

# Proposed Revisions to the Economic Development Area (EDA) Extension of Funding Authority

October 20, 2011

On October 19, 2011, Community Unit School District 300 (CUSD300) of Carpentersville was called to the table by State Senator Dan Kotowski to meet with representatives from Sears Holdings Corporation to negotiate the terms of the proposed extension of the Economic Development Area, commonly known as the Sears EDA. The headquarters of Sears Holdings Corporation is located within the boundaries of CUSD300.

As a result of the October 19 meeting, the following proposals are intended to ensure a balanced and transparent approach regarding the financial responsibility of keeping Sears Holdings Corporation in Illinois for the next 15 years, based on Sears' stated goal of receiving \$125 million in economic incentives.

## Part 1: Keep Sears in Illinois

- a) The legislation should require Sears Holdings Corporation to maintain 4,000 jobs in the EDA.
- b) If Sears Holdings Corporation leaves Illinois, the EDA funding authority should automatically expire.

## Part 2: Increase Transparency and Accountability

- a) The administration of the EDA funds by the Village of Hoffman Estates should be audited annually by an independent auditor, following the compliance guidelines to the State of Illinois and the Economic Development Agreement, and should be filed with the State Comptroller's office within 180 days of the close of the EDA's fiscal year.
- b) The audit should be overseen by a three-person Joint Review Committee.
  - a. The Joint Review Committee shall be appointed as follows: (1) member by the Village of Hoffman Estates, (2) member by Community Unit School District 300, School District U-46 & Elgin Community College; and (3) member by the Library Districts, Township Governments and other Special Districts included in the Economic Development Area.
  - b. The Joint Review Committee should be tasked with the following responsibilities:
    - i. Review the audit and recommend administrative changes based upon the audit.
    - ii. Report back to each of the taxing entities affected on the status of the funds.
    - iii. Ensure that each of the taxing entities post a copy of the audit on their respective websites for public review.

### Part 3: Ensure Shared Financial Responsibility

A broad-based coalition of public entities provide a wide range of services to residents and businesses in the Economic Development Area, including aid to the elderly, pre-K through college education, workforce retraining, and a safe water supply. All affected taxing entities must have a voice in the effort to provide for needs central to public welfare and a healthy business climate.

- a) The EDA should not be expanded to include municipal property and should also not create an additional use for revenues created from the sales or disposal of publicly owned properties. Accordingly, eliminate the language “may be used to acquire and operate other municipal property within the economic development project area” and add the language “acquire and operate other municipal property with the unanimous consent of the three members of the Joint Review Committee and distribution of surplus funds generated by the Economic Development Area by a formula unanimously agreed to by the Joint Review Committee.”
- b) The State of Illinois, the Village of Hoffman Estates, Sears Holdings Corporation, CUSD300 and other EDA taxing bodies should contribute to keeping Sears in the state of Illinois. This will impact all entities in terms of revenue, and should impact all entities by an equal amount annually. The chart below assumes that all taxing bodies in the EDA will receive 100% funding minus the annual contributions indicated.

Annual EDA Contributions (example based on goal of \$125M for Sears)					
	Hoffman Estates (contribution)	D300 and others (contribution)	State of Illinois (contribution)	Total Revenue (contribution)	Sears (Reduced Goal)
Proposed annual contribution after extension of EDA	+2M	+2M	+2M	+6M	-2M
Over 15 years after extension of EDA	+30M	+30M	+30M	+90M	-30M
<b>Total Contributions to Sears</b>				<b>+120M over 15 years</b>	

- c) As soon as Sears reaches its reimbursement goal, the EDA should automatically expire.
- d) Any monies received from the EDA should not be subtracted from D300 State Aid.

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*Community Unit School District 300 is the sixth largest school district in the state of Illinois, serving nearly 21,000 students from 15 communities in four counties covering 118 square miles. CUSD300 employs approximately 3,000 individuals. Despite passage of referenda in 2006 and employee groups making economic concessions, CUSD300 has cut \$14 million dollars from its operating budget over the past two years to maintain a balanced budget, and spends \$1,501 per pupil less than the state average.*