

**Awards,
Presentations,
Public Hearings
and Public Participation**

Approval of Minutes

Consent Agenda

Appointments

Reports of Standing Committees

Finance Committee

**RESOLUTION
OF THE
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

2026 CR _____

SUBMITTED BY: FINANCE COMMITTEE

SPONSORED BY: JOHN BUTITTA

**RESOLUTION AUTHORIZING IMRF BENEFIT PROTECTION LEAVE
FOR KHRYSTA OLESON**

WHEREAS, the Illinois Municipal Retirement Fund (IMRF) is a public pension fund that administers retirement, disability, and death benefits for employees of local government in Illinois; and

WHEREAS, the County of Winnebago, Illinois (County) is an IMRF employer and its employees are participating members of IMRF; and

WHEREAS, Khrysta Oleson, a former employee of the Winnebago County Health Department, has requested to buy back one (1) month of service credit at IMRF while she was on unpaid status during her employment at the County; and

WHEREAS, section 6.40 (7) of the Rules and Regulations for IMRF state as follows:

Members who take an authorized IMRF Benefit Protection Leave may receive service credit for up to a maximum of 12 months over their entire career, provided they pay the IMRF member contributions plus applicable interest, and the governing body adopts an authorizing resolution. Benefit Protection Leave service is only for periods the member was on unpaid leave; and

WHEREAS, the County desires to adopt an authorizing resolution to approve the requested Benefit Protection Leave for Khrysta Oleson provided she pays the IMRF member contribution plus applicable interest, consistent with the terms, conditions and eligibility requirements set by IMRF for said purchase.

NOW, THEREFORE BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that it hereby adopt and designate this Resolution as authorizing the IMRF Benefit Protection Leave for Khrysta Oleson consistent with the terms, conditions and eligibility requirements set by IMRF for said purchase.

BE IT FURTHER RESOLVED, that the Winnebago County Board hereby delegates to its Clerk the authority to certify on Khrysta Oleson's application for IMRF Benefit Protection Leave that this Resolution was adopted.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

BE IT FURTHER RESOLVED, upon the adoption of this Resolution, the Clerk of the County Board is hereby directed to prepare and deliver certified copies of this Resolution to the County Administrator, Human Resources Director, Chief Financial Officer and Finance Director.

Respectfully submitted,
Finance Committee

AGREE

DISAGREE

JOHN BUTITTA, CHAIR

JOHN BUTITTA, CHAIR

PAUL ARENA

PAUL ARENA

VALERIE HANSERD

VALERIE HANSERD

JOE HOFFMAN

JOE HOFFMAN

KEITH McDONALD

KEITH McDONALD

JOHN F. SWEENEY

JOHN F. SWEENEY

CHRISTINA VALDEZ

CHRISTINA VALDEZ

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this _____ day of _____, 2026.

ATTESTED BY:

JOSEPH V. CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS



Resolution Executive Summary

Prepared By: Steve Schultz
Committee: Finance Committee
Committee Date: March 19, 2026
Resolution Title: Resolution Adopting Fiscal Year 2027 Budget Policy
County Code: Not Applicable
Board Meeting Date: March 26, 2026

Budget Information:

Was item budgeted? N/A	Appropriation Amount:
If not, explain funding source:	
ORG/OBJ/Project Code:	
Budget Impact:	

Background Information: Annually, County Administration prepares the Budget Policy for the upcoming budget year to provide guidance to departments and establish the budget calendar for the County Board. Adjustments to the FY2027 Budget Policy include general formatting and reorganization of the policy with the following items amended or added:

- Updated the calendar dates.

Recommendation: Administration concurs
Contract/Agreement: Not Applicable
Legal Review: Not Applicable
Follow-Up: Not Applicable

**RESOLUTION
OF THE
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

2026 CR

Submitted By: Finance Committee

Sponsored By: John Butitta

**RESOLUTION ADOPTING
FISCAL YEAR 2027 BUDGET POLICY**

WHEREAS, the Winnebago County Board wishes to adopt a budgetary process for use in the 2027 fiscal year; and

WHEREAS, the County Administration has created a process based on sound financial principals for use in the 2027 fiscal year.

NOW, THEREFORE, BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that it adopts the budgetary process presented by the County Administration for the 2027 fiscal year, a copy of which policy is attached to this Resolution as Exhibit A.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effect immediately upon its adoption.

BE IT FURTHER RESOLVED, that the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the County Board Chairman and all County department heads.

Respectfully Submitted,
FINANCE COMMITTEE

AGREE

DISAGREE

JOHN BUTITTA, CHAIRMAN

JOHN BUTITTA, CHAIRMAN

PAUL ARENA

PAUL ARENA

VALERIE HANSERD

VALERIE HANSERD

JOE HOFFMAN

JOE HOFFMAN

KEITH McDONALD

KEITH McDONALD

JOHN F. SWEENEY

JOHN F. SWEENEY

CHRISTINA VALDEZ

CHRISTINA VALDEZ

The above and foregoing Resolution was adopted by the County Board of the County of
Winnebago, Illinois this _____ day of _____ 2026.

ATTESTED BY:

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

JOSEPH CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

Exhibit A



WINNEBAGO COUNTY

Fiscal Year 2027

Budget Policy

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INTRODUCTION

Winnebago County Government operates on policies designed to protect the County's assets and taxpayers' interests, provide guidance to employees, and serve the public efficiently. It is the intent that the policy statements be used to avoid conflicting goals or activities, which may have a negative impact on the overall financial position of the County. The County's system of internal accounting controls is designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets and obligations.

The County's budget process is governed by Illinois Compiled Statutes (55 ILCS 5/6) and Winnebago County Board Policies (Sec. 2-38 Winnebago County Code of Ordinances). All operating funds (those funds that are presented in the County's Annual Comprehensive Financial Report) are appropriated in the "Official Budget". Appropriations will be considered the maximum authorization to incur obligations and not a mandate to spend.

In addressing concerns for maintaining financial strength while protecting the interest of the taxpayer, the County Board is implementing the following directives for the development of the fiscal year 2027 budget.

ACCOUNTING BASIS

Governmental Funds

The County prepares financial statements based on the modified accrual basis of accounting for all governmental funds in which the revenues are recorded when both measurable and available. The County considers revenue to be available if they are collected within 60 days of the end of the current fiscal period for property taxes, 180 days of the end of the current fiscal policy for certain health department and County reimbursable grants and 90 days of the end of the current period for all other amounts.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Proprietary Funds

The County has two proprietary funds. Expenditures for these funds are budgeted on a full accrual basis of accounting. As such, expenses are recognized when incurred and revenues are recognized when they are obligated to the County.

Under both methods of accounting, Generally Accepted Accounting Principles (GAAP) prescribe that purchases are required to be accounted for in the fiscal year in which the item is received or the service performed. Items ordered or services performed late in the fiscal year and not received or completed by the end of the fiscal year will be applied to the budget of the following year.

BUDGETARY PRIORITIES

Direction is hereby given to the County Administrator and the Chief Financial Officer to create the fiscal year 2027 budget with the following priorities:

1. Debt service payments required
2. Contractual payments based on lease agreements, software agreements and other contractual agreements
3. Mandated services at affordable funding levels
4. All operating necessities (Utilities, IMRF, Health Insurance, Liability Insurance)
5. General operating costs to provide services
6. Non-Union employee compensation
7. Capital needs of the organization
8. Meeting the 25% unrestricted reserve requirement of the General Fund and PSST Fund (See Fund Reserves and Balanced Budgets Section)
9. Outside agency funding to include non-obligated Host Fee Grants and local matching grants

FUND RESERVES AND BALANCED BUDGETS

The intent of the Finance Committee is the budget must balance expenditures against available revenues and fund balance by fund. Special revenue fund expenditure budgets cannot exceed available fund balance of the fund. Special revenue funds with a negative fund balance will not be allowed to submit an expenditure budget until the negative fund balance has been eliminated.

The County has developed a fund reserve policy in which it shall be the intent of the County Board to maintain an unrestricted (total of unassigned) fund balance equal to three months of budgeted operating expenditures in the General Fund and the Public Safety Sales Tax Fund. Surpluses in excess of the necessary reserve required by this policy shall be transferred to the Capital Projects Fund. In addition, it is the intent of the County Board to maintain an unrestricted fund balance equal to three months of budgeted operating expenditures in the River Bluff Nursing Home fund.

BUDGET SUBMITTAL AND PRESENTATION PROCESS

Elected Officials and Department Heads shall be provided budget worksheets with existing levels of funding. Based on revenue estimates for the current and next fiscal year, funding levels may be reduced from the current year's appropriations. Elected Officials and Department Heads are encouraged to analyze all services and programs for the cost of the programs, citizen demand, and mandates by Federal, State or County law.

Exceptions may be considered by the County Administrator and the Chief Financial Officer on a case-by-case basis.

When an Elected Official/Department Head has completed the required budget forms, a meeting can be scheduled (if necessary) with the County Administrator and Chief Financial Officer to review and ensure budget policy compliance. Concerns and/or issues should be addressed by the Department Head/Elected Official at this time. Any resulting changes to submitted budgets will be communicated to the Finance Office for system entry and review. Upon review by County Administrator and Chief Financial Officer, the budget will be scheduled for presentation to the Finance Committee per the attached budget calendar. Meetings will be scheduled with the Finance Committee (if necessary) for individual departments/Elected Officials to address the Finance Committee regarding their individual budget requests.

Prior to the date the County Board places the budget on layover for public review, the Elected Official/Department Head will receive a copy of the budget as entered in the financial system for review. The departments are responsible for reviewing the budgets as entered in the financial system.

Once the Finance Committee has reviewed departmental budgets, and the recommended supplemental requests have been approved, the budget is moved to the whole board to be placed on public display for a minimum of fifteen (15) days prior to final approval.

The Chief Financial Officer and the County Administrator during the normal course of the budget preparation process may make budget revisions prior to the final board approval of the budget. It should be noted that proposed budget revisions made after the first reading but before final passage shall be documented and presented to the County Board for approval as part of the final budget approval.

Elected Official/Department Heads will be required to submit a five-year plan for capital improvements. Guidelines for these budgets are on page 7.

REVENUE ESTIMATIONS

The County will project annual revenues on a conservative analytical basis to protect it from short-run fluctuations in any one revenue source. In instances where the County is providing non-mandated services and the revenue stream(s) is/are not covering the costs of said services, direction will be requested by County Administration from the reporting Liaison Committee (and if necessary, the full County Board) on whether said service should be allowed to continue and supplemented with County funds.

Property Tax Assumptions: Winnebago County is mandated to follow the Illinois Property Tax Extension Limitation Law (PTELL) by the State of Illinois. PTELL allows governing bodies the ability to cover the costs of inflationary increases incurred in their day-to-day operations by increasing their previous year's extension by the CPI or 5%, whichever is smallest. For levy year 2025 the CPI is 2.9%. During the budget process, County Administration will present the increases available if the County Board chooses to capture new growth and/or to utilize the CPI increase authorized under PTELL in the calculation of property tax revenues when developing the fiscal year 2027 budget. The Finance Committee will inform the Chief Financial Officer of the amount of the levy to include in the budget document.

User Fees and Charges: All user fees and charges should be reviewed by County Administration, Elected Officials and Appointed Department Heads on an annual basis to ensure the fee collected is covering the cost of service provided (subject to State Statutes).

The County charges user fees for items and services which benefit a specific user more than the general public. State statutes or an indirect cost study determines user fees. Fee studies based on costs are conducted as needed to determine the level of fees needed to equal the total cost of providing the service.

Other FY2027 Revenue Assumptions:

- Nonrecurring (one-time) revenue sources will be used for operations unless directed for a specific use by the County Board.
- Cannabis Sales and Excise Taxes support the General Fund.
- Gaming-related revenue, including off-track betting, casino, and video gaming revenues, support the Capital Projects Fund and County Road Projects using a 50/50 split.
- Sale of assets support the Capital Projects Fund.
- New funding sources with a restricted purpose will be reviewed by the County Board to ensure appropriate usage at the department level. Additionally, these funding sources will be identified by a designated project number to meet reporting requirements by the funding agency.

EXPENSE ESTIMATIONS

Salary and Wage Estimates: Each department will be provided a budget document outlining the employees of the department with their rate of pay as of the date of the preparation of the document. It is the responsibility of the department to review the list including the position titles and employment status (FT, PT or seasonal). The department shall budget for any contractual obligations as outlined in respective bargaining contracts for the upcoming year. The department should include any vacant positions that are not included on the list if the intent is to fill that position in the upcoming year.

The Finance Committee will provide the County Administrator the non-union employee wage increase rate to include in the budget document. The Finance Committee will make a recommendation no later than the 1st Finance Committee meeting in June. Non-bargaining employees are eligible to receive the one-percent longevity pay in accordance with County policy and this should be included in the development of the salary and wage budgets.

Employees transferring from one County department to another will be allowed to retain their accrued vacation upon transfer. The new department will assume the liability should the employee terminate their employment while employed by said department.

Grant Budgets: Each department should submit a separate budget document for ongoing grant awards by the project (award) number. Grant revenue estimates should equal grant expenditure estimates for reimbursement-based grants. Grant award performance periods may not align with the County's fiscal year. In such cases, the department should estimate to the best of their ability the expenses that will be incurred for the grant program during the County's fiscal year. Grant budgets should include all applicable expenses as defined in the grant award and approved grant budget.

New grant awards will be budgeted at the time the County Board accepts the award. See further details in the Grant Policy and Grant Procedures documents.

Other FY2027 Expense Assumptions:

- In the event of loss of Federal or State funding and/or reimbursement for specific services, it is understood that Department/Elected Official will be expected to either reduce funded services or identify other reductions/revenue increases to offset the losses. Exceptions will be addressed on a case-by-case basis.
- Contractual obligations should be included in the budget request and, if applicable, noted as a supplemental request.

- Equipment needs and repairs that do not meet the criteria of a capital request as defined below should be included in the departmental operating budgets.
- All appropriations that have not been expended or appropriated to ongoing capital improvement projects shall lapse at the end of the fiscal year.

CAPITAL IMPROVEMENT PROJECTS (CIP) PLANNING AND BUDGETS

The CIP budgets are necessary to provide adequate consideration of the County's short-term and long-term needs and strategic goals and evaluate the options and timing availability of funds to address those needs. As noted in the Revenue Estimate section of this document, the CIP Fund will be funded through Gaming revenue, sale of assets and excess funds in the General and PSST funds. CIP includes major construction, expansion, purchase or major repair of buildings and other physical structures. CIP may also include fleet and equipment replacement needs. CIP does not include highway department projects or equipment funded by grant or other funding sources. Projects funded through the CIP budget should be purchased through the Purchasing Department with a County purchase order.

Each Department Head/Elected Official will submit a list of capital needs for the next five years on the document provided for capital requests. For the FY2027 budget, requested projects should be of an urgent matter, prioritized, and include a detailed description. The requesting department should note the need for funding of the project. In addition to the cost of completing the project, the department should identify any costs to operate and maintain the asset over its useful life. These additional expenses would need to be included in the department's operating budget.

Only projects included in the first year of the plan will be considered for approval and funding for FY2027. Projects presented for future years are shown for planning purposes only. Funding for the long-term capital plan will be reviewed in conjunction with the annual budget. **Submittal of capital needs does not guarantee funding.**

Approved CIP projects will be appropriated first in any special revenue funds as allowed and then in the Capital Projects Improvement Fund. Administration staff will meet regularly to review and discuss the progress of approved projects.

Capital project appropriations, unlike operating budget appropriations, are typically one-time in nature and the project may take multiple years to complete. Budgetary control for these projects will be at the fund and project level which differs from operating budgets. Due to the fact that capital projects may cross fiscal years, the County Administrator/Chief Financial Officer will have the authority to rollover available project balances to the next fiscal year during the budget preparation process. Each previously approved project will be reviewed with department heads prior to the calculation of the rollover amount. Factors Administration will consider when calculating the rollover amount would include the timing of any remaining payments and estimated completion percentage. The current year estimated actuals plus any amounts included in the rollover budget will not exceed the amount of the original approved project budget. Administration will not rollover any capital project funds which have not had activity for two fiscal years. A listing of project budgets that are to be rolled over will be reviewed by Administration staff and included in the final budget package as presented to the County Board. CIP appropriations funding projects belonging to the two Enterprise Funds will be budgeted in those respective funds in order to properly track assets according to GAAP and financial reporting. Approval of CIP projects related to these funds will require a budget amendment including a plan to transfer funds from the CIP fund to

the Enterprise fund and expenditures for the project in the Enterprise fund. Actual transfers will only be recorded by Finance as related projects are completed.

BUDGET AMENDMENT PROCESS (AFTER ADOPTION BY THE BOARD):

All requests for budget amendments must start with a completed Budget Amendment Form (available upon request from Finance) submitted to the Chief Financial Officer, who upon review, will work with the requesting department head in preparing an ordinance (if required) in the County Board approved format for committee and board presentation.

- The County Board must approve all transfers of budgets between departments or funds by a 2/3rd majority vote (14) of the County Board. (Transfers may not be made from certain special purpose funds to other funds).
- Additional (emergency) appropriations must also be approved by a 2/3rd majority vote (14) of the County Board.
- Budgetary control over expenditures exists at the object-class-level (character code). Line item transfers between object-class-level (character code) or object codes may be requested by the department and approved by the Chief Financial Officer, provided the total amount appropriated by the County Board for the respective department (org code) is not exceeded.

FINANCIAL POLICIES

The following pages include financial policies that have been approved by the County Board. These policies should be considered in addition to the Budget Development Guidelines in completion of budgets.

FISCAL YEAR

The County's fiscal year is October 1st through September 30th. (Set by County Board per 55 ILCS 5/6-1-001).

ACCOUNTING/ AUDITING

State statutes require an annual audit by independent certified public accountants (55 ILCS 5/6-31003). An Annual Comprehensive Financial Report shall be prepared according to the criteria set by the Government Finance Officers Association (GFOA). The County follows Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

ACCOUNTING AND FINANCIAL REPORTING POLICIES

The accounting policies of the County of Winnebago, Illinois will conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). It shall be the intent of the County to maintain a self-balancing set of accounts on an on-going basis to be closed quarterly. The general ledger will be closed by the Finance department no later than 45 days after month end. The books shall remain open 90 days after the fiscal year end.

It shall be the intent of the County to maintain a program of internal controls to safeguard all assets and ensure effective and efficient use of all assets. It shall be the responsibility of the Finance Director to establish a formal

set of "best practice" internal controls. In addition, the County Auditor shall ensure that all departments comply with those controls.

It shall also be the intent for the independent auditor to review the system of internal controls and report any weaknesses detected to the Board as part of the annual audit.

It shall be the intent of the County to utilize fund accounting principles and generally accepted accounting practices in the recording of all financial transactions. The general ledger shall be maintained on a cash basis, with the intent to move to an accrual basis on a quarterly basis. The Finance Committee will be provided with budget versus actual revenue and expenditure reports on a quarterly basis.

It shall be the intent of the County to prepare annually an Annual Comprehensive Financial Report to be presented to the Board no later than 180 days after year-end. The Annual Comprehensive Financial Report should be audited by an independent CPA firm experienced in governmental auditing. It shall be the further intent of the County to present its Annual Comprehensive Financial Report to the Government Finance Officers Association to receive the Certificate of Excellence award in financial reporting. If at any time the County will not receive an unqualified opinion from the CPA firm, the CPA firm and the Finance Director will notify the Board prior to the issuance of the report.

It shall be the intent of the County to maintain a capital asset ledger of all permanent assets acquired. The Finance department will maintain these asset records on an on-going basis to ensure proper controls and report annually regarding these records to the Board. No asset will be considered fixed unless its value or component value exceeds \$12,000 dollars or in the case of infrastructure assets purchased or acquired with an original cost of \$50,000 or more.

Depreciation will be charged on all capital assets. This policy is consistent with the requirements of GASB Statement No. 34. Depreciation will be recorded on a straight-line basis over the normal useful life of the asset.

It shall be the intent of the County to manage all accounts receivable. Accounts receivable are created by operations in certain departments and offices. In general, they arise at the renewal of a permit or license from departments such as Health, River Bluff Nursing Home or Transportation. The department or office that is responsible for the billing is responsible for collections and managing receivables. Consistent with good financial management, each department and office will age their receivables. Departments and Offices shall continue collection efforts.

The Finance department remits vendor payments on a regular schedule twice a month. Vendor payments are released by the County Clerk's office per the defined schedule. Emergency requests for payment are considered on a case-by-case basis. All remittances will be mailed unless there is a business purpose requiring a department to obtain the check at which time a release form will need to be signed.

It is the intent of the County to comply with the modified accrual basis of accounting, in which revenues are recorded when they are both measurable and available. The County considers revenue to be available if they are collected within 60 days of the end of the current fiscal period for property taxes, 180 days of the end of the current fiscal period for certain health department and County reimbursable grants, and 90 days of the end of the current fiscal period for all other amounts.

GRANTS

The purpose of this policy is to ensure that all grant-funded programs or projects are managed according to the terms set forth in the grant agreement, Winnebago County Grant Administration Policies and Procedures and other applicable County policies and procedures. To inform the County Board of the value of a new grant program, the Board must have full knowledge of the total cost and/or impact of the program and its funding sources. It is a requirement that departments administering grants are familiar with the grant administration policies and procedures; in addition to individual grant requirements.

A grant is an amount of money that a government or other institution gives to an individual or to an organization for a particular purpose.

The following should be considered when applying for, accepting, and/or managing grant awards:

- A new grant is a grant awarded for a purpose that has not been previously supported by grant funding.
- Grant Award Agreement Federal/State/Local compliance requirements.
- If Indirect Costs are allowable, all new grant application budgets should include the County's de minimis indirect cost rate as defined by the federal government. For any grant awards prior to October 1, 2024, departments may utilize the de minimis indirect cost rate in effect at the time of the award and its deliverables. If not included, the explanation shall be included in the Grant Summary Worksheet.
- Departments who apply for grants that require a local match must find the local match within their budgets.
- Departments who apply for new grants must understand the special conditions associated with their funding and inform the County Board of the conditions in the Resolution, prior to approval. Upon Board acceptance and approval, the County Board Administration Staff will log each special condition into the Special Conditions System of Register.
 - The County Board's definition of a conflicting special condition is any special condition of funding (outside of standard state/federal conditions) that may prohibit another department's ability to apply for funding.

Departments will submit a budget amendment for new grant awards to the Chief Financial Officer to amend the respective budget. A 2/3rd vote of all members constituting the County Board is required to amend department budgets to reflect grant revenues and expenses (55 ILCS 5/6-1003).

- Grants will be controlled at the operating budget level based on the County's fiscal year.
- The grant budget will be periodically reviewed by the designated Grant Managers to ensure that the revenues and expenditures are consistent with the grant award's allowable costs.
- Designated Grant Managers will inform Finance Director of identified sub-award/sub-recipients.

Grants will be reviewed quarterly, as needed, by the Grant Compliance Officer or Finance Director with the Department Head, Elected Official, or designated Grant Managers. *The Chairman is authorized, on behalf of the County Board to execute the renewal, continuation or modification of any previously awarded grant, without further Board action.*

RISK MANAGEMENT

The County has an established program for unemployment, liability and workers compensation. To forecast expenditures, the County considers claims, retention levels, fixed costs, and fund reserves.

INVESTMENT POLICY

The County Treasurer is responsible for the investing of all Winnebago County funds (55 ILCS 5/3-11006). It is always prudent for any public unit to have an Investment Policy in place for the purpose of safeguarding funds, equitably distributing the investments, and maximizing income of the governmental unit. The following policy is adopted for the Winnebago County Treasurer's Office.

SCOPE OF INVESTMENT POLICY

This Investment Policy applies to the investment activities of all funds under the jurisdiction of the Winnebago County Treasurer. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Winnebago County Treasurer. The Illinois Compiled Statutes will take precedence except where this policy is more restrictive, wherein this policy will take precedence.

OBJECTIVES

The purpose of this Investment Policy of the Winnebago County Treasurer is to establish cash management and investment guidelines for the stewardship of public funds under the jurisdiction of the Winnebago County Treasurer. The specific objectives of this investment policy will be as follows:

1. Safety of Principal.
2. Diversity of investment to avoid unreasonable risks.
3. The portfolio shall remain sufficiently liquid to meet all operating costs, which may be reasonably anticipated.
4. The highest interest rate available will always be the objective of this policy, combined with safety of principal. The Winnebago County Treasurer will require full collateralization of any deposits.
5. In maintaining its investment portfolio, the Winnebago County Treasurer shall avoid any transaction that might impair public confidence in the Winnebago County Treasurer's Office.
6. The Winnebago County Treasurer will give consideration to the financial institutions positive community involvement when consideration is given to the financial institution to be used as a depository.
7. All funds will be invested for a period of one day or longer, depending on the requirement for the disbursement of funds.
8. All funds shall be deposited within two working days at prevailing rates or better, in accordance with Illinois Compiled Statutes.

RESPONSIBILITY

All investment of funds under the control of the Winnebago County Treasurer is the direct responsibility of the Winnebago County Treasurer. The Winnebago County Treasurer shall be responsible for all transactions and shall establish a system of controls of the activities of all subordinates who are directly involved in the assistance of such investment activities.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person," and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for any individual securities credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.

ACCOUNTING

All investment transactions shall be recorded by the Winnebago County Treasurer or the Winnebago County Treasurer's staff. A report will be generated, at least monthly, listing all active investments, including information regarding securities in portfolio by class or type, book value, interest earned and market value as of report date. This report will be made available to the Winnebago County Board and Winnebago County Treasurer.

FINANCIAL INSTITUTIONS

The Winnebago County Treasurer will have the sole responsibility to select which financial institutions will be depositories for Winnebago County Treasurer funds. The Winnebago County Treasurer will take into consideration security, size, location, condition, service, fees and the community relations involvement of the financial institution when choosing a financial institution.

At no time will the Winnebago County Treasurer investments exceed 65% of the financial institution's capital and surplus.

All financial institutions having any type of financial relationships: deposit investments, loans, etc., are required to provide a complete and current "Call Report," required by their appropriate regulatory authority each calendar quarter within 30 days of the "Call" request date.

INVESTMENT VEHICLES

The Winnebago County Treasurer will use investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes.

COLLATERAL

In order to protect the funds of Winnebago County, it will be a standard practice of the Winnebago County Treasurer to require that all deposits in financial institutions be collateralized. Collateral shall be held under the name of Winnebago County. During the term of the deposit, at least 102% collateralization will be required whenever deposits exceed the insured limits of FDIC. The Winnebago County Treasurer will require a signed

Pledge Agreement between Winnebago County, the Financial Institution, and the Holding Company to be on file at all times.

102% of collateralization of the deposit will be required. Only the following collateral will be accepted:

- U.S. Government direct securities
- Obligations of Federal Instrumentalities
- Obligations of the State of Illinois
- Obligations of the County of Winnebago
- Obligations of municipalities located within the County of Winnebago, subject to acceptance by the Winnebago County Treasurer
- Acceptable Collateral as identified in the Illinois Compiled Statutes for use by the Treasurer of the State of Illinois

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the Winnebago County Treasurer's portfolio, pursuant to the Public Funds Investment Act at 30 Illinois Compiled Statutes 235/2.5 and other provisions included in that Act, along with all other Statutes and Constitutional provisions regarding conflicts of interest and ethical considerations.

SECURITY CONTROLS

Only the Winnebago County Treasurer is authorized to establish financial accounts for the office of Winnebago County Treasurer. At all times either the Winnebago County Treasurer, singly or signatories as designated by the Winnebago County Treasurer, should be authorized to sign on financial accounts of the office of the Winnebago County Treasurer.

ADOPTION

This investment policy or similar policy has been in effect since January 1, 2022. Last revision March 12, 2022.

FISCAL YEAR 2027 BUDGET CALENDAR

Budget Task	2026
Chief Financial Officer and Finance Department to review budget process, refine budget requirements, determine budget calendar and prepare preliminary budget guidelines	February 1 to March 1
Finance Committee to review Budget Calendar	March 5
Initial forecast of Fiscal Years 2025 and 2026 preliminary tax levy options to be presented to the Finance Committee	March 5
Finance Committee to approve 2026 Budget Policy & Guidelines	March 19
County Board to approve 2026 Budget Policy & Guidelines	March 27
Budget preparation materials are distributed to departments	April 1-April 10
Departments to submit all budget documents to the Chief Financial Officer / Finance	May 8
Finance Department Budget Request Review	May 11 – May 29
Chief Financial Officer and Administrator to review all preliminary budgets with Departments	June 1 – July 2
Review CIP requests	July 1 – July 20
Distribute budgets and sign-off sheets to departments	July 20
Sign-off sheets returned to Finance	July 23
Budget to be reviewed by Chairman, Administrator and Chief Financial Officer	July 30
Review General Fund and PSST Fund Budgets and Comparative with Finance Committee	August 6
Chief Financial Officer to present recommended budget to the Committee of the Whole	August 13
Truth in Taxation Hearing (we will schedule a date if needed)	
Finance Committee to vote on County Budget Ordinance	August 20
County Board to place balanced Proposed Budget on public display	September 3
County Board to adopt the appropriation and tax levy ordinance/budget	September 24

Zoning Committee

Economic Development Committee



Resolution Executive Summary

Committee Date: Monday, March 16, 2026

Committee: Economic Development

Prepared By: Chris Dornbush

Document Title: Resolution Authorizing The Chairman Of The County Board To Executive A Redevelopment Agreement By And Between The County Of Winnebago, Illinois And Rock 39, LLC For Project Lilac

County Code: Article VII, Section 10(a) of the Constitution of the State of Illinois

Board Meeting Date: Thursday, March 26, 2026

Budget Information:

Was item budgeted? NA	Appropriation Amount:
If not, explain funding source:	
ORG - OBJ - Project Code:	Budget Impact: NA

Background Information:

In 2011, the Winnebago County Board formally designated Rock 39 Baxter Road a focus area for economic development by partnering with the Village of Cherry Valley and the Village of New Milford through Intergovernmental Cooperation Agreements for a Tax Increment Financing (TIF) District, Special Services Area (SSA) for water, and improving part of Baxter Road in this area. It's located on the south side of Baxter Road, east of I-39/90 within the designated Industrial Jobs Recovery Law (IJRL) in the Village of Cherry Valley. The redevelopment agreement will be for an 8-year period at a 50% tax rebate, which is similar to previous agreements for this area. This facility will be the 5th to develop in this specified area, which is for a ~1,202,800 square foot building, has 50 dock doors and 160 (additional) knock outs for growth. The project cost will have a minimum estimated cost of \$75 million on 91.33 acres being occupied as well as having an anticipated significant impact for job creation.

Recommendation:

Winnebago County Administration supports the economic development on Baxter Road to assist in the growing the Equalized Assessed Value (EAV) and job creation to the region.

Contract/Agreement:

Yes, as attached with Resolution.

Legal Review:

Yes

Follow-Up:

County Staff can provide updates as requested by the Committee and/or County Board.

County Board Office

404 Elm Street, Rm 533, Rockford, IL 61101 | wincoil.gov
Phone: (815) 319- 4225 | E-mail: boardoffice@admin.wincoil.gov

**RESOLUTION
OF THE
THE COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS**

SUBMITTED BY: ECONOMIC DEVELOPMENT COMMITTEE

2026 CR _____

**RESOLUTION AUTHORIZING THE CHAIRMAN OF THE COUNTY BOARD TO EXECUTIVE A
REDEVELOPMENT AGREEMENT BY AND BETWEEN THE COUNTY OF WINNEBAGO, ILLINOIS
AND ROCK 39, LLC FOR PROJECT LILAC**

WHEREAS, the Illinois Industrial Jobs Recovery Law ("IJRL") promotes the development and/or redevelopment of industrial properties by the use of incremental tax revenues derived from the tax levies of various taxing districts in redevelopment project areas for the payment of redevelopment project cost; and

WHEREAS, the anticipated benefits to the taxing districts of an IJRL district are an eventual increase in the assessment base of the taxing districts, the removal of adverse economic conditions, the development of industrial parks, and the development, retention and expansion of employment opportunities for Illinois residents; and

WHEREAS, due to lack of growth and redevelopment, the County of Winnebago, in conjunction with the Village of New Milford and the Village of Cherry Valley, formed an IJRL district in 2011 in the industrial area in and around the Baxter Road interchange on I-39 in Winnebago County; and

WHEREAS, by Intergovernmental Agreement the Villages of New Milford and Cherry Valley granted the County of Winnebago sole authority to negotiate redevelopment agreements with prospective developers in the IJRL district and to set the amount of incentives, if any, given to such developments, up to fifty percent (50%) of increment from each parcel proposed for development; and

WHEREAS, in 2026, Winnebago County negotiated an agreement with Rock 39, LLC for an incentive of fifty percent (50%) of increment over eight (8) years to locate a business to the IJRL District with the Owner of the Property, which is referred to as, "Project Lilac"; and

WHEREAS, the tax increment allocation financing offered by the County of Winnebago was a considerable factor in Venture One and the Owner and said business to relocate to the IJRL district; and

WHEREAS, the Economic Development Committee of the County Board for the County of Winnebago, Illinois, has reviewed and recommend approval of the proposed Redevelopment Agreement between the County of Winnebago and Rock 39, LLC, attached hereto as **Exhibit A**.

NOW THEREFORE BE IT AND IT IS HEREBY RESOLVED, by the County Board of the County of Winnebago, Illinois, that the Winnebago County Board Chairman is authorized to execute the Redevelopment Agreement between the County of Winnebago and Rock 39, LLC, which is referred to as, "Project Lilac", and in substantially the same form as that set forth in Exhibit A.

BE IT FURTHER RESOLVED, that this Resolution shall be effective on its adoption.

BE IT FURTHER RESOLVED that the Clerk of the County Board is hereby directed to prepare and deliver copies of this resolution to the County Administrator, the County Finance Director, County Auditor and the County Chief Operations Officer.

Respectfully submitted,

Economic Development Committee

AGREE

DISAGREE

JOHN SWEENEY, CHAIRMAN

JOHN SWEENEY, CHAIRMAN

TIM NABORS, VICE CHAIR

TIM NABORS, VICE CHAIR

FREDDY DE LA TRINIDAD

FREDDY DE LA TRINIDAD

ANGELA FELLARS

ANGELA FELLARS

BRAD LINDMARK

BRAD LINDMARK

JOHN PENNEY

JOHN PENNEY

RAY THOMPSON

RAY THOMPSON

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this ____ day of _____ 2026.

ATTESTED BY:

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

JOSEPH V. CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

REDEVELOPMENT AGREEMENT

This Redevelopment Agreement (“Agreement”) is made as of this ____ day of _____, 2026, by and between the County of Winnebago, Illinois, an Illinois body politic, having its principal offices located at 404 Elm Street, Rockford, Illinois (“County”) and Rock 39, LLC, an Illinois limited liability company, having its principal offices located at 9500 Bryn Mawr Avenue, Suite 340, Rosemont, Illinois 60018 or its assignee (“Owner”). All capitalized terms are defined herein or otherwise have such definitions as set forth in the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1 *et seq.* as amended (the “Act”).

RECITALS

WHEREAS, the County is a duly organized and existing body politic created under the laws of the State of Illinois, and is now operating under the provisions of the Illinois Counties Code, 55 ILCS 5/1- 1001, *et seq.*, as amended.

WHEREAS, municipalities are authorized under the Act to undertake the redevelopment of “industrial park conservation areas” within or near the municipality, including the approval of redevelopment plans and projects, if the conditions specified in the Act are met, and they are further authorized to implement tax increment allocation financing pursuant to the Act, and to pay the costs of such redevelopment as are permitted under the Act; and

WHEREAS, Article VII, Section 10(a) of the Constitution of the State of Illinois authorizes municipalities and other governmental entities to join together in intergovernmental agreements for the purpose of achieving statutory objectives and goals individually and jointly; and

WHEREAS, the Village of New Milford, an Illinois municipal corporation (“New Milford”) and the Village of Cherry Valley, an Illinois municipal corporation (“Cherry Valley”) (collectively referred to as “Municipalities”), in cooperation with the County, have determined that the area in and around the Baxter Road Interchange on I-39 in Winnebago County is appropriate for the formation of an Industrial Park Conservation Area (“IJRL District”) as defined in the Act utilizing Tax Increment Financing to spur private investment and development; and

WHEREAS, it has been determined by the Municipalities that such development is not likely to occur without incentives being made available; and

WHEREAS, it has been determined that the formation of the IJRL District will likely result in the creation of a large number of jobs which will benefit Cherry Valley, New Milford and Winnebago County as a whole; and

WHEREAS, the County, in cooperation with the Municipalities, has determined that it is in the best interests of the County as a whole, including the Municipalities, to redevelop certain real property within the County, (“Redevelopment Project Area”), pursuant to a Redevelopment Plan, as such term is defined in the Act; and

WHEREAS, the Municipalities and the County have found that the Redevelopment Project Area would not reasonably be anticipated to be developed without adoption of the Redevelopment Plan and that the County overall is a labor surplus municipal service area; and

WHEREAS, pursuant to the Act, the Municipalities, by Ordinance adopted by each Village Board, approved a Redevelopment Plan and Project, designated the Redevelopment Project Area specifically designated as the I-39/Baxter Road Redevelopment Project Area, and adopted tax increment allocation financing for the Redevelopment Project; and

WHEREAS, by Intergovernmental Agreement by and between the Municipalities and the County (“Intergovernmental Agreement”), attached hereto as Exhibit A, the County will administer the Special Tax Allocation Fund (“STAF”) created with tax increment allocation financing pursuant to the Act and the County is thereby charged with the responsibility of negotiating with developers who wish to obtain financial assistance in developing the Redevelopment Project Area; and

WHEREAS, the Owner is the fee simple title holder to a parcel of real estate located within the Redevelopment Project Area, and Owner, proposes to redevelop said real estate by constructing thereon a one-story industrial/manufacturing facility of approximately 1,202,800 rentable square feet with related improvements (the “Project”), all as generally depicted on Exhibit B attached hereto and incorporated herein. Said real estate is legally described on Exhibit C attached hereto and incorporated herein (the “Subject Property”); and

WHEREAS, Owner is to do the following in connection with the Project: (i) undertake and pay for the costs of all plans and specifications, professional fees, water connection fees, and Baxter Road access fees, and apply for and receive all required plan review approvals and permits; and (ii) undertake and complete the Project in compliance with the approved plans and permits and all applicable federal, state, County, municipal, village, or administrative laws, ordinances, rules, regulations, codes and orders relating in any way to the development of the Project (collectively, “Laws”); and

WHEREAS, upon substantial completion, the Project will represent an investment on the part of the Owner of not less than \$75,000,000; and

WHEREAS, the County, after due and careful consideration, has concluded that redevelopment of the Subject Property, as provided for in this Agreement, will further the growth of the County, facilitate the redevelopment of the entire Redevelopment Project Area, increase the assessed valuation of real estate situated within the Redevelopment Project Area, increase economic activity within the County as a whole, provide a substantial number of jobs to residents of the County, and otherwise be in the best interest of the County by furthering the health, safety, morals, and welfare of its residents and taxpayers; and

WHEREAS, the County desires to enter into this Agreement with the Owner and agrees, pursuant to the Intergovernmental Agreement, to use tax increment allocation financing to defray certain costs relating to the Project to the extent such costs qualify as Redevelopment Project Costs, as such term is defined in the Act (“Eligible Redevelopment Project Costs”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the County and Owner agree as follows:

SECTION 1. INCORPORATION OF RECITALS

The foregoing recitals are hereby incorporated into this Agreement by reference. The paragraph and section headings contained in this Agreement are for convenience only and are not intended to limit, vary, define or expand the content thereof.

SECTION 2. THE PROJECT

2.1 **The Project.** Owner shall begin development of the Project on or before September 1, 2026, and, subject to the terms of this Section 2.1 below, will subsequently substantially complete construction of the Project no later than December 31, 2027 in accordance with final plans and specifications of the Project as well as issued permits and all applicable Laws. The Project will include a parking lot for cars and semi-trailer trucks, truck docks, and storm water detention for the benefit of said facility. Owner may connect all on-site water, sanitary, storm and sewer lines constructed on the Subject Property to utility lines existing on or near the perimeter of the Subject Property, provided Owner first complies with all applicable County requirements governing such connections, including the payment of customary fees and costs related thereto, including but not limited to the County's water connection fee which shall be \$182,660, calculated based on County Ordinance Section 68-15-D-1(b). Owner shall also have access to the Subject Property from Baxter Road provided Owner first complies with the County's entrance connection fee on Baxter Road, requiring the payment by Owner to the County of said Baxter Road access fee of \$356,187 calculated based on County Ordinance Section 82-10. Unless the County accepts a letter of credit from Owner as a surety for the completion of the Project in accordance with County ordinances, Owner shall substantially complete construction of the Project no later than December 31, 2027. Owner will not be entitled to any payment of any portion of incremental taxes deposited in the STAF unless and until the Project has been substantially completed in accordance with the terms of this Agreement. For purposes of this paragraph, substantial completion of the Project will be deemed to have occurred upon the issuance by the County of a temporary or final certificate of occupancy for the Project. Subject to the right to be reimbursed for Eligible Redevelopment Project Costs as provided in this Agreement, development of the Subject Property shall be completed at the sole expense of the Owner and shall, unless otherwise agreed in advance by the parties in writing (which agreement will be in accordance with applicable Laws and will not be unreasonably withheld, conditioned or delayed), conform in all material respects to the plans and specifications approved by the County as a condition to issuing the applicable permits issued by the County for the Project.

2.2 **Project construction documents.** Owner will deliver civil engineering plans, building elevations, storm water drainage calculations and a site plan for the Project to Cherry Valley for zoning and site plan approval. Owner will obtain any applicable permits and approvals required for the Project from Cherry Valley, the County and other applicable governmental authorities, will submit to the County any plans and specifications required by applicable County building codes for the issuance of permits required by the County pursuant to applicable Laws and will cause the

Project to be completed in accordance with final plans and specifications, issued permits and applicable Laws. Owner shall be responsible for paying all required County building permit fees.

SECTION 3. COVENANTS/REPRESENTATIONS/WARRANTIES OF OWNER

3.1 **Covenants, Representations and Warranties of Owner.** To induce the County to execute this Agreement and perform the obligations of the County hereunder, the Owner hereby represents, warrants and covenants to the County as of the date of this Agreement, that:

(a) Rock 39, LLC is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) Owner has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) The execution, delivery and performance by Owner of this Agreement has been duly authorized by all necessary corporate action, and does not and will not violate its Articles of Organization or by-laws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under an agreement, instrument or document to which Owner is now a party or by which Owner is now or may become bound;

(d) Owner is solvent and able to pay its debts as they mature;

(e) There are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to the best of Owner's knowledge, threatened against Owner which would impair its ability to perform under this Agreement; and

(f) Owner owns the Subject Property, which is located in the Redevelopment Project Area, and is responsible for paying the real estate taxes for the Subject Property.

SECTION 4. OWNER'S OBLIGATIONS

4.1 **Use of Subject Property.** Owner shall utilize the Subject Property in a manner consistent with IJRL District uses identified in or allowed by the Act and the Redevelopment Plan and Project. Owner intends that the Subject Property shall be utilized solely in a manner consistent with industrial and manufacturing purposes as well as other Industrial Park uses identified in the Act.

Notwithstanding anything to the contrary contained in this Agreement, the Subject Property may be used for the following purposes, all of which are consistent with the IJRL District uses identified in or allowed by the Act and the Redevelopment Plan and Project: (i) receiving, storing, assembling, displaying, shipping, distributing, preparing, selling, and serving as a pick-up/drop-off location for products, materials, food, grocery, and liquor items; (ii) parking, storage, dispatch, use, incidental maintenance, fueling, and outdoor and indoor loading/unloading (including driving into and through the building for loading and unloading and parking inside the building) of vehicles, including automobiles, fleet vehicles, trucks and trailers; (iii) printing;

(iv) making products on demand; (v) warehouse and office use; and (vi) using, handling, or storing hazardous materials in the ordinary course of business, including (A) in any packaged merchandise to be sold, handled, and/or held for shipment to customers, and (B) maintenance, fueling, or charging of vehicles, equipment, and machinery (including liquefied hydrogen or other alternative fuels); (vii) installing and operating equipment such as satellite dishes, cellular antenna, and renewable energy systems, including solar energy systems and hydrogen fuel cell tanks and related equipment; (viii) installing and operating battery storage systems, electrical generators, and fuel tanks; and (ix) ancillary and related uses for any of the foregoing, all on a twenty-four-hour, seven-days-per-week, fifty-two-weeks-per-year basis.

4.2 **Real Estate Taxes.** Owner shall pay all Real Estate Tax Bills when due and payable for the Subject Property.

SECTION 5. TAX INCREMENT ALLOCATION FINANCING

5.1 **Tax Increment Allocation Financing of Eligible Redevelopment Project Costs.** Owner has represented to the County that tax increment allocation financing was a considerable factor in the decision to move forward with the Project. The Parties agree that tax increment allocation financing, implemented in accordance with the terms and provisions of the Act, the Intergovernmental Agreement and this Agreement, will be a source of funding for the Project.

5.2 **Intergovernmental Agreement.** As a condition precedent to the County's and Owner's obligations contained in this Agreement, the County has entered into an Intergovernmental Agreement as allowed by Article VII, Section 10(a) of the Constitution of the State of Illinois, which allows the County to administer the STAF created by the tax increment allocation financing enacted by the Municipalities and that it shall thereby have the authority to use such funds to provide, on a case-by-case basis, incentives for the development of the Subject Property.

5.3 **Available Tax Increment.** Annually, the County shall determine the amount of real estate tax increment equal to the amount of the total collected tax increment attributable to the Subject Property which is deposited in the STAF ("Subject Property Increment"), less a proportionate amount of the County's annual expenses associated with the administration of the STAF ("Allocated STAF Expenses") which shall result in a sum referenced as the "Available Tax Increment." The Allocated STAF Expenses shall equal the total County annual expenses associated with the administration of the STAF for the Redevelopment Project Area multiplied by that percentage which equals the Subject Property Increment as it relates to the increment of the entire Redevelopment Project Area.

5.4 **Owner Payments.** Subject to Section 13.2 of this Agreement, the County agrees to reimburse the Owner fifty percent (50%) of the Available Tax Increment for a the remaining life of the IJRL District or a maximum period of eight (8) years for the authorized reimbursable Eligible Redevelopment Project Costs of the Project incurred by the Owner as set forth on Exhibit D, attached hereto (the "Eligible Redevelopment Project Cost Schedule"), and which are approved by the County pursuant to this Section 5.4 of this Agreement. The other fifty percent (50%) of the Available Tax Increment shall go solely towards servicing the debt in a Special Service Area as detailed in the Redevelopment Agreement between the County and Rock 39, LLC., executed on

September 7, 2012. The County's total reimbursement to the Owner from the Available Tax Increment under this Agreement is currently estimated to be approximately \$7,100,000. Prior to being provided Available Tax Increment, Owner shall submit to the County reasonable evidence that the Eligible Redevelopment Project Costs, for which reimbursement is requested, have been incurred and paid for by the Owner. Reasonable evidence shall include, but is not limited to, paid invoices, paid receipts and contracts. All paid invoices and paid receipts shall contain the date of service, type of service, location of service, amount paid, name/address/telephone number of the service provider and other information as necessary to establish the identity of the provider, type of service and amount paid. The County reserves the right to require additional documentation in its sole discretion but will not unreasonably withhold, condition or delay its approval under this Agreement. Subject to Section 13.2 of this Agreement, and subject to the County's receipt of said reasonable evidence of the Eligible Redevelopment Project Costs, the Eligible Redevelopment Project Costs will be paid to Owner within ninety (90) days of receipt on the tax increment in the STAF, however only to the extent that such revenue is received by the County.

THE COUNTY'S OBLIGATION TO PAY THE OWNER UNDER THIS AGREEMENT IS A LIMITED OBLIGATION PAYABLE SOLELY FROM THE INCREMENTAL TAXES DEPOSITED IN THE STAF CREATED WITH RESPECT TO THE DEVELOPMENT PROJECT AS DEFINED IN SECTION 2.1 ABOVE, AND SHALL NOT BE A GENERAL OBLIGATION OF THE COUNTY OR SECURED BY THE FULL FAITH AND CREDIT OF THE COUNTY.

SECTION 6. TERM

Unless earlier terminated pursuant to Section 13 of this Agreement, the term of this Agreement shall commence on the date of execution and end upon the first to occur of (i) the date of the aggregate payments to the Owner pursuant to Section 5.4 of this Agreement equals the total Eligible Redevelopment Project Costs expended or (ii) the termination of the Redevelopment Project Area as required by law.

SECTION 7. NO LIABILITY OF COUNTY TO OTHERS FOR OWNER'S EXPENSES

The County shall have no obligation to pay costs of the Project to any person other than the Owner, nor shall the County be obligated to pay any contractor, subcontractor, mechanic, or materialman providing services or materials to the Owner for the development of the Project; provided, however, that, subject to Sections 9 and 10 of this Agreement and upon Owner's written request, the County will pay amounts owed to Owner under this Agreement to a tenant at the Project.

SECTION 8. NO DISCRIMINATION

The Owner for itself and its successors and assigns agrees that in the development of the Project, the Owner shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Owner shall take reasonable action to require that, during the development of the Project, applicants are employed and that employees

are treated during employment without regard to their race, creed, color, religion, sex or national origin.

SECTION 9. ASSIGNMENT

Owner may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the County; provided, however, that (a) Owner may, without the written consent of the County, assign all or any portion of its interest in this Agreement to an entity in title to the Subject Property or to a tenant of the Subject Property or collaterally assign all or any portion of its interest in this Agreement to a mortgage lender holding a lien encumbering the Subject Property as partial security for the payment of its debt to that lender, and (b) Owner may, without the written consent of the County, assign its right to receive payment of Available Tax Increment under this Agreement to any person or entity. Owner will provide written notice to the County of any assignment of Owner's interest in this Agreement (other than a collateral assignment) within thirty (30) days after the effective date of that assignment. In particular, within thirty (30) days after its acquisition of fee title to the Subject Property, the original Owner hereunder will provide written notice to the County of its acquisition of fee title to the Subject Property, which notice will include the name and mailing address of that Owner for notice purposes hereunder. Any assignee of all of Owner's interest in this Agreement (other than a collateral assignee) will agree in writing to assume all remaining executory obligations of its assignor under this Agreement.

SECTION 10. SUCCESSORS AND ASSIGNS

Subject to Owner's right to assign the right to receive payment of Available Tax Increment under this Agreement to a person or entity not in title to the Subject Property, the terms, conditions and covenants set forth in this Agreement shall extend to, be binding upon, and inure to the benefit of the respective successors and permitted assigns of the County and Owner and shall run with the land. Any person or entity now or hereafter owning legal title to all or any portion of the Subject Property shall be bound to this Agreement only during the period such person or entity is the legal titleholder of the Subject Property or a portion thereof, however, that all such legal title holders shall remain liable after their ownership interest in the Subject Property ceases as to those liabilities and obligations which accrued during their period of ownership but remain unsatisfied or unperformed. Notwithstanding anything in this Agreement to the contrary, from and after substantial completion of the Project, Owner's duties and obligations under this Agreement will be limited to those described in Section 4 of this Agreement.

SECTION 11. NO JOINT VENTURE, AGENCY OR PARTNERSHIP CREATED

Neither anything in this Agreement nor any acts of the parties to this Agreement shall be deemed or construed by the parties or any third person, to create or imply any relationship of a third party beneficiary, principal or agent, limited or general partnership, or joint venture or to create or imply any association or relationship involving the County.

SECTION 12. COMPLIANCE WITH LAW

12.1 **Defense of IJRL District.** In the event that any court or governmental agency having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement shall determine that this Agreement or payments to be made hereunder are contrary to law, or in the event that the legitimacy of the IJRL DISTRICT is otherwise challenged before a court or governmental agency having jurisdiction thereof, the County and Owner shall reasonably cooperate with each other concerning an appropriate strategy acceptable to all parties to defend the validity of the IJRL District and this Agreement. Furthermore, each party shall pay their respective legal fees, court costs and other expenses directly related to defense of the IJRL DISTRICT that each party shall incur as a result of defense of the IJRL DISTRICT. In the event of an adverse lower court or agency ruling, payments of tax increment allocation financing shall be suspended during the pendency of any appeal thereof, but such payments shall be reinstated retroactively if such adverse ruling is reversed by the reviewing court or agency and to the extent that the STAF has received such increment.

SECTION 13. DEFAULTS AND REMEDIES

13.1 **Events of Default.** The occurrence of any one or more of the following events, subject to the provisions of Section 13.2, shall constitute an “Event of Default” by Owner hereunder:

(a) the failure of the Owner to perform, keep or observe any of the Owner’s respective covenants, conditions, promises, agreements or obligations under this Agreement;

(b) if, at any time, any material term, warranty, representation or statement made or furnished by Owner (including the representations and warranties of Owner described in Section 2.1 hereof) is not true and correct in any material respect because of which Owner is unable to fulfill its obligations hereunder;

(c) the commencement of any proceedings in bankruptcy by or against the Owner or for the liquidation or reorganization of the Owner, or alleging that the Owner is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Owner’s debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within ninety (90) days after the commencement of such proceedings;

(d) the failure of the Owner to pay any real estate tax assessment when due; or

(e) the assignment or other transfer by the Owner of its right, title and interest in and to this Agreement without the prior written approval of the County in violation of the terms of this Agreement.

13.2 **Remedies.**

(a) Upon the occurrence of an Event of Default, the County shall provide the defaulting party with a written statement setting forth the Event of Default. The County may not exercise any remedies against the defaulting party in connection with such Event of Default until thirty (30)

days after giving such notice. If such Event of Default cannot be cured within such thirty (30) day period, said thirty (30) day period shall be extended for such time as is reasonably necessary for the curing of the same, as long as the defaulting party is diligently proceeding to cure such Event of Default. An Event of Default not cured as provided above shall constitute a breach of this Agreement. Any failure or delay by the County in asserting any of its rights or remedies as to any Event of Default or alleged Event of Default or breach shall not operate as a waiver of any such Event of Default or breach of any rights or remedies it may have as a result of such Event of Default or breach.

(b) If the defaulting party shall fail to cure any Event of Default after the expiration of the cure period described in subparagraph (a), the County will be under no obligation to continue to pay any portion of Available Tax Increment under this Agreement until such time as the Event of Default has been cured.

(c) The rights and remedies of the County are cumulative and the exercise by the County of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Event of Default or for any other Event of Default by a defaulting party.

(d) If the County is in default of this Agreement, which is defined as the County's lack of fulfillment of any obligation under this Agreement, the Owner shall provide the County with a written statement setting forth the default of the County. Owner may not exercise any remedies against the County in connection with such failure until thirty (30) days after giving such notice. If such default cannot be cured within such thirty (30) day period, said thirty (30) day period shall be extended for such time as is reasonably necessary for the curing of the same, as long as the County is diligently proceeding to cure such default. A default not cured as provided above shall constitute a breach of this Agreement. Any failure or delay by the Owner in asserting any of its rights or remedies as to any default or alleged default or breach shall not operate as a waiver of any such default or breach of any rights or remedies it may have as a result of such default or breach.

(e) If the County shall fail to cure any breach by the County of this Agreement not cured within the cure period described in subparagraph (d), Owner shall have as its sole and exclusive remedy, the right of specific performance to compel the County to perform its obligations under this Agreement.

SECTION 14. INDEMNIFICATION

Owner agrees to indemnify, pay, defend and hold the County and its elected and appointed officials, employees, agents and attorneys (individually an "Indemnitee," and collective the "Indemnites") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnites in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnites shall be designated a party

thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(i) Owner's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) Owner's or any contractor's failure to pay general contractors, subcontractors or materialmen in connection with the STAF funded improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation by Owner in this Agreement; or

(iv) Owner's failure to cure any material misrepresentation by it in this Agreement;

provided, however, that Owner shall not have any obligation to an Indemnatee arising from the gross negligence, wanton or willful misconduct of that Indemnatee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Owner shall contribute the maximum portion that is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 14 shall survive the termination of this Agreement.

SECTION 15. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier, or (c) registered or certified mail, return receipt requested.

If to the County:

County of Winnebago
Attn: Chairman Joseph V. Chiarelli
404 Elm Street
Rockford, Illinois 61101

With Copies to:

Office of the Winnebago County State's Attorney
Civil Bureau
Courthouse Building
400 W. State Street, Suite 804
Rockford, Illinois 61101

If to the Owner:

Rock 39, LLC
c/o Venture One Development, LLC.
9500 Bryn Mawr Ave., Suite 340
Rosemont, Illinois 60018
Attn: Mark Goode

With Copies to:

O'Rourke, Hogan, Fowler & Dwyer
10 South LaSalle Street, Suite 3700
Chicago, Illinois 60603
Attn: Howard Goldblatt

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to this Section shall be effective upon receipt or refusal of delivery.

SECTION 16. MISCELLANEOUS

16.1 **Amendment.** This Agreement, and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto, or their successors in interest.

16.2 **Entire Agreement.** This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof. This Agreement shall be binding upon the parties and inure to the benefit of and be enforceable by and against their respective successors, personal representatives, heirs, legatees, and assigns.

16.3 **Limitation of Liability.** No member, official or employee of the County shall be personally liable to Owner or any successor in interest in the event of any default or breach by the County or for any amount which may become due to Owner from the County or any successor in interest or on any obligation under the terms of this Agreement.

16.4 **Waiver.** Waiver by the County or Owner with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the County or Owner in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

16.5 **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

16.6 **Severability.** If any provision in this Agreement, or any section, paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

16.7 **Choice of Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to its conflicts of law principles.

16.8 **Venue and Consent to Jurisdiction.** If there is a lawsuit under this Agreement, each party agrees to submit to the jurisdiction of the Circuit Court for the 17th Judicial Circuit, Winnebago County, Illinois.

16.9 **Force Majeure.** Neither the County nor Owner, nor any successor in interest to any of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation,

severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder; provided, however that no such delay will affect any obligation under this Agreement for the payment of money. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, give written notice to the other parties to this Agreement within a reasonable period of time thereafter. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

16.10 **Binding Effect.** This Agreement shall be binding upon Owner the County and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of Owner the County and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

16.11 **Drafter Bias.** The parties acknowledge and agree that the terms of this Agreement are the result of negotiations between the parties, both of whom are represented by independent counsel, and that this Agreement is the result of said negotiations. As a result, in the event that a court is asked to interpret any portion of this Agreement, neither of the parties shall be deemed the drafter hereof and neither shall be given benefit of such presumption that may be set out by law.

16.12 **Attorneys' Fees.** In the event of a default and/or litigation arising out of enforcement of this Agreement, the parties hereto acknowledge and agree that each party shall be responsible for their own costs, charges, expenses, and their reasonable attorney's fees arising as a result thereof.

16.13 **Memorandum of Agreement.** Owner and the County agree to record a memorandum of this Agreement with the Winnebago County Recorder of Deeds.

16.14 **Written Assurance.** Upon a written request from Owner, the County will execute and deliver a "Written Assurance" (defined below) to Owner, a tenant or a prospective owner, tenant, investor or mortgage lender regarding the Project. A "**Written Assurance**" is a writing which states that, except as otherwise provided in that Written Assurance: (a) this Agreement has not been amended or modified in any manner described in the Written Assurance; (b) to the best knowledge of the County (i) there are no defaults presently existing under this Agreement by Owner, (ii) there are no amounts owed to the County by Owner, and (iii) there are no pending or threatened claims for indemnification by the County against Owner under this Agreement; and (c) if requested after substantial completion of the Project, the Owner's duties and obligations under this Agreement are limited to those described in Section 4 of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the above date.

OWNER:

Rock 39, LLC, an Illinois limited liability company

By: _____

Its: _____

COUNTY:

County of Winnebago, an Illinois body politic and corporate

By: _____

Joseph V. Chiarelli
Chairman of the County Board of the
County of Winnebago, Illinois

ATTEST:

Lori Gummow, Clerk of the
County Board of the
County of Winnebago, Illinois

EXHIBIT A

INTERGOVERNMENTAL AGREEMENT BETWEEN THE VILLAGES OF CHERRY
VALLEY, ILLINOIS, NEW MILFORD, ILLINOIS AND THE COUNTY OF WINNEBAGO,
ILLINOIS

INTERGOVERNMENTAL AGREEMENT

THIS AGREEMENT made this 26th day of June, 2012, by and among The County of Winnebago, an Illinois county corporation (hereinafter "WINNEBAGO"), the Village of Cherry Valley, an Illinois municipal corporation (hereinafter "CHERRY VALLEY"), and the Village of New Milford, an Illinois municipal corporation (hereinafter "NEW MILFORD") and with all such entities referred to collectively as the PARTIES and with Cherry Valley and New Milford collectively referred to as the Municipalities.

WITNESSETH:

WHEREAS, Article VII, Section 10(a) of the Constitution of the State of Illinois authorizes municipal corporations and other governmental entities to join together in intergovernmental agreements for the purpose of achieving statutory objectives and goals individually and jointly; and

WHEREAS, the Parties have determined that the area in and around the Baxter Road interchange on I-39 is appropriate for the formation of an Industrial Park Conservation Area to spur private investment and development as defined in the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1 *et seq.* (IJRL). ; And

WHEREAS, it has been determined by the Parties that such development is not likely to occur without incentives being made available; and

WHEREAS, it has been determined that the formation of an Industrial Park Conservation Area (IJRL District) will likely result in the creation of a large number of jobs which will benefit Cherry Valley, New Milford and Winnebago County as a whole; and

WHEREAS, the Parties have also determined that the creation of a Special Service Area (SSA) pursuant to 35 ILCS 200/27-5 is required to provide for water service to certain properties within the Industrial Park Conservation Area in order to promote development and job growth; and

WHEREAS, Winnebago is willing to undertake the formation of a water service area within the SSA to accommodate the initiation of water service; and

WHEREAS, Cherry Valley does not presently provide water service to the anticipated properties within the IJRL District and has determined that it will not be in a position to provide such water service in the future; and

WHEREAS, Cherry Valley desires that Winnebago form a water service area which will include certain parcels within the corporate boundaries of Cherry Valley; and

WHEREAS, New Milford does not provide water service to any of the properties within the IJRL District and it desires that Winnebago form a water service area to initiate water service in the area; and

WHEREAS, Winnebago wishes to purchase and Cherry Valley wishes to sell certain water assets to facilitate the formation of a water service area by Winnebago; and

WHEREAS, both the Municipalities agree that Winnebago should, and that it may, form an SSA which will or may incorporate certain property within the boundaries of each such municipality; and

WHEREAS, the various parcels of real estate to be included in the IJRL District are the parcels shown within a yellow boundary and the SSA parcels shaded in red on the map attached hereto as Exhibit A; and

WHEREAS, it is also anticipated that Winnebago may undertake, pursuant to the SSA, to provide a distribution system for methane gas and/or other forms of energy derived from alternative energy sources to the IJRL District and it is acknowledged that the Municipalities concur that the provision of such a distribution system will further promote growth and development within the IJRL District and that each consent to Winnebago taking such action even should such distribution system be placed, in part, within their respective incorporated boundaries; and

WHEREAS, it is further anticipated that certain roadway and other infrastructure improvements may need to be performed as the area develops which will require the cooperation of the Parties

NOW THEREFORE, the Parties agree as follows:

The above recitals are incorporated herein by reference and made a part hereof.

I. **FINANCING.**

- A. Winnebago shall form an SSA for the properties indicated on Exhibit A attached hereto.
- B. Winnebago shall, issue Bonds to pay for the initial costs of the projects contemplated by this Agreement including but not limited to, purchase of capital assets, issuance costs, bond counsel fees, financial advisor fees, costs of printing and publication, costs of marketing or sale of the bonds and required related documents, and legal and consulting costs of the parties related to the creation of the IJRL and the SSA and the Municipalities will have no obligations with regard to the bonds other than the pledging of TIF revenue from the IJRL District as set forth herein.
- C. Winnebago shall, subject to reimbursement from the IJRL District, pay the costs of formation of the IJRL District and of the SSA.
- D. Cherry Valley and New Milford will pass the necessary Ordinances and Resolutions to facilitate the formation, organization and operation of an Industrial Park Conservation Area pursuant to the IJRL for the IJRL District.
- E. Pursuant to the IJRL, and in keeping with the formation of the IJRL District, each community will initiate tax increment financing within the project area.
- F. The Special Tax Allocation Fund (STAF as defined in the IJRL), created with the tax increment financing will be placed under the control of Winnebago to be administered for the benefit of the project and in accordance with the terms of this Agreement.
- G. Funds deposited in the STAF generated from the IJRL District shall be used to pay the following expenses in the order listed:
 1. Payments on the SSA Bonds

2. Reimbursement to Winnebago and the Municipalities for reimbursable costs (as defined in the IJRL statute), not included in the initial costs.
 3. Reimbursement to Winnebago and the Municipalities for payment of the costs of the formation of the IJRL.
 4. Incentives to Developers (limited to 50% of increment from each parcel proposed for development).
 5. Other capital improvements to infrastructure as may be allowed by statute.
- H. Winnebago shall be given the sole authority to negotiate redevelopment agreements with prospective developers and to set the amount of incentives, if any, given to such developers subject to the limitation set forth in G.4., above. An Advisory Board consisting of the principal elected official from each of the parties (or their designee), shall be formed and shall be kept advised as to all proposed redevelopment agreements, but shall not have the authority to alter such agreements which are within the guidelines set forth in G.4, above. The Municipalities shall retain zoning and land use authority, including, but not limited to, site plan review/approval and enforcement of their building and subdivision codes for those parcels within their respective corporate limits. The Municipalities agree that they will not unreasonably withhold zoning or land use approval for developer projects.
- I. The Municipalities shall retain the right to offer sales tax incentives for properties within their respective corporate limits.
- J. To the extent that Cherry Valley obtains an annexation or pre-annexation with the owner of the property identified as tax property identification numbers 16-29-400-007, 008 and 009, [the developed Maggio Trucking Property], Cherry Valley agrees that its customary local 1% distributive share of revenues derived from sales, use and occupation taxes imposed by the State of Illinois, deposited into the State's Local Government Tax Fund and distributed to the Village pursuant to Section 6z-18 of the State Finance Act, 30 ILCS 105/1.1 et seq., as amended, ("Sales Tax") generated on those parcels, shall be paid to the County which shall pay the payments due on the SSA bonds for a period of seven (7) years from the date of issuance of the SSA bonds. Cherry Valley shall retain the revenues from the additional 1% non-home rule municipal retailer's occupation tax and service occupation tax it has imposed pursuant to 65 ILCS 5/8-11-1.3 and 1.4 generated by such property. Notwithstanding the foregoing, to the extent that tax increment from the IJRL District is sufficient to pay the SSA Bonds and the water asset payment referenced in II.B.1, below, during said seven (7) year period, the Sales Tax will be returned to Cherry Valley on a dollar for dollar basis as received. After the seven (7) year period, any Sales Tax generated by the referenced properties will be given to or retained by Cherry Valley.
- K. Sales Tax generated by any new development within the IJRL District shall be retained by the governmental entity in which the development is located. Should such property not be annexed to either Municipality, the Sales Tax shall be transferred to the

Municipality to which the property could be annexed pursuant to the border agreement existing between the Municipalities.

II. WATER SYSTEM.

- A. Winnebago shall form a water service area pursuant to 55 ILCS 5/5-15006 to service the IJRL Project Area.
1. Winnebago shall retain any profits realized from the water service area.
 2. Winnebago shall set the hook-up fees and water rates in such a fashion that they are consistent throughout the IJRL District.
 3. To the extent allowable by law, Winnebago shall require that any parcel attaching to the water system will annex to the municipality within whose territory (pursuant to the border agreement between the Municipalities), the property resides.
- B. Winnebago shall purchase from Cherry Valley and Cherry Valley agrees to an assignment of all right title and interest that Cherry Valley may have in the portion of that certain agreement entered into by and between Cherry Valley and Rock 39 which said agreement is attached hereto as Exhibit B as it pertains to certain water assets described therein.
1. The terms of payment for such assignment will be:
 - i. Within sixty (60) days of the issuance of the SSA Bonds, Winnebago will pay to Cherry Valley the sum of Two Hundred Fifty Thousand and 00/100s dollars (\$250,000) and provide Cherry Valley with a zero percent interest Note and Security Agreement or Mortgage on the transferred property for the balance remaining.
 - ii. Winnebago will pay the remaining balance of Four Hundred Fifty Thousand and 00/100s dollars (\$450,000) in annual installments to Cherry Valley beginning on April 15, 2013 in the amount of One Hundred Thousand and 00/100s dollars (\$100,000) with the final installment of Fifty Thousand and 00/100s dollars (\$50,000) to be paid on April 15, 2017.
 2. Cherry Valley agrees that it will not provide water service to the SSA Project Area and that it consents to the actions of Winnebago in forming the water service area.
 3. As a condition precedent to the payments set for the in sections B.1.i and B.1.ii., above, Cherry Valley shall cause Rock 39 to agree to and consent to such assignment and to the transfer of the water assets to Winnebago.
- C. No properties outside of the SSA will be responsible for payment of the SSA or for assessments for the cost of the Water System or any other utility or service provided within the SSA. Notwithstanding the foregoing, any property outside of the SSA which at any time attaches to the Water System or other utility service may be assessed hook-up fees or other costs, recapture fees or charges as may be assessed

from time to time.

- D. Winnebago shall not, directly or indirectly, extend water service or allow the provision of water produced by facilities owned or operated by Winnebago beyond the boundaries of the SSA to the west of I-39 without the consent of New Milford. Winnebago and New Milford may enter into such other and further agreements as may be necessary to cooperatively serve properties within or near the Village in the future. It is agreed that Winnebago shall cause a water main to be constructed which shall terminate on the west side of I-39 in the initial phase of the project.

III. ALTERNATIVE ENERGY.

- A. Winnebago may form a utility for the distribution of alternative energy to further enhance the IJRL Plan Area.
- B. It is anticipated that methane and/or wind and/or solar energy may be distributed by Winnebago. No incineration plant will be constructed as a part of this Agreement.
- C. Any wind energy will be limited to isolated generating units.
- D. Winnebago shall bear all costs of the alternative energy distribution system and shall retain all profits and benefits associated therewith.
- E. To the extent that the Municipalities or either of them are required to consent to the formation of this utility and/or to the distribution of energy, they each hereby so consent.

IV. ANNEXATIONS AND ZONING.

- A. The Municipalities will undertake to zone all property within the IJRL Plan Area as Industrial.
- B. To the extent that the Municipalities are unable or unwilling to re-zone the Plan Area or any part thereof, Winnebago shall undertake the zoning of the property or properties and the Municipalities shall use their best efforts to cooperate and assist in that process.
- C. Winnebago agrees that the property adjacent to the I-39 interchange may have a Commercial overlay district and/or business development district created by the Municipalities.
- D. Each community may undertake to annex properties within its respective zone of control and may recover the costs for such annexations (to the extent permitted by law), as a reimbursable cost as set forth in I.G., above.
- E. Winnebago agrees to cooperate with the annexation efforts of the Municipalities and will use its best efforts to encourage property owners to annex.
- F. The Municipalities agree that once zoning of the IJRL District is changed to Industrial, that it will not be altered in such a way as to impede the ability to develop the property in such fashion as is set forth in the IJRL.

V. MISCELLANEOUS.

- A. Entire Agreement. This Agreement incorporates the entire agreement of the parties and may be varied only by written further agreement.
- B. Benefit. This Agreement is entered into solely for the benefit of the contracting parties,

and nothing in this Agreement is intended, either expressly or impliedly, 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.

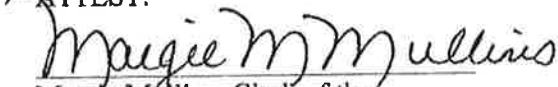
- C. **Binding Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.
- D. **Illinois Law.** This Agreement shall be governed by the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties have executed this Intergovernmental Agreement as of the date set forth above at Winnebago County, Illinois.



Scott H. 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

Village of Cherry Valley, Illinois

By: Jim E. Clayton

Its: VILLAGE PRESIDENT

ATTEST:

By: [Signature]
Its: [Signature]

Village of New Milford, Illinois

By: Bonnie L. Beard

Its: Village President

ATTEST:

By: [Signature]
Its: Village Clerk

ADDENDUM

WHEREAS, the Village of New Milford and the County of Winnebago have entered into an Inter-governmental agreement concerning the development of the area near and including the Baxter Road interchange on Interstate 39 which includes territory within and near the corporate boundaries of the Village of New Milford; and

WHEREAS, the Inter-governmental Agreement provides for the establishment of a water main running to the west side of Interstate 39 during the initial phase of the development of the area; and

WHEREAS, the Village of New Milford and the County of Winnebago wish to clarify their intentions for the construction of that water main;

NOW THEREFORE, the Village of New Milford and the County of Winnebago agree as follows:

1. The above recitals are incorporated herein by reference.
2. The "initial phase of the project" referenced in paragraph II.D. of the Intergovernmental Agreement shall mean that Winnebago County is obligated to install a water main as described in the Agreement, within ninety days of the initiation of industrial or commercial development occurring on the west side of I-39 which will require municipal water service.
3. No additional change or interpretation is intended to affect the remainder of the Inter-governmental Agreement.

Enter into this 26th day of June, 2012.

Village of New Milford, Illinois,
A municipal corporation

County of Winnebago, Illinois,
A unit of local government

By: Bonnie L. Beard
Bonnie L. Beard, President

By: Scott H. Christiansen
Scott H. Christiansen, Chairman

Attest: MK Byr
Village Clerk

Attest: Margie M. Mullins
County Clerk

Yellow Line = JTRCA Boundary
Red Area = SNA Properties, Goode

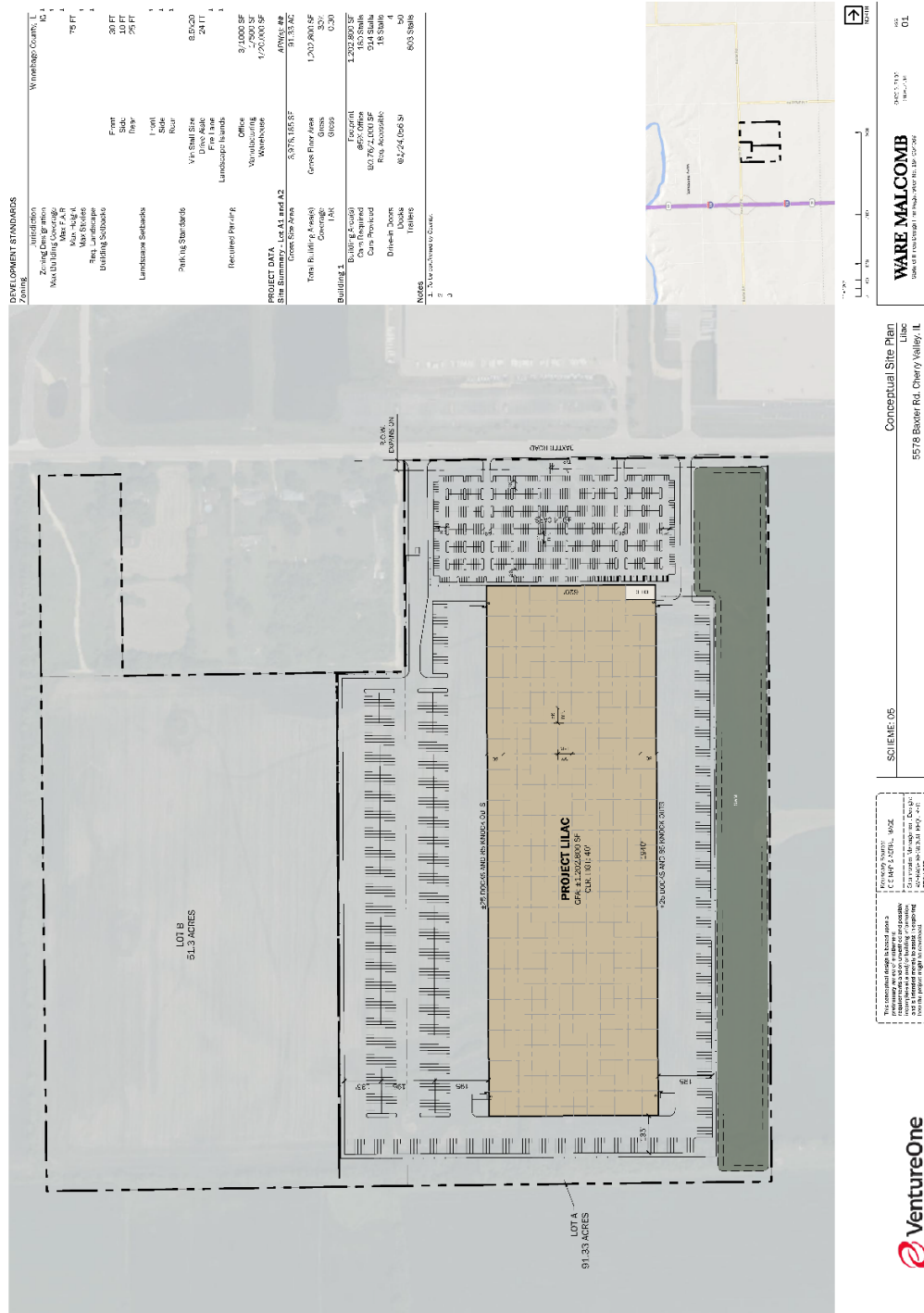


Exhibit A
6-15-2012

EXHIBIT B

THE PROJECT

The Project consists of the redevelopment of the lot commonly referred to as 5647 Baxter Road, PIN: 16-33-200-009 & part of 16-33-100-009. See referenced site plan attached. See referenced site plan attached



Conceptual Site Plan
 LILAC
 5578 Baxter Rd, Cherry Valley, IL

SCHEME: 05

This conceptual design is based on the information provided and is not intended to be a final design. It is subject to change without notice.



EXHIBIT C

LEGAL DESCRIPTION OF SUBJECT PROPERTY

EXHIBIT A

* DENOTES DEDICATION OF RIGHT OF WAY FOR PUBLIC ROAD PURPOSES PER DOC. NO. 443463

BAXTER ROAD

P.O.C.

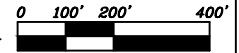
NE. 1/4 COR. OF SEC. 33-43-2

S. LINE OF THE SE. 1/4 OF SEC. 28-43-2

S89°40'48"W 35.00'

S89°40'48"W 1325.41'

*35.00'



Scale 1" = 400'

P.O.B.

N89°40'48"E 1325.43'

N. LINE OF THE NE. 1/4 OF SEC. 33-43-2

BASIS OF BEARINGS:
ASSUMED THE SOUTH LINE OF THE SE 1/4 OF SEC. 28-43-2 AS S89°40'48"W

LINE IS 761.00' S. OF AND PARALLEL WITH THE N. LINE OF THE NW. 1/4 OF SEC. 33-43-2

761.00'

N00°00'48"W 726.01'

251.22' N89°40'48"E

LINE IS 1577.00' W. OF AND PARALLEL WITH THE E. LINE OF THE W. 1/2 OF THE NE. 1/4 OF SEC. 33-43-2

N00°02'34"W 1888.36'

W. LINE OF THE NE. 1/4 OF SEC. 33-43-2

E. LINE OF THE W. 1/2 OF THE NE. 1/4 OF SEC. 33-43-2

S00°02'34"E 2611.93'

1577.00'

S. LINE OF THE NW. 1/4 OF SEC. 33-43-2

CENTER OF SEC. 33-43-2

S. LINE OF THE NE. 1/4 OF SEC. 33-43-2

S89°35'30"W 250.25'

S89°35'30"W 1326.79'



JACOB & HEFNER ASSOCIATES
1333 Butterfield Road, Suite 300, Downers Grove, IL 60515
PHONE: (630) 652-4600, FAX: (630) 652-4601
www.jacobandhefner.com
Illinois Professional Design Firm
License No. 184-003073 Exp. 4/30/27

SHEET 1

SURVEY NO.:	D569ab
ORDER BY:	VENTURE ONE
DESCRIPTION:	DEVELOPMENT AGREEMENT
DATE PREPARED:	MARCH 13, 2026
SCALE 1" = 400'	DRAWN BY: SC

H:\D569ab\Drawings\Exhibits\D569ab-Development Agreement-Exhibit

EXHIBIT A

THAT PART OF THE NORTH HALF OF SECTION 33, TOWNSHIP 43 NORTH, RANGE 2 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN WINNEBAGO COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 33; THENCE SOUTH 00 DEGREES 00 MINUTES 48 SECONDS EAST ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33, A DISTANCE OF 35.00 FEET TO THE SOUTH LINE OF A DEDICATION OF RIGHT OF WAY FOR PUBLIC ROAD PURPOSES PER DOCUMENT NUMBER 443463 AND THE POINT OF BEGINNING; THENCE NORTH 89 DEGREES 40 MINUTES 48 SECONDS EAST ALONG SAID LINE BEING 35.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33, A DISTANCE OF 1325.43 FEET TO THE EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE SOUTH 00 DEGREES 02 MINUTES 34 SECONDS EAST ALONG SAID LINE, A DISTANCE OF 2611.93 FEET TO THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE SOUTH 89 DEGREES 35 MINUTES 30 SECONDS WEST ALONG SAID LINE, A DISTANCE OF 1326.79 FEET TO THE CENTER OF SAID SECTION 33; THENCE SOUTH 89 DEGREES 35 MINUTES 30 SECONDS WEST ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33, A DISTANCE OF 250.25 FEET TO A LINE 1577.00 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE NORTH 00 DEGREES 02 MINUTES 34 SECONDS WEST ALONG SAID LINE, A DISTANCE OF 1888.36 FEET TO A LINE 761.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH 89 DEGREES 40 MINUTES 48 SECONDS EAST ALONG SAID LINE, A DISTANCE OF 251.22 FEET TO THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH 00 DEGREES 00 MINUTES 48 SECONDS WEST ALONG SAID LINE, A DISTANCE OF 726.01 FEET TO THE POINT OF BEGINNING, IN WINNEBAGO COUNTY, ILLINOIS.

CONTAINING 3,938,416 SQUARE FEET OR 90.414 ACRES



JACOB & HEFNER
ASSOCIATES
1333 Butterfield Road, Suite 300, Downers Grove, IL 60515
PHONE: (630) 652-4600, FAX: (630) 652-4601
www.jacobandhefner.com
Illinois Professional Design Firm
License No. 184-003073 Exp. 4/30/27

SHEET 2

SURVEY NO.:	D569ab		
ORDER BY:	VENTURE ONE		
DESCRIPTION:	DEVELOPMENT AGREEMENT		
DATE PREPARED:	MARCH 13, 2026		
SCALE	1" = 400'	DRAWN BY:	SC

H:\D569\Exhibits\D569ab-Development Agreement-Exhibit

EXHIBIT D

ELIGIBLE REDEVELOPMENT PROJECT COST SCHEDULE

ELIGIBLE COSTS LIST:

- Property assembly and acquisition
- Studies, surveys, development of plans, and specifications, cost of implementation and administration of the plan
 - Civil Engineering, Surveying & Layout
 - Testing
 - Architectural Design
 - Insurance
 - Developer Fee
 - General Conditions
 - General Contractor Overhead & Profit
 - Legal
 - Title Insurance
 - Other Professional Consultant Fees
- Building demolitions and site grading/preparation
 - Demolition / Site Clearing
 - Site & Building Earthwork
- Environmental Remediation
- Construction or improvement of public improvements
 - Site Utilities
- The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors
 - Brokerage Commissions
- Employment and Training
- Relocation Costs
- Interest Costs