

SALES TAX REBATE AGREEMENT

THIS AGREEMENT entered into this 29th day of July, 2019, by and between the **VILLAGE OF ORLAND PARK**, an Illinois home rule municipality (the "Village") and **VON MAUR, INC.**, an Illinois corporation (referred to as "Von Maur").

WITNESSETH:

WHEREAS, Von Maur occupies real estate located within the corporate limits of the Village of Orland Park, Illinois, located at 4 Orland Square Drive, Orland Park, Illinois (the "Subject Property"), which Property is the former location of Carson Pirie Scott & Co. and now is to be operated by Von Maur for a retail department store; and

WHEREAS, Von Maur is to renovate and remodel the exterior and interior of the existing facility and installing major physical improvements at a cost in excess of \$25,000,000 (the "Project"); and

WHEREAS, Von Maur anticipates generating an additional tens of millions of dollars in new retail sales resulting in substantial additional sales tax revenue to the Village as well as providing employment for a substantial number of new employees generating an additional estimated average annual payroll of \$4,000,000 to \$5,000,000; and

WHEREAS, the Village of Orland Park hereby finds that:

1. The Subject Property is currently zoned in the COR Mixed Use Zoning District; and
2. The Project is expected to create or retain job opportunities within the Village of Orland Park; and
3. The Project will serve to further the improvement and development of adjacent areas; and
4. Without this Agreement, Von Maur would reconsider its plans to renovate, remodel and improve the Subject Property, and this Project would not be possible; and
5. Von Maur meets high standards of creditworthiness and financial strength; and
6. The Project will strengthen the commercial sector of the Village; and
7. The Project will enhance the tax base of the Village; and
8. The Project will create increased sales tax revenue for the Village; and

9. This Agreement is made in the best interests of the Village; and
10. The Project is necessary to enhance development in this area of the Village; and
11. The benefit of the Project is public in nature and will promote the public welfare of the Village.

WHEREAS, the Village in adopting this Agreement is exercising powers provided in the Illinois Municipal Code, as well as its Home Rule Powers under the Illinois Constitution as set forth hereinafter; and

NOW THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration the receipt and sufficiency whereof is hereby acknowledged, the parties hereto agree as follows:

1. **RECITALS:** The foregoing recitals are incorporated herein, by reference, as if fully set forth.

2. **CONSTITUTIONAL AND LEGISLATIVE AUTHORITY:**

A. The Illinois Constitution of 1970 provides in pertinent part:

Units of local government and school districts may contract and otherwise associate with individuals, associations, and corporations in any manner not prohibited by law or by ordinance. Participating units of government may use their credit, revenues, and other resources to pay costs and to service debt related to intergovernmental activities. (Article VII, Section 10(a))

B. The Illinois statutes provide that municipalities such as the Village may enter into economic incentive agreements relating to the development or redevelopment of land within the corporate limits of the municipality, and related thereto may agree to share or rebate a portion of any retailers' occupation taxes received by the municipality that were generated by the development or redevelopment over a finite period of time. (65 ILCS 5/8-11-20).

C. Pursuant to Article 7, §6(a), of the Illinois Constitution, the Village of Orland Park, which has a population of more than 25,000 is a home rule unit. A home rule unit may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, goals and welfare; to license; to tax; and to incur debt.

3. **DEFINITION:**

"**Von Maur**" - unless otherwise provided, the term "Von Maur" shall mean VON MAUR, INC., an Illinois corporation, its successors, divisions, and subsidiaries, and its respective successor divisions, subsidiaries and/or corporate designees.

4. **ECONOMIC INCENTIVES:** It is understood by the parties and declared by the Village that the Project is unique since Von Maur, as the user of this Subject Property, will likely generate substantial Village Sales Tax Revenue (as hereinafter defined) not ordinarily realized by such a use. It is also understood by the parties and declared by Von Maur that Von Maur may reconsider its plans for the Project but for the incentives provided by this Agreement. Von Maur represents and warrants to the Village that it requires the economic assistance from the Village in order to commence and complete the Project. Therefore, the incentives contained in this Agreement are unique to this situation and Subject Property. Von Maur will comply in all respects with the Retailer's Occupation Tax Act (35 ILCS 115/1 et seq.) and the Service Occupation Tax Act (35 ILCS 120/1 et seq.) and will permit the individual sales tax reporting to be given to the Village.

5. **VILLAGE SALES TAX REBATE:** Annually for a maximum of ten (10) consecutive years (unless such term of years shall be extended by the Village Board) beginning with the period from November 1, 2019, through October 31, 2029, the Village shall pay to Von Maur a sum which totals Fifty Percent (50%) of the Village Sales Tax Revenue, for any twelve (12)_month period that is attributable to gross sales within the State of Illinois originated by the Development on the Subject Property within the Village which are subject to those taxes contemplated by Paragraph 6 below. This Agreement shall terminate upon the first to occur of (a) the completion of the ten (10) year period; or (b) when the combined sales tax rebate payments, the tax abatements and Village building permit and inspection fee waivers provided for in the Intergovernmental Agreement among the Village of Orland Park, Consolidated High School District 230, Orland School District 135, Orland Fire Protection District, Board of Library Trustees of the Village of Orland Park and Von Maur, Inc. Relative to the Development of the Carson Pirie Scott & Co. Property ("Tax Abatement Agreement") totals EIGHT MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$8,500,000.00).

6. **SALES TAX REBATE MECHANISM:**

Definitions: For the purpose of this Agreement, the use of the terms "Village Sales Tax" and "Village Sales Tax Revenue" shall be construed to refer to that net portion of taxes imposed by the State of Illinois for distribution to the Village pursuant to the Retailer's Occupation Tax Act and the Service Occupation Tax Act (as said acts may be amended), or any other "sales tax," "service tax" or similar tax that may be enacted by the State of Illinois or any governmental agency or body created under the laws of the State of Illinois and located within the State of Illinois, and which are collected by the State of Illinois and distributed to the Village, including the Village's Home Rule Municipal Retailers' Occupation Tax and Home Rule Municipal Service Occupation Tax. Currently such net portion is one percent (1%) imposed by the State of Illinois and three-fourths of one percent (0.75%) imposed by the Village of the total amount of gross sales within the State of Illinois originated by the Project within the Village which is subject to the aforementioned tax.

Sales Tax Reports: Von Maur shall furnish to the Village copies of any and all Illinois sales tax returns and any amended Illinois sales tax returns for the applicable twelve (12) month period, together with a cover letter containing Von Maur's calculation of the Village Sales Tax to be rebated according to this Agreement (collectively, the "Reports"). Such reports shall be

delivered no later than fifteen (15) days after the filing with the Illinois Department of Revenue or successor agency of the Illinois sales tax return for the last month of the applicable twelve (12) month period. To the extent permitted by law, the Village shall maintain the confidentiality of the information contained in such Reports, but shall be permitted to disclose such information and documents on a confidential need-to-know basis to employees and consultants as the Village, in its sole discretion, deems appropriate in order to monitor compliance and audit this Agreement. In the event that the Village receives a request pursuant to the Illinois Freedom of Information Act for information contained in the Reports, prior to the Village refusing to provide such information, the Village shall immediately notify Von Maur, providing a copy of the request, and Von Maur shall have the opportunity within seven (7) days after receipt of such notice from the Village to notify the Village that it consents to the request. In the event that no consent is received within said time period, the Village shall refuse to disclose the information and shall not thereafter disclose the information without the consent of Von Maur unless compelled to do so by Court Order. In the event that action is ever commenced against the Village pursuant to the Illinois Freedom of Information Act or similar statute as a result of withholding any documents provided by Von Maur, Von Maur agrees to indemnify and hold the Village harmless with respect to any attorney's fees or costs or judgments imposed on or incurred by the Village as a result of such action; provided, that the Village has notified Von Maur of the applicable request as specified above and the Village has followed Von Maur's instructions in responding to such request. Von Maur understands and agrees that the provisions of this Agreement shall be a matter of public record, as shall any and all payments to Von Maur pursuant to this Agreement. Von Maur also agrees upon the request of the Village to furnish such consents or waivers as may be required by the Illinois Department of Revenue to allow the Illinois Department of Revenue to furnish the sales tax information concerning Von Maur's facilities required herein.

Reimbursement Mechanism: Not later than thirty (30) days after the receipt of the tax or distribution from the Illinois Department of Revenue or Successor Agency, the Village shall remit in full to Von Maur at the address specified below Von Maur's share of the Village Sales Tax Revenue for that particular reporting period.

If any distribution applicable to a period within the ten (10) year period set forth hereinabove is received by the Village after the ten (10) year period, it shall be paid to Von Maur subject to the reduction requirements of this "Rebate Mechanism" Section.

Any payments determined to be due to Von Maur from the Village based upon the Reports shall be reduced by the amount of any and all collection fees, including but not limited to the "Seller's Discount", imposed upon the Village by the State of Illinois or the Illinois Department of Revenue or successor agency for collection of the Village Sales Tax Revenues.

7. **ADDITIONAL VON MAUR OBLIGATIONS:** The Village's obligation to make sales tax rebate payments to Von Maur is conditioned upon Von Maur:

A. Providing to the Village evidence satisfactory to the Village (in the form of paid receipts, cancelled checks, etc.) verifying that Von Maur has incurred expansion and renovation costs for the Subject Property in excess of \$25,000,000.00; and

B. Occupancy of the Subject Property by Von Maur not later than June 30, 2020; and

C. The Village has granted approvals required for all site plans, elevations, signage and building permits.

8. **REMEDIES:** Upon a breach of this Agreement, either of the parties, in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained, may be awarded damages for failure of performance, or both. Before any failure of any party to this Agreement to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the party claiming such failure shall notify, in writing, in accordance with Paragraph 9 below, the party alleged to have failed to perform its obligations. No breach of this Agreement may be found to have occurred if performance has commenced to the satisfaction of the complaining party within thirty (30) days of receipt of such notice and is being continuously and diligently pursued.

It is further understood and agreed that the Village shall be relieved of any and all of its obligations arising hereunder, and such obligations on the part of the Village shall be immediately canceled, become null and void, and be without any force or effect in the event that, within fifteen (15) years of the date of this Agreement, Von Maur a) ceases operating the Project on the Subject Property, or (b) breaches any of its obligations under the terms of the Tax Abatement Agreement, and fails to cure such breach within the applicable thirty (30) day cure period as provided above. Additionally, in the event either a) or b), above, occurs within five (5) years of the date of this Agreement, as agreed liquidated damages and not as a penalty, Von Maur will reimburse the Village all of the sales tax revenue rebated to Von Maur by the Village.

9. **ADDRESS FOR NOTICES:** All notices and other communications in connection with the Agreement shall be in writing, and any notice, communication or payment hereunder shall be deemed delivered to the addresses thereof five (5) days after deposit in any main or branch United States Post Office, certified or registered mail, postage prepaid, or two (2) days after deposit thereof with any nationally known and reputable overnight courier service, delivery charges prepaid, or on the date of delivery, if personally delivered, in any case, addressed to the parties respectively as follows:

If to the VILLAGE:

Village of Orland Park
14700 S. Ravinia Avenue
Orland Park, IL 60462
Attn: Village President

With copies to:

Village of Orland Park
14700 S. Ravinia Avenue
Orland Park, IL 60462
Attn: Village Manager

If to VON MAUR:

VON MAUR, INC.
6565 Brady Street
Davenport, Iowa 52806
Attn: Chief Financial Officer

With a copy to:

Lane & Waterman, LLP
220 N. Main Street, Suite 600
Davenport, Iowa 52801
Attn: Richard A. Davidson, Esq.

- and -

Klein, Thorpe & Jenkins, Ltd.
15010 S. Ravinia – Suite 10
Orland Park, Illinois 60462
Attn: E. Kenneth Friker, Esq.

By notice complying with the requirement of this paragraph, each party shall have the right to change the address or addresses for all further notices, other communications and payment to such party; provided, however, that notice of a change of address, addressee or both shall not be effective until actually received.

10. **AMENDMENTS:** The parties agree that the term of this Agreement may be extended by mutual agreement of the parties and that this Agreement and any exhibits attached hereto may be amended only by a signed written agreement of the parties.

11. **NO WAIVER OF RIGHT TO ENFORCE AGREEMENT:** Failure of any party to this Agreement to insist upon the strict and prompt performance of the terms, covenants, agreements and conditions herein contained, or any of them, upon any other party imposed, shall not constitute or be construed as a waiver or relinquishment of any party's right thereafter to enforce any such term, covenant, agreement or condition, but the same shall continue in full force and effect.

12. **ENTIRE AGREEMENT:** This Agreement supersedes all prior agreements on the subject matter of Sales Tax Rebates, negotiations and exhibits and is a full integration of the entire Agreement of the parties relating to the subject matter hereof.

13. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon Von Maur and their respective successors and assigns, and upon successor corporate authorities of the Village and successor municipalities.

14. **TERM OF AGREEMENT:** This Agreement shall be binding upon the parties and their respective successors and assigns, commencing as of the date hereof, and for a term extending to the date of the last payment or abatement required pursuant to the provisions of this Agreement. Notwithstanding the foregoing, the obligations of Von Maur and the Village pursuant to the confidentiality obligations in Paragraph 6 above shall survive the termination of the remainder of this Agreement.

15. **FORCE MAJEURE:** This Agreement may be suspended for a period not to exceed two (2) years at the option of either the Village or Von Maur if an Act of God, which could not be avoided by the exercise of due care, prevents Von Maur from performing its business from the Subject Property as contemplated by this Agreement for more than thirty (30) days due to damage to or destruction of the Project or other facilities on the Subject Property.

16. **COUNTERPARTS:** This Agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

VILLAGE OF ORLAND PARK
an Illinois Home Rule Municipality

By: 

Keith Pekau, Village President

ATTEST:



John C. Mehalek, Village Clerk

VON MAUR, INC.,
an Illinois corporation

By: 

Robert Larsen, Chief Financial Officer

Attest:



Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that KEITH PEKAU, personally known to me to be the Village President of the VILLAGE OF ORLAND PARK, and JOHN C. MEHALEK, personally known to me to be the Village Clerk of said Village, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Village President and Village Clerk, they signed and delivered said instrument as their free and voluntary act, and as the free and voluntary act and deed of said Village for the uses and purposes therein set forth.

Given under my hand and official seal this 25th day of April, 2019

Nancy R. Melinauskas
Notary Public



STATE OF IOWA)
) SS.
COUNTY OF SCOTT)

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that ROBERT LARSEN, Chief Financial Officer and Secretary of VON MAUR, INC., and Illinois corporation, and not individually, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Chief Financial Officer and Secretary, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notary Seal this 29th day of July, 2019.

Vivienne Holloway
Notary Public

