

Lehigh-Ferris TIF Redevelopment District

- Fiscal Year 2010 -



For the Fiscal Year Ended December 31, 2010

**ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER JUDY BAAR TOPINKA**

Name of Municipality: Morton Grove
County: Cook
Unit Code: 016/365/32

Reporting Fiscal Year: **2010**
Fiscal Year End: 12 / 31 /2010

TIF Administrator Contact Information

First Name: Joseph
Address: 6101 Capulina Ave
Telephone: 847-965-4100
E-Mail: jwade@mortongroveil.org

Last Name: Wade
Title: Village Administrator
City: Morton Grove Zip: 60053

I attest to the best of my knowledge, this report of the redevelopment project areas in:
City/Village of Morton Grove is complete and accurate at the end of this reporting
 Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.]
 Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

Joseph Wade
Written signature of TIF Administrator

6-22-2011
Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*

FILL OUT ONE FOR EACH TIF DISTRICT

[illegible]

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

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

Name of Redevelopment Project Area: Lehigh / Ferris Redevelopment Area
Primary Use of Redevelopment Project Area*: Mixed Use
If "Combination/Mixed" List Component Types: Commercial / Residential
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 <input type="checkbox"/>

	No	Yes
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 enc	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 the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are 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 or meeting minutes 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	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 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
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M	X	

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.
FY 2010 Section 2 Lehigh - Ferris TIF

Attachment A

**Amendments to the Redevelopment Plan, the
Redevelopment Project and/ or Area Boundary**

**There were no amendments to the Redevelopment Plan or the
Redevelopment Project Area within the reporting Fiscal Year.**

Attachment B

Certification of the Mayor of the municipality that the municipality has complied with all of the requirements of the Act during the reporting Fiscal Year.



Village of Morton Grove

Office of the Mayor
and Board of Trustees

Lehigh-Ferris Tax Increment Financing Redevelopment District

Certificate of Compliance

REPORT PERIOD: January 1, 2010 to December 31, 2010

DATE OF REPORT: June 24, 2011

In accordance with the Tax Increment Allocation Redevelopment Act of the State of Illinois (65 ILCS 5/11-74.4), I am submitting this certified statement as to the following:

I have reviewed the audit performed by Sikich Gardner & Co. LLP on behalf of the Village of Morton Grove as well as public records, proceedings, and documents regarding the Lehigh-Ferris Tax Increment Financing District. Based upon this review, I certify the Village of Morton Grove is in full compliance with the Act.

Sincerely,

Daniel J. Staackmann
Village President

Cc: Village Board of Trustees

R:\TIF Reports\2010 TIF REPORT\2010 Mayors Cert - Lehigh-Ferris TIF.doc

Richard T. Flickinger Municipal Center
6101 Capulina Avenue • Morton Grove, Illinois 60053-2985
Tel: (847) 965-4100 Fax: (847) 965-4162



Recycled Paper

Attachment C

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



Village of Morton Grove

Office of the Corporation Counsel

Telephone 847/663-3003

Fax 847/965-4162

June 24, 2011

The Honorable Daniel J. Staackmann, Mayor
Village of Morton Grove
6101 Capulina Avenue
Morton Grove, IL 60053

RE: Audit of the Financial Statements
Fiscal Year ending December 31, 2010
Lehigh-Ferris Tax Increment Financing Redevelopment District

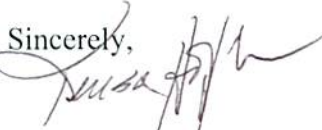
Dear Mayor Staackmann:

OPINION OF CORPORATION COUNSEL

I, Teresa Hoffman Liston, Corporation Counsel for the Village of Morton Grove, Cook County, Illinois, was the Corporation Counsel for the fiscal year beginning January 1, 2010, and ending December 31, 2010, and have reviewed information provided to me by the Village's administration and staff pertaining to the Lehigh-Ferris Tax Increment Financing Redevelopment Project Area.

Based solely upon the information with which I have been provided and without making any independent review or investigation of that information, and relying on the accuracy, authenticity, and genuineness of all of the said information provided, it is my opinion that, as to the matters of which I am aware and have been specifically brought to my attention, the Village of Morton Grove, Cook County, Illinois has complied with the requirements of the Illinois Tax Increment Redevelopment Allocation Act (65 ILCS 5/11-74.4-1 et. seq.).

This opinion relates only to the time period of this report and is based upon the information with which I have been provided by the Village's administration and staff.

Sincerely,


Teresa Hoffman Liston
Corporation Counsel

Cc: Village Board of Trustees

RATIF Reports\2010 TIF REPORT\2010 Legal Opinion - Lehigh-Ferris TIF.doc

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Recycled Paper

Attachment D

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

- Any Project implemented during the reporting Fiscal Year; and
- A description of the redevelopment activities undertaken.

The Essex Corporation will be an independent senior living community consisting of 81 units of housing for independent-living seniors who are 55 years and older. Of the total units, 19 units are reserved for households earning 50% of Area Median Income (AMI) (under \$30,050 in annual income, assuming two-person household maximum) and the remaining 62 units will be priced at market rates. Approved Resolution attached as Exhibit A

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

No properties were sold by the Village in the reporting Year.

The Village approved Essex Corporation to built 81 units of independent senior living community within the TIF area.

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

The Village continue to apply incremental taxes to eligible TIF costs and infrastructure.

The Village Board of Trustees intent to provide certain economic incentives to the developer, including the conveyance of Village owned Property within the proposed development site, the vacation of certain Village rights-of-way, and the financial incentives in the form of reimbursing the developer for TIF eligible expenses payable solely from incremental property taxes generated by the development.

**Attachment G
Consultants.**

Information Regarding Contracts with TIF

No contracts regarding TIF Consultants were entered into by the Village in the reporting Year.

Attachment H

Report Submitted by Joint Review Board.

No reports were submitted by the Joint Review Board. The Board met on July 15, 2010. Minutes of the meeting are attached as Exhibit B.

Attachment I

Summary of any obligations issued by the municipality and official statements.

No new obligations were issued by the Village in the reporting Year.

Attachment J**Financial Analysis: TIF Obligations.**

The Village undertook an ongoing review of existing and proposed TIF obligations throughout the reporting Year. The Village continued to monitor the payment of existing obligations. Outstanding Principal amounts, as well as future interest payments, associated with existing debt are summarized in Section 3.3 below.

Attachment K and L For special tax allocation funds that have experienced cumulated 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.

Relevant portions of the Village's audit and compliance letter are attached as Exhibit C.

Attachment M**Intergovernmental Agreements**

No intergovernmental agreements were entered into by the Village in the reporting Year

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.

Reporting Year	Cumulative
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Fund Balance at Beginning of Reporting Period

\$ 9,532,492

Revenue/Cash Receipts Deposited in Fund During Reporting FY: 2010

			% of Total
Property Tax Increment	\$ 2,968,579	\$ 11,275,272	36%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Grants	\$ -	\$ 40,918	0%
Interest	\$ 81,423	\$ 940,011	3%
Land/Building Sale Proceeds	\$ -	\$ -	0%
Bond Proceeds	\$ -	\$ 16,295,000	53%
Transfers from Municipal Sources			0%
Private Sources		\$ 9,329	0%
Other (identify source <u>Illinois EPA</u> ; if multiple other sources, attach schedule)		\$ 2,344,140	8%

Total Amount Deposited in Special Tax Allocation
Fund During Reporting Period

\$ 3,050,002

Cumulative Total Revenues/Cash Receipts

\$ 30,904,670 100%

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

\$ 8,304,688

Distribution of Surplus

Total Expenditures/Disbursements

\$ 8,304,688

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

\$ (5,254,686)

FUND BALANCE, END OF REPORTING PERIOD

\$ 4,277,806

- 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)		
Professional services	242,819	
Dues & subscriptions	3,393	
Meetings and conferences	313	
		\$ 246,525
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)		
Cook County property taxes	5,739	
Land Acquisition (6410-6418 Chestnut)	1,050,000	
Land Acquisition (8720-8726 Ferris)	625,000	
Demolition cost (6401 and 6420 Chestnut)	129,900	
		\$ 1,810,639
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Water Main Improvement	779,310	
Roadway Improvement	2,202,714	
Parking Lot construction	384,078	
		\$ 3,366,102
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Debt payments	870,035	
Paying agent fees	428	
		\$ 870,463
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 projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
Utility relocation cost	310,958	
		\$ 310,958
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 taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -
14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
Essex Corporation - Homestead of Morton Grove - senior housing	1,700,000	
		\$ 1,700,000
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 8,304,688

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.

There were no vendors, including other municipal funds, paid in excess of \$10,000 during the current reporting period.

[illegible]

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****\$ 4,277,806**

Amount of Original Issuance	Amount Designated
--	--------------------------

1. Description of Debt Obligations

TIF Taxable Note - Northern Trust final payment in 2009	\$ 800,000	\$ -
TIF Taxable Note - LaSalle Bank final payment in 2009	\$ 2,625,000	\$ -
Tax Exempt 2007 G.O. Bond final payment in 2024	\$ 9,200,000	\$ 11,179,800
Taxable 2009B G.O. Note - final payment in 2011	\$ 2,685,000	\$ 2,777,633

Total Amount Designated for Obligations**\$ 15,310,000 \$ 13,957,433****2. Description of Project Costs to be Paid**

** See Attachment D for Summary of anticipated projects currently under design consideration***Total Amount Designated for Project Costs****\$ -****TOTAL AMOUNT DESIGNATED****\$ 13,957,433****SURPLUS*/(DEFICIT)****\$ (9,679,626)***** NOTE:** If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing

Section 4.0

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

1. Street Address
2. Approximate size or description of property
3. Purchase price
4. 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 redevelopment project area.

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

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	Building
Street address:	6410-6418 Chestnut
Approximate size or description of property:	23,992.27 sq. ft. or .55 acres. The structures on the property were demolished and redeveloped as an interim municipal parking lot.
Purchase price:	\$1,050,000.00
Seller of property:	Guy F. Battista

Property (2):	One Story Commercial Building
Street address:	8720-8726 Ferris Avenue
Approximate size or description of property:	12,159 sq. ft one story commercial building
Purchase price:	\$625,000.00
Seller of property:	Gabriel S. Berrafato

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

	Estimated Investment for Subsequent Fiscal Year		Total Estimated to Complete Project
	11/1/99 to Date		
TOTAL:			
Private Investment Undertaken (See Instructions)	\$ 98,413,345	\$ -	\$ 98,413,345
Public Investment Undertaken	\$ 5,000,000	\$ -	\$ 5,000,000
Ratio of Private/Public Investment	19.7		19.7
Project 1:			
The Woodlands			
Private Investment Undertaken (See Instructions)	\$ 98,413,345		\$ 98,413,345
Public Investment Undertaken	\$ 5,000,000		\$ 5,000,000
Ratio of Private/Public Investment	19.7		19.7

* The final payment of \$1,385,778.44 was made in January 2009.

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

SECTION 6

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
1998	\$ 14,743,872	\$ 53,623,055

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

☒ X The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
N/A	N/A		\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Project area includes most commercial properties that front Waukegan Rd from Dempster to Emerson
--

Optional Documents	Enclosed
Legal description of redevelopment project area	X
Map of District	X

EXHIBIT A

Legislative Summary

Resolution 10-65

AUTHORIZING THE NEGOTIATIONS OF AN ECONOMIC INCENTIVE AND TAX INCREMENT ALLOCATION FINANCING DEVELOPMENT AGREEMENT BY AND BETWEEN THE VILLAGE OF MORTON GROVE, ILLINOIS AND ESSEX CORPORATION

Introduced:	August 30, 2010
Synopsis:	This resolution will authorize the Economic Development Incentive Agreements and Tax Increment Allocation Financing Development Agreement between the Village and Essex Corporation for a senior housing development.
Purpose:	The Village is committed to clearing blighted areas to promote the health, safety, and welfare of the Village and its residents. It also wishes to encourage further private investment and development within the Lehigh/Ferris TIF, enhance the Village's tax base, increase employment opportunities, and enhance future tax revenues for those overlying taxing bodies who levy against such property. The attached agreements are necessary to attract the desired investment to a site burdened by high redevelopment costs.
Background:	In an effort to promote economic growth, the Village proposes to provide incentives to Essex Corporation concerning certain parcels of land within the Lehigh/Ferris TIF District, generally located in the vicinity of Old Lincoln Avenue and Lehigh Avenue. Essex Corporation, the Developer has represented to the Village, without a financial contribution, the development is not economically feasible and they could not undertake this development. The Developer has made a formal application for economic incentives and tax increment allocation financing. This resolution confirms the Board of Trustees intent to provide certain economic incentives to the developer, including the conveyance of Village owned property within the proposed development site, the vacation of certain Village rights-of-way, and financial incentives in the form of reimbursing the developer for TIF eligible expenses payable solely from incremental property taxes generated by the development. By adopting this resolution the Board shall authorize staff to finalize negotiations with the Developer; however, any final agreement will be subject to Board approval.
Programs, Depts or Groups Affected:	Community and Economic Development, Legal, and Finance Departments
Fiscal Impact:	The development is expected to generate increased property taxes which shall be used in part to reimburse the Developer for eligible expenses. The Village's General Fund will not be impacted by this agreement.
Source of Funds:	Incremental property taxes generated by the development.
Workload Impact:	This Agreement will be implemented as part of the Community and Economic Development and Finance Departments' normal operations.
Admin Recomend:	Approval as presented.
Second Reading:	Not Required
Special Consider or Requirements:	Approval of the Economic Incentive Agreement does not constitute a waiver of the Developer's requirement to obtain all necessary permits and zoning approvals for the development.

Respectfully submitted: Joseph F. Wade
Joseph F. Wade, Village Administrator

Prepared by: Teresa Hoffman Eiston
Teresa Hoffman Eiston, Corporation Counsel

Reviewed by: John D. Said
John D. Said, Community and Economic Development Director

RESOLUTION 10-65

AUTHORIZING THE NEGOTIATIONS OF AN ECONOMIC INCENTIVE AND TAX INCREMENT ALLOCATION FINANCING DEVELOPMENT AGREEMENT BY AND BETWEEN THE VILLAGE OF MORTON GROVE, ILLINOIS AND ESSEX CORPORATION

WHEREAS, the Village of Morton Grove (Village), located in Cook County, Illinois, is a home rule unit of government under the provisions of Article 7 of the 1970 Constitution of the State of Illinois, can exercise any power and perform any function pertaining to its government affairs, including but not limited to the power to tax and incur debt; and

WHEREAS, the Village has the authority pursuant to the laws of the State of Illinois to promote the health, safety, and welfare of the Village and its residents, to prevent the spread of blight, to encourage private development in order to enhance the local tax base, to increase employment, and to enter into contractual agreements with developers and redevelopers for the purpose of achieving such objectives; and

WHEREAS, the Village is authorized under the provisions of Article VII, Section 10 of the State of Illinois Constitution, 1970, to contract and otherwise associate with individuals, associations, and corporations in any manner not prohibited by law; and

WHEREAS, the Village is authorized under the provisions of Article VIII of the State of Illinois Constitution, 1970, to use public funds for public purposes; and

WHEREAS, The Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, as amended, 65 ILCS 5/11-74.4-1 *et seq.* ("Act"), to finance redevelopment projects in accordance with and pursuant to the Act; and

WHEREAS, On January 24, 2000, the Village, pursuant to and in accordance with the Act, adopted (i) Ordinance No. 00-01 approving a Tax Increment Redevelopment Plan and a Tax Increment Redevelopment Project, (ii) Ordinance No. 00-02 designating a Tax Increment Redevelopment Project Area, and (iii) Ordinance No. 00-03 adopting Tax Increment Allocation Financing (collectively, "*TIF Ordinances*"), which established the Lehigh Ferris Tax Increment Finance Redevelopment Project Area ("*TIF District*"); and

WHEREAS, Essex Corporation, [REDACTED] Corporation located at 11606 Nicholas Street, Suite 100, Omaha, Nebraska 68154 (hereinafter the "**Developer**") is the lessee of a 99 year land lease of certain parcels of land, property approximately 63,540 square feet in the Lehigh Ferris TIF, generally located at Old Lincoln Avenue and Lehigh Avenue, commonly known as 6408-6422 Lincoln

Avenue, 8551 Lincoln Avenue, and 8605-8617 Lincoln Avenue respectively, which parcels are legally described in Exhibit A ("*Developer Property*"); and

WHEREAS, the Village is the owner of certain real estate commonly known as 6406 Lincoln Avenue, legally described in Exhibit G ("*Village Property*"). The Village proposes to convey the Village Property to the Developer on terms set forth hereinafter. The Developer Property and Village Property are hereinafter collectively referred to as the Property; and

WHEREAS, the Developer proposes to develop, operate and maintain the Property with a four-story senior living development project ("*the Development*"); and

WHEREAS, the Developer has represented to the Village, without the financial contribution from the Village provided for herein, the Development is not economically feasible and the Developer would not undertake the Development. The Developer has asked for economic assistance from the Village as set forth in Exhibit A.

WHEREAS, the Development on the Property is an important project to meet the overall objectives of the Lehigh Ferris TIF, thereby implementing and bringing to completion a significant portion of the TIF Plan and Project; and

WHEREAS, the Village desires to have the Property developed to clear the blighted factors and characteristics of the Lehigh/Ferris TIF, to promote the health, safety, and welfare of the Village and its residents, to prevent the spread of those blighting conditions and characteristics in the Lehigh/Ferris TIF, encourage further private investment and development, enhance the Village's tax base, increase employment opportunities for Village residents and enhance the future tax revenues for those overlying taxing bodies who levy against the property and within the Lehigh/Ferris TIF District, and for those reasons believe it is in the best interest of the Village to enter into an Economic Incentive and Tax Increment Allocation Financing Development Agreement with the Developer consistent with the terms set forth in Exhibit B; and

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MORTON GROVE, COOK COUNTY, ILLINOIS AS FOLLOWS:

SECTION 1: The Corporate Authorities do hereby incorporate the foregoing WHEREAS clauses into this Resolution as though fully set forth therein making the findings as hereinabove set forth.

SECTION 2: The Village Administrator, Corporation Counsel, and the Director of Community and Economic Development are authorized to negotiate an Economic Incentive and Tax Increment

Allocation Financing Development Agreement with Essex Corporation substantially in the form attached hereto as Exhibit B provided any final agreement shall be subject to approval by the Village Board.

SECTION 3: This Resolution shall be in full force and effect upon its passage and approval.

PASSED THIS 30th DAY OF AUGUST 2010

Trustee DiMaria

Aye

Trustee Gomberg

Aye

Trustee Gear

Aye

Trustee Marcus

Aye

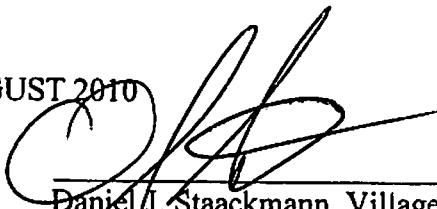
Trustee Thill

Aye

Trustee Toth

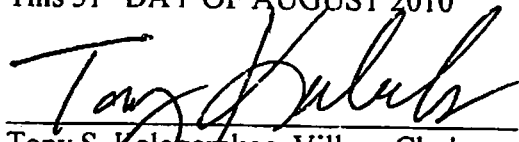
Aye

APPROVED BY ME THIS 30th DAY OF AUGUST 2010



Daniel J. Staackmann, Village President
Village of Morton Grove
Cook County, Illinois

ATTESTED and FILED in my office
This 31st DAY OF AUGUST 2010



Tony S. Kalogerakos, Village Clerk
Village of Morton Grove
Cook County, Illinois

EXHIBIT B

**MINUTES OF THE LEHIGH/FERRIS JOINT REVIEW BOARD MEETING
RICHARD T. FLICKINGER MUNICIPAL CENTER
6101 CAPULINA AVENUE
MORTON GROVE, ILLINOIS 60053
JULY 15, 2010**

1. Call to Order. Pursuant to proper notice in accordance with the Open Meetings Act, the Lehigh/Ferris Joint Review Board meeting was called to order at 10:38 am by Village Clerk Tony S. Kalogerakos. In attendance were:

Village Trustee Shel Marcus	Village Trustee Larry Gomberg
Village Trustee John Thill	Village Administrator Joseph F. Wade
Resident Chris Arns	Finance Director/Treasurer Ryan Horne
Comm and Econ Develop Dir John D. Said	Gary Zabilka, School District 70
Resident Eric Poders	Brian Sullivan, Morton Grove Park District
Donald J. Gelfund, Niles Township	John Benstead Community Representative
Nick Katz, Pioneer Press	David Levin, Morton Grove Public Library
Sheryl Stewart Caldwell, Cook County	Jamie Reilly, Golf School District 67
	Martin McConahay, Golf School District 67

2. Confirmation of public member. Mr. Wade confirmed the public member was Mr. John Benstead who was present for this proceeding. He also stated this meeting's primary purpose was to provide information to other taxing districts concerning the TIF's financial position, as well as the activities over the past year as stated in the annual report presented to the members. Mr. Wade stated at the end of today's report, the Village will entertain any questions members may have and answer them to the best of the Village's ability.
3. Election of the day's chairperson. Mr. Wade then asked for the election of a chairperson for this meeting. After a brief discussion, Gary Zabilka was appointed chairperson by a unanimous general voice vote.
4. Approval of minutes. Mr. Wade then asked for the approval of the minutes from June 25, 2009. A motion was made by Brian Sullivan and seconded by Ryan Horne. The motion was unanimously approved by general voice vote.
5. Financial report of activities for calendar year ending December 31, 2009.
 - a. Mr. John D. Said, Director of Community and Economic Director presented his report on financial activities for the calendar year ending December 31, 2009. He explained this is a different type of district in the amount of activity and recent development trends, and how it is reflected in some of the incremental revenues. The Lehigh/Ferris TIF District was established in 2000. He stated the typical life of a TIF District is 23 years in Illinois which will bring this TIF to a conclusion in 2023. Mr. Said noted this is a more active TIF District. There is some focus around the commuter rail station, and the Village has been actively engaged in property acquisition and general improvement projects. The district's size is larger resulting in a higher amount of property taxes received. The increment is approximately \$2.7 million. There have been amendments to the TIF which include establishing a framework plan to identify trends and work as a

guide for future development in the community. The second action/ament impacted the approval of changes to Trafalgar Square (east of the Woodlands).

- b. Mr. Horne reviewed and guided the attendees through the financial report. He reported at the beginning of the year there was a fund balance of \$8.7 million. Grants have been received for walkway improvements. Bonds were also refinanced. The ending fund balance for the year is at \$9.5 million. The audit report fund balance has therefore increased by \$1.2 million. A general obligation bond is also being paid out of TIF funds.
6. Summary of redevelopment activities for 2009. Mr. Said stated there are redevelopment opportunities for a number of areas within the TIF including Site "B" and Site "J". Not a lot can be discussed concerning these parcels since redevelopment discussions are currently taking place.
7. Mayor's certification and legal counsel's opinion. It was noted those documents have been prepared and will be appropriately filed.
8. Other Business. There was no additional business to discuss at this meeting. Mr. Wade then asked for questions.
 - Mr. Poders inquired about the difference between the two school districts. He was concerned about why one was struggling and the other was not. Mr. Horne stated the Village has revenue sharing agreements with both districts. There are annual reimbursements to the schools which should help. Mr. Wade stated the Village's consultant recommended three things to draw out the boundaries which were ripe for redevelopment. In Waukegan Road it was the hotel area. Second point Kane McKenna recommended was to pay the debt down as soon as possible. There was quite a lot of debt with Waukegan Road. Third, provide a system to make whole payments to the Districts. From the start of each TIF this has been done. Patience, considering the economy, and if we can get redevelopment going then there will be a stronger equalized assessed valuation. Mr. Zabilka was happy a redevelopment agreement was in effect to help the district. Trustee Marcus stated the Village Board is committed to the community, the schools, and the public at large.
9. Adjournment. There being no further business to come before this Board, a motion was made to adjourn the meeting at 11:10 am by _____. The motion was seconded by _____ and was unanimously approved by general voice vote.

Respectfully submitted,

Minutes prepared by Executive Secretary Susan Lattanzi

The minutes were approved by the Board at a meeting held on _____, 2011.

EXHIBIT C



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANT'S ON COMPLIANCE

The Honorable President
Members of the Board of Trustees
Village of Morton Grove, Illinois

We have examined management's assertion that the Village of Morton Grove, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2010 for the Waukegan Road and the Lehigh/Ferris Tax Increment Financing Funds. As discussed in that representation letter, management is responsible for the Village of Morton Grove, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village of Morton Grove, Illinois' compliance based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Morton Grove, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Morton Grove, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the Village of Morton Grove, Illinois, complied with the aforementioned requirements for the year ended December 31, 2010, is fairly stated in all material respects.

This report is intended solely for the information and use of the Village Board, management, the joint review board, the Illinois State Comptroller, and the Illinois Department of Revenue and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Schul LP'.

Aurora, Illinois
June 15, 2011

VILLAGE OF MORTON GROVE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2010

	General	Lehigh/Ferris TIF	Waukegan Road TIF	Debt Service	Capital Projects	Nonmajor	Total
ASSETS							
Cash and cash equivalents	\$ 2,406,592	\$ 2,538,195	\$ 395,732	\$ -	\$ 588,061	\$ 519,963	\$ 6,448,543
Investments	-	72,747	-	167,082	5,028,059	93,774	5,361,662
Receivables							
Property taxes	9,457,603	409,490	74,011	1,368,127	112,775	-	11,422,006
Sales tax	1,312,768	-	-	110,000	31,250	78,000	1,532,018
State income tax	640,778	-	-	-	-	-	640,778
Accrued interest	-	-	-	-	23,234	-	23,234
Accounts and allotments	837,903	-	-	-	1,055,876	104,259	1,998,038
Intergovernmental	-	-	-	-	219,137	-	219,137
Due from other governments	175,777	-	-	-	-	-	175,777
Due from other funds	347,655	-	-	-	-	-	347,655
Loan to developer	-	1,700,000	-	-	-	-	1,700,000
Advances to other funds	1,548,930	-	-	-	-	-	1,548,930
IRMA excess surplus reserve	440,066	-	-	-	-	-	440,066
IPBC terminal reserve	20,820	-	-	-	-	-	20,820
Prepaid items	77	-	-	-	-	-	77
Land held for resale	-	7,988,315	-	-	-	-	7,988,315
TOTAL ASSETS	\$ 17,188,969	\$ 12,708,747	\$ 469,743	\$ 1,645,209	\$ 7,058,392	\$ 795,996	\$ 39,867,056
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and retainage payable	\$ 247,644	\$ 208,166	\$ -	\$ -	\$ 147,027	\$ 60,996	\$ 663,833
Accrued salaries and wages	407,501	-	-	-	-	-	407,501
Other payables	15,491	-	-	-	-	-	15,491
Unearned property tax revenue	8,590,297	-	-	1,244,260	102,485	-	9,937,042
Deferred revenue	-	-	-	-	325,362	-	325,362
Deposits - refundable	332,010	-	-	-	-	-	332,010
Other unearned revenue	84,837	-	-	-	-	-	84,837
Due to other funds	-	-	-	167,971	-	-	167,971
Due to fiduciary funds	30,422	-	-	-	-	-	30,422
Advances from other funds	-	-	1,548,930	-	-	-	1,548,930
Total liabilities	9,708,202	208,166	1,548,930	1,412,231	574,874	60,996	13,513,399
FUND BALANCES							
Reserved for public safety	-	-	-	-	-	191,843	191,843
Reserved for loan to developer	-	1,700,000	-	-	-	-	1,700,000
Reserved for land held for resale	-	7,988,315	-	-	-	-	7,988,315
Reserved for community development	-	2,812,266	-	-	-	170,910	2,983,176
Reserved for capital projects	-	-	-	-	6,483,518	-	6,483,518
Reserved for highways and streets	-	-	-	-	-	204,343	204,343
Reserved for debt service	-	-	-	232,978	-	-	232,978
Reserved for prepaid items	77	-	-	-	-	-	77
Reserved for advances	1,548,930	-	-	-	-	-	1,548,930
Unreserved - undesignated							
Undesignated - General Fund	5,931,760	-	-	-	-	-	5,931,760
Undesignated - Special Revenue Funds	-	-	(1,079,187)	-	-	167,904	(911,283)
Total fund balances	7,480,767	12,500,581	(1,079,187)	232,978	6,483,518	735,000	26,353,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,188,969	\$ 12,708,747	\$ 469,743	\$ 1,645,209	\$ 7,058,392	\$ 795,996	\$ 39,867,056

See accompanying notes to financial statements.

VILLAGE OF MORTON GROVE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

	General	Lehigh/Ferris TIF	Waukegan Road TIF	Debt Service	Capital Projects	Nonmajor	Total
REVENUES							
Taxes	\$ 18,375,441	\$ 2,968,579	\$ 690,787	\$ 1,459,139	\$ 436,069	\$ 312,000	\$ 24,242,015
Licenses and permits	1,569,517	-	-	-	-	-	1,569,517
Intergovernmental	350,592	-	-	57,807	216,450	570,069	1,194,918
Surcharges	-	-	-	-	-	246,812	246,812
Charges for services	883,934	-	-	-	-	130,598	1,014,532
Fines	561,349	-	-	-	-	-	561,349
Investment income	6,902	81,423	627	4,267	18,777	2,994	114,990
Cable TV franchise fees	260,205	-	-	-	-	-	260,205
Miscellaneous	327,606	2,000	-	-	871,702	111,855	1,313,163
Total revenues	22,335,546	3,052,002	691,414	1,521,213	1,542,998	1,374,328	30,517,501
EXPENDITURES							
Current							
General government	2,891,777	-	-	50,000	-	-	2,941,777
Public safety	15,647,756	-	-	-	-	251,898	15,899,654
Streets and sidewalks	2,103,237	-	-	-	-	651,042	2,754,279
Sanitation	74,942	-	-	-	-	-	74,942
Vehicle maintenance	720,434	-	-	-	-	-	720,434
Health and human services	395,984	-	-	-	-	-	395,984
Community development	118,872	86,247	5,038	-	-	347,035	557,192
Building and inspectional services	514,832	-	-	-	-	-	514,832
Debt service							
Principal retirement	-	425,000	548,756	1,461,143	-	-	2,434,899
Interest and fiscal charges	3,280	445,463	241,302	331,992	59,735	-	1,081,772
Capital outlay							
Capital projects	-	3,843,078	-	-	837,341	-	4,680,419
Total expenditures	22,471,114	4,799,788	795,096	1,843,135	897,076	1,249,975	32,056,184
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(135,568)	(1,747,786)	(103,682)	(321,922)	645,922	124,353	(1,538,683)
OTHER FINANCING SOURCES (USES)							
General obligation bonds issued, at par	250,000	-	-	-	5,336,000	-	5,586,000
Premium (discount) on bonds issued	5,482	-	-	-	(8,853)	-	(3,371)
Proceeds from sale of capital assets	33,867	-	-	-	-	-	33,867
Transfers in	-	-	-	62,630	-	-	62,630
Transfers (out)	(62,630)	-	-	-	-	-	(62,630)
Total other financing sources (uses)	226,719	-	-	62,630	5,327,147	-	5,616,496
NET CHANGE IN FUND BALANCES	91,151	(1,747,786)	(103,682)	(259,292)	5,973,069	124,353	4,077,813
FUND BALANCES (DEFICIT), JANUARY 1	7,389,616	14,248,367	(975,505)	492,270	510,449	610,647	22,275,844
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 7,480,767	\$ 12,500,581	\$ (1,079,187)	\$ 232,978	\$ 6,483,518	\$ 735,000	\$ 26,353,657

See accompanying notes to financial statements.

VILLAGE OF MORTON GROVE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LEHIGH/FERRIS TAX INCREMENT FINANCING FUND

For the Year Ended December 31, 2010
(with prior year actual for 2009)

	2010		2009
	Original and Final Budget	Actual	Actual
REVENUES			
Property taxes	\$ 2,300,000	\$ 2,968,579	\$ 2,760,550
Intergovernmental	-	-	20,154
Investment income	180,000	81,423	285,596
Miscellaneous	-	2,000	2,000
Total revenues	2,480,000	3,052,002	3,068,300
EXPENDITURES			
Current			
Community development			
Commodities	925	1,171	519
Contractual services	104,700	85,076	30,382
Debt service			
Principal retirement	425,000	425,000	3,530,000
Interest and fiscal charges	519,013	445,463	614,476
Capital outlay	8,462,000	3,843,078	360,921
Total expenditures	9,511,638	4,799,788	4,536,298
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,031,638)	(1,747,786)	(1,467,998)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding installment note	-	-	2,685,000
Proceeds from sale of capital assets	2,000,000	-	-
Total other financing sources (uses)	2,000,000	-	2,685,000
NET CHANGE IN FUND BALANCE	<u>\$ (5,031,638)</u>	(1,747,786)	1,217,002
FUND BALANCE, JANUARY 1		14,248,367	13,031,365
FUND BALANCE, DECEMBER 31		<u>\$ 12,500,581</u>	<u>\$ 14,248,367</u>

(See independent auditor's report.)