



DATE: February 27, 2024

TO: Kevin Warren, Chicago Bears Football Club
Dr. Laurie Heinz, Consolidated Community School District 15
Dr. Lisa Small, Township High School District 211
Dr. Scott Rowe, Township High School District 214

FROM: Randy Recklaus, Village Manager

SUBJECT: Proposed Resolution of Ongoing Property Tax Discussions

Introduction:

As you all know, significant progress has been made in reaching agreement between our parties on establishing joint goals regarding a potential stadium development at the former Arlington Racecourse site in recent months. We have all publicly agreed that the project provides tremendous potential opportunities to our region and to each of our organizations. However, discussions have reached a standstill on the issue of short-term real estate taxes. Agreement on comparable properties has been difficult, given the widely varying and seemingly arbitrary assessments of similar properties by the Cook County Assessor's Office. Some other high-profile properties of a similar size and sale price have been recently assessed at a fraction of the level of this site. The outcome of the Cook County Board of Review process was also unique, with a Commissioner commenting publicly on a potential outcome, which may have impacted ongoing settlement discussions. It has been reported in the media that the Commissioner is now being investigated for her actions.

All of this underscores the point that this property and this potential development is unique, and standard processes may be ill-equipped to discuss and handle it. Given the high-profile nature of the process, the local and regional politics involved, the unprecedented nature of the potential use, and the significant potential benefits and costs of the development, it is clear that we all must be open to approaching this property in a creative way, and be willing to consider

alternatives never considered before while still focusing on our own core responsibilities and organizational missions.

All five parties have already recognized the need to think out of the box by drafting a comprehensive memorandum of understanding that develops common ground on long-term taxation issues in a groundbreaking way. Through the draft MOU, the parties have acknowledged the need to protect the school districts' interests regarding the limitation on the generation of school children from the development AND the inadequacy of Illinois' existing property tax system to handle a project of the scope of a privately-owned NFL stadium. We've developed a creative concept to ensure all parties have their voices heard and their interests protected. The Village believes we need to apply that same creativity and flexibility to the short-term tax issue that remains unresolved.

The Village also recognizes and hopes to further understand the CBFC's inherent challenges in purchasing, financing, and developing the property while almost no revenue is generated from it in the short-term. Both construction and carrying costs will be tremendous in such an endeavor. While the CBFC needs to pay their fair share of taxes before, during and after construction, we should all agree that the community should not expect a windfall before construction even begins. The Village believes the standard processes of the County and State are not completely adequate for unique projects such as this one. This suggests a settlement will be necessary.

The Village also understands and shares the school districts' insistence that any settlement be based on accepted standards. Though this project is unique, any amount settled upon cannot be arbitrary. The taxpaying public expects that any large property owner will have its assessments established in a rigorous and fair manner.

The Village understands that the CBFC is likely to exercise its right to appeal the Board of Review decision further, via either the Property Tax Appeal Board or the Circuit Court of Cook County. While this is within the CBFC's rights, the appeal process will delay important discussions on the future of the project by several months, if not longer. Given how close the parties are to comprehensive resolution, the Village strongly believes that a settlement can and should be reached as soon as possible, and as an alternative to the appeal process.

Failure of Recent Discussions:

Based on discussions with both the districts and the CBFC, the Village contends that the recent discussions failed due to four main factors:

- Legal limitations of property tax settlement agreements to the current triennial period. Given that ambiguity of the short-term tax issues goes beyond the 2024 tax year, treating this issue as just a “property tax settlement issue” was always going to leave everyone unsatisfied. Given those limitations, a property tax settlement agreement is not adequate as the only tool to address this issue.
- The CBFC’s focus was primarily on keeping taxes below a threshold for the 2023-24 tax years to reduce their high carrying costs for the property.
- The Districts’ focus was on allowing for an increase in assessments in future years (after 2024) prior to the commencement of stadium construction and before a potential PILOT deal.
- Failure of the County to recognize the partial vacancy status of the property in 2023. Had the County assessed the property as vacant in 2023, the Village believes the short-term tax issue would likely have been resolved between the Districts and the CBFC.

The Village believes that since the property consisted of an empty racetrack that was unlicensed to operate under state law for the entirety of 2023 and was in various stages of actual demolition for much of the year, there is a strong argument that the property was indeed vacant for at least part of 2023.

Proposed Resolution of Open Issues:

The Village has listened to both the CBFC’s and the Districts’ perspectives throughout this process, and the Village thus believes that the parties are much closer to an agreement than it may appear. Based on the insights we have gained, the Village offers the following proposal to the CBFC and the Districts to resolve the open issues:

- Enter into a settlement agreement for 2023 and 2024 with the following terms:
 - Use of the BOR’s new AV figure of \$124,691,296 for 2023 but with a hybrid level of assessment of 25% for half of the year, and 10% for the remainder of the year (combined rate of 17.5% and estimated property tax bill of approximately \$6.3 million). If necessary, this can also be achieved with a reduction to the AV itself with a 25% level of

assessment to achieve an equivalent tax bill as using the BOR's AV figure with the proposed hybrid level of assessment.

- Use of the BOR's new AV figure of \$124,691,296 for 2024, at a vacant level of assessment of 10% (with an estimated property tax bill of approximately \$3.6 million).

This would use the official BOR process and figure to determine the settlement amount, but demonstrates that the parties agree that the circumstances of this situation are unique.

- Add a new clause to the MOU that indicates that the parties will negotiate in good faith on a settlement agreement for the next triennial that will have a minimum increase of 3% per year and a maximum increase of 10% per year. Once the window for negotiating a new settlement opens, the parties would discuss and settle within those parameters based on then-current market and economic factors.

This allows a controlled and predictable ramp up of AVs for all parties during the period leading up to potential stadium construction and any PILOT deal, while still allowing for some flexibility for the parties depending on market conditions and economic factors.

Conclusion:

The Village believes that this proposal can adequately address each party's needs and allow further work on this development concept to continue. This project is large, unprecedented, and unique, and it will require all of us to compromise, and think differently than we have before. The Village would like to set up a joint meeting as soon as possible to discuss the concept further with representatives of each party. We are happy to host a meeting, go to another location to meet, or hold a virtual meeting. Please let me know what your preference is so we can schedule it.