

VILLAGE OF MUNDELEIN  
TAX INCREMENT FINANCING DISTRICT #2  
Downtown TIF  
ANNUAL REPORT FOR FISCAL YEAR  
BEGINNING MAY 1, 2006 AND ENDING APRIL 30, 2007

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**Village of Mundelein**

**Tax Increment Financing District  
Downtown TIF  
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**Section 1.** Name of Redevelopment Project Area and Contact Information

Refer to chart attached.



SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area:	Downtown TIF (TIF #2)	
Primary Use of Redevelopment Project Area*:	CBD	
If "Combination/Mixed" List Component Types:		
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):		
Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/> Industrial Jobs Recovery Law		
	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		X
Did TIF advisors or consultants have enter into contracts with entities or persons receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Has the cumulative total of \$100,000 or more been deposited in the fund as set forth in 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2)? If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Has cumulative deposits of incremental tax revenues in the fund \$100,000 or more as set forth in 65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)? If yes, please enclose a Certified audit report reviewing compliance with the Act labeled Attachment L		X

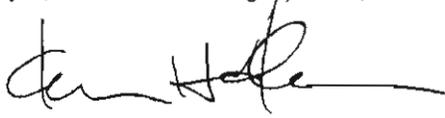
\* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

**Attachment A** Amendments to the Redevelopment Plan, the Redevelopment Project Area Boundary

There were no amendments to the RPA plan or boundaries during the reporting Fiscal Year. The Village designated the TIF in January, 2005 and the enabling ordinances are attached as Exhibit A.

**Attachment B** Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the reporting fiscal year.

I, Kenneth H. Kessler, the duly elected Chief Executive Officer of the Village of Mundelein, County of Lake, State of Illinois, do hereby certify that to the best of my knowledge, the Village of Mundelein complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning May 1, 2006 and ending April 30, 2007.



\_\_\_\_\_  
Village President

10-18-07

\_\_\_\_\_  
Date

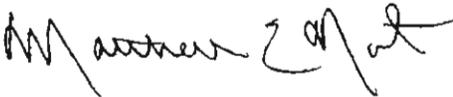
**Attachment C**      Opinion of legal counsel that the municipality has complied with the Act.

**RE: Attorney Review of Village of Mundelein Downtown TIF**

Whom it May Concern:

This will confirm that Holland & Knight LLP is special counsel for the Village of Mundelein, Illinois. I have reviewed all information provided to me by the Village staff and consultants, and I find that the Village has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning May 1, 2006 and ending April 30, 2007, to the best of my knowledge and belief.

Sincerely,



Matthew E. Norton  
Partner  
Holland & Knight LLP

# 4885462\_v1

**Attachment D** Statement setting forth all activities undertaken in furtherance of the objectives of the Redevelopment Plan, including:

- A. Any project implemented during the reporting fiscal year; and
  - B. A description of the redevelopment activities undertaken.
- A. The Village implemented redevelopment activities that included the Cardinal Square residential development (approved in the previous fiscal year) and the Park Station residential development (approved in the reporting fiscal year). Redevelopment agreements for both projects are attached in Exhibit B.

The Cardinal redevelopment provides for construction of up to 541 condominium and townhome residential units in up to nine buildings as part of the project. Village TIF assistance may be utilized for TIF eligible costs up to a total of \$7,000,000. The actual amount is based upon performance criteria related to the build out of the project as set forth in the redevelopment agreement. The Park Station redevelopment agreement provides for the construction of up to 27 townhome units in up to three buildings. TIF assistance is limited to up to \$331,000 for TIF eligible improvements.

Village TIF obligations are “pay as you go”, based upon a certain portion of TIF increment allocated to the projects, and are performance based – the developers only receive payment if certain redevelopment agreement provisions are satisfied and if the incremental property taxes from each development are received by the Village.

- B. The Village continued the following activities: a) review of additional redevelopment proposals located within the Downtown TIF District, b) monitoring of current agreements, and c) review of public improvements as part of the Downtown area redevelopment activities.

**Attachment E** Description of Agreements Regarding Property Disposition or  
Redevelopment

No property was disposed of by the Village in the reporting Fiscal Year. One redevelopment agreement (Park Station) was approved and one amendment to a redevelopment agreement (Cardinal Square ) were approved in the reporting Fiscal Year. The agreements are summarized in Attachment D and attached in Exhibit B.

**Attachment F** Additional Information on Uses of Funds Related to Achieving Objectives of the  
Redevelopment Plan

Funds were applied to redevelopment project costs described in Section 3.2.

**Attachment G** Information Regarding Contracts with TIF Consultants.

A contract was entered into with Kane, McKenna and Associates, Inc. by the Village in the reporting Fiscal Year. Kane, McKenna and Associates did not enter into any contracts with entities receiving payments financed by TIF revenues of the Village of Mundelein Downtown TIF.

**Attachment H**      Reports Submitted by Joint Review Board.

No reports were submitted by the Joint Review Board to the Village in the reporting Fiscal Year. The Board met during the reporting Fiscal Year and received an update from Village staff regarding redevelopment activities. The minutes are attached hereto as part of Exhibit C.

**Attachment I** Summary of any obligations issued by the municipality and official statements

The Cardinal Square redevelopment agreement provides for the issuance of a developer note for an amount up to \$7,000,000 based upon conformance to certain provisions as set forth in the redevelopment agreement.

The Park Station redevelopment agreement provides for the issuance of a developer note for an amount up to \$331,000 subject to conformance with provisions as set forth in the redevelopment agreement.

The form of the notes and a description of each note's payment terms are included in Exhibit B.

**Attachment J** Financial Analysis: TIF Obligations

No new TIF bond obligations were issued by the Village in the reporting Fiscal Year. As part of the Park Station redevelopment agreement a developer note of up to \$331,000 was authorized subject to certain conditions. The Village continues to monitor existing agreements and will apply incremental revenues to the repayment of such debt (assuming that all provisions of the redevelopment agreements are satisfied) upon completion of the project components and generation of tax increment revenues from each respective project. The Village has undertaken analysis of estimated property tax amounts to be generated by each project as part of the review process for each agreement.

All notes are "pay as you go" notes payable to the developers. The Village's obligations are limited to the tax increment actually produced and received. Therefore, an analysis regarding projected debt service, required reserves, and debt coverage is not necessary at this time.

**Attachment K and L**      TIF Audit

For special tax allocation funds that have experienced cumulative deposits of incremental tax revenues of \$100,000 or more, a certified audit report reviewing compliance with the Act performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3.

The TIF audit and the compliance letter are attached as Exhibit D.

**Section 3.1 Analysis of Special Tax Allocation Fund**

Refer to table attached.

**SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**  
 Provide an analysis of the special tax allocation fund.

NOTE: FUND BALANCE RESTATED FROM PREVIOUS YEAR REPORT  
 Fund Balance at Beginning of Reporting Period

Reporting Year	Cumulative
	\$ (147,785)

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	\$ 182,843	\$ 193,160	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 243	\$ 243	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources	\$ -		0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period

\$ 183,086

Cumulative Total Revenues/Cash Receipts

\$ 193,403 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)

\$ 22,638

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 22,638

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS

\$ 160,448

FUND BALANCE, END OF REPORTING PERIOD

\$ 12,663

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

**Section 3.2** Itemized List of Expenditures from Special Tax Allocation Fund

Refer to tables attached.

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))  
 ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND  
 (by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]

	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	
	\$ -
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)	
	\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs.	
	\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public	
	\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	
	\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs	
	\$ -
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7)	
	\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)	

Cardinal Square Tier 1 note payment - TIF cost reimbursements	22,638	
		\$ 22,638
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other		
		\$ -
14. Costs of reimbursing private developers for interest expenses incurred on approved		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households.		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax		
		\$ -

		\$ -
<b>TOTAL ITEMIZED EXPENDITURES</b>		<b>\$ 22,638</b>



**Section 3.3** Special Tax Allocation Fund Balance (end of reporting period).

Refer to table attached.

**SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))**  
**Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period**  
**(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))**

**FUND BALANCE, END OF REPORTING PERIOD** \$ 12,663

	Amount of Original Issuance	Amount Designated
<b>1. Description of Debt Obligations</b>		

**Total Amount Designated for Obligations** \$ - \$ -

<b>2. Description of Project Costs to be Paid</b>		
Redevelopment Incentives/Redevelopment Agreements ( Cardinal Square and Park Station redevelopment agrmnts.)*		\$ 7,331,000
Other TIF eligible projects or costs		\$ 258,960

**Total Amount Designated for Project Costs** \$ 7,589,960

\*maximum principal amounts specified, not including interest  
 actual payouts are subject to the annual project  
 revenues generated and conformance with redevelopment agreements

**TOTAL AMOUNT DESIGNATED** \$ 7,589,960

**SURPLUS\*/(DEFICIT)** \$ (7,577,297)

\* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts

**Section 4.0** A description of all property purchased by the municipality within the Redevelopment Project Area including:

- A. Street Address
- B. Approximate size or description of property
- C. Purchase Price
- D. Seller of property

Refer to table attached.

**SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]**

Provide a description of all property purchased by the municipality during the reporting fiscal year within the

X  No property was acquired by the Municipality Within the Redevelopment Project Area

**Property Acquired by the Municipality Within the Redevelopment Project Area**

Property (1):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

**Section 5.0** Review of Public and Private Investment.

Refer to table attached.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)  
 Please include a brief description of each project.

\_\_\_\_\_ No Projects Were Undertaken by the Municipality Within the Redevelopment Project Area

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
<b>TOTAL:</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ 129,230,000
Public Investment Undertaken	\$ -	\$ -	\$ 7,331,000
Ratio of Private/Public Investment	0		17 27/43
<b>Project 1: Cardinal Square</b>			
provided by developer	to be provided		
Private Investment Undertaken (See Instructions)			\$ 122,000,000
Public Investment Undertaken			\$ 7,000,000
Ratio of Private/Public Investment			17 3/7
<b>Project 2: Park Station</b>			
provided by developer	to be provided		
Private Investment Undertaken (See Instructions)			\$ 7,230,000
Public Investment Undertaken			\$ 331,000
Ratio of Private/Public Investment			21 59/70
<b>Project 3:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 4:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 5:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 6:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 7:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

