

**MEDINA PLAINS-ALLEN RD BUSINESS PARK TIF DISTRICT
INTERGOVERNMENTAL AGREEMENT**
by and between
THE CITY OF PEORIA, PEORIA COUNTY, ILLINOIS
and
**THE BOARD OF EDUCATION OF
DUNLAP COMMUNITY UNIT SCHOOL DISTRICT No. 323**

This Intergovernmental Agreement is entered into this 24th day of January, 2023 by and between the City of Peoria, an Illinois home rule municipal corporation (“City”), and the Board of Education of Dunlap Community Unit School District No. 323, an Illinois School District (“Board” or “School District”), pursuant to the 1970 Illinois Constitution and Illinois Compiled Statutes.

PREAMBLE

WHEREAS, the City is an Illinois home rule municipal corporation organized under the Constitution and Statutes of Illinois; and

WHEREAS, the School District is an Illinois School District organized under the Illinois School Code; and

WHEREAS, the City has the authority under the Expenses for Economic Development Act, 65 ILCS 5/8-1-2.5, to appropriate and expend funds for economic development purposes, including, but not limited to, the making of grants to other governmental entities that is deemed necessary or desirable for the promotion of economic development within the municipality; and

WHEREAS, the 1970 Illinois Constitution, Article VII, Section 10, and the Illinois Compiled Statutes, 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; and

WHEREAS, the Tax Increment Allocation Redevelopment Act, 65 Section 5/11-74.4-1 *et. seq.*, (“TIF Act”) authorizes a municipality to enter into all contracts necessary or incidental to the implementation and furtherance of its redevelopment project plan and project; and

WHEREAS, pursuant to Sections 3(q)(3), (q)(7) and (q)(10) of the TIF Act, a municipality may make payments to affected taxing districts for reimbursement of all or a portion of a taxing district’s capital costs and for vocational education, 65 ILCS 5/11-74.4-3(q)(3), (q)(7) and (q)(10); and

WHEREAS, on January 24, 2023, the City intends to adopt a Redevelopment Project Plan and Projects and designate a Redevelopment Project Area pursuant to the TIF Act known as the “Medina Plains-Allen Road TIF District” (the “TIF District”) which is an area located within the School District and which will impact the growth of the School District’s taxing base; and

WHEREAS, the City has determined that the School District is significantly reliant on real estate taxes due to the state funding sources and the City wishes to reduce the interim impact on the real estate tax base of the School District from the establishment of the TIF District by reimbursing

certain capital costs incurred in furtherance of the objectives of the TIF District Redevelopment Project Plan and Projects as described below; and

WHEREAS, the City of Peoria is a home rule municipality and hereby finds and accepts that certain capital costs to be incurred by the School District as defined herein are deemed in furtherance of the Redevelopment Plan and Project, and is entering this Agreement pursuant to the City's Home Rule power and authority; and

WHEREAS, the School District shall use any payments received hereunder for reimbursement of capital costs relating to any facility or the educational program of the School District; and

WHEREAS, any payments provided for hereunder are not payments in lieu of taxes as defined by the Act; and

WHEREAS, in consideration for the City's pledge to reimburse the School District as described herein, the School District agrees that it shall fully support the City's establishment of the TIF District; and

WHEREAS, the Parties declare that this Agreement is effective upon establishment of the TIF District by the City and adopted pursuant to the 1970 Illinois Constitution, Article VII, Section 10; the Tax Increment Allocation Redevelopment Act, Illinois Compiled Statutes, as amended, Ch. 65 Section 5/11-74.4-1 *et. seq.* and other applicable statutes.

AGREEMENTS

NOW THEREFORE, in consideration of the statements and findings hereinafter set forth, the mutual covenants herein contained, and other good and valuable consideration the sufficiency of which is hereby acknowledged, the Parties hereto find and agree as follows:

A. REIMBURSEMENT OF CAPITAL COSTS

1. **Reimbursement of School District Capital Costs:** Each year during the term of this Agreement, the City shall pay to the School District a portion of the TIF Increment generated on all parcels located within the TIF District calculated as follows:
 - a. **Anchor Development Parcels.** Each year of the TIF District and continuing for the duration of the initial term of the TIF District, for Real Estate Parcels 140630011 and 140630016 ("Anchor Development Parcels"), Fifteen Percent (15%) of the TIF Increment generated from such parcels.
 - b. **Other Commercial and Industrial Parcels.** Each year of the TIF District, and continuing for the duration of the initial term of the TIF District, Twenty-two and 50/100 Percent (22.5%) of the TIF Increment generated from all parcels within the TIF District not included as Anchor Development Parcels by the terms of this Agreement shall be paid by the City to the School District.
 - c. **Residential Parcels.** The City does not intend the area to be subject to residential development, and no incentives for residential development are included in the

Redevelopment Project Plan. In recognition of the reliance of the School District on real estate tax revenue, and the additional costs resulting from residential development on the School District, each year of the TIF District, and continuing for the duration of the initial term of the TIF District, Thirty-Five Percent (35%) of TIF Increment generated by all properties which include any new (subsequent to the establishment of the TIF District) residential use or development within the TIF District, in lieu of the Fifteen Percent (15%) or Twenty-two and 50/100 Percent (22.5%) as set forth in Section A. 1. a. and b., shall be paid by the City to the School District.

- d. **Reimbursement of School District Capital Costs in the Event Contemplated Anchor Development is Not Constructed.** In the event that the Anchor Development Parcels are not improved with private development having capital costs exceeding fifty million dollars (\$50,000,000) within five years of the establishment of the TIF District, for each year of the TIF District beginning with the 2028 tax year (payable in 2029) and continuing for the duration of the initial term of the TIF District, Twenty Five Percent (25%) of the TIF Increment generated from all parcels within the TIF District in lieu of the reimbursement provisions set forth in Sections 1(a) and 1(b).
- e. **Source and Use of Funds.** The School District shall use these funds for reimbursement of capital costs (as defined in Section A(2) below) and for the costs of operating its job training, advanced vocational education and career education programs relating to any facility and/or vocational program of the School District. Such payments are not payments in lieu of taxes and shall be made by the City only from the TIF District Special Tax Allocation Fund.

- 2. **Definition of Capital Costs:** For purposes of this Agreement, the term “capital costs” shall mean expenditures for the purchase, rental, or use of “capital assets” or “non-capitalized equipment” as those terms are defined in the current Illinois State Board of Education Regulations. Examples of “capital costs” may include, without limitation, the following regardless of the location of the improvement within the School District Boundaries:
 - 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;
 - g. Buses, maintenance equipment, office equipment, district vehicles, or playground equipment;
 - h. Any other capital equipment deemed necessary by the School District; and
 - i. Capital expenditures associated with advanced vocational education programs such as Vocational Building Trades.
- 3. **Verification of Real Estate Tax Increment:** The Parties agree that they shall request the Peoria County Clerk to provide to the parties the actual annual gross real estate tax increment generated within the TIF District and within the boundaries of the School District and report

such increment to the Parties. The Parties shall then use the information provided by the Peoria County Clerk to compute the reimbursements to be made to the School District under Sections A. 2. & 3. above. If the County Clerk fails to provide the information requested, the Parties will use their own best efforts to obtain the necessary documentation.

4. **Definition of TIF Increment:** That portion, if any, of such taxes which is attributable to the increase in the current equalized assessed valuation (“EAV”) of each taxable lot, block, tract, or parcel of real property in the redevelopment project area, over and above the initial equalized assessed value (“IEAV”) of each property existing at the time tax increment financing was adopted, within the redevelopment project area, that is collected and paid to the City.
5. **Submission of Capital Costs:** The School District will annually provide to the City an accounting of its capital and/or vocational education expenditures in advance of its claim for funds to be provided hereunder. The accounting shall be submitted by the School District to the City on or before June 1 of the year in which payments are to be made to the School District. The School District’s submission of any such capital and/or vocational educational expenditures shall satisfy its obligations under this section and shall be deemed appropriate and sufficient for purposes of establishing reimbursable “Redevelopment Project Costs” under this Agreement. The City reserves the right to raise any accounting issue within sixty (60) days of receipt of such submission, and the failure to raise any such issue within such time shall be deemed a waiver by the City to thereafter raise any such issue
6. **Accounting and Time of Payment:** The City will annually provide to the School District an accounting of the calculation of the School District’s portion of the annual TIF increment. In that regard, the accounting shall include a listing of each parcel in the TIF District, identified by parcel identification number, together with the following information for each parcel: (1) the IEAV; (2) the current EAV; (3) the tax rate for the parcel; (4) the total amount of the annual TIF Increment attributable to the parcel; (5) the percent of TIF Increment to be provided to the School District for the parcel; and (6) the dollar amount of the School District’s portion of the annual TIF Increment for the parcel. The accounting shall further provide the following: (7) a summary calculation of the amount of the School District’s portion of the annual TIF Increment for all parcels; and (8) for each year of the TIF District, a list of the following: (a) the dollar amount of the School District’s portion of annual TIF Increment; (b) the dollar amount of TIF Increment paid to the School District based on a reimbursement of identified and designated Capital Costs; and (c) in the event of insufficient identified Capital Costs by the School District in the then current or any previous year, the total dollar amount of any unpaid TIF Increment set aside for the School District as of each year of the TIF District.

The City shall pay the sums determined in Section A. 1. above to the School District within sixty (60) days of the City’s receipt of the TIF Increment generated as a preference and in the same proportions as actually received by the City. The School District shall waive any dispute of the amount of any payment due under this agreement if not raised within sixty (60) days of receipt of the payment and the accounting required above, whichever last occurs.

7. **Excess or Insufficient Identified Costs:** In the event that the capital and/or vocational education expenditures of the School District, in any year, exceed the amount available for distribution hereunder from the special tax allocation fund, any unreimbursed capital

expenditures and/or vocational education expenditures may be carried over and submitted in a subsequent year or years and paid by the City.

In the event that the School District has not identified sufficient capital and/or vocational expenses to receive the entire reimbursement percentage set forth in Sections A. 1, the parties agree that the deficiency between the amount paid and the amount that was subject to reimbursement had sufficient capital and/or vocational expenses been identified shall be paid within sixty (60) days of any subsequent submission by the School District of any additional capital and/or vocational expenses. If, upon termination of the TIF District, there exist funds in the City's TIF District special tax allocation fund that would otherwise be due the School District under this subsection 7. but for a lack of capital and/or vocational education expenditures which have been identified by the School District, the parties agree that any such amounts held in said special tax allocation fund shall be declared as surplus funds as set forth in Section 11-74.4-7 of the TIF Act and shall be returned by the City to the County for pro rata distribution to the taxing districts.

8. **Withholding of Reimbursements:** If a refund or reimbursement of TIF Increment (including any statutory interest thereon) is potentially due from the City's Special Tax Allocation Fund for any reason including, but not limited to any tax objection, assessment challenge or formal appeal to the Illinois Property Tax Appeal Board (PTAB), issuance of a certificate of error or any other similar action, including any appeals therefrom for any property located within the TIF District, the City may at its sole discretion withhold the School District's share of any such refund or reimbursement from payments due the School District under this Agreement until the time such action is resolved.

Any funds withheld by the City under this section shall be deposited by it into a separate interest-bearing bank account. Upon final determination of the assessed value of the parcel or parcels, the City shall pay to the School District the principal amount due, if any, under this Agreement as recalculated. The City shall be entitled to retain any interest earned on the account as partial payment for the administration of the account due to the delay of the determination of the final evaluation and recalculation of the benefits due to the School District under this Agreement.

If the City will be unable to recover the School District's share of any such refund from remaining future reimbursements due the School District under this Agreement, then the School District shall reimburse the City for its remaining unpaid share of such refund (including any accrued statutory interest thereon) within thirty (30) days upon receiving written demand of the same from the City.

Notwithstanding anything in this Agreement to the contrary, the obligations contained in this Paragraph A. 8. shall remain in effect for the life of the TIF District. Furthermore, the obligations set forth in this paragraph shall survive the expiration of the TIF District if a tax objection or other such action taken by a property owner is pending prior to the expiration of the TIF District and shall continue until final disposition of such action.

B. GENERAL PROVISIONS

1. **Binding Effect:** This Agreement shall be binding on the parties and their respective successors--including successors in office. Should the School District merge, this Agreement shall apply to the successor School District.
2. **Governing Law:** This Agreement is governed by and shall be construed in accordance with the laws of the State of Illinois.
3. **Term:** This Agreement shall remain in effect until either the City adopts an Ordinance dissolving the TIF District or until the termination of the TIF District as adopted in the Redevelopment Project Plan, whichever is earlier. Whether the TIF District exists for the entire term called for under the Plan or terminates earlier, the City will pay from incremental real estate taxes distributed to the City in the year following the sums due the School District for the prior year which remains unpaid. In the event that the City terminates the TIF District, then the City shall not establish any new TIF District before that date upon which the TIF District would have expired, where such new TIF District would include twenty percent (20%) or more of the parcels within the terminated TIF District, without the express written consent of the School district.
4. **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.
5. **Real Estate Tax Increment Information:** The Administrators of this TIF District Redevelopment Project Plan and the City agree to provide the School District 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 increment for the TIF District as a whole. The Administrators further agree to provide the School District with a copy of the TIF Annual Report and such other documents or information required by law to be provided to the taxing bodies.
6. **Enforcement:** The Parties agree that in the event either party to this Agreement should fail to perform or avoid its obligations hereunder, the party not in breach may initiate an action in the local circuit court to enforce the terms and conditions set forth herein and shall be permitted to assess all costs and reasonable attorneys' fees incurred by reason of such enforcement action against the party in breach, which costs and reasonable attorneys' fees shall be promptly paid.
7. **Amending the TIF District:** The City may enlarge the TIF District, and may amend the TIF District Redevelopment Project Plan, subject to prior notification to the School District as required by statute. No amendment of the TIF District or the TIF District Redevelopment Project Plan shall change the terms of this Agreement except that the enlargement of the TIF District shall be subject to the terms of this Agreement. The School District hereby agrees to support the enlargement of the TIF District to incorporate parcels included in the proposed Redevelopment Project Plan as placed on file with the City Clerk on November 10, 2022, and amendment to the TIF District Redevelopment Project Plan and Area to incorporate those parcels as they are annexed or become contiguous to the Area as approved by the City.
8. **Extension of the TIF District:** The City will not extend the TIF District beyond the twenty-three year statutory duration without the express written consent of the School District.

9. **Waiver of Objections:** The School District by its 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 or administration of the TIF District including the Redevelopment Project Plan, Projects and Area as proposed and approved by the City. The School District agrees to withdraw any pending challenges, demands, or requests issued to the City regarding the establishment of the TIF District. Nothing contained herein is to be construed to give the School District any right to participate in the administration of the TIF District Redevelopment Project Plan or Projects. However, nothing in this provision shall be construed as a waiver by the School District of its right to bring a cause of action as a result from a breach of this Agreement by the City or any future amendment or enlargement of the TIF District, except as provided in Section B. 7 above. The City agrees to withdraw any pending challenges, demands, or requests issued to the School District regarding the establishment of the TIF District.
10. **Prevailing Wage:** The School District acknowledges that it is responsible for compliance with the Illinois Prevailing Wage Act. The School District shall not pay less than the prevailing rate of wages as found by the City or Illinois Department of Labor to all laborers, workers and mechanics performing construction work paid for in whole or in part with TIF funds received under this Agreement. The School District shall indemnify and hold harmless the City, its officers, officials, agents and consultants from any and all claims related thereto.
11. **Property Tax Abatements:** The City shall refrain from any action to rebate property taxes for properties within the TIF District for the term of this Agreement or otherwise offer development incentives which would have the effect of decreasing or eroding the assessed valuation of property within the TIF District.
12. **Notice to the School District of Other Proposed TIF Districts:** At least ninety days (90) prior to adoption of any resolution or ordinance establishing the time and place for the public hearing for any future tax increment financing district with property located within the boundaries of the School District's taxing authority, the City shall provide the School District written notice including any draft plan then available. The City agrees to seek input from the School District for any such draft plan prior to its release to the general public.
13. **Complete Agreement:** The parties hereby incorporate the recitals in the agreement as if set forth in the operative sections. This Agreement expresses the complete and final understanding of the parties with respect to the subject matter as of the date of its execution. Each party acknowledges that no representations have been made which have not been set forth herein.
15. **Titles of Paragraphs:** Titles of the several parts, paragraphs, sections or articles of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any provisions hereof.
16. **Partial Invalidity:** In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. **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 City:

City of Peoria
c/o City Clerk
419 Fulton St STE 401
Peoria, IL 61602

To School District:

Superintendent
Dunlap C.U.S.D. 343
400 South Fourth Street
Dunlap, IL 61525

With Copy To:

Corporation Counsel
City of Peoria
419 Fulton Street
Peoria, IL 61602

With Copy To

Jay E. Greening
Miller, Hall & Triggs, LLC
416 Main Street
Suite 1125
Peoria, IL 61602

And

Jacob & Klein, Ltd.
The Economic Development Group
1701 Clearwater Ave.
Bloomington, IL 61704
Phone: (309) 664-7777

18. **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 this 24th day of January, 2023.

**DUNLAP C.U.S.D. NO. 323,
an Illinois School District**

**CITY OF PEORIA,
an Illinois Municipal Corporation**

By: Dr. Aley Humble
President, Board of Education

By: Rita Ali
Mayor

Attest: Tim Naganbhai
Secretary

Attest: Stephanie Jarr
City Clerk