

STATE OF ILLINOIS,  
COUNTY OF WINNEBAGO } ss.

*I, MARGIE M. MULLINS, County Clerk in and for said County, in the State aforesaid, do hereby certify that I have compared the foregoing attached copy of:*

RESOLUTION AUTHORIZING EXECUTION OF AN  
INTERGOVERNMENTAL AGREEMENT WITH THE GREATER  
ROCKFORD AIRPORT AUTHORITY REGARDING FUNDING OF A  
MAINTENANCE, REPAIR AND OVERHAUL FACILITY (MRO)

*with the original document which is on file in my office; and found it to be a true, perfect and complete copy of the original document.*

*IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said County, at my office in the City of Rockford, in said County,*

*this* 27<sup>TH</sup> DAY FEBRUARY, 2015.

MARGIE M. MULLINS, Winnebago County Clerk

BY:  Deputy County Clerk



Sponsored by: Ted Biondo

County Board Meeting: February 26, 2015

RESOLUTION  
of the  
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS

SUBMITTED BY: FINANCE COMMITTEE

**2015 CR 021**

RESOLUTION AUTHORIZING EXECUTION OF AN INTERGOVERNMENTAL  
AGREEMENT WITH THE GREATER ROCKFORD AIRPORT AUTHORITY REGARDING  
FUNDING OF A MAINTENANCE, REPAIR AND OVERHAUL FACILITY (MRO)

WHEREAS, the County of Winnebago has reviewed the Maintenance, Repair and Overhaul Facility Project (MRO) proposed by the Greater Rockford Airport Authority (GRAA); and,

WHEREAS, the potential for the MRO project to provide for substantial economic growth within the County; and,

WHEREAS, the County wishes to support the MRO project and, thereby, contribute to the economic growth within the County; and,

WHEREAS, the County wishes to pledge a portion of its Host Fee revenue in support of the MRO project; and,

WHEREAS, the County further wishes to enter into an Intergovernmental Agreement with the GRAA to memorialized its support of the MRO project; and,

WHEREAS, it is in the best interest of the citizens of Winnebago County for the County to enter into the Intergovernmental Agreement with the GRAA; and

WHEREAS, the Finance Committee recommends that the full County Board accept and approve entering into the Intergovernmental Agreement substantially similar to that attached to this resolution as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois, that the Chairman of the Winnebago County Board is hereby authorized to sign the Intergovernmental Agreement with the Greater Rockford Airport Authority providing financial support for the Maintenance, Repair and Overhaul Facility.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effective immediately upon its adoption and the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the Winnebago County Chairman and to the Chairman of the Greater Rockford Airport Authority.

Respectfully Submitted,  
FINANCE COMMITTEE

AGREE



Ted Biondo, Chairman

  
Burt Gerl  
Joe Hoffman  
Gary Jury

Kyle Logan

  
Kay Mullins

Steve Schultz

  
John F. Sweeney

DISAGREE

Ted Biondo, Chairman

Burt Gerl

Joe Hoffman

Gary Jury

Kyle Logan

Kay Mullins


Steve Schultz

John F. Sweeney

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois, this 26TH day of February, 2015.

  
SCOTT CHRISTIANSEN, Chairman of the  
County Board of the County of  
Winnebago, Illinois

ATTEST

  
Margie Mullins, Clerk of the  
County Board of the  
County of Winnebago, Illinois

## INTERGOVERNMENTAL AGREEMENT

This Intergovernmental Agreement ("**Agreement**") is made this \_\_\_\_ day of February, 2015, by and between The County of Winnebago, Illinois (the "**County**") and the Greater Rockford Airport Authority ("**GRAA**" or the "**Authority**", and with such entities collectively referred to in this Agreement as the "**Parties**").

### **RECITALS:**

A. The Authority is a duly organized and existing municipal corporation and body politic of the State of Illinois and a duly created, organized and existing airport authority now operating under and pursuant to the provisions of the Airport Authorities Act, as amended, 70 ILCS 5/0.01 *et seq.* (the "**Airport Authorities Act**"), is a "unit of local government" as defined in Article 7, Section 1 of the Constitution of the State of Illinois, and is a "public agency" as defined in Section 2 of the Intergovernmental Cooperation Act, as amended, 5 ILCS 20/1 *et seq.* (the "**Intergovernmental Cooperation Act**"). The Authority owns and operates the Chicago Rockford International Airport and related facilities (the "**Airport**").

B. Winnebago County is a duly organized and existing county created under the provisions of the laws of the State of Illinois, and is now operating under and pursuant to the provisions of the Counties Code, as amended (55 ILCS 5/1 *et seq.*; the "**Counties Code**"), is a "unit of local government" as defined in Article 7, Section 1 of the Constitution of the State of Illinois, and is a "public agency" as defined in Section 2 of the Intergovernmental Cooperation Act.

C. Article 7, Section 10(a) of the Constitution of the State of Illinois authorizes units of local government and school districts to contract or otherwise associate among themselves to obtain or share services and to exercise, combine or transfer any power or function, in any manner not prohibited by law or by ordinance. Participating units of government may use their credit, revenues, and other sources to pay costs and to service debt related to intergovernmental activities.

D. Section 3 of the Intergovernmental Cooperation Act provides that "[a]ny power or powers, privileges, functions or authority exercised or which may be exercised by a public agency of this State may be exercised, combined, transferred and enjoyed jointly with any other public agency of this State . . ."

E. Section 5 of the Intergovernmental Cooperation Act provides that "[a]ny one or more public agencies may contract with any one or more other public agencies to perform any governmental services, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract and except where specifically and expressly prohibited by law. Such contract shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties."

F. The Rockford area has been a leader in the aviation industry for decades. It is the goal of both the County and the Authority to increase aviation-related economic activity

and job opportunities in the County. Doing so is a public purpose under the Airport Authorities Act and the Counties Code.

G. In furtherance of that public purpose, GRAA has entered into a Lease Agreement dated as of August 21, 2014 (the "**Facility Lease**") with AAR Corp. ("AAR"), the country's leading operator of maintenance, repair and overhaul ("**MRO**") facilities, for the construction of an MRO facility at the Airport (the "**Project**") which will be leased to and operated and maintained by AAR. The Project is described in detail in the Facility Lease and its attachments. A copy of the Facility Lease is on file with the Secretary of the Authority at the offices of the Authority at the Airport.

H. The Project will be financed as described in this Agreement and acquired, constructed and leased to AAR by GRAA, but is a cooperative effort with the participation of other local taxing agencies including Illinois Community College District # 511 ("**Rock Valley College**"), the County and the City of Rockford. GRAA has already entered into an agreement to partner with Rock Valley College in the development of a new and expanded aviation-related educational program and job training opportunities in an area that has seen high levels of unemployment. With the active cooperation of AAR, Rock Valley College plans an on-Project-site expansion of its aircraft mechanic training program, which will employ 22 people, with 14 of those being new jobs, and with its expanded educational program at all locations being able to handle 100 new students each year.

I. The Project will be one of the few MRO facilities in the country able to handle planes as large as the Airbus 380 and the Boeing 787. GRAA's existing facilities include a runway long enough and other facilities necessary to accommodate the largest wide-body commercial and cargo aircraft currently flying.

J. The construction of the Project is now estimated to cost \$38,000,000.00 plus an estimated investment of \$3,000,000.00 in new equipment, all in accordance with preliminary estimates of costs which have been prepared for the GRAA by the Authority, the Authority's consulting engineers and architects, and approved by the Board of Commissioners of the Authority. The Project will be built on land currently owned by GRAA as part of the Airport.

K. The Authority and the County anticipate that the costs of the Project will be financed as follows: (a) \$15 million in grants from the State of Illinois, (b) \$10 million in grants from the United States government, (c) \$5 million of general obligation alternate bonds (the "**City Revenue Alternate Bonds**") of the Authority to which will be pledged revenues to be received from the City of Rockford (the "**City**") pursuant to an intergovernmental agreement between the Authority and the City in substantially the form attached to this Agreement as **Exhibit A**, (d) \$3 million of general obligation alternate bonds of the Authority (the "**Lease Rental Alternate Bonds**") to which will be pledged revenues received by the Authority under certain "off-site" leases of Authority property of which the Authority is lessor, and (e) \$8 million of general obligation alternate bonds of the Authority to which will be pledged revenues paid to the Authority by the County under this Agreement. The County contribution shall be limited to payment for \$8 million in bonds plus the accompanying debt service at an amount at the then

prevailing rate for the \$8 million bond issue when it is sold. The initial payment is to be made not earlier than October 1, 2015.

L. It is estimated the Project will create up to 500 new jobs in direct employment. In addition, the Project will create construction jobs during the construction phase of the Project. An economic impact study prepared by Northern Illinois University finds that the initial construction phase jobs will have an economic impact of over \$1,000,000 in State and local tax revenue.

M. The County has a strong aerospace industry with over 200 aerospace suppliers operating in and around the region, making it one of the largest concentrations of aerospace employers in the country, and the Project will serve to augment the position of Rockford as a premiere location of aerospace installations.

N. The Project will allow the Authority to provide a unique facility with the advantages of a worker training program, aerospace infrastructure and a central mid-western location. The Project is therefore ideally suited for success.

O. The prospective public benefits of the Project are impressive. The Project will produce high-quality, well-paying, full-time jobs in a community with one of the highest unemployment rates in Illinois. A study prepared by Northern Illinois University noted the average salary of an aircraft mechanic in this region is \$57,000.00 and it is anticipated that the ultimate direct employment from the Project will be 500 new permanent jobs. Taking into account the indirect and ancillary employment generated from the Project, the Project is expected to result in a total payroll of approximately \$50,000,000.00 annually and produce annual local tax revenue of \$4,200,000.00. Added to that will be employment for individuals involved in the expansion of the Rock Valley College program resulting in over \$1,000,000.00 in additional payroll and enhanced education and job training for over 100 students each year.

P. There are compelling public interests in improving the health, welfare and quality of life of the County's citizens and providing for economic development that supports local businesses and the creation of sustainable jobs.

Q. The County supports the Project. The Project is a proper economic development purpose of the County. The County desires to provide direct financial support to the Project which will be of economic benefit to the community and provide for significant new aerospace facilities within the County. To provide that support, the County in this Agreement will pledge certain of its revenues (as described below, the "**Host Fees**") to the Authority in an amount equal to debt service on a series of the Authority's \$8 million general obligation alternate bonds, the proceeds of which will be used as described above to pay a portion of the costs of the Project.

R. The County has entered into a Host County Agreement with Winnebago Reclamation Service, Inc. and Winnebago Landfill Company, LLC. Under the Host County Agreement, the County has imposed a fee (the "**Host Fee**") and collected \$3,237,983 as the proceeds of the Host Fee during its most recent fiscal year (ended September 30, 2013) for which audited financial statements of the County are available. The County expects that gross Host

Fees and net revenues from Host Fees as reflected in those financial statements will at least equal these amounts during the twenty year period ending on September 30, 2035.

NOW, THEREFORE, the Parties agree as follows:

1. The above recitals are incorporated in this Agreement by this reference and made a part of this Agreement.

2. The Authority will issue up to \$8,000,000 of its general obligation alternate bonds (the "**Bonds**") for the purpose of paying a portion of the costs of the Project not paid from other sources. Principal of the Bonds will be due over a period of approximately twenty years from the date they are issued. The Bonds will bear interest at a fixed rate or fixed rates. The Host Fees to be received by the County in each year are pledged to and are available to pay such debt service as set forth herein. If the total cost of the Project is reduced below \$41 million for any reason, the Authority agrees that the County's payment obligations under this Agreement, the City's payment obligations under its intergovernmental agreement and the commitment of the Authority of its "off-site" lease rentals will be reduced by each entity's proportionate share (based on the respective principal amounts of the alternate bonds supported by each revenue source) of the amount by which total Project costs are reduced. The Bonds will provide the prepayments may be made without penalty.

3. The County will pay to the Authority on each February 1, May 1, August 1 and November 1, an amount equal to 25% of the debt service due to be paid on the outstanding Bonds during the following calendar year. The GRAA will deposit such payments directly in the bond fund established for the payment of debt service on the Bonds in the ordinance of the Authority authorizing and providing for their issuance and sale, and will use such funds only for such purpose. The County pledges the Host Fees to this payment obligation in an amount equal to 110% of debt service due on the Bonds in the calendar year following the calendar year in which payments are to be made.

4. GRAA will be responsible for the design and construction of the MRO facility. GRAA will provide monthly reports to the County on the Project and the amount of funds expended.

5. The County's pledge to make payments under Section 3 and the County's other covenants and agreements under this Agreement are contingent upon the following:

- (a) The Authority and the City of Rockford enter into an intergovernmental agreement in substantially the form attached to this Agreement as ***Exhibit A.***
- (b) The Authority authorizes, issues, sells and delivers up to \$16 million of its general obligation alternate bonds, including the Bonds, the City Revenue Alternate Bonds and the Lease Rental Alternate Bonds, for the purpose of paying a portion of the costs of the Project not paid from other sources.

- (c) The State of Illinois provides a grant to the Authority in an amount not less than \$15 million for the purpose of paying a portion of the costs of the Project.
  - (d) The United States government provides a grant to the Authority in an amount not less than \$10 million for the purpose of paying a portion of the costs of the Project.
6. The County covenants and agrees as follows:
- (a) The County will make payments due under Section 3 of this Agreement, from the source specified in that Section, promptly and, to the extent of available Host Fees, fully.
  - (b) The County will cooperate with the Authority in connection with the sale of the Bonds. The County will provide prospective institutional purchasers of the Bonds with such information concerning the Host Fees and the County's financial condition as such prospective purchasers or the Authority may reasonably request. Such information will include, without limitation, copies of the County's audited financial statements for the three fiscal years ending with fiscal year 2013.
  - (c) The County agrees to execute and deliver such other documents, agreements and certificates and to do such other things consistent with the terms of this Agreement as are necessary or appropriate in order to effectuate the intents and purposes of Agreement.
  - (d) While the Bonds are outstanding, the County will provide owners of the Bonds and the Authority with copies of the County's audited financial statements for each future fiscal year beginning with fiscal year 2014 within 30 days after such financial statements are publicly available.
  - (e) While the Bonds are outstanding, the County will provide owners of the Bonds and the Authority with such information concerning the Host Fees received by the County as they may reasonably request.
  - (f) While the Bonds are outstanding, the County will not take any action, including other pledges or uses of Host Fees, or fail to take any action which would in any way adversely affect the ability of the County to collect the Host Fees or pay amounts due under Section 3 of this Agreement from Host Fees; provided, however, that the parties hereto acknowledge that as of the date of the signing of this Agreement, the County is a party to certain other agreements wherein it has made financial commitments to make certain payments from the Host Fees. The aforesaid payments are acknowledged to be priority obligations for the County which shall not be subordinated to the payments under this Agreement and shall not constitute a breach of any portion of this Agreement nor shall they initiate the sanctions set forth in Paragraph 7



below. The County agrees any future commitments it may enter into to make payments from the Host Fees will be subordinate to the County's obligations under this Agreement.

- (g) While the Bonds are outstanding, the County will take all actions, if any, which shall be necessary in order further to provide for the collection of Host Fees and application of Host Fees in accordance with this Agreement subject to the provisions of Paragraph 6(f) above.

7. The County agrees that, if it violates either or both of the covenants in Section 6(f) or 6(g) with the result that available Host Fees are less than the amount necessary to pay debt service due to be paid on the outstanding Bonds, the County will pay the amount of any deficiency to the Authority upon demand from any legally available moneys of the County.

8. This Agreement incorporates the entire agreement of the Parties and may be varied only by further written agreement.

9. This Agreement is entered into solely for the benefit of the Parties and nothing in this Agreement is intended, either expressed or implied, to provide any right or benefit of any kind whatsoever to any person or entity who is not a party to this Agreement or to acknowledge, establish or impose any legal duty to any third party.


**GREATER ROCKFORD AIRPORT  
AUTHORITY**

By: \_\_\_\_\_  
Paul R. Cicero  
Its: Chairman


Attest:

\_\_\_\_\_  
Secretary

**THE COUNTY OF WINNEBAGO**

By:   
Scott Christiansen  
Its: Chairman

Attest:

  
County Clerk

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D. Section 3 of the Intergovernmental Cooperation Act provides that "[a]ny power or powers, privileges, functions or authority exercised or which may be exercised by a public agency of this State may be exercised, combined, transferred and enjoyed jointly with any other public agency of this State . . ."

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F. The Rockford area has been a leader in the aviation industry for decades. It is the goal of both the County and the Authority to increase aviation-related economic activity

and job opportunities in the County. Doing so is a public purpose under the Airport Authorities Act and the Counties Code.

G. In furtherance of that public purpose, GRAA has entered into a Lease Agreement dated as of August 21, 2014 (the "**Facility Lease**") with AAR Corp. ("AAR"), the country's leading operator of maintenance, repair and overhaul ("**MRO**") facilities, for the construction of an MRO facility at the Airport (the "**Project**") which will be leased to and operated and maintained by AAR. The Project is described in detail in the Facility Lease and its attachments. A copy of the Facility Lease is on file with the Secretary of the Authority at the offices of the Authority at the Airport.

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J. The construction of the Project is now estimated to cost \$37,000,000.00 plus an estimated investment of \$3,000,000.00 in new equipment, all in accordance with preliminary estimates of costs which have been prepared for the GRAA by the Authority, the Authority's consulting engineers and architects, and approved by the Board of Commissioners of the Authority. The Project will be built on land currently owned by GRAA as part of the Airport.

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prevailing rate for the \$8 million bond issue when it is sold. The initial payment is to be made not earlier than October 1, 2015.

L. It is estimated the Project will create up to 500 new jobs in direct employment. In addition, the Project will create construction jobs during the construction phase of the Project. An economic impact study prepared by Northern Illinois University finds that the initial construction phase jobs will have an economic impact of over \$1,000,000 in State and local tax revenue.

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Fees and net revenues from Host Fees as reflected in those financial statements will at least equal these amounts during the twenty year period ending on September 30, 2035.

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1. The above recitals are incorporated in this Agreement by this reference and made a part of this Agreement.

2. The Authority will issue up to \$8,000,000 of its general obligation alternate bonds (the "**Bonds**") for the purpose of paying a portion of the costs of the Project not paid from other sources. Principal of the Bonds will be due over a period of approximately twenty years from the date they are issued. The Bonds will bear interest at a fixed rate or fixed rates. The Host Fees to be received by the County in each year are pledged to and are available to pay such debt service as set forth herein. If the total cost of the Project is reduced below \$41 million for any reason, the Authority agrees that the County's payment obligations under this Agreement, the City's payment obligations under its intergovernmental agreement and the commitment of the Authority of its "off-site" lease rentals will be reduced by each entity's proportionate share (based on the respective principal amounts of the alternate bonds supported by each revenue source) of the amount by which total Project costs are reduced. The Bonds will provide the prepayments may be made without penalty.

3. The County will pay to the Authority on each February 1, May 1, August 1 and November 1, an amount equal to 25% of the debt service due to be paid on the outstanding Bonds during the following calendar year. The GRAA will deposit such payments directly in the bond fund established for the payment of debt service on the Bonds in the ordinance of the Authority authorizing and providing for their issuance and sale, and will use such funds only for such purpose. The County pledges the Host Fees to this payment obligation in an amount equal to 110% of debt service due on the Bonds in the calendar year following the calendar year in which payments are to be made.

4. GRAA will be responsible for the design and construction of the MRO facility. GRAA will provide monthly reports to the County on the Project and the amount of funds expended.

5. The County's pledge to make payments under Section 3 and the County's other covenants and agreements under this Agreement are contingent upon the following:

- (a) The Authority and the City of Rockford enter into an intergovernmental agreement in substantially the form attached to this Agreement as *Exhibit A*.
- (b) The Authority authorizes, issues, sells and delivers up to \$16 million of its general obligation alternate bonds, including the Bonds, the City Revenue Alternate Bonds and the Lease Rental Alternate Bonds, for the purpose of paying a portion of the costs of the Project not paid from other sources.

- (c) The State of Illinois provides a grant to the Authority in an amount not less than \$15 million for the purpose of paying a portion of the costs of the Project.
  - (d) The United States government provides a grant to the Authority in an amount not less than \$10 million for the purpose of paying a portion of the costs of the Project.
6. The County covenants and agrees as follows:
- (a) The County will make payments due under Section 3 of this Agreement, from the source specified in that Section, promptly and, to the extent of available Host Fees, fully.
  - (b) The County will cooperate with the Authority in connection with the sale of the Bonds. The County will provide prospective institutional purchasers of the Bonds with such information concerning the Host Fees and the County's financial condition as such prospective purchasers or the Authority may reasonably request. Such information will include, without limitation, copies of the County's audited financial statements for the three fiscal years ending with fiscal year 2013.
  - (c) The County agrees to execute and deliver such other documents, agreements and certificates and to do such other things consistent with the terms of this Agreement as are necessary or appropriate in order to effectuate the intents and purposes of Agreement.
  - (d) While the Bonds are outstanding, the County will provide owners of the Bonds and the Authority with copies of the County's audited financial statements for each future fiscal year beginning with fiscal year 2014 within 30 days after such financial statements are publicly available.
  - (e) While the Bonds are outstanding, the County will provide owners of the Bonds and the Authority with such information concerning the Host Fees received by the County as they may reasonably request.
  - (f) While the Bonds are outstanding, the County will not take any action, including other pledges or uses of Host Fees, or fail to take any action which would in any way adversely affect the ability of the County to collect the Host Fees or pay amounts due under Section 3 of this Agreement from Host Fees; provided, however, that the parties hereto acknowledge that as of the date of the signing of this Agreement, the County is a party to certain other agreements wherein it has made financial commitments to make certain payments from the Host Fees. The aforesaid payments are acknowledged to be priority obligations for the County which shall not be subordinated to the payments under this Agreement and shall not constitute a breach of any portion of this Agreement nor shall they initiate the sanctions set forth in Paragraph 7

below. The County agrees any future commitments it may enter into to make payments from the Host Fees will be subordinate to the County's obligations under this Agreement.


- (g) While the Bonds are outstanding, the County will take all actions, if any, which shall be necessary in order further to provide for the collection of Host Fees and application of Host Fees in accordance with this Agreement subject to the provisions of Paragraph 6(f) above.

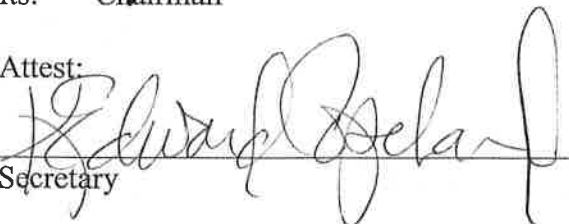
7. The County agrees that, if it violates either or both of the covenants in Section 6(f) or 6(g) with the result that available Host Fees are less than the amount necessary to pay debt service due to be paid on the outstanding Bonds, the County will pay the amount of any deficiency to the Authority upon demand from any legally available moneys of the County.

8. This Agreement incorporates the entire agreement of the Parties and may be varied only by further written agreement.


9. This Agreement is entered into solely for the benefit of the Parties and nothing in this Agreement is intended, either expressed or implied, to provide any right or benefit of any kind whatsoever to any person or entity who is not a party to this Agreement or to acknowledge, establish or impose any legal duty to any third party.

**GREATER ROCKFORD AIRPORT  
AUTHORITY**

By:   
Paul R. Cicero  
Its: Chairman

Attest:   
Secretary

**THE COUNTY OF WINNEBAGO**

By:   
Scott Christiansen  
Its: Chairman

Attest:   
County Clerk

## INTERGOVERNMENTAL AGREEMENT

This Intergovernmental Agreement ("**Agreement**") is made this 23rd day of February, 2015, by and between The City of Rockford, Illinois (the "**City**") and the Greater Rockford Airport Authority ("**GRAA**" or the "**Authority**", and with such entities collectively referred to in this Agreement as the "**Parties**")."

### **RECITALS:**

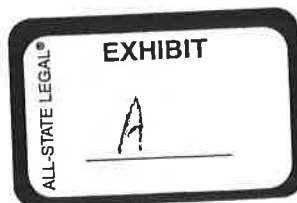
A. The Authority is a duly organized and existing municipal corporation and body politic of the State of Illinois and a duly created, organized and existing airport authority now operating under and pursuant to the provisions of the Airport Authorities Act, as amended, 70 ILCS 5/0.01 *et seq.* (the "**Airport Authorities Act**"), is a "unit of local government" as defined in Article 7, Section 1 of the Constitution of the State of Illinois, and is a "public agency" as defined in Section 2 of the Intergovernmental Cooperation Act, as amended, 5 ILCS 20/1 *et seq.* (the "**Intergovernmental Cooperation Act**"). The Authority owns and operates the Chicago Rockford International Airport and related facilities (the "**Airport**").

B. The City of Rockford is a duly organized and existing municipal corporation created under the provisions of the laws of the State of Illinois, and is now operating under and pursuant to the provisions of the Municipal Code, as amended (65 ILCS 5/1 *et seq.*; the "**Municipal Code**"), is a "unit of local government" as defined in Article 7, Section 1 of the Constitution of the State of Illinois, and is a "public agency" as defined in Section 2 of the Intergovernmental Cooperation Act.

C. Article 7, Section 10(a) of the Constitution of the State of Illinois authorizes units of local government and school districts to contract or otherwise associate among themselves to obtain or share services and to exercise, combine or transfer any power or function, in any manner not prohibited by law or by ordinance. Participating units of government may use their credit, revenues, and other sources to pay costs and to service debt related to intergovernmental activities.

D. Section 3 of the Intergovernmental Cooperation Act provides that "[a]ny power or powers, privileges, functions or authority exercised or which may be exercised by a public agency of this State may be exercised, combined, transferred and enjoyed jointly with any other public agency of this State . . ."

E. Section 5 of the Intergovernmental Cooperation Act provides that "[a]ny one or more public agencies may contract with any one or more other public agencies to perform any governmental services, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract and except where specifically and expressly prohibited by law. Such contract shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties."





F. The Rockford area has been a leader in the aviation industry for decades. It is the goal of both the City and the Authority to increase aviation-related economic activity and job opportunities in the City. Doing so is a public purpose under the Airport Authorities Act and the Municipal Code.

G. In furtherance of that public purpose, GRAA has entered into a Lease Agreement dated as of August 21, 2014 (the "**Facility Lease**") with AAR Corp. ("AAR"), the country's leading operator of maintenance, repair and overhaul ("**MRO**") facilities, for the construction of an MRO facility at the Airport (the "**Project**") which will be leased to and operated and maintained by AAR. The Project is described in detail in the Facility Lease and its attachments. A copy of the Facility Lease is on file with the Secretary of the Authority at the offices of the Authority at the Airport.

H. The Project will be financed as described in this Agreement and acquired, constructed and leased to AAR by GRAA, but is a cooperative effort with the participation of other local taxing agencies including Illinois Community College District # 511 ("**Rock Valley College**"), the City and Winnebago County. GRAA has already entered into an agreement to partner with Rock Valley College in the development of a new and expanded aviation-related educational program and job training opportunities in an area that has seen high levels of unemployment. With the active cooperation of AAR, Rock Valley College plans an on-Project-site expansion of its aircraft mechanic training program, which will employ 22 people, with 14 of those being new jobs, and with its expanded educational program at all locations being able to handle 100 new students each year.

I. The Project will be one of the few **MRO** facilities in the country able to handle planes as large as the Airbus 380 and the Boeing 787. GRAA's existing facilities include a runway long enough and other facilities necessary to accommodate the largest wide-body commercial and cargo aircraft currently flying.

J. The construction of the Project is now estimated to cost \$37,000,000.00 plus an estimated investment of \$3,000,000.00 in new equipment, all in accordance with preliminary estimates of costs which have been prepared for the GRAA by the Authority and the Authority's consulting engineers and architects, and approved by the Board of Commissioners of the Authority. The Project will be built on land currently owned by GRAA as part of the Airport and is located within the corporate boundaries of the City.

K. The Authority and the City anticipate that the costs of the Project will be financed as follows: (a) \$15 million in grants from the State of Illinois, (b) \$10 million in grants from the United States government, (c) \$5 million of general obligation alternate bonds (the "**City Revenue Alternate Bonds**") of the Authority to which will be pledged revenues to be received from the City pursuant to this Agreement, (d) \$3 million of general obligation alternate bonds of the Authority (the "**Lease Rental Alternate Bonds**") to which will be pledged revenues received by the Authority under certain "off-site" leases of Authority property of which the Authority is lessor, and (e) \$8 million of general obligation alternate bonds of the Authority to which will be pledged revenues paid to the Authority by the County of Winnebago pursuant to

an intergovernmental agreement between the Authority and the County in substantially the form attached to this Agreement as *Exhibit A*.

L. It is estimated the Project will create up to 500 new jobs in direct employment. In addition, the Project will create construction jobs during the construction phase of the Project. An economic impact study prepared by Northern Illinois University finds that the initial construction phase jobs will have an economic impact of over \$1,000,000 in State and local tax revenue.

M. The City has a strong aerospace industry with over 200 aerospace suppliers operating in and around the region, making it one of the largest concentrations of aerospace employers in the country, and the Project will serve to augment the position of Rockford as a premiere location of aerospace installations.

N. The Project will allow the Authority to provide a unique facility with the advantages of a worker training program, aerospace infrastructure and a central mid-western location. The Project is therefore ideally suited for success.

O. The prospective public benefits of the Project are impressive. The Project will produce high-quality, well-paying, full-time jobs in a community with one of the highest unemployment rates in Illinois. A study prepared by Northern Illinois University noted the average salary of an aircraft mechanic in this region is \$57,000.00 and it is anticipated that the ultimate direct employment from the Project will be 500 new permanent jobs. Taking into account the indirect and ancillary employment generated from the Project, the Project is expected to result in a total payroll of approximately \$50,000,000.00 annually and produce annual local tax revenue of \$4,200,000.00. Added to that will be employment for individuals involved in the expansion of the Rock Valley College program resulting in over \$1,000,000.00 in additional payroll and enhanced education and job training for over 100 students each year.

P. There are compelling public interests in improving the health, welfare and quality of life of the City's citizens and providing for economic development that supports local businesses and the creation of sustainable jobs.

Q. The City supports the Project. The Project is a proper public purpose of the City. The City desires to provide direct financial support to the Project which will be of economic benefit to the community and provide for significant new aerospace facilities within the City. To provide that support, the City in this Agreement will pledge certain of its revenues (as described below, the "Sales Tax") to the Authority in an amount equal to debt service on a series of the Authority's general obligation alternate bonds, the proceeds of which will be used as described above to pay a portion of the costs of the Project.

R. During its most recent fiscal year (ended December 31, 2013) for which audited financial statements are available, the City collected \$37,991,893.09 as the proceeds of the "Sales Tax". The City believes that revenues from the "Sales Tax" as reflected in those financial statements will at least equal those amounts during the twenty year period ending December 31, 2035.

NOW, THEREFORE, the Parties agree as follows:

1. The above recitals are incorporated in this Agreement by this reference and made a part of this Agreement.

2. The Authority will issue up to \$5,000,000 of its general obligation alternate bonds (the "**Bonds**") for the purpose of paying a portion of the costs of the Project not paid from other sources. Principal of the Bonds will be due over a period of approximately twenty years from the date they are issued. The Bonds will bear interest at a fixed rate or fixed rates. If the total cost of the Project is reduced for any reason, the Authority agrees that the City's payment obligations under this Agreement, the County's payment obligations under its intergovernmental agreement and the commitment of the Authority of its "off-site" lease rentals will each be reduced by its proportionate share (based on the respective principal amounts of the alternate bonds supported by each revenue source) of the amount by which total Project costs are reduced. The Bonds will provide that prepayments may be made without penalty.

3. The City will pay to the Authority on each February 1, May 1, August 1 and November 1, an amount equal to 25% of the debt service due to be paid on the outstanding Bonds during the following calendar year. The GRAA will deposit such payments directly in the bond fund established for the payment of debt service on the Bonds in the ordinance of the Authority authorizing and providing for their issuance and sale, and will use such funds only for such purpose. The City pledges the "Sales Tax" to this payment obligation in an amount equal to 110% of the debt service due on the Bonds in the calendar year following the calendar year in which the payments are to be made.

4. GRAA will be responsible for the design and construction of the MRO facility. GRAA will provide monthly reports to the City on the Project and the amount of funds expended.

5. The City's pledge to make payments under Section 3 and the City's other covenants and agreements under this Agreement are contingent upon the following:

- (a) The Authority and the County of Winnebago enter into an intergovernmental agreement in substantially the form attached to this Agreement as *Exhibit A*.
- (b) The Authority authorizing, issuing selling and delivering up to \$16 million of its general obligation alternate bonds, including the Bonds, the City Revenue Alternate Bonds and the Lease Rental Alternate Bonds, for the purpose of paying a portion of the costs of the Project not paid from other sources.
- (c) The State of Illinois providing a grant to the Authority in an amount not less than \$15 million for the purpose of paying a portion of the costs of the Project.

- (d) The United States government providing a grant to the Authority in an amount not less than \$10 million for the purpose of paying a portion of the costs of the Project.
- (e) The Authority notifying the City within 10 days of any amendment to the Intergovernmental Agreement between the Authority and the County of Winnebago, referred to herein as Exhibit 'A'.

6. The City covenants and agrees as follows:

- (a) The City will make payments due under Section 3 of this Agreement, from the source specified in that Section, promptly and, to the extent of available.
- (b) The City will cooperate with the Authority in connection with the sale of the Bonds. The City will provide prospective institutional purchasers of the Bonds with such information concerning the tax increment financing district as such prospective purchasers or the Authority may reasonably request.
- (c) The City agrees to execute and deliver such other documents, agreements and certificates and to do such other things consistent with the terms of this Agreement as are necessary or appropriate in order to effectuate the intents and purposes of Agreement.
- (d) While the Bonds are outstanding, the City will provide owners of the Bonds and the Authority with copies of the City's audited financial statements for each future fiscal year beginning with fiscal year 2014 within 30 days after such financial statements are publicly available.
- (e) While the Bonds are outstanding, the City will provide owners of the Bonds and the Authority with such information concerning the "Sales Tax" received by the City as they may reasonably request.
- (f) While the Bonds are outstanding, the City will not take any action, including other pledges or uses of the "Sales Tax", or fail to take any action which would in any way adversely affect the ability of the City to collect the "Sales Tax" or pay amounts due under Section 3 of this Agreement from the "Sales Tax".
- (g) While the Bonds are outstanding, the City will take all actions, if any, which shall be necessary in order to further provide for the collection of the "Sales Tax" and application of "Sales Tax" in accordance with this Agreement.

7. This Agreement incorporates the entire agreement of the Parties and may be varied only by further written agreement.

8. This Agreement is entered into solely for the benefit of the Parties and nothing in this Agreement is intended, either expressed or implied, to provide any right or benefit of any kind whatsoever to any person or entity who is not a party to this Agreement or to acknowledge, establish or impose any legal duty to any third party.

**GREATER ROCKFORD AIRPORT  
AUTHORITY**

**THE CITY OF ROCKFORD**

By: \_\_\_\_\_

Paul R. Cicero

Its: Chairman

By: \_\_\_\_\_

Lawrence Morrissey

Its: Mayor

Attest:

\_\_\_\_\_  
Secretary

Attest:

\_\_\_\_\_  
City Legal Director