

STATE OF ILLINOIS
COMPTROLLER
JUDY BAAR TOPINKA

Name of Municipality:	<u>MORTON GROVE</u>	Reporting Fiscal Year:	2012
County:	<u>COOK</u>	Fiscal Year End:	12/31/2012
Unit Code:	016/365/32		

TIF Administrator Contact Information

First Name:	RYAN	Last Name:	HORNE
Address:	6101 CAPULINA AVENUE	Title:	VILLAGE ADMINISTRATOR
Telephone:	847-965-4100	City:	MORTON GROVE
E-Mail:	rhorne@mortongroveil.org	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.]

Written signature of TIF Administrator

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:
Primary Use of Redevelopment Project Area*:
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 <u>X</u> 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 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.

SECTION 3.1

Analysis of special tax allocation funds (refer to the attached table[s]).

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

\$ 2,396,391

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	\$ 2,282,139	\$ 19,043,548	49%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Grants		\$ 40,918	0%
Interest	\$ 1,627	\$ 1,024,961	3%
Land/Building Sale Proceeds		\$ -	0%
Bond Proceeds		\$ 16,295,000	42%
Transfers from Municipal Sources			0%
Private Sources		\$ 9,329	0%
Other (identify source _Illinois EPA_ ; if multiple other sources, attach schedule) PROPERTY TAX OVERPYMNT 6410 CHESTNUT & 8533 CALLIE	\$ 29,377	\$ 2,373,517	6%

Total Amount Deposited in Special Tax Allocation
Fund During Reporting Period

\$ 2,313,143

Cumulative Total Revenues/Cash Receipts

\$ 38,787,273 100%

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

\$ 717,627

Distribution of Surplus

Total Expenditures/Disbursements

\$ 717,627

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

\$ 1,595,516

FUND BALANCE, END OF REPORTING PERIOD

\$ 3,991,907

- 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 funds. (refer to the attached table[s]).

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 service	2,302	
Dues and subscriptions	-	
Meeting and conferences	582	
		\$ 2,884
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)		
8720-8726 Ferris Demolition	29,000	
		\$ 29,000
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)		
Roadway Improvement	65,352	
		\$ 65,352
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 on Notes to improve Development Sites A&B	587,000	
Paying agent fees	428	
		\$ 587,428
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		
Homestead of Morton Grove ORD 10-19	32,962	
		\$ 32,962
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 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		\$ -
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		\$ 717,627

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 balances (end of reporting period). (Refer to the attached table[s]).

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****\$ 3,991,907**

Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

TIF Taxable Note - Northern Trust final payment 2009	\$ 800,000	\$ -
TIF Taxable Note - La Salle Bank final payment 2009	\$ 2,625,000	\$ -
Taxable 2009B G.O. Note - Park Ridge Bank final payment 2011	\$ 2,685,000	\$ -
Tax Exempt 2007 G.O. Bond final payment in 2024	\$ 9,200,000	\$ 9,813,000

Total Amount Designated for Obligations**\$ 15,310,000 \$ 9,813,000****2. Description of Project Costs to be Paid**

Total Amount Designated for Project Costs**\$ -****TOTAL AMOUNT DESIGNATED****\$ 9,813,000****SURPLUS*/(DEFICIT)****\$ (5,821,093)**

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts (See instructions and statutes)

SECTION 4.0

A description of all property purchased by the municipality within the redevelopment project areas including:

1. Street address
2. Approximate size or description of property
3. Purchase price
4. Seller of property

(refer to the attached table[s]).

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:	
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 investments. (refer to the attached table[s]).

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	\$ 38,612,665

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:

--

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

ATTACHMENT "A"

Amendments to the redevelopment plans, the redevelopment projects and/or area boundaries

There were no amendments to the Redevelopment Plans or the Redevelopment Project Areas within the reporting Fiscal Year.

ATTACHMENT “B”

Mayor Certification of the municipality.

The municipality has complied with all of the requirements of the Act during the reporting Fiscal Year.



Village of Morton Grove

Finance Department
Direct Fax 847/663-3028

Lehigh-Ferris Tax Increment Financing Redevelopment District Certificate of Compliance

REPORT PERIOD: January 1, 2012 to December 31, 2012

DATE OF REPORT: September 23, 2013

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 DiMaria
Village President

Cc: Village Board of Trustees

RATIF Reports\2012 TIF REPORT\2012 Mayors Cert - Lehigh-Ferris TIF.docx

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



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ATTACHMENT “C”

Opinion of legal counsel.

The municipality has complied with the Act.



Village of Morton Grove

Finance Department
Direct Fax 847/663-3028

September 23, 2013

The Honorable Daniel DiMaria, Mayor
Village of Morton Grove
6101 Capulina Avenue
Morton Grove, IL 60053

**RE: Audit of the Financial Statements
Fiscal Year ending December 31, 2012
Lehigh-Ferris Tax Increment Financing Redevelopment District**

Dear Mayor DiMaria:

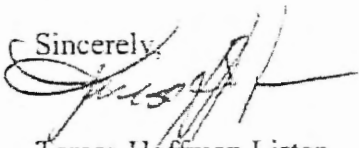
OPINION OF CORPORATION COUNSEL

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, 2012, and ending December 31, 2012, 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

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Richard T. Flickinger Municipal Center

6101 Capulina Avenue • Morton Grove, Illinois 60053-2985

Tel: (847) 965-4100

Fax: (847) 965-4162



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ATTACHMENT "D"

Statement setting forth all activities undertaken in the furtherance of the objectives of the Redevelopment Plans, 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

No additional project was implemented or redevelopment activities were entered into by the Village in the reporting period.

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 Recommend: 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 A. Wade
Joseph A. Wade, Village Administrator

Prepared by: Teresa Hoffmann Liston
Teresa Hoffmann Liston, 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, a _____ 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

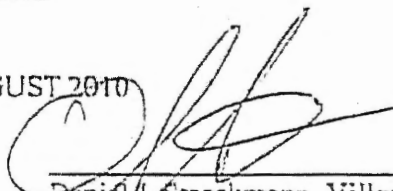
Allocation Financing Development Agreement with Essex Corporation substantially in the form attached hereto as Exhibit "B", provided any final agreement shall be subject to approval by the Village Board.

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

PASSED THIS 30th DAY OF AUGUST 2010

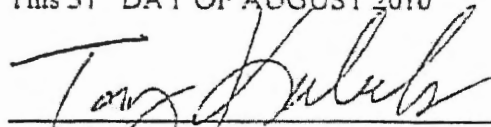
Trustee DiMaria	<u>Aye</u>
Trustee Gomberg	<u>Aye</u>
Trustee Gear	<u>Aye</u>
Trustee Marcus	<u>Aye</u>
Trustee Thill	<u>Aye</u>
Trustee Toth	<u>Aye</u>

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

Legislative Summary

Ordinance 10-19

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

Introduced: October 25, 2010

Synopsis: This resolution will approve a Tax Increment Allocation Financing Development Agreement between the Village and Homestead of Morton Grove, LLC for a senior housing development.

Purpose: The Redevelopment Agreement will fulfill some of the essential goals of the Lehigh/Ferris TIF District including the redevelopment of a particularly difficult site within the District, the creation of senior housing as well as affordable senior housing within the TIF District, and to redevelop unsightly and obsolete buildings within the Lehigh/Ferris TIF District.

Background: The Lehigh/Ferris TIF District was created in 2000. Some of the goals of the TIF District were to redevelop the area by replacing blighted and obsolete buildings, create senior housing opportunities, and to create affordable housing opportunities. Essex Corporation has entered into a 99-year lease for property commonly known as 6408-6422 Lincoln Avenue, 8551 Lincoln Avenue, and 8605-8617 Lincoln Avenue and has formed a corporation known as Homestead of Morton Grove, LLC (the "Developer") to construct and operate a senior independent living facility on this property. The Developer proposes to develop this property, and an approximate quarter acre parcel of land owned by the Village by building a five-story senior housing facility which would include 82 rental units, 18 of which would be affordable to household incomes of less than \$30,000 per year. The Developer has made an application for Tax Increment Financing Assistance, and has stated that without assistance from the Village, the Development was not economically feasible. The TIF application was reviewed by Village staff with the assistance of special counsel and TIF consultants. On or about August 30, 2010, the Village Board adopted Resolution 10-65 which authorized staff to negotiate an Economic Incentive and Tax Increment Allocation Financing Development Agreement. On or about September 13, 2010, the Corporate Authorities adopted Resolution 10-67 which authorized the execution of a term sheet for this Redevelopment Agreement. The Redevelopment Agreement to be approved pursuant to this Ordinance is consistent with that term sheet, as further negotiated with input from the Illinois Housing Development Authority (IDHA). Under the terms of this Redevelopment Agreement, the Village will lend the developer up to \$1.7 million to be repaid upon sale or refinancing of the project, (such amount may be reduced depending on certain true-up factors), will provide the developer \$1.1 million in reimbursement of property taxes generated by the development during the life of the Lehigh/Ferris TIF District, and will convey ¼ acre parcel of Village owned property to the owner of the development site. The Village's investment in this project will bring significant public benefits including:

1. Approximately two hundred fifteen thousand dollars (\$215,000) per year in annual taxes;
2. A fifty (50) plus year old unsightly industrial area will be replaced with a new and more aesthetic building with attractive landscaping;
3. The Development will provide a needed service to existing Morton Grove seniors which includes market rate senior rental homes at a price within the budget of many Morton Grove seniors;
4. Twenty-two percent (22%) of the units will be set aside for seniors with annual income of thirty thousand dollars (\$30,000) or less;
5. The Development will create an estimated eighty (80) temporary construction jobs;
6. The Development will create two direct permanent jobs;
7. The Development will create sixty one point two (61.2) indirect or spin-off jobs (60 from construction and 1.2 from permanent staffing).

Depts Affected: Community and Economic Development, Legal, and Finance Departments

Fiscal Impact: The Village's contribution to this project will come from incremental property taxes generated by the Development and from other properties in the TIF District. The Village's General Fund will not be impacted by this Agreement.

Source of Funds: Incremental property taxes generated by the development and other properties in the TIF District.

Workload Impact: The Redevelopment Agreement will be implemented by staff as part of their normal duties.

Admin Recommend: Approval as presented.

Second Reading: Staff is respectfully requesting a waiver of the second reading for this ordinance so a submittal to the IDHA can be achieved on October 26, 2010.

Special Consider or Requirements: Approval of the Redevelopment 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 Liston
Teresa Hoffman Liston, Corporation Counsel

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

ORDINANCE 10-19
AUTHORIZING AN ECONOMIC INCENTIVE
AND TAX INCREMENT ALLOCATION FINANCING DEVELOPMENT AGREEMENT
BY AND BETWEEN THE VILLAGE OF MORTON GROVE AND HOMESTEAD OF
MORTON GROVE, LLC

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 has entered into a 99-year land lease for property commonly known as 6406 through 8617 Lincoln Avenue, generally located at Old Lincoln Avenue and Lehigh Avenue, a site approximately 63,540 square feet in the Lehigh Ferris TIF ("*Developer Property*") and has formed a corporation known as Homestead of Morton Grove, LLC (the "*Developer*") to construct and operate a senior independent living facility on this property; and

WHEREAS, the Village is the owner of certain real estate commonly known as 6406 Lincoln Avenue ("*Village Property*"). The Developer's Property and the Village's Property are hereinafter collectively referred to as "*the Property*"; and

WHEREAS, the Developer has proposed to develop, operate and maintain the Property as a five-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.

WHEREAS, the Developer has submitted a proposal to the Village for an Economic Incentive and Tax Increment Allocation Financing Development Agreement, also known as "*the Redevelopment Agreement*", or "*the RDA*"; and

WHEREAS, the proposal has been reviewed by the Village staff, as well as S.B. Friedman and Company and Paul Keller of the law firm of Ancel, Glink, Diamond, Bush, DeCianni and Krafthefer, P.C., and as a result, the parties have negotiated a Redevelopment Agreement; and

WHEREAS, pursuant to the terms of the Redevelopment Agreement, the Village will initially lease its property to the Developer or its designee, until such time as the construction of the Development has been complete, and the building is operational and substantially leased out; and

WHEREAS, the Village will loan the Developer no more than one million seven hundred thousand dollars (\$1,700,000), to be repaid upon sale or refinancing of the development and such loan amount may be reduced depending on certain true-up factors, and the Village will reimburse the Developer for up to one million one hundred thousand dollars (\$1,100,000) of new tax increment real estate taxes generated by the Development during the life the Lehigh/Ferris TIF District. In return, the Developer will agree to build a not-to-exceed five-story senior living facility pursuant to plans approved by the Building Commissioner, and to operate the facility as market rate housing for approximately 64 units and affordable housing for approximately 18 units; and

WHEREAS, the Village will benefit from the RDA with the following public benefits:

1. Approximately two hundred fifteen thousand dollars (\$215,000) per year in annual taxes;
2. A fifty (50) plus year old unsightly automotive and industrial area will be replaced with a new more aesthetic building with improved landscaping;
3. The Development will provide a needed service to existing Morton Grove seniors which includes market rate senior rental homes at a price within the budget of many Morton Grove seniors;

4. Twenty-two percent (22%) of the units will be set aside for seniors with annual income of thirty thousand dollars (\$30,000) or less;
5. The Development will create an estimated eighty (80) temporary construction jobs;
6. The Development will create two (2) direct permanent jobs;
7. The Development will create sixty-one point two (61.2) indirect or spin-off jobs (60 from construction and 1.2 from permanent staffing;

WHEREAS, the Village has complied with all notice procedures with respect to entering into this Redevelopment Agreement; and

WHEREAS, pursuant to Resolution 10-67 adopted by the Village Board on September 13, 2010, and pursuant to 65 ILCS 5/11-74.4-4 (c) the Village made public disclosure of its intent to accept the proposal of the Developer to acquire the Village property on terms set forth in the Redevelopment Agreement, and of the intention of the Village to convey the Village's property to the Developer on those terms. Resolution 10-67 allowed persons to submit alternative bids in writing to the Village Administrator. To date, no such alternative proposals have been received by the Village Administrator; and

WHEREAS, the Development of the property is an important project which meets the overall objectives of the Lehigh/Ferris Tax Increment Financing District, thereby implementing and bringing to completion a significant portion of the Tax Increment Financing 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.

NOW, THEREFORE, BE IT ORDAINED 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 Ordinance as though fully set forth therein making the findings as hereinabove set forth.

SECTION 2: The Village President is hereby authorized to execute and the Village Clerk to attest to the Redevelopment Agreement between the Village of Morton Grove and Homestead of Morton Grove, LLC or its designee in substantial conformity to the Agreement attached hereto as Exhibit "A" after all exhibits have been verified by Village staff and special counsel and have been attached to the Agreement.

SECTION 3: The Village Administrator shall take all steps necessary to implement and administer the Redevelopment Agreement and is authorized to execute all leases, loan agreements, escrow agreements and instructions.

SECTION 4: This Ordinance shall be in full force and effect from and after its passage by a vote of at least three quarters ($\frac{3}{4}$) of the Corporate Authorities and approval in a manner provided by law.

PASSED THIS 25th DAY OF OCTOBER 2010

Trustee DiMaria

Trustee Gomberg

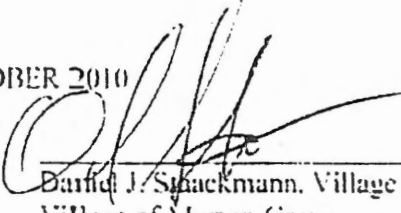
Trustee Grear

Trustee Marcus

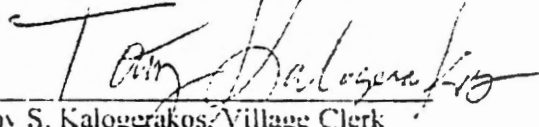
Trustee Thill

Trustee Toth

APPROVED BY ME THIS 25th DAY OF OCTOBER 2010


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

ATTESTED and FILED in my office
This 26th DAY OF OCTOBER 2010


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

**AFTER RECORDING
RETURN TO:**

Paul N. Keller, Esq.
ANCEL, GLINK, DIAMOND, BUSH,
DICIANNI & KRAFTHEFER, P.C.
140 S. Dearborn Suite 600
Chicago IL 60603

This space for Recorder's use only

**ECONOMIC INCENTIVE AND
TAX INCREMENT ALLOCATION FINANCING
DEVELOPMENT AGREEMENT**

(SENIOR LIVING FACILITY)

By and Between

THE VILLAGE OF MORTON GROVE, ILLINOIS

AND

HOMESTEAD OF MORTON GROVE LLC

**ECONOMIC INCENTIVE AND
TAX INCREMENT ALLOCATION FINANCING
DEVELOPMENT AGREEMENT**

THIS ECONOMIC INCENTIVE AND TAX INCREMENT ALLOCATION FINANCING DEVELOPMENT AGREEMENT ("**Agreement**"), is dated the 25th day of October 2010, and is by and between the VILLAGE OF MORTON GROVE an Illinois municipal corporation ("**Village**"), and HOMESTEAD OF MORTON GROVE LLC, an Illinois limited liability company ("**Owner**"); (the Village and Owner may each be referred to as a "**Party**" and collectively referred to as "**Parties**").

IN CONSIDERATION OF the recitals and the mutual covenants and agreements set forth in this Agreement, the Parties agree as follows:

SECTION 1. RECITALS.

A. 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.

B. The Village is authorized under the provisions of Art. 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.

C. The Village is authorized under the provisions of Art. VIII of the State of Illinois Constitution, 1970, to use public funds for public purposes.

D. 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.

E. 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 (together, the "**TIF Plan and 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**").

F. Essex Corporation ("**Essex**") is the lessee of certain parcels of land in the Lehigh Ferris TIF, commonly known as 6408-6422 Lincoln Avenue, 8551 Lincoln Avenue, and 8605-8617 Lincoln, respectively, which parcels are legally described in Exhibit A ("**Essex Property**"). A principal of Essex is the managing member of Morton Grove Partners, LLC, the managing member of Owner, and Owner and Essex will enter into an agreement for development of the Essex Property.

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

H. The Owner proposes to develop, operate and maintain the Property with a five story senior living development project (the "**Development**") pursuant to and in accordance with this Agreement, and the Village desires to financially assist the Owner, pursuant to and in accordance with this Agreement and the Act, to facilitate the Development on the Property.

I. The Development on the Property is an important project to meet the overall objectives of the TIF District, thereby implementing and bringing to completion a significant portion of the TIF Plan and Project.

J. The Village has complied with all notice procedures with respect to entering into this Agreement.

K. The Village desires to have the Property developed in accordance with and pursuant to this Agreement to clear the blighting factors and characteristics of the TIF District, 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 TIF District, 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 TIF District.

L. The Owner has represented to the Village that, without the financial contribution from the Village provided for herein, the Development is not economically feasible and the Owner would not undertake the Development.

M. Essex sought funding from a variety of sources and was unable to obtain conventional third party financing at market rates. Essex then pursued financing through the Illinois Housing Development Authority ("**IHDA**"). The maximum funds available from IHDA programs leave a gap in the financing structure. Review of the Development and conditions that continue in the financing markets at this time indicates that the Development cannot obtain or support private market-rate financing for this gap. The Village is providing TIF assistance to fill this gap. A portion of this assistance is in the form of an Up Front Loan (defined herein). Such Up Front Loan and the Pay As You Go Grant (defined herein) shall be paid to Owner or its assignee, provided that such assignment is in a form reasonably acceptable to the Village and provided further that the Village has received complete disclosure of every person, firm and entity entitled to share in the profits of the Development, in accordance with Section 3.K hereof.

SECTION 2. MUTUAL ASSISTANCE.

A. **Documents.** The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications, as well as the adoption of such ordinances and resolutions, and issuance of bonds, as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out such terms, provisions and intent.

B. **Revocation or Amendment.** The Village shall not revoke or amend the TIF District's redevelopment project area plan, or the TIF Ordinances, if any such revocation or amendment would prevent the Development. Notwithstanding anything to the contrary in this Subsection 2.B., and provided that any revocation or amendment shall not prevent the Development, the Village may make such revocations and amendments, from time to time, in its sole and absolute discretion. The Village shall give the Owner at least 90 days written notice of

any revocations; however, amendments to the TIF Plan and Project shall not require written notice to the Owner.

C. **Governmental Approvals.** The Parties shall cooperate fully with each other in implementing the Development and in seeking and obtaining from any or all appropriate governmental bodies (whether federal, state, county or local) any necessary permits, entitlements and approvals, required or useful for the improvement of property and construction of the Development in and on the Property, or for the provision of services to the Property, including, without limitation, federal or state grants and assistance for public transportation, roads and highways, water and sanitary sewage facilities and storm water drainage facilities.

D. **Village Approvals.** The Village shall issue all permits and approvals necessary for Owner's development of the Development including, without limitation, preliminary plat, building and other permits and certificates of occupancy, provided that Owner submits all petitions and applications for such permits and approvals and pays all fees required under applicable Village ordinances, standards, rules, and regulations. The Parties agree to execute all documents and other instruments reasonably required by Owner's lender in connection with the financing of the development and construction of the Development. The Village understands that Owner wishes to complete the approval process for the IHDA funding of the Development by December 16, 2010 or such other date as IHDA chooses (the "IHDA Closing"); the Village will, if requested, provide Owner with a timeline for completion of all Village permitting and approvals necessary to enable Owner to complete the funding by that date.

E. **IHDA Approval.** The Owner has represented to the Village that IHDA has committed certain funding to the Development, as shown in the Term Sheet, Exhibit G which is hereby incorporated into and made a part of this Agreement. The undertakings by the Village in this Agreement are contingent upon IHDA providing such funding. Failure of IHDA to provide such funding shall render this Agreement null and void.

SECTION 3. OWNER'S OBLIGATIONS.

A. **Commencement and Completion of Construction.** The terms of this Agreement are binding on the Owner, Essex and any related entity having any involvement in the Development. Where circumstances warrant, reference to Owner herein shall apply to Essex or any related agent or assignee of Essex or the Owner. The Owner shall commence construction of the Development not later than June 30, 2011. Failure to commence construction shall constitute an event of default. Construction of all improvements shall be completed, as certified by the Village Engineer, in accordance with the Owner's Construction Schedule, attached hereto as Exhibit E and incorporated herein, but not later than September 30, 2012. Failure to complete construction substantially in accordance with the Construction Schedule shall constitute an event of default.

B. **Development.** The exterior appearance of the Development shall substantially comply with site plans prepared by JSSH Architects, Inc., and approved by the Village Board, depicting the Development, and which drawing is in Exhibit B; provided, however, that the Development shall, at a minimum, be constructed, installed and operated in accordance with the following:

- i. Consist of eighty-two (82) unit senior living facility with amenities as shown, for independent living seniors who are 55 years of age and older.

- ii. Not less than nineteen (19) of the residential units shall be reserved for households earning 50% of Area Median Income ("AMI") as defined by the US Department of Housing and Urban Development, IHDA, or successor agency, i.e., less than \$30,050 in 2010, assuming two person household maximum.
- iii. Rents for the balance of the units (63) will be based on the market rates, as determined by the August, 2010, market study by VWB Research, commissioned by Essex, adjusted annually by any increase in CPI-W.
- iv. Development shall be in accordance with building and zoning plans submitted to and approved by the Village.
- v. The building shall not exceed five stories. The first story will include a covered garage with 63 parking spaces for residents. A surface parking lot on the east side of the building will include an additional 19 spaces for residents and visitors. The remaining four stories will be reserved for residential use.
- vi. The proposed Project Budget shown in Exhibit C.

Notwithstanding anything to the contrary in this Subsection 3.B., the Owner shall construct and install the Development on the Property in substantial compliance with the zoning, site plans, architectural plans and elevations, engineering plans, and plats, as appropriate, submitted to and approved by all necessary Village commissions, boards, and departments, and which approved plans and plats shall, by this reference, become part of and incorporated into Exhibit B. Further, the Owner shall at all times acquire, install, construct, operate and maintain the Development in conformance with all applicable Village, state, and federal laws, ordinances, rules, and regulations, including, without limitation, all applicable zoning ordinances, building codes, environmental codes, and life safety codes of the Village. Owner specifically agrees to comply with the Morton Grove Building Code requiring Type IIA construction as described in the International Building Code, which requires one hour rated construction using noncombustible materials for the building elements.

C. Construction Permits. No construction, improvement, or development of any kind shall be permitted on any portion of the Property unless and until the Owner has received approval from all necessary Village departments, and has been issued valid and binding building permits. Further, no business operation or occupancy of the Development may occur prior to the issuance of a valid and binding certificate of occupancy.

D. Fees and Expenses. The Owner shall pay all normal fees to the Village for the Development, including permit, inspection review and tap-on fees, as provided by ordinance.

E. Certification of Reimbursable Costs; Quarterly Accounting Statements. The Owner shall, from time to time, submit to the Community Development Director, Certificates of Reimbursable Project Costs, in the form of Exhibit D, certifying costs incurred in connection with the construction of the Development, and reimbursable under the TIF Act; provided, however, that the Owner shall only be eligible for reimbursement of those costs for the Development as specifically set forth in Subsection 4.B.; provided, further, that any submitted Certificates of Reimbursable Project Costs shall be accompanied by quarterly accounting and financial statement, as prepared by the Owner's accountant. Such accounting and financial

statement shall be prepared in accordance with the "accrual accounting method" as established by the most current United States Generally Accepted Accounting Principles. Certification shall be accompanied by reports of inspecting architects engaged by IHDA or other funders of the Development, or other reasonable independent documentation of the completion of improvements for which reimbursement is sought.

F. Progress Meetings. The Owner shall meet on at least a quarterly basis with the Community and Economic Development Director, or his designee, and other Village staff as appropriate, to provide a comprehensive progress report on the Development. The Owner shall ensure that adequate information is provided, including, without limitation, financial reports, engineering analyses, architectural analyses, as well as appropriate Development team personnel, at any such progress meeting as may be requested by the Community and Economic Development Director, or as may be appropriate to provide an accurate progress report.

G. Open Book Project. The Development shall be an "open book" project, and the Owner and general contractor(s) will ensure for continuing and regular access, at all times during the construction, by the Community and Economic Development Director, or his designee, for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Development. The foregoing Village review and audit rights with respect to the Project shall terminate one (1) year after the last certificate of occupancy has been issued for any portion of the Development. Any audit required by the Village will be at the expense of the Village.

H. Insurance. Prior to issuance of any building permit, Owner (or Owner's contractor) shall deliver to the Village, at Owner's cost and expense, insurance required to be carried by Owner pursuant to Section 5 of this Agreement.

I. Guarantee. Prior to issuance of any building permit, Owner (or Owner's contractor) shall deliver to the Village, at Owner's cost and expense, security, in the form of a letter(s) of credit or surety bond(s) reasonably satisfactory to the Village, for payment and completion of the Development and for all public improvements constructed by the Owner.

J. Compliance with Laws. Owner agrees to comply with all applicable laws, rules and regulations of any Federal, State or local entity or agency, including the Illinois Prevailing Wage Act.

K. Disclosures. Not less than ten days prior to the Closing referred to in Section 4.B., Owner shall furnish the Village with a statement disclosing the identity of all persons holding an ownership interest in the Owner and the percentage of such interest, said disclosure to be in a form reasonably satisfactory to the Village. Simultaneously, Owner shall furnish the Village with a description of all pending or threatened litigation or administrative proceedings involving the Owner or any person holding an ownership interest in the Owner, specifying in each case, the amount of such claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and to what extent such potential liability is covered by insurance.

L. Recovery of TIF Funds. Subject to the provisions of Section 7.M., in the event the Development ceases to operate for a period of at least ninety (90) days, or Owner declares bankruptcy, or of a default under any other provision of this Agreement, the Owner shall be immediately indebted to the Village for all TIF funds received from the Village and shall

reimburse such funds within thirty (30) days of a demand therefor by the Village. Owner stipulates that such indebtedness is a debt owed to a governmental agency and shall have priority in any bankruptcy proceeding. Owner further agrees that the Village shall have a lien on the Property for the total amount of TIF funds paid by the Village. At the request of the Village, from time to time, Essex, as lessee of the Essex Property shall execute a note and mortgage on the Essex Property in favor of the Village for such TIF funds, which mortgage shall be subordinate to any mortgage related to any construction loan secured by the Owner for the Development which may be enforced in accordance with the foreclosure laws of the State of Illinois. The Village shall have all other remedies for default as provided in Section 6 hereof.

M. True Up. The Parties acknowledge that IHDA financing is essential to Development. They further acknowledge that final pricing of tax-exempt IHDA bonds ("bonds" or "bond funding"), HOME Investment Partnership Program ("HOME") funds from IHDA, funds granted pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 ("1602"), and tax credits has not yet occurred. Upon final pricing of financing sources, the following adjustments will be made:

Tax Exempt Bond Funds and Tax Credit Equity. Depending on final interest rate, debt service coverage ratios, and other factors, bond financing of up to Fifteen Million Dollars (\$15,000,000) may be available. Final pricing of tax credit equity may increase the amount of funds generated by low income housing credits. Subject to IHDA approval, any increase in the collective amount of bond funding, 1602 funds and HOME funds over the amount stated in the Term Sheet and any increase in tax credits equity above the amount of \$1.463 million shall be allocated between the Village TIF assistance and the Owner 50/50 until the Owner has reduced the deferred development fee to 50%, and thereafter 100% shall be allocated to the Village to reduce the principal amount of the Up Front Loan

SECTION 4. SUBJECT TO IHDA APPROVAL, VILLAGE OBLIGATIONS.

A. Up Front Loan. In order to facilitate the Development, the Village agrees to pay Owner's Certified Reimbursable Project Costs, not to exceed the total amount of Two Million Eight Hundred Thousand Dollars (\$2,800,000.00). The sum of not to exceed One Million Seven Hundred Thousand Dollars (\$1,700,000.00) (the "**Up Front Loan**") from the Lehigh Ferris Special Tax Allocation Fund shall be deposited into an escrow account to be established by the Parties with Chicago Title Insurance Co. or such other agency as the Parties may agree. The escrow agreement shall provide that funds may be paid to Owner or Owner's assignee as provided in Section 1.M above upon notice by the Village Administrator that Owner has incurred Certified Reimbursable Project Costs, in the amount to be paid. The Up Front Loan shall constitute a loan of TIF funds to Owner carrying an interest rate of one percent identical to the rate applicable to the HOME funds loan from IHDA, as noted in the Term Sheet approved by the Village in Resolution 10-67, which Term Sheet is incorporated herein and made binding on the Parties, as applicable, as though fully set forth. Owner shall repay interest only on the Up Front Loan beginning on January 1, 2014, or such other date as the Parties may agree, in accordance with the terms of repayment applicable to the HOME funds. Upon the sale or refinancing of the Development, however, Owner shall pay principal and interest. Repayment of the Up Front Loan shall be credited to the Lehigh Ferris Special Tax Allocation Fund or declared as surplus.

B. Developer Note. At closing, the Village shall issue its Note to the Owner (the "**Developer Note**") in the principal amount of not to exceed One Million One Hundred Thousand

Dollars (\$1,100,000.00) carrying an interest rate of 7.5%. The funds payable thereunder shall be known as the "Pay As You Go Grant." The Developer Note shall be payable solely from ninety-five percent (95%) of funds generated solely by the Development and deposited into the Lehigh Ferris Special Tax Allocation Fund, for Owner's Certified Reimbursable Project Costs. The obligations of the Village set forth in this Subsection 4.B. are payable solely from the TIF funds specified and are not a general obligation of the Village. The Village understands that Owner intends to monetize the Developer Note and that the proceeds shall be loaned to the Project in such a manner as to maximize tax credit basis and generation of tax credits.

C. Lease of Village Property. The Village agrees to execute a ground lease to Owner for the Village Property for a term of ninety-nine (99) years from the date of the IHDA Closing (or such lesser period as provided hereinafter), for the sum of one dollar (\$1.00) per annum paid by Owner in advance upon execution of the lease (the "Village Closing") AS IS, WITH ALL FAULTS AND WITHOUT ANY WARRANTY CONCERNING ANY ENVIRONMENTAL CONDITIONS OR SUITABILITY FOR ANY PURPOSE, and subject to the terms of this Agreement. The Village Closing shall be scheduled at the convenience of the Parties. Until completion of construction, the lease for the Village Property may not be transferred, assigned, sublet, or otherwise conveyed without written consent of the Village. Notwithstanding anything herein to the contrary, upon completion of the construction, the Village will, upon request of Owner, execute such documents as may be necessary to authorize conveyance of the Village Property to the owner of the fee interest in the Essex Property.

SECTION 5. INSURANCE AND INDEMNIFICATION.

A. Liability Insurance Prior to Completion. Prior to issuance of building permits, Owner (or Owner's contractor) shall procure and deliver to the Village, at Owner's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Owner contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance and, during any period of construction, contractor's liability insurance, and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than Two Million and no/100 Dollars (\$2,000,000.00) each occurrence and Five Million and no/100 Dollars (\$5,000,000.00) aggregate. All such policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Owner against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Development, or the construction and improvement thereof by Owner, except to the extent arising from Village (or its agents, employees and contractors) acts or omissions (in which case the Village shall look solely to its own insurance). Each such policy shall name the Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy. Alternatively, Owner, may satisfy its insurance obligations in this Section 5.A. by way of a blanket policy or policies which includes other liabilities, properties and locations having a per occurrence liability of Two Million and no/100 Dollars (\$2,000,000.00) and a general policy aggregate of at least Five Million and no/100 Dollars (\$5,000,000.00). Owner shall provide to the Village a replacement certificate not less than 30 days prior to expiration of any policy.

B. Owner's Risk Prior to Completion. Prior to completion of the construction of the Development, as certified by the Village, Owner shall keep in force at all times builders risk insurance on a completed value basis, in non-reporting form, against all risks of physical loss, including collapse, covering the total value of work performed and equipment, supplies and materials furnished for the Development (including on-site stored materials), all as to work by

Owner. Such insurance policies shall be issued by companies satisfactory to the Village. All such policies shall contain a provision that the same will not be canceled or modified without prior thirty-(30) day written notice to the Village.

C. Village Review. The Owner acknowledges and agrees that the Village is not, and shall not be, in any way liable for any damages or injuries that may be sustained as the result of the Village's review and approval of any plans or failure to review and approve any plans for the Property or the Development, or the issuance of or failure to issue any approvals, permits, certificates, or acceptances for the development or use of the Property or the Development, and that the Village's review and approval of those plans and the Development and issuance of those approvals, permits, certificates, or acceptances does not, and shall not, in any way, be deemed to insure the Owner, or any of its heirs, successors, assigns, tenants invitees, and licensees, or any other person, against damage or injury of any kind at any time.

D. Village Procedure. The Owner acknowledges and agrees that notices, meetings, and hearings have been properly given and held by the Village with respect to the approval of this Agreement and agrees not to challenge the Village's approval on the grounds of any procedural infirmity or of any denial of any procedural right.

E. Indemnity. The Owner agrees to, and does hereby, hold harmless and indemnify the Village, the Corporate Authorities, all Village commissions, boards, public bodies, and all Village elected or appointed officials, officers, employees, agents, consultants, advisors, representatives, engineers, and attorneys, from any and all claims that may be asserted at any time against any of them arising out of any Village action related to the development, construction, maintenance, or use of any portion of the Property

F. Defense Expense. The Owner shall, and does hereby agree to, pay all expenses, including without limitation legal fees and administrative expenses, incurred by the Village in defending itself with regard to any and all of the claims referenced in Section 5.E. of this Agreement.

SECTION 6. DEFAULT

Failure on the part of either Party to comply with any material term, representation, warranty, covenant, agreement, or condition of this Agreement within thirty (30) days after written notice thereof shall constitute an event of default. No default of this Agreement may be found to have occurred if performance has commenced to cure such default to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt of such notice and the Party alleged to be in default continues diligently to pursue such cure. In the event of default by the Village in the performance of any of its obligations under this Agreement, Owner's sole remedy shall be specific performance or termination of the Agreement. The Village shall not be liable for consequential damages or lost profits. In the event of default by the Owner in the performance of any of its obligations under this Agreement, the Village shall be entitled to recover all monies paid to Owner and to recover title to any real estate deeded to Owner or conveyed by operation of law, and the Village's obligation to make any additional payments to Owner shall terminate.

SECTION 7. GENERAL PROVISIONS.

A. Notice. Any notice or communication required or permitted to be given under this Agreement shall be in writing and shall be delivered (i) personally, (ii) by a reputable

overnight courier, (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid, (iv) by facsimile, or (v) by electronic internet mail ("e-mail"). Facsimile notices shall be deemed valid only to the extent that they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three business days thereafter at the appropriate address set forth below. E-mail notices shall be deemed valid only to the extent that they are (a) opened by the recipient on a business day at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three business days thereafter at the appropriate address set forth below. Unless otherwise provided in this Agreement, notices shall be deemed received after the first to occur of (a) the date of actual receipt; or (b) the date that is one (1) business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (b) the date that is three (3) business days after deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section 7.A., each party to this Agreement shall have the right to change the address or the addressee, or both, for all future notices and communications to them, but no notice of a change of addressee or address shall be effective until actually received.

Notices and communications to the Village shall be addressed to, and delivered at, the following address:

The Village of Morton Grove
6101 Capulina Avenue
Morton Grove, IL 60053
ATTN: Village Administrator

With a copy to: Ancel Glink Diamond Bush DiCianni & Krafthefer
140 South Dearborn Street, 6th Floor
Chicago, IL 60603
ATTN: Paul N. Keller

Notices and communications to the Owner shall be addressed to, and delivered at, the following address:

Essex Corporation
11606 Nicholas Street, Suite 100
Omaha NE 68154
ATTN: Kent Braasch

With a copy to: Wildman Harrold Allen & Dixon LLP
225 West Wacker Drive, 28th Floor
Chicago, IL 60606
ATTN: Mark Huddle

B. Time of the Essence. Time is of the essence in the performance of this Agreement.

C. Rights Cumulative. Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies, and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

D. **Non-Waiver.** The Village shall be under no obligation to exercise any of the rights granted to it in this Agreement. The failure of the Village to exercise at any time any right granted to the Village shall not be deemed or construed to be a waiver of that right, nor shall the failure void or affect the Village's right to enforce that right or any other right.

E. **Governing Law.** This Agreement shall be governed by, and enforced in accordance with, the internal laws, of the State of Illinois.

F. **Severability.** It is hereby expressed to be the intent of the Parties that should any provision, covenant, agreement, or portion of this Agreement or its application to any person or property be held invalid by a court of competent jurisdiction, the remaining provisions of this Agreement and the validity, enforceability, and application to any person or property shall not be impaired thereby, but the remaining provisions shall be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Agreement to the greatest extent permitted by applicable law.

G. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties and supersedes any and all prior agreements and negotiations between the Parties, whether written or oral, relating to the subject matter of this Agreement.

H. **Interpretation.** This Agreement shall be construed without regard to the identity of the Party who drafted the various provisions of this Agreement. Moreover, each and every provision of this Agreement shall be construed as though all Parties to this Agreement participated equally in the drafting of this Agreement. As a result of the foregoing, any rule or construction that a document is to be construed against the drafting Party shall not be applicable to this Agreement.

I. **Exhibits.** Exhibits A through I attached to this Agreement are, by this reference, incorporated in, and made a part of this Agreement. In the event of a conflict between an exhibit and the text of this Agreement, the text of this Agreement shall control.

J. **Amendments and Modifications.** No amendment or modification to this Agreement shall be effective until it is reduced to writing and approved and executed by all parties to this Agreement in accordance with all applicable statutory procedures.

K. **Authority to Execute.** The Village hereby warrants and represents to the Owner that the persons executing this Agreement on its behalf have been properly authorized to do so by the Corporate Authorities. The Owner hereby warrants and represents to the Village (i) that it has entered into an agreement with Essex for the Development on the Essex Property and (ii) that no other person has any other contractual or security interest in the Property, (iii) that it has the full and complete right, power, and authority to enter into this Agreement and to agree to the terms, provisions, and conditions set forth in this Agreement and to bind the Property as set forth in this Agreement, (iv) that all legal actions needed to authorize the execution, delivery, and performance of this Agreement have been taken, and (v) that neither the execution of this Agreement nor the performance of the obligations assumed by the Owner will (a) result in a breach or default under any agreement to which the Owner is a party or to which it or the Property is bound or (b) violate any statute, law, restriction, court order, or agreement to which the Owner or the Property are subject.

L. No Third Party Beneficiaries. No claim as a third party beneficiary under this Agreement by any person shall be made, or be valid, against the Village or the Owner.

M. Force Majeure. Neither the Village nor the Owner nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this Section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this Section with respect to any such delay may rely on this Section only to the extent of the actual number of days of delay effected by any such events described above.

N. Term of Agreement. The term of this Agreement shall commence on the date that both Parties have executed it and terminate upon termination of the TIF district; provided that the Owner's Indemnification shall survive the termination of the Agreement.

O. Recordation. This Agreement shall be recorded in the Office of the Cook County Recorder, and the Owner shall be responsible for the recordation costs.

P. Counterparts. This Agreement may be executed in counterpart, each of which shall constitute an original document, which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have thereto set their hands on the date first above written.

ATTEST:

VILLAGE OF MORTON GROVE, an Illinois
municipal corporation

By: Tony Kalogerakos

By: [Signature]

Its: Tony S. Kalogerakos, Village Clerk

Its: Daniel J. Staackmann, Village President

ATTEST:

HOMESTEAD OF MORTON GROVE LLC an
Illinois limited liability company

By: MORTON GROVE PARTNERS, LLC,
its managing member

By: Julie Bennett

By: [Signature]

Its: Julie Bennett

Its: MANAGERIAL MEMBER

Member Morton Grove
Partners, LLC

L. No Third Party Beneficiaries. No claim as a third party beneficiary under this Agreement by any person shall be made, or be valid, against the Village or the Owner.

M. Force Majeure. Neither the Village nor the Owner nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this Section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this Section with respect to any such delay may rely on this Section only to the extent of the actual number of days of delay effected by any such events described above.

N. Term of Agreement. The term of this Agreement shall commence on the date that both Parties have executed it and terminate upon termination of the TIF district; provided that the Owner's indemnification shall survive the termination of the Agreement.

O. Recordation. This Agreement shall be recorded in the Office of the Cook County Recorder, and the Owner shall be responsible for the recordation costs.

P. Counterparts. This Agreement may be executed in counterpart, each of which shall constitute an original document, which together shall constitute one and the same instrument.

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ATTEST:

VILLAGE OF MORTON GROVE, an Illinois
municipal corporation

By: 

By: 

Its: Tony S. Kalogerakos, Village Clerk

Its: Daniel J. Staackmann, Village President

ATTEST:

HOMESTEAD OF MORTON GROVE LLC an
Illinois limited liability company

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT A

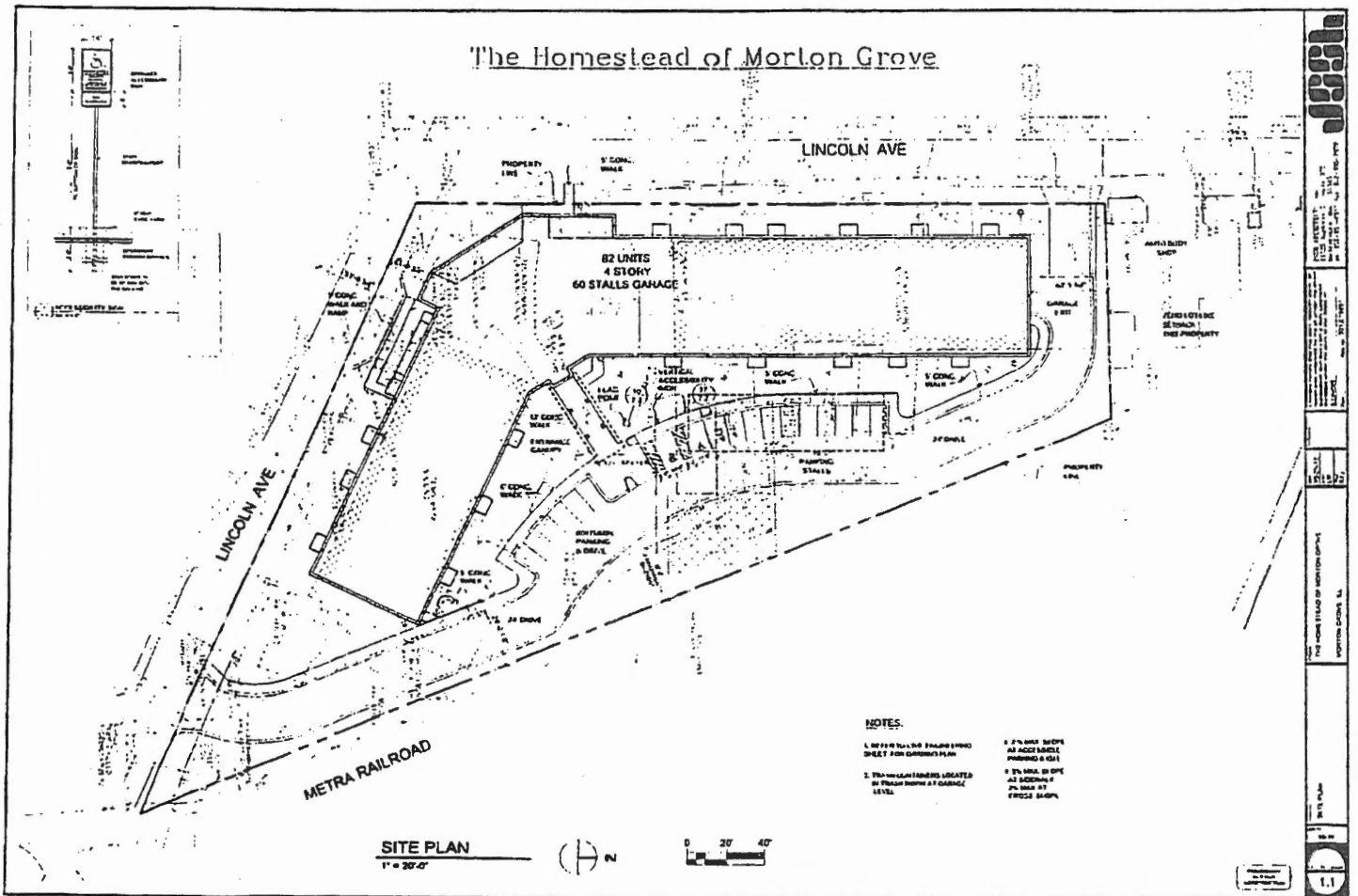
CHICAGO TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE A (CONTINUED)

ORDER NO.: 1410 008496555 KA

5. THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS:

THAT PART OF LOT 45 IN COOK COUNTY CLERK'S DIVISION OF THE EAST 1/2 OF THE NORTH EAST QUARTER OF SECTION 19, AND THE WEST 1/2 OF THE NORTH WEST QUARTER OF SECTION 20, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE RAILROAD (EXCEPT THAT PART DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE WEST LINE OF LOT 45, A DISTANCE 63.28 FEET NORTH OF THE SOUTH WEST CORNER THEREOF FOR A PLACE BEGINNING; THENCE EAST AT RIGHT ANGLES TO THE WEST LINE OF LOT 45 A DISTANCE OF 125 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF LOT 45 A DISTANCE OF 45 FEET; THENCE WEST 125 FEET TO A POINT 45 FEET NORTH OF THE PLACE OF BEGINNING IN THE WEST LINE OF LOT 45; THENCE SOUTH ALONG THE WEST LONE OF SAIF LOT 45 A DISTANCE OF 45 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

The Homestead of Morton Grove



1.1

EXHIBIT "C" CONSTRUCTION BUDGET



Mileis Housing Development Authority Application Cost Certification

Project Name: The Westwood at Morgan Grove
 Project Location or Address: Lincoln Avenue, Morgan Grove, IL
 Contact: Group Construction
 Construction Type: CA New Construction Existing Gross Area: 130,708 S.F.
 No. of Building Units: 62

Line	Qty	Description	Total Cost	Per Ft. Cost	Unit Cost
1	1	Early Work	\$719,272.00	\$1.57	\$9,873.42
2	2	Site Utilities	\$434,178.12	\$3.32	\$5,230.21
3	2	Roofs & Sides	\$129,119.00	\$1.17	\$1,859.37
4	2	Site Improvements	\$21,257.29	\$0.44	\$734.31
5	2	Landscaping & Paving	\$100,399.41	\$1.15	\$1,859.31
6	2	Structural Site Construction	\$0.00	\$0.00	\$0.00
7	2	Concrete	\$1,022,799.00	\$7.34	\$13,473.04
8	2	Masonry	\$400,899.41	\$4.74	\$5,800.63
9	2	Metal	\$2,899,299.19	\$21.29	\$35,169.14
10	2	Rough Carpentry	\$22,799.00	\$0.00	\$1,000.00
11	2	Exterior Doors, Windows, Glass	\$244,478.12	\$1.75	\$2,500.00
12	2	Waterproofing	\$99,299.00	\$0.00	\$1,100.00
13	2	Insulation	\$170,000.00	\$1.26	\$2,100.00
14	2	Roofing & Gypsum Metal	\$170,372.37	\$1.22	\$2,078.40
15	2	Shingles	\$229,148.00	\$2.07	\$2,574.00
16	2	Finish Carpentry	\$330,877.04	\$2.44	\$4,140.00
17	2	Cabinets, Vanities & Countertops	\$276,799.24	\$1.07	\$3,200.00
18	2	Interior Doors & Frames	\$297,291.00	\$2.29	\$3,400.00
19	2	Light & Power	\$0.00	\$0.00	\$0.00
20	2	Plumbing	\$1,899,299.70	\$14.50	\$17,100.00
21	2	Ten Work	\$16,873.30	\$0.11	\$100.00
22	2	Appliances	\$20,877.31	\$0.28	\$210.70
23	2	Carpentry	\$299,299.00	\$2.10	\$3,000.00
24	2	Remodel Flooring	\$117,299.13	\$0.94	\$1,421.70
25	2	Painting & Decorating	\$277,699.29	\$1.00	\$3,294.30
26	2	Appliances & Furnishings	\$20,899.73	\$0.09	\$1,532.91
27	2	Special Equipment	\$0.00	\$0.00	\$0.00
28	2	Appointments	\$200,899.00	\$2.22	\$3,770.71
29	2	Special Construction	\$0.00	\$0.00	\$0.00
30	2	Electrical	\$199,719.27	\$1.41	\$2,300.77
31	2	Plumbing	\$1,181,181.13	\$8.48	\$16,000.00
32	2	Heat & Ventilation	\$1,187,678.11	\$8.25	\$14,230.00
33	2	Air Conditioning	\$0.00	\$0.00	\$0.00
34	2	Fire Protection	\$24,819.24	\$2.64	\$4,247.00
35	2	Structural	\$1,891,878.53	\$12.15	\$20,000.00
36	2	Accessory Buildings & Garages	\$0.00	\$0.00	\$0.00
37	2	Other	\$0.00	\$0.00	\$0.00
38	2	Other	\$0.00	\$0.00	\$0.00
39	2	Other	\$0.00	\$0.00	\$0.00
40	2	Other	\$0.00	\$0.00	\$0.00
41	2	Other	\$0.00	\$0.00	\$0.00
42	2	Other, Building Permit Allowance	\$165,620.00	\$1.15	\$1,851.25
43	2	Other	\$0.00	\$0.00	\$0.00
44	2	Total Construction Cost	\$14,814,824.00	\$109.15	\$180,000.77
45	2	GENERAL REQUIREMENTS	\$227,799.00	\$0.72	\$11,400.00
46	2	OVERHEAD	\$378,181.00	\$2.89	\$4,814.01
47	2	PROFIT	\$489,879.20	\$3.47	\$5,800.63
48	2	Total	\$15,809,893.00	\$119.21	\$202,015.41

Is a wage schedule applied? Please describe.

YES, GENERAL SCHEDULE, 6/20/2000 00007010 S.F. by Civil County

Contractor: West Building, Inc.
 By: Tony A. Wilson Date: 11/5/01
 For: Group View President

EXHIBIT D

Form of Reimbursement Request

[This form may be revised by the Village at its sole discretion. Additional information may be requested from Developer]

The undersigned _____, being first duly sworn, on oath states as follows:

1. I am _____ [title] of Homestead of Morton Grove LLC ("Developer") and I am authorized by Developer to make the following representations on behalf of Developer to the Village of Morton Grove for the purpose of inducing the Village to make certain payments to Developer, as hereafter set forth.

2. I hereby certify that the costs set forth on Schedule A hereto have been incurred by Developer in connection with Developer's performance of its obligations under the Economic Incentive and Tax Increment Financing Development Agreement ("RDA") between Developer and the City, dated _____, 2010, and that such costs are eligible for payment from the Lehigh Ferris Special Tax Allocation Fund in connection with the "Homestead of Morton Grove redevelopment project, and that the additional information provided herewith is complete and accurate.

Dated _____, 20__

Homestead of Morton Grove. LLC

by _____

Subscribed and sworn to before me
this _____ day of _____, 20__

Notary Public

Schedule A

- Itemized expenditures
- Identification of relationship of each expenditure to development project
- Evidence of payment
- Lien waivers
- Amount of this payment request
- Total payments received to date

EXHIBIT "E"
RUCTION SC

Act ID	Description	Duration	Start	Finish	2011												2012			
					JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR
Demo/Site Work					<div>Enter Conditions</div> <div>B Mobilize/Site Clearing/SWPPP</div> <div>Excavation</div> <div>Utilities</div>															
1000	Mobilize/Site Clearing/SWPPP	5	01JAN11	10JAN11																
1005	Excavation	20	11JAN11	07FEB11																
1010	Utilities	10	08FEB11	21FEB11																
Foundations					<div>Foundations</div>															
2000	Foundations	35	25JAN11	14MAR11																
Structure					<div>Precast Level</div> <div>Metal Framing - 1st Floor</div> <div>Metal Framing - 2nd Floor</div> <div>Metal Framing - 3rd Floor</div> <div>Metal Framing - 4th Floor</div>															
3000	Precast Load	15	05MAR11	25MAR11																
3010	Metal Framing - 1st Floor	20	22MAR11	18APR11																
3015	Metal Framing - 2nd Floor	20	12APR11	09MAY11																
3020	Metal Framing - 3rd Floor	20	03MAY11	20MAY11																
3025	Metal Framing - 4th Floor	20	24MAY11	20JUN11																
Envelope					<div>Windows</div> <div>Roofing</div> <div>Brick</div> <div>Stucco</div>															
4000	Windows	15	21JUN11	12JUL11																
4015	Roofing	20	21JUN11	18JUL11																
4005	Brick	60	28JUN11	20SEP11																
4010	Stucco	50	20JUL11	27SEP11																
Rough-Ins					<div>MEP Rough-Ins</div>															
5000	MEP Rough-Ins	60	14JUN11	06SEP11																
Finishes					<div>Finishes - 4th Floor</div> <div>Finishes - 3rd Floor</div> <div>Finishes - 2nd Floor</div> <div>Finishes - 1st Floor</div>															
6005	Finishes - 4th Floor	70	03AUG11	06NOV11																
6010	Finishes - 3rd Floor	70	17AUG11	22NOV11																
6015	Finishes - 2nd Floor	70	31AUG11	06DEC11																
6020	Finishes - 1st Floor	70	14SEP11	20DEC11																
Elevators					<div>Elevators</div>															
7000	Elevators	40	03AUG11	27SEP11																
Closure					<div>Owner's Punchlist</div> <div>Substantial Completion</div>															
8000	Owner's Punchlist	10	21DEC11	01JAN12																
8005	Substantial Completion	0		03JAN12																

.BY

EXHIBIT F

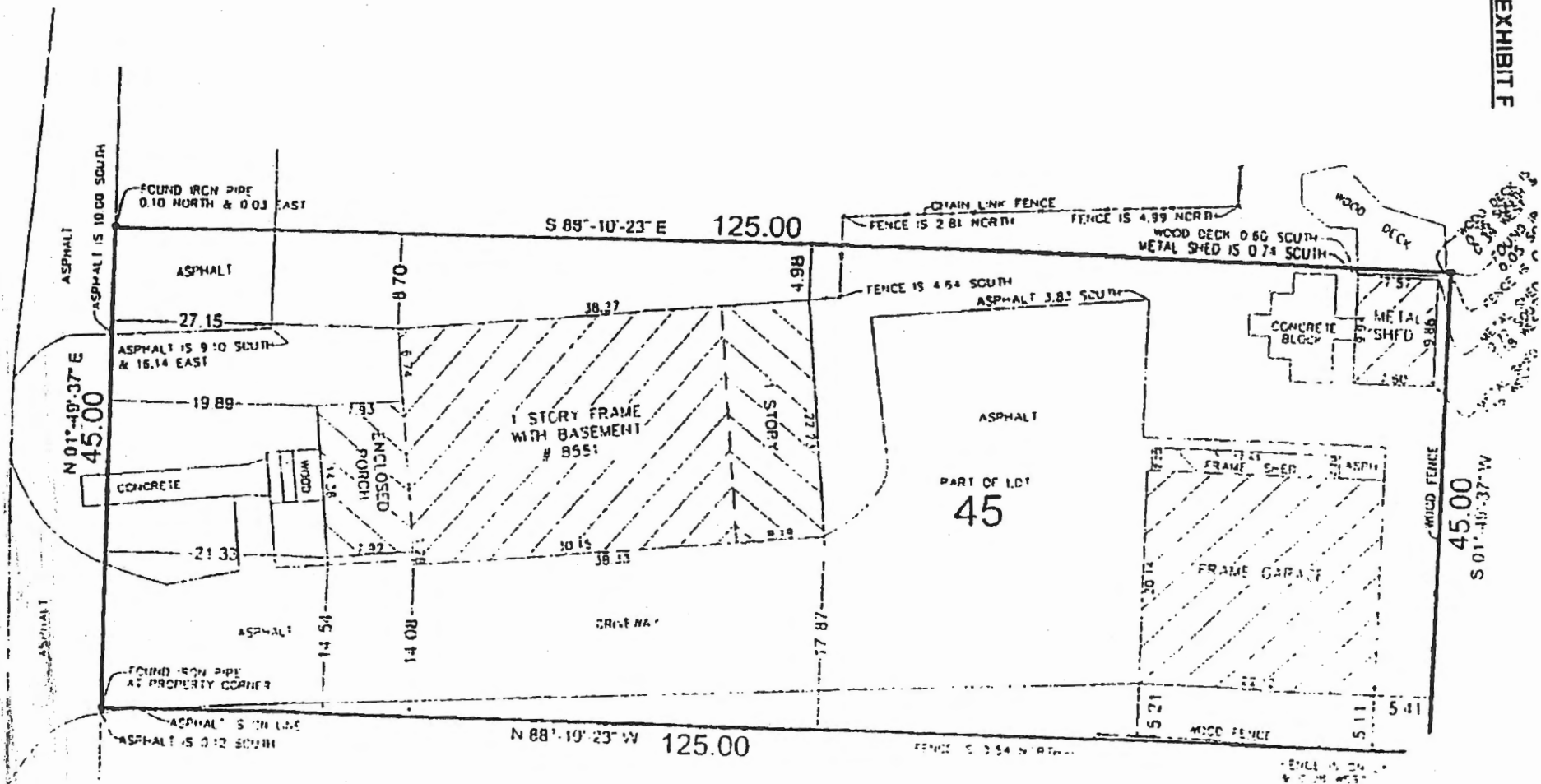


EXHIBIT G

TERM SHEET



221 N. LaSalle St., Suite 820 • Chicago, Illinois 60601-1302 • 312/424-4250 • Fax: 312/424-4262 • www.FriedmanCo.com

September 10, 2010

Subject: Preliminary Terms, TIF Assistance, The Homestead of Morton Grove

To: Kate Crowley

cc: Terri Liston
Joe Wade
John Said
Jewell Walton

From: Steve Friedman

I have summarized below the major terms under discussion for the Homestead project proposed by Essex Corporation per our teleconference on Friday and subsequent consideration by the Village staff and consultant. It should be understood by all that the Village's review is ongoing and given the complexity of the project, other matters may need to be addressed.

1. **Project Developer:** Essex Corporation will be the Developer and will deliver a credit worthy guarantee acceptable to the Village,
2. **Owner:** Homestead of Morton Grove, LLC an Illinois limited liability company (LLC) whose managing member is a principal of Essex Corporation
3. **Site Conveyance:** The Village will enter into a ground lease with Essex for \$1.00 per annum for 99 years. Said lease may not be transferred or assigned without Village consent. Said lease shall be void and terminated if Essex does not close on full financing for the project and commence construction by June 30, 2011, and complete the project by or due to other events of default which will be specified in the lease.
4. **Zoning and Other Review of Plans:** Village will process the zoning application in a manner consistent with IHDA's requirements for approval prior to closing, currently targeted for November 15. No assurance can be given at this time that the relevant commissions will recommend the project nor that the Village Board will approve it. The ability to achieve such a time frame is dependent on the receipt by September 10, 2010 of a complete application that addresses all relevant Village issues, results in minimal review comments and questions, and that the developer provides timely and acceptable responses. Developer shall comply with all Village codes and ordinances.

In addition to these approvals, the Village Administrator or his designee shall have the right to review and approve or disapprove the final building and site plans which shall become part of any redevelopment agreement.

5. **TIF Assistance:** TIF shall be used as the last element of funding to provide gap financing after all other sources have been committed. In no event shall TIF funding exceed the

total of 95% the project's increment for the remaining life of the District (to 2024) plus no more than \$1,700,000 of out-of PIN increment from the balance of the TIF District. The out-of PIN increment will be funded at project closing subject to reconciliation with eligible costs and appropriate control of expenditure to comply with the TIF statutes. Upon the Village's request, Essex will grant the Village a junior lien on the property. The loan would be due upon sale or refinance and would carry an interest rate and other terms sufficient to qualify as debt for tax credit purposes.

6. **Calculation of TIF Amount:** The following factors shall be used in determining the final amount of assistance:

A. Total project cost shall be \$23,241,257. This number may be adjusted at closing. Developer is aware of the requirements of the Morton Grove Building code requiring Type IIA construction as described in the International Building Code (IBC) which requires 1 hour rated construction using noncombustible building materials for the building elements. The developer is also aware that the project must comply with the "Illinois Prevailing Wage Act.

B. Any escalation in costs shall be the responsibility of other funders over and above amounts currently committed to the project.

C. Minimum funding from each of the following sources as follows (per sources and uses of funds included in TIF application) and none of these sources may be reduced without the consent of the Village:

HOME Funds from IHDA	1,893,003
1602 Funds through IHDA	2,700,000
Tax Exempt Bond Funds	13,440,000
Tax Credit Equity	988,225
Deferred Developer Fee	50%

*These numbers will be adjusted and fixed at Closing and incorporated into the RDA.

7. **True-up:** It is understood that final pricing of the bonds and tax credit equity has not yet occurred. Upon final pricing of financing sources, the following adjustments will be made:

A. **Tax Exempt Bond Funds.** Depending on final interest rate, bond financing of up to \$15,000,000 may be available. The increase in bond funding, if any, shall be used dollar-for-dollar to reduce the TIF Funds from the balance of the district.

B. **Tax Credit Equity.** Final pricing may increase the amount of funds generated by Low Income Housing Tax Credits. Any increase in tax credits equity shall be allocated between the Village TIF assistance and the Developer 50/50 until the Developer has reduced the deferred development fee to 50% and thereafter 100% to the Village to reduce the TIF funds from the balance of the District.

8. **Guarantees and Controls:** Subject to detailed review of the required guarantees and the escrow agreement, the Village maybe willing to "piggyback" on required IHDA procedures and guarantees so long as the Village's interests are protected (in the judgment of the Village and its legal counsel). This could include::

A. Funding Village Up-Front TIF into Escrow (subject to an escrow agreement that ensures compliance with TIF law regarding TIF eligible expenses and reimbursement)

B. Full Funding/Funding In Balance at All Times

C. Completion and Lease-up Guarantees per IHDA Requirements, including

- Construction P&P Bond/LOC: Either P&P Bond equal to 100% of the construction contract OR a LOC for a minimum 25% of the construction contract will be required.
- Working Capital LOC(WC/LOC): Should equal 3% of construction contract. Must be in place at closing and extend 12 months after Final Closing. The WC/LOC provides additional security during construction and then is in place for 12-months after Final Closing to cover any latent defects and issues that come up post-construction.
- Terms for releasing LOCs: The Construction LOC or P&P Bond can be released once all project construction and punch list items are completed.
- The WC/LOC will be relinquished one year after Final Closing.
- Guarantor Requirements: A guaranty of completion and payment will need to be signed by the loan guarantor, the managing member, and any additional guarantors. Essex corporation the guarantor for this project.

9. Operating Covenants: Pending complete review, the Village will piggyback the 30 year IHDA covenants on low income housing and the perpetual covenant in the lease with the prior land owner requiring the site to be used for senior housing.

10. Back End Provisions: The Village is continuing to review the post-tax credit period financial structure of the project and potential longer term returns to the Developer. This will include review of refinance provisions of bond debt, etc. Additional terms and conditions may be forthcoming as that review proceeds.

ATTACHMENT “E”

Description of agreements regarding property disposition of redevelopment

No agreements regarding property disposition or redevelopment were entered into by the Village in the reporting year.

ATTACHMENT “F”

Additional information on uses of funds related to achieving objectives of the redevelopment plans.

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

ATTACHMENT "G"

Information regarding contracts with TIF consultants.

While no long term contracts or agreements regarding TIF consultants were entered into by the Village in the reporting year.

ATTACHMENT "H"

Report submitted by the Joint Review Board.

No reports were submitted by the Joint Review Board. The Board met last on June 28, 2011.
Minutes of the meeting are attached

**MINUTES OF THE JOINT REVIEW BOARD MEETING
LEHIGH/FERRIS TIF REDEVELOPMENT DISTRICT
RICHARD T. FLICKINGER MUNICIPAL CENTER
6101 CAPULINA
MORTON GROVE, ILLINOIS 60053
JUNE 28, 2011**

1. Call to Order. Pursuant to proper notice in accordance with the Open Meetings Act, the Lehigh/Ferris TIF Redevelopment District meeting was called to order at 10:48 a.m. by Village Administrator Joseph F. Wade. In attendance were:

Village Administrator Joseph F. Wade
Nick Marino, Century 21
Paul O'Malley, Niles District 219
Finance Director Ryan Horne
Community & Economic Development Director John D. Said
Resident John Benstead
Resident and Media Practitioner Eric Poders
Ade Emmanuel, Reporter, Patch.com
Resident Chris Arns
Morton Grove Park District Executive Director Brian Sullivan
Trustee Bill Gear
Gary Zabilka, District 70

2. Confirmation of Public Member. Mr. Said stated Mr. John Benstead is the public member for the Lehigh/Ferris TIF District.
3. Election of Today's Chairperson. Mr. Wade stated a chairperson needed to be elected for today's meeting. A motion was made and seconded to have Mr. O'Malley serve as chairperson. The motion passed unanimously via a voice vote.
4. Approval of Minutes. Mr. O'Malley made a motion to approve the minutes of the July 15, 2010, Lehigh/Ferris TIF Redevelopment District meeting as amended. Mr. Horne stated it is noted that the TIF District was established in 1998, expiring in 2021, and he does not believe that to be correct. The original ordinances need to be check and then verify the dates before submitting to the comptroller. The motion was made and seconded and passed unanimously via a voice vote.
5. Financial Report of Activities for calendar year ending December 31, 2010.
 - a. Mr. Horne reviewed and guided the attendees through the financial reports. He stated the EAV ended in 2009 increased from \$14.2 million to \$53.6 million. The incremental EAV ended with \$38.8 million. There are property taxes, miscellaneous income, interest income, capital outlays and other items. The ending fund balance for 2010 is \$12,500,000. The ending fund balance of \$5.9 million is the requirement by the comptroller.

6. Summary of Redevelopment Activities for 2010.

- a. Mr. Said reviewed redevelopment activities in the Lehigh/Ferris TIF District area. All maps are on the Village website on www.mortongroveil.org. In summarization of the last year there has been a large redevelopment of the Lincoln Avenue corridor. The streetscape of Dempster Street is also almost complete which impacts the northeastern corner of the Lehigh/Ferris TIF District. A future project is to realign the Lincoln and Lehigh intersection. There are various development and redevelopment projects continuing in the TIF District.

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. The floor was opened to questions.

- a. Brian Sullivan, Morton Grove Park District wanted to compliment the Village on all the hard work that has been done.
- b. Mr. Benstead requested the tax revenue from the Essex development. Mr. Wade stated he will present it to Mr. Benstead. A grant was given from the transportation enhancement from IDOT for the streetscaping that is being done. We are trying to get Metra and Federal to provide more grant money.
- c. Mr. Chris Arns, 6212 Lincoln, asked how taxes are coming in. Mr. Horne stated for 2011 we have the sale of property for \$2 million anticipated. That is in areas J, I, and B. Mr. Said stated we do not own Site J, simply some parcels on Site I and we do own Site B. This is mentioned because there is great redevelopment potential for the area. Mr. Arns asked if there is a similarity between the EAV's of the two TIF's. Mr. Horne stated no because of the commercial/residential area differences. Mr. Arns asked for the description of all properties purchased by the Village. Mr. Horne stated he would get the copies to the group.
- d. Mr. Eric Poders, 7040 Foster, questioned if there would be any updates for the Police Station and building another District 70 school. New municipal facilities in a TIF District are very difficult. TIF's are used to build a tax base while those facilities serve the public they do not contribute to the TIF. Mr. Wade stated there are very strict regulations on using TIF money. We have not been looking to expand or improve during these economic times. Mr. Poders felt we need to promote the area. He did feel this is a great TIF and it is coming together. Mr. Said noted that marketing is always discussed and supported.

Mr. Horne continued with the properties purchased during 2010. Along Chestnut Street there were several properties bought for planning and redevelopment. There were additional properties bought as part of a larger strategy.

9. Adjournment. There being no further business to come before this Board, a motion was made and seconded to adjourn the meeting at 11:37 a.m., and was unanimously approved via a voice vote.

Minutes prepared by Executive Secretary Marlene Kramarc

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

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



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Certified Public Accountants & Advisors
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, included in its representation letter dated May 31, 2013 that the Village of Morton Grove, Illinois (the Village) 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, 2012. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's 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's 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, 2012 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Village President, the Board of Trustees and management of the Village, the Illinois State Comptroller's Office and the joint review boards. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
May 31, 2013

VILLAGE OF MORTON GROVE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2012

	General	Lehigh/Ferris TIF	Waukegan Road TIF	Debt Service	Capital Projects	Nonmajor	Total
ASSETS							
Cash and cash equivalents	\$ 1,586,131	\$ 1,295,807	\$ 62,275	\$ -	\$ 322,177	\$ 1,018,819	\$ 4,285,209
Investments	-	1,245,183	-	168,330	2,736,411	94,475	4,244,399
Receivables							
Property taxes	8,808,007	15,016	16,352	1,118,470	51,456	-	10,009,301
Sales tax	1,333,388	-	-	147,500	6,250	78,000	1,565,138
State income tax	460,312	-	-	-	-	-	460,312
Accrued interest	-	-	-	-	18,484	-	18,484
Accounts and allotments	846,351	-	-	-	-	137,579	983,930
Due from other governments	151,501	-	-	-	-	-	151,501
Due from other funds	983,376	-	-	-	-	-	983,376
Loan to developer	-	1,700,000	-	-	-	-	1,700,000
Advances to other funds	1,546,190	35,714	-	-	-	-	1,581,904
IRMA excess surplus reserve	630,657	-	-	-	-	-	630,657
IPBC terminal reserve	517,636	-	-	-	-	-	517,636
Prepaid expenses	103,495	-	-	-	-	-	103,495
Land held for resale	-	8,169,381	-	-	-	-	8,169,381
Total assets	16,967,044	12,461,101	78,627	1,434,300	3,134,778	1,328,873	35,404,723
DEFERRED OUTFLOWS OF RESOURCES							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 16,967,044	\$ 12,461,101	\$ 78,627	\$ 1,434,300	\$ 3,134,778	\$ 1,328,873	\$ 35,404,723

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND FUND BALANCES

LIABILITIES

	General	Lehigh/Ferris TIF	Waukegan Road TIF	Debt Service	Capital Projects	Nonmajor	Total
Accounts payable and retainage payable	\$ 371,700	\$ 65,352	\$ -	\$ -	\$ 11,841	\$ 45,834	\$ 494,727
Accrued salaries and wages	460,313	-	-	-	-	-	460,313
Other payables	27,542	-	-	-	-	-	27,542
Unearned revenue	202,985	-	-	-	46,624	-	249,609
Deposits - refundable	263,330	-	-	-	-	-	263,330
Due to other funds	-	-	-	694,699	-	250,940	945,639
Due to fiduciary funds	1,389	-	-	-	-	-	1,389
Advances from other funds	-	-	1,468,930	-	-	112,974	1,581,904
Total liabilities	1,327,259	65,352	1,468,930	694,699	58,465	409,748	4,024,453

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue-property taxes	8,771,986	-	-	1,113,813	51,243	-	9,937,042
Total deferred inflows of resources	8,771,986	-	-	1,113,813	51,243	-	9,937,042
Total liabilities and deferred inflows of resources	10,099,245	65,352	1,468,930	1,808,512	109,708	409,748	13,961,495

FUND BALANCES

Nonspendable							
Prepaid expenses	103,495	-	-	-	-	-	103,495
Advance to other funds	1,546,190	35,714	-	-	-	-	1,581,904
Restricted for							
Public safety	116,805	-	-	-	-	482,443	599,248
Capital improvements - unspent bond proceeds	-	-	-	-	2,481,828	-	2,481,828
Community development	-	12,360,035	-	-	-	-	12,360,035
Highways and streets	-	-	-	-	-	448,601	448,601
Specific property tax levies	7,357	-	-	-	-	-	7,357
Unrestricted							
Committed for commuter improvements	-	-	-	-	-	180,440	180,440
Assigned for capital improvements	-	-	-	-	543,242	-	543,242
Unassigned	5,093,952	-	(1,390,303)	(374,212)	-	(192,359)	3,137,078
Total fund balances	6,867,799	12,395,749	(1,390,303)	(374,212)	3,025,070	919,125	21,443,228

TOTAL LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES

\$ 16,967,044	\$ 12,461,101	\$ 78,627	\$ 1,434,300	\$ 3,134,778	\$ 1,328,873	\$ 35,404,723
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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, 2012

	General	Lehigh/Ferris TIF	Waukegan Road TIF	Debt Service
REVENUES				
Taxes	\$ 19,669,421	\$ 2,282,139	\$ 581,843	\$ 1,687,273
Licenses and permits	1,472,977	-	-	-
Intergovernmental	353,191	-	-	81,610
Surcharges	-	-	-	-
Charges for services	805,325	-	-	-
Fines	609,450	-	-	-
Investment income	4,847	1,627	180	1,110
Cable TV franchise fees	322,937	-	-	-
Miscellaneous	206,598	29,377	-	-
Total revenues	23,444,746	2,313,143	582,023	1,769,993
EXPENDITURES				
Current				
General government	2,960,966	-	-	-
Public safety	16,559,777	-	-	-
Streets and sidewalks	2,261,284	-	-	-
Vehicle maintenance	816,073	-	-	-
Health and human services	263,187	-	-	-
Community development	105,595	35,846	428	-
Building and inspectional services	698,263	-	-	-
Debt service				
Principal retirement	-	270,000	609,965	1,770,022
Interest and fiscal charges	-	317,428	202,518	339,543
Capital outlay				
Capital projects	-	65,352	-	-
Total expenditures	23,665,145	688,626	812,911	2,109,565
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(220,399)	1,624,517	(230,888)	(339,572)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(300,000)	-	-	300,000
Proceeds from sale of capital assets	77,800	-	-	-
Total other financing sources (uses)	(222,200)	-	-	300,000
NET CHANGE IN FUND BALANCES	(442,599)	1,624,517	(230,888)	(39,572)
FUND BALANCES (DEFICIT), JANUARY 1	7,310,398	10,771,232	(1,159,415)	(334,640)
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 6,867,799	\$ 12,395,749	\$ (1,390,303)	\$ (374,212)

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, 2012
(with prior year actual for 2011)

	2012		2011
	Original and Final Budget	Actual	Actual
REVENUES			
Property taxes	\$ 2,600,000	\$ 2,282,139	\$ 2,517,558
Investment income	5,000	1,627	1,900
Miscellaneous	-	29,377	-
Total revenues	2,605,000	2,313,143	2,519,458
EXPENDITURES			
Current			
Community development			
Personal services	47,400	-	-
Commodities	1,425	-	375
Contractual services	75,800	35,846	68,210
Debt service			
Principal retirement	270,000	270,000	3,130,000
Interest and fiscal charges	317,000	317,428	427,860
Capital outlay	3,300,000	65,352	622,362
Total expenditures	4,011,625	688,626	4,248,807
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,406,625)	1,624,517	(1,729,349)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,000,000	-	-
Total other financing sources (uses)	2,000,000	-	-
NET CHANGE IN FUND BALANCE	\$ 593,375	1,624,517	(1,729,349)
FUND BALANCE, JANUARY 1		10,771,232	12,500,581
FUND BALANCE, DECEMBER 31		\$ 12,395,749	\$ 10,771,232

(See independent auditor's report.)

VILLAGE OF MORTON GROVE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WAUKEGAN ROAD TAX INCREMENT FINANCING FUND

For the Year Ended December 31, 2012
(with prior year actual for 2011)

	2012		2011
	Original and Final Budget	Actual	Actual
REVENUES			
Property taxes	\$ 815,000	\$ 581,843	\$ 735,100
Investment income	750	180	185
Total revenues	815,750	582,023	735,285
EXPENDITURES			
Current			
Community development			
Professional services	25,000	428	1,948
Commodities	900,000	-	-
Debt service			
Principal	609,966	609,965	576,754
Interest and fiscal charges	202,519	202,518	222,354
Capital outlay	350,000	-	14,457
Total expenditures	2,087,485	812,911	815,513
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,271,735)	(230,888)	(80,228)
OTHER FINANCING SOURCES (USES)			
Transfer (out)	(40,000)	-	-
Total other financing sources (uses)	(40,000)	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (1,311,735)</u>	(230,888)	(80,228)
FUND BALANCE (DEFICIT), JANUARY 1		(1,159,415)	(1,079,187)
FUND BALANCE (DEFICIT), DECEMBER 31		<u>\$ (1,390,303)</u>	<u>\$ (1,159,415)</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes. Six individual funds are reported within the Special Revenue Funds as follows:

Motor Fuel Tax Fund - accounts for monies received from the state levied tax on the sale of fuels and the expenditures for capitalized construction, improvements or general maintenance to the Village roadway system.

Commuter Parking Facility Fund - accounts for the cost of major improvements and general maintenance to the commuter parking facility on Lehigh Avenue. Revenues are primarily received from the daily parking fee imposed on the users of the facility.

9-1-1 Emergency Telephone System Fund - accounts for telephone surcharge fees collected for the 9-1-1 emergency telephone system. The funds are to be disbursed for the purchase and subsequent maintenance of that system.

Economic Development Fund - accounts for expenditures related to promoting economic development throughout the Village. The fund also accounts for non-TIF redevelopment costs including those that support an existing TIF but whose redevelopment is not directly within a TIF established district.

Fire Alarm Fund - accounts for expenditures related to fire alarm costs for the Regional Emergency Dispatch Center. The funds are to be disbursed for the purchase and subsequent maintenance of fire alarms.

Seizure Fund - accounts for expenditures related to public safety. Revenues are primarily received from the seizure of assets within the Village limits.

Dempster/Waukegan TIF Fund - accounts for expenditures related to promoting economic redevelopment in the Prairie View Shopping Center within the Dempster/Waukegan TIF District.

VILLAGE OF MORTON GROVE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

	Special Revenue Funds		
	Motor Fuel Tax	Commuter Parking Facility	9-1-1 Emergency Telephone System
ASSETS			
Cash and cash equivalents	\$ 408,990	\$ 180,665	\$ 112,235
Investments	-	-	-
Sales tax receivable	-	-	-
Accounts, miscellaneous and allotments receivable	48,169	-	56,334
TOTAL ASSETS	\$ 457,159	\$ 180,665	\$ 168,569
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and retainage payable	\$ 8,558	\$ 225	\$ 3,055
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total liabilities	8,558	225	3,055
FUND BALANCES			
Restricted for			
Public safety	-	-	165,514
Highways and streets	448,601	-	-
Unrestricted			
Committed for commuter improvements	-	180,440	-
Unassigned - deficit	-	-	-
Total fund balances	448,601	180,440	165,514
TOTAL LIABILITIES AND FUND BALANCES	\$ 457,159	\$ 180,665	\$ 168,569

Special Revenue Funds

Economic Development	Fire Alarm	Seizure	Dempster/ Waukegan TIF	Total
\$ -	\$ -	\$ 316,929	\$ -	\$ 1,018,819
94,475	-	-	-	94,475
78,000	-	-	-	78,000
33,076	-	-	-	137,579
<u>\$ 205,551</u>	<u>\$ -</u>	<u>\$ 316,929</u>	<u>\$ -</u>	<u>\$ 1,328,873</u>
\$ 23,505	\$ 10,491	\$ -	\$ -	\$ 45,834
248,725	2,215	-	-	250,940
-	-	-	112,974	112,974
<u>272,230</u>	<u>12,706</u>	<u>-</u>	<u>112,974</u>	<u>409,748</u>
-	-	316,929	-	482,443
-	-	-	-	448,601
-	-	-	-	180,440
(66,679)	(12,706)	-	(112,974)	(192,359)
<u>(66,679)</u>	<u>(12,706)</u>	<u>316,929</u>	<u>(112,974)</u>	<u>919,125</u>
<u>\$ 205,551</u>	<u>\$ -</u>	<u>\$ 316,929</u>	<u>\$ -</u>	<u>\$ 1,328,873</u>

(See independent auditor's report.)

VILLAGE OF MORTON GROVE, ILLINOIS

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

For the Year Ended December 31, 2012

	Special Revenue Funds		
	Motor Fuel Tax	Commuter Parking Facility	9-1-1 Emergency Telephone System
REVENUES			
Sales taxes	\$ -	\$ -	\$ -
Intergovernmental	718,514	-	-
Surcharge fees	-	-	273,226
Charges for services	-	135,454	-
Investment income	272	521	241
Total revenues	718,786	135,975	273,467
EXPENDITURES			
Current			
Public safety	-	-	259,563
Streets and sidewalks	568,153	144,649	-
Community development	-	-	-
Capital outlay	-	-	-
Total expenditures	568,153	144,649	259,563
NET CHANGE IN FUND BALANCES	150,633	(8,674)	13,904
FUND BALANCES, JANUARY 1	297,968	189,114	151,610
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 448,601	\$ 180,440	\$ 165,514

Special Revenue Funds

Economic Development	Fire Alarm	Seizure	Dempster/ Waukegan TIF	Total
\$ 312,000	\$ -	\$ -	\$ -	\$ 312,000
-	-	90,251	-	808,765
-	-	-	-	273,226
-	127,200	-	-	262,654
356	-	406	-	1,796
312,356	127,200	90,657	-	1,658,441
-	21,546	405	-	281,514
-	-	-	-	712,802
512,145	-	-	112,974	625,119
-	199,458	-	-	199,458
512,145	221,004	405	112,974	1,818,893
(199,789)	(93,804)	90,252	(112,974)	(160,452)
133,110	81,098	226,677	-	1,079,577
\$ (66,679)	\$ (12,706)	\$ 316,929	\$ (112,974)	\$ 919,125

(See independent auditor's report.)

ATTACHMENT "M"

Intergovernmental Agreements

No intergovernmental agreements were entered into by the Village in the reporting year.