



## CITY OF WASHINGTON, ILLINOIS

### City Council Agenda Communication

**Meeting Date:** December 18, 2023

**Prepared By:** Jon Oliphant, AICP, Planning & Development Director

**Agenda Item:** First Reading Ordinance – WACC Use Agreement Amendment

**Explanation:** A presentation was made at the November 6 City Council meeting by Sherril West, President of the Washington Area Community Center (WACC) Board of Directors, regarding the impact that Five Points has had over its first 16 years and an outlook into the future of the facility. A follow-up presentation was made by Ms. West at the December 4 City Council meeting.

The City approved an IGA ordinance with WACC in 2010. Among the provisions was that WACC shall make an annual, lump sum payment of \$50,000 for each of ten consecutive years commencing in 2011 and shall make an annual, lump sum payment of \$75,000 for each of ten consecutive years commencing in 2021. The annual payments are to be made on or before March 31 of each respective year. The Council approved an amendment to the IGA in April 2021 that reduced the annual payments to \$50,000 for each of three fiscal years (FY 20-21, FY 21-22, and FY 22-23). An additional \$75,000 payment was added in FY 30-31 to ensure that the entire \$1,250,000 would be paid over the term of the agreement. To date, \$650,000 has been paid. Eight annual payments totaling \$600,000 remain.

**Fiscal Impact:** The City of Washington approved a 0.25% home rule sales tax increase in 2006 offset some of the City's debt service associated with a \$5 million bond issue. The revenue from the sales tax increase has been sufficient to cover the annual payments. The sales tax generates approximately \$550,000 annually, whereas the yearly bond payment is about \$360,000.

**Action Requested:** The Five Points Board has respectfully requested that the terms of the agreement be modified such that future annual WACC payments are based on any difference between the previous year's 0.25% home rule sales tax revenue and the debt service payment. Any and all of the WACC payments would be forgiven so long as the 0.25% home rule sales tax revenue is at least \$75,000 more than the annual debt service for the payments due in 2024-2029. WACC would be responsible for paying any difference should the home rule sales tax revenue not be at least \$75,000 more than the annual debt service. For years 2030 and 2031 when there is no debt service payment, the WACC payment would be forgiven if the sales tax from the prior year is equal to or greater than \$75,000. Such an amended agreement would be for eight years starting in 2024.

Discussion was held on this at the December 11 Committee of the Whole meeting and the consensus was to proceed with the drafting of an amendment to the agreement. In addition to the possible annual WACC payment forgiveness, the amendment moves the annual payment date (if applicable) from March 31 to April 30. That would allow for an extra month for City staff to review the sales tax remittance, as the December remittance would not typically be received until mid-March.

Additionally, the WACC Board has offered to hold at least one meeting that would be open to interested parties having a financial interest in WACC, which includes any taxing districts within the City of Washington, public bodies that were signatories on the April 3, 2003, Intergovernmental Agreement, and WACC's donors. This clause has been inserted into the amended agreement.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE APPROVING AND AUTHORIZING THE MAYOR AND CITY CLERK OF THE CITY OF WASHINGTON, TAZEVELL COUNTY, ILLINOIS, TO ENTER INTO AN AMENDMENT TO THE INTERGOVERNMENTAL USE AGREEMENT WITH THE WASHINGTON AREA COMMUNITY CENTER**

**WHEREAS**, the City of Washington, Illinois (the “City”) is a home rule municipality in accordance with the Constitution of the State of Illinois of 1970; and

**WHEREAS**, on or about August 2, 2010, the City and Washington Area Community Center, Inc., an Illinois not-for-profit corporation (“WACC”) entered into an Intergovernmental Use Agreement (the “Use Agreement”) the purpose, among other things, of setting forth WACC’s obligations to pay to the City specified amounts on a specified schedule for the City’s repayment of its debt service costs; and

**WHEREAS**, on or about April 19, 2021, due to the economic impact of the COVID-19 pandemic, the City and WACC, by an amendment, restructured the debt service repayment schedule contained in the Use Agreement so that a reduced amount of yearly repayments will allow WACC to provide additional funding for hosting of events; and

**WHEREAS**, due to the current economic position of WACC and the City’s 0.25% home rule sales tax increase that was approved in 2006 to offset the City’s debt service, the WACC Board of Directors has requested that its debt service repayments be further revised; and

**WHEREAS**, the City and WACC have determined it is in the best interest of the parties and the community to further restructure WACC’s debt service repayment schedule; and

**WHEREAS**, the corporate authorities of the City have determined that it is in the best interests of the City and its residents to amend the Use Agreement to clearly reflect that determination.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, TAZEVELL COUNTY, ILLINOIS**, as follows:

**Section 1.** That the recitals; as set forth above, are incorporated herein as though fully set forth and shall be considered the express findings of the City Council.

**Section 2.** That the Amendment to the Intergovernmental Use Agreement Between the City of Washington, an Illinois home rule municipal corporation and the Washington Area Community Center, Inc., an Illinois not-for-profit corporation, a copy of which is attached hereto as “Exhibit A” and by this reference expressly made a part hereof, be, and the same is hereby approved.

**Section 3.** That the Mayor and the City Clerk of the City of Washington be, and hereby are authorized, empowered, and directed to enter into and execute said Amendment to the Intergovernmental Use Agreement Between the City of Washington, an Illinois home rule municipal corporation and the Washington Area Community Center, Inc., an Illinois not-for-profit corporation,

a copy of which is attached hereto as “**Exhibit A**” and to make, execute, and deliver any and all documents necessary for the effectiveness thereof.

**Section 4.** That all ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed insofar as they are in conflict with this Ordinance.

**Section 5.** That if any provision of this Ordinance is adjudged invalid, such adjudication shall not affect the validity of the ordinance as a whole or of any portion not adjudged invalid.

**Section 6.** That this Ordinance shall be in full force and effect from and after its passage, approval, and publication as provided by law.

**PASSED AND APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

**AYES:** \_\_\_\_\_

**NAYS:** \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY CLERK

## **EXHIBIT A**

### **AMENDMENT TO INTERGOVERNMENTAL USE AGREEMENT** **BETWEEN CITY OF WASHINGTON** **AND WASHINGTON AREA COMMUNITY CENTER**

This Amendment to Intergovernmental Use Agreement (the “Amendment”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between the City of Washington, an Illinois home rule municipal corporation and Washington Area Community Center, an Illinois not-for-profit corporation (“WACC”), for the purposes and on the terms and conditions described below. The City and WACC are collectively referred to herein as the “Parties.”

#### **RECITALS**

**WHEREAS**, on or about August 2, 2010; the City and WACC entered into an Intergovernmental Use Agreement (the “Use Agreement”) the purpose, among other things, of setting forth WACC’s obligations to pay to the City specified amounts on a specified schedule to contribute toward the City’s repayment of its debt service costs related to the Five Points development (“City Debt Service”); and

**WHEREAS**, on or about April 19, 2021, as a result of the economic impact of the COVID-19 pandemic upon WACC’s ability to host events, the City and WACC determined it was in the best interest of the Parties and the community to restructure the debt service repayment schedule contained in the Use Agreement so that a reduced amount of yearly repayments will allow WACC to provide additional funding for hosting of events and the Parties amended the Use Agreement accordingly; and

**WHEREAS**, due to the current financial position of WACC and the City’s 0.25% home rule sales tax increase that was approved in 2006 to provide revenue to pay the City Debt Service (“2006 Sales Tax Revenue”), the WACC Board of Directors requested that its debt service repayment be reduced to the extent the revenue received by the City in a calendar year from the 2006 Sales Tax Revenue exceeds the sum of the annual City Debt Service plus Seventy-Five Thousand Dollars (\$75,000); and

**WHEREAS**, the City and WACC have determined it was in the best interests of the Parties and the community to further restructure WACC’s debt service repayment schedule contained in the Use Agreement so that any such payments are based on the City’s 0.25% home rule sales tax revenue; and

**WHEREAS**, Section XIV of the Parties' Use Agreement allows the Parties to amend that agreement by mutual consent in writing signed by an authorized representative of each party:

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, the Parties hereto covenant, consent, and agree as follows:

**Section 1.** The Parties agree to amend Section II of the Use Agreement to provide as follows as of the Effective Date:

**“SECTION II  
TERM**

The term of this Agreement shall commence on the date this agreement is signed by both parties (the “Commencement Date”), and shall end on April 30, 2031, or until WACC’s payment obligations identified herein shall have been fully satisfied, provided that each party is in full compliance with the terms and conditions set forth herein.”

**Section 2.** The Parties agree to amend Section III of the Use Agreement to provide as follows as of the Effective Date:

**“SECTION III  
TRANSACTIONS RELATED TO THE CITY BOND**

WACC shall, pursuant to this Use Agreement, repay some of the City's debt service cost associated with the above referenced \$5 million bond issue in accordance with the following provisions:

1. WACC shall make annual, lump sum payments pursuant to the schedule below (“Annual Payment”). For any payment made after the Effective Date, the Annual Payment shall be made on or before April 30th of each respective year.

2011	\$50,000
2012	\$50,000
2013	\$50,000
2014	\$50,000
2015	\$50,000
2016	\$50,000
2017	\$50,000
2018	\$50,000
2019	\$50,000

2020	no payment (deferred due to COVID-19)
2021	\$100,000 (\$50,000 deferred payment made September 2020)
2022	\$50,000
2023	\$50,000
2024	\$75,000
2025	\$75,000
2026	\$75,000
2027	\$75,000
2028	\$75,000
2029	\$75,000
2030	\$75,000
2031	\$75,000

Notwithstanding the foregoing, the Annual Payment for 2024 through 2029 shall be reduced by an amount equal to the difference between the 2006 Sales Tax Revenue from the prior year and the sum of the City Debt Service payment from the City's prior fiscal year plus \$75,000.00. For example, and for the avoidance of doubt, if the 2006 Sales Tax Revenue is equal to \$500,000.00 for the calendar year 2023 and the City Debt Service payment is \$358,562.00 for the City's fiscal year 2023-2024, WACC shall have no 2024 Annual Payment because the 2006 Sales Tax Revenue for 2023 is greater than the sum of the City Debt Service for the City's fiscal year 2023-2024 plus \$75,000.00. However, if the City's 2006 Sales Tax Revenue is \$400,000.00 for the calendar year 2023 and the City Debt Service payment is \$358,562.00 for fiscal year 2023-2024, WACC shall pay to the City an Annual Payment equal to \$33,562.00 on or before April 30, 2024, which is the difference between the City Debt Service payment for the City's fiscal year 2023-2024 plus \$75,000 and the 2006 Sales Tax Revenue received for the calendar year 2023.

The Annual Payment for 2030 and 2031 may be reduced if the 2006 Sales Tax Revenue from the prior year is equal to or greater than \$75,000.00. If the 2006 Sales Tax Revenue from the prior year is less than \$75,000.00, WACC shall be responsible for the difference of the actual 2006 Sales Tax Revenue and \$75,000.00.

Within two (2) weeks of the City's receipt of the prior year's December home rule sales tax remittance report from the Illinois Department of Revenue (the "Report"), the City Administrator or his designee, shall inform WACC of the annual, lump sum payment, if any, due and payable to the City hereunder. It is anticipated that the City will receive the prior year's Report by March 15 of the following year.

2. The above referenced annual payments shall receive higher funding priority than forgiveness of the initial annual construction debt service received from the Washington Park District in the amount of \$15,000.

3. In partial consideration for the restructured Annual Payments, WACC shall hold at least one meeting of the WACC Board of Directors that is open to interested parties having a financial interest in WACC (“Stakeholders”), which would include any taxing districts within the City of Washington, Public Bodies (as defined herein), and WACC’s donors (“Stakeholder Meeting”). The agenda for the Stakeholder Meeting shall include a discussion of WACC’s audited financial statements. WACC shall publish notice of the meeting date for the Stakeholder Meeting to the Stakeholders at least fourteen days in advance of the meeting date. Any failure by WACC to host the Stakeholder Meeting shall result in no reduction of the Annual Payment based on the 2006 Sales Tax Revenue received by the City. For the purposes of this Section, the term “Public Bodies” shall mean all public entities that are signatories to that certain Intergovernmental Agreement dated April 3, 2003, which was entered into by and between the City and WACC with other entities for the purpose of constructing and operating a community center.”

**Section 3.** Except as expressly modified by this Amendment, all of the other terms and conditions of the Use Agreement remain in full force and effect.

**Section 4.** This Amendment may be executed by the Parties in counterpart, when taken together shall constitute one agreement. Receipt of an executed signature page to this Amendment by facsimile or other electronic transmission shall constitute effective delivery thereof.

**[SIGNATURES ON FOLLOWING PAGE]**

**SIGNATURE PAGE TO AMENDMENT TO INTERGOVERNMENTAL USE  
AGREEMENT BETWEEN CITY OF WASHINGTON  
AND WASHINGTON AREA COMMUNITY CENTER**

IN WITNESS WHEREOF, City and WACC have executed this Amendment as of the date first written above.

WASHINGTON AREA COMMUNITY  
CENTER, INC., an Illinois not-for-profit  
corporation

By: \_\_\_\_\_  
Its President

ATTEST:

\_\_\_\_\_  
Its Secretary

CITY OF WASHINGTON, an  
Illinois home rule municipal  
corporation

By: \_\_\_\_\_  
Its Mayor

ATTEST:

\_\_\_\_\_  
Its City Clerk