

**WHITESIDE CARROLL COUNTY ENTERPRISE ZONE
INTERGOVERNMENTAL AGREEMENT**

THIS AGREEMENT entered into on the 18 day of March, 2014 A.D. by and between the Counties of Carroll and Whiteside, Illinois, (hereinafter "Counties") and the Cities of Sterling, Rock Falls, Morrison, Lyndon, Prophetstown, Fulton, Savanna, Thomson, and Mt. Carroll (hereinafter collectively "Municipalities").

WHEREAS, the State of Illinois has enacted the "Illinois Enterprise Zone Act" (hereinafter referred to as "Act") to alleviate distressed economic conditions in certain depressed areas; and

WHEREAS, the health, safety, and welfare of the residents of the Counties and Municipalities are dependent, in part, upon a healthy private sector of the Counties' and Municipalities' economy; and

WHEREAS, the development, growth, and expansion of the private sector requires a cooperative and continuous partnership between government and private sector; and

WHEREAS, there are certain areas in the Counties and the Municipalities that need the particular attention of government, business, and labor to attract private sector investment and directly aid the Counties entirely and the residents thereof; and

WHEREAS, a disproportionate number of residents within the incorporated municipalities of Sterling, Rock Falls, Morrison, Lyndon, Prophetstown, Fulton, Savanna, Thomson, and Mt. Carroll and adjacent areas of unincorporated Carroll and Whiteside Counties for several years have suffered poverty, unemployment, and economic distress related to the locally prolonged national recession, shifts of industries throughout the Counties, and a variety of other economic factors negatively affecting the incorporated and unincorporated areas above mentioned; and

WHEREAS, the duly constituted legislative bodies of the Counties and the Municipalities are cognizant of the distressed conditions existing within this area and are desirous of alleviating these distressed conditions; and

WHEREAS, the Counties and the Municipalities have indicated their willingness and desire to cooperate in designating portions of the Municipalities as well as unincorporated areas in the Counties as Enterprise Zone; and

WHEREAS, the Intergovernmental Cooperation Act (PA 78-785), as enacted by the State of Illinois, Section 3, provides as follows:

"Section 3: Intergovernmental Agreement. Any power or powers, privileges or authority exercised or which may be exercised by a public agency of this State may be exercised and enjoyed jointly with any other public agency of this State and jointly with any public agency of any other state or of the United States to the extent that laws of such other state or of the United States do not prohibit joint exercise or enjoyment."

WHEREAS, the parties to this Agreement have had conferred upon them the exercise of powers authorized in 5/ILCS 220/1 of the Illinois Revised Statutes.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN AND IN FURTHER CONSIDERATION OF THE RECITALS HEREIN ABOVE SET FORTH, IT IS HEREBY AGREED BETWEEN THE COUNTIES AND THE MUNICIPALITIES, AS FOLLOWS:

SECTION 1: Description the area precisely described in the Intergovernmental Agreement and any areas subsequently certified from time to time by the State of Illinois are hereby designated an Enterprise Zone pursuant to and in accordance with the Act, subject to certification of the State as in the Act provided, and shall be known as the Whiteside County Enterprise Zone (hereinafter referred to as "Enterprise Zone" or "Zone Area"). Additions of territory to the Whiteside County Enterprise Zone shall be subject to the following conditions:

(a) Territory expansions will be considered to facilitate commercial or industrial projects which create one full-time job for every 1000 residents, per previous Census, in the community in which the project is located. For expansions in unincorporated areas, job creation requirement will be based on township population. Census population will be rounded to the nearest 1000 to determine job creation requirement. Except in those cases when one of the communities or counties, being a part of the Enterprise Zone wishes to create an Industrial or Business Park, they shall be allowed to add territory without the above described qualifications, also excepting any new units of government, at the time of inclusion in the zone.

(b) Additions of territory in communities or townships with populations of 6,000 or less will be considered for commercial or industrial projects with a minimum investment of \$300,000 including site purchase and preparation, construction cost and capital equipment. (c) Additions of territory in communities or townships with populations of 6,001 and over, per previous Census, will be considered for commercial or industrial projects with an investment minimum of \$500,000 including site purchase and preparation, construction cost and capital equipment. (d) Territory to be added must have the intended use of commercial, business, manufacturing or industrial. (e) Additions of territory will contain only the property required for a clearly articulated, eligible project including a reasonable amount of land for expansion of the specific project. A phased development will require multiple expansion requests. Except in those cases when one of the communities or counties, being a part of the Enterprise Zone wishes to create an Industrial or Business Park, they shall be allowed to add territory without the above described qualifications and also excepting, any new units of government, at the time of inclusion in the zone.

SECTION 2: Qualifications. The Counties and the Municipalities hereby declare and affirm that the Zone Area is qualified for designation as an Enterprise Zone in accordance with the provisions of the Act, and further affirm that:

- (a) The Zone Area is a contiguous area;
- (b) The Zone Area comprises a minimum of one-half square mile and not more than Fifteen square miles in total area;

- (c) The Zone Area is a depressed area;
- (d) The Zone Area satisfies any additional criteria established by the Illinois Department of Commerce and Community Affairs (IDCCA); now known as Illinois Department of Commerce and Economic Opportunity (hereinafter referred to as IDCEO);
- (e) On the 4th day of November, 2013 a Public Hearing was conducted within the Zone Area on the question of whether boundaries of the Zone should be expanded. A public notice was given in one newspaper of general circulation within the Zone Area not more than 20 days nor less than five days before the hearings; and
- (f) The Zone Area addresses a reasonable need to encompass portions of more than one (1) municipality and adjacent unincorporated areas of the Counties.

SECTION 3: Enterprise Zone Designation. The area described in the duly adopted ordinances and any areas subsequently certified by the State of Illinois are hereby designated as an Enterprise Zone, subject to approval by IDCEO, in accordance with the law.

SECTION 4: Terms and Effect. The term of the Whiteside County Enterprise Zone commenced on March 30, 1988, the date such Enterprise Zone was certified by the Department as an "Enterprise Zone" under and pursuant to the Act, and shall be and remain in effect until terminated as of midnight of December 31st of the thirtieth (30th) calendar year following such certification, unless the Enterprise Zone is earlier decertified in accordance with the Act.

SECTION 5: Sales Tax Credits. Retailers' Occupation Tax; Each retailer who makes a qualified sale of building materials to be incorporated into real estate in the Whiteside County Enterprise Zone for the purpose of remodeling, rehabilitation or new construction, may deduct receipts from such sales when calculating the tax imposed by the State of Illinois under and pursuant to Retailers' Occupation Tax Act (35 ILCS 120/5k), subject to the following conditions:

- (a) The city/county has issued a building or other permit required by any of the applicable codes or ordinances of the city/county and the total amount of the project as per building or zoning permit exceeds \$20,000;
- (b) The Enterprise Zone Administrator of the Enterprise Zone has issued a certificate of approval, prior to the start of construction, a copy of which is required to be provided to the applicable retailer at the time of sale and maintained by such retailer in its books and records for the purposes of documenting any such deduction;
- (c) The deduction allowed hereby shall be limited to and shall only apply to any remodeling, rehabilitation or new construction of any commercial, industrial, or manufacturing building or structure within the zone;

SECTION 6: Property Tax Abatements: The Counties and the Municipalities authorize and direct the County Clerks of Whiteside and Carroll Counties to abate ad valorem taxes imposed upon real property, located within the Enterprise Zone area, upon which new improvements have been constructed, renovated or rehabilitated, subject to the following conditions:

- (a) The improvements or renovations total more than \$20,000 and are of the scope and nature for which a building or zoning permit is required and has been obtained;
- (b) The project has been certified by the zone administrator. Certification will be granted only after completion of Enterprise Zone Application forms and payment of application fee as follows: Application fee will be one half percent (0.5%) of cost of building materials for new construction and renovation. Fee due at the time of certification of project by the enterprise zone administrator and no fee shall exceed \$50,000;
- (c) Abatement of taxes on any parcel shall not exceed the amount attributable to the construction of the improvements and the renovation or rehabilitation of the existing improvements on such parcel;
- (d) Such abatement shall be allowed only for commercial, industrial or manufacturing property located within the Zone Area;
- (e) Such abatement shall be at the rate of: for improvements first assessed in the year 2002, will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the six (6) assessment years immediately following; improvements first assessed in the year 2003 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the five (5) assessment years immediately following; improvements first assessed in the year 2004 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the four (4) assessment years immediately following; improvements first assessed in the year 2005 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the three (3) assessment years immediately following under original termination date abatements and one (1) assessment year abatement under new termination date abatement schedule; improvements first assessed in the year 2006 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the two (2) assessment years immediately following under original termination date abatements and two (2) assessment years under new termination date abatement schedule; improvements first assessed in the year 2007 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and one (1) assessment year under original termination date abatements and three (3) assessment years under new termination date abatement schedule; improvements first assessed in the year 2008 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made under original termination date abatements and four (4) assessment years under new termination date abatement schedule; improvements first assessed in the year 2009 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and four (4) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2010 will receive abatement at the

rate of 100 per cent of the value of the improvements for the year in which assessment is made and four (4) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2011 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and four (4) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2012 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and four (4) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2013 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and four (4) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2014 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and four (4) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2015 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and three (3) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2016 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and two (2) assessment years following under new termination date abatement schedule; improvements first assessed in the year 2017 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made and one (1) assessment year following under new termination date abatement schedule; improvements first assessed in the year 2018 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made. No property tax abatement will be granted to improvements first assessed in the year 2019 or any subsequent year;

EXCEPT for those projects creating 500 full-time jobs and investing at least \$25,000,000 (\$25M): Such abatement shall be at the rate of: for improvements first assessed in the years 2003 through 2009, 100 per cent of the value of the improvements for the year in which the partial or full assessment for the improvements is made, and the nine (9) assessment years immediately following the year in which the initial partial or full assessment for the improvement is made; Improvements first assessed in the year 2010 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the eight (8) assessment years immediately following; improvements first assessed in the year 2011 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the seven (7) assessment years immediately following; improvements first assessed in the year 2012 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the six (6) assessment years immediately following; improvements first assessed in the year 2013 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the five (5) assessment years immediately following; improvements first assessed in the year

2014 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the four (4) assessment years immediately following; improvements first assessed in the year 2015 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the three (3) assessment years immediately following; improvements first assessed in the year 2016 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the two (2) assessment years immediately following; improvements first assessed in the year 2017 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which the assessment is made and the assessment year immediately following; improvements first assessed in the year 2018 will receive abatement at the rate of 100 per cent of the value of the improvements for the year in which assessment is made. No property tax abatement will be granted to improvements first assessed in the year 2019 or any subsequent year. "The provisions of this Section 6(e) shall not apply to facilities subject to Section 6(h) below."

- (f) The following provision will apply to all projects involving demolition and new construction. Any project which involves new construction on a site which previously was occupied by a building(s) will receive the real estate tax abatement on a "net new" basis. That is, the increased assessment amount to be abated will be based on the most recent assessment of the property which included the valuation of the property which included the valuation of the land and original building(s);
- (g) In the case of property within a redevelopment area created pursuant to the Real Property Tax Increment Allocation Redevelopment Act no abatement shall be granted.
- (h) For any warehouse/distribution and related facilities (collectively, the "facility") having (i) an excess of 400,000 square feet under roof and (ii) total capital cost of property, plant and equipment in excess of \$25 million, such abatement shall be at the rate of 100% of the taxes attributable to the construction of the improvements and the renovation or rehabilitation of existing improvements on the parcel containing such facility for each assessment year during a period (the "Abatement Period"), consisting of the entire construction period of such facility thereon (i.e., until and including the assessment year in which construction of the facility is substantially completed); and the ten (10) year period commencing with the first assessment year after substantial completion of construction of the facility (i.e., the first assessment year after the construction of the facility is substantially completed). For purposes of this Section 6(h), the date of "substantial completion" of construction shall be the date when the entire facility to be constructed is sufficiently complete so that the owner can fully occupy and utilize the entire facility for its warehouse/distribution purposes in accordance with the applicable construction contract documents for construction of the entire facility. Such date of substantial completion shall be reasonably determined by and agreed to jointly by the Enterprise Zone Administrator and the owner of the facility and certified to the County Clerk by such Enterprise Zone Administrator and owner; provided, however, that, the date of

substantial completion of construction for purposes of this Section 6(h) shall be no later than forty-eight (48) months from the date that a building permit for construction of the facility is issued by the applicable governmental authority. Notwithstanding the above, no property tax abatement shall be granted to improvements assessed in the year 2019 or any subsequent year.

Example: Assume construction of a facility commenced in 2004 and was substantially completed in 2006, with the result that the facility will be subject to a complete assessment as of January 1, 2007, for assessment year 2007 (with taxes for such 2007 assessment year payable in 2008). In this event, the Abatement Period would commence with assessment year 2004 (with taxes for such 2004 assessment year payable in 2005) and would continue to and including assessment year 2016 (with taxes for such 2016 assessment year payable in 2017) (i.e., the tenth assessment year after the 2007 assessment year).”

Except as specifically amended herein, the Intergovernmental Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific First Amendment need not be made in any agreement, ordinance, document, letter, certificate, the Intergovernmental Agreement itself, or any communication issues or made pursuant to or with respect to the Intergovernmental Agreement, any reference to the Intergovernmental Agreement being sufficient to refer to the Intergovernmental Agreement as amended hereby. In the event of any conflict between the terms of the Intergovernmental Agreement and the terms of this First Amendment, this First Amendment shall control.

SECTION 7: Shopsteading and Homesteading: Pursuant to Section 10 of the Illinois Enterprise Zone Act, the Counties and the Municipalities hereby establish an urban shopstead program and an urban homestead program. Under the urban shopsteading program, the Counties or the Municipalities may sell to a Designated Zone Organization a structure or portion thereof it owns for a sum not to exceed \$100. The Designated Zone Organization shall agree to renovate or remodel the property to meet the standards and level of maintenance stated in the agreement between the Designated Zone Organization and the appropriate unit of government. The Designated Zone Organization may sell or lease such structure to commercial or industrial businesses pursuant to the procedures set forth in the sales agreement between it and the appropriate unit of government. The Designated Zone Organization may retain the structure in whole or in part for its own use. Any proceeds derived from the use, lease or sale of such property shall accrue to the Designated Zone Organization.

Under the urban homestead program, the Counties or the Municipalities may sell to an individual a residence or any portion thereof that the appropriate unit of government owns within the Zone Area for a sum of \$100. The individual must agree to renovate or remodel the property to meet the standards and level of maintenance stated in the sales agreement between the individual and the appropriate unit of government, and the individual must live in the residence for a period of seven (7) years. At the end of the seven (7) year period, the appropriate unit of

government shall assign title to the property over to the individual, provided satisfactory improvements to the property have been made pursuant to the agreement with the appropriate unit of government.

The urban homestead program and the urban shopstead program shall be subject to rules and guidelines issued by the Zone Administrator, with the approval of the Zone Management Organization, provided, such rules and guidelines are not inconsistent with the Act.

SECTION 8: Zone Management: Upon designation as an Enterprise Zone by the Illinois Department of Commerce and Community Affairs, a Zone Management Organization comprised of the Chairpersons of the Carroll and Whiteside County Boards, the Mayors of Sterling, Rock Falls, Morrison, Fulton, Prophetstown, Lyndon, Savanna and Thomson, with the Mayor of Mt. Carroll being an ex-official member only, and twelve members of the private sector to be selected by majority vote of the elected officials of the Management Organization will be formed. This Organization will be the governing body of the Enterprise Zone and will appoint the Zone Administrator. Decisions on appointment or removal of the Zone Administrator shall be made in the following manner:

- (a) Nominations shall be received from members of the Management Organization for appointment of the Zone Administrator. Appointment of the Zone Administrator shall be by majority vote of the Zone Management Organization.
- (b) The Zone Administrator may be removed by a two-thirds vote of the Zone Management Organization.
- (c) The Zone Administrator shall be an employee or officer of one of the participating governmental agencies.

The Zone Administrator shall be responsible for the day-to-day implementation within the Zone Area and will be the liaison between the Zone Management Organization, the economic development groups, and the IDCEO.

SECTION 9: Management Organization: The Zone Administrator may recommend to the Management Organization one or more organizations that may qualify as Designated Zone Organizations under the provisions of the Illinois Enterprise Zone Act. Upon approval by the Management Organization, for a term of years set by the Management Organization, the Designated Zone Organization may:

- (a) Exercise authority for the enforcement of any code, permit, or licensing procedure within an Enterprise Zone;
- (b) Provide a forum for business, labor and government action or enterprise zone innovations;
- (c) Receive title to publicly-owned land;

- (d) Solicit and receive contributions to improve the quality of life in the Zone Area; and
- (e) Perform such other functions as the Municipalities and Counties may deem appropriate, not inconsistent with the Illinois Enterprise Zone Act.

SECTION 10: Zone Administrator: It shall be the power of the Zone Administrator, who shall be appointed by the Management Organization, to:

- (a) Supervise the implementation of the provisions of this Intergovernmental Agreement and the Illinois Enterprise Zone Act.
- (b) Act as a liaison between the Counties of Carroll and Whiteside, the Cities of Sterling, Rock Falls, Morrison, Lyndon, Prophetstown, Fulton, Savanna, Thomson, and Mt. Carroll and the Illinois Department of Commerce Economic Opportunity, Designated Zone Organizations, and other State, Federal and local agencies, whether public or private.
- (c) Conduct an ongoing evaluation of the Enterprise Zone Program and submit such evaluative reports on at least an annual basis to the Zone Management Organization.
- (d) Promote the coordination of other relevant programs, including, but not limited to, housing, community and economic development, small business, financial assistance and employment training within the Enterprise Zone.
- (e) Recommend qualified Designated Zone Organizations to the Management Organization.
- (f) Have other such duties as specified by the Management Organization, to appoint personnel as appropriate to assure the smooth operation of the Enterprise Zone.

COMPLETE LEGAL DESCRIPTION ATTACHED HERETO & CONTAINING 32 PAGES