

**FY 2012
ANNUAL TAX INCREMENT FINANCE
REPORT**



STATE OF ILLINOIS
COMPTROLLER
JUDY BAAR TOPINKA

Name of Municipality: Village of Palatine Reporting Fiscal Year: **2012**
County: Cook Fiscal Year End: **12/31/2012**
Unit Code: 016/430/32

TIF Administrator Contact Information

First Name: Reid	Last Name: Ottesen
Address: 200 E Wood Street	Title: Village Manager
Telephone: 847-359-9031	City: Palatine Zip: 60067
Mobile	E-mail findept@palatine.il.us
Mobile Provider	Best way to contact <input checked="" type="checkbox"/> x <input type="checkbox"/> Email <input type="checkbox"/> Phone <input type="checkbox"/> Mobile <input type="checkbox"/> Mail

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

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.]

R. J. Otter

June 17, 2013

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.]

Name of Redevelopment Project Area:	Rand-Lake Cook TIF	
Primary Use of Redevelopment Project Area*:	Retail	
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)]		X
If yes, please enclose the amendment labeled Attachment A		
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)]		X
Please enclose the CEO Certification labeled Attachment B		
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)]		X
Please enclose the Legal Counsel Opinion labeled Attachment C		
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)]		X
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)]		X
If yes, please enclose the Agreement(s) labeled Attachment E		
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)]		X
If yes, please enclose the Additional Information labeled Attachment F		
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)]		X
If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G		
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)]		X
If yes, please enclose the Joint Review Board Report labeled Attachment H		
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)]		X
If yes, please enclose the Official Statement labeled Attachment I		
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)]		X
If yes, please enclose the Analysis labeled Attachment J		
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)		X
If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		
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)]		X
If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		
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)]		X
If yes, please enclose list only of the intergovernmental agreements labeled Attachment M		

* 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.

Fund Balance at Beginning of Reporting Period

\$ -

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ -	\$ -	0%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest			0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources	\$ 2,000,000	\$ 2,000,000	100%
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**

\$ 2,000,000

Cumulative Total Revenues/Cash Receipts

\$ 2,000,000 100%

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

\$ 2,043,615

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 2,043,615

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

\$ (43,615)

FUND BALANCE, END OF REPORTING PERIOD*

\$ (43,615)

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

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

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.

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

FUND BALANCE, END OF REPORTING PERIOD

\$	(43,615)
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Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

Total Amount Designated for Obligations

\$	-	\$	-
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2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs

\$	-
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TOTAL AMOUNT DESIGNATED

\$	-
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SURPLUS*/(DEFICIT)

\$	(43,615)
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* 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)]

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:	

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)
 PAGE 1

If NO projects were undertaken by the Municipality Within the Redevelopment Project Area, indicate so in the space provided: _____

If Projects WERE undertaken by the Municipality Within the Redevelopment Project Area enter the TOTAL _____ number of projects and list them in detail below. _____ 1 _____

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 IF PROJECTS ARE LISTED ON THESE PAGES

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ 4,500,000	\$ 5,500,000
Public Investment Undertaken	\$ 2,000,000	\$ 250,000	\$ 5,225,000
Ratio of Private/Public Investment	1/2		1 1/19

Project 1: Patrick Hyundai			
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ 4,500,000	\$ 5,500,000
Public Investment Undertaken	\$ 2,000,000	\$ 250,000	\$ 5,225,000
Ratio of Private/Public Investment	1/2		1 1/19

Project 2:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:			
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.

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 EAV	Fiscal Year
2012	NA	NA	

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.

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
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

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

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

ORDINANCE NO. 0-124-12

**AN ORDINANCE ADOPTING AND APPROVING A
TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT AREA IN THE
VILLAGE OF PALATINE (RAND/LAKE COOK)**

Received - Map Dept
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**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on August 20, 2012**

ORDINANCE NO. 0-124-12

**AN ORDINANCE ADOPTING AND APPROVING A
TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT
AREA IN THE VILLAGE OF PALATINE, ILLINOIS**

WHEREAS, the Mayor and Village Council ("Corporate Authorities") of the Village of Palatine, Cook County, Illinois (the "Village") have heretofore determined that the stable economic and physical development of the Village is endangered by the presence of blighting factors, with a resulting decline of the Village which impairs the value of private investments and threatens the sound growth and the tax base of the Village and the taxing districts having the power to tax real property in the Village (the "Taxing Districts") and threatens the health, safety, morals and welfare of the public; and

WHEREAS, the Corporate Authorities have heretofore determined that in order to promote and protect the health, safety, morals and welfare of the public that blighting conditions in the Village need to be eradicated and conservation measures instituted, and that the redevelopment of the proposed Rand/Lake Cook Redevelopment Project Area in a portion of Village (the "Area") should be undertaken, and that to remove and alleviate adverse conditions in the Area it is necessary to encourage private investment and restore and enhance the tax base of the Village and the Taxing Districts by such redevelopment; and

WHEREAS, the Village has heretofore evaluated various lawfully available programs to provide such assistance and has determined that the use of tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, as amended, constituting Division 74.4 of Article 11 of the Illinois Municipal Code (the "Act") is necessary to achieve the redevelopment goals of the Village for the Area; and

WHEREAS, the Village has heretofore caused to be conducted an eligibility analysis as part of "Rand/Lake Cook Tax Increment Financing District Eligibility Study, Redevelopment Plan and Project", dated May 8, 2012, with a final revision date of August 8, 2012 (the "Plan" and "Project"), prepared by S.B. Friedman & Company, a planning and development advisory firm recognized for expertise in tax increment allocation and redevelopment financing in the State of Illinois; and

WHEREAS, the eligibility analysis in the Plan and Project concludes that the proposed Area qualifies as a redevelopment project area pursuant to the Act; and

WHEREAS, the proposed Plan and Project do not include the development of vacant land (i) with a golf course and related clubhouse and other facilities or (ii) designated by a federal, state, county or municipal government as public land for outdoor camping and hunting activities or for nature preserves and used for that purpose within five (5) years prior to the adoption of this Ordinance; and

WHEREAS, as the implementation of the Plan and Project may possibly displace more than 10 housing units, the Village provided the required notices and held the required public meeting under Section 11-74.4-6 and as a result the Village incorporated a Housing Impact Study into the feasibility report as required by Section 11-74.4-5(a); and

WHEREAS, the Plan and Project sets forth in writing the program to be undertaken to accomplish the objectives of the Village and includes estimated redevelopment project costs proposed for the Area, evidence indicating that the proposed Area on whole has not been subject to growth and development through investment by private enterprise, an assessment of the financial impact of the proposed Area on any increased demand for services from any taxing district affected by the Plan and Project and any program to address such financial impact or increased demand, the sources of funds to pay costs, the nature and term of the obligations to be issued, the most recent equalized assessed valuation of the proposed Area, an estimate as to the equalized assessed valuation after redevelopment and the general land uses to apply in the proposed Area, a commitment to fair employment practices and an affirmative action plan, and the Plan and Project accordingly comply in all respects with the requirements of the Act; and

WHEREAS, pursuant to Section 11-74.4-4.2 of the Act, the Village is required to establish an interested parties registry for activities related to a redevelopment project area, and, pursuant to an ordinance adopted on April 2, 2012, the Corporate Authorities approved rules to implement the registration process for such registries; and

WHEREAS, pursuant to Section 11-74.4-5(a) of the Act, prior to the adoption of ordinances proposing the designation of a redevelopment project area or approving a redevelopment plan, the Village caused the following actions to be taken: on May 8, 2012, the proposed Plan and Project were placed on file with the Village Clerk; on April 6, 2012, notice was published in the *Daily Herald* indicating that interested persons may register with the Village in order to receive information on the proposed designation of the Area and approval of the Plan and Project; on May 22, 2012, copies of the proposed Plan and Project were sent by certified mail to the Taxing Districts; on June 5, 2012, the Village mailed notice of the availability of the Plan and Project and how to obtain information relating to the plan (i) to all residential addresses that, after a good faith effort, the village determined are located outside the boundaries of the proposed Area which are within 750 feet of the boundaries of the proposed Area and (ii) to all organizations and residents that had registered with the Village in the interested parties registry; and

WHEREAS, pursuant to Section 11-74.4-5(b) of the Act, the Village convened a Joint Review Board (“*Joint Review Board*”) to consider the proposal to designate the proposed Area under the Act, and such Joint Review Board met at the times and as required by the Act and has reviewed the public record, planning documents and forms of ordinances to adopt and approve the Redevelopment Plan and designate the Area as a redevelopment project area under the Act;

WHEREAS, the Joint Review Board adopted by a unanimous vote a recommendation to approve the Plan and Project and designate the Area as a redevelopment project area under the Act, having reached its decision on the basis of the Area and Project satisfying the Plan requirements, the eligibility criteria defined in Section 11-74.4-3(b) of the Act and the objectives of the Act; and

WHEREAS, pursuant to Section 11-74.4-5(a) of the Act, the Village Council by ordinance called a public hearing (the “*Hearing*”) relative to the approval of the Plan and Project, the designation of the proposed Area and the adoption of tax increment allocation financing, and fixed the time and place for such Hearing on July 9, 2012, at 7:00 p.m. in the Palatine Village Hall, Council Chambers, located at 200 E. Wood Street, Palatine, IL 60067; and

WHEREAS, pursuant to Section 11-74.4-6(a) of the Act, due notice with respect to such Hearing was given by certified mail to taxpayers within the proposed Area on June 21, 2012, and by publication in the Daily Herald on June 18, 2012 and June 25, 2012; and

WHEREAS, pursuant to Section 11-74.4-6(b) of the Act, due notice with respect to such Hearing was given by certified mail on May 22, 2012, and such notice, together with a copy of the Redevelopment Project and Plan, and the name of a person to contact for information, was given to the Taxing Districts and to the Department of Commerce and Economic Opportunity and included an invitation to the Taxing Districts and DCOE to submit comments to the Village concerning the subject matter of the Hearing; and

WHEREAS, the Village held the Hearing at the time and place fixed in the ordinance calling for same, and at the Hearing, any interested persons and the Taxing Districts were permitted to file with the Village Clerk written objections and was heard orally in respect to any issues embodied in the notice of said Hearing, and the Village heard and determined all protests and objections at the Hearing; and

WHEREAS, the Hearing was adjourned on July 9, 2012; and

WHEREAS, the eligibility analysis included in the Plan and Project demonstrates that the area suffers from the following factors which are present to a major extent and reasonably distributed throughout the Area: deterioration; deleterious land use and layout; inadequate utilities; lack of community planning; and lack of growth in equalized assessed value (EAV); and

WHEREAS, the Corporate Authorities have reviewed the eligibility analysis contained in the Plan and Project, testimony from the public hearing, the recommendation of the Joint Review Board, and such other matters or studies as the Corporate Authorities have deemed necessary or appropriate to make the findings set forth herein and are generally informed of the presence of the conditions existing in the proposed Area and have reviewed the conditions pertaining to real property in the proposed Area to determine whether the proposed Area is contiguous and that there exist conditions that cause the proposed Area to be classified as a blighted area under the Act; and

WHEREAS, the Corporate Authorities have reviewed the evidence indicating that the proposed Area on the whole has not been subject to growth and development through investments by private enterprise and have reviewed the conditions pertaining to the lack of private investment in the proposed Area to determine whether private development would take place in the proposed Area as a whole without the approval of the Plan and Project, the designation of a tax increment redevelopment area and the adoption of tax increment financing; and

WHEREAS, the Corporate Authorities have reviewed the proposed Plan and Project and also the existing comprehensive plan of the Village as a whole to determine whether the proposed Plan and Project conform to such comprehensive plan of the Village; and

WHEREAS, the Corporate Authorities have heretofore, and it hereby expressly is, determined that the Village has in all respects complied with the requirements of the Act in such actions taken to date as above recited:

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS, as follows:

SECTION 1: *Incorporation of Recitals.* The foregoing recitals to this Ordinance are incorporated in this Ordinance as if set out in full by this reference, and the statements and findings contained therein are found to be true and correct, and are hereby adopted as part of this Ordinance.

SECTION 2: *Findings.* The Corporate Authorities make the following findings:

(a) The Area is legally described in *Exhibit A* attached to this Ordinance and incorporated herein as if set out in full by this reference. The street location (as near as practical) for the proposed Area is described in *Exhibit B* to this Ordinance and is incorporated herein as if set out in full by this reference. The map of the proposed Area is attached to this Ordinance as *Exhibit C* and is incorporated herein as if set out in full by this reference.

(b) There exist conditions which cause the proposed Area to be classified as a redevelopment project area under the Act and to be classified as a "blighted area" for improved parcels as defined in Section 11-74.4-3(a) of the Act. Due to the presence of such conditions, the blighted area is detrimental to the public safety, health, morals and welfare.

(c) The proposed Area as a whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed in accordance with the public goals stated in the Plan without the adoption of the Plan.

(d) The Plan and Project conform to the comprehensive plan for the development of the Village as a whole.

(e) As set forth in the Plan and Project and in testimony at the Hearing, the estimated date of completion of the Project is not later than December 31, 2036, and the estimated date of the retirement of all obligations incurred to finance redevelopment project costs as defined in the Plan and Project, is not later than December 31, 2036, provided that such obligations may not mature more than twenty (20) years from their respective dates.

(f) The parcels of real property in the proposed Area are contiguous, the proposed Area is not less than one and one-half acres, and only those contiguous parcels of real property and improvements thereon which will be substantially benefitted by the proposed redevelopment project improvements are included in the proposed Area.

SECTION 3: Approval of Plan and Project. The Plan and Project which were the subject matter of the Hearing held on July 9, 2012, are hereby adopted and approved. A copy of the Plan and Project is set forth in *Exhibit D* attached hereto and incorporated herein as if set out in full by this reference.

SECTION 4: Filing With County Clerk. The Village Clerk is hereby directed to file a certified copy of this Ordinance with the County Clerk of Cook County, Illinois.

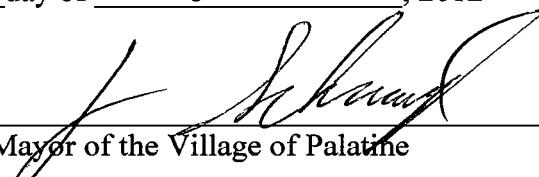
SECTION 5: Invalidity of Any Section. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 6: Superceder; Effective Date. All ordinances, resolutions, motions or orders in conflict herewith be, and the same hereby are, repealed to the extent of such conflict, and this Ordinance shall be in full force and effect immediately from and after its passage and approval.

DATED: This 20 day of August, 2012

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

APPROVED by me this 20 day of August, 2012



Mayor of the Village of Palatine

ATTEST and FILE in the office of the Village Clerk this 20 day of August, 2012.



Village Clerk

Exhibit A

Rand / Lake Cook TIF District Legal Description

All that part of Sections 2 and 3, Township 42 North, Range 10 East of the Third Principal Meridian and Section 35, Township 43 North, Range 10 East of the Third Principal Meridian, bounded and described as follows:

(Described with the intent to follow the right of way lines and property lines herein described, and as such, the courses and distances described herein are superseded by the actual location of the said right of way lines and property lines that they are intended to follow)

Beginning at the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road,

thence Easterly, along said Southerly right of way line of Lake Cook Road and the extension of said southerly right of way line, to the intersection of the Southerly right of way line of Lake Cook Road with the Easterly right of way line of Rand Road;

thence Northerly, at right angles to the last described course, to the Northerly right of way line of Lake Cook Road;

thence Easterly, along the Northerly right of way line of Lake Cook Road, to the Northerly extension of a property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid;

thence Southerly, along said extension and along the property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid to a property corner which is 301.64 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Southwesterly, along the Southeasterly boundary line of a parcel of property a distance of 358.62 feet to the Southeasterly property corner which lies in the centerline of Rand Road;

thence Northwesterly, along said centerline of Rand Road a distance of 229.92 feet to a property corner which also lies in the centerline of Rand Road;

thence Southwesterly, along the Northwesterly boundary line of a parcel of property a distance of 321.78 feet to the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Easterly, along a property line which is the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid to a property corner which is 400.0 feet west of the East line of the Northwest Quarter of Section 2 aforesaid;

thence Southerly, along a property line which is 400.0 feet west of and parallel with the East line of the Northwest Quarter of Section 2 aforesaid a distance of 330.0 feet;

thence Easterly, along a property line which is 330.0 feet South of and parallel with the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid a distance of 367 feet to the West right of way line of Old Hicks Road;

thence Southerly, along the Westerly right of way line of Hicks Road a distance of 50.0 feet to the North line of Vacated Hicks Road per document number 89101467;

thence Easterly, along the Northerly line of Vacated Hicks Road a distance of 33 feet to the East line of the Northwest Quarter of Section 2 aforesaid,

thence Southerly, along the East line of the Northwest Quarter of Section 2 aforesaid to a point that is 117.2 feet North of the Southeast Corner of the Northwest Quarter of Section 2 aforesaid, said point is on the Westerly extension of the Northerly line of the parcel conveyed by document number 23283510;

thence Southeasterly, along the Southerly line, and the Easterly extension of said Southerly line, of the parcel of property conveyed by document number 23283510 aforesaid to the Easterly right of way line of Hicks Road;

thence Northeasterly, along the Easterly right of way line of Hicks Road a distance of 318.73 feet to a property corner;

thence Southeasterly, along the Northeasterly line of a parcel of property a distance of 410.63 feet to a property corner on the South line of the Northeast Quarter of Section 2 aforesaid;

Thence Southeasterly along the Northeasterly line of a parcel of property a distance of 66.53 feet to a property corner;

thence Southwesterly, along the Southeasterly line of a parcel of property a distance of 250 feet to a property corner;

thence Northwesterly, along the Southerly line of a parcel of property to the Easterly right of way line of Hicks Road;

thence Southerly, along the Easterly right of way line of Hicks Road to the Easterly extension of the Northerly line of Forest Knoll Townhomes Subdivision (recorded as documents T3045755 and 88602176);

thence Westerly, along said Easterly extension and along the Northerly line of said Forest Knoll Townhomes Subdivision to the West line of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Southwest Quarter of Section 2 aforesaid to the Northwest corner of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Northwest Quarter of Section 2 to a property corner which is 826.65 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Westerly, along the Southerly line of parcels of property a distance of 1020.28 feet to the Southeast corner of Lot 6 in the Preserves at Hilltop Subdivision (recorded as document number 0715122064);

thence Northerly, along the East line of Lot 6 and the East line of Lot D in said Preserves at Hilltop Subdivision, a distance of 119.0 feet to the Northeast corner of said Lot D;

thence Westerly, along the Northerly line of said Lot D, a distance of 130.0 feet to the East line of Lot 12 in said Preserves at Hilltop Subdivision;

thence Northerly, along the Easterly line of said Lot 12 a distance of 75.0 feet to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 7.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 66.75 feet, to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 28.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 8.47 feet to the Southeast corner of Lot 13 in said Preserves at Hilltop Subdivision;

thence Westerly, along the southerly line of said Lot 13, a distance of 328.73 feet, to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 32.84 feet to a property corner of said Lot 13;

thence Northwesterly, along a curved property line of said Lot 13, an arc distance of 9.59 feet to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 2.48 feet to a property corner of said Lot 13;

thence Westerly, along a property line of said Lot 13, a distance of 61.25 feet to a property corner of said Lot 13;

thence Westerly, along a curved property line of said Lot 13, an arc distance of 5.58 feet to a property corner of said Lot 13 on the East right of way line of Dee Road;

thence southerly, along the Easterly right of way line of Dee Road to the Easterly extension of the Southerly line of Outlot B in Brentwood Estates Subdivision (recorded as document number 17359299);

thence Westerly, along said Easterly extension and along the Southerly line of said Outlot B and along the Westerly extension of said South line of Outlot B to its intersection with the Westerly right of way line of Irene Drive;

thence Northerly, along the Westerly right of way line of Irene Drive to the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road, said point also being the point of beginning, in Cook County and Lake County, Illinois.

Said property containing 110 acres of land, more or less.

Exhibit B

Rand / Lake Cook TIF District Street Location

The Project Area is generally bounded by the following streets: on the west, by Irene Drive and the Cook County Forest Preserve (Deer Grove Preserve); on the east by Hicks Road; on the north, by Lake Cook Road; and on the south, by Hicks Road.

Exhibit C

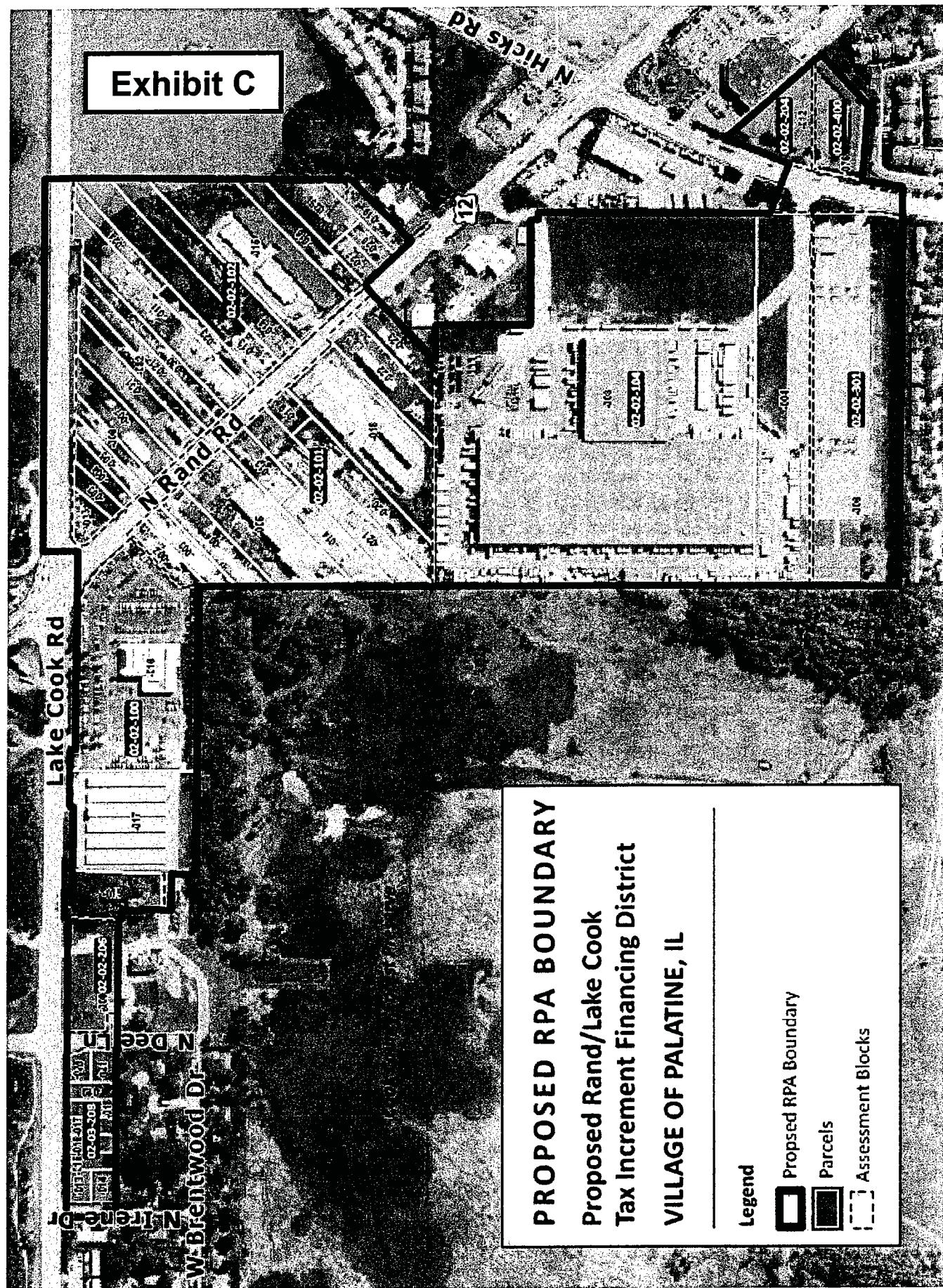


Exhibit D

VILLAGE OF PALATINE

Rand/Lake Cook Redevelopment Project Area

Tax Increment Financing District Eligibility Study, Redevelopment Plan and Project

REPORT DATE: 5/8/2012

REVISION DATE: 8/8/2012



Table of Contents

SECTIONS

1. Executive Summary	1
2. Introduction	5
3. Eligibility Analysis	12
4. Redevelopment Project and Plan	25
5. Financial Plan	31
6. Required Findings and Tests	38
7. Provisions for Amending Action Plan	41
8. Commitment to Fair Employment Practices and Affirmative Action Plan	42
Appendix 1: Boundary Legal Description	43
Appendix 2: Summary of EAV (by PIN)	46
Appendix 3: Housing Impact Study	48

LIST OF MAPS

1. Community Context	7
2. Boundary	8
3. Existing Land Use	11
4. Eligibility Factors	
A. Lack of Growth in EAV	16
B. Deterioration	17
C. Inadequate Utilities.....	18
D. Deleterious Land Use or Lay-Out.....	19
E. Lack of Community Planning.....	20
5. Proposed Future Land Use	29

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1. Executive Summary

In November of 2011 *S. B. Friedman & Company (SB Friedman)* was engaged by the Village of Palatine (the “Village”) to conduct a Tax Increment Financing Eligibility Study and prepare a Redevelopment Plan and Project (the “Redevelopment Plan”) along Rand and Lake Cook Roads in the Village. This report details the eligibility factors found within the Rand/Lake Cook Redevelopment Project Area (the “Rand/Lake Cook RPA”) Tax Increment Financing (“TIF”) District in support of its designation as a “blighted area” within the definitions set forth in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the “Act”). This report also contains the Redevelopment Plan and Project for the Rand/Lake Cook RPA.

The Rand/Lake Cook RPA is centered at the intersection of Lake Cook Road and Rand Road and currently consists of fifty-one (51) tax parcels (including two parcels recently annexed to the Village) and forty-four (44) buildings. The study area is approximately 110 acres that are generally bounded by Lake Cook Road to the north, Hicks Road to the southeast and the Deer Grove Forest Preserve to the southwest.

Determination of Eligibility

This report concludes that the Rand/Lake Cook RPA is eligible for TIF designation as a “blighted area” because the following five (5) eligibility factors for improved land have been found to be present to a meaningful extent and reasonably distributed throughout the RPA:

1. Lack of Growth in Equalized Assessed Value (EAV)
2. Deterioration
3. Inadequate Utilities
4. Deleterious Land Use and Layout
5. Lack of Community Planning

Rand/Lake Cook Redevelopment Plan and Project

The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the Rand/Lake Cook RPA as a blighted area. Implementation of the Redevelopment Plan will strengthen the Village’s economic base and enhance the quality of life for Village residents. Redevelopment of the Rand/Lake Cook RPA will be accomplished by:

- Re-establishing the Rand/Lake Cook RPA as a cohesive and vibrant commercial/residential mixed-use area that provides a comprehensive range of retail/commercial uses for the surrounding residential community, while also accommodating residential, public/institutional, parking, and open space uses where appropriate;
- Providing the direction and mechanisms necessary to identify potential redevelopment opportunities and, where appropriate, facilitate the implementation of redevelopment projects; and
- Providing adequate investment in public infrastructure and other improvements to foster a

more cohesive and coordinated commercial area, enhance the design and layout of parcels, integrate land uses, and secure new development.

Rehabilitation and redevelopment of the Rand/Lake Cook RPA will be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

Objectives. Eight (8) broad objectives support the overall goal of area-wide revitalization of the Rand/Lake Cook RPA. These include:

1. Facilitate the assembly, preparation, and marketing of potential sites for new commercial development and redevelopment, and assist private developers in assembling sites that meet contemporary development standards;
2. Strengthen the Rand/Lake Cook RPA as a commercial/residential mixed-use district for the surrounding community by providing resources for the rehabilitation of existing businesses and for the development, redevelopment, and/or rehabilitation of property within the RPA;
3. Improve visibility, traffic flow, and safety within the RPA by providing street improvements, lighting, traffic signals, coordinated curb-cuts, signage, and pedestrian amenities such as sidewalks and crosswalks where needed;
4. Improve and construct new public infrastructure where needed to create an attractive and cohesive environment in support of new development;
5. Improve and continue to provide adequate off-street parking to support commercial uses within the RPA;
6. Provide for corrective actions to address environmental problems as needed to permit development and redevelopment within the RPA;
7. Support the goals and objectives of other overlapping plans, including the Village's Comprehensive Plan, and coordinate available federal, state, and local resources to further the goals and objectives of this Redevelopment Plan;
8. Support job training programs and increase employment opportunities for individuals working in Rand/Lake Cook RPA businesses.

Strategies. These objectives will be implemented through four (4) specific and integrated strategies. These include:

1. **Encourage Public and On-Site Infrastructure Improvements.** A series of public and on-site improvements throughout the Rand/Lake Cook RPA may be designed and implemented to help define and create an identity for the area, prepare the site for anticipated private investment and create a more conducive environment for new development.

These improvements may include streetscaping, street and sidewalk lighting, traffic signals,

resurfacing of alleys, sidewalks and parking lots, underground infrastructure, physical plant, stormwater detention of adequate capacity, and other improvements consistent with the Redevelopment Plan. These improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with public entities and may include the construction, rehabilitation, renovation, or restoration of improvements on one or more parcels.

2. **Facilitate Property Demolition and Site Preparation.** Financial assistance may be provided to private developers seeking to acquire land and assemble sites for projects supportive of this Redevelopment Plan. To meet the goals, policies or objectives of this Redevelopment Plan, the Village may acquire and assemble property throughout the RPA. Land assemblage by the Village may be done by purchase, exchange, donation, lease or eminent domain, and may be for the purposes of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include demolition of existing improvements and environmental remediation, where needed. The Village may require written development agreements with developers before acquiring any properties. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.
3. **Encourage Private Sector Development.** Through the creation and support of public-private partnerships or through written agreements, the Village may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Assist Existing Businesses and Property Owners.** The Village may provide assistance to support existing businesses and property owners in the RPA. This may include financial and other assistance for building rehabilitation, facade improvements, leasehold improvements, and construction of private and public facilities such as plazas and other pedestrian amenities.

Required Findings and Tests

The required conditions for the adoption of a Redevelopment Plan and Project are found to be present within the RPA.

First, the Village is required to evaluate whether or not the Study Area has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a TIF district.

Taken as a whole, the Study Area has not been subject to widespread growth and development through investment by private enterprise. The Study Area is located entirely within Palatine Township. The equalized assessed valuation ("EAV"), which is the value of property from which property taxes are based, in the Study Area grew at a much lower rate than that of the rest of the Village, including declines over the past four out of five year-to-year periods. This criterion is further detailed in the Eligibility Study.

As another method to examine the scope of new investment in the Study Area, *SB Friedman* examined

building permit data over the past five years provided by the Village's Building Department between 2007 and 2011. Over these past five years, these data indicated that 13 permits were issued at seven different addresses in the RPA totaling approximately \$1.1 million. The majority of this value (93%) pertains to six permits issued between Public Storage at 2213 N Rand Road and Grossinger Chevrolet at 151 E Lake Cook Road. This work included re-roofing, interior remodeling, and exterior remodeling. The remaining privately initiated permits amounted to approximately \$77,500 (or \$15,500 in average annual investments) for minor maintenance, minor renovation or new signage. The overall impact of these permits has been isolated and minimal, as evidenced by the slower growth rate in EAV for the RPA compared to the balance of the Village.

Second, the Village is required to find that but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the Rand/Lake Cook RPA.

Without the support of public resources, the Redevelopment Plan Goals and Objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the Study Area as a commercial/residential mixed-use district are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. Public resources to assist with site assembly, site remediation, and public infrastructure improvements are needed to leverage private investment and facilitate area-wide redevelopment consistent with the needs of the Rand/Lake Cook RPA. TIF funds can be used to fund these improvements. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Third, the Study Area includes only those contiguous parcels of real property that are expected to benefit substantially from the proposed Redevelopment Plan improvements.

Finally, the proposed land uses described in this Redevelopment Plan are consistent with the Comprehensive Plan of the Village of Palatine. The redevelopment opportunities identified in earlier area planning initiatives will be supported substantially and their implementation facilitated through the adoption of the Redevelopment Plan.

2. Introduction

The Study Area

This document serves as the eligibility study (“Eligibility Study”) and Redevelopment Plan and Project for the Rand/Lake Cook Redevelopment Project Area (“Rand/Lake Cook RPA” or “RPA”). The RPA is located within the Village of Palatine (the “Village”), in Cook County (“the County”). In November 2011, *S. B. Friedman & Company* was engaged by the Village of Palatine (“the Village”) to conduct a study of certain properties in the area to determine whether the area containing these properties would qualify for status as a “blighted area” and/or “conservation area” under the Act.

The community context of the Rand/Lake Cook RPA is detailed on **Map 1**.

The Rand/Lake Cook RPA generally includes the frontage along both sides of Rand Road, from the intersection of Lake Cook Road roughly to the intersection of Hicks Road, and the frontage along the south side of Lake Cook Road, from Irene Drive to roughly one-quarter mile east of Rand Road. The Rand/Lake Cook RPA consists of approximately 51 tax parcels, 44 buildings, and approximately 110 acres of land. Of the 51 tax parcels, 12 are vacant.

The RPA includes two parcels recently annexed to the Village. On August 6, 2012, two weeks prior to the scheduled approval date adopting the ordinances establishing the RPA, parcels identified as Parcel Identification Number (PIN) 02-02-102-006 and 02-02-102-007 were annexed to the Village subject to annexation agreements. The properties were zoned R-1 by operation of law. The property owners were granted rights to real estate tax abatement, non-payment of tap-on fees, and delayed connection to Village sewer and water system, all of which rights terminate upon sale or redevelopment of the properties.

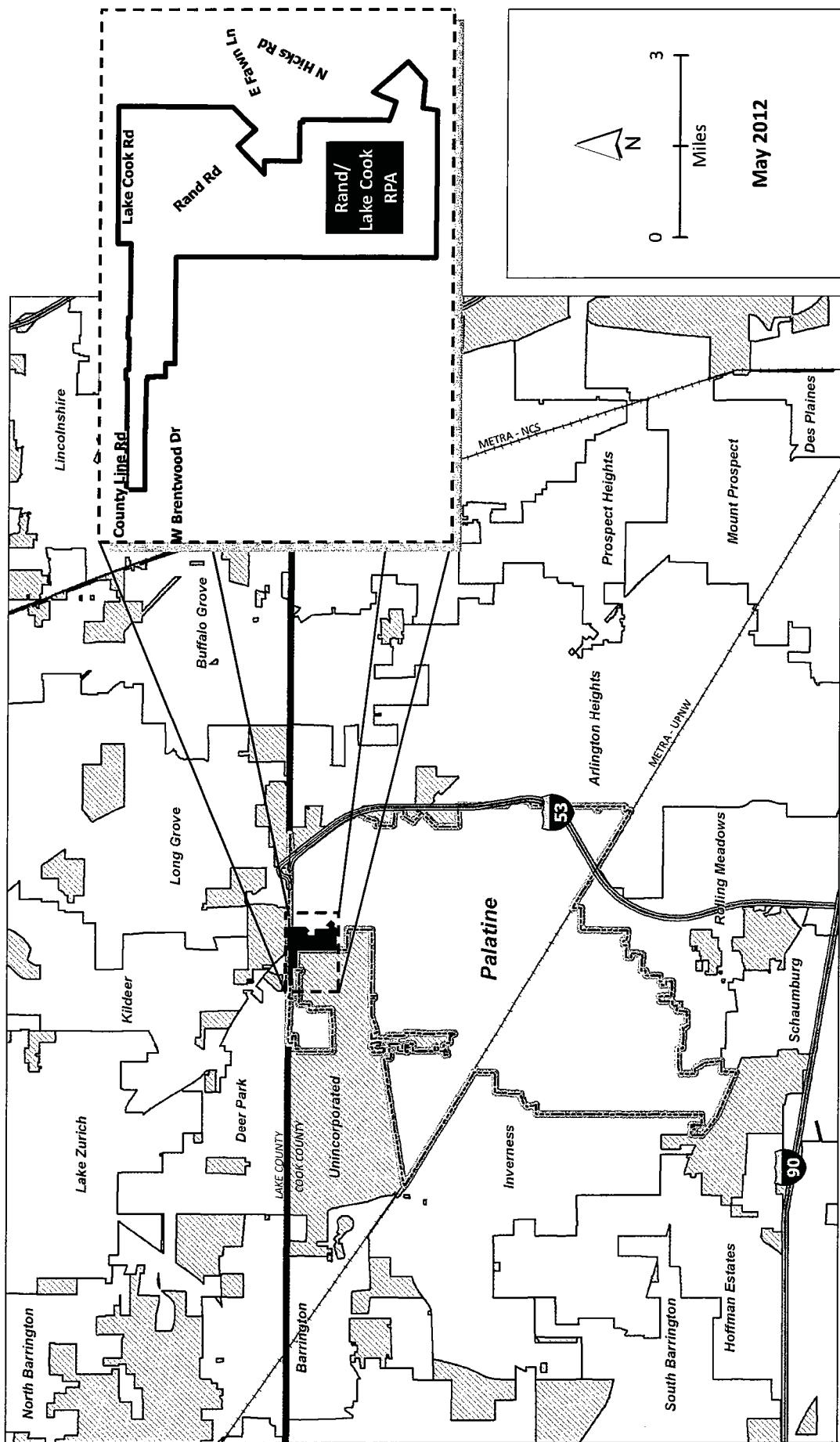
Map 2 details the boundary of the Rand/Lake Cook RPA which includes only those contiguous parcels of real property that are expected to benefit substantially from the Redevelopment Plan improvements discussed herein. The boundaries of the study area encompass a predominantly commercial district which contains some scattered site single-family and multi-family residential uses.

As a whole, the area suffers from deterioration, inadequate utilities, deleterious land use and layout, and lack of community planning. These conditions are reflected by the EAV growth in the study area, which has not only been unable to keep pace with the Village, but has also been negative for four of the last five year-to-year periods. Without a comprehensive approach to address these issues, the Rand/Lake Cook RPA could continue its decline, thereby discouraging future development opportunities. The Redevelopment Plan addresses these issues by providing resources for improvements to the area’s infrastructure and for the assemblage and marketing of underutilized or vacant land. These area-wide improvements will benefit all of the property within the Rand/Lake Cook RPA.

This Eligibility Study and Redevelopment Plan summarize the analysis and findings of the consultant’s work, which, unless otherwise noted, is solely the responsibility of *S. B. Friedman & Company*. The Village is entitled to rely on the findings and conclusions of the Redevelopment Plan in designating the Rand/Lake Cook RPA as a redevelopment project area under the Act. *S. B. Friedman & Company* has prepared this Redevelopment Plan with the understanding that the Village would rely (1) on the findings

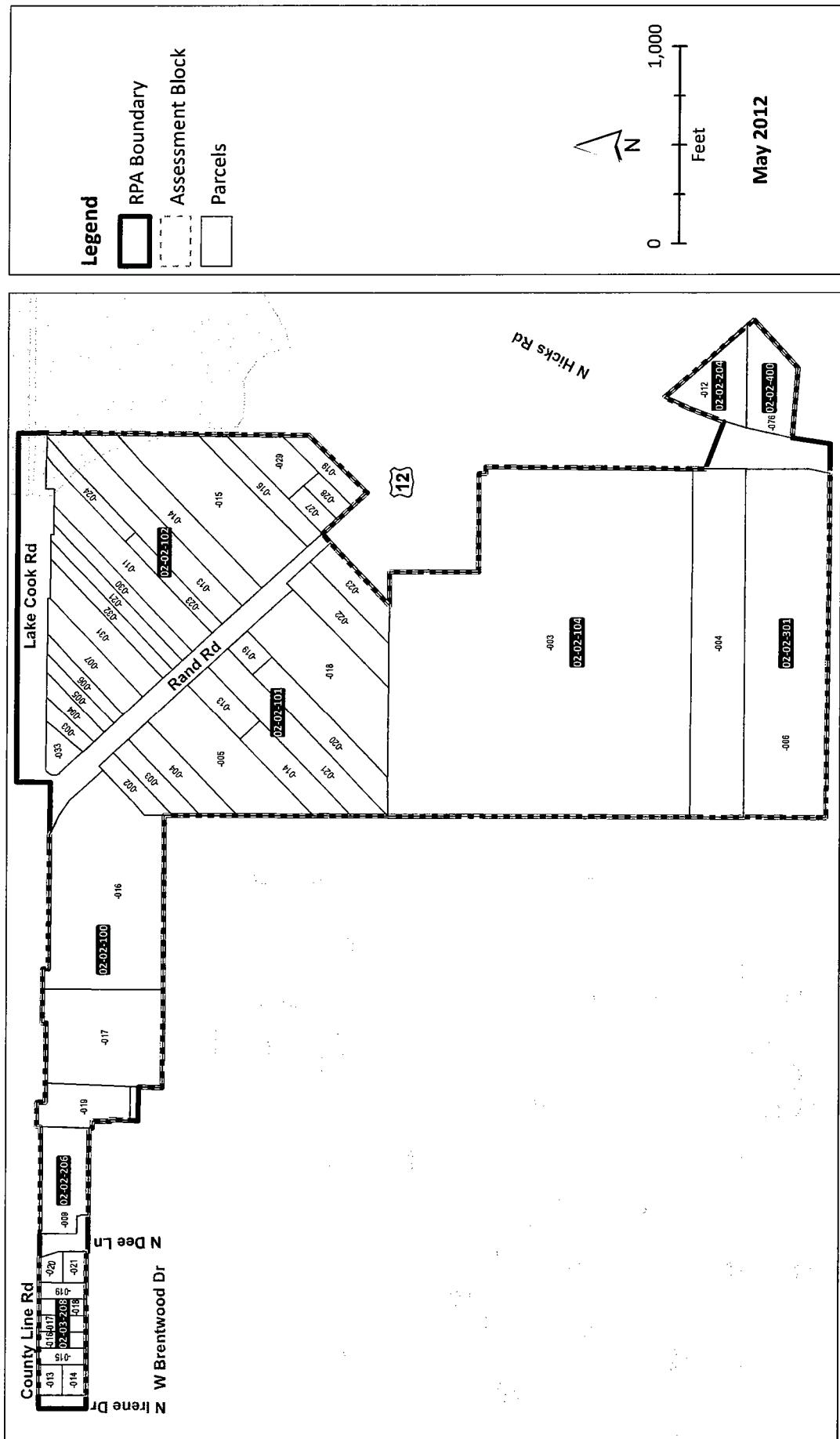
and conclusions of the Redevelopment Plan in proceeding with the designation of the Rand/Lake Cook RPA and the adoption and implementation of the Redevelopment Plan, and (2) on the fact that *S. B. Friedman & Company* has obtained the necessary information including, without limitation, information relating to the EAV of parcels comprising the Rand/Lake Cook RPA, so that the Redevelopment Plan will comply with the Act and so that the Rand/Lake Cook RPA can be designated as a redevelopment project area in compliance with the Act.

The Eligibility Study covers events and conditions that existed and that were determined to support the designation of the Rand/Lake Cook RPA as a “blighted area” under the Act at the completion of our research on November 10, 2011 and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.



Map 1: Community Context

**Rand/Lake Cook Tax Increment Financing District
VILLAGE OF PALATINE, IL**



Map 2: RPA Boundary

SB Friedman
Development Advisors

Rand/Lake Cook Tax Increment Financing District VILLAGE OF PALATINE, IL

History of Area

The Rand/Lake Cook RPA is located in the northeastern portion of the Village of Palatine. The Village slowly developed throughout the 1850s and 1860s around the Deer Grove Trading Post. Village settlers from New York and New England had traveled west as early as the 1830s and development of the area was accelerated by the extension of the Illinois & Wisconsin Railroad (later the Chicago & Northwestern), which made its way to Deer Grove in 1853. By 1855 a survey had been laid for the Village and on March 19, 1866, the Village of Palatine was officially incorporated.

The Village's own railroad, the Palatine, Lake Zurich & Wauconda (P. L. Z. & W.), intersected the Chicago and Northwestern railroad at Palatine from 1911 to 1920. The P. L. Z. & W. brought tourists and other travelers for picnicking and bicycling activities to Deer Grove which had become a favored weekend retreat. Consequently, the area grew in popularity and population. By the 1930s, two of the well traveled Indian trails, the Woodstock Trail and Lake Zurich Trail, had been paved and became Algonquin Road and Rand Road, respectively. These two roads attracted a growing crowd of automobile owners to the region, spurring even more development.

From the middle of the twentieth century on, the Village population steadily grew due to continued migration from the City of Chicago and annexation of newly developing adjacent residential areas. In 1950, the population was approximately 4,000 residents. Today Palatine boasts over 65,000 residents. This explosive population growth has resulted in the steady expansion of roads, schools, housing, and commercial areas.

The Rand/Lake Cook RPA generally developed as a commercial area in unincorporated Cook County, north of the Village of Palatine. Many of the parcels in this area were annexed incrementally into the Village through the 1990s and 2000s, and as a result, were not developed cohesively under any Village plan. This fact, coupled with the expansive growth of the Village and region as a whole, has resulted in a surge in traffic congestion, inadequate level of utilities to service the area's needs, and a lack of cohesive and coordinated planning.

Existing Land Use

Based upon *S. B. Friedman & Company's* field research, three land uses have been identified within the Rand/Lake Cook RPA:

- Commercial
- Residential, and
- Vacant Land

The existing land use pattern in the Rand/Lake Cook RPA is shown in **Map 3**. This map represents the land use in the area on a parcel-by-parcel basis.

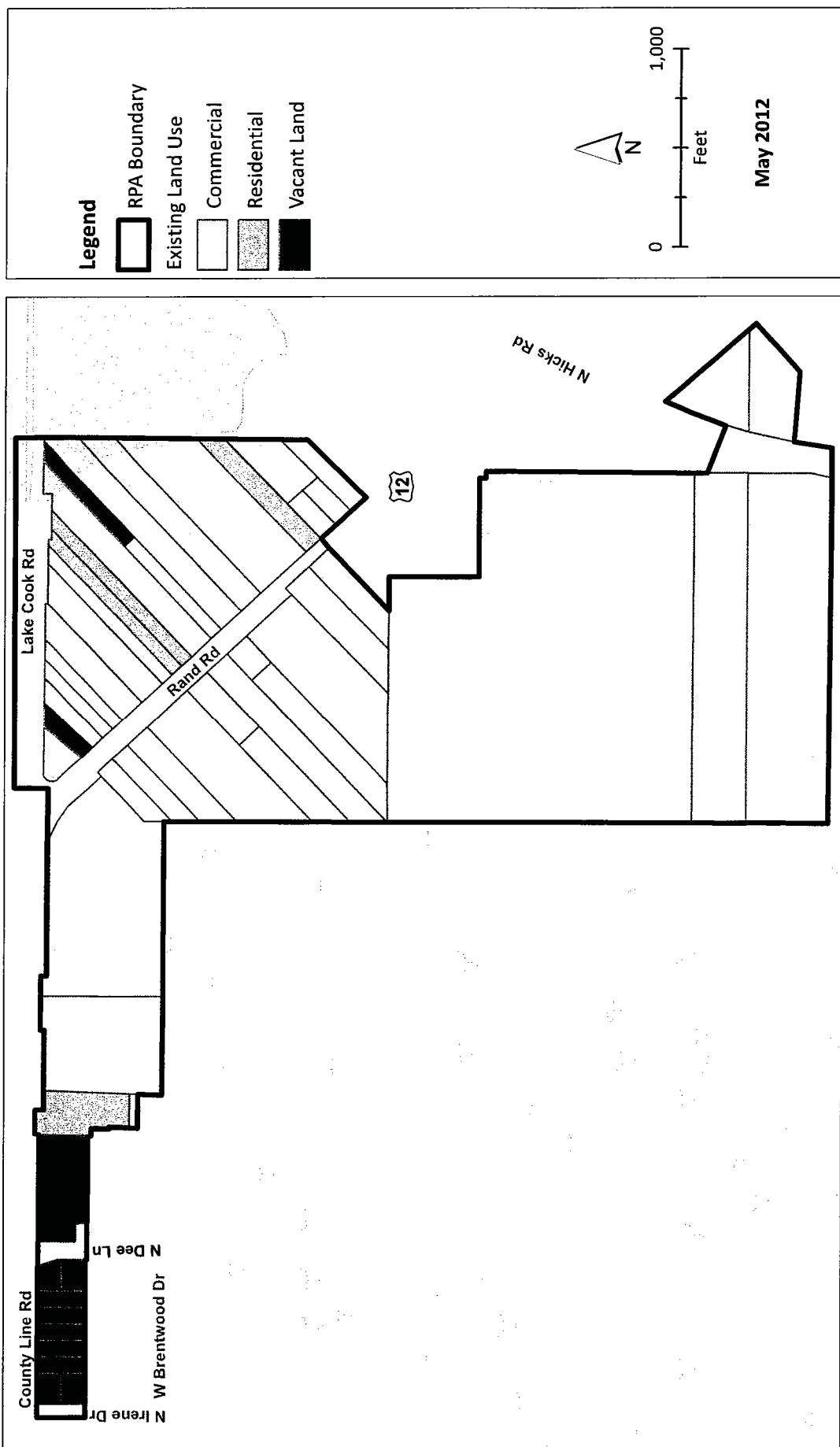
Overall, the Rand/Lake Cook RPA consists primarily of commercial land uses. Residential uses are interspersed with commercial uses along Rand Road and Lake Cook Road in the Study Area.

A description of existing land uses is as follows:

Commercial. The Rand/Lake Cook RPA primarily contains commercial uses that exist along the major corridors of Rand Road and Lake Cook Road. These uses include auto dealers and light warehouse, storage and distribution facilities. The overall character of the Rand/Lake Cook RPA is that of an auto-oriented commercial district. Many of the businesses and buildings within the RPA are over twenty years old, are deteriorated, and could potentially benefit from rehabilitation.

Residential. There are a few multi-family residential properties interspersed with commercial businesses along Rand Road and Lake Cook Road. These buildings are over forty years old and are deteriorated. Some older single-family homes along Rand Road have also been converted to businesses.

Vacant Land. The study area contains 12 vacant parcels. Most vacant land is concentrated along Lake Cook Road at the far western edge of the study area.



3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the Rand/Lake Cook RPA at the completion of *SB Friedman's* research, it has been determined that the Rand/Lake Cook RPA meets the eligibility requirements of the Act as a blighted area for improved land. The following outlines the provisions of the Act to establish eligibility.

Under the Act, two (2) primary avenues exist to establish eligibility for an area to permit the use of tax increment financing for area redevelopment: declaring an area as a "blighted area" and/or a "conservation area."

"Blighted areas" are those improved or vacant areas with blighting influences that are impacting the public safety, health, morals, or welfare of the community, and are substantially impairing the growth of the tax base in the area. "Conservation areas" are those improved areas which are deteriorating and declining and soon may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a "conservation area," and/or "blighted area" or a combination of both based upon evidentiary findings of certain eligibility factors listed in the Act. These factors are identical for each designation.

According to the Act, "blighted areas" for improved land must have a combination of five (5) or more of these eligibility factors acting in concert which threaten the health, safety, morals, or welfare of the proposed district. "Conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more additional eligibility factors which are detrimental to the public safety, health, morals, or welfare and which could result in such an area becoming a blighted area. A separate set of factors exists for the designation of vacant land as a "blighted area." There is no provision for designating vacant land as a conservation area.

Factors For Improved Property

Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.

Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration including but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

Illegal Use of Individual Structures. The use of structures in violation of the applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

Excessive Vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

Lack of Ventilation, Light or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

Inadequate Utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

Excessive Land Coverage and Overcrowding of Structures and Community Facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

Deleterious Land Use or Lay-Out. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

Environmental Clean-Up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by state or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

Lack of Community Planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land use relationships, inadequate street lay-out, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

Lack of Growth in Equalized Assessed Value. The total equalized assessed value of the proposed redevelopment project area has declined for three of the last five calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three of the last five calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three of the last five calendar years prior to the year in which the redevelopment project area is designated.

As explained, "blighted areas" must have a combination of five or more of these eligibility factors and "conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more additional eligibility factors.

Methodology Overview and Determination of Eligibility

Analysis of eligibility factors was done through research involving an exterior survey of all properties within the Rand/Lake Cook RPA, as well as a review of building and property records, and interviews with Village staff. Property records include building code violation citations, building permit data, and assessor information. Our survey of the area established that there are a total of 51 parcels (39 improved and 12 vacant) and 44 buildings (not including ancillary structures) within the Rand/Lake Cook RPA.

These properties were examined for qualification factors consistent with either "blighted area" or "conservation area" requirements of the Act. We concluded that the properties within the Rand/Lake Cook RPA qualify for designation as a "blighted area" based upon the presence to a meaningful extent of the eligibility criteria as defined by the Act.

To arrive at this designation, *S. B. Friedman & Company* analyzed the presence of eligibility factors on a building-by-building or parcel-by-parcel basis. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were correlated to buildings using aerial maps, property files created from field observations and record searches. This information was then graphically plotted on a tax parcel map of the Rand/Lake Cook RPA to establish the distribution of eligibility factors, and to determine which factors were present to a major extent.

Blighted Area Findings

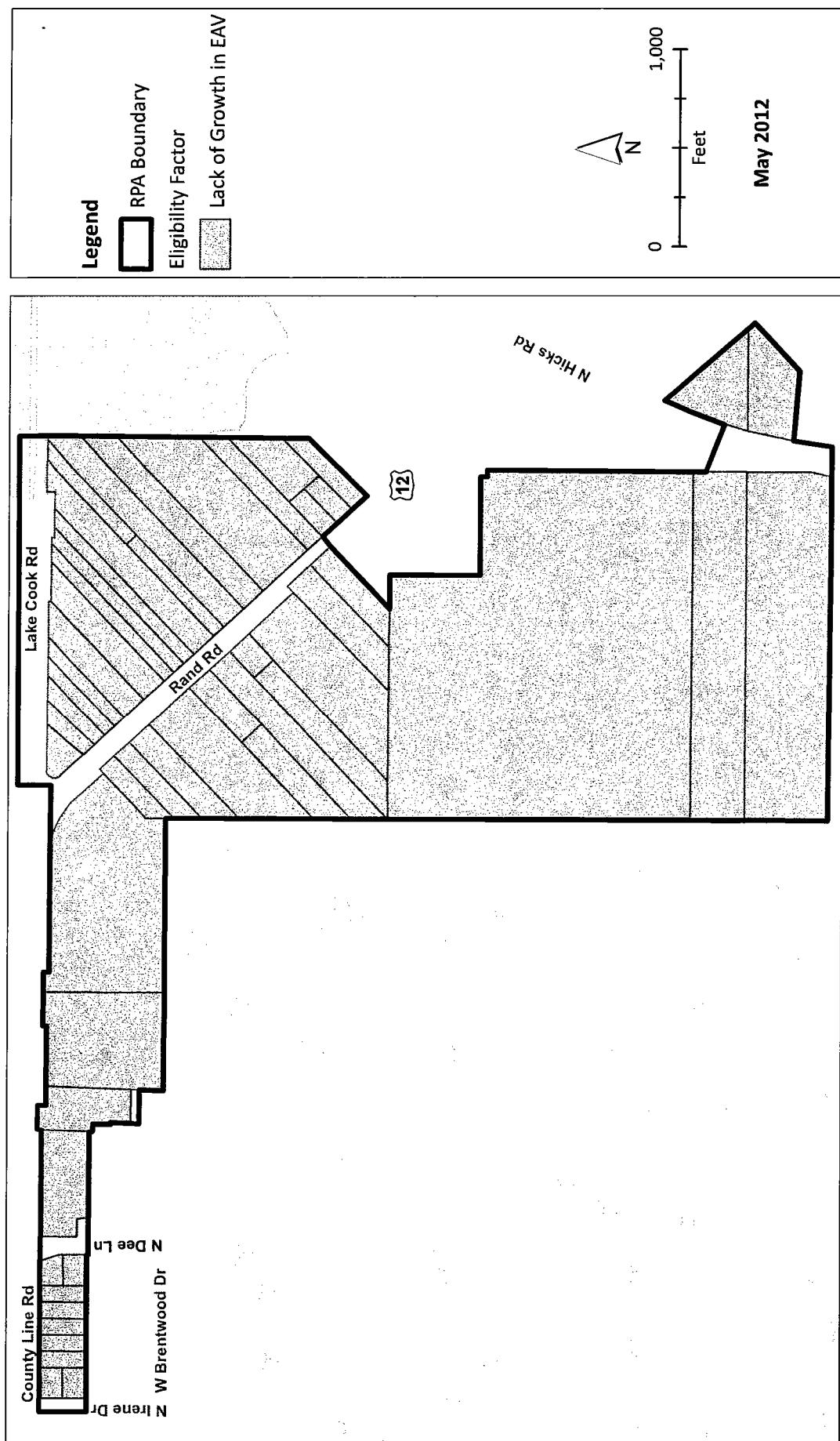
As required by the Act, within a blighted area, at least five (5) of the thirteen eligibility factors for improved property must be found present to a major extent within the Rand/Lake Cook RPA.

Our research has revealed that the following five (5) factors for improved property are present to a major extent:

- Lack of Growth in Equalized Assessed Value (EAV)
- Deterioration
- Inadequate Utilities
- Deleterious Land Use and Layout
- Lack of Community Planning

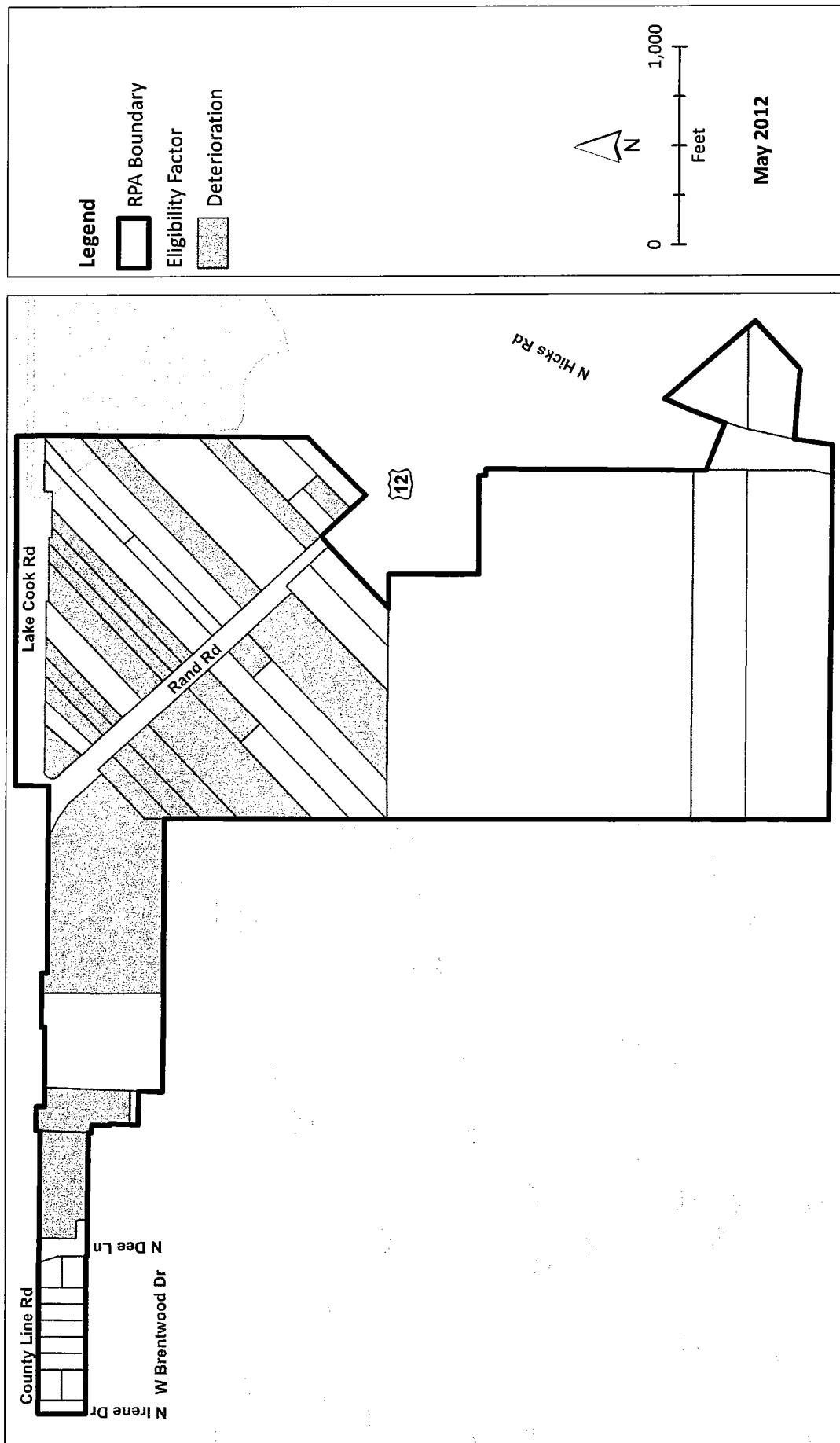
Based on the presence of these factors, the Rand/Lake Cook RPA meets the requirements of a "blighted area" under the Act.

Maps 4A through 4E illustrate the distribution of those blighted eligibility factors found to be present to a major extent by highlighting each parcel where the respective factors were found to be present to a meaningful degree. The following sections summarize our field research as it pertains to each of the identified blighted eligibility factors found within the Rand/Lake Cook RPA



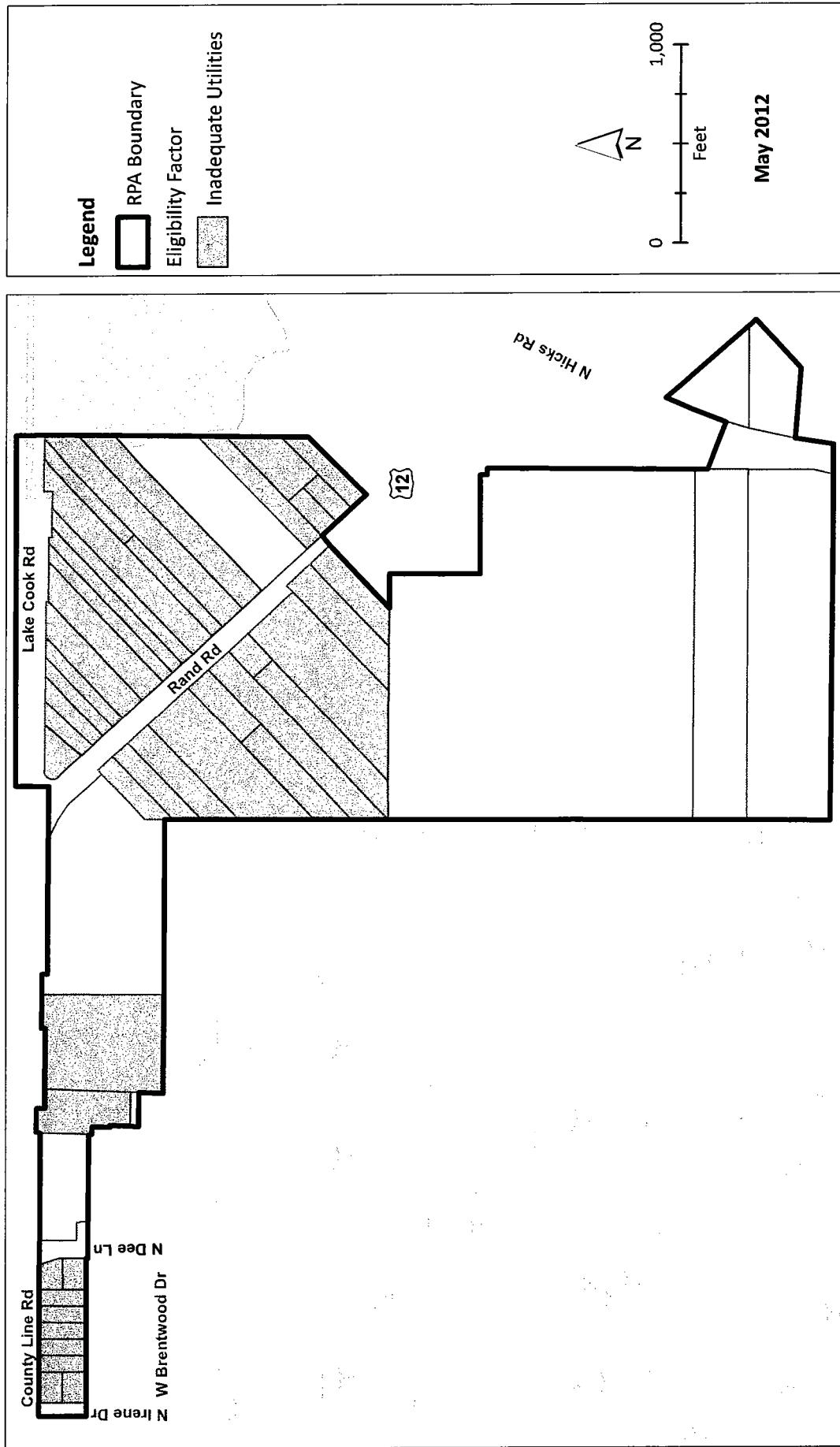
Rand/Lake Cook Tax Increment Financing District
VILLAGE OF PALATINE, IL

Map 4A: Lack of Growth in EAV
IMPROVED LAND - BLIGHTED AREA FACTOR



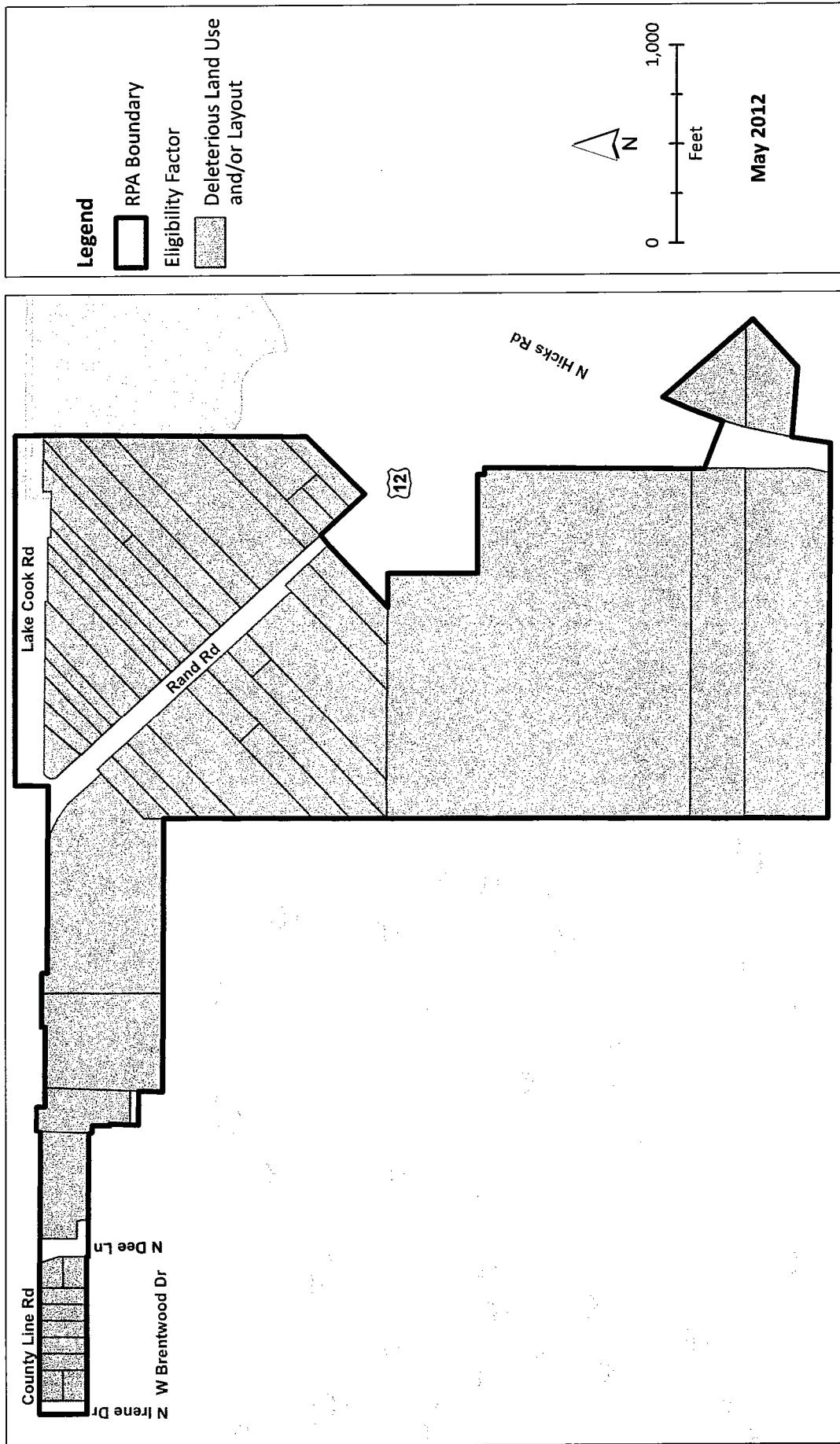
Rand/Lake Cook Tax Increment Financing District
VILLAGE OF PALATINE, IL

Map 4B: Deterioration
IMPROVED LAND - BLIGHTED AREA FACTOR

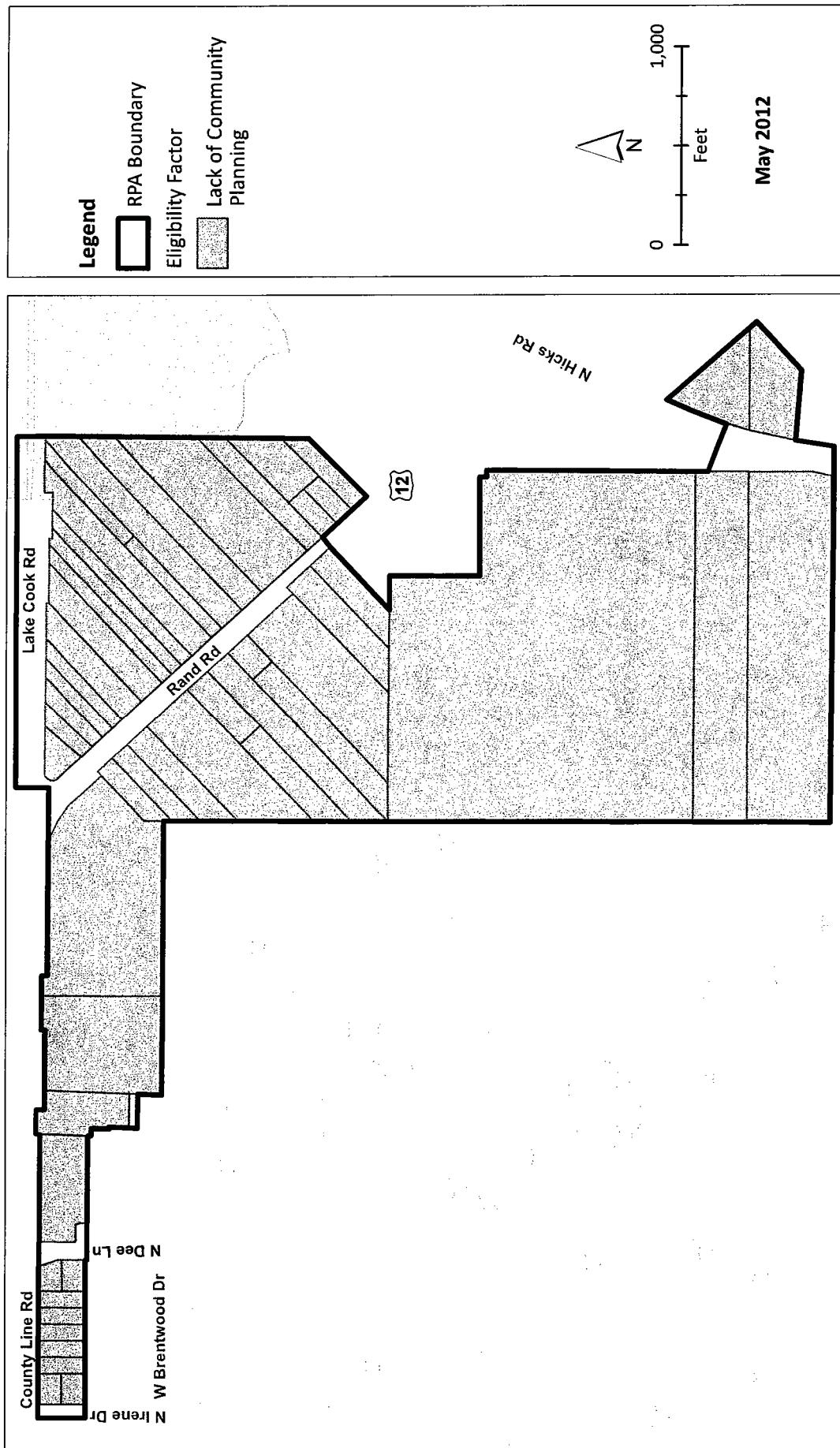


Rand/Lake Cook Tax Increment Financing District
VILLAGE OF PALATINE, IL

**Map 4C: Inadequate Utilities
IMPROVED LAND - BLIGHTED AREA FACTOR**



Map 4D: Deleterious Land Use and/or Layout
IMPROVED LAND - BLIGHTED AREA FACTOR



Rand/Lake Cook Tax Increment Financing District
VILLAGE OF PALATINE, IL

Map 4E: Lack of Community Planning
IMPROVED LAND - BLIGHTED AREA FACTOR

1. Lack of Growth in EAV

In order to qualify for this factor, the total EAV of the area must have increased at an annual rate that is less than the balance of the municipality or at an annual rate that is less than the Consumer Price Index (CPI) for All Urban Consumers for at least three of the last five calendar years prior to the year in which the RPA is designated. The total EAV is a measure of the property value in the Study Area. The EAV history of all the included tax parcels in the Study Area was tabulated for the last six years (five year-to-year periods) for which assessed values and EAV are available. The most recent year for which final information is available is 2010.

A lack of growth in EAV has been found for the Study Area in that the rate of growth in EAV of the Study Area has been less than that of the balance of the Village during four of the last five year-to-year periods. In each of these four periods, the growth rate was also negative. The basis for this finding is summarized in Table 2 below. Lack of growth in EAV within the area is one of the strongest indicators that the area as a whole has been falling into a state of decline.

Table 2: Percent Change in Annual Equalized Assessed Valuation (EAV) [1]

Change in EAV by Year	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010
Study Area Parcels	-1.19%	19.38%	-1.02%	-18.79%	-13.40%
Balance of Village	1.53%	18.34%	6.99%	4.81%	-10.23%

Source: Cook County Assessor's Office.

[1] Non-qualifying periods are shaded.

This eligibility factor was analyzed area-wide and is considered to be present to a meaningful extent for the entire Rand/Lake Cook RPA.

2. Deterioration

Overall, 21 of the 51 total parcels (41%) in Rand/Lake Cook RPA exhibit deterioration in primary structures, ancillary structures or surface improvements. Deterioration was evaluated on a building-by-building and parcel-by-parcel basis.

Of the 44 total primary buildings within the RPA, 13 buildings (30%) demonstrate a significant level of deterioration. Cataloged deterioration includes the occurrence of major defects in building components, including cracked, broken or missing windows, cracked exterior wall surfaces, and leaning stairs. These are structural conditions not readily correctable through normal maintenance. In addition, widespread deterioration was documented on ancillary property and accessory buildings within the Study Area. Ancillary property and accessory buildings include surface parking lots, property used for storage or other related uses, property enclosed with fencing, or garages.

Deterioration is considered to be present to a meaningful extent within the Rand/Lake Cook RPA.

3. Lack of Community Planning

The majority of the Rand/Lake Cook RPA developed without the benefit or guidance of the Village's

Comprehensive Plan, or under the Village's jurisdiction for zoning and subdivision codes. While Village plans dating back to the 1970s encompassed this area, many of the parcels were under Cook County's jurisdiction and annexed into the Village incrementally throughout the 1990s. As a result, the study area was not developed cohesively and does not meet contemporary Village standards. The Village's current 2011 Comprehensive Plan requires that annexed areas be brought into compliance with Village codes and that provisions are made to provide a consistent level of infrastructure and services to those areas. The plan also notes that the appearance of commercial areas along Rand Road still needs significant improvement to raise it to community standards.

The Village's 1990 Comprehensive Plan and current 2011 Comprehensive Plan both cite examples of areas along the Rand Road corridor and the Lake Cook Road corridor within the study area that are not in compliance with the Village's standards for utilities, sidewalks, right-of-way access, and parcel configurations. The study area currently contains inadequate utilities and other public infrastructure, and parcels of inadequate shape and size in relation to contemporary development standards. These conditions significantly impact the redevelopment potential of the study area on an area-wide basis, as further detailed in the following sections.

Because of a lack of coordinated effort in developing the RPA and the patterns of annexation, lack of community planning is considered to impact 100% of the study area.

4. Inadequate Utilities

A review of the Village of Palatine's data on the location and extent of water, storm sewer, and sanitary sewer lines indicated that most of the RPA (43 of 51 parcels, or 84%) is not currently served by one or more of these utilities. This is primarily due to the fact that most parcels were developed under Cook County jurisdiction, prior to annexation into the Village, and are currently on well and septic systems. This condition is considered below standard Village service levels. Additionally, the Village of Palatine Public Works Department has indicated that most of the study area lacks any form of stormwater management infrastructure, and that stormwater across most of the study area drains through surface off-flow directly into a natural body of water located to the northeast. Any redevelopment would require managing the quality and flow rate of stormwater drainage across most of the study area.

Inadequate utilities impact future redevelopment potential and future growth of the area because it requires a substantial infrastructure investment on the part of the Village or potential redevelopers. Therefore, inadequate utilities were considered to be present to a meaningful extent within the Rand/Lake Cook RPA.

5. Deleterious Land Use and Layout

Deleterious land use and layout were evaluated on both a parcel-by-parcel and an area-wide basis. This factor may be present regardless of whether or not a structure exists on a parcel. The documented presence of this factor stems from incompatible land use relationships as detailed below:

- Inadequate Parcel Size and Shape: The Village's current Comprehensive Plan indicates that parcels along the Rand Road corridor are unusually long and deep, and relatively few large

parcels exist to accommodate significant reinvestment in their current configuration. Approximately half of the parcels in the study area (24 out of 51, or 47%) are less than 100-feet wide and are out of compliance with the Village's current commercial zoning code governing this area. These parcels will require land assembly to create appropriate commercial development sites.

Inadequate parcel size and shape is also evident in existing development patterns. Observations during fieldwork and a review of aerial photographs, tax parcel maps and assessor data indicate that operations for several businesses along Rand Road extend across parcels of different ownership while, at times, only occupying a portion(s) of those parcels. Current parcel configurations also create access problems, including double-frontage access (at both Rand and Lake Cook Roads) for some parcels, and no frontage access for other parcels.

- Lack of Sufficient Buffering, Screening and Access: Parcel configurations and uncoordinated development patterns have resulted in several incompatible land use relationships. Commercial and single-family residential structures are adjacent and lack sufficient buffering, screening, and service access due to long, narrow parcel shapes.
- Lack of Coordinated Curb-Cuts and Parking Areas: Narrow parcel configurations and an overall lack of community planning have resulted in an excessive number of curb cuts to serve individual parcels fronting Rand Road. The 0.3-mile corridor within the study area contains a total of 27 curb cuts (16 on the southbound side of the street and 11 on the northbound side). The Village's current Comprehensive Plan cites this condition as problematic in disrupting traffic flow and creating turning conflicts.
- Lack of Two-Way Vehicular Access: Rand Road also contains a raised concrete median preventing left turns across approximately one-third of the study area corridor and limits parcel access to either northbound or southbound travelers. Additionally, conversations with Village staff have indicated the need for a mid-block traffic signal to facilitate access and traffic flow along Rand Road. Two vacant commercial buildings and one vacant residential building (currently marketed as a commercial site) are located along this stretch. The significant deterioration of these sites suggests that the vacancies have been long-term, and that both parcel configuration and lack of adequate access have negatively impacted the marketability of these sites.
- Lack of Sidewalks and Pedestrian Access: The absence of sidewalks in most of the Study Area results in impediments to pedestrian traffic and/or the complete lack of pedestrian access to parcels. Currently, none of the parcels fronting Lake Cook Road contain sidewalks, and only one parcel fronting Rand Road contains a sidewalk. Dirt paths have also been formed in the grassy areas along Rand Road where repeated pedestrian traffic traverses the area, including parcels with residential units. The lack of pedestrian amenities intensifies the necessity and reliance on automobile passage between commercial businesses, which adds to the issues of disrupted traffic flow and turning conflicts. The Village's current Comprehensive Plan also indicates that an absence of sidewalks is considered out of compliance with Village standards.

Deleterious land use and layout were found to be present to a meaningful extent due to incompatible land use relationships and affect the Rand/Lake Cook RPA on an area-wide basis.

4. Redevelopment Project and Plan

Redevelopment Needs of the Rand/Lake Cook RPA

The existing land use pattern and physical conditions in the Rand/Lake Cook RPA suggest five redevelopment needs for the area:

- Property assembly, demolition, and site preparation;
- Infrastructure improvements, streetscaping, and buffering/screening between land uses;
- Redevelopment of vacant and underutilized parcels;
- Commercial and residential development and redevelopment; and
- Resources for retail, commercial, residential and mixed-use development.

The Redevelopment Plan identifies tools for the Village to:

- Support the establishment and improvement of the Rand/Lake Cook RPA as a cohesive and vibrant commercial/residential mixed-use district consistent with the Village's Comprehensive Plan;
- Support other improvements that serve the redevelopment interests of the local community and the Village; and
- Assist existing businesses to expand and improve their places of business, and/or other mechanisms as set forth in the Redevelopment Plan.

The public improvements outlined in the Redevelopment Plan will create an environment conducive to private investment and redevelopment within the Rand/Lake Cook RPA. The goals and objectives discussed below have been developed to address these needs and facilitate the sustainable redevelopment of the Rand/Lake Cook RPA. To support specific projects and encourage future investment in the Rand/Lake Cook RPA, public resources including tax increment financing may be used to:

- Facilitate site assembly, site preparation, and demolition for future private sector redevelopment activities;
- Improve Rand/Lake Cook RPA infrastructure;
- Foster an identity for the area and improve its image as a gateway into the community;
- Support building rehabilitation; and
- Provide assistance, as appropriate and allowed under the Act, to the private sector to facilitate acquisition, assembly, and preparation of property to create redevelopment opportunities and suitable sites for modern development needs.

The Redevelopment Plan identifies the tools that the Village will use to guide redevelopment in the Rand/Lake Cook RPA to stimulate economic development and to promote and sustain a strong commercial/residential mixed-use district.

The goals, objectives, and strategies discussed below have been developed to address these needs and facilitate the sustainable redevelopment of the Rand/Lake Cook RPA. The proposed public improvements outlined in the Redevelopment Plan will help arrest the current decline and create an

environment conducive to private investment and redevelopment within the Rand/Lake Cook RPA.

Goals and Objectives

Goals and objectives designed to address the needs of the community form the overall framework of the Redevelopment Plan for the use of anticipated tax increment funds generated within the Rand/Lake Cook RPA.

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the Rand/Lake Cook RPA as a blighted area. Implementation of the Redevelopment Plan will strengthen the Village's economic base and enhance the quality of life for Village residents. Redevelopment of the Rand/Lake Cook RPA will be accomplished by:

- Re-establishing the Rand/Lake Cook RPA as a cohesive and vibrant commercial/residential mixed-use area that provides a comprehensive range of retail/commercial uses for the surrounding residential community, while also accommodating residential, public/institutional, parking, and open space uses where appropriate;
- Providing the direction and mechanisms necessary to identify potential redevelopment opportunities and, where appropriate, facilitate the implementation of redevelopment projects; and
- Providing adequate investment in public infrastructure and other improvements to foster a more cohesive and coordinated commercial area, enhance the design and layout of parcels, integrate land uses, and secure new development.

Rehabilitation and redevelopment of the Rand/Lake Cook RPA will be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

Objectives. Eight (8) broad objectives support the overall goal of area-wide revitalization of the Rand/Lake Cook RPA. These include:

1. Facilitate the assembly, preparation, and marketing of potential sites for new commercial development and redevelopment, and assist private developers in assembling sites that meet contemporary development standards;
2. Strengthen the Rand/Lake Cook RPA as a commercial/residential mixed-use district for the surrounding community by providing resources for the rehabilitation of existing businesses and for the development, redevelopment, and/or rehabilitation of property within the RPA;
3. Improve visibility, traffic flow, and safety within the RPA by providing street improvements, lighting, traffic signals, coordinated curb-cuts, signage, and pedestrian amenities such as sidewalks and crosswalks where needed;

4. Improve and construct new public infrastructure where needed to create an attractive and cohesive environment in support of new development;
5. Improve and continue to provide adequate off-street parking to support commercial uses within the RPA;
6. Provide for corrective actions to address environmental problems as needed to permit development and redevelopment within the RPA;
7. Support the goals and objectives of other overlapping plans, including the Village's Comprehensive Plan, and coordinate available federal, state, and local resources to further the goals and objectives of this Redevelopment Plan;
8. Support job training programs and increase employment opportunities for individuals working in Rand/Lake Cook RPA businesses.

Strategies. These objectives will be implemented through four (4) specific and integrated strategies. These include:

1. **Encourage Public and On-Site Infrastructure Improvements.** A series of public and on-site improvements throughout the Rand/Lake Cook RPA may be designed and implemented to help define and create an identity for the area, prepare the site for anticipated private investment and create a more conducive environment for new development.

These improvements may include streetscaping, street and sidewalk lighting, traffic signals, resurfacing of alleys, sidewalks and parking lots, underground infrastructure, physical plant, stormwater detention of adequate capacity, and other improvements consistent with the Redevelopment Plan. These improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with public entities and may include the construction, rehabilitation, renovation, or restoration of improvements on one or more parcels.

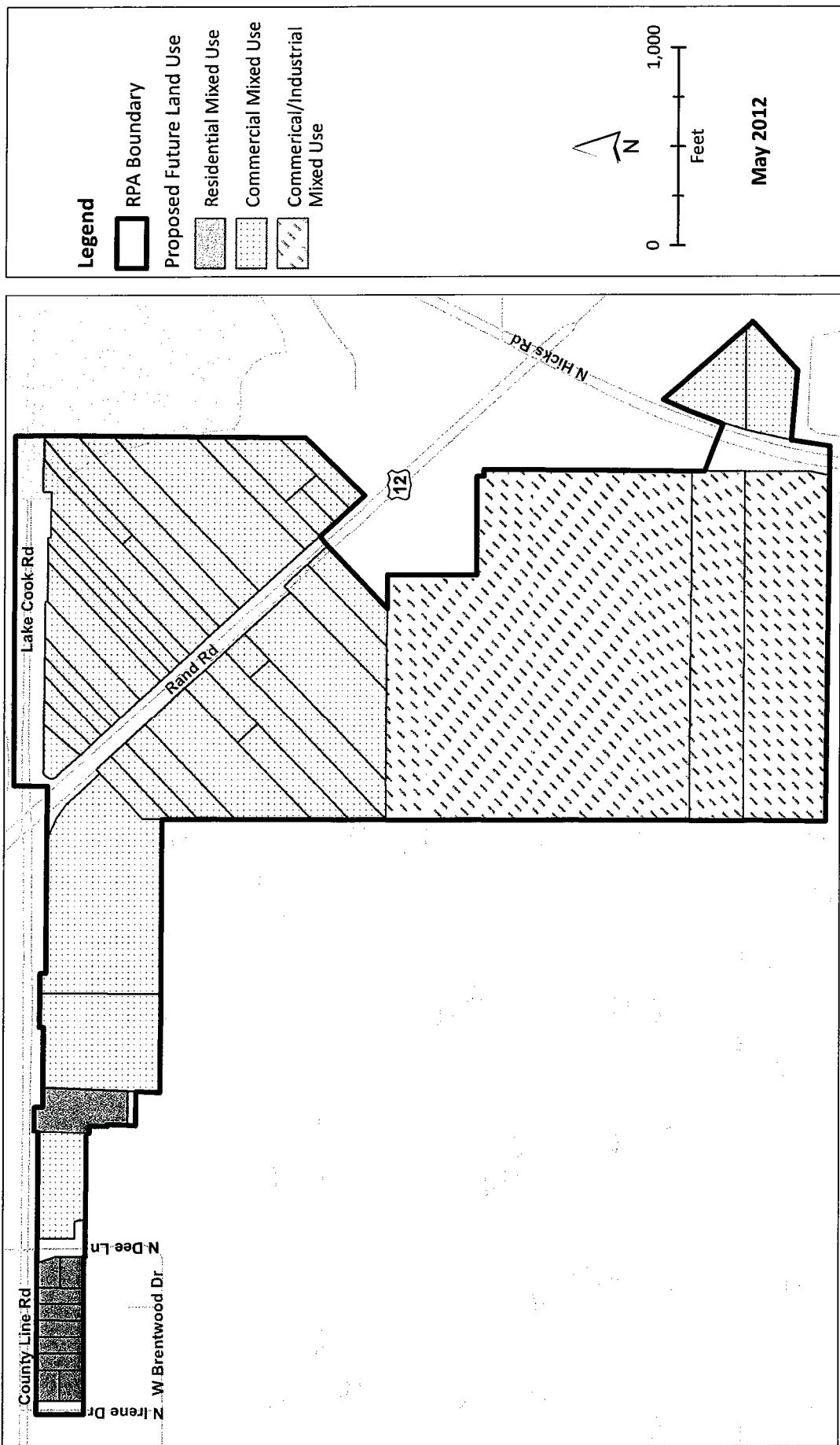
2. **Facilitate Property Demolition and Site Preparation.** Financial assistance may be provided to private developers seeking to acquire land and assemble sites for projects supportive of this Redevelopment Plan. To meet the goals, policies or objectives of this Redevelopment Plan, the Village may acquire and assemble property throughout the RPA. Land assemblage by the Village may be done by purchase, exchange, donation, lease or eminent domain, and may be for the purposes of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include demolition of existing improvements and environmental remediation, where needed. The Village may require written development agreements with developers before acquiring any properties. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.

3. **Encourage Private Sector Development.** Through the creation and support of public-private partnerships or through written agreements, the Village may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Assist Existing Businesses and Property Owners.** The Village may provide assistance to support existing businesses and property owners in the RPA. This may include financial and other assistance for building rehabilitation, facade improvements, leasehold improvements, and construction of private and public facilities such as plazas and other pedestrian amenities.

Proposed Future Land Use

The proposed future land use of the Rand/Lake Cook RPA reflects the objectives of the Redevelopment Plan, which provide direction for the marketing of vacant and underutilized sites in the Rand/Lake Cook RPA, to support the improvement of the Rand/Lake Cook RPA primarily as an active commercial/residential mixed-use district, and to support other improvements that serve the redevelopment interests of the Village as a whole. The proposed objectives are compatible with the Comprehensive Plan of the Village of Palatine.

The proposed future land uses are detailed on **Map 5** on the following page. These uses are to be predominant uses for the area indicated, and are not exclusive of any other uses.



**Rand/Lake Cook Tax Increment Financing District
VILLAGE OF PALATINE, IL**

Map 5: Proposed Future Land Use

Housing Impact and Related Matters

As set forth in the Act, if the redevelopment plan for the redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan.

The RPA contains an estimated 11 inhabited residential units. Since there is a possibility that all of the units will be displaced over the course of the 23-year life of the Rand/Lake Cook RPA, a Housing Impact Study is required by the Act and was prepared by *S. B. Friedman & Company*. The results of the Housing Impact Study are described in a separate report which presents certain information required by the Act. The report is attached as Appendix 3 to this Plan.

5. Financial Plan

Eligible Costs

The Act outlines several categories of expenditures that can be funded using tax increment financing. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this plan pursuant to the Act. The Village proposes to realize its goals and objectives of redevelopment through public finance techniques including, but not limited to, tax increment financing, and by undertaking certain activities and incurring certain costs. Some of the costs listed below are eligible costs under the Act pursuant to an amendment to the Act that became effective November 1, 1999. Such eligible costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, implementation and administration of the Redevelopment Plan, including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services, related hard and soft costs, and other related expenses; provided however, that no such charges for professional services may be based on a percentage of the tax increment collected;
2. Marketing sites within the area to prospective businesses, developers, and investors, provided however, that no such charges for professional services may be based on a percentage of the tax increment collected;
3. Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, and clearing and grading of land, site preparation, site improvements that serve as an engineered barrier addressing ground-level or below-ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers;
4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements;
5. Costs of the construction of public works or improvements consistent with the Act, including the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
6. Costs of job training and retraining projects including the costs of "welfare to work" programs implemented by businesses located within the redevelopment project area;
7. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and including reasonable reserves related thereto and interest accruing during a construction period;
8. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment

Plan and Project, to the extent the municipality by written agreement accepts and approves such costs;

9. An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
10. A library district's increased per patron costs attributable to net new persons eligible to obtain a library card living in assisted housing units as further defined in the Act.
11. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or under the Act;
12. Payment in lieu of taxes;
13. Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and taxing district(s), which agreement describes the program to be undertaken, including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by the community college district of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public and Community College Act as cited in the Act and by the school districts of cost pursuant to Section 10-22.20a and 10-23.3a of the School Code as cited in the Act.
14. Interest costs incurred by a developer related to the construction, renovation, or rehabilitation of a redevelopment project provided that:
 - a. Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - b. Such payments in any one (1) year may not exceed thirty percent (30%) of the annual interest costs incurred by the redeveloper with regard to the development project during that year;
 - c. If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (14), then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - d. The total of such interest payments paid pursuant to the Act may not exceed thirty percent (30%) of the total of (i) cost paid or incurred by the developer for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the

Act; and

- e. The percentage increases from thirty percent (30%) to seventy-five percent (75%) for the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- f. Instead of the interest costs described above in paragraphs 14b. and 14d., a municipality may pay from tax incremental revenues up to fifty percent (50%) of the cost of construction, renovation, and rehabilitation of new housing units (for ownership or rental) to be occupied by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, as more fully described in the Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for this benefit under the Act;

Unless explicitly stated in the Act, and as provided for in relation to low- and very low-income housing units, the cost of construction of new privately owned buildings shall not be an eligible redevelopment project cost.

If a special service area is established pursuant to the Special Service Area Tax Act, 35 ILCS 200/27-5 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act, as well as the purposes permitted by the Act.

Estimated Redevelopment Project Costs

The estimated eligible costs of this Redevelopment Plan are shown in **Table 2** below. The total eligible cost provides an upper limit on expenditures that are to be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest, and other financing costs. Within this limit, adjustments may be made in line items without amendment to this Redevelopment Plan. Additional funding in the form of County, State and Federal grants, private developers contributions and other outside sources may be pursued by the Village as a means of financing improvements and facilities which are of benefit to the general community.

Table 2: Estimated TIF Eligible Costs

	Estimated Project Costs
Costs of studies, including staff and professional service costs	\$750,000
Site marketing costs	\$500,000
Property assembly, demolition and site prep costs	\$20,000,000
Costs of building rehabilitation	\$5,000,000
Costs of construction of public works or improvements	\$6,000,000
Developer's interest and financing costs	\$1,500,000
Relocation costs	\$750,000
Job training costs	\$500,000
Total Redevelopment Costs [1] [2] [3]	\$35,000,000

[1] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs.

[2] The amount of the Total Redevelopment Costs that can be incurred in the RPA will be reduced by the amount of redevelopment Project Costs incurred in contiguous RPAs, or those separated from the RPA only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the RPA, but will not be reduced by the amount of Redevelopment Project Costs incurred in the RPA which are paid from incremental property taxes generated in contiguous RPAs or those separated from the RPA only by a public right-of-way.

[3] All costs are in 2012 dollars and may be increased by five percent (5%) after adjusting for annual inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers in U.S. Cities, published by the U.S. Department of Labor. In addition to the above stated costs, each issue of obligations issued to finance a phase of the Redevelopment Plan and Project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

Adjustments to the estimated line item costs in **Table 2** are expected and may be made by the Village without amendment to this Redevelopment Plan. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs because of changed redevelopment costs and needs.

Phasing and Scheduling of the Redevelopment

Each private project that receives TIF funding within the Rand/Lake Cook RPA shall be governed by the terms of a written redevelopment agreement entered into by a designated developer and the Village and approved by the Village Council. Where tax increment funds are used to pay eligible redevelopment project costs, to the extent funds are available for such purposes, expenditures by the Village shall be coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). This Redevelopment Plan shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the Village treasurer provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this redevelopment project area is adopted (by December 31, 2036, if the ordinances establishing the RPA are adopted during 2012).

Sources of Funds to Pay Costs

Funds necessary to pay for redevelopment project costs and/or municipal obligations which may be issued or incurred to pay for such costs are to be derived principally from tax increment revenues and/or proceeds from municipal obligations which have as a repayment source tax increment revenue. To secure the issuance of these obligations and the developer's performance of redevelopment agreement obligations, the Village may require the utilization of guarantees, deposits, reserves and/or other forms of security made available by private sector developers. The Village may incur Redevelopment Project Costs that are paid from the funds of the Village other than incremental taxes, and the Village then may be reimbursed for such costs from incremental taxes.

The tax increment revenue which will be used to fund tax increment obligations and eligible redevelopment project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase of the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the RPA over and above the certified initial equalized assessed value of each such property. Without the use of such incremental revenues, the RPA is not likely to redevelop.

Other sources of funds which may be used to pay for development costs and associated obligations issued or incurred include land disposition proceeds, state and federal grants, investment income, private investor and financial institution funds and other sources of funds and revenues as the municipality and developer from time to time may deem appropriate.

The Rand/Lake Cook RPA may be or become contiguous to, or be separated only by a public right-of-way from other redevelopment areas created under the Act (65 ILCS 5/11-74.4-4 et. seq.). The Village may utilize net incremental property tax revenues received from the Rand/Lake Cook RPA to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Rand/Lake Cook RPA made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Rand/Lake Cook RPA, shall not at any time exceed the total Redevelopment Project Costs described in **Table 2** of this Redevelopment Plan.

The Rand/Lake Cook RPA may be or become contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Illinois Industrial Jobs Recovery Law, (65 ILCS 5/11-74.61-1 et. seq.). If the Village finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Rand/Lake Cook RPA, the Village may determine that it is the best interests of the Village and in furtherance of the purposes of this Redevelopment Plan that net revenues from the Rand/Lake Cook RPA be made available to support any such redevelopment project areas, and vice versa. The Village, therefore, proposes to utilize net incremental revenues received from the Rand/Lake Cook RPA to pay eligible redevelopment projects costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between Rand/Lake Cook RPA and such areas. The amount of revenue from the Rand/Lake Cook RPA so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Rand/Lake Cook RPA or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in **Table 2** of this Redevelopment Plan.

If necessary, the redevelopment plans for other contiguous redevelopment project areas that may be or already have been created under the Act may be drafted or amended as applicable to add appropriate and parallel language to allow for sharing of revenues between such districts.

Issuance of Obligations

To finance project costs, the Village may issue bonds or obligations secured by the anticipated tax increment revenue generated within the Rand/Lake Cook RPA, or such other bonds or obligations as the Village may deem as appropriate. The Village may require the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligations. In addition, the Village may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the Village pursuant to this Redevelopment Plan and the Act shall be retired within the time frame described under "Phasing and Scheduling of the Redevelopment" above. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the Village shall not exceed the amounts available from tax increment revenues, or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

In addition to paying redevelopment project costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves and bond sinking funds. To the extent that real property tax increment is not required for such purposes, revenues shall be declared surplus and become available for distribution annually to area taxing districts in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Rand/Lake Cook RPA is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the RPA. The 2010 EAV (the most recent year in which assessed values and the equalizer were available) of all taxable parcels in the Rand/Lake Cook RPA is approximately \$27,208,708 million. This total EAV amount by PIN is summarized in **Appendix 2**. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Cook County.

Anticipated Equalized Assessed Valuation

By 2035, the EAV for the Rand/Lake Cook RPA is projected to be approximately \$57,867,000. This estimate is based on several key assumptions, including: (1) an inflation factor of 2.5% per year on the EAV of all properties within the Rand/Lake Cook RPA, with its cumulative impact occurring in each triennial reassessment year, (2) an equalization factor of 3.300 for the duration of the Rand/Lake Cook RPA, and (3) that redevelopment occurs on certain underutilized sites located in the Rand/Lake Cook RPA.

6. Required Findings and Tests

Lack of Growth and Private Investment

The Village is required under the Act to evaluate whether or not the Rand/Lake Cook RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district.

Taken as a whole, the RPA has not been subject to widespread growth and development through investment by private enterprise. The equalized assessed valuation ("EAV"), which is the value of property from which property taxes are based, in the Study Area grew at a much lower rate than that of the rest of the Village. In fact the EAV within the study area declined in four of the last five years. Overall, the compound annual growth rate of EAV for the Study Area was -3.9% between 2005 and 2010, compared to 3.9% for the remainder of the Village of Palatine over the same period of time.

As another method to examine the scope of new investment in the Study Area, *SB Friedman* examined building permit data over the past five years provided by the Village's Building Department between 2007 and 2011. Over these past five years, these data indicated that 13 permits were issued at seven different addresses in the RPA totaling approximately \$1.1 million. The majority of this value (93%) pertains to six permits issued between Public Storage at 2213 N Rand Road and Grossinger Chevrolet at 151 E Lake Cook Road. This work included re-roofing, interior remodeling, and exterior remodeling. The remaining privately initiated permits amounted to approximately \$77,500 (or \$15,500 in average annual investments) for minor maintenance, minor renovation or new signage. The overall impact of these permits has been isolated and minimal, as evidenced by the slower growth rate in EAV for the RPA compared to the balance of the Village.

Finding: The Rand/Lake Cook RPA on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan.

But for...

The Village is required to find that but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the Rand/Lake Cook RPA.

Without the support of public resources, the Redevelopment Plan Goals and Objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the Study Area as a commercial/residential mixed-use district are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. Public resources to assist with site assembly, site remediation, and public infrastructure improvements are needed to leverage private investment and facilitate area-wide redevelopment consistent with the needs of the Rand/Lake Cook RPA. TIF funds can be used to fund these improvements. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Finding: But for the adoption of this Redevelopment Plan, critical resources will be lacking that would otherwise support the redevelopment of the Rand/Lake Cook RPA and the Rand/Lake Cook RPA would not reasonably be anticipated to be developed.

Conformance to the Plans of the Village

The Rand/Lake Cook RPA and Redevelopment Plan must conform to the Village's Comprehensive Plan and conform to the strategic economic development plans, or include land uses that have been approved by the Village Council. The land uses and strategies proposed by this redevelopment plan are consistent with those proposed by the Future Land Use Map for the Rand Road Subarea and the strategies contained within the Village's 2011 Comprehensive Plan.

Dates of Completion

The dates of completion of the project and retirement of obligations are described in "Phasing and Scheduling of the Redevelopment" in Section 5 above.

Financial Impact of the Redevelopment Project

As explained above, without the adoption of this Redevelopment Plan and tax increment financing, the Rand/Lake Cook RPA is not expected to be redeveloped by private enterprise. Additionally, there is a genuine threat that blighting conditions will continue to exist and spread, and that the entire area will become a less attractive place to maintain and improve existing buildings and sites. The lagging growth of property values also may lead to a decline of property values in surrounding areas and could lead to a reduction of real estate tax revenue to all taxing districts.

This document describes the comprehensive redevelopment program proposed to be undertaken by the Village to create an environment in which private investment can reasonably occur. The redevelopment program will be staged gradually over the 23-year life of the Rand/Lake Cook RPA. If a redevelopment project is successful, various new projects will be undertaken that will assist in alleviating blighting conditions, creating new jobs, and promoting redevelopment in the Rand/Lake Cook RPA.

This Redevelopment Plan is expected to have short- and long-term financial impacts on the affected taxing districts. During the period when tax increment financing is utilized, real estate tax increment revenues from the increases in EAV over and above the certified initial EAV (established at the time of adoption of this document) may be used to pay eligible redevelopment project costs for the Rand/Lake Cook RPA. At the time when the Rand/Lake Cook RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the RPA will be distributed to all taxing districts levying taxes against property located in the RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services and Program to Address Financial and Service Impact

The Village intends to monitor development in the area and, with the cooperation of the affected taxing districts, work to address any increased needs in connection with any particular development.

Given the preliminary nature of this Redevelopment Plan, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot accurately be assessed within the scope of this plan. The following major taxing districts presently levy taxes on properties within the Rand/Lake Cook RPA:

- Consolidated Election
- Forest Preserve District of Cook County
- Town of Palatine
- General Assistance Palatine
- Road and Bridge Palatine
- Village of Palatine
- School District CC 15
- Palatine Township High School District 211
- Harper Community College District 512
- Palatine Park District
- Palatine Public Library
- Metropolitan Water Reclamation District of Greater Chicago
- Northwest Mosquito Abatement District

Replacement of vacant and under-utilized buildings and sites with active and more intensive uses may result in additional demands on services and facilities provided by the districts. At this time, no special programs are proposed for these taxing districts. Should demand increase, the Village will work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

7. Provisions for Amending Action Plan

This Redevelopment Plan and Project document may be amended pursuant to the provisions of the Act.

8. Commitment to Fair Employment Practices and Affirmative Action Plan

The Village of Palatine is an equal opportunity employer. As part of this Redevelopment Project and Plan, the Village will work with any developers who assist in the redevelopment of the RPA to implement an effective affirmative action program that conforms to Village policies and practices.

This program will ensure equal opportunity for all personnel regardless of race, color, religion, sex, age, marital status, handicapped status, nation of origin, sexual preference, creed or ancestry. This program will also meet Village standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees. All entities involved are responsible for conformance to the policy that is put in place.

Appendix 1: Boundary Legal Description

All that part of Sections 2 and 3, Township 42 North, Range 10 East of the Third Principal Meridian and Section 35, Township 43 North, Range 10 East of the Third Principal Meridian, bounded and described as follows:

(Described with the intent to follow the right of way lines and property lines herein described, and as such, the courses and distances described herein are superseded by the actual location of the said right of way lines and property lines that they are intended to follow)

Beginning at the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road,

thence Easterly, along said Southerly right of way line of Lake Cook Road and the extension of said southerly right of way line, to the intersection of the Southerly right of way line of Lake Cook Road with the Easterly right of way line of Rand Road;

thence Northerly, at right angles to the last described course, to the Northerly right of way line of Lake Cook Road;

thence Easterly, along the Northerly right of way line of Lake Cook Road, to the Northerly extension of a property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid;

thence Southerly, along said extension and along the property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid to a property corner which is 301.64 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Southwesterly, along the Southeasterly boundary line of a parcel of property a distance of 358.62 feet to the Southeasterly property corner which lies in the centerline of Rand Road;

thence Northwesterly, along said centerline of Rand Road a distance of 229.92 feet to a property corner which also lies in the centerline of Rand Road;

thence Southwesterly, along the Northwesterly boundary line of a parcel of property a distance of 321.78 feet to the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Easterly, along a property line which is the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid to a property corner which is 400.0 feet west of the East line of the Northwest Quarter of Section 2 aforesaid;

thence Southerly, along a property line which is 400.0 feet west of and parallel with the East line of the Northwest Quarter of Section 2 aforesaid a distance of 330.0 feet;

thence Easterly, along a property line which is 330.0 feet South of and parallel with the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid a distance of 367 feet to the West right of way line of Old Hicks Road;

thence Southerly, along the Westerly right of way line of Hicks Road a distance of 50.0 feet to the North line of Vacated Hicks Road per document number 89101467;

thence Easterly, along the Northerly line of Vacated Hicks Road a distance of 33 feet to the East line of the Northwest Quarter of Section 2 aforesaid,

thence Southerly, along the East line of the Northwest Quarter of Section 2 aforesaid to a point that is 117.2 feet North of the Southeast Corner of the Northwest Quarter of Section 2 aforesaid, said point is on the Westerly extension of the Northerly line of the parcel conveyed by document number 23283510;

thence Southeasterly, along the Southerly line, and the Easterly extension of said Southerly line, of the parcel of property conveyed by document number 23283510 aforesaid to the Easterly right of way line of Hicks Road;

thence Northeasterly, along the Easterly right of way line of Hicks Road a distance of 318.73 feet to a property corner;

thence Southeasterly, along the Northeasterly line of a parcel of property a distance of 410.63 feet to a property corner on the South line of the Northeast Quarter of Section 2 aforesaid;

Thence Southeasterly along the Northeasterly line of a parcel of property a distance of 66.53 feet to a property corner;

thence Southwesterly, along the Southeasterly line of a parcel of property a distance of 250 feet to a property corner;

thence Northwesterly, along the Southerly line of a parcel of property to the Easterly right of way line of Hicks Road;

thence Southerly, along the Easterly right of way line of Hicks Road to the Easterly extension of the Northerly line of Forest Knoll Townhomes Subdivision (recorded as documents T3045755 and 88602176);

thence Westerly, along said Easterly extension and along the Northerly line of said Forest Knoll Townhomes Subdivision to the West line of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Southwest Quarter of Section 2 aforesaid to the Northwest corner of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Northwest Quarter of Section 2 to a property corner which is 826.65 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Westerly, along the Southerly line of parcels of property a distance of 1020.28 feet to the Southeast corner of Lot 6 in the Preserves at Hilltop Subdivision (recorded as document number 0715122064);

thence Northerly, along the East line of Lot 6 and the East line of Lot D in said Preserves at Hilltop

Subdivision, a distance of 119.0 feet to the Northeast corner of said Lot D;

thence Westerly, along the Northerly line of said Lot D, a distance of 130.0 feet to the East line of Lot 12 in said Preserves at Hilltop Subdivision;

thence Northerly, along the Easterly line of said Lot 12 a distance of 75.0 feet to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 7.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 66.75 feet, to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 28.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 8.47 feet to the Southeast corner of Lot 13 in said Preserves at Hilltop Subdivision;

thence Westerly, along the southerly line of said Lot 13, a distance of 328.73 feet, to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 32.84 feet to a property corner of said Lot 13;

thence Northwesterly, along a curved property line of said Lot 13, an arc distance of 9.59 feet to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 2.48 feet to a property corner of said Lot 13;

thence Westerly, along a property line of said Lot 13, a distance of 61.25 feet to a property corner of said Lot 13;

thence Westerly, along a curved property line of said Lot 13, an arc distance of 5.58 feet to a property corner of said Lot 13 on the East right of way line of Dee Road;

thence southerly, along the Easterly right of way line of Dee Road to the Easterly extension of the Southerly line of Outlot B in Brentwood Estates Subdivision (recorded as document number 17359299);

thence Westerly, along said Easterly extension and along the Southerly line of said Outlot B and along the Westerly extension of said South line of Outlot B to its intersection with the Westerly right of way line of Irene Drive;

thence Northerly, along the Westerly right of way line of Irene Drive to the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road, said point also being the point of beginning, in Cook County and Lake County, Illinois. Said property containing 110 acres of land, more or less.

Appendix 2: Summary of EAV (by PIN)

Count	PIN	2010 EAV
1	02-02-100-016-0000	\$ 2,678,772
2	02-02-100-017-0000	\$ 1,237,497
3	02-02-100-019-0000	\$ 96,390
4	02-02-101-002-0000	\$ 347,843
5	02-02-101-003-0000	\$ 267,300
6	02-02-101-004-0000	\$ 371,250
7	02-02-101-005-0000	\$ 336,768
8	02-02-101-013-0000	\$ 110,177
9	02-02-101-014-0000	\$ 253,054
10	02-02-101-018-0000	\$ 780,420
11	02-02-101-019-0000	\$ 50,229
12	02-02-101-020-0000	\$ 341,039
13	02-02-101-021-0000	\$ 352,315
14	02-02-101-022-0000	\$ 345,903
15	02-02-101-023-0000	\$ 171,725
16	02-02-102-003-0000	\$ 48,319
17	02-02-102-004-0000	\$ 347,655
18	02-02-102-005-0000	\$ 94,311
19	02-02-102-006-0000	\$ 139,339
20	02-02-102-007-0000	\$ 358,789
21	02-02-102-011-0000	\$ 28,397
22	02-02-102-013-0000	\$ 115,460
23	02-02-102-014-0000	\$ 277,174
24	02-02-102-015-0000	\$ 2,102,265
25	02-02-102-016-0000	\$ 230,475
26	02-02-102-019-0000	\$ 356,397
27	02-02-102-021-0000	\$ 279,754
28	02-02-102-023-0000	\$ 89,635
29	02-02-102-024-0000	\$ 14,791
30	02-02-102-027-0000	\$ 114,012
31	02-02-102-028-0000	\$ 166,637
32	02-02-102-029-0000	\$ 6,798
33	02-02-102-030-0000	\$ 83,447
34	02-02-102-031-0000	\$ 636,639
35	02-02-102-032-0000	\$ 580,902
36	02-02-102-033-0000	\$ 117,876
37	02-02-104-003-0000	\$ 8,790,771
38	02-02-104-004-0000	\$ 911,391
39	02-02-204-012-0000	\$ 992,013

40	02-02-206-009-0000	\$ 233,624
41	02-02-301-006-0000	\$ 1,377,054
42	02-02-400-076-0000	\$ 663,257
43	02-03-208-013-0000	\$ 33,640
44	02-03-208-014-0000	\$ 33,640
45	02-03-208-015-0000	\$ 35,805
46	02-03-208-016-0000	\$ 35,805
47	02-03-208-017-0000	\$ 35,805
48	02-03-208-018-0000	\$ 35,805
49	02-03-208-019-0000	\$ 35,805
50	02-03-208-020-0000	\$ 30,901
51	02-03-208-021-0000	\$ 33,640
TOTAL		\$ 27,208,708

Appendix 3: Housing Impact Study

Assessment of Housing Impact

The purpose of this section is to assess the potential impact of redevelopment in the Rand/Lake Cook RPA on existing housing as set forth in the Tax Increment Allocation Redevelopment Act (the "Act") 65 ILCS 5/11-74.4-1 et seq., as amended. The Act requires that if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and the Village is unable to certify that no displacement of residents will occur, the municipality shall prepare a Housing Impact Study and incorporate the study into the separate Feasibility Report required by subsection 11-74.4-5(a) of the Act, which for the purposes hereof shall also be the "Rand/Lake Cook Project and Plan," or the "Redevelopment Plan."

The primary goal of the Redevelopment Project and Plan is to provide the necessary mechanisms to re-establish the Rand/Lake Cook RPA as a cohesive and vibrant commercial mixed-use area. Currently, the RPA is estimated to contain 13 housing units, of which 11 appear to be occupied. A redevelopment proposal is being contemplated for parcels in the RPA that contain occupied housing units. However, the extent of displacement, if any, is currently unknown. Additionally, since future redevelopment activity could also conceivably result in the removal of inhabited residential units over the 23-year life of the RPA, the Village has requested that a Housing Impact Study be prepared. Under the provisions of the Act:

Part I of the housing impact study shall include:

- (i) Data as to whether the residential units are single-family or multi-family units;
- (ii) The number and type of rooms within the units, if that information is available;
- (iii) Whether the units are inhabited or uninhabited, as determined not less than 45 days before the date that the ordinance or resolution required by subsection (a) of Section 11-74.4-5 of the Act is passed; and
- (iv) Data as to the racial and ethnic composition of the residents in the inhabited residential units, which shall be deemed to be fully satisfied by data from the most recent federal Census.

Part II of the housing impact study identifies the inhabited residential units in the proposed redevelopment project area that are to be, or may be, removed. If inhabited residential units are to be removed, then the housing impact study shall identify:

- (i) The number and location of those units that will be, or may be, removed;
- (ii) The municipality's plans for relocation assistance for those residents in the proposed redevelopment project area whose residences are to be removed;
- (iii) The availability of replacement housing for those residents whose residences are to be removed, and identification of the type, location, and cost of the replacement housing; and

(iv) The type and extent of relocation assistance to be provided.

PART I

(i) Number and Type of Residential Units

The number and type of residential buildings in the area were identified through a combination of data obtained during the building condition and land use survey conducted as part of the eligibility analysis for the area, and data obtained from assessor's property record cards and online listings of for-sale properties. This research indicated that the Rand/Lake Cook RPA contains nine residential buildings with an estimated 13 total dwelling units. The number of residential units by building type is described as follows:

Building Type	Total Buildings	Total Units
Single-Family	5	5
Multi-Family	4	8
Total	9	13

Source: *S. B. Friedman & Company*, Cook County Assessor property record cards

(ii) Number and Type of Rooms within Units

S. B. Friedman & Company reviewed Cook County Assessor property record cards and Multiple Listing Service (MLS) data to determine the distribution of residential units by number and type of rooms within the Rand/Lake Cook RPA. This data is summarized in the following table.

Units by Bedroom Type	Current Estimate for RPA
Studio	1
1 Bedroom	6
2 Bedrooms	3
3 Bedrooms	3
4 Bedrooms	0
5+ Bedrooms	0
Total	13

Source: Cook County Assessor property record cards and MLS data.

(iii) Number of Inhabited Units

According to research completed by *S. B. Friedman & Company* on March 29, 2012 the Rand/Lake Cook RPA contains an estimated 13 residential units, of which 2 units (approximately 15 percent) are estimated to be vacant. Therefore, there are approximately 11 total inhabited units within the RPA. As required by the Act, this information was ascertained as of March 29, 2012, which is a date not less than 45 days prior to the date that the resolution or ordinance required by Subsection 11-74.4-5 (a) of the Act was, or will be, passed (the resolution or ordinance setting the public hearing and Joint Review Board meeting dates).

(iv) Race and Ethnicity of Residents

As required by the Act, the racial and ethnic composition of the residents in the inhabited residential units was determined. According to U. S. Census data, the average household size within the Census Blocks which comprise the Rand/Lake Cook RPA was 2.93 persons in 2010. Therefore, there are an estimated 32 residents living within the proposed boundaries. The estimated racial and ethnic distribution of these residents is as follows:

Race	Estimated Residents	Census 2010 Distribution
White alone	30	91.70%
Black or African American alone	0	0.00%
American Indian and Alaska Native alone	0	0.00%
Asian alone	1	4.50%
Native Hawaiian and Other Pacific Islander alone	0	0.00%
Some Other Race alone	0	0.60%
Two or more races	1	3.20%
Total	32	100%

Source: 2010 U.S. Census

Hispanic Origin	Estimated Residents	Census 2010 Distribution
Hispanic	1	2%
Non-Hispanic	31	98%
Total	32	100%

Source: 2010 U.S. Census

To estimate the potential distribution by income of the households living in the inhabited units within the Rand/Lake Cook RPA, *S. B. Friedman & Company* researched rent levels, assessment levels, mortgages, and market values for these units and estimated household income levels under the assumption that households pay no more than 35% of their income on housing expenses¹. These estimated household income levels were then compared to HUD income categories for family size as follows:

- (i) A very, very low-income household has an adjusted income of less than 30% of the area median income.
- (ii) A very low-income household earns between 30% and 50% of the area median income.
- (iii) A low-income household earns between 50% and 80% of the area median.
- (iv) A moderate-income household earns between 80% and 120% of the area median.

The estimated income distribution based on these standards is summarized in the following table.

¹ As a policy, the Illinois Housing Development Authority suggests households spend no more than 35% of household income on housing expenses.

Property Address	Unit Size/ No. of bedrooms [1]	Assumed Household Size [2]	Monthly Payment [3]	Estimated Annual Income [4]	HUD Income Category [5]
2211 N Rand Rd	3-bed	5	\$1,250	\$42,857	low income
	1-bed	2	\$750	\$25,714	very low income
	1-bed	2	\$700	\$24,000	very low income
	1-bed	2	\$750	\$25,714	very low income
	1-bed	2	\$800	\$27,429	very low income
	2-bed	3	\$1,100	\$37,714	low income
2265 N Rand Rd	3-bed	5	\$2,317	\$79,451	moderate income
175 E Lake Cook Rd	3-bed	5	\$1,772	\$60,740	low income
	2-bed	3	\$1,100	\$37,714	low income
2264 N Rand Rd	2-bed	3	\$2,317	\$79,451	moderate income
	Studio	1	\$750	\$25,714	very low income

Source: HUD, MLS, Cook County Assessor's property record cards, Cook County Recorder of Deeds, and *S. B. Friedman & Company*

[1] Unit size is estimated based on Cook County property records, MLS data, and other third party research.

[2] Assumed household size is based upon HUD guidelines on the occupants per household for a given bedroom type.

[3] Estimated rent and/or mortgage payments for housing units are derived from Cook County records and MLS data.

[4] Estimated annual income is based on the Illinois Housing Development Authority guideline that housing expenditures are no more than 35% of household income.

[5] HUD's income category is based on Area Median Income levels for the Chicago Metropolitan Area. The FY 2012 median family income for a household of four is \$75,800.

PART II

(i) Number and Location of Units to be Removed

A redevelopment proposal is being contemplated for parcels in the RPA that contain occupied housing units. However, the extent of displacement, if any, is currently unknown. Additionally, future redevelopment activity could also conceivably result in the removal of inhabited residential units over the 23-year life of the RPA. In order to meet the statutory requirement of defining the number and location of inhabited residential units that may be removed, a methodology was established that would provide a rough, yet reasonable, estimate. This methodology is described below.

Methodology

The methodology used to fulfill the statutory requirements of defining the number and location of inhabited residential units that may be removed involves three steps:

- (i) Step one counts all inhabited residential units identified on any acquisition lists or maps. No pre-existing acquisition lists or maps were identified, nor has an acquisition list been included in the Palatine Rand/Lake Cook Redevelopment Project and Plan. However, a current redevelopment proposal is being contemplated on a site containing a total of five residential units, three of which are identified as inhabited units. While this project has not yet been approved and the extent of displacement, if any, is not yet known, it is possible that one or more of these units could be displaced as a result of the project.

(ii) Step two counts the number of inhabited residential units located on parcels that are dilapidated as defined by the Act. A survey of the entire RPA completed in November 2011 did not identify any dilapidated buildings.

(iii) Step three counts the number of inhabited residential units that exist where the future land use indicated by the Redevelopment Plan will not include residential uses. The Future Land Use Map contained in the Rand/Lake Cook RPA includes residential mixed-use, commercial mixed-use, and commercial/industrial mixed-use designations. Land use designations for parcels currently containing residential uses do not exclude residential as a future land use. Therefore, no residential displacement would directly result from these future land use designations.

We have identified all of the inhabited units that meet the criteria described above in order to arrive at a reasonable projection of the total number of inhabited residential units that may be removed as a result of redevelopment projects that are undertaken in accordance with the Redevelopment Plan. Our analysis above suggests that an estimated three (3) inhabited residential units could be removed as the result of proposed redevelopment within the RPA. Should any displacement of inhabited residential units occur as a result of this proposal or other future proposals, the Village's plan for relocation assistance for those qualified residents in the RPA shall be consistent with the requirements set forth in Section 11-74.4-3(n)(7) of the Act.

Based on the income distributions in the RPA, it is reasonable to assume that all of households that may be displaced during the life of the RPA are of moderate, low, very low, or very, very low income. Part II, subpart (iii) of this section discusses in detail the availability of replacement housing for households of moderate income or lower.

(ii) Relocation Plan

The Village's plan for relocation assistance for those qualified residents in the Palatine Rand/Lake Cook RPA whose residences may be removed shall be consistent with the requirements set forth in Section 11-74.4-3(n)(7) of the Act. The terms and conditions of such assistance are described in subpart (iv) below. No specific relocation plan has been prepared by the Village as of this date; until such a redevelopment project is approved, there is no certainty that any removal of residences will actually occur.

(iii) Replacement Housing

In accordance with Subsection 11-74.4-3(n)(7) of the Act, the Village shall make a good faith effort to ensure that affordable replacement housing located in or near the Palatine TIF Rand/Lake Cook District RPA is available for any qualified displaced residents.

If, during the 23-year life of the Rand/Lake Cook RPA, acquisition plans change, the Village shall make every effort to ensure that appropriate replacement housing will be found in the Redevelopment Project Area or within the Village of Palatine.

In order to determine the availability of replacement housing for those residents who may potentially be displaced by redevelopment activity, *S. B. Friedman & Company* examined several data sources,

including vacancy data from the 2010 U.S. Census, apartment listings from local newspapers, apartments.com, rent.com, and housing sales data from Multiple Listing Service for the Village of Palatine.

Vacancy Data

According to 2010 U.S. Census data, the Village of Palatine contained 28,621 housing units, of which 6.1 percent were vacant. The following table shows the distribution of vacant residential units in the RPA by vacancy status, as compared to the Village of Palatine as a whole.

Vacancy Status	Estimated RPA Percentage [1]	Village of Palatine Percentage (2010)
For rent	0%	41.30%
For sale	0%	24.30%
Rented/sold but not occupied	100%	5.80%
For seasonal/recreational/occasional use/migrant	0%	7.30%
Other	0%	21.30%
TOTAL VACANCY STATUS [2]	15.40%	6.10%

Source: 2010 U.S. Census

[1] Based on the estimated number of vacant units observed during fieldwork.

[2] Percentage of total units in the RPA and the Village of Palatine.

Replacement Rental Housing

According to information obtained from the Village of Palatine by *S. B. Friedman & Company*, there are no current approved plans to remove any occupied housing units located within the Palatine Rand/Lake Cook RPA. However, the possibility remains that some existing units may be removed as a result of future redevelopment activity over the 23-year life of the RPA. Therefore, a sample of possible replacement rental housing units was identified.

The location, type, and cost of this sample were determined through the examination of classified advertisements from the *Chicago Tribune*, Rent.com and Apartments.com during the month of March 2012. The range of maximum affordable monthly rents, according to HUD standards, is shown in the following table in comparison with the advertised rents found in the aforementioned online listings. While the majority of listings are for multi-family apartments, single family houses for rent are also included.

Number of Bedrooms	Implied Family Size [1]	Fair Market Rents [2]	Observed Range [3]	Units in Sample
Studio	1	\$745	\$830 - \$975	2
1	1.5	\$853	\$615 - 1,425	22
2	3	\$958	\$800 - \$1,675	30
3	4.5	\$1,171	\$1,100 - \$3,000	13
4	6	\$1,323	\$1,700 - \$4,000	7
Total				74

Source: HUD, *Chicago Tribune*, Rent.com, Apartments.com, and *S. B. Friedman & Company*

[1] Derived from the number of bedrooms using HUD formulas.

[2] FY2012 Fair Market Rents Defined by HUD for CHICAGO HUD Metro FMR Area.

[3] Based on a random sample of apartments located in the Village of Palatine and advertised in the *Chicago Tribune*, Apartments.com, and Rent.com during the month of March 2012.

The table above indicates that the greatest number of available rental units have three bedrooms. Rent levels for the majority of unit types are comparable to fair-market rent levels defined by HUD. HUD fair-market rents in the Chicago region are the most geographically-specific data available for Palatine. Existing units in the study area range from studio to three-bedrooms. While the majority of housing units in the market sample are comparable to fair-market rent levels for one-, two-, and three-bedroom units, there is a gap between fair market rent levels and observed rent levels in studio units. This may suggest that market rents are not affordable to smaller households with one individual in the Rand/Lake Cook RPA. However, due to the small sample size, it is also possible that these unit types are scarce in the rental market. A detailed table with these listings is shown on the following page.

S. B. Friedman & Company has also researched the availability of subsidized and income-restricted housing in and near the Rand/Lake Cook RPA. According to data provided by the Illinois Housing Development Authority (IHDA), 731 units were located within the Village of Palatine. These properties were reported as containing one-bedroom, two-bedroom, and three-bedroom units. Of the 731 units, 377 are income-restricted units and are indicated as Section 8 housing. An estimated additional 54 units for families and 76 units for seniors were also recently approved. Of the recently approved units, all 130 units are listed as Section 8 housing. In Section 8 housing, qualifying households are required to pay 30% of their income as monthly rent, with the Section 8 subsidy making up the difference between that amount and the contract rent.

Name/Address	ZIP	# Beds	Rent Range		Source
			Low	High	
The Gates of Deer Grove	60074	studio	\$ 830	\$ 830	rent.com/apartments.com
Williams Reserve	60074	studio	\$ 900	\$ 975	rent.com/apartments.com
1859 Green Ln, 1B	60074	1	\$ 615	\$ 615	<i>Chicago Tribune</i>
525 N Quentin Rd, 103	60067	1	\$ 740	\$ 740	<i>Chicago Tribune</i>
Brockway Court Apartments	60067	1	\$ 750	\$ 800	rent.com
Village Park of Palatine	60067	1	\$ 790	\$ 1,000	rent.com/apartments.com
Wyndham Club	60074	1	\$ 800	\$ 800	apartments.com
1950 Cambridge Ct	60074	1	\$ 821	\$ 821	<i>Chicago Tribune</i>
284 E Rimini Ct	60067	1	\$ 825	\$ 825	<i>Chicago Tribune</i>
1 Renaissance Pl, 1019	60067	1	\$ 850	\$ 850	<i>Chicago Tribune</i>
1453 Winslowe Dr, 201	60074	1	\$ 850	\$ 850	<i>Chicago Tribune</i>
Arrowhead	60074	1	\$ 862	\$ 979	rent.com/apartments.com
2000 Bayside Dr, 103	60074	1	\$ 875	\$ 875	<i>Chicago Tribune</i>
The Gates of Deer Grove	60074	1	\$ 880	\$ 940	rent.com/apartments.com
Wyndham Ct & Baldwin	60074	1	\$ 895	\$ 895	apartments.com
441 N Brockway St	60067	1	\$ 900	\$ 900	<i>Chicago Tribune</i>
1145 N Sterling Ave, 109	60067	1	\$ 900		<i>Chicago Tribune</i>
1576 N King Edward Ct, 1-202	60067	1	\$ 955	\$ 955	<i>Chicago Tribune</i>
Williams Reserve	60074	1	\$ 995	\$ 995	rent.com/apartments.com
369 E Rimini Ct, 369	60067	1	\$ 1,000	\$ 1,000	<i>Chicago Tribune</i>
Clover Ridge East Apartments	60074	1	\$ 1,050	\$ 1,200	rent.com/apartments.com/ <i>Chicago Tribune</i>
1445 Tanglewood Ave	60067	1	\$ 1,100	\$ 1,100	<i>Chicago Tribune</i>
Bourbon Square Apartments	60074	1	\$ 1,237	\$ 1,291	rent.com/apartments.com
470 W Mahogany Ct, 605	60067	1	\$ 1,425	\$ 1,425	<i>Chicago Tribune</i>
Palatine Square	60074	2	\$ 800	\$ 800	rent.com
Mission Creek	60067	2	\$ 835	\$ 835	rent.com
1832 N Goodwin Ct, 2A	60074	2	\$ 850	\$ 850	<i>Chicago Tribune</i>
504 Spruce Dr, 2A	60074	2	\$ 850	\$ 850	<i>Chicago Tribune</i>
Village Park of Palatine	60067	2	\$ 895	\$ 1,275	rent.com/apartments.com
Brockway Court Apartments	60067	2	\$ 900	\$ 1,000	rent.com
1442 Carol Ct, 1B	60074	2	\$ 900	\$ 900	<i>Chicago Tribune</i>
Ports O' Call by Allevare	60074	2	\$ 925	\$ 1,025	rent.com
220-236 W Johnson St	60067	2	\$ 950	\$ 950	apartments.com
442 E Osage Ln, 2B	60074	2	\$ 950	\$ 950	<i>Chicago Tribune</i>
1455 Winslowe Dr, 103	60074	2	\$ 950	\$ 950	<i>Chicago Tribune</i>
140 W Wood St, 107	60067	2	\$ 975	\$ 975	<i>Chicago Tribune</i>
337 N Carter St, 202	60067	2	\$ 1,000	\$ 1,000	<i>Chicago Tribune</i>
1901 N Hicks Rd, 102	60074	2	\$ 1,000	\$ 1,000	<i>Chicago Tribune</i>
Arrowhead	60074	2	\$ 1,002	\$ 1,150	rent.com/apartments.com

167 Palatine Rd, O	60067	2	\$ 1,050	\$ 1,050	<i>Chicago Tribune</i>
1365 N Sterling Ave, 107	60067	2	\$ 1,100	\$ 1,100	<i>Chicago Tribune</i>
311 N Carter St, 202	60067	2	\$ 1,100	\$ 1,100	<i>Chicago Tribune</i>
Williams Reserve	60074	2	\$ 1,135	\$ 1,200	rent.com/apartments.com
The Gates of Deer Grove	60074	2	\$ 1,145	\$ 1,260	rent.com/apartments.com
Clover Ridge East Apartments	60074	2	\$ 1,145	\$ 1,200	rent.com/apartments.com/Chicago Tribune
Bourbon Square Apartments	60074	2	\$ 1,177	\$ 1,505	rent.com/apartments.com
701 Whispering Oaks Dr, 1LC	60074	2	\$ 1,200	\$ 1,200	<i>Chicago Tribune</i>
1414 Knollwood Dr	60067	2	\$ 1,325	\$ 1,325	<i>Chicago Tribune</i>
1275 e Baldwin, 207	60074	2	\$ 1,350	\$ 1,350	<i>Chicago Tribune</i>
140 W Wood St, 310	60067	2	\$ 1,400	\$ 1,400	<i>Chicago Tribune</i>
1559 Broadmoor Ct	60067	2	\$ 1,400	\$ 1,400	<i>Chicago Tribune</i>
370 Jewel Ct	60067	2	\$ 1,600	\$ 1,600	<i>Chicago Tribune</i>
1232 Parkside Dr, 1232	60067	2	\$ 1,600	\$ 1,600	<i>Chicago Tribune</i>
410 W Mahogany Ct, 606	60067	2	\$ 1,675	\$ 1,675	<i>Chicago Tribune</i>
N Dogwood Ln & Nichols Rd	60067	3	\$ 1,100	\$ 1,100	apartments.com
Village Park of Palatine	60067	3	\$ 1,195	\$ 1,370	rent.com/apartments.com
Arrowhead	60074	3	\$ 1,275	\$ 1,278	rent.com/apartments.com
Bourbon Square Apartments	60074	3	\$ 1,287	\$ 1,558	rent.com/apartments.com
Williams Reserve	60074	3	\$ 1,500	\$ 1,500	rent.com/apartments.com
124 S Elm St	60067	3	\$ 1,700	\$ 1,700	<i>Chicago Tribune</i>
1465 N Waterbury Cir	60074	3	\$ 1,700	\$ 1,700	<i>Chicago Tribune</i>
1059 E Old Virginia St	60074	3	\$ 1,800	\$ 1,800	<i>Chicago Tribune</i>
1105 N Claremont	60074	3	\$ 1,950	\$ 1,950	<i>Chicago Tribune</i>
410 W Mahogany Ct, 612	60067	3	\$ 2,100	\$ 2,100	<i>Chicago Tribune</i>
28 E Orchard Ln, 28	60067	3	\$ 2,100	\$ 2,100	<i>Chicago Tribune</i>
140 N Clark	60074	3	\$ 2,195	\$ 2,195	<i>Chicago Tribune</i>
711 W Dundee	60074	3	\$ 3,000	\$ 3,000	<i>Chicago Tribune</i>
2004 Hancock Dr	60074	4	\$ 1,700	\$ 1,700	apartments.com
716 E Lenox	60074	4	\$ 2,400	\$ 2,400	<i>Chicago Tribune</i>
423 E Home Ave	60074	4	\$ 2,450	\$ 2,450	<i>Chicago Tribune</i>
634 N Victoria Dr	60074	4	\$ 2,500	\$ 2,500	<i>Chicago Tribune</i>
1160 Kenilworth Ave	60067	4	\$ 3,100	\$ 3,100	<i>Chicago Tribune</i>
422 S Rosiland	60074	4	\$ 3,200	\$ 3,200	<i>Chicago Tribune</i>
1245 S Old Forge Ct Dr	60067	4	\$ 4,000	\$ 4,000	<i>Chicago Tribune</i>

Source: *Chicago Tribune*, Rent.com and Apartments.com listings during the month of March 2012.

Replacement For-Sale Housing

In order to determine the availability of replacement for-sale housing for those home owners who may potentially be displaced, *S. B. Friedman & Company* reviewed data available from the Multiple Listing Service (MLS) of Northern Illinois that lists most of the currently active for-sale properties in the Northern Illinois region. The following table describes all currently available detached and attached (condominium and town home) residential units within the Village of Palatine.

Price Range	Currently Active Properties (as of 3/14/12)
\$0 - \$100,000	215
\$100,000-\$150,000	109
\$150,000- \$200,000	107
\$200,000- \$250,000	55
\$250,000 & Above	283
Totals	769

Source: Multiple Listing Service of Northern Illinois, *S. B. Friedman & Company*

Conclusions

Based on the available data, we anticipate that the rental and for-sale residential markets for the neighborhoods in and around the Rand/Lake Cook RPA should be adequate to furnish needed replacement housing for those residents that may potentially be displaced due to redevelopment activity within the RPA. There are 74 units that are currently being marketed for rent, and an additional 769 units that are currently being marketed for purchase. Additionally, vacancy data from the Census suggests that there are as many as 1,745 vacant units in the Village of Palatine, therefore providing several options for replacement housing.

There are currently no approved plans or projects that will result in residential displacement. Moreover, there is potential for new residential units, comprised in mixed-use developments or as single-use buildings that may provide new replacement housing in certain portions of the RPA. In the event of residential displacement, the amount of available units in the Village of Palatine, combined with the potential for new replacement housing in the RPA, far outnumbers the total residential units contained with the RPA.

(iv) Relocation Assistance

In the event that the implementation of the Plan results in the removal of residential housing units in the Project Area that are occupied by low-income households or very low-income households, or the displacement of low-income households or very low-income households from such residential housing units, such households shall be provided affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations hereunder, including the eligibility criteria. Affordable housing may be either existing or newly constructed housing. The Village shall make a good faith effort to ensure that this affordable housing is located in or near the Project Area.

As used in the above paragraph, "low-income households," "very low-income households," and

"affordable housing" have the meanings set forth in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3 et seq., as amended. As of the date of this study, these statutory terms are defined as follows:

- (i) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than 50% but less than 80% of the median income of the area of residence, adjusted for family size, as such adjusted income and median income are determined from time to time by the United States Department of Housing and Urban Development ("HUD") for purposes of Section 8 of the United States Housing Act of 1937;
- (ii) "Very low-income household" means a single person, family, or unrelated persons living together whose adjusted income is not more than 50% of the median income of the area of residence, adjusted for family size, as so determined by HUD; and
- (iii) "Affordable housing" means residential housing that, so long as the same is occupied by low-income households or very low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than 30% of the maximum allowable income for such households, as applicable.

The Village of Palatine will make a good faith effort to relocate these households to affordable housing located in or near the Rand/Lake Cook RPA and will provide relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Policies Act of 1970.

CERTIFICATE OF PUBLICATION

Paddock Publications, Inc.

Daily Herald

Corporation organized and existing under and by virtue of the laws of the State of Illinois, DOES HEREBY CERTIFY that it is the publisher of the DAILY HERALD. That said DAILY HERALD is a secular newspaper and has been circulated daily in the Village(s) of Algonquin, Antioch, Arlington Heights, Aurora, Barrington, Barrington Hills, Lake Barrington, North Barrington, South Barrington, Bartlett, Batavia, Buffalo Grove, Burlington, Campton Hills, Carpentersville, Cary, Deer Park, Des Plaines, South Elgin, East Dundee, Elburn, Elgin, Elk Grove Village, Fox Lake, Fox River Grove, Geneva, Gilberts, Grayslake, Green Oaks, Gurnee, Hainesville, Hampshire, Hanover Park, Hawthorn Woods, Hoffman Estates, Huntley, Inverness, Island Lake, Kildeer, Lake Villa, Lake in the Hills, Lake Zurich, Libertyville, Lincolnshire, Lincolnshire, Long Grove, Mt. Prospect, Mundelein, Palatine, Prospect Heights, Rolling Meadows, Round Lake, Round Lake Beach, Round Lake Heights, Round Lake Park, Schaumburg, Sleepy Hollow, St. Charles, Streamwood, Tower Lakes, Vernon Hills, Volo, Wauconda, Wheeling, West Dundee, Wildwood, Sugar Grove, North Aurora.

County(ies) of Cook, Kane, Lake, McHenry and State of Illinois, continuously for more than one year prior to the date of the first publication of the notice hereinafter referred to and is of general circulation throughout said Village(s), County(ies) and State.

I further certify that the DAILY HERALD is a newspaper as defined in "an Act to revise the law in relation to notices" as amended in 1992 Illinois Compiled Statutes, Chapter 7150, Act 5, Section 1 and 5. That a notice of which the annexed printed slip is a true copy, was published June 18, 2012 in said DAILY HERALD.

IN WITNESS WHEREOF, the undersigned, the said PADDOCK PUBLICATIONS, Inc., has caused this certificate to be signed by, this authorized agent, at Arlington Heights, Illinois.

PADDOCK PUBLICATIONS, INC.
DAILY HERALD NEWSPAPERS

BY Paula Batty
Authorized Agent

Control # 4305027

ORDINANCE NO. 0-125-12

**AN ORDINANCE DESIGNATING THE
RAND/LAKE COOK REDEVELOPMENT PROJECT AREA PURSUANT TO
THE TAX INCREMENT ALLOCATION REDEVELOPMENT ACT**

Received - Mop Dept
12/5/12 PM 1:39
TAK

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on August 20, 2012**

ORDINANCE NO. 0-125-12

**AN ORDINANCE DESIGNATING THE RAND/LAKE COOK
REDEVELOPMENT PROJECT AREA PURSUANT TO THE
TAX INCREMENT ALLOCATION REDEVELOPMENT ACT**

WHEREAS, on August 20, 2012, the Mayor and Village Council (the “*Corporate Authorities*”) of the Village of Palatine, Cook County, Illinois (the “*Village*”) adopted Ordinance #0-124-12, adopting and approving a redevelopment plan and project (the “*Plan*” and “*Project*”) within the municipal boundaries of the Village and within a redevelopment project area (the “*Area*”) described in Section 3 of this Ordinance; and

WHEREAS, the Plan and Project, along with the proposed designation of the Area, were the subject of a public hearing on July 9, 2012, held pursuant to the Tax Increment Allocation Redevelopment Act, as amended, constituting Division 74.4 of Article 11 of the Illinois Municipal Code (the “*Act*”); and

WHEREAS, the Corporate Authorities have now determined that it is necessary and desirable and for the best interests of the citizens of the Village to designate the Area as a redevelopment project area:

**NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND
BOARD OF TRUSTEES OF THE VILLAGE OF PALATINE, COOK COUNTY,
ILLINOIS**, as follows:

SECTION 1: *Incorporation of Recitals.* The foregoing recitals to this Ordinance are incorporated in this Ordinance as if set out in full by this reference, and the statements and findings contained therein are found to be true and correct, and are hereby adopted as part of this Ordinance.

SECTION 2: *Required Findings.* The Corporate Authorities hereby make the following findings:

A. As required by Section 11-74.4-4(a) of the Act, the Area includes only those contiguous parcels of real property and improvements thereon that are to be substantially benefited by the proposed redevelopment project improvements set forth in the Plan and Project.

B. As required by Section 11-74.4-3(p) of the Act:

1. The Area is not less, in the aggregate, than one and one-half acres in size; and

2. Conditions exist in the Area that cause the Area to qualify for designation as a "blighted area" within the meaning of section 11-74.4-3(a) of the Act.

SECTION 3: *Designation of Area.* The Area, as described in *Exhibit A* attached to and incorporated herein as if set out in full by this reference, is hereby designated a redevelopment project area pursuant to Section 11-74.4-4(a) of the Act, and shall hereafter be known as the Rand/Lake Cook Redevelopment Project Area. The streets generally surrounding the Area are described (as near as practical) in *Exhibit B* attached to and incorporated herein as if set out in full by this reference. The map of the Area is depicted on *Exhibit C* attached to and incorporated herein as if set out in full by this reference. The parcel or tax identification number of each parcel of property included in the Area is set forth in *Exhibit D* attached to and incorporated herein as if set out in full by this reference.

SECTION 4: *Filing With County Clerk.* The Village Clerk is hereby directed to file a certified copy of this Ordinance with the County Clerk of Cook County, Illinois.

SECTION 5: *Invalidity of Any Section.* If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 6: *Superceder; Effective Date.* All ordinances, resolutions, motions or orders in conflict herewith be, and the same hereby are, repealed to the extent of such conflict, and this Ordinance shall be in full force and effect immediately from and after its passage and approval.

DATED: This 20 day of August , 2012

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

APPROVED by me this 20 day of August 11, 2012

~~Mayor of the Village of Palatine~~

ATTEST and FILE in the office of the Village Clerk this 20 day of August, 2012.

Margaret Duse
Village Clerk

Exhibit A

Rand / Lake Cook TIF District Legal Description

All that part of Sections 2 and 3, Township 42 North, Range 10 East of the Third Principal Meridian and Section 35, Township 43 North, Range 10 East of the Third Principal Meridian, bounded and described as follows:

(Described with the intent to follow the right of way lines and property lines herein described, and as such, the courses and distances described herein are superseded by the actual location of the said right of way lines and property lines that they are intended to follow)

Beginning at the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road,

thence Easterly, along said Southerly right of way line of Lake Cook Road and the extension of said southerly right of way line, to the intersection of the Southerly right of way line of Lake Cook Road with the Easterly right of way line of Rand Road;

thence Northerly, at right angles to the last described course, to the Northerly right of way line of Lake Cook Road;

thence Easterly, along the Northerly right of way line of Lake Cook Road, to the Northerly extension of a property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid;

thence Southerly, along said extension and along the property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid to a property corner which is 301.64 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Southwesterly, along the Southeasterly boundary line of a parcel of property a distance of 358.62 feet to the Southeasterly property corner which lies in the centerline of Rand Road;

thence Northwesterly, along said centerline of Rand Road a distance of 229.92 feet to a property corner which also lies in the centerline of Rand Road;

thence Southwesterly, along the Northwesterly boundary line of a parcel of property a distance of 321.78 feet to the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Easterly, along a property line which is the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid to a property corner which is 400.0 feet west of the East line of the Northwest Quarter of Section 2 aforesaid;

thence Southerly, along a property line which is 400.0 feet west of and parallel with the East line of the Northwest Quarter of Section 2 aforesaid a distance of 330.0 feet;

thence Easterly, along a property line which is 330.0 feet South of and parallel with the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid a distance of 367 feet to the West right of way line of Old Hicks Road;

thence Southerly, along the Westerly right of way line of Hicks Road a distance of 50.0 feet to the North line of Vacated Hicks Road per document number 89101467;

thence Easterly, along the Northerly line of Vacated Hicks Road a distance of 33 feet to the East line of the Northwest Quarter of Section 2 aforesaid,

thence Southerly, along the East line of the Northwest Quarter of Section 2 aforesaid to a point that is 117.2 feet North of the Southeast Corner of the Northwest Quarter of Section 2 aforesaid, said point is on the Westerly extension of the Northerly line of the parcel conveyed by document number 23283510;

thence Southeasterly, along the Southerly line, and the Easterly extension of said Southerly line, of the parcel of property conveyed by document number 23283510 aforesaid to the Easterly right of way line of Hicks Road;

thence Northeasterly, along the Easterly right of way line of Hicks Road a distance of 318.73 feet to a property corner;

thence Southeasterly, along the Northeasterly line of a parcel of property a distance of 410.63 feet to a property corner on the South line of the Northeast Quarter of Section 2 aforesaid;

Thence Southeasterly along the Northeasterly line of a parcel of property a distance of 66.53 feet to a property corner;

thence Southwesterly, along the Southeasterly line of a parcel of property a distance of 250 feet to a property corner;

thence Northwesterly, along the Southerly line of a parcel of property to the Easterly right of way line of Hicks Road;

thence Southerly, along the Easterly right of way line of Hicks Road to the Easterly extension of the Northerly line of Forest Knoll Townhomes Subdivision (recorded as documents T3045755 and 88602176);

thence Westerly, along said Easterly extension and along the Northerly line of said Forest Knoll Townhomes Subdivision to the West line of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Southwest Quarter of Section 2 aforesaid to the Northwest corner of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Northwest Quarter of Section 2 to a property corner which is 826.65 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Westerly, along the Southerly line of parcels of property a distance of 1020.28 feet to the Southeast corner of Lot 6 in the Preserves at Hilltop Subdivision (recorded as document number 0715122064);

thence Northerly, along the East line of Lot 6 and the East line of Lot D in said Preserves at Hilltop Subdivision, a distance of 119.0 feet to the Northeast corner of said Lot D;

thence Westerly, along the Northerly line of said Lot D, a distance of 130.0 feet to the East line of Lot 12 in said Preserves at Hilltop Subdivision;

thence Northerly, along the Easterly line of said Lot 12 a distance of 75.0 feet to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 7.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 66.75 feet, to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 28.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 8.47 feet to the Southeast corner of Lot 13 in said Preserves at Hilltop Subdivision;

thence Westerly, along the southerly line of said Lot 13, a distance of 328.73 feet, to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 32.84 feet to a property corner of said Lot 13;

thence Northwesterly, along a curved property line of said Lot 13, an arc distance of 9.59 feet to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 2.48 feet to a property corner of said Lot 13;

thence Westerly, along a property line of said Lot 13, a distance of 61.25 feet to a property corner of said Lot 13;

thence Westerly, along a curved property line of said Lot 13, an arc distance of 5.58 feet to a property corner of said Lot 13 on the East right of way line of Dee Road;

thence southerly, along the Easterly right of way line of Dee Road to the Easterly extension of the Southerly line of Outlot B in Brentwood Estates Subdivision (recorded as document number 17359299);

thence Westerly, along said Easterly extension and along the Southerly line of said Outlot B and along the Westerly extension of said South line of Outlot B to its intersection with the Westerly right of way line of Irene Drive;

thence Northerly, along the Westerly right of way line of Irene Drive to the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road, said point also being the point of beginning, in Cook County and Lake County, Illinois.

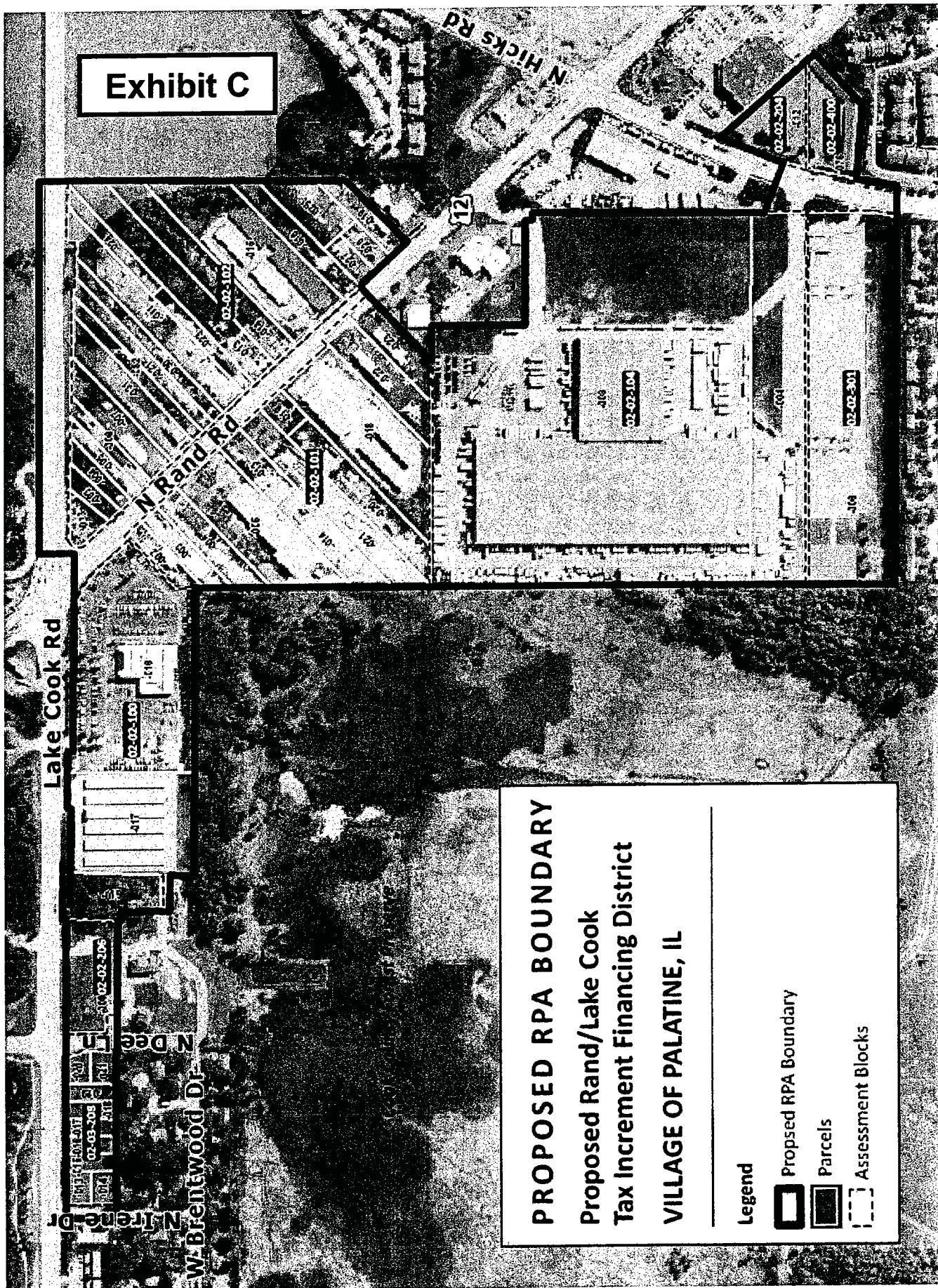
Said property containing 110 acres of land, more or less.

Exhibit B

Rand / Lake Cook TIF District Street Location

The Project Area is generally bounded by the following streets: on the west, by Irene Drive and the Cook County Forest Preserve (Deer Grove Preserve); on the east by Hicks Road; on the north, by Lake Cook Road; and on the south, by Hicks Road.

Exhibit C



PROPOSED RPA BOUNDARY

**Proposed Rand/Lake Cook
Tax Increment Financing District
VILLAGE OF PALATINE, IL**

Legend

The legend consists of three entries: 'Proposed RPA Boundary' with a thick black line icon, 'Parcels' with a dark blue square icon, and 'Assessment Blocks' with a dashed black line icon.

Exhibit "D"

The parcel identification numbers (PIN) for each parcel of property included in the Area are:

02-02-100-016-0000	02-02-102-021-0000
02-02-100-017-0000	02-02-102-023-0000
02-02-100-019-0000	02-02-102-024-0000
02-02-101-002-0000	02-02-102-027-0000
02-02-101-003-0000	02-02-102-028-0000
02-02-101-004-0000	02-02-102-029-0000
02-02-101-005-0000	02-02-102-030-0000
02-02-101-013-0000	02-02-102-031-0000
02-02-101-014-0000	02-02-102-032-0000
02-02-101-018-0000	02-02-102-033-0000
02-02-101-019-0000	02-02-104-003-0000
02-02-101-020-0000	02-02-104-004-0000
02-02-101-021-0000	02-02-204-012-0000
02-02-101-022-0000	02-02-206-009-0000
02-02-101-023-0000	02-02-301-006-0000
02-02-102-003-0000	02-02-400-076-0000
02-02-102-004-0000	02-03-208-013-0000
02-02-102-005-0000	02-03-208-014-0000
02-02-102-006-0000	02-03-208-015-0000
02-02-102-007-0000	02-03-208-016-0000
02-02-102-011-0000	02-03-208-017-0000
02-02-102-013-0000	02-03-208-018-0000
02-02-102-014-0000	02-03-208-019-0000
02-02-102-015-0000	02-03-208-020-0000
02-02-102-016-0000	02-03-208-021-0000
02-02-102-019-0000	

CERTIFICATE OF PUBLICATION

Paddock Publications, Inc.

Daily Herald

Corporation organized and existing under and by virtue of the laws of the State of Illinois, DOES HEREBY CERTIFY that it is the publisher of the DAILY HERALD. That said DAILY HERALD is a secular newspaper and has been circulated daily in the Village(s) of Algonquin, Antioch, Arlington Heights, Aurora, Barrington, Barrington Hills, Lake Barrington, North Barrington, South Barrington, Bartlett, Batavia, Buffalo Grove, Burlington, Campton Hills, Carpentersville, Cary, Deer Park, Des Plaines, South Elgin, East Dundee, Elburn, Elgin, Elk Grove Village, Fox Lake, Fox River Grove, Geneva, Gilberts, Grayslake, Green Oaks, Gurnee, Hainesville, Hampshire, Hanover Park, Hawthorn Woods, Hoffman Estates, Huntley, Inverness, Island Lake, Kildeer, Lake Villa, Lake in the Hills, Lake Zurich, Libertyville, Lincolnshire, Lindenhurst, Long Grove, Mt. Prospect, Mundelein, Palatine, Prospect Heights, Rolling Meadows, Round Lake, Round Lake Beach, Round Lake Heights, Round Lake Park, Schaumburg, Sleepy Hollow, St. Charles, Streamwood, Tower Lakes, Vernon Hills, Volo, Wauconda, Wheeling, West Dundee, Wildwood, Sugar Grove, North Aurora.

County(ies) of Cook, Kane, Lake, McHenry

and State of Illinois, continuously for more than one year prior to the date of the first publication of the notice hereinafter referred to and is of general circulation throughout said Village(s), County(ies) and State.

I further certify that the DAILY HERALD is a newspaper as defined in "an Act to revise the law in relation to notices" as amended in 1992 Illinois Compiled Statutes, Chapter 7150, Act 5, Section 1 and 5. That a notice of which the annexed printed slip is a true copy, was published June 18, 25, 2012 in said DAILY HERALD.

IN WITNESS WHEREOF, the undersigned, the said PADDOCK PUBLICATIONS, Inc., has caused this certificate to be signed by, this authorized agent, at Arlington Heights, Illinois.

PADDOCK PUBLICATIONS, INC.
DAILY HERALD NEWSPAPERS

BY Paula Baltz
Authorized Agent

Control # 4305027

ORDINANCE NO. 0-126-12

**AN ORDINANCE ADOPTING
TAX INCREMENT ALLOCATION FINANCING RESPECTING THE
RAND/LAKE COOK REDEVELOPMENT PROJECT AREA
IN THE VILLAGE OF PALATINE**

Received - Map Dept
12 SPP 119 PPL 1:39
TAK

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on August 20, 2012**

ORDINANCE NO. 0-126-12

**AN ORDINANCE ADOPTING TAX INCREMENT ALLOCATION FINANCING
RESPECTING THE RAND/LAKE COOK REDEVELOPMENT PROJECT AREA
IN THE VILLAGE OF PALATINE, ILLINOIS**

WHEREAS, it is desirable and for the best interests of the citizens of the Village of Palatine, Cook County, Illinois (the “*Village*”), for the Village to adopt tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, as amended, constituting Division 74.4 of Article 11 of the Illinois Municipal Code (the “*Act*”); and

WHEREAS, the Mayor and Village Council of the Village (the “*Corporate Authorities*”) have heretofore approved a redevelopment plan and project (the “*Plan*” and “*Project*”) as required by the Act by passage of an ordinance, and have heretofore designated the Rand/Lake Cook Redevelopment Project Area (the “*Area*”) as required by the Act by the passage of an ordinance, and the Village has otherwise complied with all other conditions precedent required by the Act:

**NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND
BOARD OF TRUSTEES OF THE VILLAGE OF PALATINE, COOK COUNTY,
ILLINOIS**, as follows:

SECTION 1: *Incorporation of Recitals.* The foregoing recitals to this Ordinance are incorporated in this Ordinance as if set out in full by this reference, and the statements and findings contained therein are found to be true and correct, and are hereby adopted as part of this Ordinance.

SECTION 2: *Tax Increment Financing Adopted.* Tax increment allocation financing is hereby adopted to pay redevelopment project costs as defined in the Act and as set forth in the Plan and Project within the Area as described in *Exhibit A* attached hereto and incorporated herein as if set out in full by this reference. The street location (as near as practicable) for the Area is described in *Exhibit B* attached hereto and incorporated herein as if set out in full by this reference. The map of the Area is depicted on *Exhibit C* attached hereto and incorporated herein as if set out in full by this reference.

SECTION 3. *Allocation of Ad Valorem Taxes.* Pursuant to the Act, the *ad valorem taxes*, if any, arising from the levies upon taxable real property in the Area by taxing districts and tax rates determined in the manner provided in Section 11-74.4-9(c) of the Act each year after the effective date of this ordinance until the Project costs and obligations issued in respect thereto have been paid shall be divided as follows:

- (a) That portion of taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the lower of the current equalized assessed value or the initial equalized assessed value of each such taxable lot, block, tract or parcel of real property in the Area shall be allocated to and when collected

shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.

(b) That portion, if any, of such taxes which is attributable to the increase in the current equalized assessed valuation of each lot, block, tract or parcel of real property in the Area over and above the initial equalized assessed value of each property in the Area shall be allocated to and when collected shall be paid to the Village treasurer or to his designee pursuant to Section 207A of the Revenue Act of 1939 of the State of Illinois, as amended, who shall deposit said taxes into a special fund, hereby created, and designated the "2012 Rand/Lake Cook Redevelopment Project Area Special Tax Allocation Fund" of the Village, and such taxes shall be used for the purpose of paying Project costs and obligations incurred in the payment thereof.

SECTION 4: *Filing With County Clerk.* The Village Clerk is hereby directed to file a certified copy of this Ordinance with the County Clerk of Cook County, Illinois.

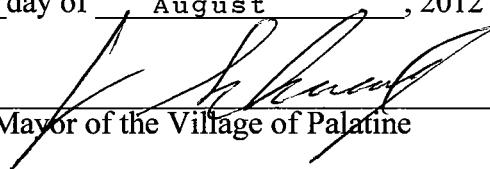
SECTION 5: *Invalidity of Any Section.* If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 6: *Superceder; Effective Date.* All ordinances, resolutions, motions or orders in conflict herewith be, and the same hereby are, repealed to the extent of such conflict, and this Ordinance shall be in full force and effect immediately from and after its passage and approval.

DATED: This 20 day of August, 2012

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

APPROVED by me this 20 day of August, 2012



Mayor of the Village of Palatine

ATTEST and FILE in the office of the Village Clerk this 20 day of
August, 2012.



Village Clerk

Exhibit A

Rand / Lake Cook TIF District Legal Description

All that part of Sections 2 and 3, Township 42 North, Range 10 East of the Third Principal Meridian and Section 35, Township 43 North, Range 10 East of the Third Principal Meridian, bounded and described as follows:

(Described with the intent to follow the right of way lines and property lines herein described, and as such, the courses and distances described herein are superseded by the actual location of the said right of way lines and property lines that they are intended to follow)

Beginning at the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road,

thence Easterly, along said Southerly right of way line of Lake Cook Road and the extension of said southerly right of way line, to the intersection of the Southerly right of way line of Lake Cook Road with the Easterly right of way line of Rand Road;

thence Northerly, at right angles to the last described course, to the Northerly right of way line of Lake Cook Road;

thence Easterly, along the Northerly right of way line of Lake Cook Road, to the Northerly extension of a property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid;

thence Southerly, along said extension and along the property line which is defined as the East line of the West 4 acres of the Northwest Quarter of the Northeast Quarter of Section 2 aforesaid to a property corner which is 301.64 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Southwesterly, along the Southeasterly boundary line of a parcel of property a distance of 358.62 feet to the Southeasterly property corner which lies in the centerline of Rand Road;

thence Northwesterly, along said centerline of Rand Road a distance of 229.92 feet to a property corner which also lies in the centerline of Rand Road;

thence Southwesterly, along the Northwesterly boundary line of a parcel of property a distance of 321.78 feet to the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Easterly, along a property line which is the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid to a property corner which is 400.0 feet west of the East line of the Northwest Quarter of Section 2 aforesaid;

thence Southerly, along a property line which is 400.0 feet west of and parallel with the East line of the Northwest Quarter of Section 2 aforesaid a distance of 330.0 feet;

thence Easterly, along a property line which is 330.0 feet South of and parallel with the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid a distance of 367 feet to the West right of way line of Old Hicks Road;

thence Southerly, along the Westerly right of way line of Hicks Road a distance of 50.0 feet to the North line of Vacated Hicks Road per document number 89101467;

thence Easterly, along the Northerly line of Vacated Hicks Road a distance of 33 feet to the East line of the Northwest Quarter of Section 2 aforesaid,

thence Southerly, along the East line of the Northwest Quarter of Section 2 aforesaid to a point that is 117.2 feet North of the Southeast Corner of the Northwest Quarter of Section 2 aforesaid, said point is on the Westerly extension of the Northerly line of the parcel conveyed by document number 23283510;

thence Southeasterly, along the Southerly line, and the Easterly extension of said Southerly line, of the parcel of property conveyed by document number 23283510 aforesaid to the Easterly right of way line of Hicks Road;

thence Northeasterly, along the Easterly right of way line of Hicks Road a distance of 318.73 feet to a property corner;

thence Southeasterly, along the Northeasterly line of a parcel of property a distance of 410.63 feet to a property corner on the South line of the Northeast Quarter of Section 2 aforesaid;

Thence Southeasterly along the Northeasterly line of a parcel of property a distance of 66.53 feet to a property corner;

thence Southwesterly, along the Southeasterly line of a parcel of property a distance of 250 feet to a property corner;

thence Northwesterly, along the Southerly line of a parcel of property to the Easterly right of way line of Hicks Road;

thence Southerly, along the Easterly right of way line of Hicks Road to the Easterly extension of the Northerly line of Forest Knoll Townhomes Subdivision (recorded as documents T3045755 and 88602176);

thence Westerly, along said Easterly extension and along the Northerly line of said Forest Knoll Townhomes Subdivision to the West line of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Southwest Quarter of Section 2 aforesaid to the Northwest corner of the East Half of the Southwest Quarter of Section 2 aforesaid;

thence Northerly, along the West line of the East Half of the Northwest Quarter of Section 2 to a property corner which is 826.65 feet North of the South line of the Northeast Quarter of the Northwest Quarter of Section 2 aforesaid;

thence Westerly, along the Southerly line of parcels of property a distance of 1020.28 feet to the Southeast corner of Lot 6 in the Preserves at Hilltop Subdivision (recorded as document number 0715122064);

thence Northerly, along the East line of Lot 6 and the East line of Lot D in said Preserves at Hilltop Subdivision, a distance of 119.0 feet to the Northeast corner of said Lot D;

thence Westerly, along the Northerly line of said Lot D, a distance of 130.0 feet to the East line of Lot 12 in said Preserves at Hilltop Subdivision;

thence Northerly, along the Easterly line of said Lot 12 a distance of 75.0 feet to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 7.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 66.75 feet, to a property corner of said Lot 12;

thence Westerly, along a property line of said Lot 12, a distance of 28.0 feet, to a property corner of said Lot 12;

thence Northerly, along a property line of said Lot 12, a distance of 8.47 feet to the Southeast corner of Lot 13 in said Preserves at Hilltop Subdivision;

thence Westerly, along the southerly line of said Lot 13, a distance of 328.73 feet, to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 32.84 feet to a property corner of said Lot 13;

thence Northwesterly, along a curved property line of said Lot 13, an arc distance of 9.59 feet to a property corner of said Lot 13;

thence Northerly, along a property line of said Lot 13, a distance of 2.48 feet to a property corner of said Lot 13;

thence Westerly, along a property line of said Lot 13, a distance of 61.25 feet to a property corner of said Lot 13;

thence Westerly, along a curved property line of said Lot 13, an arc distance of 5.58 feet to a property corner of said Lot 13 on the East right of way line of Dee Road;

thence southerly, along the Easterly right of way line of Dee Road to the Easterly extension of the Southerly line of Outlot B in Brentwood Estates Subdivision (recorded as document number 17359299);

thence Westerly, along said Easterly extension and along the Southerly line of said Outlot B and along the Westerly extension of said South line of Outlot B to its intersection with the Westerly right of way line of Irene Drive;

thence Northerly, along the Westerly right of way line of Irene Drive to the intersection of the Westerly right of way line of Irene Drive with the Southerly right of way line of Lake Cook Road, said point also being the point of beginning, in Cook County and Lake County, Illinois.

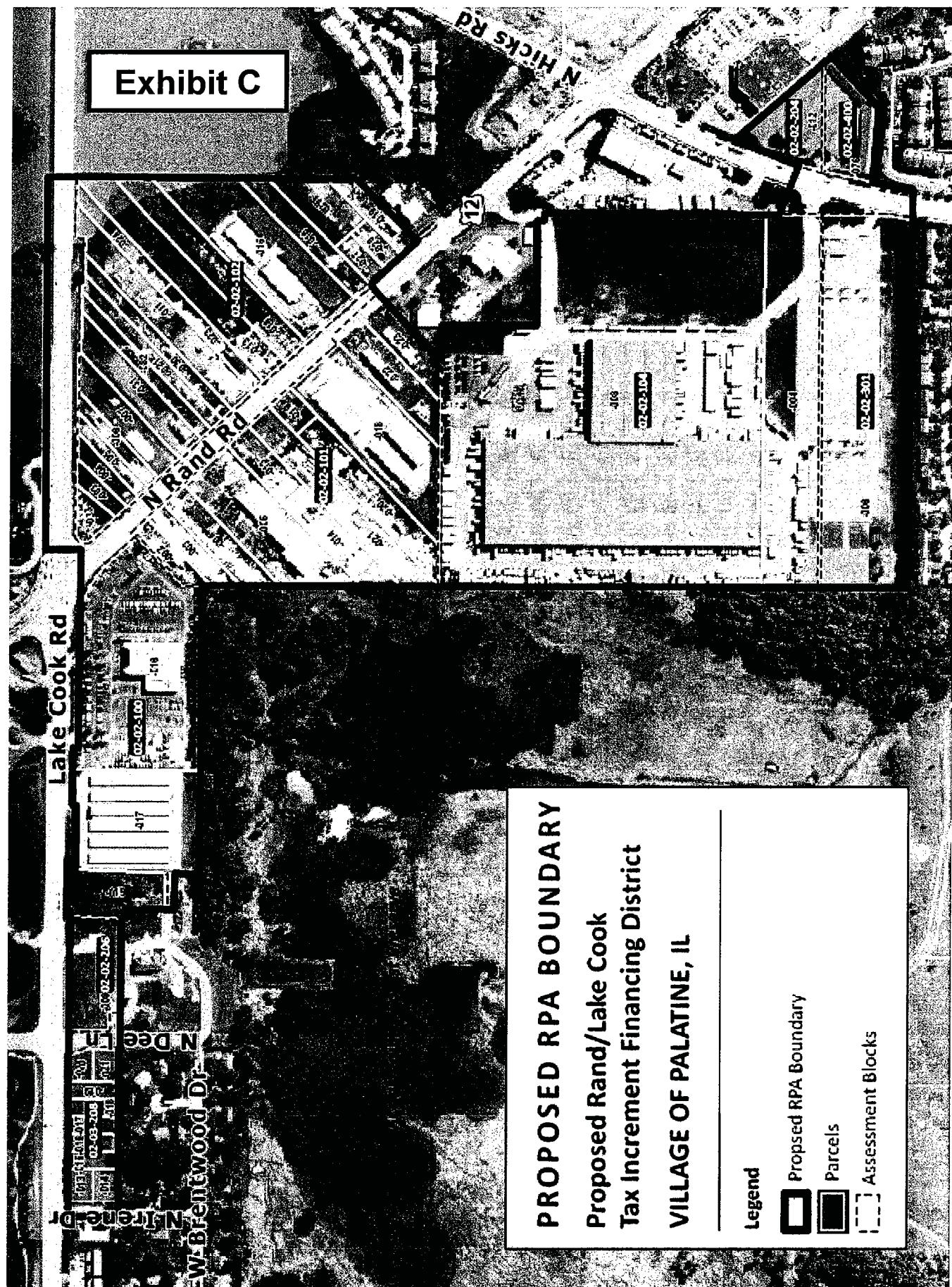
Said property containing 110 acres of land, more or less.

Exhibit B

Rand / Lake Cook TIF District Street Location

The Project Area is generally bounded by the following streets: on the west, by Irene Drive and the Cook County Forest Preserve (Deer Grove Preserve); on the east by Hicks Road; on the north, by Lake Cook Road; and on the south, by Hicks Road.

Exhibit C



CERTIFICATE OF PUBLICATION

Paddock Publications, Inc.

Daily Herald

Corporation organized and existing under and by virtue of the laws of the State of Illinois, DOES HEREBY CERTIFY that it is the publisher of the **DAILY HERALD**. That said **DAILY HERALD** is a secular newspaper and has been circulated daily in the Village(s) of Algonquin, Antioch, Arlington Heights, Aurora, Barrington, Barrington Hills, Lake Barrington, North Barrington, South Barrington, Bartlett, Batavia, Buffalo Grove, Burlington, Campton Hills, Carpentersville, Cary, Deer Park, Des Plaines, South Elgin, East Dundee, Elburn, Elgin, Elk Grove Village, Fox Lake, Fox River Grove, Geneva, Gilberts, Grayslake, Green Oaks, Gurnee, Hainesville, Hampshire, Hanover Park, Hawthorn Woods, Hoffman Estates, Huntley, Inverness, Island Lake, Kildeer, Lake Villa, Lake in the Hills, Lake Zurich, Libertyville, Lincolnshire, Lindenhurst, Long Grove, Mt. Prospect, Mundelein, Palatine, Prospect Heights, Rolling Meadows, Round Lake, Round Lake Beach, Round Lake Heights, Round Lake Park, Schaumburg, Sleepy Hollow, St. Charles, Streamwood, Tower Lakes, Vernon Hills, Volo, Wauconda, Wheeling, West Dundee, Wildwood, Sugar Grove, North Aurora

County(ies) of Cook, Kane, Lake, McHenry

and State of Illinois, continuously for more than one year prior to the date of the first publication of the notice hereinafter referred to and is of general circulation throughout said Village(s), County(ies) and State.

I further certify that the **DAILY HERALD** is a newspaper as defined in "an Act to revise the law in relation to notices" as amended in 1992 Illinois Compiled Statutes, Chapter 7150, Act 5, Section 1 and 5. That a notice of which the annexed printed slip is a true copy, was published June 18, 25, 2012 in said **DAILY HERALD**.

IN WITNESS WHEREOF, the undersigned, the said PADDICK PUBLICATIONS, Inc., has caused this certificate to be signed by, this authorized agent, at Arlington Heights, Illinois.

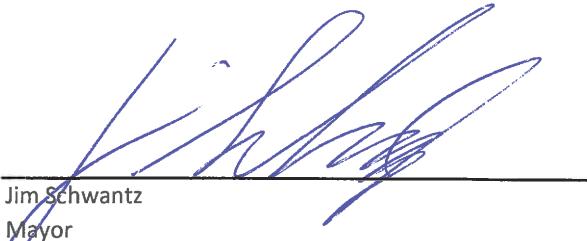
PADDICK PUBLICATIONS, INC.
DAILY HERALD NEWSPAPERS

BY Paula Baltz
Authorized Agent

Control # 4305027

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, 2012 and ending December 31, 2012.



Jim Schwantz
Mayor

Date

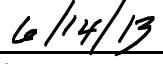
6/17/13

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, 2012 and ending December 31, 2012, to the best of my knowledge and belief.



Robert C. Kenny
Village Attorney



Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

Following the creation of the Rand-Lake Cook TIF District, the Village approved a Redevelopment Agreement with Patrick Hyundai that will result in the development of a new Hyundai dealership at the southeast corner of the Rand/Lake Cook Roads intersection. The approval of this project has already generated interest in the potential redevelopment of other nearby under utilized properties.

ORDINANCE NO. 0-127-12

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A
REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE,
PATRICK HYUNDAI OF PALATINE, LLC AND RAND ROAD PROPERTY, INC.
FOR THE PROPERTIES AT THE SOUTHEAST CORNER OF
RAND AND LAKE COOK ROADS**

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on August 20, 2012**

ORDINANCE NO. 0-127-12

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE, PATRICK HYUNDAI OF PALATINE, LLC AND RAND ROAD PROPERTY, INC. FOR THE PROPERTIES AT THE SOUTHEAST CORNER OF RAND AND LAKE COOK ROADS

WHEREAS, the Village of Palatine by Ordinance Nos. 0-12412, 0-12512, 0-126-12 and passed by the Mayor and Village Council on August 20, 2012 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for the Rand Road/Lake Cook Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Mayor and Village Council have on August 20, 2012 considered the proposed Redevelopment Agreement with Patrick Hyundai of Palatine, LLC and Rand Road Property, Inc. and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand/Lake Cook TIF District 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:

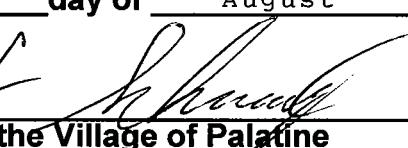
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement, attached hereto as Exhibit A, pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent permitted by 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 August, 2012

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

APPROVED by me this 20 day of August, 2012



Mayor of the Village of Palatine

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

August

, 2012



Village Clerk

8/16/2012 10:15 AM

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 10th day of September, 2012 ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and "**PATRICK HYUNDAI PALATINE, LLC**", an Illinois limited liability company (the "Car Dealer") and **RAND ROAD PROPERTY, INC.**, an Illinois Corporation ("Developer"). (The Village, Developer, and Car Dealer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

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, 1970; 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 inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

WHEREAS, to stimulate and induce redevelopment near the Rand Road and Lake Cook Road Intersection pursuant to the Act, the Village created the Rand/Lake

Cook Redevelopment TIF District by adopting the following ordinances, after giving all notices required and after conducting the public hearings required by law:

1. An Ordinance Adopting and Approving a Tax Increment Redevelopment Plan and Project Area in the Village of Palatine Cook County, Illinois;
2. An Ordinance Designating the Rand/Lake Cook Development Project Area Pursuant to the Tax Increment Allocation Redevelopment Act;
3. An Ordinance Adopting Tax Increment Allocation Financing Respecting the Rand/Lake Cook Redevelopment Project Area in the Village of Palatine, Illinois"; and

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

WHEREAS, Car Dealer represents and warrants to Village that Car Dealer, and its principals, are skilled in the development and operation of automobile dealerships and are able to provide the Project with the necessary skill, knowledge and expertise as well as input from other experts and consultants in the construction and operation of such a Project; and

WHEREAS, Developer desires to own and redevelop multiple contiguous parcels of land located at the southeast corner of Rand Road and Lake Cook Road consisting of approximately 6 acres for the purpose of Car Dealer opening and maintaining a Hyundai Automobile dealership on the Property. The legal descriptions of the parcels are attached as Exhibit "A";

WHEREAS, Developer will file an application for a planned development to seek approval to construct an automobile dealership as more fully described in Article 2 under the definition of Project (the "Planned Development"); and

WHEREAS, it is necessary for the successful completion of the Project (as defined in Article 2) that the Village enter into this Agreement with Car Dealer and Developer to provide for the development of the Property and operation of the Hyundai automobile dealership, subject to the Village approval of the required Planned Development ordinance, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

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

WHEREAS, the Village proposes to finance its share of the costs to be incurred in connection with the Project by utilizing Tax Increment Financing in accordance with the Act, which will serve a public purpose by reducing or eliminating conditions that, in part, qualify the Rand/Lake Cook Redevelopment Project Area as a blighted area and which are necessary to foster development within the Rand/Lake Cook Redevelopment Project Area; and

WHEREAS, this Agreement has been submitted to the Corporate Authorities of the Village for consideration and review, the Corporate Authorities have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Village according to the terms hereof, and any and all actions

of the Corporate Authorities of the Village precedent to the execution of this Agreement have been undertaken and performed in the manner required by law; and

WHEREAS, this Agreement has been submitted to the directors and officers of Developer for consideration and review, the directors and officers of Developer have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon Developer according to the terms hereof, and any and all action of Developer's directors and officers precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

WHEREAS, this Agreement has been submitted to the managers and members of Car Dealer for consideration and review, the managers and members of Car Dealer have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon Car Dealer according to the terms hereof, and any and all action of Car Dealer's managers and members precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

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 of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS

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, Developer, and of Car Dealer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the meanings provided from place to place herein, including above in the recitals hereto and as follows:

"Act" means the Tax Increment Allocation Redevelopment Act found at 65 ILCS 5/11-74.4-1, *et seq.*

"Agreement" means this Redevelopment Agreement.

"Billboard Letter of Credit" means the Letter of Credit set forth in Section 8.18 of this Agreement.

"Car Dealer" means Patrick Hyundai Palatine, LLC, an Illinois limited liability company, or any successor in interest thereof permitted pursuant to **Section 16.12** hereof.

"Certificate of Completion" means the document to be provided to Developer and Car Dealer by the Village, within thirty (30) days after written request from Developer and Car Dealer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes, with the obligations of this Agreement, including but not limited to final acceptance of all Project Improvements and Off Site Road Improvements by IDOT and Cook County, and with the Planned Development ordinance with respect to the construction of the Project, which document states that Developer has completed and satisfied all construction terms, covenants and conditions

contained in this Agreement, the Village Code of Ordinances, and the Planned Development ordinance and after Car Dealer is Open For Business as hereinafter defined. Notwithstanding the foregoing, removal of the two billboards on the Property shall not be a prerequisite to the issuance of a Certificate of Completion. The Certificate of Completion shall not be issued unless and until all paid receipts and proofs of payment as required under **Section 7.6** are tendered to the Village.

"Change in Law" means the occurrence, after the Effective Date, of an event described below that materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Agreement and such event is not caused by the Party relying thereon. Change in Law means any of the following: (i) the enactment, adoption, promulgation or modification of any federal, state or local law, ordinance, code, rule or regulation; (ii) the order or judgment of any federal or state court, administrative agency or other governmental body; (iii) the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption, revocation, modification, denial or failure of issuance or renewal thereof) necessary for the undertaking of the services to be performed under this Agreement by any Party except the Village; or (iv) the adoption, promulgation, modification or interpretation in writing of a written guideline or policy statement by a governmental agency other than the Village, but shall not include laws, rules, regulations and ordinances of the Village, acting voluntarily and not as a result of a mandate from a higher authority, except to the extent they are generally applicable throughout the Village and do not violate the express terms of this Agreement.

"Closing" means the acquisition by Developer of the last of the parcels of land that comprise the Properties.

"Corporate Authorities" means the Mayor and Village Council of the Village of Palatine, Illinois.

"Day" means a calendar day.

"Developer" means Rand Road Property, Inc., an Illinois corporation.

"Final Plans" means the final plans submitted by Developer as revised and approved by the Village during the Planned Development approval process.

"Letter of Credit" means the Letter of Credit set forth in Article Six (A) of this Agreement.

"Off-Site Road Improvements" means those certain off-site Rand Road and Lake Cook Road roadway improvements required by IDOT and Cook County to be constructed by Developer at its sole cost and expense, except as a reimbursement may be specifically provided hereunder, as set forth on final engineering plans and approved by the Village as part of the Project.

"Open for Business" means commercially reasonably stocked with new Hyundai automobiles, but in no event less than fifty (50) new Hyundai automobiles, except as such vehicle count is reduced as a result of vehicles sold from the Property which are to be replaced in inventory in the normal course of business, and has operated the dealership for not less than thirty (30) days.

"Party" means the Village and/or Car Dealer and/or Developer and its successors and/or assigns as permitted herein, as the context requires.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, or government or any agency or political subdivision thereof, or any agency or entity created or existing under the compact clause of the United States Constitution.

"Preliminary Plans" means the preliminary version of the Final Plans which are attached hereto as **Exhibit "B"**.

"Project" means the development, construction, financing, completion and operation of an automotive dealership consisting of a full service Hyundai new car dealership (which will also sell and service used cars of variable make and model) with approximately 30,000 square feet of interior space, together with the Off-Site Road Improvements and on-site improvements, all in accordance with the Final Plans if approved by the Village in the Planned Development ordinance.

"Property" means all the parcels of land as those parcels are legally described on **Exhibit "A"**, upon which the Project will be constructed.

"Rand/Lake Cook Redevelopment Project Area" means the entire Rand/Lake Cook TIF district created by the Ordinances adopted by the Village in 2012.

"Redevelopment Plan" means the "Redevelopment Plan" for the Rand/Lake Cook Redevelopment Project Area as defined in the Village Ordinance No. O-124-12.

"State" means the State of Illinois.

"TIF Ordinances" means Ordinances Nos. O-124-12, O-125-12, and O-126-12 all adopted by the Village on August 20, 2012, as described in the Recitals to this Agreement.

"TIF Eligible Expenses" means land acquisition and other eligible expenses as authorized to be reimbursed by the Act, but only for TIF eligible work and costs that are initially commenced and incurred after the Rand/Lake Cook Road TIF District is created and this Redevelopment Agreement is approved.

"Uncontrollable Circumstance" means any event impacting the construction of the Project, which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; 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, flood, 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 Car Dealer or Developer; or
 - (vi) shortage of materials not attributable to Car Dealer or Developer.
- (c) Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance (except as described under Change of Law); (2) commercial or economic frustration of purpose, (except as described under Change of Law); and (3) unavailability of materials, strikes or labor disputes caused by the acts of Car Dealer or Developer.

"Village" means the Village of Palatine, Illinois, an Illinois municipal.

ARTICLE THREE

CONSTRUCTION

This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural.

- (b) Pronouns include both singular and plural and cover all genders.
- (c) The word "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (d) Headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (e) All exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement. In the event of a conflict between any exhibit and the terms of this Agreement, the terms of this Agreement shall control.
- (f) Any certificate, letter or opinion required to be given pursuant to this Agreement means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth. Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.
- (g) In connection herewith concerning written directions or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization in writing, including by telecopier/facsimile transmission, shall be appropriate and is hereby approved.

(h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Car Dealer and Developer are entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.

(i) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents previously delivered to the Village require action by Car Dealer or Developer in a different manner, Car Dealer and Developer hereby designate Hanley Dawson IV as their authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Car Dealer and Developer and with the effect of binding Car Dealer and Developer in that connection (individual being "Authorized Representative"). Car Dealer and Developer shall have the right to change its Authorized Representative by providing the Village with written notice of such change which notice shall be sent in accordance with

Section 16.2.

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

The Village, Developer, and Car Dealer agree to cooperate in implementing the Project in accordance with the Parties' respective obligations set forth in this Agreement. This Agreement and all of its terms are subject to the Village adopting an ordinance granting Planned Development approval for the Project. Neither Developer nor the Car Dealer shall have any rights to develop the Project unless and until the Village adopts an ordinance granting Planned Development approval for the Project.

ARTICLE FIVE

ACQUISITION OF THE PROPERTY

Developer has executed real estate contracts to purchase the following properties, which are required to construct the Project. This Agreement is subject to the Developer closing on all the Property as more specifically set forth in the table below:

PIN #	ADDRESS
02-02-102-033	2325 N Rand Road
02-02-102-003 & 004	2313-2319 N Rand Road
02-02-102-005	2311 N Rand Road
02-02-102-006	2301 N Rand Road
02-02-102-007	2293 N Rand Road
02-02-102-031 & 032	2273-2375 N Rand Road
02-02-102-021	2263 N Rand Road
02-02-102-030	2265 N Rand Road

ARTICLE SIX

PROJECT SECURITY

A. **Posting Letter of Credit.** As a condition precedent to the Village executing this Agreement, Developer shall post with the Village an irrevocable Letter of Credit ("Letter of Credit") in the amount of Two Million Thousand (\$2,000,000.00) Dollars. The Village's right to call the Letter of Credit is subject to the Village actually providing funds to the Developer and is further subject to Section B hereinbelow.

B. **Drawing on the Letter of Credit.** The Letter of Credit may be drawn upon by the Village in the following events:

- 1) if Car Dealer or Developer fail to meet any Default Date in Exhibit "C" then Developer shall be deemed to have incurred the corresponding Penalty Amount set forth in Exhibit "C", ; and
- 2) if the Owners of either: a) the tract of land known as PIN # 02-02-102-007 (2293 Rand Road); or b) the tract of land known as PIN # 02-02-102-006 (2301 Rand Road) or both request disconnection of their tracts of land from the Village for any reason whatsoever, the Village shall draw on the Letter of Credit and keep Fifty Thousand (\$50,000.00) Dollars on the Letter of Credit.
- 3) if no substantial work is proceeding on the proposed building or any other aspect of the Project for a period of ninety (90) consecutive days, and provided that the cause of the delay is not due to Uncontrollable Circumstances, then Car Dealer and Developer shall be deemed to have incurred a Penalty Amount of Ten Thousand Dollars (\$10,000.00) and the Village may draw upon the Letter of Credit to collect the Penalty Amount. If such failure or delay shall occur prior to issuance of a temporary or final certificate of occupancy for the Project, and

prior to acceptance of the Project Improvements and Off Site Road Improvements then such failure or delay shall constitute an Event of Default of this Agreement and the Developer and/or Car Dealer shall pay the Penalty Amount, and in addition the Village may pursue all available legal remedies.

4) default that is not cured within 30 days of the written notice of default, shall result in the Village having the right to draw and keep the lesser of the full amount of the Letter of Credit or the amount of TIF Reimbursement Funds paid to the Developer.

C. Reduction and Release of Letter of Credit. The Letter of Credit shall be reduced to One Hundred Thousand Dollars (\$100,000.00) on such date as the Certificate of Completion is issued by the Village. The Letter of Credit shall be released upon the expiration of the one year maintenance period of the Project Improvements and when the Developer has complied with Section 9.02 (a) (3) of the Village Subdivision Code and the buildings are completed and removal of building materials has been accomplished pursuant to Section 13.07 (c) (4) of the Village Planned Development Ordinance.

ARTICLE SEVEN

VILLAGE COVENANTS AND AGREEMENTS

7.1 Village's Redevelopment Obligations. The Village shall have the obligations set forth in this Article Seven in connection with the Project. Notwithstanding the obligations of this Article Seven, this Agreement shall not constitute a debt of the Village within the meaning of any constitutional, statutory provision, or other limitation.

7.2 TIF Funding. TIF funds shall be disbursed to Developer in accordance with the terms of this Agreement.

The Village shall provide total TIF assistance in an amount not to exceed Five Million (\$5,000,000.00) Dollars in total reimbursement of TIF Eligible Expenses incurred by Developer for the Project. In addition to the Five Million (\$5,000,000.00) Dollars in total reimbursement of TIF Eligible Expenses incurred by Developer for the Project, and subject to the condition that Developer incurs TIF Eligible Expenses in excess of Five Million Dollars (\$5,000,000.00) without having paid for completion of the Off Site Road Improvements in accordance with the budget, the Village agrees to contribute, on the basis of fifty (50%) percent of the costs, up to an additional not to exceed amount of Two Hundred Twenty Five Thousand (\$225,000.00) Dollars as and for the Village's share of the costs of completion of the Off Site Road Improvements. Said potential Two Hundred Twenty Five Thousand Dollars (\$225,000.00) TIF reimbursement shall be funded only through available ad valorem TIF Funds generated by the Rand Road/Lake Cook Road TIF District and not from or on the basis of any sales tax funds generated by the Project and Property.

No TIF Reimbursement payments shall be made to the Developer by the Village unless and until the Village adopts the Planned Development ordinance contemplated by this Agreement, in addition to other limitations set forth in this Agreement.

7.3.1 TIF Payments.

- A) Two Million Dollars (\$2,000,000.00) of said TIF Reimbursement shall be paid to the Developer at the closing of the purchase of the last parcel comprising the Property. Said Two Million Dollars (\$2,000,000.00) shall be placed in an escrow account prior to said Closings (the "Acquisition TIF Funds") with the escrow instructions clearly stating that if the Closing of the last parcel of the various parcels comprising the Property is not accomplished by December

27, 2012, then such funds shall be automatically released back to the Village without further direction. Such release of funds shall not relieve the Village of its duty to make the payment upon the subsequent Closing of the last parcel of the Property. However, notwithstanding the foregoing, if the Closing of the last parcel comprising the Property does not occur by December 27, 2012, this Agreement shall be null and void unless extended by mutual agreement and/or as such Agreement may be revised.

- B) In the event all of the Property is acquired by the Developer and the initial TIF Reimbursement is provided under Section 7.3.1-A above, an additional TIF Reimbursement of One Million (\$1,000,000.00) Dollars shall be paid to Developer within thirty (30) days after issuance of the Temporary or Final Certificate of Occupancy so long as the Hyundai dealership is Open for Business and the Village has the legal ability to transfer TIF Funds from the adjacent Rand Corridor TIF District into the Rand/Lake Cook Road TIF District; and provided further that if legislation is proposed which would prohibit transfer of TIF Funds from the adjacent TIF District into the Rand/Lake Cook Road TIF District, Palatine will transfer the necessary funds prior to the effective date of such legislation if sufficient funds are available in the adjacent Rand Corridor TIF District. In the event that this payment or a portion of this payment can not be made then any portion of this One Million Dollar (\$1,000,000.00) TIF Reimbursement payment that remains unpaid shall be added to the amount owed under subsection (C) hereinbelow.
- C) An additional Two Million (\$2,000,000.00) Dollars of said TIF Reimbursement shall be paid to Developer on a "pay as you go" basis. The payment to be

made annually shall be equal to one hundred (100%) percent of the ad valorem real estate incremental taxes which are attributable to the real estate taxes levied on the Project and Property in excess of the base year, and which, when collected by the Cook County Treasurer are allocated to the special increment allocation fund for the Rand/Lake Cook Redevelopment Project Area.

In addition to making the TIF Reimbursement payment from One Hundred (100%) percent of the increment from the Property in this Section C, the Village shall also pay Developer TIF Reimbursements based on an amount equal to 50% of the local distributive share of the state sales taxes generated from the retail operations on the Property received by the Village from the Project during the preceding year so long as the Rand/Lake Cook Road TIF Fund has sufficient TIF funds created by other properties in the Rand/Lake Cook Road TIF Fund to generate sufficient revenue to pay said amount of the TIF Reimbursement, or, in the alternative, the Village may elect to make said payment from the adjacent Rand Road TIF District Fund if, the adjacent Rand Corridor TIF District fund has sufficient TIF Funds to make such payment and if said payment from the Rand Corridor TIF District is permitted by law. The amount of TIF Funds to be reimbursed from the Rand/Lake Cook Road TIF District or adjacent Rand Corridor TIF District, computed on the basis of sales taxes created by the Property and Project, shall not include the Village's home rule sales tax distributive share created by the Property, Project or the Rand/Lake Cook Road TIF District.

No later than May 31st of each year, the Village shall reimburse Developer

pursuant to the terms of this Section 7.3.1-C from real estate tax increment revenues from the Rand/Lake Cook Road TIF District from the previous tax year, until Developer has received not more than Two Million Dollars (\$2,000,000.00) in cash under this subparagraph C, subject to Developer having spent sufficient TIF Eligible Expenses to justify said amount. Reimbursement of TIF funds based on sales taxes generated from the dealership shall not commence until: 1) the Car Dealer and/or other operator of the Project, from time to time, completes, executes and delivers to the Village the State of Illinois Form # PTAX-1002-21 (R-7/11) entitled "Authorization to Release Sales Tax Information". Upon receipt of said Form from the Car Dealer or its successor as the case may be, the Village shall execute and forward the PTAX 2001 form to the State of Illinois; 2) the Village receives confirmation based on the State of Illinois sales tax records that the sales tax monies have been received by the Village from the State; and 3) in the event the Village elects to make said payment from the adjacent Rand Corridor TIF District Fund said payment is permitted by law. Reimbursement is further subject to availability of TIF Funds from the Rand/Lake Cook Road TIF District with respect to the Village's ability to make the payments in compliance with local, state, and/or federal laws as amended from time to time.

D) Lastly, in the event that the Developer has TIF Eligible Expenses that exceed Five Million Dollars (\$5,000,000.00) not including the cost of the Off-Site Road Improvements and after the Village has paid the aforesaid Five Million Dollars (\$5,000,000.00), and subject to 8.18 below the Village shall then

commence reimbursement to the Developer for the Off-Site Road Improvements in an amount not to exceed fifty (50%) percent of the cost of said Off-Site Road Improvements, up to a maximum of Two Hundred Twenty Five Thousand Dollars (\$225,000.00). In the event that the Off-Site Road Improvements expenses do not exceed a total of Four Hundred Fifty Thousand Dollars (\$450,000.00), then Developer may submit the necessary paperwork to seek reimbursement for the cost to demolish one or both of the billboards so long as the demolition work was completed as part of the original demolition and site preparation for the Project. Reimbursement for costs of demolition of the two billboards shall only be possible if separate and complete paperwork, including documentation required in **Section 7.6** is submitted to the Village.

7.4 Defense of TIF District. In the event that any court or governmental agency, having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement, shall determine that this Agreement is contrary to law, or in the event that the legitimacy of the Rand/Lake Cook Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the Village will defend the integrity of the Rand/Lake Cook Redevelopment Project Area and this Agreement. Developer and Car Dealer will fully cooperate with the Village in connection with the foregoing, and will be entitled to reimbursement by the Village for TIF Eligible Expenses incurred in connection with such cooperation and approved in writing by the Village prior to being incurred. Costs to defend any litigation shall be paid from the TIF Fund and shall have priority of payment over reimbursement to the Developer.

7.5 Cooperation with Other Permits. The Village agrees to cooperate with Developer in their attempts to obtain all necessary approvals from any governmental or quasi-governmental entity other than the Village. The Village shall promptly process and consider to the extent allowable under applicable law, any reasonable request of Developer for zoning and planned development approvals and for relief or variances from Village Zoning and Subdivision ordinances necessary for the construction of the Project.

7.6 Certificate of Completion. Within thirty (30) days after written request from Developer and after Developer has provided all required waivers of liens, sworn statements necessary to comply with the Illinois Mechanics Lien Act, and a date-down endorsement to an owner's policy of title insurance showing no outstanding mechanics' or other liens and Developer has complied with all Village codes and with the obligations of this Agreement with respect to the submission of proof of payment including paid receipts for all TIF reimbursements and with respect to the completion of construction of the Project, including obtaining final certificates of occupancy, the Village shall deliver a Certificate of Completion or, if not complete or satisfied, a written statement of any deficiencies. Upon correction of any noted deficiencies, the Village shall within ten (10) days thereafter deliver the Certificate of Completion.

The Parties acknowledge that the Certificate of Completion shall be issued by the Village notwithstanding that one or both of the two billboards now located on the Property remain on the Property subject to Section 8.18 herein.

ARTICLE EIGHT

CAR DEALER'S AND DEVELOPER'S COVENANTS AND AGREEMENTS

8.1 Car Dealer's and Developer's Redevelopment Obligations. Car Dealer and Developer shall have the obligations set forth in this **Article Eight** for the development, construction, financing, completion and furtherance of the Project.

8.2 Permit Application Deadlines. Developer shall proceed with the application for permits and construction of the Project on the Property in accordance with the schedule to be set forth in Exhibit "C". In the event that the Village does not adopt an ordinance granting a Planned Development for the Project, this Agreement shall be null and void.

8.3 Construction Financing Deadline. As a condition of the Village executing this Agreement, Car Dealer and Developer shall demonstrate to the Village Manager's satisfaction through signed letters of intent or otherwise that Car Dealer and Developer have access to sufficient funds to pay the cost of the Project and any other obligations of Developer and Car Dealer hereunder relating to purchase, construction and operation of the Project and Property. The signed letter of intent or other document evidencing sufficient funds, notwithstanding the provisions in Section 8.13, shall specifically state and require that this Agreement shall be recorded prior to any mortgage, loan agreement or other similar agreement being executed between Developer, Car Dealer and any mortgagees, lenders or joint venture partners and this Agreement is specifically contingent upon this Agreement being executed and recorded prior to any financing documents being executed and/or recorded. Developer and Car Dealer shall obtain a binding financing commitment in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed and shall provide to the Village evidence of such commitment within seven (7) days of receiving

the binding commitment but in no event later than thirty (30) days after the Village adopts a final ordinance granting Planned Development approval for the Project. However, in no event shall the Village make any payments beyond the land acquisition TIF Reimbursement payment under this Agreement without binding financial commitments deemed acceptable to the Village. Developer and/or Car Dealer may at any time and from time to time assign to any construction lender or other mortgagee ("Mortgagee") its rights and interests hereunder as collateral for the Construction Loan or other financing in connection with the Project permitted in accordance with the terms of this Agreement ("Collateral Assignment"), and Village shall consent to such Collateral Assignment, subject to the following: In the event that any Mortgagee or successor to a Mortgagee shall succeed to the interests of Developer and/or Car Dealer in the Project or in any portion thereof pursuant to or as result of remedies under the Construction Loan documents or other mortgage and/or under any related documents, including the Collateral Assignment ("Mortgage Documents"), whether by foreclosure, deed-in-lieu of foreclosure or other rights granted under such Mortgage Documents, the Village shall attorn to and recognize Mortgagee or such successor, only if such Mortgagee or successor shall accept and execute, in writing, an assumption of the duties of Developer and/or Car Dealer and an assignment of the rights and obligations of Developer and/or Car Dealer hereunder, effective from and after the date of such acceptance. In the event that Mortgagee or such other successor, as the case may be, shall not accept and execute an assumption and/or assignment of the rights and obligations of Developer and/or Car Dealer hereunder, then payments pursuant to this Agreement shall cease and this Agreement shall automatically terminate unless otherwise agreed to in writing by the Village.

8.4 Project Development Budget. Developer shall submit to the Village the project development budget approved by the construction lender simultaneously with its application to the Village for a building permit. Developer agrees that the Village will be provided a reasonable opportunity to meet with the construction lender if requested by the Village.

8.5 Intentionally deleted.

8.6 Timing of Developer's Obligations. Developer covenants and agrees to construct, or cause to be constructed, the Project on the Property in compliance with Exhibit "C" hereto and otherwise as required herein, to Uncontrollable Circumstances.

8.7 Compliance with Applicable Laws. Developer and Car Dealer warrant that they shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances and regulations. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision, planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village as more specifically set forth in Article Ten. Village shall not enact any law, ordinance, rule or regulation (or amendment thereto) which would have the effect of increasing Developer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to all commercial property in the Village.

8.8 No Default. The Developer and/or Car Dealer shall not be in default under this Agreement or be in default under any agreement with the Village of Schaumburg, the Hyundai Motor Sales USA, Inc. or any other entity or person in connection with the

development of the Property and the Project. Failure to comply with this **Section 8.8** renders Developer and Car Dealer in default of this Agreement, subject to Developer's and Car Dealer's right to cure under this Agreement.

8.9 Progress Meetings. Developer and/or Car Dealer shall meet with the Village Council and Village staff and make presentations to the Village Council and Village staff as reasonably requested by the Village Manager in order to keep the Village apprised of the progress of the development.

8.10 Authorized Representative. Subject to the provisions thereof, Developer and Car Dealer has designated in **Article Three** a representative with full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement; provided, however, that all agreements of the Parties shall be in writing and fully authorized by all necessary action of such Parties.

8.11 Real Estate Tax Payments. Developer, Car Dealer and successor owners agree to pay all general and special real estate taxes levied during their respective period of ownership against their respective interest in the Project on or prior to the date same is due and said taxes shall not become delinquent. Developer, Car Dealer and/or successor owners shall deliver evidence of payment of such taxes to the Village upon request. In the event a real estate tax payment is not made by its initial due date, all payments otherwise to be made by the Village under this Agreement shall cease until all unpaid real estate taxes are paid in full. So long as the Redevelopment Project Area remains in effect, Developer and all successor owners of the Property shall not have the right to contest any taxes or assessments which are imposed with respect to the Property unless, in the reasonable judgment of the Village: a) the taxes or assessments imposed against

the Property are more than those imposed against similar new car automobile dealerships within the Village and within an area within ten (10) miles of the dealership existing at such time as the determination is made; and b) the market value which is used to determine the taxes or assessments which are imposed against the Property is more than the fair market value of the Property, when consideration is given to the various factors used by Cook County in determining fair market value, including but not limited to size of the dealership properties and land upon which they are located, as determined by Cook County. The remedy to the Village in the event of breach of this Section is for the Developer and/or Car Dealer (or its successor owners, as the case may be) to pay to the Village on an annual basis the difference between the actual real estate taxes payable for the Property and the amount of real estate taxes that would have been due and owing on the Anticipated EAV for such year (said deficiency shall herein be referred to as the "TIF Deficiency"), plus interest at the rate of 7% for the period beginning on the date the Incremental Property Taxes are received by the Village for any given year and ending on the date the TIF Deficiency is paid to the Village.

8.12 Tax Exempt Status. Consistent with its covenant in **Section 9.8**, Developer, Car Dealer and successor owners shall not assert a tax-exempt status during their respective periods of ownership. This prohibition shall run with the land and shall expire on the date the Rand/Lake Cook Redevelopment Project Area expires or an earlier date if agreed by the Village, Developer, and Car Dealer.

8.13 Sale Contracts, Leases, and Mortgages. All sales contracts, leases, loans, mortgages, and joint venture agreements executed after the date of this Agreement shall be made specifically subject to the terms of this Agreement. Prior to the Village making its first TIF Reimbursement payment or depositing its first TIF Reimbursement into

escrow Developer shall provide to the Village a written representation, upon which the Village shall rely, that this Agreement was recorded prior to Developer and/or Car Dealer executing any binding documents with any lender, mortgagee or other entity providing financial funds to the Developer and/or Car Dealer to develop the Property and construct the Project.

8.14 Fees and Expenses. Developer and Car Dealer shall pay all Village and other governmental entity-imposed fees, including but not limited to permit, inspection, review, tap-on, and storm water drainage fees that are assessed on a uniform basis throughout the Village and are of a general applicability to all other property in the Village. Said payments shall be made as directed by the applicable Village code or policy.

Developer and Car Dealer's failure to pay the fees and expenses described in this Section 8.14 or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against Developer and Car Dealer, the Village may be reimbursed from Developer and Car Dealer's TIF reimbursement monies, for said fees and expenses to the extent they are TIF Eligible Expenses and the TIF reimbursement to Developer shall be reduced dollar for dollar.

8.15 Loan Agreement. Prior to issuance of the Certificate of Completion by the Village, neither Developer nor Car Dealer shall use the Property as collateral for anything, including automobiles, other than the cost of acquiring the Property and constructing the Project. Notwithstanding anything to the contrary contained herein, no mortgage executed in connection with Developer's or Car Dealer's Loan may encumber the Property unless the Lender thereunder has committed in writing to the Village that, without Village's consent:

- (a) in no event shall disbursements be made under Developer's or Car Dealer's Loan with regard to matters other than land acquisition that exceed Two Million Dollars (\$2,000,000.00) or, if greater, the amount required under the approved project development budget provided under **Section 8.4** to construct the foundation for the new vehicle sales building, until such time as the Village approves the foundation inspection for the new vehicle sales building;
- (b) in no event shall the Property serve as security or collateral for any loan other than loans the proceeds of which will be applied to the acquisition of the Property and construction of the Project;
- (c) in no event may Lender exercise any remedies with regard to any default under Developer's or Car Dealer's Loan, other than the right to withhold further disbursements, until such time as Lender has tendered to Village written notice thereof and afforded to the Village the same cure period afforded to Developer and Car Dealer under the loan documents to cure any such default noted therein; and
- (d) except for protective advances by the Lender, the amount of Car Dealer's Loan may not be increased without the consent of the Village to an amount that exceeds the as-completed appraised value of the Property and Project.

8.16 Hyundai Motor Sales USA, Inc. Approvals. Car Dealer shall provide to the Village, as a condition precedent to the Village's execution of this Agreement, written evidence from Hyundai Motor Sales USA, Inc. in form and substance acceptable to the

Village that Hyundai Motor Sales USA, Inc. and/or any other applicable Hyundai corporate entity approves the location of Car Dealer's dealership to the Property.

8.17 Existing Telecommunication Cell Tower. Currently, there is a cell tower located on that portion of the Property now known as 2301 N Rand Road (02-02-102-006) (the "Cell Tower Tenancy"). The Developer and/or Car Dealer shall have complete control and discretion in regard to buying out, relocating or continuing "as is" the Cell Tower Tenancy, subject to applicable provisions and requirements of the Village Code of Ordinances and provided that any relocation of the Cell Tower shall be to a place approved by and for which permits have been issued by the Village.

8.18 Existing Billboards.

a) Currently, there is a billboard located on that portion of the Property now known as 2301 N Rand Road (02-02-102-006) (the "2301 N Rand Billboard Tenancy") and a second billboard located on a portion of the Property now known as 2325 N Rand Road (02-02-102-033) (the "2325 N Rand Billboard Tenancy"). The Developer and/or Car Dealer shall have complete control and discretion in regard to buying out or continuing "as is" the 2301 N Rand Billboard Tenancy and the 2325 N Rand Billboard Tenancy until April 30, 2021 and August 31, 2028 respectively. There shall be no further extension of the 2301 N Rand Billboard Tenancy which expires on August 31, 2028; and any extension of the 2311 N Rand Billboard Tenancy shall not extend beyond April 30, 2024. At such time as the Village has paid Four Million Five Hundred Thousand Dollars (\$4,500,000.00) the Developer shall provide written notice to the Village of the Developer's election to either: 1) stop receiving TIF reimbursement payments until the billboards located at 2301 N Rand Road and 2311 N Rand Road have been removed from the Property; or 2) place with the Village a Letter of Credit ("Billboard Letter of

Credit") in the amount of One Hundred Thousand Dollars (\$100,000.00), which Letter of Credit shall provide the Village with security in the event that the billboards are not timely removed as previously set forth in this paragraph. In the event that either or both of the billboard structures, including the monopoles and/or the sign face structures, have not been removed within thirty (30) days of their respective termination dates, then the Village shall have the right to draw on the Billboard Letter of Credit in the full amount of the Billboard Letter of Credit. In the event that the billboard structures, including the monopoles and/or the sign face structures, are not removed within thirty (30) days of their respective termination dates, but have been removed within ninety (90) days of their respective termination dates, then the Village shall return the full proceeds of the Billboard Letter of Credit to the Developer. In the event that either or both of the billboard structures, including the monopoles and/or the sign face structures, have not been removed within ninety (90) days of their respective termination dates, then the Village shall keep the Billboard Letter of Credit proceeds and, in addition, Developer shall pay the Village the amount of Seven Hundred Fifty Dollars (\$750.00) per day commencing on the ninety first (91st) day after their respective termination dates until and including the date that both billboards are removed.

b). The Parties acknowledge that either one or both of the billboards may have to be relocated on the Property, as approved by the Village, as part of the demolition and site preparation for the Project. The Parties also acknowledge the fact that both billboards are the subject of leases on their respective tracts of land. As a result, the Parties have agreed that billboards may be moved as part of the original demolition and site preparation process, pursuant to Sections 65 ILCS 5/11-74.4-4-d, e, f, and m of the

Act and Section 8.05 (b) of the Village Sign Code provisions in the Villages Zoning Ordinance.

8.19 Agreement to Remain Open and Operating. Car Dealer agrees to keep the Hyundai automobile dealership open, operating, and selling Hyundai automobiles for a period of the earlier of: (i) twenty (20) years from the date of issuance of the Final Certificate of Occupancy for the Hyundai dealership, or (ii) such date that the Village has received in incremental property tax revenue generated by the Property in an amount sufficient to reimburse the Village for all TIF Eligible expenses paid to the Developer. In the event that Car Dealer fails to remain open for business in satisfaction of the foregoing requirement of this **Section 8.19**, all TIF reimbursement payments to Developer shall cease. Car Dealer and successor owner and operators agree that neither of them shall seek to reduce the real estate tax assessment for the Property and/or Project based on vacancy in the building. Notwithstanding the foregoing, Car Dealer will only be discharged of its obligations under this **Section 8.19** if it shall replace the Hyundai dealership with a "new car" automobile dealership of at least equivalent economic stability and sales tax generation (which "new car" dealership shall undertake the covenant to remain open pursuant to an Assumption and Assignment Agreement) such that the Car Dealer establishes to the Village's satisfaction that the Village will receive the same sales tax return as it would have prospectively received if the Hyundai dealership were to have remained open and operating, subject to the Village's written approval which shall not be unreasonably withheld. If there is a default in this provision of the Agreement, all unpaid TIF reimbursements shall be terminated and the Village shall have the right to pursue all remedies under this Agreement. Reinstatement of TIF

reimbursements shall occur once a replacement "new car" automobile dealership deemed acceptable to the Village is open and operating.

8.20. Compliance with TIF Act §65 ILCS 5/11-74.4-3 (q-13). Car Dealer affirmatively states and hereby makes a representation that the Village is relying upon that Car Dealer is not terminating a car dealership facility at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the Village in accordance with Section 65 ILCS 5/11-74.4-3(q-13) of the Act. This Agreement and the Village's agreement to reimburse Developer TIF Eligible Expenses is specifically contingent on such written evidence as required by Section 65 ILCS 5/11-74.4-3(q-13) of the Act.

ARTICLE NINE

ADDITIONAL COVENANTS OF CAR DEALER AND DEVELOPER

9.1 Car Dealer Existence. Car Dealer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois limited liability company authorized to do business in Illinois, so long as Car Dealer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. Car Dealer will also do or cause to be done all things necessary to preserve and keep in full force and effect its existence and good standing its franchise with the Hyundai Motor Sales USA, Inc. and any other applicable Hyundai corporate entity.

9.2 Developer's Existence. Developer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois corporation authorized to do business in Illinois, so long as Developer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. Developer will also do or cause to be done all things necessary to

preserve and keep in full force and effect its existence and good standing its franchise with the Hyundai Motor Sales USA, Inc. and any other applicable Hyundai corporate entity.

9.3 Construction of Project. Developer shall diligently pursue obtaining all required permits and Developer shall cause construction of the Project on the Property to be prosecuted and completed pursuant to the schedule set forth on Exhibit "C", in good faith and without delay, subject to Uncontrollable Circumstances and the other provisions of this Agreement. Neither Developer, Car Dealer, nor any entity in which Developer or Car Dealer has an interest, shall be paid any construction management fee or other fees from the proceeds of the Construction Loan for the Property until issuance of a Final Certificate of Occupancy for any part of the Project.

9.4 Indemnification. Developer and Car Dealer (use of the term "Developer" and "Car Dealer" herein includes permitted successors and assigns), agree to and do hereby indemnify, defend and hold the Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") harmless from and against any losses costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the Indemnified Parties (which shall not include any claim related to the loss of sales tax or incremental property tax revenues), which are caused as a result of:

- a. the failure of Developer and/or Car Dealer to comply with any of the terms, covenants or conditions of this Agreement with which Developer and/or Car Dealer is obligated to comply; or

b. the failure of Developer and/or Car Dealer or any of Car Dealer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or

c. material misrepresentations or omissions of Developer and/or Car Dealer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by Developer and/or Car Dealer or by its agents, employees, contractors or persons acting under the control or at the request of Developer and/or Car Dealer; or

d. the failure of Developer and/or Car Dealer to cure any material misrepresentations or omissions of Developer and/or Car Dealer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or

e. any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by Developer; or

f. any violation by Developer and/or Car Dealer of local ordinance, state or federal laws, in connection with the offer and sale of interests in Developer and/or Car Dealer or any part of the Project; or

g. the occurrence of an Event of Default by Developer and/or Car Dealer; or

h. the failure of Developer and/or Car Dealer to comply with any of the terms, covenants or conditions of its franchise agreement with Hyundai Motor Sales USA, Inc.

The provisions of this **Section 9.4** shall not apply to any loss which arises out of (in whole or in part) the intentional conduct on the part of any Indemnified Party providing this information, but only to the extent that such Indemnified Parties'

misconduct or misinformation contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misinformation.

9.5 Insurance. Prior to Developer Closing on the last of the parcels of land comprising the Property, and as a prerequisite to the Village releasing its first TIF Reimbursement payment to Developer, Developer (or Developer's contractor) shall deliver to the Village, at Developer's cost and expense, insurance required to be carried by Developer pursuant to **Article Thirteen**. The Village shall be named as an additional insured party on Developer's insurance policies until such time as the Certificate of Completion is issued; provided that, Village hereby agrees and acknowledges that its rights as an additional insured are subordinate to the priority of the construction lender as a loss payee.

9.6 Further Assistance and Corrective Instruments. The Village, Developer and Car Dealer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for carrying out the intention of or facilitating the performance of this Agreement to the extent legally permitted and within the Village's sound legal discretion.

9.7 No Gifts. Developer and Car Dealer covenant that no officer, member, manager, stockholder, employee or agent of Developer or Car Dealer, or any other person connected with Developer or Car Dealer, has made, offered or given, either directly or indirectly, to the Mayor, any Council member, or any officer, employee or agent of the Village, or any other person connected with the Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with the Village.

9.8 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance TIF Eligible Expenses, in accordance with the Act, during the life of the TIF consistent with its covenants in **Sections 8.12**, Developer shall not undertake to convey the Property to persons whose ownership and use of such Property will cause it to be exempt from payment of property taxes. Failure to comply with this provision shall be cause for the Village to terminate all remaining TIF payments.

9.9 Disclosure. Concurrently with execution of this Agreement by the Developer and Car Dealer, Developer and Car Dealer shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise Developer and Car Dealer, including all shareholders of the corporation. Developer and Car Dealer shall disclose the same information to the Village at Closing of the last of the Properties. At the time of execution of this Agreement and prior to Closing of the last of the parcels of land that comprise the Property, no change shall be made in the persons comprising Developer and/or Car Dealer or in their ownership interests without the consent of the Village. All changes made in the persons comprising Developer and Car Dealer or in their ownership interests shall be disclosed to the Village during the term of this Agreement.

9.10 Open Book Project. Developer and Car Dealer's Project shall be an "open book" project meaning that Developer, Car Dealer and all contractors (including subcontractors) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project. The foregoing Village review rights shall terminate one (1) year after the issuance of the Certificate of Completion issued by the

Village for the Project, unless Developer or Car Dealer has failed to make available any such books and/or records requested in writing by the Village. Developer and Car Dealer shall provide to the Village copies of any corporate, partnership, limited liability operating agreements or joint venture agreements pertaining to the Property to which Developer or Car Dealer is a party; provided that Developer and Car Dealer may, (if Developer or Car Dealer has previously provided the Village not less than thirty (30) days to review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default. Developer and Car Dealer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of the Project at costs not in excess of market rates. The Village agrees that Developer and Car Dealer may designate within its discretion the general contractor (or general contractors) for the Project. The general contractor (or general contractors) designated by Developer and Car Dealer shall be experienced and reputable.

9.11 Assignment of Agreement. This Agreement is not assignable except to an assignee of a Mortgagee for collateral purposes only, as set forth in **Section 8.3**, or for Permitted Transfers (as hereinafter defined), until a Certificate of Completion is issued by the Village. Notwithstanding anything in this **Section 9.11**, no part of this **Section 9.11** and **Section 9.12** shall require the Village's consent to the collateral assignment

hereof to Developer's lenders or Car Dealer's lenders or permanent lenders, if required thereby, or to a Permitted Transferee. Subsequent to completion of the Project, as evidenced by a Certificate of Completion, Developer and Car Dealer shall give notice to Village of any proposed transfer and Village shall have thirty (30) days to accept or reject such assignee in its sole discretion.

9.12 No Transfer without Village's Consent. Prior to issuance of a Certificate of Completion, no portion of Car Dealer's Project shall be transferred or conveyed (other than to Permitted Transferees). Car Dealer shall notify the Village of any transfer of any interest in the Project other than to an Affiliate of Car Dealer. As used herein, an "Affiliate of Car Dealer" shall mean an entity which controls, is controlled by, or is under common control with Car Dealer and which has the same manager, members, partners or shareholders owning in the aggregate, more than fifty percent (50%) of the ownership interests in Car Dealer owning more than fifty percent (50%) of the ownership interests in said Affiliate. As used herein "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities or rights, by contract, or otherwise. The foregoing transfers, and transfers permitted by the Hyundai franchisor standards and pursuant to which the Project shall remain a Hyundai dealership, shall herein be referred to as the "Permitted Transfers". Car Dealer shall not be required to obtain Village review, approval or consent to any Permitted Transfer. However Car Dealer shall notify the Village within thirty (30) days of any such transfer. The Village shall have no duty to return the Village Security or any other security posted in connection with the portion of the Project so transferred until substitute security acceptable to Village is received.

ARTICLE TEN

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect from time to time, unless otherwise mandated by State law or permissible under a variance or exemption granted to Developer or Car Dealer by a governmental body authorized to grant such variance or exemption. Developer and Car Dealer have examined and are familiar with and agree that their development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the Project or is permissible under a variance or exemption granted to Developer or Car Dealer by a governmental body authorized to grant such variance or exemption.

ARTICLE ELEVEN

REPRESENTATIONS AND WARRANTIES OF CAR DEALER

AND DEVELOPER

Developer and Car Dealer represent, warrant and agree as the basis for the undertakings on their respective parts herein contained that as of the date hereof and until completion of the Project:

11.1 Organization and Authorization. Developer is an Illinois corporation and Car Dealer is an Illinois limited liability company and both are authorized to do business in Illinois, exist under the laws of the State of Illinois, and are authorized to and have the

power to enter into, and by proper action have been duly authorized to execute, deliver and perform, this Agreement. Developer and Car Dealer are solvent, able to pay their debts as they mature and financially able to perform all the terms of this Agreement. To Developer and to Car Dealer's knowledge, there are no actions at law or similar proceedings which are pending or threatened against Developer or Car Dealer, respectively, which would materially and adversely affect the ability of Developer or Car Dealer to proceed with the construction and development of the Project.

11.2 Hyundai Motor Sales USA, Inc. Authorization and Approval. Organization and Authorization. Car Dealer is authorized to do business by Hyundai Motor Sales USA, Inc. at the Property pursuant to Car Dealer's franchise agreement with Hyundai Motor Sales USA, Inc. Car Dealer and Developer have the power to enter into, and by proper action have been duly authorized to execute, deliver and perform, this Agreement. Prior to the Village's execution of this Agreement Car Dealer has provided a letter from Hyundai Motor Sales USA, Inc., in form and substance acceptable to the Village, establishing Car Dealer's approval to locate the Hyundai dealership on the Property. To Car Dealer's knowledge, there are no actions which are pending or threatened against Car Dealer by Hyundai Motor Sales USA, Inc. which would materially and adversely affect the ability of Car Dealer to proceed with the construction and development of the Project.

11.3 Non-Conflict or Breach. Neither the execution and delivery of this Agreement by either the Developer or Car Dealer, the consummation of the transactions contemplated hereby by Developer or Car Dealer, nor the fulfillment of or compliance with the terms and conditions of this Agreement by Developer or Car Dealer conflict with or result in a breach of any of the terms, conditions or provisions of any franchise

agreement, offerings or disclosure statement made or to be made on behalf of Developer or Car Dealer (with Developer's or Car Dealer's prior written approval), any organizational documents, any restrictions, agreement or instrument to which Developer or Car Dealer or any of its partners or venturers is now a party or by which Developer or Car Dealer or any of its partners or its venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of Developer or Car Dealer, any related party or any of its venturers under the terms of any instrument or agreement to which Developer or Car Dealer, any related party or any of its partners or venturers is now a party or by which Developer or Car Dealer, any related party or any of its venturers is bound, the effect of which would have a material and adverse effect upon the Project.

11.4 Location of Project. The Project will be located entirely within the Property, except for the Off-Site Road Improvements.

11.5 Financial Resources. Developer and Car Dealer, respectively, and any Affiliate to which portions of this Agreement are assigned, have sufficient financial and economic resources to implement and complete Developer's and/or Car Dealer's respective obligations contained in this Agreement.

11.6 Limit on Use of Land as Security. Developer's and Car Dealer's right to use the land as security for financing purposes shall be subject to the restrictions contained in this Agreement. Violation of this covenant shall constitute an Event of Default and Village shall have the right to terminate any remaining TIF reimbursement payments.

ARTICLE TWELVE

REPRESENTATIONS AND WARRANTIES OF THE VILLAGE.

The Village represents, warrants and agrees as the basis for the undertakings on its part herein contained that:

12.1 Organization and Authority. The Village is a municipal corporation duly organized and validly existing under the law of the State of Illinois, is a home rule unit of government, and has all requisite corporate power and authority to enter into this Agreement.

12.2 Authorization. The execution, delivery and the performance of this Agreement and the consummation by the Village of the transactions provided for herein and the compliance with the provisions of this Agreement: (i) have been duly authorized by all necessary corporate action on the part of the Village, (ii) require no other consents, approvals or authorizations on the part of the Village in connection with the Village's execution and delivery of this Agreement, and (iii) shall not, by lapse of time, giving of notice or otherwise result in any breach of any term, condition or provision of any indenture, agreement or other instrument to which the Village is subject.

12.3 Litigation. To the best of the Village's knowledge, there are no proceedings pending or threatened against or affecting the Village or the Rand/Lake Cook Redevelopment Project Area in any court or before any governmental authority which involves the possibility of materially or adversely affecting the ability of the Village to perform its obligations under this Agreement.

12.4 Connections. The Village shall permit the connection to Village utility systems of all water lines, sanitary and storm sewer lines or Village utility lines existing or constructed in the Property or near the perimeter of the Property as set forth on the Final

Plans, provided that Developer complies with all requirements of general applicability promulgated by the Village for such connections. Village shall grant utility easements over Village owned land and public rights of way as may be necessary or appropriate to accommodate the utilities shown on the Final Plans.

12.5 Best Efforts. The Village agrees to cooperate with Developer in Developer's efforts to obtain necessary licenses, permits and approvals from other governmental and quasi-governmental bodies for the Project, including, the state and local Departments of Transportation, Metropolitan Water Reclamation District, state and federal Environmental Protection Agencies, and FEMA.

ARTICLE THIRTEEN

LIABILITY AND RISK INSURANCE.

13.1 Liability Insurance Prior to Completion. Seven (7) days prior to Closing on the first parcel of land comprising the Property, Developer (or Developer's contractor) shall procure and deliver to the Village, at Developer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Developer 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 Dollars (\$2,000,000.00) each occurrence and Five Million Dollars (\$5,000,000.00) total. 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 Developer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Developer. 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; provided that, Village hereby agrees and acknowledges that it's rights as an additional insured are subordinate to the priority of the construction lender as a loss payee. Developer may satisfy its insurance obligations in this **Article Thirteen** by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least Ten Million Dollars (\$10,000,000.00). Developer shall provide to the Village a replacement certificate not less than thirty (30) days prior to expiration of any policy.

13.2 Builder's Risk Prior to Completion. Prior to completion of the construction of the Project on the Property, as certified by the Village, Developer 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 Project (including on-site stored materials), all as to work by Developer. 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.

ARTICLE FOURTEEN

EVENTS OF DEFAULT AND REMEDIES.

14.1 Developer and Car Dealer Events of Default. The following shall be Events of Default with respect to this Agreement:

a. If any representation made by Developer or Car Dealer in this Agreement, or in any certificate, notice, demand or request made by a Party hereto, in

writing and delivered to the Village pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if Developer or Car Dealer, respectively, does not remedy the default, within thirty (30) days after written notice from the Village.

b. Default by Developer or Car Dealer for a period of thirty (30) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of Developer or Car Dealer; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days and Developer or Car Dealer, respectively, within said thirty (30) days, initiates and diligently pursues appropriate measures to remedy the default; provided further, however, that such additional period will be limited to an additional thirty (30) days in the event that permitting a longer period for cure would materially threaten or jeopardize the value, TIF Increment Projection or completion of the Project.

c. Default by Developer or Car Dealer in the performance or breach of any covenant, warranty, representation, or obligation contained in this Agreement or in its Hyundai Motor Sales USA, Inc., franchise agreement, which is not cured within thirty (30) days (or such longer period permitted for cure under such franchise agreement) after written notice of such breach; provided, however, that such default shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days (or longer period under the franchise agreement) and the Developer or Car Dealer, respectively, within said initial period for cure initiates and diligently pursues appropriate measures to remedy the default; provided further, however, that such

additional period will be limited to an additional sixty (60) days unless permitting a longer period for cure would materially threaten or jeopardize the value, TIF Increment Projection or completion of the Project.

d. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Developer or Car Dealer, respectively, in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Developer or Car Dealer, respectively, for any substantial part of its property, and either ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days, or where a plan of reorganization reasonably acceptable to Village is not confirmed within one hundred twenty (120) days after such order or decree.

e. The commencement (i) by Developer or Car Dealer, respectively, of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law; (ii) by any third party or parties of an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, which is not dismissed within ninety (90) days after filing or with respect to which a plan of reorganization reasonably acceptable to Village has not been confirmed within one hundred twenty (120) days after commencement, or the consent by Developer or Car Dealer, respectively, to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar

official) of Developer or Car Dealer, respectively, or of any substantial part of the Property, or the making by any such entity of any assignment for the benefit of creditors or the failure of Developer or Car Dealer, respectively, generally to pay such entity's debts as such debts become due or the taking of any action by Developer or Car Dealer, respectively, in furtherance of any of the foregoing.

f. Failure to have funds to meet Developer or Car Dealer's respective obligations under this Agreement.

g. Failure to renew or extend the Letter of Credit referenced in **Article Six** (A) thirty (30) or more days prior to its expiry (in which event the Village may draw the full amount of the Letter of Credit).

h. Sale, assignment, or transfer of the Project except in accordance with this Agreement.

i. Change in the Developer or Car Dealer (other than to Permitted Transferees).

j. Developer or Car Dealer abandons the Project or the Property. Abandonment shall be deemed to have occurred when work stops on the Property for more than thirty (30) consecutive days for any reason other than Uncontrollable Circumstances.

k. Developer or Car Dealer, respectively, fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement. The maintenance requirement of this provision shall not be covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement. Notwithstanding anything herein to the contrary, in the event Developer or Car Dealer,

respectively, fails to satisfy a "Target Date" as defined in Exhibit "C", such failure shall constitute an Event of Default subject to Developer's or Car Dealer's respective rights to cure as provided hereunder. However in the event the Developer or Car Dealer, respectively, fails to satisfy a "Default Date" as defined in Exhibit "C", Village may immediately draw on the Letter of Credit, without rights of Developer or Car Dealer to cure.

14.2 Village Events of Default. The following shall be Events of Default with respect to this Agreement:

a. if any material representation made by the Village in this Agreement, or in any certificate, notice, demand or request made by a party hereto, in writing and delivered to Developer or Car Dealer pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if such breach materially threatens or jeopardizes the value or completion of the Project and the Village does not remedy the default, within thirty (30) days after written notice from Developer or Car Dealer respectively;

b. default by the Village in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial condition of the Village; provided, however, that such default shall constitute an Event of Default only if such breach materially threatens or jeopardizes the value or completion of the Project and the Village does not initiate within thirty (30) days after written notice from Developer or Car Dealer, respectively, and thereafter diligently pursue appropriate measures to remedy the default;

- c. default by the Village in the performance or breach of any material covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if the Village, commences cure within thirty (30) days after written notice from Developer or Car Dealer, respectively, and in any event cures such default within sixty (60) days after such notice, subject to Uncontrollable Circumstances; or
- d. failure to make TIF Reimbursement Funds available to meet the Village's obligations pursuant to the terms of this Agreement.

14.3 Remedies for Default.

- A. In the event of an Event of Default hereunder, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.
- B. In the event Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then, and in each such case, Developer, Car Dealer and Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Developer, Car Dealer and the Village shall continue as though no such proceedings had been taken.
- C. In the case of an Event of Default by Developer or Car Dealer, in addition to recourse under the Letter of Credit and any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement.

D. In the event a "Default Date" as defined in Exhibit "C" exists, Village may immediately draw on the Letter of Credit, without rights of Developer or Car Dealer to cure.

14.4 Agreement to Pay Attorneys' Fees and Expenses. In the event an Event of Default is not cured within the applicable cure periods and the Parties employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement herein contained, the non-prevailing party shall pay, on demand, the prevailing party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action. The Village's duty to pay shall be subject to the Illinois Local Government Prompt Payment Act.

14.5 No Waiver by Delay or Otherwise. 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 way (it being the intent of this provision that neither party should 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.

14.6 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.

ARTICLE FIFTEEN

EQUAL EMPLOYMENT OPPORTUNITY

15.1 No Discrimination. Developer and Car Dealer will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, sexual orientation, or national origin. To the fullest extent required by law, Developer and Car Dealer will take affirmative action to ensure that applicants are employed and treated during employment, without regard to their race, color, religion, sex or national origin.

15.2 Contractors. Any contracts made by Developer and/or Car Dealer with any general contractor, agent, employee, independent contractor or any other Person in connection with construction of the Project shall contain language similar to that recited in **Sections 15.1.** above.

ARTICLE SIXTEEN

MISCELLANEOUS PROVISIONS.

16.1 Cancellation. In the event prior to Closing of the last parcel of the Property, Developer, Car Dealer or the Village shall be prohibited, in any material respect, from performing covenants and agreements or enjoying the rights and privileges herein contained, or contained in the Redevelopment Plan, including Developer's duty to build the Project, by any Uncontrollable Circumstance, or in the event that all or any part of the Act or any ordinance adopted by the Village in connection with the Project shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment

Plan or the covenants and agreements or rights and privileges of Developer, Car Dealer or the Village, then and in any such event, the Party so materially affected may, at its election, cancel or terminate this Agreement in whole or in part (with respect to that portion of the Project materially affected) by giving written notice thereof to the other prior to Closing of the last parcel of the Property. If the Village terminates this Agreement pursuant to this **Section 16.1**, to the extent it is then appropriate, the Village, at its option, may also terminate its duties, obligation and liability under all or any related documents and agreements. In the event of any termination/cancellation, the Village Security shall be released to Car Dealer subject to the terms of this Agreement.

16.2 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, Ltd. 70 W. Madison Street, Suite 4500 Chicago, IL 60602 Attn: Robert C. Kenny
If to Develop or Car Dealer:	
C/O Patrick BMW 700 E. Golf Road Schaumburg, Illinois 60173 Attn: Mr. Martin Stilwell	

With a copy to: Meltzer, Purtill & Stelle, LLC
1515 East Woodfield Road, Second Floor
Schaumburg, IL 60173
Attn: Mark R. Raymond

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) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to 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.

16.3 Time of the Essence. Time is of the essence of this Agreement.

16.4 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

16.5 Recordation of Agreement. The Parties agree to record this Agreement in the Recorder's Office of Cook County.

16.6 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.

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

16.8 Entire Contract and Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract and a full integration of the Agreement between the Village, Developer and Car Dealer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village, Developer and Car Dealer, and may not be modified or amended except by a written instrument executed by the Parties hereto.

16.9 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, Developer and Car Dealer, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village, Developer or Car Dealer, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village, Developer or Car Dealer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

16.10 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.

16.11 Cooperation and Further Assurances. The Village, Developer and Car Dealer each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better clarifying, assuring, mortgaging, conveying,

transferring, pledging, assigning and confirming unto the Village, Developer or Car Dealer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

16.12 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns, including their lenders; provided, however, that, except as provided in **Section 9.11** and **Section 9.12** hereof, neither Developer nor Car Dealer may assign its rights under this Agreement without the express written approval of the Village. Notwithstanding anything herein to the contrary, the Village may not delegate its obligation hereunder. The Lender, to the extent that it comes into title to the Property shall be responsible to comply with this Agreement in all respects.

16.13 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.

16.14 No Personal Liability of Officials of Village. 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, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village, 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.

16.15 Repealer. To the extent that any ordinance, resolution, rule, order or provision of the Village's code of ordinances, or any part thereof, is in conflict with the provisions of this Agreement, the provisions of this Agreement shall be controlling, to the extent lawful.

16.16 Term. This Agreement shall remain in full force and effect for twenty-three (23) years from the date the Rand/Lake Cook Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Project is extended or until termination of the Rand/Lake Cook Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Agreement.

16.17 Estoppel Certificates. Each of the parties hereto agrees to provide the other, upon not less than ten (10) business days prior request, a certificate ("Estoppel Certificate") certifying that this Agreement is in full force and effect (unless such is not the case, in which such parties shall specify the basis for such claim), that the requesting party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party.

16.18 Municipal Limitations. All municipal commitments are limited to the extent required by law.

16.19 Prevailing Wage Act Compliance. Prevailing Wages. Developer and Car Dealer acknowledge that in the event that this Project obtains public funds from any source other than the TIF District, including actual sales tax dollars, that the prevailing wage act will apply such that all costs of construction and installation of all improvements, public and private, may require compliance with the Prevailing Wage Law. It shall be the duty of the Developer/Car Dealer to determine whether the Prevailing Wage Act applies. If

the Prevailing Wage Act applies, Developer and Car Dealer shall require that contractors and sub-contractors submit to the Village on a monthly basis, certified payroll records as required by the Prevailing Wage Act. These records shall be kept by the Village for three (3) years and are subject to review through the Freedom of Information Act (FOIA), provided that for purposes of public review, such records would not include an employee's address or social security number, and Car Dealer's agreements with contractors and subcontractors shall so comply. Failure to comply with the Prevailing Wage Act that applies to any work performed under this Project shall result in a termination of TIF reimbursement payments.

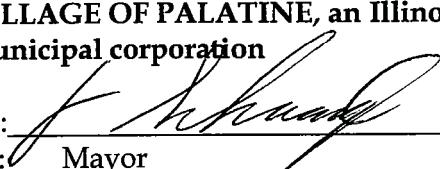
ARTICLE SEVENTEEN

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 and adoption of this Agreement. Developer and Car Dealer shall execute this Agreement not later than twenty-one (21) days after Village Council authorization of 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

PATRICK HYUNDAI PALATINE, LLC

By: Hal Hansen
Name: Hal Hansen II
Its: President

DEVELOPER:

RAND ROAD PROPERTY, INC.

By: Hal Hansen
Name: Hal Hansen II
Its: President

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

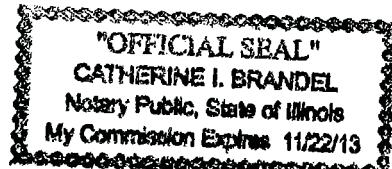
I, Catherine I Brandel, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Stanley Dawson IV, President of Rand Road Property, Inc., an Illinois corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act as said President and as the free and voluntary act of said corporation for the uses and purposes therein set forth.
GIVEN under my hand and Notarial Seal this 10th day of September, 2012.

Catherine I. Brandel
Notary Public

My commission expires 11/22/13.

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Catherine I. Brandel, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Stanley Dawson IV, President of PATRICK HYUNDAI PALATINE, LLC., an Illinois limited liability company, 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 as said President and as the free and voluntary act of said limited liability company for the uses and purposes therein set forth.
GIVEN under my hand and Notarial Seal this 10th day of September, 2012.



Catherine I. Brandel
Notary Public

My commission expires 11/22/13.



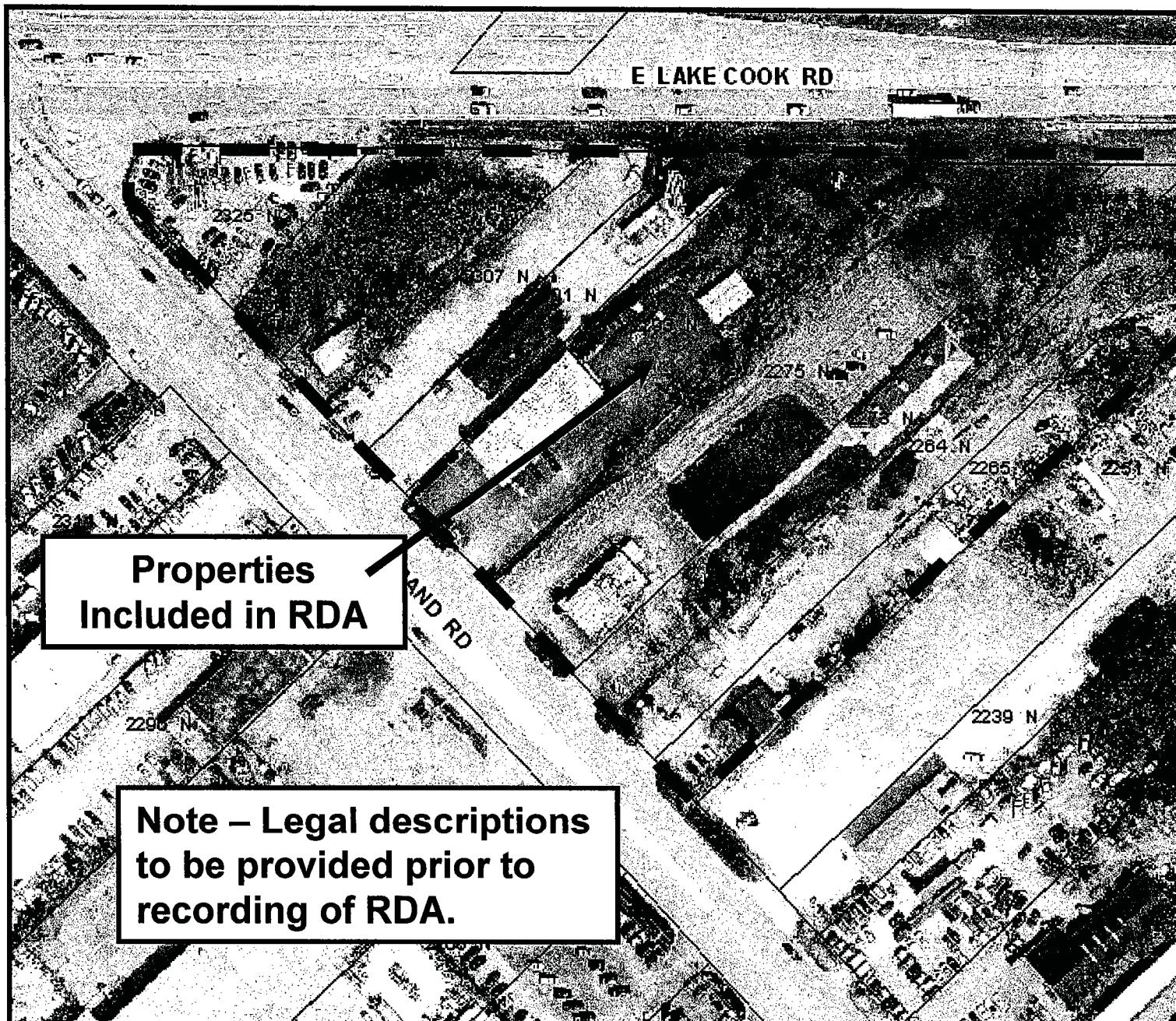
EXHIBIT A LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B PRELIMINARY PLANS

EXHIBIT C TIMETABLE

Exhibit A

Exhibit A



PATRICK HYUNDAI SUBDIVISION

PROPERTY DESCRIPTION:

PARCEL 003:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT IN THE CENTER LINE OF RAND ROAD 304 FEET SOUTHEASTERLY OF THE POINT OF INTERSECTION OF THE CENTER LINE OF SAID ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION, (SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION); THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID ROAD 50 FEET; THENCE NORTHEASTERLY IN A STRAIGHT LINE 379.50 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION, 505.13 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION; THENCE WEST ALONG THE NORTH LINE OF SAID SECTION 97.17 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 310.35 FEET TO THE POINT OF BEGINNING (EXCEPT THAT PART TAKEN BY STATE OF ILLINOIS FOR ROUTE 60 AS SHOWN ON PLAT OF SURVEY RECORDED AS DOCUMENT 12592034) AND ALSO EXCEPT THE NORTH 60 FEET THEREOF) IN COOK COUNTY ILLINOIS.

AND ALSO

PARCEL 004:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID RAND ROAD 354 FEET TO A POINT OF BEGINNING: THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 50 FEET; THENCE NORTHEASTERLY IN A STRAIGHT LINE 453 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION 2 WHICH IS 606.74 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2 AFORESAID 101.61 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 379.50 FEET TO THE POINT OF BEGINNING (EXCEPT THE NORTH 60 FEET THEREOF) IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 005:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET

SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 404 FEET TO A POINT. OF BEGINNING; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 50 FEET; THENCE NORTHEASTERLY IN A STRAIGHT LINE 506.16 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION 2, THAT IS 679.71 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2, AFORESAID 72.97 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 453 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 006:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD, 454 FEET TO A POINT OF BEGINNING; THENCE SOUTHEASTERLY ALONG THE CENTER LINE 50 FEET; THENCE NORTHEASTERLY IN A STRAIGHT LINE 559.30 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION 2 THAT IS 752.68 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2 AFORESAID 72.97 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 506.15 FEET TO THE POINT OF BEGINNING, (EXCEPT THE SOUTHWESTERLY 50 FEET THEREOF AND EXCEPT THAT PART FALLING WITHIN THE NORTH 60 FEET OF SECTION), IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 007:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2: THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 504 FEET TO A POINT OF BEGINNING THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 100 FEET, THENCE NORTHEASTERLY IN A STRAIGHT LINE 665.60 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION 2, THAT IS 898.62 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, THENCE WEST ALONG THE NORTH LINE OF SECTION 2 AFORESAID, 145.94 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 559.30 FEET TO A POINT OF BEGINNING (EXCEPTING THEREFROM THAT PART LYING NORTH OF THE FOLLOWING DESCRIBED LINE, COMMENCING AT THE INTERSECTION OF THE EAST LINE OF AFORESAID NORTH EAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, THAT IS 70 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF

SAID NORTH EAST 1/4, THENCE WEST PARALLEL WITH SAID NORTH LINE TO A POINT 494 FEET WEST OF AND 70 FEET SOUTH OF THE NORTH EAST CORNER OF SAID NORTH EAST 1/4, THENCE NORTH AT RIGHT ANGLES TO THE LAST DESCRIBED LINE 10 FEET, THENCE WEST PARALLEL WITH THE NORTH LINE OF SAID NORTH EAST 1/4 TO THE WEST LINE OF THE NORTH EAST 1/4 OF THE NORTH WEST 1/4 OF SAID SECTION 2) IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 021:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS. DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 754 FEET TO THE POINT OF BEGINNING: THENCE SOUTHEAST ALONG THE CENTER LINE OF RAND ROAD, 50 FEET; THENCE NORTHEAST IN A STRAIGHT LINE 878.20 FEET TO A POINT ON THE NORTH LINE OF SECTION 2 AFORESAID, THAT IS 1190.50 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2 AFORESAID 72.97 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 825.05 FEET TO THE POINT OF BEGINNING, (EXCEPTING ANY PART OF THE LAND CONVEYED TO THE COUNTY OF COOK BY DEED RECORDED NOVEMBER 20, 1975 AS DOCUMENT 23300598 AND EXCEPT ANY PART OF THE LAND CONTAINED IN CONDEMNATION CASE 01L50859) IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 030:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 AND WEST 4 ACRES OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH. RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 804 FEET TO THE POINT OF BEGINNING; THENCE SOUTHEAST ALONG THE CENTER LINE OF RAND ROAD, 50 FEET; THENCE NORTHEAST IN A STRAIGHT LINE 931.34 FEET TO A POINT ON THE NORTH LINE OF SECTION 2 AFORESAID THAT IS 1263.47 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2 AFORESAID 72.97 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 878.20 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 031:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF RAND ROAD, 604 FEET TO A PLACE OF BEGINNING THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF RAND ROAD, 100 FEET; THENCE NORTHEASTERLY IN A STRAIGHT LINE 771.90 FEET MORE OR LESS, TO A POINT ON THE NORTH LINE OF SAID SECTION 2, THAT IS 1,044.56 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2, AFORESAID, 145.94 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE, 665.60 FEET MORE OR LESS TO THE PLACE OF BEGINNING (EXCEPTING THEREFROM THAT PART OF THE LAND TAKEN FOR ROAD PURPOSES) ALL IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 032:

THAT PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF RAND ROAD, 704 FEET TO THE PLACE OF BEGINNING; THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF RAND ROAD 50 FEET; THENCE NORTHEASTERLY IN A STRAIGHT LINE 825.05 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 2, THAT IS 1,117.53 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 2; THENCE WEST ALONG THE NORTH LINE OF SECTION 2, AFORESAID, 72.97 FEET; THENCE SOUTHWESTERLY IN A STRAIGHT LINE 771.90 FEET MORE OR LESS TO THE PLACE OF BEGINNING (EXCEPTING THEREFROM THAT PART OF THE LAND TAKEN FOR ROAD PURPOSES), ALL IN COOK COUNTY, ILLINOIS.

AND ALSO

PARCEL 033-1:

THAT PART 01 THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2, THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID RAND ROAD 204.00 FEET TO A PLACE OF BEGINNING; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF RAND ROAD 100 FEET THENCE

NORtheasterly in a straight line 310.35 feet to a point in the north line of the northeast quarter of the northwest quarter, of said section 2 that is 407.96 feet east of the northwest corner of the northeast quarter of the northwest quarter of said section 2; thence west along the north line of the northeast quarter of the northwest quarter of section 2, aforesaid 177.15 feet; thence southwesterly in a straight line 188.22 feet to the place of beginning (except the north 60 feet, as measured at right angles to the north line thereof) in Cook County, Illinois.

AND ALSO

PARCEL 033-2:

THAT PART OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF RAND ROAD WITH THE WEST LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2, SAID POINT OF INTERSECTION BEING 16.12 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID RAND ROAD 204.00 FEET; THENCE NORtheasterly in a straight line 188.22 feet a point on the north line of the northeast quarter of the northwest quarter of said section 2 that is 230.81 feet east of the northwest corner of the northeast quarter of the northwest quarter of said section 2; thence west along the north line of the northeast quarter of the northwest quarter of section 2 aforesaid 230.81 feet; thence south 16.12 feet to the place of beginning (except that part taken for Lake-Cook Road) in Cook County, Illinois.

PREPARED BY: SPACECO INC.

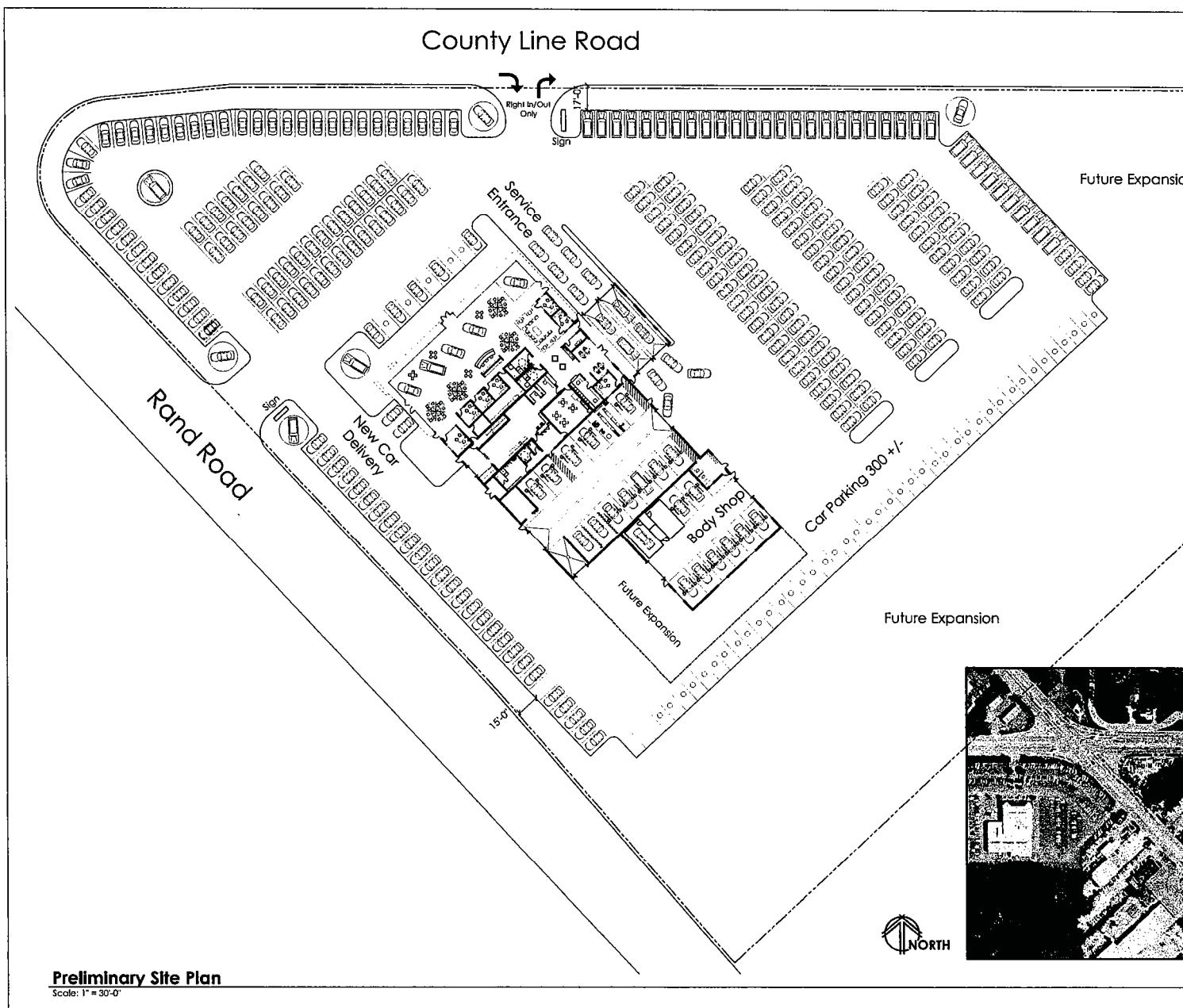
DATED: SEPTEMBER 10, 2012

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Exhibit B

EXHIBIT B

County Line Road



Preliminary Site Plan

Scale: 1" = 30'-0"

Village of Palatine Rand-Lake Cook TIF

Exhibit C

EXHIBIT C

Development Schedule

Action	Target Date	Default Date	Penalty Amount Payable Upon Failure to Comply by Default Date ¹
Apply for Planned Development Approval	09-15-12	12-15-12	
Close on the Property	10-15-12	12-27-12	
Commence site preparation*	11-01-12	02-01-13	\$10,000.00
Apply for a building permit*	01-15-13	02-15-13	\$10,000.00
Obtain Building Permit*	02-15-13	04-15-13	
Complete foundation installation*	05-01-13	07-01-13	\$10,000.00
Complete shell and core*	08-01-13	10-01-13	\$10,000.00
Occupy Building, First C of O*	11-01-2013	12-31-2013	\$50,000.00

*Not applicable unless Developer has closed on the Property.

¹ Penalty amounts shall be payable pursuant to Village draws on the Letter of Credit.

Village of Palatine
Proposed Rand/Lake Cook Tax Increment Financing District
Meeting of the Joint Review Board
Thursday, June 14, 2012 - 3:30 p.m.

Minutes

I. JOINT REVIEW BOARD CALL TO ORDER

Reid Ottesen, Village Representative, called the meeting to order at 3:31 p.m.

II. ROLL CALL OF TAX DISTRICT MEMBERS

Present:

Palatine Public Library District
Susan Strunk, Executive Director
Palatine Park District
Mike Clark, Executive Director
Debbie Smith, Superintendent – Finance
Community Consolidated School District 15
Scott Thompson, Superintendent
Michael Adamczyk, Asst. Superintendent - Business & Aux. Services
William Rainey Harper Community College
Tom Crylen, Executive Director of Facilities Management
Township High School District 211
Chris Kontney – Director of Business Services
Village of Palatine
Reid Ottesen, Village Manager
Mike Jacobs, Deputy Village Manager
Paul Mehring, Finance Director
Robert Kenny, Village Attorney
Jewell Walton, TIF Consultant – SB Friedman & Co.

Absent:

Cook County / Cook County Forest Preserve District
Illinois Department of Commerce & Economic Opportunity
Long Grove Fire Protection District
Metropolitan Water Reclamation District
Northwest Mosquito Abatement District
Township of Palatine

III. NOMINATION OF PUBLIC MEMBER & CHAIRMAN

Mike Clark moved, seconded by Susan Strunk, to nominate Reid Ottesen as the Chairman of the Joint Review Board meeting for Thursday, June 14, 2012. The motion was approved unanimously.

Reid Ottesen noted that no resident from within the proposed TIF District was in attendance at the meeting, nor did any resident from within the proposed TIF District contact the Village with regards to serving as the Public Member. Due to these circumstances no public member was nominated or selected.

IV. REVIEW OF PROPOSED RAND/LAKE COOK TIF DISTRICT

Reid Ottesen noted that while the Illinois Department of Commerce & Economic Opportunity was not in attendance at the meeting, they submitted a letter indicating they had no specific comments on the proposed TIF District.

Mike Jacobs provided some brief background on what steps have been taken so far in the creation of the proposed Rand/Lake Cook TIF District, reviewed the proposed TIF District's boundary, and summarized the condition of the existing properties as well as the related development challenges.

Jewell Walton briefly reviewed the Rand/Lake Cook Redevelopment Project Area's Tax Increment Financing District Eligibility Study, Redevelopment Plan and Project. She reviewed the existing and proposed land uses, the criteria by which the proposed Project Area qualifies for the designation of a TIF District, and the TIF District's proposed budget.

Mike Adamczyk asked for clarification regarding the use of the term "deleterious." Jewell Walton noted that "deleterious land use" is a term within the State's TIF Act that generally describes land uses that are damaging or detrimental to the general area.

Reid Ottesen provided some background on the Village's existing TIF Districts and the circumstances under which they were created.

Mike Clark asked why the Village is pursuing the creation of the proposed TIF District at this time. Reid Ottesen explained that the Village Council requested Staff pursue the creation of a new TIF District last year in the hopes to extend the reinvestment and redevelopment that has recently occurred along the Rand Road corridor, with hopes that some positive signs in the economy would result in renewed interest in this area. He also noted that a car dealership has been looking at some of the properties, but is waiting for the TIF District to be created.

Mike Jacobs also noted that as part of the Village's recently adopted Comprehensive Plan, specific consideration was given to the area of the proposed TIF District and what could be done to counter some of the existing development challenges.

V. REVIEW OF DRAFT TIF DISTRICT ORDINANCE

Mike Jacobs indicated that copies of the proposed Rand/Lake Cook TIF District approval ordinances had been provided to all of the taxing bodies prior to the Joint Review Board meeting. As there were no questions, he noted that the ordinances would likely be considered by the Village Council in August, following the Public Hearing scheduled for July 9, 2012.

VI. DISCUSSION & RECOMMENDATION

Susan Strunk moved, seconded by Tom Crylen, to recommend approval of the redevelopment plan and the designation of the redevelopment project area (TIF District) on the basis of the redevelopment project area and redevelopment plan satisfying the plan requirements, the eligibility criteria defined in Section 11-74.4-3, and the objectives of this Act. The motion was approved unanimously.

Based on the Joint Review Board's recommendation, Reid Ottesen, as Chairman, signed the Joint Review Board's Findings and Recommendations (see attached).

IX. ADJOURNMENT

Mike Clark moved, seconded by Chris Kontney, to adjourn the Joint Review Board Meeting at 3:55 p.m. The motion was approved unanimously.

Respectfully submitted,

Michael W. Jacobs
Village of Palatine

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:

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

Absent:

Cook County
Metropolitan Water Reclamation District
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



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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, the aggregate remaining fund information of the Village of Palatine, Illinois as of and for the year ended December 31, 2012, which collectively comprise the basic financial statements of the Village of Palatine, Illinois, and have issued our report thereon dated April 16, 2013.

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 Tax Increment Financing District Fund) 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 relate 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 16, 2013

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, 2012

	Dundee Road TIF	Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF	Rand-Lake Cook TIF
REVENUES					
Taxes					
Incremental property taxes	\$ 2,646,573	\$ 248,691	\$ 5,298,957	\$ 2,736,497	\$ -
Intergovernmental					
Build America bond interest rebate	- -	- -	136,474	- -	- -
Investment income	2,499	444	11,928	3,306	- -
Total revenues	2,649,072	249,135	5,447,359	2,739,803	- -
EXPENDITURES					
Economic development					
Supplies and services	- -	- -	3,063	38,280	- -
Project expenditures	- -	- -	243,906	1,952,068	2,043,615
Surplus distribution	3,192,000	398,000	- -	- -	- -
Capital outlay					
Buildings and facilities	- -	- -	879	- -	- -
Rights of way improvements	- -	- -	44,210	11,065	- -
Flood control	- -	- -	- -	102,153	- -
Street improvements	- -	- -	552,816	45,533	- -
Debt service					
Principal retirement	- -	- -	3,631,824	500,000	- -
Interest	- -	- -	1,829,968	905,398	- -
Fiscal charges	- -	- -	86,684	1,000	- -
Total expenditures	3,192,000	398,000	6,393,350	3,555,497	2,043,615
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(542,928)	(148,865)	(945,991)	(815,694)	(2,043,615)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued, at par	- -	- -	5,025,000	- -	- -
Payment to refunded bond escrow agent	- -	- -	(4,939,073)	- -	- -
Proceeds from sale of capital assets	- -	- -	- -	213,935	- -
Transfers in (out)	- -	- -	- -	(2,000,000)	2,000,000
Total other financing sources (uses)	- -	- -	85,927	(1,786,065)	2,000,000
NET CHANGE IN FUND BALANCE	(542,928)	(148,865)	(860,064)	(2,601,759)	(43,615)
FUND BALANCE, JANUARY 1	2,638,526	443,219	14,529,230	12,347,855	- -
FUND BALANCE, DECEMBER 31	\$ 2,095,598	\$ 294,354	\$ 13,669,166	\$ 9,746,096	\$ (43,615)

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICT FUNDS

SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended December 31, 2012

	Dundee Road TIF	Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2012	\$ 2,638,526	\$ 443,219	\$ 14,529,230	\$ 12,347,855	\$ -
ADDITIONS					
Taxes					
Incremental property taxes	2,646,573	248,691	5,298,957	2,736,497	-
Intergovernmental					
Build america bond interest rebate	-	-	136,474	-	-
Investment income	2,499	444	11,928	3,306	-
Refunding bonds issued, at par	-	-	5,025,000	-	-
Proceeds from sale of capital assets	-	-	-	213,935	-
Transfers in	-	-	-	-	2,000,000
Total additions	2,649,072	249,135	10,472,359	2,953,738	2,000,000
BEGINNING BALANCES PLUS ADDITIONS	5,287,598	692,354	25,001,589	15,301,593	2,000,000
DEDUCTIONS					
Economic development					
Supplies and services	-	-	3,063	38,280	-
Project expenditures	-	-	243,906	1,952,068	2,043,615
Surplus distribution	3,192,000	398,000	-	-	-
Capital outlay					
Buildings and facilities	-	-	879	-	-
Rights of way improvements	-	-	44,210	11,065	-
Flood control	-	-	-	102,153	-
Street improvements	-	-	552,816	45,533	-
Debt service					
Principal retirement	-	-	3,631,824	500,000	-
Interest	-	-	1,829,968	905,398	-
Fiscal charges	-	-	86,684	1,000	-
Payment to refunded bond escrow agent	-	-	4,939,073	-	-
Transfers out	-	-	-	2,000,000	-
Total deductions	3,192,000	398,000	11,332,423	5,555,497	2,043,615
ENDING BALANCES, DECEMBER 31, 2012	\$ 2,095,598	\$ 294,354	\$ 13,669,166	\$ 9,746,096	\$ (43,615)
ENDING BALANCES BY SOURCE					
Incremental property taxes	\$ 2,095,598	\$ 248,691	\$ -	\$ 1,132,638	\$ (43,615)
Investment income	-	45,663	-	-	-
Investment in land held for resale	-	-	13,669,166	8,613,458	-
Subtotal	2,095,598	294,354	13,669,166	9,746,096	(43,615)
Less Surplus Funds	-	-	-	-	-
ENDING BALANCES, DECEMBER 31, 2011	\$ 2,095,598	\$ 294,354	\$ 13,669,166	\$ 9,746,096	\$ (43,615)

(See independent auditor's report.)