

**AN ORDINANCE AUTHORIZING THE MAYOR
TO EXECUTE A SETTLEMENT AGREEMENT WITH THE CARLE FOUNDATION, URBANA SCHOOL
DISTRICT UNIT 116, URBANA PARK DISTRICT AND CUNNINGHAM TOWNSHIP**

(810 W. ANTHONY DRIVE, IL DEPT. OF REVENUE A.H. # 00-PT-0031)

WHEREAS, The Carle Foundation applied for and received a non-homestead property tax exemption certificate from the Illinois Department of Revenue for property owned by The Carle Foundation at 810 W. Anthony Drive in Urbana; and

WHEREAS, the City of Urbana, joined by the Urbana School District Unit 116, The Urbana Park District, and Cunningham Township, challenged the issuance of the tax exemption for 810 W. Anthony Drive, which challenge is presently pending before the Illinois Department of Revenue as A.H. # 00-PT-0031; and

WHEREAS, the parties entered into discussions to resolve their concerns, which opened the door for broader discussions, including concerns of a possible Carle Foundation merger that would eliminate payment of taxes on property occupied by the Carle Clinic Association in Urbana; and

WHEREAS, the parties have come to an Agreement, a copy of which is attached to this ordinance and is incorporated into this ordinance by reference, by which the parties resolve their mutual concerns for the betterment of the community.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Mayor is hereby authorized to sign and otherwise execute the Agreement; and

Section 2. That the City Attorney is hereby authorized to withdraw and dismiss the City's challenge in A.H. # 00-PT-0031 to the non-homestead property tax exemption certificate issued to The Carle Foundation for 810 West Anthony Drive.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.

PASSED by the City Council this 18th day of February,
2002.

AYES: Chynoweth, Hayes, Huth, Otto, Patt, Whelan, Wyman

NAYS:

ABSTAINS:

APPROVED by the Mayor this _____ day of _____ February _____,

2002.



Richard A. Clark
City Clerk
Deputy Clerk

Tod Satterthwaite
Tod Satterthwaite, Mayor

SETTLEMENT AGREEMENT

This Settlement Agreement is made on this 8th day of March, 2002, by and between the City of Urbana, an Illinois home-rule municipality, the Urbana Park District, Cunningham Township, and Urbana School District #116 (hereinafter referred to as "Taxing Bodies") and the Carle Foundation (hereinafter referred to as "Carle").

RECITALS

A. On March 30, 2000, the Illinois Department of Revenue issued a non-homestead property tax exemption certificate to Carle approving a property tax exemption for 84% of the 1999 assessment year for property commonly known as 810 W. Anthony Drive, Urbana, Champaign County, Illinois, PIN 91-21-05-100-017 (the "Property").

B. On account of the issuance of the tax exemption certificate to Carle, Taxing Bodies intervened in an administrative review action to contest the issuance of the tax exemption certificate to Carle. That administrative review action remains pending as A.H.#00-PT-0031 before the Illinois Department of Revenue.

C. In the pending administrative review action, the Taxing Bodies challenge both the charitable status of the applicant and the exclusive and primary use of the Property. On the other hand, Carle contends the issuance of the property tax exemption to it by the Illinois Department of Revenue was valid and proper.

D. The Taxing Bodies and Carle are willing to compromise and settle their differences in the administrative review matter presently pending between them.

In consideration of the mutual covenants set forth herein, the parties agree as follows:

SECTION ONE PURPOSE

This agreement is made and executed for the purpose of settling the issues and claims of an administrative review action presently pending and existing between the Taxing Bodies and Carle arising out of the issuance of the tax exemption certificate for the Property and to terminate any controversy or claims of any nature, whether now known or to become known, resulting from such issuance, so that, by the execution of this agreement and the acceptance of the payments and other consideration provided, the Taxing Bodies shall be barred completely from making further claims or bringing further actions or suits in connection with its issuance.

SECTION TWO
TERM OF AGREEMENT

The term of this agreement shall be for a period beginning upon the date of its execution and ending either:

- (a) at the end of March 7, 2017, if before that date there has been no purchase or merger that triggers the obligation to make payments pursuant to Section Three, Paragraph 3 of this contract; or
- (b) on the date of the last payment to be made pursuant to Section Three, Paragraph 3 of this agreement if, before March 8, 2017, The Carle Foundation purchases or merges with Carle Clinic triggering the obligation to make payments pursuant to Section Three, Paragraph 3 of this agreement.

SECTION THREE
TERMS OF SETTLEMENT

The terms of this settlement agreement, and the respective rights and obligations of both the Taxing Bodies and Carle pursuant to that agreement, are as follows:

1. Carle shall pay to the Taxing Bodies the total sum of One Hundred Thousand and no/100 Dollars (\$100,000), payable in five (5) annual installments of Twenty Thousand and no/100 Dollars (\$20,000) each, beginning in the year 2002 and ending in the year 2006. Each installment shall be paid on the 1st day of April of each year and shall be made by Carle to the City of Urbana. The City of Urbana will thereafter distribute the payments so made by Carle to the Taxing Bodies on a pro rata basis according to the property tax rates for each of the member Taxing Bodies. It is understood by the parties that it is the responsibility of the City of Urbana to ascertain the applicable distribution percentages and to make appropriate distributions to the Taxing Bodies. Carle shall satisfy its payment obligations hereunder by making its annual installment payments to the City of Urbana, and Carle assumes absolutely no liability in connection with the subsequent distribution of those monies to the Taxing Bodies.

2. Carle agrees to make community service endowment grants to the following entities in the respective amounts set forth below. Said grants are paid to these entities in specific furtherance of and consistent with Carle's tax exempt purpose and charitable status and will be issued by Carle to such entities on or before April 1, 2002.

- | | |
|-------------------------------------------------------------------------|-----------|
| a. Urbana Free Library Children's Programs | \$ 50,000 |
| b. Urbana School District #116 (for existing programs to be identified) | \$450,000 |
| c. Urbana Park District (for existing programs to be identified) | \$175,000 |

3. If during the period between March 8, 2002, and March 7, 2017, inclusive, Carle buys and/or merges with Carle Clinic Association and said purchase or merger results in real estate occupied by Carle Clinic Association prior to the said purchase or merger becoming tax exempt, then Carle agrees to pay a community service endowment specifically relating to those parcels of real estate to the Taxing Bodies. Said endowment shall be paid to these entities in specific furtherance of and consistent with Carle's tax exempt purpose and charitable status and shall be in the form of an annual sum for a period of five years in an amount to be determined as follows:

Amount of E.A.V. (equalized assessed value) determined tax exempt
(\$ _____) x 80% of annual Urbana tax rate.

The "annual Urbana tax rate" is defined as the annual aggregate tax rate of all taxing districts extending property tax upon real property within the corporate limits of the City of Urbana. For example, the annual Urbana tax rate in 2000, payable 2001, was \$8.5936 per \$100.00 of assessed valuation. The EAV shall be as determined annually for each year the community service endowment is being paid. The EAV for the first year shall be based on the year that the parcel of real estate became exempt. The EAV for each of the subsequent four years shall be determined by multiplying the prior year's EAV by 1.015.

Said community service endowment shall be paid annually by Carle for a total of five consecutive years, beginning in the first year in which the real property previously occupied by Carle Clinic Association becomes tax exempt and continuing for five consecutive years thereafter. The first installment shall be paid within sixty days of the date the property becomes tax exempt, and the following four payments are to be made on or before that payment date in each of the following four years. The payments shall be made by Carle to the City of Urbana. The City of Urbana will thereafter distribute the payments so made by Carle to the Taxing Bodies on a pro rata basis according to the property tax rates for each of the member Taxing Bodies. It is understood by the parties that it is the responsibility of the City of Urbana to ascertain the applicable distribution percentages and to make appropriate distributions to the Taxing Bodies. Carle shall satisfy its payment obligations hereunder by making its annual installment payments to the City of Urbana, and Carle assumes absolutely no liability in connection with the subsequent distribution of those monies to the Taxing Bodies. Finally, it is understood by the parties to this agreement that Carle shall have no payment obligation under this community service endowment provision unless and until Carle buys and/or merges with Carle Clinic Association and said purchase or merger results in real property occupied by Carle Clinic Association prior to said purchase or merger becoming tax exempt.

SECTION FOUR
RELEASE OF CARLE

In consideration of the payments agreed to be made and conditions agreed to be performed by Carle as set forth above, the Taxing Bodies, their legal representatives, successors and assigns agree to dismiss on or before the 1st day of April, 2002, the administrative review action currently pending as A.H.#00-PT-0031 before the Illinois Department of Review and to withdraw their challenge to the non-homestead property tax exemption certificate issued by the Department to Carle on March 30, 2000, approving a property tax exemption for 84% of the 1999 assessment year for the Property. In further consideration of the payments and conditions as set forth in this agreement, the Taxing Bodies agree that, throughout the entire term of this agreement, they will not challenge, either directly or indirectly, publicly or privately, and through any form of cause of action of any kind available, whether through the municipality, county, administrative agencies, court system, state or federal government, the tax exempt or charitable status of Carle and/or Carle Foundation Hospital and the tax exempt status of the Property or any other property currently owned and/or occupied by Carle on the date of execution of this Agreement, and for which the Illinois Department of Revenue has issued a non-homestead property tax exemption certificate to Carle approving a property tax exemption, or any property acquired subsequent to the date of execution of this agreement and for which the Illinois Department of Revenue has issued a non-homestead property tax exemption certificate to Carle approving a property tax exemption, provided that such additional acquisitions are located in an area bounded by Lincoln Avenue from the Conrail Railway right-of-way to Hill Street, Hill Street from Lincoln Avenue to Busey Avenue and Hill Street extended to Coler Avenue, Coler from Hill Street (extended) to Fairview Avenue, Fairview Avenue from Coler Avenue to Orchard Street, Orchard Street from Fairview Avenue to McCullough Street, McCullough Street from Orchard Street to the Conrail Railway right-of-way, and the Conrail Railway right-of-way from McCullough Street to Lincoln Avenue.

The taxing bodies do not waive actions regarding the valuation, as opposed to tax-exempt status, of any Carle properties. It is not the intent of the parties upon expiration of this agreement and any extensions, for this agreement to preclude, limit, diminish, or otherwise foreclose any rights of action, claims, or remedies of any kind that the taxing bodies may have regarding tax exemptions or any other matter relating to Carle for tax years that follow the expiration of this agreement and any extensions.

SECTION FIVE
GOVERNING LAW

This agreement shall be governed by the laws of the State of Illinois, both as to interpretation and performance.

SECTION SIX
VENUE OF ACTIONS

An action at law, suit in equity or judicial proceedings for the enforcement or interpretation of this agreement or any of its provisions shall be instituted only in the Circuit Court of Champaign County, Illinois.

SECTION SEVEN
ENTIRE AGREEMENT

This agreement embodies the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein. This instrument supercedes all previous communications, representations, or agreements, either verbal or written between the parties. The parties acknowledge that no representation of any fact or opinion was made by one party to the other or anyone on their behalf to induce the parties to execute this agreement.

SECTION EIGHT
NUMBER OF COPIES

This agreement is executed in five (5) copies, each of which is to be treated as an original.

In witness whereof, the parties have executed this agreement at Urbana, Illinois on the day and date first above written.

THE CARLE FOUNDATION

THE CITY OF URBANA, ILLINOIS

By: James C Leonard
Print name

By: Tod Satterthwaite
Print name

CEO / President
Print title

Mayor
Print title

James C Leonard
Signature

Tod Satterthwaite
Signature

URBANA SCHOOL DISTRICT #116

By: GENE AMBERG
Print name

SUPERINTENDENT
Print title

Amberg
Signature

URBANA PARK DISTRICT

By: ROBIN HALL
Print name

EXECUTIVE DIRECTOR
Print title

Robin Hall
Signature

CUNNINGHAM TOWNSHIP

By: Tod Sattelmire
Print name

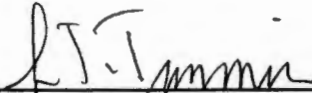
Town Board Chair
Print title

Tod Sattelmire
Signature

RESOLUTION

The Board of Trustees of The Carle Foundation hereby authorizes James C. Leonard, M.D., President & Chief Executive Officer of The Carle Foundation, to execute the Settlement Agreement with the City of Urbana, The Urbana Park District, Cunningham Township and Urbana School District #116 which reflects the terms of the settlement pertaining to the property tax exemption at 810 West Anthony Drive, Urbana, Illinois.

Dated: February 8, 2002



George T. Timmons
Chairman, Board of Trustees

March 8, 2002

Alan I. Marcus
Administrative Law Judge
Illinois Department of Revenue
James R. Thompson Center
100 W. Randolph, Suite 7-900
Chicago, IL 60601-3274

RE: AH #00-PT-0031; DOR #99-10-76 ;
PIN 91-21-05-100-017

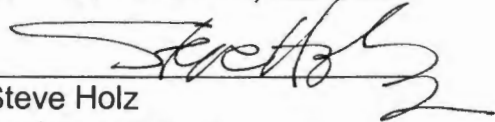
Dear Judge Marcus :

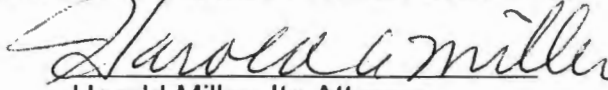
The intervening parties in the above-referenced matter had previously represented to your office that they were engaged in good faith negotiations that were expected to produce a settlement with The Carle Foundation, the Applicant in this matter. A settlement has now, in fact, been reached. Accordingly, each of the intervening parties hereby moves to withdraw their challenge to the exemption request, as indicated by the signatures of their respective attorneys, below.

Thank you for your patience in this matter. We believe that we have arrived at a result that is best for all concerned.

CITY OF URBANA, ILLINOIS

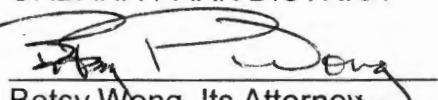
URBANA SCHOOL DISTRICT UNIT #116

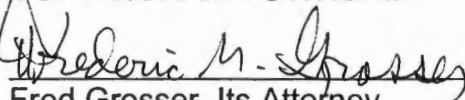

Steve Holz
Assistant City Attorney


Harold Miller, Its Attorney

URBANA PARK DISTRICT

GUNNINGHAM TOWNSHIP


Betsy Wong, Its Attorney


Fred Grosser, Its Attorney

SH/lmp

- Cc: Kent Steinkamp
- L. J. Fallon, Attorney for The Carle Foundation
- Lott Thomas, Attorney for The Carle Foundation
- Bruce Walden
- Mayor Satterthwaite
- Tina Gunsalus
- Gene Amberg
- Robin Hall
- Carol Elliott

Prepared by:
Urbana Legal Division
400 S. Vine
Urbana, IL 61801
(217) 384-2464