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LOCAL GOVERNMENT DIVISION
ANNUAL TAX INCREMENT FINANCIAL REPORT
STATE OF ILLINOIS
COMPTROLLER

JUDY BAAR TOPINKA

Municipality TIF Administrator
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Municipality: Palatine Village (016/430/32)

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**FY 2013
ANNUAL TAX INCREMENT FINANCE
REPORT**



Name of Municipality: Village of Palatine Reporting Fiscal Year: **2013**
County: Cook Fiscal Year End: **12/31/2013**
Unit Code: 016/430/32

TIF Administrator Contact Information

First Name:	Reid	Last Name:	Ottesen
Address:	200 E Wood St.	Title:	Village Manager
Telephone:	847-359-9031	City:	Palatine
Mobile		E-mail	findept@palatine.il.us
Mobile		Best way to	<input checked="" type="checkbox"/> Email
Provider		contact	<input type="checkbox"/> Mobile
			Phone
			Mail

I attest to the best of my knowledge, this report of the redevelopment project areas in: City/Village of

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.]

Reid J. Otter

5/29/14

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

*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.]

FY 2013

Name of Redevelopment Project Area:	Downtown TIF	
Primary Use of Redevelopment Project Area*:	Combination/Mixed	
If "Combination/Mixed" List Component Types:	Retail/Residential	
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		
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 - (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.

FY 2013**TIF NAME: Downtown TIF**

Fund Balance at Beginning of Reporting Period

\$ 13,378,480

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 4,850,953	\$ 53,732,820	44%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 8,590	\$ 932,638	1%
Land/Building Sale Proceeds		\$ 1,252,260	1%
Bond Proceeds		\$ 61,590,465	50%
Transfers from Municipal Sources	\$ 125,624	\$ 5,601,163	5%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation**Fund During Reporting Period**

\$ 4,985,167

Cumulative Total Revenues/Cash Receipts

\$ 123,109,346 100%

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

\$ 12,551,001

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 12,551,001

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

\$ (7,565,834)

FUND BALANCE, END OF REPORTING PERIOD*

\$ 5,812,646

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

Total Amount Designated (Carried forward from Section 3.3)

\$ (24,899,018)

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

SECTION 3.2 A

PAGE 2

SECTION 3.2 A**PAGE 3**

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		\$ 12,551,001

Section 3.2 B

FY 2013

TIF NAME: Downtown TIF

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.

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

FY 2013

TIF NAME: Downtown TIF

FUND BALANCE, END OF REPORTING PERIOD

\$ 5,812,646

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

1. Description of Debt Obligations

General Obligation Refunding Bonds, Series 2004D	\$ 5,080,000	\$ 4,285,000
General Obligation Bonds, Series 2007A	\$ 365,000	\$ 365,000
General Obligation Taxable Bonds, Series 2007B	\$ 7,335,000	\$ 5,035,000
General Obligation Bonds, Series 2009E	\$ 8,500,000	\$ 8,500,000
General Obligation Refunding Bonds, Series 2010B	\$ 12,555,000	\$ 6,785,000
General Obligation Refunding Bonds, Series 2011B	\$ 850,000	\$ 700,000
General Obligation Taxable Refunding Bonds, Series 2012	\$ 8,025,000	\$ 4,930,000
Redevelopment Notes, Limited Series 2006B	\$ 190,000	\$ 111,664

Total Amount Designated for Obligations

\$	42,900,000	\$	30,711,664
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2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs

\$ -

TOTAL AMOUNT DESIGNATED

\$ 30,711,664

SURPLUS*/(DEFICIT)

\$ (24,899,018)

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

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]**FY 2013****TIF NAME: Downtown TIF**

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

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

Property Acquired by the Municipality Within the Redevelopment Project Area

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

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

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

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

FY 2013

TIF NAME: Downtown TIF

SECTION 5 PROVIDES PAGES 1-3 TO ACCOMMODATE UP TO 25 PROJECTS. PAGE 1 MUST BE INCLUDED WITH TIF REPORT. PAGES 2-3 SHOULD BE INCLUDED ONLY IF PROJECTS ARE LISTED ON THESE PAGES

Check here if NO projects were undertaken by the Municipality Within the Redevelopment Project Area: _____

ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below*. _____ 20 _____

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 268,907,820	\$ 217,105	\$ 217,105
Public Investment Undertaken	\$ 46,798,798	\$ 335,000	\$ 550,000
Ratio of Private/Public Investment	5 47/63		15/38

Project 1: *IF PROJECTS ARE LISTED NUMBER MUST BE ENTERED ABOVE

Wellington Court			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 400,000	\$ -	\$ -
Ratio of Private/Public Investment	15		0

Project 2:

Grove of Palatine			
Private Investment Undertaken (See Instructions)	\$ 98,000,000		
Public Investment Undertaken	\$ 3,976,850		
Ratio of Private/Public Investment	24 9/14		0

Project 3:

Gateway Center			
Private Investment Undertaken (See Instructions)	\$ 18,000,000		
Public Investment Undertaken	\$ 18,273,000		
Ratio of Private/Public Investment	66/67		0

Project 4:

Hummel Building			
Private Investment Undertaken (See Instructions)	\$ 6,000,000		
Public Investment Undertaken	\$ 1,732,013		
Ratio of Private/Public Investment	3 13/28		0

Project 5:

Providence			
Private Investment Undertaken (See Instructions)	\$ 4,200,000		
Public Investment Undertaken	\$ 9,349,935		
Ratio of Private/Public Investment	31/69		0

Project 6:

Palatine Station			
Private Investment Undertaken (See Instructions)	\$ 35,000,000		
Public Investment Undertaken	\$ 164,830		
Ratio of Private/Public Investment	212 17/50		0

Project 7: Brownstones #1	
--	--

Private Investment Undertaken (See Instructions)	\$ 4,000,000		
Public Investment Undertaken	\$ 1,374,300		
Ratio of Private/Public Investment	2 51/56		0

Project 8: Brownstones #2	
--	--

Private Investment Undertaken (See Instructions)	\$ 5,000,000		
Public Investment Undertaken	\$ 990,000		
Ratio of Private/Public Investment	5 5/99		0

Project 9: Benchmark	
---------------------------------------	--

Private Investment Undertaken (See Instructions)	\$ 21,000,000		
Public Investment Undertaken	\$ 2,098,500		
Ratio of Private/Public Investment	10		0

Project 10: Preserves of Palatine	
--	--

Private Investment Undertaken (See Instructions)	\$ 30,000,000		
Public Investment Undertaken	\$ 2,089,963		
Ratio of Private/Public Investment	14 17/48		0

Project 11: Metropolitan	
---	--

Private Investment Undertaken (See Instructions)	\$ 13,000,000		
Public Investment Undertaken	\$ 1,952,000		
Ratio of Private/Public Investment	6 64/97		0

Project 12: Music Room	
---	--

Private Investment Undertaken (See Instructions)	\$ 1,000,000		
Public Investment Undertaken	\$ 125,000		
Ratio of Private/Public Investment	8		0

Project 13: 19 South Bothwell	
--	--

Private Investment Undertaken (See Instructions)	\$ 675,000		
Public Investment Undertaken	\$ 190,000		
Ratio of Private/Public Investment	3 21/38		0

Project 14: Lamplighters' Inn	
--	--

Private Investment Undertaken (See Instructions)	\$ 1,000,000		
Public Investment Undertaken	\$ 190,000		
Ratio of Private/Public Investment	5 5/19		0

Project 15: Mexico Uno	
---	--

Private Investment Undertaken (See Instructions)	\$ 580,000		
Public Investment Undertaken	\$ 482,000		
Ratio of Private/Public Investment	1 12/59		0

Project 16: Stratford			
Private Investment Undertaken (See Instructions)	\$ 7,115,820		
Public Investment Undertaken	\$ 900,000		
Ratio of Private/Public Investment	7 29/32		0

Project 17: Heritage			
Private Investment Undertaken (See Instructions)	\$ 16,000,000		
Public Investment Undertaken	\$ 2,100,000		
Ratio of Private/Public Investment	7 13/21		0

Project 18: Bauer's Brauhaus			
Private Investment Undertaken (See Instructions)	\$ 300,000		
Public Investment Undertaken	\$ 24,785	\$ 5,000	\$ 25,000
Ratio of Private/Public Investment	12 5/48		0

Project 19: Patzke			
Private Investment Undertaken (See Instructions)	\$ 1,500,000		
Public Investment Undertaken	\$ 138,275	\$ 230,000	\$ 425,000
Ratio of Private/Public Investment	10 39/46		0

Project 20: Downtown Façade Program			
Private Investment Undertaken (See Instructions)	\$ 537,000	\$ 217,105	\$ 217,105
Public Investment Undertaken	\$ 247,347	\$ 100,000	\$ 100,000
Ratio of Private/Public Investment	2 13/76		2 13/76

Project 21:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 22:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 23:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 24:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. ***even though optional MUST be included as part of complete TIF report**

SECTION 6

FY 2013

TIF NAME: Downtown TIF

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
1999	\$ 23,256,863	\$ 76,015,978

List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
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SECTION 7

Provide information about job creation and retention

SECTION 8

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

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

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Jim Schwantz, the duly elected Mayor and Chief Executive Officer of the Village of Palatine, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the Village complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2013 and ending December 31, 2013.

Jim Schwantz
Mayor

5/29/14

Date

CERTIFICATION BY THE VILLAGE ATTORNEY

This will confirm that I am the duly appointed Village Attorney of the Village of Palatine, County of Cook, State of Illinois. I have reviewed all information provided to me by the Village of Palatine staff and consultants. I find that the Village has conformed to all the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2013 and ending December 31, 2013, to the best of my knowledge and belief.

Robert C. Kenny
Robert C. Kenny
Village Attorney

5/29/14
Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

The establishment of the Downtown TIF District Facade Improvement Program has resulted in applications being approved for ten different properties. These ten projects have resulted in a combined investment of \$784,200 (consisting of \$536,800 in private investment and \$247,400 in Village participation).

In the spring of 2013, the Village reconstructed Slade Street which resulted in the addition of eight on-street parking spaces to be utilized by the surrounding commercial/business uses.

ORDINANCE NO. 0-58-13

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A
REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
TAP HOUSE GRILL PALATINE LLC D/B/A TAP HOUSE GRILL IN
DOWNTOWN PALATINE – 56 W. WILSON STREET**

Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on May 20, 2013

ORDINANCE NO. 0-58-13

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT
AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
TAP HOUSE GRILL PALATINE LLC D/B/A TAP HOUSE GRILL
IN DOWNTOWN PALATINE – 56 W. WILSON STREET**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-224-99, 0-225-99, 0-226-99 and passed by the Mayor and Village Council on December 16, 1999, established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for its downtown and designated a Redevelopment Project Area; and

WHEREAS, on January 24, 2000, the Village Council, at a meeting duly held, did adopt Ordinance No. 0-12-00 correcting certain scrivener's errors in the legal description attached as Exhibit A to Ordinances Nos. 0-224-99, 0-225-99 and 0-226-99 of the Village of Palatine, Cook County, Illinois; and

WHEREAS, the Mayor and Village Council have on May 20, 2013, considered the proposed Redevelopment Agreement with Tap House Grill Palatine LLC D/B/A Tap House Grill and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:

05/16/2013 10:21 AM

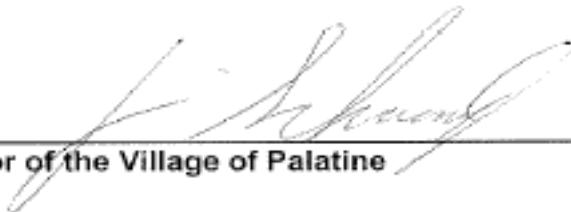
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement that substantially conforms to Exhibit "A" attached hereto, pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4 and authorizes the Mayor to execute any other supporting documents to the extent permitted by law.

SECTION 2: This Ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 20 day of May, 2013

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

APPROVED by me this 20th day of May, 2013



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 20th day of

May, 2013



Village Clerk

REDEVELOPMENT AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into as of this 11th day of June, 2013 ("Agreement Date"), by and between the **Village of Palatine, Illinois, an Illinois municipal home rule corporation** located in Cook County, Illinois ("Village") and **Tap House Grill Palatine, LLC, an Illinois Limited Liability Company** (sometimes referred to as "Tap House Grill" and/or "Developer"). The Village and Tap House Grill are sometimes referred to individually as a "Party" and collectively as the "Parties".

WITNESSETH:

WHEREAS, the Village is a home rule unit of government in accordance with Article VII Section 6 of the Constitution of the State of Illinois, 1977; and

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

WHEREAS, to stimulate and induce redevelopment in the Downtown, pursuant to the Act, the Village adopted the necessary ordinances, after giving all notices required and after conducting the public hearings required by law, and created the Village of Palatine Downtown TIF District.

WHEREAS, Tap House Grill has expressed a willingness to locate its Restaurant business to 56 W. Wilson Street, Palatine, Illinois ("Property"), the legal description of which is described on Exhibit "A"; and

WHEREAS, Tap House Grill desires to lease and remodel the Property; and

Execution Copy

WHEREAS, Tap House Grill will be the tenant of the Restaurant at the Property under the terms of a lease agreement entered into by and between the Parties hereto, dated July 1, 2013; and

WHEREAS, Developer has been and continues to be unwilling to remodel the Restaurant at the Property but for certain tax increment financing ("TIF") incentives from Village, which Village is willing to provide under the terms and conditions contained herein; and

WHEREAS, this Agreement has been submitted to the Members of the Tap House Grill Palatine, LLC for consideration and review, the Members have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon Tap House Grill according to the terms hereof, and any and all actions of Tap House Grill Manager precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

WHEREAS, the Village finds that the Agreement set forth below serves the public interest, assisting Tap House Grill in locating and operating its Restaurant within the Village, while at the same time furthering the Village's purposes for Downtown redevelopment.

WHEREAS, the financial assistance to be provided by the Village pursuant to this Redevelopment Agreement shall be in compliance with all applicable regulations of the Act.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS.

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The findings, representations and agreements set forth in the above Recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though fully set out in this Article One, and constitute findings, representations and agreements of the Village and of Tap House Grill.

ARTICLE TWO

**TIF ASSISTANCE FOR TAP HOUSE GRILL RESTAURANT AT
56 W. WILSON STREET, PALATINE, ILLINOIS**

2.1 Maximum Amount of TIF Benefit. The total amount of financial assistance to be provided by the Village shall not exceed seven hundred fifty thousand (\$750,000) dollars as well as the terms and assistance outlined in the lease. Because Tap House Grill is willing to remodel the Property in order to open its Restaurant operation, the Village agrees to provide financial assistance to Tap House Grill in the form of a loan and cash reimbursement(s) to assist Tap House Grill in the expense of remodeling and opening a restaurant in the Property. This financial assistance shall be only for TIF eligible expenses under the Act which include but are not limited to costs of rehabilitation, reconstruction, repair, or remodeling of the existing fixtures and leasehold improvements.

2.2 Payment of TIF Benefit Subject to Tap House Grill establishing that its costs are TIF eligible expenses under the Act and this Agreement, and subject to Tap House Grill providing the Village with proof of payment in a form satisfactory to the Village as set forth in Section 2.2 (d) below, barring uncontrollable circumstances, the Village shall pay to Tap House Grill a total amount not to exceed seven hundred fifty thousand (\$750,000) dollars as follows:

Execution Copy

(a) The initial TIF reimbursement payments made by the Village to Tap House Grill which shall total an amount not to exceed two hundred fifty thousand (\$250,000) dollars shall be provided by the Village to Developer in the form of a loan to be repaid by Developer. The Loan Agreement shall be substantially in the form of the Note attached as Exhibit "B" to this Agreement. The Village shall make its TIF reimbursable payments to Tap House Grill within thirty (30) days after Developer provides to the Village complete documentation as set forth in Section 2.2 (d).

(b) The remaining up to five hundred thousand (\$500,000) dollars shall be paid by the Village to Tap House Grill as a TIF reimbursement for TIF eligible expenses (and not as a loan) within thirty (30) days after Developer provides documentation from time to time as set forth in Section 2.2(d).

(c) As additional TIF assistance the Village agrees to lease the Premises pursuant to the terms of the Lease Agreement between the Parties dated ~~July~~ 2013. The lease shall provide Developer with an option to purchase the Property.

(d) All of the payments identified in Section 2.2 (a) and (b) shall be subject to the following conditions prior to any payment being made by the Village to Tap House Grill:

- (i) The expenses are eligible for TIF Reimbursement under the Act and this Agreement as determined by the Village;
- (ii) Tap House Grill shall submit to the Village copies of all financial information requested by the Village including, but not limited to actual paid invoices and receipts evidencing payment, associated waivers of liens, cancelled checks, and other proof of remodeling

Execution Copy

payments incurred by Tap House Grill or related information as may be requested by the Village;

(iii) Within sixty (60) days after completion of all of Tap House Grill's Work, Tap House Grill shall submit to Village (a) a sworn affidavit from Tap House Grill and its general contractor (if Tap House Grill is not acting as its own general contractor) in form and substance reasonably acceptable to Village stating (1) in reasonable detail the actual costs paid by Tap House Grill for construction and completion of Tap House Grill's Work and the actual TIF Eligible Expenses claimed by Tap House Grill, (2) the names and addresses of all architects, consultants, contractors, subcontractors or suppliers in respect of Tap House Grill's Work, and (3) that all of the persons identified in the sworn affidavit required pursuant to clause (a)(2) have been paid in full; (b) full and final mechanic's lien waivers, in form and substance reasonably acceptable to Village from each person identified in the sworn affidavit required pursuant to clause (a)(2); and (c) any and all further documentation reasonably required by Village, if any.

(iv) In the event that Village shall receive notice of impending liens, legal actions, or disputes relating to Tap House Grill's Work, Village shall not be obligated to pay the TIF Eligible Expenses, or any part thereof, until said matter is resolved to Village's satisfaction, in Village's sole but reasonable discretion.

(v) No payment will be made by the Village unless Tap House Grill is up to date on any and all applicable Village fees, taxes, and payments, including, but not limited to, business license, liquor license, and food and beverage taxes.

Execution Copy

- (vi) Tap House Grill shall complete all of the planned interior and exterior improvements and remodeling work within one hundred fifty (150) days after the commencement date of the Lease.
- (vii) Approval by the Village of an ordinance granting a Special Use for the Property for use as a restaurant with a liquor license. Failure of the Village to approve a Special Use ordinance for a restaurant shall result in termination of this Agreement without further action or notice.
- (e) In the event that this Agreement is terminated after Tap House Grill has installed fixtures and/or equipment in the building, at any time prior to the expiration of this Redevelopment Agreement for any reason, all fixtures and equipment for which Tap House Grill has been reimbursed shall remain on the Property and remain the property of the Village.

2.3 Agreement Does Not Constitute a Debt of the Village. This Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation. Because the Special Tax Allocation Fund is a special fund, the aforesaid deposits into the Special Tax Allocation Fund shall not be subject to the appropriation process of the Corporate Authorities of the Village and the amounts deposited therein shall be disbursed in accordance with this Agreement without further action of the Corporate Authorities.

2.4 Uncontrollable Circumstances. For purposes of this Agreement, Uncontrollable Circumstances shall be defined to mean any event which:

Execution Copy

(a) is beyond the reasonable control of and without the fault of Tap House Grill; and

(b) is one or more of the following events:

- (i) a Change in Law;
- (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;
- (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, other extraordinary weather conditions or other similar Act of God;
- (iv) governmental condemnation or taking other than by the Village;
- (v) strikes or labor disputes, other than those caused by the acts of Tap House Grill;
- (vi) unreasonable delay in the issuance of building or other permits or approvals by the Village or other governmental authority having jurisdiction;
- (vii) shortage or unavailability of essential materials for a period not in excess of sixty (60) days and which materially change the ability of Tap House Grill to carry out its obligations under this Agreement;

Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance, (2) commercial or economic frustration of purpose, (3) unavailability of materials,

Execution Copy

strikes or labor disputes caused by the acts of Tap House Grill, or (4) a failure of performance by a contractor.

ARTICLE THREE

REMEDIES FOR DEFAULT

In the case of default by either Party, hereunder:

A. The defaulting Party shall, upon written notice from the non-defaulting Party, take action to cure or remedy such default. If, in case any monetary default is not cured or, if in the case of a non-monetary default, action is not taken or not diligently pursued, or if action is taken and diligently pursued but such default or breech shall not be cured or remedied within a reasonable time, but in no event more than thirty (30) additional days unless extended by mutual agreement, the non-defaulting Party may institute such proceedings as may be necessary or desirable, in its opinion, to cure or remedy such default or breech, including but not limited to, proceedings to compel specific performance of the defaulting Party's obligations under this Agreement.

B. In the case of default by Tap House Grill, in addition to any other remedies at law or equity, the Village shall be relieved of its obligations under this Agreement, including but not limited to, its obligations to make any payment to Tap House Grill. Payments shall resume in the event that Tap House Grill cures the default within the applicable cure period.

C. In the event a default is not cured within the applicable cure period, and the Parties employ an attorney or attorneys or incur other expenses for the collection of the

Execution Copy

payments due under this Agreement or the enforcement of performance or observance of any obligations or agreements herein contained, the non-prevailing Party shall pay, on demand but in no event more than forty-five (45) days after such demand, the prevailing Party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action.

D. Any delay by either Party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement, shall not operate, to act as a waiver of such rights or to deprive it of or, limit such rights in any such way, it being the intent of this provision that neither Party shall be deprived of or limited in the exercise of the remedies provided in this Agreement because of concepts of waiver, laches or otherwise nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

Section 3.1 Rights and Remedies Cumulative. The rights and remedies of the Parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise by such Party, at that time or different times, of any other such remedies for the same Event of Default.

Execution Copy

Section 3.2 Notices. All notices, certificates, approvals, consents or other communications desired or required to be given hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service, (b) overnight courier, or (c) registered or certified first class mail, postage prepaid, return receipt requested.

If to Village:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attn: Village Clerk
With a copy to:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attn: Village Manager
With a copy to:	Schain, Burney, Banks & Kenny 70 W. Madison Street, Suite 4500 Chicago, IL 60602 Attn: Robert C. Kenny
Tap House Grill:	Tap House Grill Palatine, LLC c/o Tap House Management Group 708 S Vermont Palatine, IL 60067
With a copy to:	Metrou & Associates, PC 123 W Washington Street, Suite 216 Oswego, IL 60543 Attn: Peter Metrou

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any notice, demand or request sent pursuant to clause (a) shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to

Execution Copy

clause (b) shall be deemed received on the day immediately following deposit with the overnight courier, and any notices, demands or requests sent pursuant to clause (c) shall be deemed received forty-eight (48) hours following deposit in the mail.

Section 3.3 Time of the Essence. Time is of the essence of this Agreement.

Section 3.4 Integration. This Agreement supercedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the Parties. The Parties acknowledge that they have executed a Lease for the subject premises and wherever the terms and conditions of this Redevelopment Agreement conflict with the terms and conditions of the Lease, the Village and Tap House Grill agree the terms and conditions of this Redevelopment Agreement shall govern and control over the terms and conditions of the Lease.

Section 3.5 Execution. This Agreement may be executed in counterparts, each of which shall be an original and all of which will constitute one and the same Agreement.

Section 3.6 Severability. If any provision of this Agreement, or any Section, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held to be invalid, the remainder of this Agreement shall be construed as if such invalid part were never included herein, and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

Section 3.7 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 3.8 Entire Contract And Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract between the Village and Tap House Grill relating to

Execution Copy

the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village and Tap House Grill, and may not be modified or amended except by a written instrument executed by the Parties hereto.

Section 3.9 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the Village and Tap House Grill, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village or Tap House Grill, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village or Tap House Grill. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Section 3.10 Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

Section 3.11 No Assignment. Tap House Grill may not assign its rights under this Agreement to any other person without the express written approval of the Village.

Section 3.12 No Joint Venture, Agency or Partnership Created. Nothing in this Agreement, or any actions of the Parties to this Agreement, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

Execution Copy

Section 3.13 No Personal Liability of Officials of Village or Tap House Grill. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, manager, member, director, agent, employee or attorney of the Village or Tap House Grill, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village or Tap House Grill shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

Section 3.14 Compliance with Illinois Prevailing Wage Statute. Pursuant to Illinois state statute, the Developer shall comply with the prevailing wage laws, which require all projects that receive governmental funding to comply with the requirements, including but not limited to the reporting requirements (including but not limited to the provision of weekly certified payroll records), of the Illinois Prevailing Wage Act. It shall be the duty of Developer to determine whether the Illinois Prevailing Wage Act applies to this Project. In the event Developer determines that the Illinois Prevailing Wage Act does not apply and the Illinois Department of Labor makes a contrary determination, it shall be the duty and responsibility of the Developer to pay all underpayments, penalties and interest, if any, assessed against the Developer, its contractors, or the Village. If the Illinois Prevailing Wage Act is determined to apply, then payments by the Village to the Developer shall not be made until full compliance with the Prevailing Wage Act has been achieved.

Execution Copy

Section 3.15 Term. This Agreement shall remain in full force and effect until effect for twenty-three (23) years from the date the Downtown Redevelopment Project Area was created, or until otherwise terminated pursuant to the terms of this Agreement.

ARTICLE FOUR

EFFECTIVENESS

The effective date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution of an adoption of this Agreement. Tap House Grill shall execute this Agreement not later than twenty-one (21) days after Village Council's authorization and execution of this Agreement, or else this Agreement will be deemed void.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on or as of the day and year first above written.

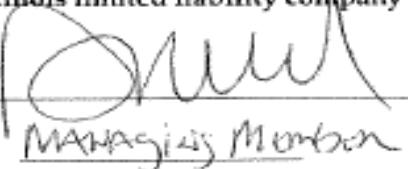
**VILLAGE OF PALATINE, an Illinois
municipal corporation**

By: 
Its: Mayor

ATTEST:

By: 
Its: Village Clerk - Deputy

**TAP HOUSE GRILL PALATINE, LLC
An Illinois limited liability company**

By: 
Its: Managing Member

Execution Copy

I, SUZANNE H. BARTELS, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that ROBERT SCOTT WALD of _____, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Bauer Family Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11th day of June, 2013.

My commission expires 9-18-13

Notary Public



Execution Copy

EXHIBIT "A"

The South $\frac{1}{2}$ of Lots 3 and 4 and all of Lots 5 and 6 in Block 'B' in Palatine in the East $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 15, Township 42 North, Range 10 East of the Third Principal Meridian, according to the Plat Thereof Recorded August 20, 1869 in Book 170 of Maps, Pages 94 and 95 as Document 2021 and recorded April 10, 1877 in Book 13 of Plats, Pages 3 and 4 as Document 129579 in Cook County, Illinois.

Permanent Tax Index Numbers:

02-15-414-002
02-15-414-004
02-15-414-007
02-15-414-008

Property Address: 56-58 W. Wilson Street, Palatine, IL 60067

Joint Review Board Minutes



VILLAGE OF PALATINE

200 E. Wood Street • Palatine, IL • 60067-5339
Telephone: (847) 359-9050 • Fax (847) 359-9094
www.palatine.il.us • Action Line (847) 705-5200

September 10, 2013

To: County of Cook
Forest Preserve District of Cook County
Township of Palatine
Community Consolidated School District 15
Palatine Township High School District 211
Harper Community College District 512
Palatine Park District
Palatine Public Library
Palatine Township Road District
Metropolitan Water Reclamation District of Greater Chicago
Northwest Mosquito Abatement District
Illinois Department of Commerce and Economic Opportunity

RE: TIF Joint Review Board Meeting – September 30, 2013

Ladies and Gentlemen:

This letter is to notify you that the Village of Palatine will be holding the annual Joint Review Board meeting on Monday, September 30, 2013 at 3:00 PM in the Council Chambers of the Village Hall at 200 E. Wood Street. Enclosed you will find the following:

- ✓ Agenda;
- ✓ Draft Minutes from September 26, 2012; and
- ✓ Maps outlining Palatine's existing TIF Districts.

The associated TIF reports may be viewed on the Village's website at www.palatine.il.us, and they can be found under **Village Government – Forms & Publications – Financial Reports**. Please feel free to contact me if you have trouble locating the reports on the Village's website or would prefer the reports in a different format.

Please feel free to contact me if you have any questions, otherwise I look forward to seeing you at the upcoming Joint Review Board meeting on Monday, September 30.

Sincerely,

A handwritten signature in black ink, appearing to read "Reid T. Ottesen".

Reid T. Ottesen
Village Manager

Incorporated in 1866
Council – Manager Government Since 1956



VILLAGE OF PALATINE

200 E. Wood Street • Palatine, IL 60067-5339
Telephone (847) 359-9088 • Fax (847) 202-6672
www.palatine.il.us

VILLAGE OF PALATINE

ANNUAL MEETING OF THE JOINT REVIEW BOARD

Monday, September 30, 2013
3:00 PM

VILLAGE OF PALATINE ADMINISTRATIVE OFFICE
200 E. WOOD STREET
PALATINE, ILLINOIS

- I. CALL TO ORDER
REID T. OTTESEN, VILLAGE MANAGER
- II. ROLL CALL MEMBERS
- III. NOMINATION AND SELECTION OF PUBLIC MEMBER
- IV. NOMINATION AND SELECTION OF CHAIRMAN
- V. APPROVAL OF THE MINUTES OF THE SEPTEMBER 26, 2012 JOINT
REVIEW BOARD MEETING
- VI. ANNUAL REVIEW OF PERFORMANCE:
 - a. DUNDEE ROAD TIF DISTRICT
 - b. RAND/DUNDEE TIF DISTRICT
 - c. RAND ROAD CORRIDOR TIF DISTRICT
 - d. DOWNTOWN AREA TIF DISTRICT
 - e. RAND/LAKE COOK TIF DISTRICT
- VII. ADJOURNMENT

Incorporated in 1866
Council - Manager Government Since 1956

DRAFT

Village of Palatine

Rand/Dundee Tax Increment Financing District
Dundee Road Tax Increment Financing District
Rand Corridor Tax Increment Financing District
Rand/Lake Cook Tax Increment Financing District
Downtown Area Tax Increment Financing District

Meeting of the Joint Review Board

Wednesday, September 26, 2012 - 2:00 p.m.

Minutes

I. JOINT REVIEW BOARD CALL TO ORDER

Reid Ottesen, Village Representative, called the meeting to order at 2:01 p.m.

II. ROLL CALL OF TAX DISTRICT MEMBERS

Present:

Community Consolidated School District 15
Scott Thompson, Superintendent
Palatine Public Library District
Susan Strunk, Executive Director
Township High School District 211
Dave Torres, Associate Superintendent for Business
Village of Palatine
Reid Ottesen, Village Manager
Mike Jacobs, Deputy Village Manager
Paul Mehring, Finance Director
William Rainey Harper Community College
Bret Bonnstetter, Controller
Ray Franczak, Public Member

Absent:

Cook County
Forest Preserve District of Cook County
Illinois Department of Commerce and Economic Opportunity
Long Grove Fire Protection District
Metropolitan Water Reclamation District of Greater Chicago
Northwest Mosquito Abatement District
Palatine Park District
Township of Palatine

III. NOMINATION FOR AND SELECTION OF PUBLIC MEMBER

Scott Thompson, seconded by Dave Torres, moved to approve Ray Franczak as the Public Member of the Joint Review Board. The motion was approved unanimously.

IV. NOMINATION FOR CHAIR OF THE JOINT REVIEW BOARD

Scott Thompson, seconded by Susan Strunk, nominated Reid Ottesen as the Chair of the Joint Review Board meeting for Monday, September 26, 2012. The motion was approved unanimously.

V. APPROVAL OF THE NOVEMBER 14 2011 MINUTES OF THE JOINT REVIEW BOARD

Scott Thompson, seconded by Ray Franczak, moved to approve the November 14, 2011 minutes of the Joint Review Board. The motion was approved unanimously.

VI. APPROVAL OF THE JUNE 14, 2012 MINUTES OF THE JOINT REVIEW BOARD

Dave Torres, seconded by Scott Thompson, moved to approve the June 14, 2012 minutes of the Joint Review Board. The motion was approved unanimously.

VII. ANNUAL REVIEW OF PERFORMANCE

Reid Ottesen explained that all taxing bodies are required to get together once a year to discuss the status of the TIF districts. Reid Ottesen indicated that he would review the projected surplus to be declared from the Dundee Road TIF and Rand/Dundee TIF and that Mike Jacobs would provide an overview of development activity within the Village's TIF Districts over the past year.

A. DUNDEE ROAD TIF DISTRICT
B. RAND/DUNDEE TIF DISTRICT

Reid Ottesen distributed summary charts for both TIF Districts that outlined the projected distribution of incremental revenues by agency from 2013 through 2018. He noted that 2013 includes a full payout of all surplus funds, while the projected distribution for future years includes only a partial surplus payout as the Village is looking to set aside some money for potential projects within the TIF District. He noted that the future year projections will be reconsidered each year as part of the Village's annual budget review and approval process.

C. RAND ROAD CORRIDOR TIF DISTRICT

Mike Jacobs reviewed the status of several properties including the former Idol's and Menard's sites, as well as some potential modifications to the Park Place shopping center. Scott Thompson asked some additional questions related to the status of Idol's. In addition, Mr. Jacobs outlined IDOT's proposed modifications to Dundee Road, between Rand Road and Route 53.

D. DOWNTOWN AREA TIF DISTRICT

Within the Village's Downtown TIF District, Mike Jacobs indicated that during the past year several business/property owners have participated in the Village's downtown façade grant program. Mr. Jacobs also noted that the reconstruction of Bothwell Street, between Palatine Road and the railroad tracks, has commenced and will result in additional on-street parking as well as enhanced pedestrian amenities. Susan Strunk inquired about the status of the Mia Cucina building as well as other vacant tenant spaces within the downtown area. Mr. Jacobs outlined the Village's efforts related to the Mia Cucina building as well as the status of some of the other available retail spaces within the downtown area.

E. RAND/LAKE COOK TIF DISTRICT

Mike Jacobs indicated that the Village Council formally approved the Rand/Lake Cook TIF District on August 20, 2012. Mr. Jacobs also noted that Patrick Hyundai was pursuing approval for a new automobile dealership at the southeast corner of Rand and Lake Cook Roads.

VIII. ADJOURNMENT

Scott Thompson, seconded by Ray Franczak, moved to adjourn the Joint Review Board Meeting at 2:25 p.m. The motion was approved unanimously.

Respectfully submitted,

Michael W. Jacobs
Village of Palatine

Audited Statements of the Special Tax Allocation Fund



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Palatine, Illinois (Village) as of and for the year ended December 31, 2013, which collectively comprise the basic financial statements of the Village, and have issued our report thereon dated April 1, 2014.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary financial information (schedule of revenues, expenditures, and changes in fund balance and schedule of fund balance by source for the Dundee Road Tax Increment Financing District Fund, Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, Rand Road Corridor Tax Increment Financing District Fund and the Rand/Lake Cook Tax Increment Financing District Fund NEED TO CHECK NAME AFTER PAUL UPDATES TIF F/S) is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Sikich LLP".

Naperville, Illinois
April 1, 2014

Supplementary Information

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICT FUNDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2013

	Dundee Road TIF	Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF	Rand/Lake Cook TIF
REVENUES					
Taxes					
Incremental property taxes	\$ 2,458,769	\$ 243,592	\$ 4,850,953	\$ 2,253,091	\$ -
Intergovernmental					
Build America bond interest rebate	-	-	125,624	-	-
Investment income	1,119	191	8,590	1,602	-
Total revenues	2,459,888	243,783	4,985,167	2,254,693	-
EXPENDITURES					
Economic development					
Supplies and services	-	-	14,879	3,369	-
Project expenditures	-	-	2,238,570	357,390	1,000,000
Surplus distribution	1,900,000	275,000	-	-	-
Capital outlay					
Buildings and facilities	-	-	1,952,550	-	-
Rights of way improvements	-	-	116,942	61,273	-
Flood control	-	-	-	-	-
Street improvements	-	-	2,820,595	9,976	-
Debt service					
Principal retirement	-	-	3,895,647	950,000	-
Interest	-	-	1,548,221	880,598	-
Fiscal charges	-	-	3,597	1,000	-
Total expenditures	1,900,000	275,000	12,551,001	2,263,606	1,000,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	559,888	(31,217)	(7,565,834)	(8,913)	(1,000,000)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,000,000
Transfers (out)	-	-	-	(1,000,000)	-
Total other financing sources (uses)	-	-	-	(1,000,000)	1,000,000
NET CHANGE IN FUND BALANCE	559,888	(31,217)	(7,565,834)	(1,008,913)	-
FUND BALANCE, JANUARY 1 - AS RESTATED	2,095,598	294,354	13,378,480	9,746,096	(43,615)
FUND BALANCE, DECEMBER 31	\$ 2,655,486	\$ 263,137	\$ 5,812,646	\$ 8,737,183	\$ (43,615)

(See independent auditor's report.)

- 3 -

Village of Palatine
Downtown TIF

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICT FUNDS

SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended December 31, 2013

	Dundee Road TIF	Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF	Rand/Lake Cook TIF
BEGINNING BALANCES, JANUARY 1, 2013					
- AS RESTATED	\$ 2,095,598	\$ 294,354	\$ 13,378,480	\$ 9,746,096	\$ (43,615)
ADDITIONS					
Taxes					
Incremental property taxes	2,458,769	243,592	4,850,953	2,253,091	-
Intergovernmental	-	-	125,624	-	-
Build America bond interest rebate	-	-	-	-	-
Investment income	1,119	191	8,590	1,602	-
Refunding bonds issued, at par	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	1,000,000
Total additions	2,459,888	243,783	4,985,167	2,254,693	1,000,000
BEGINNING BALANCES PLUS ADDITIONS	4,555,486	538,137	18,363,647	12,000,789	956,385
DEDUCTIONS					
Economic development					
Supplies and services	-	-	14,679	3,369	-
Project expenditures	-	-	2,238,570	357,390	1,000,000
Surplus distribution	1,900,000	275,000	-	-	-
Capital outlay					
Buildings and facilities	-	-	1,952,550	-	-
Rights of way improvements	-	-	116,942	61,273	-
Flood control	-	-	-	-	-
Street improvements	-	-	2,820,595	9,976	-
Debt service					
Principal retirement	-	-	3,855,647	950,000	-
Interest	-	-	1,548,223	880,598	-
Fiscal charges	-	-	3,597	1,000	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers (out)	-	-	-	1,000,000	-
Total deductions	1,900,000	275,000	12,551,001	3,263,606	1,000,000
ENDING BALANCES, DECEMBER 31, 2013	\$ 2,655,486	\$ 263,137	\$ 5,812,646	\$ 8,737,183	\$ (43,615)
ENDING BALANCES BY SOURCE					
Incremental property taxes	\$ 2,655,486	\$ 263,137	\$ -	\$ 123,725	\$ (43,615)
Investment in land held for resale	-	-	\$ 5,812,646	\$ 8,613,458	-
Subtotal	2,655,486	263,137	5,812,646	8,737,183	(43,615)
Less Surplus Funds	-	-	-	-	-
ENDING BALANCES, DECEMBER 31, 2013	\$ 2,655,486	\$ 263,137	\$ 5,812,646	\$ 8,737,183	\$ (43,615)

(See independent auditor's report.)

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Certified Letter Statement Reviewing Compliance with the Act



1415 W. Dahl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have examined management's assertion, included in its representation letter dated April 1, 2014 that the Village of Palatine, Illinois (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, 2013. 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's 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 complied with the aforementioned requirements for the year ended December 31, 2013 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the Village Council, Village management, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sikich LLP".

Naperville, Illinois
April 1, 2014