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December 18, 2019

**Re: Tax Abatement Agreement**

Mayor Cranley, Vice Mayor Smitherman, and Members of Council:

On behalf of the Board of Education, I write to advise you of several motions approved by the Board of Education at its meeting this morning.

First, the Board reaffirmed its offer of a renewed agreement with the City that would allow the City to continue to offer property tax abatements and incentives provided the School District is reimbursed with 33% payments in lieu of taxes (PILOTs). The Board unanimously passed a motion confirming that this renewed agreement with the City was the Board's first preference.

Second, the Board unanimously passed a motion offering an extension of the existing tax abatement agreement with the City. Such extension would be for thirty (30) days to give the parties an opportunity to continue sharing information about the complex topic of school funding and CPS's financial needs. The extension would require the City to make a prorated, lump sum payment to CPS consistent with the current agreement which requires annual \$5 million payments from the City. For the thirty (30) day extension, the City would be required to pay the School District \$416,667. The Board expressly directed me to offer this extension to the City today – prior to the Council meeting this afternoon.

Finally, if no agreement or extension is reached, the Board unanimously passed a motion calling for the creation of a tax incentive review commission. The commission would be comprised of elected officials and community representatives and would be charged with reviewing requests for abatement on a case-by-case basis and would recommend or oppose applications for incentives with fair reimbursement to the School District.

Respectfully,

Daniel J. Hoying  
General Counsel