No. 212
Attn: Superintendent
1401 Flagg Rd.
Rochelle, IL 61068

Rochelle C.C.S.D. No. 231
Attn: Superintendent
401 E. Flagg Rd.
Rochelle, IL 61068

Authority to Execute

The undersigned represent that they have the authority of their respective governing authorities to execute this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on _____, 2019.

Rochelle Township High School Dist. No.212,
an Illinois School District

BY: _____
President, Board of Education

ATTEST: _____
Secretary

Rochelle C.C.S.D. No. 231, an Illinois School District

BY: _____
President, Board of Education

ATTEST: _____
Secretary

City of Rochelle,
an Illinois Municipal Corporation

BY: _____
City Manager

ATTEST: _____
City Clerk