

D300 MUST Stop the Extension of the Sears EDA – Here's Why!!!!

Back In The Day.

- In 1989, in an effort to keep then “Sears Roebuck & Company” in state, the State of Illinois gave Sears several economic “incentives”. One of those incentives was a property tax break program called an Economic Development Area, or EDA, that was designed specifically for Sears.
- Under the EDA, Sears and the Village of Hoffman Estates were given the power to find, purchase and develop property within the borders of Hoffman Estates for Sears’ use. This venture was paid for by diverting property taxes otherwise going to existing taxing bodies, including our district, Community Unit School District 300, to a fund established and administered by Hoffman Estates.
- Out of that fund Hoffman purchased approximately 800 acres of property just West of the corner of Rt. 59 and Rt. 90 and gave it outright to Sears. Also out of that fund, Hoffman reimbursed Sears for any monies it expended in developing the property including building it’s 2.4 million sq. ft. corporate headquarters.
- In addition, Hoffman paid itself tens of millions of dollars to “administer” the EDA and it’s fund.
- There was no requirement in the original statute creating the EDA that either Sears or Hoffman report to anyone on how the fund was administered or what exactly was done with the diverted tax dollars. There has never, to our knowledge, been an audit required or completed by Hoffman Estates or anyone responsible for administering the EDA. There, quite simply, is no detailed public record of how the money was used, on what and by whom.
- What we do know is that over the past 21 years, Hoffman and Sears have enjoyed a windfall of several hundred million dollars in diverted property taxes. Over 210,000,000 of those dollars being tax dollars that would have otherwise gone to District 300, but for the existence of the EDA.
- Of course, we in District 300 are aware that the reason that the property is worth so much today is because it was developed. And we acknowledge that there is a chance that had the EDA not been in place, the land may not have been developed, at least not in the fashion that it has been developed.
- As we have said many, many times now – we are not asking to be paid back D300’s share of the taxes diverted to the EDA over the past 21 years. We just believe that it’s D300’s turn to use the property taxes generated by the development made possible thru the use of our tax dollars to bolster our struggling school district – it’s time to invest the money in our kids’ futures!
- There is *no* question that the development of the Sears property would not have occurred without the tax dollars diverted from D300. We are investors in this development just as sure as Sears and Hoffman Estates are and it’s time for us to reap the fruits of that investment. It’s OUR TURN to reap the benefits of our investment and our patience and reinvest those benefits in our kids’ futures.

The EDA's Impact on The 21,000 Students of District 300.

- Because of the diversion of tax dollars to the EDA and away from D300, the tax payers of D300 were forced on several occasions over the past 20 years to agree to raise their own property taxes to pay for things that the diverted tax dollars would have paid for, like schools, teachers, programs and textbooks. And while the property became more and more valuable and Sears and Hoffman realized more and more money to use however they wanted, D300 struggled to keep its head above water, while looking forward to the day that the EDA would expire and fruits of our investment in the development of the Sears property would be realized.
- There have been those who have said that the District was naïve to think that we would ever see tax dollars from the development. We disagree. The EDA was never contemplated to run longer than it's original 23 years. Over and over, verbally AND in writing, Hoffman acknowledged D300's major contribution to the development of the Sears property through our contribution of the vast majority of the tax dollars that went to the project and the fund and assured us that the EDA would end in 2013 as originally planned and once it did that the District would realize a windfall of property taxes as would all of the taxing bodies.
- Others will no doubt claim that D300 is not responsible with its finances. Nothing could be further from the truth. In 2006, we passed not one, but two referenda. One a bond issue on building and infrastructure and the other an Ed Fund rate increase. With the money realized from the Ed Fund rate increase, we dug ourselves out of a 30 million dollar hole, replaced teachers and programs, built and repaired schools and built an emergency buffer worth millions of dollars. All of this resulted in our bond rating being raised to AA from BBB – A FIVE TIER INCREASE in our rating! We became financially healthy, even in the face of rapid growth here in the district, while other less encumbered districts did not fair as well.
- However, the 2006 Ed Fund Rate increase was never meant to be a permanent fix for the district financially and we told the public that up front. But it got us out of a very deep hole and carried us farther along than we first anticipated. In fact, had the bottom not dropped out of the economy in 2008 it may very well have carried us to the end of the EDA in 2013. But as we all now know, we weren't that lucky. None of us were that lucky.
- When the economy tanked in 2008, D300 suffered major cuts to it's funding just like many other districts here in the state. The difference – we had less to begin with than many of those other districts.
- Year after year the state is cutting back on what it pays us while requiring us to do more and more with the money. This requires that we cut back on programs and staff to pay for what the state mandates, but will not pay for. To do that we have to pull money from other, non-mandated areas. Year after year it becomes harder and harder to pay for what is needed to properly educate our kids.

What The Expiration Of The EDA Will Mean For D300's Future.

- If the EDA is allowed to expire in 2013, the District will realize a minimum of \$14 million per year in increased revenue - our share of payment of property taxes on the EDA properties.
- Without the expiration of the EDA and the proper allocation of the funds to District 300, the district's long-term viability and its ability to provide our students with a competitive and quality education will be severely and irreversibly compromised.
- Over the past several years the State of Illinois has promised us less and less funding but mandated more and more programs. And on what they do still fund, they've paid us later and later every year forcing us to borrow money and pay interest on monies that we otherwise would not have had to, to pay the district's bills.
- As a result D300 has had to begin to cut again. Over the past 2 years alone, we've cut spending by \$14 million! The result has been devastating to the district.
- This past school year was concluded with everyone doing with less to balance the budget. Members of unions and the administration took pay freezes. Programs were cut, supervision rates reduced, furlough days introduced, professional training opportunities were cut and teachers were let go. Class sizes once again soared to as many as 34 in elementary classes and over 40 kids in Advanced Placement classes in our high schools. And this is just the beginning. Continued and even more painful cuts will be necessary without increased revenue to the district.
- Where would those funds come from? More referenda? The taxpayers of D300 have already given all they have. More revenue from the state? They are cutting funding more and more each year and not paying us on time for what they have agreed to pay.
- D300 needs the money from the expiration of the EDA and we need it now!

Hoffman Estates' Fight To Extend The EDA to Pay For *Its* Bad Business Decisions

- As mentioned above, the Sears/Hoffman EDA is set to expire in 2013. Hoffman Estates is in a full-court press to get the EDA extended for another 15 years and we believe we know why.
- For the past several years Dr. Cheryl Crates, the district's CFO, has been meeting on a yearly basis with officials from Hoffman Estates to touch base and to get an overview on what has been done with the development. For the past several years, Hoffman AND Sears officials have assured Dr. Crates that they were *not* interested in an extension of the EDA. Suddenly something changed.
- On February 24, 2011, without notice to the District, a bill to extend the EDA and to make some other very significant changes was filed in the Illinois House by Rep. Fred Crespo. Rep. Crespo is a former Hoffman Estates Village Trustee and now represents the congressional district where Hoffman sits - District 44.
- The Crespo legislation, HB 3435, not only extended the EDA for another 15 years, it gave Hoffman the power to use money from the EDA to construct, acquire and operate... "publicly-owned buildings" within any "economic development project area." This is a new and telling power. Remember, this EDA started out as an empty soybean field. There was nothing there until Sears and Hoffman started developing the land. More on this later.
- The district found out about the bill in March and immediately objected to it. Because of the district's objection, it stalled in the House Rules Committee and did not pass out of the House.
- However, in the meantime, Hoffman tried an end run from another angle. On May 29, 2011, Rep. John Bradley from way down south Marion, IL, tucked Crespo's bill into another bill, Senate Bill 540, as an amendment. The amendment is the exact same language as the Crespo bill in the House, House Bill 3435.
- Luckily, the amendment was caught in the Senate's Local Government Committee by State Senator Pam Althoff and she prevented it from moving out of the committee and onto the floor for a vote. Had she not stopped the bill in committee, this would already be a done deal.
- Today the amended SB 540 sits in the Assignments Committee awaiting the veto session, which is scheduled to start on October 25, 2011. Once that session starts it can be quickly moved out of committee and to the floor for a concurrence vote. At this time, there would be no required floor debate, just a vote.
- We need to keep the bill from going to the floor for a vote in the veto session. **WE ARE IN REAL DANGER OF LOSING THIS FIGHT UNLESS WE PUSH BACK AND PUSH BACK HARD!**

Good Old-Fashioned Illinois Politics!

- On August 30, 2011 the local papers reported that Illinois Senate President John Cullerton traveled the 45 miles from Chicago to Sears' headquarters in Hoffman Estates to meet with the Louis D'Ambrosio, CEO of Sears Holdings Corporation.
- *Crain's Chicago Business* reported "Mr. Cullerton said Mr. D'Ambrosio specifically asked for help in passing a bill (SB 540), which already has cleared the House, that would allow Hoffman Estates to extend the life of a special taxing district that subsidizes Sears' headquarters complex. **Mr. Cullerton said he agreed "to facilitate a vote on that bill" when the Legislature meets for its veto session in October.**" *Senate President Cullerton meets with Sears about keeping HQ here*, Greg Hinz, *Crain's Chicago Business* August 30, 2011. Online at Crain's Chicago Business.com. (emphasis added).
- A group of us representing the District and Advance 300 have spent the last several weeks meeting with or trying to meet with our local representatives and senators as well as most of the key players in this saga.
- Curiously, while Senate President Cullerton had no problem driving the 45 miles west from Chicago to Hoffman Estates to meet with Sears' CEO, he would not make time to even talk with us on the phone, instead the best we got was a teleconference with members of his staff.
- We have also asked for a meeting with Speaker of the House Mike Madigan and Governor Quinn who has also made time for Sears, but would not make time for us. Quinn has stated publicly on several occasions that he has met with Sears and is working to keep them here in the state. We want to make sure that he knows that what he's doing to our kids!

Uncovering Some Disturbing Facts!!!

The Village of Hoffman Estates Wants to Use Our Kids' Futures to Pay for Their Mistakes!

Over the past several months, we've been doing some good old-fashioned research; finding as much evidence as we can to piece together to explain why Hoffman Estates and Sears are so dead set on insisting on an extension of the EDA. We've looked at articles, old Hoffman Estates financials, relevant legislation and anything else we could find about how the money has been used and how it would be used in the future.

Based on what we have found and Hoffman Estate's actions in trying to keep information from the public, we believe that Hoffman Estates is desperate to extend the EDA so that they can use it to pay for the Sears Center and pay to operate it over the next 15 years and here is why:

- Hoffman was recently forced to purchase the flailing Sears Center Arena for somewhere in the area of \$70 million dollars because it has become a white elephant and its owners were ready to abandon the property and walk away;
- Hoffman has promised THEIR tax payers that they would do whatever they could to not put the burden of the failing Sears Center on them;
- Suddenly Hoffman files legislation to re-write the EDA statute to let them use the EDA to pay for the Sears Center for them and to pay to operate it for the next 15 – AT OUR EXPENSE! They have NO problem putting the burden of their white elephant on us;
- Hoffman has also written OUT of the statute any requirement that they report to anyone about what they plan on doing with the EDA or its fund if the EDA is extended;
- There is no description of why Sears and Hoffman need an extension of the EDA for an additional 15 years or what they intend on doing with the additional money;
- There is no explanation of why Hoffman needs the power to “acquire and operate...publically-owned” buildings written into the amended statute;
- There is no explanation as to why Hoffman and Sears want to do away with the few notice and reporting requirements that are in the original EDA statute;
- Over the past 21 years Hoffman Estates has paid itself exorbitant amounts of money to “administer” the EDA, without having to account to anyone for what they were doing for the money;

- There is no publicly available audit of what exactly has been spent to date in furtherance of the development promised by the EDA agreement;
- There has been NO oversight, let alone meaningful oversight, of any kind over the EDA and it's administration since it's establishment back in the early '90s;
- It is clear that the EDA has been a free rein pot of money for Sears and Hoffman to use however they've wanted to the past 21 years and now it has to stop.

For these reasons we ask that you sign our petition and that you ask anyone and everyone that you know to sign too. And please visit our website Advance300yes.com and our Facebook page at Advance 300 for more information on how you can get involved to make sure that our tax dollars will be used in the future to educate OUR kids – not pay for Hoffman Estates' bad business decisions.