

VILLAGE OF DEERFIELD

RESOLUTION NO. R-24-25

**A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH
NORTHBROOK SCHOOL DISTRICT 27 CONCERNING THE VILLAGE OF
DEERFIELD LAKE COOK REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING**

WHEREAS, Article VII, Section 10 of the Constitution of the State of Illinois, and the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., authorize and encourage intergovernmental cooperation; and

WHEREAS, pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. ("**TIF Act**"), the Village has proposed the designation of a new redevelopment project area, and the adoption of tax increment financing, for that certain area within the Village located in the on the south side of Lake Cook Road and comprised of the former Walgreens campus and the Embassy Suites property ("**TIF District**"); and

WHEREAS, the Village anticipates that the TIF District, if established, will generate TIF Revenues (as defined below) that will be used to pay eligible costs to support the development and improvement within the TIF District.

WHEREAS, Northbrook School District 27 ("**School District**") has requested that the Village enter into an intergovernmental agreement with the School District to provide the School District funding in the event that the Village uses TIF funds to assist in the development of housing in the TIF District that increases the number of students that attend the School District's schools during the life of the TIF District ("**Agreement**"); and

WHEREAS, the Village Board has determined that it is in the best interests of the Village and its residents to enter into the Agreement with the School District;

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE BOARD OF DEERFIELD, LAKE AND COOK COUNTIES, ILLINOIS, as follows:

SECTION ONE: RECITALS. The foregoing recitals are incorporated into, and made a part of, this Resolution as findings of the Village Board.

SECTION TWO: APPROVAL OF AGREEMENT. The Village Board hereby approves the Agreement in substantially the same form as attached to this Resolution as **Exhibit A**, and in a final form to be approved by the Village Attorney.

SECTION THREE: AUTHORIZATION TO EXECUTE AGREEMENT. The Village Board hereby authorizes and directs the Village President and the Village Clerk to execute and attest, respectively, on behalf of the Village, the final Agreement.

SECTION FOUR: EFFECTIVE DATE. This resolution shall be in full force and effect upon its passage and approval in the manner provided by law.

AYES: Benton, Berg, jacoby, Metts-Childers

NAYS: None

ABSTAIN: None

ABSENT: Oppenheim, Shapiro

PASSED: March 4, 2024


APPROVED: March 6, 2024

RESOLUTION NO. R-24-25

ATTEST:



Kent S. Street, Village Clerk



Daniel C. Shapiro, Mayor

EXHIBIT A
AGREEMENT

**INTERGOVERNMENTAL AGREEMENT
CONCERNING THE VILLAGE OF DEERFIELD LAKE COOK ROAD
REDEVELOPMENT PROJECT AREA TAX INCREMENT FINANCING**

THIS ~~irg~~ **INTERGOVERNMENTAL AGREEMENT ("Agreement")** is made and entered into as of the ~~4th~~ ^{1st} day of ~~FEB~~ ^{FEB}, 2024 ("**Effective Date**"), and is between the **VILLAGE OF DEERFIELD**, an Illinois home rule municipal corporation ("**Village**"), and **NORTHBROOK SCHOOL DISTRICT 27**, an Illinois school district ("**District 27**") (collectively, the Village and District 27 are the "**Parties**").

IN CONSIDERATION OF, and in reliance upon, the recitals and the mutual covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in the exercise of their powers and authority under the Intergovernmental Cooperation Act, 5 ILCS 220/3 *et seq.*, and the intergovernmental cooperation provisions of Article VII, Section 10 of the Illinois Constitution of 1970, the Parties mutually agree as follows:

SECTION 1. RECITALS.

A. The Village is a home rule municipal corporation organized pursuant to the Illinois Municipal Code, 65 ILCS 5/1-1-1 *et seq.*

B. Pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* ("**TIF Act**"), the Village has proposed the designation of a new redevelopment project area, and the adoption of tax increment financing, for that certain area within the Village located generally along and in the vicinity of the south side of Lake Cook Road and comprised of the former Walgreens campus and the Embassy Suites property ("**Lake Cook Road TIF District**" or the "**TIF District**").

C. The Village anticipates that the Lake Cook Road TIF District, if established, will generate TIF Revenues (as defined below) that will be used to pay eligible costs to support the development and improvement within the TIF District.

D. District 27 is an Illinois school district organized pursuant to the Illinois School Code, 105 ILCS 5/1-1 *et seq.*

E. The jurisdictional boundaries of District 27 include all of the territory located within the proposed Lake Cook Road TIF District.

F. In accordance with the TIF Act, incremental property tax revenues generated from the Lake Cook Road TIF District will be designated for the tax increment financing fund for the Lake Cook Road TIF District (collectively, "**TIF Revenues**"), and will not be distributed among the Village, the District 27, or the other taxing bodies with jurisdiction over all or part of the TIF District (collectively, the "**Taxing Bodies**") as other property tax revenues will be.

G. Pursuant to Section 5(b) of the TIF Act, the Parties are members of the "**Joint Review Board**" for the Lake Cook Road TIF District.

H. The Parties have met and conferred to discuss the proposed Lake Cook Road TIF District, and have identified areas of mutual agreement concerning the use of TIF Revenues within, and the redevelopment of, the Lake Cook Road TIF District.

I. The Parties support the Village's efforts to promote responsible economic development within the Village.

J. The Parties now desire to enter into this Agreement to memorialize their mutual agreement and understanding concerning, and to set forth their rights and responsibilities regarding, the use of TIF Revenues, as well as a process for allowing the proposed Lake Cook Road TIF District to be approved by the Village without objection by any of the Parties and without a negative recommendation by the Joint Review Board.

SECTION 2. APPLICATION AND USE OF TIF REVENUES AND OTHER REVENUES.

The Parties agree that TIF Revenues generated from the Lake Cook Road TIF District, and other revenues received by the Village for use within the Lake Cook Road TIF District, may be applied, used, and distributed in the manner contemplated in the plan for the redevelopment of the Lake Cook Road TIF District, prepared by Ryan, LLC, a copy of which is attached to this Agreement as **Exhibit A**, as amended from time to time ("**Redevelopment Plan and Project**").

SECTION 3. TERMINATION OF LAKE COOK ROAD TIF DISTRICT.

The Village agrees that it will consider the early termination of the Lake Cook Road TIF District, prior to the 23-year term set forth in the TIF Act, upon the occurrence of each of the following:

A. Each of the Parties to this Agreement has affirmatively satisfied its obligation set forth in Section 5 of this Agreement;

B. The Village has made payments of the following costs and expenses:

1. Any debt service obligations and reserves;
2. Administrative costs associated with the Lake Cook Road TIF District, including, but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning, or other services, directly attributable to the Lake Cook Road TIF District; and
3. Any commitments related to a development agreement, redevelopment agreement, project agreement, acquisition of property, remediation project, or public works or improvements project, directly attributable to the Lake Cook Road TIF District; and

C. The Village has expended TIF Revenues of not less than the total estimated TIF budget set forth in the Redevelopment Plan and Project plus five percent after adjustment for inflation from the date the plan was adopted based on the Consumer price index for the Chicago-Naperville-Elgin area as published annually by the U.S. Department of Labor, Bureau of Labor Statistics.

SECTION 4. MEETINGS.

In addition to the annual Joint Review Board meeting required pursuant to the TIF Act, the Parties agree to meet at least one additional time per calendar year in order to review the progress of redevelopment within the Lake Cook Road TIF District and the performance by each of the Parties of their respective duties and obligations set forth in this Agreement.

SECTION 5. SCHOOL DISTRICT PAYMENTS.

A. Each year, the Village will pay to District 27 an amount, if any, calculated by multiplying the number of students living within the Lake Cook Road TIF District in a housing unit that was developed, rehabilitated, or constructed during the term of the Lake Cook Road TIF District using tax-increment-financing assistance and attending a school operated by District 27, less the number of students living in the Lake Cook Road TIF District area and attending a school operated by District 27 at the time the Lake Cook Road TIF District is created by the Village, by the operating expense per pupil (provided in District 27's annual financial report to the Illinois State Board of Education) less any increase in general State Aid as defined in the Illinois School Code attributable to these added new students. This amount will be calculated based on all students that are actually living in the Lake Cook Road TIF District and actually attending a school within District 27, notwithstanding any requirements or limitations found in Section 11-74.4-3(q)(7.5) of the TIF Act. District 27 must submit a report by March 31, 2024, which sets forth the number of students currently living in the Lake Cook Road TIF District area and attending a school operated by District 27. At the end of each school year, District 27 will inform the Village of the number of students attending a school in District 27 and living in the Lake Cook Road TIF District, if any, by providing the Village with such students' names and addresses (or alternative information if necessary to avoid violating privacy laws). The obligations of this Section 5.A shall not apply to students that move into a housing unit that is developed, rehabilitated or constructed during the term of the Lake Cook Road TIF District using tax-increment-financing assistance if that student previously lived in the boundaries of District 27. If District 27 had no students attending a school in District 27 and living in the Lake Cook Road TIF District, then it will receive no payments under this Section 5 for that school year. The Village shall pay the amount due to District 27 within 60 days after receiving such information from District 27 if adequate funds are available in the Lake Cook Road TIF District.

B. To the extent that the payments identified in Section 5.A comply with all requirements and limitations in Section 11-74.4-3(q)(7.5) of the TIF Act, the Village will make the payments from any available TIF Revenues (as defined in the Agreement) from the Lake Cook Road TIF District.

C. To the extent that the payments identified in Section 5.A do not comply with all requirements and limitations in Section 11-74.4-3(q)(7.5) of the TIF Act, the Village will declare as surplus funds within the Lake Cook Road TIF District, pursuant to the TIF Act, and redistribute to all taxing bodies in accordance with the TIF Act, sufficient additional TIF Revenues as surplus so that the distribution of such surplus to all taxing bodies will result in District 27 receiving no less than the balance of the payments required under Section 5.A. Notwithstanding anything to the contrary contained in this Section 5.C, the Village shall have no obligation to declare surplus funds in any given year until the Village has paid the following costs and expenses directly attributable to the Lake Cook Road TIF District:

1. Any debt service obligations and reserves;
2. Administrative costs associated with the Lake Cook Road TIF District, including, but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning, or other services; and
3. Any commitments related to a development agreement, redevelopment agreement, project agreement, acquisition of property, remediation project, or public works or improvements project, directly attributable to the Lake Cook Road TIF District.

D. The payment methods described in Sections 5.A, 5.B, and 5.C shall constitute the sole source for the satisfaction of the Village's payment obligation. If such payment methods are insufficient to allow the School Districts to receive the payments required under Section 5.A, nothing herein shall be deemed or interpreted as requiring or obligating the Village to utilize any other funding source to satisfy such payment balance. In such instance, the payments to the School Districts will not occur until there are funds in the Lake Cook Road TIF District to make such payments. The payments of TIF Revenues described in Sections 5.A shall be prioritized payments, paid before any and all other payments out of the Lake Cook Road TIF District. If there are insufficient funds in the Lake Cook Road TIF District to make full payments to District 27 in any particular year, partial payments shall be made to the extent possible and the unpaid balances owed to District 27 will be carried over for one or more years for payment as additional TIF funds become available, and will remain prioritized payments, paid before any and all other payments out of the Lake Cook Road TIF District.

SECTION 6. SUPPORT OF LAKE COOK ROAD TIF DISTRICT.

District 27 agrees to formally support the adoption of the Lake Cook Road TIF District, which support must include, without limitation, a vote by a District 27 representative on the Joint Review Board to approve a resolution recommending the adoption of the proposed Lake Cook Road TIF District. District 27, and its respective successors, assigns, and representatives of any kind, and all other persons, firms, and corporations that may claim a right on their behalf, by its execution and approval of this Agreement, hereby waives, unconditionally releases, and forever forgives any and all right to set aside, modify, or consent in any manner to the creation of the TIF District, including, but not limited to the Redevelopment Plan and Project, the designation and boundaries of the TIF District, and any redevelopment agreements or professional services agreements as now or hereafter constituted or entered into by the Village related to the TIF District. The releases and waivers herein are, and are intended to be, as broad and encompassing as permissible. Notwithstanding the foregoing, District 27 shall fully retain its rights to contest in a manner permitted by law any amendments to the TIF District and/or administration of the TIF District to the extent contrary to the TIF Act, any other applicable law, or this Agreement. Nothing contained herein shall be construed to give District 27 any right to participate in the administration of the TIF District.

SECTION 7. TERM: REMEDIES.

A. Term and Termination. The term of this Agreement will commence upon the date that the last of all Parties signs this Agreement pursuant to authority duly provided to the signatory. This Agreement will automatically terminate upon the occurrence of any of the following events: (a) the Lake Cook Road Joint Review Board fails to adopt the resolution contemplated in Section 6 of this Agreement, (b) the Village Board of Trustees fails to adopt the ordinance creating the Lake Cook Road TIF District within the time period for adoption as set forth in the TIF Act, (c) the date of termination, for any reason, of the Lake Cook Road TIF District, and (d) the mutual written agreement to terminate executed by all Parties. In addition to the foregoing, this Agreement may be terminated for cause by any Party. For purposes of this Agreement, "cause" is defined as a Party's material failure to perform its duties under this Agreement. The terminating Party must provide 60 days prior written notice setting forth the nature of the breach or material failure to perform under this Agreement to the other parties in the event of a termination for cause. The non-terminating Party or Parties will have a 60-day period, running from the date of delivery of such written notice, in which to cure the material failure identified in the notice.

F. Counterpart Signatures. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

VILLAGE OF DEERFIELD, an Illinois home rule municipal corporation

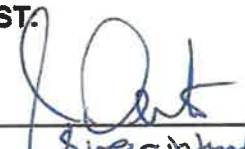
ATTEST:

Daniel VanDusen, Deputy Village Clerk

By: 
Kent S. Street, Village Manager

NORTHBROOK SCHOOL DISTRICT 27, an Illinois school district

ATTEST:

By: 
Its: Superintendent

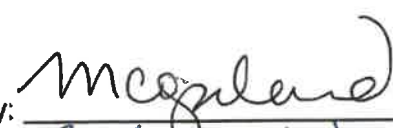
By: 
Its: Board President

EXHIBIT A
REDEVELOPMENT PLAN AND PROJECT

Memorandum

Date: February 29, 2024

To: Mayor Shapiro
Village Trustees

From: Village Attorney

Re: Intergovernmental Agreement with Northbrook School District 27 Regarding School Payments

Northbrook School District 27 ("**School District**") has requested that the Village enter into an intergovernmental agreement with the School District to provide it funding in the event that the Village creates the Lake Cook Road TIF District and uses TIF funds to assist in the development of housing in the Lake Cook Road TIF District ("**Agreement**"). Our office and Village staff have negotiated the Agreement with the School District that is before the Village Board for consideration. The School District already approved the Agreement at last School Board meeting.

If the Village creates the Lake Cook Road TIF District, incremental property taxes collected from properties within the Lake Cook Road TIF District will be diverted from the various taxing bodies into the Village's TIF fund to be used for the payment of eligible expenses under the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* ("**TIF Act**"). The goals of the Lake Cook Road TIF District are to spur redevelopment and increase the total equalized assessed value ("**EAV**") of properties within the TIF District.

While successful redevelopment in the Lake Cook Road TIF District will generate additional property tax revenue for all of the various taxing bodies that assess property taxes within the Lake Cook Road TIF District in the long run, the creation of the Lake Cook Road TIF District may increase the short term costs for taxing bodies during the life of the Lake Cook Road TIF District. This may be especially true for the School District if redevelopment of properties within the TIF District causes an increase in the number of students attending the School District's schools, but the School District does not obtain the benefits from the increase in the EAV until after the Lake Cook Road TIF District terminates.

To partially address this issue, the TIF Act requires the Village to make payments from its TIF fund to the School District for some of the costs to educate students that move into developments that receive TIF assistance from the Village pursuant to a formula set forth in Section 11-74.4-3(q)(7.5) of the TIF Act ("**School Assistance Payments**").

In many cases, the School Assistance Payments may be insufficient to cover a school district's full costs to educate students generated by redevelopment in a TIF district. Therefore, it is not uncommon for municipalities to enter into intergovernmental agreements with school

districts to provide further financial support. In fact, the Village recently approved an intergovernmental agreement with School Districts 109 and 113 related to the Village's Downtown TIF District ("**Deerfield School District IGA**").

The School District has requested that the Village enter into the Agreement to provide the School Districts additional funding during the life of the Lake Cook Road TIF District should redevelopment cause an increase in the number of students attending the schools and the School Assistance Payments under the TIF Act are insufficient to cover the School District's costs. The proposed Agreement before the Village Board is substantively the same as the Deerfield School District IGA the Village Board recently approved.

The Agreement provides that each year, the Village will pay to the School District an amount calculated by multiplying any net increase in the number of students that move into the Lake Cook Road TIF District into a housing unit that receives TIF assistance by the operating expense per pupil, less any increase in general State Aid attributable to these added new students ("**Additional Payments**").

Importantly, the Village is prohibited from directly paying the Additional Payments out of the Village's TIF fund because there are limitations on how TIF funds may be used, and payments to school districts other than the School Assistance Payments are not an eligible TIF expense. Therefore, in the event that the Agreement would require the Village to make a payment, the Village would need to first declare a sufficient amount of money in the TIF fund to be surplus as a condition of returning money to the School District.

In addition, we have crafted the Agreement so that the Additional Payments are subordinate to other Village TIF obligations. This was done to insure that the Village's obligations to make the Payments does not jeopardize the Village's ability to issue TIF bonds. Therefore, in any given year, the Village will not be required to declare surplus funds and make the Additional Payments unless and until the Village has first paid the following costs and expenses:

1. Any debt service obligations and reserves;
2. Administrative costs associated with the Lake Cook TIF District, including, but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning, or other services; and
3. Any commitments related to a development agreement, redevelopment agreement, project agreement, acquisition of property, remediation project, or public works or improvements project, directly attributable to the Lake Cook Road TIF District.

We will be in attendance at the Village Board meeting and can answer any questions the Village Board may have regarding the Agreement.