RESOLUTION 2015-087

AUTHORIZING THE MAYOR OF THE CITY OF DEKALB, ILLINOIS, TO ENTER INTO A PROPERTY TAX ABATEMENT AGREEMENT WITH PARK 88 GROUP, LLC AND 3M COMPANY FOR PROPERTY LOCATED AT 1650 MACOM DRIVE, DEKALB ILLINOIS.

BE IT RESOLVED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. That the Mayor of the City of DeKalb be authorized and directed to execute a Tax Abatement Agreement with 3M Company, a Delaware Corporation (or its local designee) for its development located at 1650 Macom Drive, a copy of which is attached hereto and made a part hereof as Exhibit “A,” subject to such revisions as shall be acceptable to him.

Section 2. That the City Clerk of the City of DeKalb be authorized and directed to attest the Mayor’s signature.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois, at a regular meeting thereof held on the 13th day of July, 2015 and approved by me as Mayor on the same day. Passed by a roll call vote of 8-0. Aye: Jacobson, Finucane, Marquardt, Snow, Noreiko, Baker, O’Leary, Rey. Nay: None. Absent: None

ATTEST:

[Signature]

JENNIFER JEEP JOHNSON, City Clerk

[Signature]

JOHN REY, Mayor
CITY OF DEKALB
TAX ABATEMENT AGREEMENT

THIS AGREEMENT, made this 29th day of July, 2015, by and between the City of DeKalb, Illinois, an Illinois Municipal Corporation (hereinafter referred to as "the City"), Park 88 Group, LLC (hereinafter referred to as the "Developer") and 3M Company, a Delaware corporation, (hereinafter referred to as "3M"), with facilities located at 1650 Macom Drive, DeKalb, IL 60115 (the "3M Distribution Facility").

Recitals

WHEREAS, the City has and continues to provide tax abatement and other incentives that encourage the retention and attraction of business and industry in the City; and,

WHEREAS, the purposes of the incentives are intended to help create jobs and build the City’s tax base; and,

WHEREAS, it is generally recognized that jobs are retained and increased by the expansion of existing business and industry; and,

WHEREAS, the City of DeKalb previously entered into an Intergovernmental Tax Abatement Agreement (the “2010 Intergovernmental Tax Abatement Agreement”) with DeKalb Community Unit School District #428, DeKalb Park District, DeKalb Library District, DeKalb Sanitary District and DeKalb Township (the “Taxing Bodies”) for the period of May 1, 2010 through December 31, 2013; and,

WHEREAS, the 2010 Intergovernmental Tax Abatement Agreement with the Taxing Bodies was extended on September 22, 2014 through December 31, 2015; and,

WHEREAS, per the 2010 Intergovernmental Tax Abatement Agreement with the Taxing Bodies, the Taxing Bodies agreed to provide real estate abatements to industrial, logistic, and knowledge-based companies in accordance with Section 200/18-165 of the Illinois Revenue Act, provided the City of DeKalb, on behalf of the Taxing Bodies, entered into an abatement agreement in accordance with the terms and conditions set forth in the Agreement; and,

WHEREAS, 3M is a well-established, existing company seeking to expand its operations within the City by adding a new building of approximately nine hundred eighty seven thousand five hundred (987,500) square feet at 1650 Macom Drive (the “3M Distribution Facility”), a site connected to its existing campus at 1250 Macom Drive, and by creating approximately two hundred fifty (250) full-time jobs at the new location; and,

WHEREAS, 3M proposes to contract with Developer to construct the 3M Distribution Facility (the “Project”), and, upon completion, Developer will lease the 3M Distribution Facility to 3M.

WHEREAS, another municipality within the State of Georgia has sought to encourage the Corporation to relocate its operations in a different city; and,
WHEREAS, 3M has indicated that it intends to lease the 3M Distribution Facility only with the provision of appropriate incentives by the City.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. The above recitals are incorporated herein as though fully set forth in this Paragraph.

2. The City shall provide property tax abatement of its portion of the real estate property taxes to the 3M for the 3M Distribution facility, which has the parcel identification number(s) (to be determined upon re-platting), referenced herein as Lot 12 in Exhibit “A”, in accordance with the terms and conditions of this paragraph. In any event, the total amount of property tax abatement provided to 3M by the City shall not exceed any applicable statutory limits (which the parties currently acknowledge is $4,000,000).

   a. In the first full tax year following issuance of the final occupancy permit, the City will abate ninety percent (90%) of the City’s portion of the property taxes assessed on the property. 3M’s entitlement to this abatement is contingent on compliance with its obligations outlined in paragraphs 3, 4, 5 and 6 of this Agreement.

   b. In the second full tax year following issuance of the final occupancy permit, the City will abate eighty percent (80%) of the City’s portion of the property taxes assessed on the property. 3M’s entitlement to this abatement is contingent on compliance with its obligations outlined in paragraphs 3, 4, 5 and 6 of this Agreement.

   c. In the third full tax year following issuance of the final occupancy permit, the City will abate fifty percent (50%) of the City’s portion of the property taxes assessed on the property. 3M’s entitlement to this abatement is contingent on compliance with its obligations outlined in paragraphs 3, 4, 5 and 6 of this Agreement.

   d. In the fourth full tax year following issuance of the final occupancy permit, the City will abate fifty percent (50%) of the City’s portion of the property taxes assessed on the property. 3M’s entitlement to this abatement is contingent on compliance with its obligations outlined in paragraphs 3, 4, 5 and 6 of this Agreement.

   e. In the fifth full tax year following issuance of the final occupancy permit, the City will abate fifty per cent 50% of the City’s portion of the property taxes assessed on the property. 3M’s entitlement to this abatement is contingent on compliance with its obligations outlined in paragraphs 3, 4, 5 and 6 of this Agreement.

3. 3M shall occupy the 3M Distribution Facility within 90 days of the issuance of the final occupancy permit. 3M agrees that it will operate or cause to be operated and fully occupy the 3M Distribution Facility for the term of this Agreement.
4. 3M and/or Developer shall invest at least forty million dollars ($40,000,000) in constructing the 3M Distribution Facility and/or equipment to be installed therein during the first year of the Project.

5. 3M agrees to employ two-hundred and fifty (250) full-time permanent employees at the 3M Distribution Facility and shall maintain these positions, at the time of its occupancy of the building and during the pendency of this Agreement and shall supply the City with proof of the number of such positions in a form acceptable to the City Manager on or before October 1 of each year of this Agreement. 3M anticipates that the average annual wage for its employees at the premises at the 3M Distribution Facility, will be thirty thousand ($30,000) per year. 3M agrees that for its employees at the 3M Distribution Facility, no starting wage shall be less than eleven dollars ($11.00) per hour and the average hourly wage shall be at least $14.00 per hour.

6. 3M agrees to comply with all conditions of approval of this Agreement, and shall maintain the building and premises in accordance with all pertinent regulations, ordinances, or codes of the City of DeKalb or such other authority having jurisdiction over the subject property. 3M further agrees that it shall not default in any financial obligation that it may have to the City beyond any applicable cure period. Except as set forth in Paragraph 7 herein, a failure of 3M to abide by these provisions set forth in paragraphs 3, 4, 5, or 6 herein shall be a material breach of this Agreement and shall result in the cessation of any City assistance or tax abatement.

7. Except as set forth in this Section 7, during the term of this Agreement, in the event that the 3M ceases operation or fails to comply with the terms of paragraphs 3, 4, 5 or 6 herein, the abatement shall immediately terminate, and the City shall be entitled to receive back the full value of the taxes heretofore abated under the conditions established in the Revenue Act (35 ILCS 200/18-183). Refund of the abatement shall be remitted to the City within sixty (60) days from the date of the breach. In the event that the applicant materially reduces the size of the 3M Distribution Facility, as defined herein, the applicant agrees to a reduction in the size of the abatement by a ratio equal to the reduction in the size of the facility. In the event that there is a reduction in the number of employees greater than 5%, up to a maximum of 25%, from what is referenced in paragraph 5 of this Agreement, the applicant agrees that the size of the abatement shall be reduced by a ratio proportionate to the size of the reduction in the number of employees for that particular tax year. In the event that there is a reduction in the number of employees greater than 25%, the applicant agrees to forfeit all abatement monies for that particular tax year.

8. During the term of this agreement, 3M agrees that it shall not file an objection to the real estate property taxes levied on the Site and/or Facilities or the property tax assessment on the Site and/or Facilities.

9. Upon material breach of this Agreement, the City, in any court of competent jurisdiction, by an action or proceeding at law or equity, may secure the specific terms of performance as set forth by this Agreement and may be awarded damages for failure of performance.

In the event of a material breach or failure to perform any of its obligations as defined by the terms of this Agreement, the Non-Defaulting Party shall give written notice of the default to the defaulting party. The party alleged to be in default shall have thirty (30) days after receiving
written notice of default to correct the default prior to the Non-Defaulting Party seeking remedy as provided for herein. However, the thirty (30) day period may be extended an additional thirty (30) days by the City if the Defaulting Party has initiated the cure of said default and is diligently proceeding to cure the breach.

Provided that said thirty (30) day period has been extended and the breach has not been cured, the Non-Defaulting Party shall have the right (but not the obligation) to take such action as, in its reasonable discretion and judgment, shall be necessary to cure such default. In such event, the Defaulting Party hereby agrees to pay and reimburse the Party affected by such default for all reasonable costs and expenses (including attorneys' fees and litigation expenses) incurred by it in connection with any action taken to cure such default.

10. 3M agrees to pay, at its expense, any and all claims, damages, demands, expenses, liabilities and losses of any nature whatsoever resulting from this Agreement, the construction, improvement and development activities of 3M, its agents, contractors and subcontractors with respect to Project and to defend and indemnify and save, the City and its respective officers, elected and appointed, agents, employees, engineers and attorneys (the “Indemnitees”) harmless of, from and against such claims, damages, demands, expenses, liabilities and losses, except to the extent such claims, damages, demands, expenses, liabilities and losses arise by reason of the gross negligence or willful or wanton act or omission of the City and its respective officers, elected and appointed, agents, employees, engineers and attorneys.

11. The terms of this Agreement shall bind, and inure to the benefit of, the parties hereto and their agents, successors and assignees.

12. This Agreement shall be in effect for a period equal to the full duration of the tax abatement as defined herein.

13. The City Manager is hereby authorized to supplement this agreement with the addition of the parcel number(s) of the 3M Distribution Facility, further described as Lot 12 in Exhibit “A”, once the re-platting is complete and the new parcel number(s) are assigned, without requiring any further approval or review by the City Council.

14. Based upon the terms of the Intergovernmental Property Tax abatement agreement as identified above the parties acknowledge that the other taxing districts which are party to the said Intergovernmental Property Tax Abatement agreement shall likewise abate their property taxes in accordance with this agreement.

15. As the owner of record, Park 88 Group, LLC hereby agrees that it shall not file an objection to the real estate property taxes levied on the Site and/or Facilities or the property tax assessment on the Site and/or Facilities for the term of the abatement.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date so shown at the beginning.
CITY OF DEKALB
A Municipal Corporation

John Rey, Mayor

ATTEST:

Julie Abraham, Deputy City Clerk
JENNIFER JOEP JOHN SON

3M:
3M Company

Signed by:
Michael Retterath
By: Michael Retterath
Its: Supply Chain Operations Director

THE DEVELOPER
Park 88 Group, LLC

Signed by:
Mark Good
By: Mark Good
Its: Mark Good
### Carbon Copy Events

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### Notary Events

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