

CITY OF EVANSTON
TAX INCREMENT FINANCING DISTRICT NO. 2
SOUTHWEST TIF DISTRICT
ANNUAL REPORT FOR THE FISCAL YEAR
BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013

***CITY OF EVANSTON SOUTHWEST TIF DISTRICT ANNUAL REPORT FOR FISCAL YEAR
BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013***

City of Evanston

**Tax Increment Financing District No. 2
Southwest TIF District
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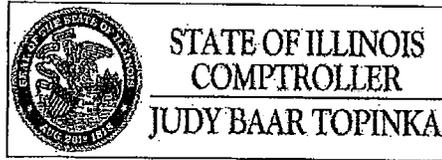
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Section 1. Name of Redevelopment Project Area and Contact Information

Refer to chart attached.

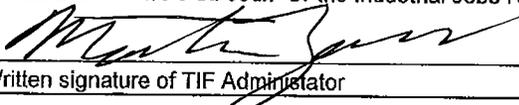
FY 2013
ANNUAL TAX INCREMENT FINANCE
REPORT



Name of Municipality: Evanston Reporting Fiscal Year: **2013**
 County: Cook Fiscal Year End: **12/31/2013**
 Unit Code: 016/175/30

TIF Administrator Contact Information

First Name: Martin Last Name: Lyons
 Address: 2100 Ridge Avenue Title: TIF Administrator
 Telephone: 847/328-2100 City: Evanston Zip: 60210-2798
 Mobile _____ E-mail: mlyons@cityofevanston.org
 Mobile Provider _____ Best way to contact Email Phone
 _____ Mobile Mail

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

 Written signature of TIF Administrator _____ Date 1/28/14

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		
Name of Redevelopment Project Area	Date Designated	Date Terminated
Downtown II TIF District (Research Park)-TIF1	1/28/1985	10/12/2009
Southwest TIF District- TIF 2	6/25/1990	
Howard Hartrey TIF District - TIF 3	4/27/1992	
Washington National TIF District - TIF 4	9/1/1994	
Howard and Ridge TIF District - TIF 5	1/26/2004	
West Evanston - TIF 6	9/1/2005	
Dempster Dodge TF District No. 7	6/25/2012	
Chicago Main TIF District No. 8	1/28/2013	

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

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]
 FY 2013

Name of Redevelopment Project Area:	SW TIF No. 2
Primary Use of Redevelopment Project Area*:	Combination Mixed
If "Combination/Mixed" List Component Types:	Retail Industrial
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/>	Industrial Jobs Recovery Law <input type="checkbox"/>

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H		X
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M		

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

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

There were no amendments to the Redevelopment Plan or to the Redevelopment Project Area within the reporting Period.

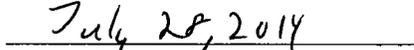
Attachment B Certification of the Mayor of the municipality that the municipality has complied with all of the requirements of the Act during the reporting Period.

Re: Southwest TIF District

I, Elizabeth Tisdahl, the duly elected Mayor of the City of Evanston, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the City of Evanston complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the Fiscal Year beginning January 1, 2013 and ending December 31, 2013.



MAYOR



DATE

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

RE: Attorney Review City of Evanston Southwest TIF District

To Whom It May Concern:

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

Sincerely,



Corporation Counsel

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

- A. Any project implemented during the reporting Period; and
- B. A description of the redevelopment activities undertaken.

The City continues to monitor existing projects as well as the need for capital improvements and review of redevelopment options for existing properties.

Attachment E Description of Agreements Regarding Property Disposition or Redevelopment

No agreements regarding property disposition or redevelopment agreements were entered into by the City during the fiscal year.

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

The City continued to apply incremental taxes to eligible TIF costs.

Attachment G Information Regarding Contracts with TIF Consultants.

The City utilized Kane, McKenna and Associates, Inc. in order to prepare the annual report. Fees were based upon hourly rates for services rendered and did not include contingent payments. Kane McKenna did not enter into contracts with any entities that were party to City redevelopment agreements.

Attachment H Reports Submitted by Joint Review Board.

No reports were submitted by the Joint Review Board. The Board met on December 5, 2013. Minutes of the meeting are attached as Exhibit A.

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

No new obligations were issued by the City in the reporting Period.

Attachment J Financial Analysis: TIF Obligations

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

Attachment K and L

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

Relevant portions of the City's audit and the compliance letter are attached as Exhibit B.

Attachment M Intergovernmental Agreements

Not applicable.

Section 3.1 Analysis of Special Tax Allocation Fund

Refer to table attached.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

Provide an analysis of the special tax allocation fund.

FY 2013

TIF NAME: SW TIF No. 2

Fund Balance at Beginning of Reporting Period \$ 304,939

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 492,410	\$ 10,782,115	73%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 2	\$ 845,002	6%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 2,100,000	14%
Transfers from Municipal Sources		\$ 880,154	6%
Private Sources		\$ 150,000	1%
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 \$ 492,412

Cumulative Total Revenues/Cash Receipts \$ 14,757,271 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 452,634

Distribution of Surplus

Total Expenditures/Disbursements \$ 452,634

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS \$ 39,778

FUND BALANCE, END OF REPORTING PERIOD* \$ 344,717

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

Total Amount Designated (Carried forward from Section 3.3) \$ (655,283)

Section 3.2 Itemized List of Expenditures from Special Tax Allocation Fund

Refer to tables attached.

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

FY 2013

TIF NAME: SW TIF No. 2

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
(by category of permissible redevelopment cost, amounts expended during reporting period)

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

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Housing and Economic Development	423,134	
TIF Reimbursements	29,500	
		\$ 452,634
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs Subsection (q)(2), (o)(2) and (o)(3)		
		\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and Improvements. Subsection (q)(4) and (o)(5)		
		\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

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

Refer to table attached.

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period

FY 2013

TIF NAME: SW TIF No. 2

FUND BALANCE, END OF REPORTING PERIOD \$ 344,717

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

Total Amount Designated for Obligations \$ - \$ -

2. Description of Project Costs to be Paid

TIF eligible cost reimbursement		\$ 1,000,000

Total Amount Designated for Project Costs \$ 1,000,000

TOTAL AMOUNT DESIGNATED \$ 1,000,000

SURPLUS*/(DEFICIT) \$ (655,283)

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

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

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

Refer to table attached.

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

FY 2013

TIF NAME: SW TIF No. 2

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 5.0 Review of Public and Private Investment.

Refer to table attached.

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

PAGE 1

FY 2013

TIF NAME: SW TIF No. 2

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

Check here if NO projects were undertaken by the Municipality Within the Redevelopment Project Area:			
ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below.			1
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 5,000,000	\$ -	\$ 5,000,000
Public Investment Undertaken	\$ 2,000,000	\$ -	\$ 2,000,000
Ratio of Private/Public Investment	2 1/2		2 1/2

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

Ward Manufacturing			
Private Investment Undertaken (See Instructions)	\$ 5,000,000		\$ 5,000,000
Public Investment Undertaken	\$ 2,000,000		\$ 2,000,000
Ratio of Private/Public Investment	2 1/2		2 1/2

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

EXHIBIT A

DRAFT – NOT APPROVED

TIF Joint Review Board Meeting Minutes December 5, 2013

Attendees:

Board Members: Kathy Zalewski - School District 65, Ald. Ann Rainey – City of Evanston, Bill Stafford - District 202, Brian Rosinski - Ridgeville Park District, Valerie Kretchmer - Member at Large

Board Members Absent: Carolyn Dellutri - Downtown Evanston, Bob Novak - Oakton Community College, Larry Kaufman - Member at Large, Richard Kwasneski - PACE, Margaret Lee – Oakton Community College, Kathleen Therese Meany - Metropolitan Water Reclamation District, Robert Berry- North Shore Mosquito Abatement, Mayor Tisdahl – City of Evanston

City Staff: Johanna Nyden, Martin Lyons, Cindy Plante, Janella Hardin

Others in Attendance: Bob Rychlicki – Kane McKenna

I. Call to Order by Ald. Ann Rainey, Chair

Chair Ann Rainey called the meeting to order at 10:06 a.m.

II. Approval of Joint Review Board Meeting Minutes of February 21, 2013

Bill Stafford of School District 202, motioned to approve the minutes from February 21, 2013.

The minutes from February 21, 2013 were approved unanimously 4-0.

III. Review of Annual Reports for Fiscal Year January 1, 2012 – December 31, 2012

Johanna Nyden, Economic Development Division Manager, distributed maps to the committee and gave a brief overview of the five TIF districts.

- Chicago Main TIF was established in 2012 (not presented).
- Howard Hartrey TIF was expanded to include 222 Hartrey; Autobarn, located on Chicago Ave is interested in relocating their operations to that property.
- Southwest TIF will close soon; Major activity in this district is Ward Manufacturing.
- West Evanston has included small façade projects; The increment has not grown quickly.
- Downtown TIF completed street improvements; In 2013, the Music Institute of Chicago relocated to 1702 Sherman.
- Howard Ridge TIF borders the south end of Evanston; The City has purchased several properties along Howard Street to rehab in an effort to bring new businesses to Evanston; Peckish Pig, 623 Howard, a restaurant and Evanston's first brewpub will be opening later this month; The property was

purchased using funds that will be paid by to the TIF in increments. Funds from the TIF are being used for rehab and to bring the building up to code; When the owners of Peckish Pig purchase the property from the City all the funds used to pay for the property as well as the rehab will be recouped.

Assistant City Manager Marty Lyons provided a consolidated summary of each TIF, including projected activity and summary of revenues.

A. Southwest TIF District #2

Marty Lyons provided an executive summary to the Joint Review Board detailing the revenue and assessed value for each of the TIF Districts. He brought the Board's attention to page 19 of the report. He stated that the Southwest TIF District will terminate in October 2014.

At Ald. Rainey's request, Mr. Lyons confirmed the boundaries of this TIF are Main/Oakton/McCormick/Dodge. This district includes Ward Manufacturing and Sam's Club. The TIF went negative to complete the Ward Manufacturing project. There were not many distributions because the TIF began with a negative balance. He explained that the TIF is now positive, stable and active. There is one potential capital project scheduled in 2014 that would encompass the \$304,000 in the balance plus an additional increment of \$450,000. Any distributions at the close of this TIF will be nominal.

Ald. Rainey thought a report from Ward Manufacturing would be helpful in understanding how they have prospered from this TIF. Ms. Nyden suggested a tour of the facility.

Mr. Lyons added that the TIF's Equalized Assessed Value has increased from \$1 million to \$7 million. There are no anticipated changes in value. Ald. Rainey noted the community is well developed even with the lack of signage.

Mr. Lyons will provide "dates terminated" and "dates to be terminated" for the cover page of the report in the future. At Mr. Stafford's inquiry, Mr. Lyons confirmed that all efforts will be made to ensure that all necessary documentation is on file and the notification is made earlier notification regarding the dissolution of the TIFs.

Mr. Lyons noted that Arlington Heights sued Cook County after closing a TIF and receiving a bill for a \$250,000 refund that happened within the TIF. The City of Evanston took the opposite position after being charged \$180,000 for the Downtown TIF. The City had been paying down debt on the City's parking garages using TIF funds. We received a notice from the County 3 days ago and is being reviewed by Legal.

Mary Gavin, Evanston Roundtable, asked if the school districts will receive a distribution from the Southwest TIF like they did in the past. Mr. Lyons explained that the agreement expired. In the last year, \$1 million in surplus distributions were split between all taxing bodies from the Howard Hartrey TIF.

B. Howard Hartrey TIF District #3

The beginning balance as of January 1, 2012 was \$5,000,873, expenditures of \$1,882,296, for an ending balance as of December 31, 2012 of \$4,245,639. Mr. Lyons noted that the boundaries of the TIF have changed. There is also a new development in process with a total value in excess of \$10 million, which will be calculated into the assessed value for the remainder of the TIF.

Mr. Stafford thinks this will be a win/win for everyone involved. This TIF will become more valuable and add to the pie for the taxing bodies.

Ald. Rainey clarified that this project includes the shopping center on Howard that houses the Jewel, Best Buy, Target and Office Max. She added that there has never been a vacancy there.

Mr. Lyons confirmed the boundaries of the TIF are Howard/Hartrey/canal. He informed the group of the expansion of the Autobarn auto maintenance and detailing business from the Chicago Ave location. They would bring all of their stock to this area and potentially bring other dealerships into Evanston.

Mr. Stafford added that District 202 has a wonderful relationship with Autobarn. Three of their graduates work as mechanics there. They also host an internship program for students and donated cars to the district's autoshop classes.

Autobarn confirmed that this opportunity will enhance training for the school districts. They will also hire 30 new employees for the expansion.

Mr. Lyons explained there are still some refinanced 2008D bonds left from the original bond issue. Ald. Rainey reminded the group that bonding in advance is a great way to jumpstart a TIF district.

The TIF started in 1992 starting with \$7,034,353 and grew to \$21,866,716 as of December 31, 2012. Mr. Lyons also noted page 24, which shows a \$1 million surplus.

C. Washington National TIF #4

Mr. Lyons confirmed the boundaries of the Washington National TIF are Church/Davis/Chicago/Elmwood. The fund balance as of December 31, 2012 was \$7,291,304.

The Davis Street construction is being partially financed by this TIF. A balance decrease is expected for 2013, which includes \$3.7 million in bond payments for Sherman Garage. A transfer is made from the TIF to the Parking Fund where the asset is. The Parking Fund then pays off the bond.

At Ald. Rainey's inquiry, Mr. Stafford explained that under the TIF Act sales tax generated from businesses within the TIF district can be accessed to reimburse the City.

Ald. Rainey requested reporting sales tax increments generated in districts that have never reported in the past.

Ms. Kretchmer asked about the potential of future developments that could increase the estimated assessed value during the term of the TIF. Ms. Nyden responded that it is unlikely since this TIF is scheduled to terminate in 2018. The Chicago/Main development is scheduled to open and operate in late 2015 or early 2016. The best case scenario is that the assessor would reassess with one year left before the TIF expires.

At Ms. Kretchmer's inquiry, Ms. Nyden explained that the space that used to house the Walgreens is fully leased with a daycare, Naf Naf Grill and a hair salon is relocating to that space. Lyfe Kitchen is relocating to the rotunda.

Mr. Lyons explained that there will still be funds here. The increment is approximately \$-5 million. This TIF was hit by a downward reassessment with its value dropping to \$85,241,864 from close to \$100 million. We are awaiting a June/July report from the County with a new assessed value.

D. Howard Ridge TIF District #5

This TIF is bordered by Howard and Ridge. The balance is \$1,055,510 with some debt in the form of a line of credit with First Bank & Trust. The 2012 expenses included a property tax reimbursement for 415 Howard. This development was substantially reassessed downward, which lowered the property taxes from \$600,000 to \$300,000.

Ald. Rainey asked if the reassessment was based on formula reassessments or if it was based on vacancies. Mr. Lyons agreed to inquire and confirm. The development has confirmed it is 100% occupied.

Ms. Nyden discussed the new developments west of Chicago Ave. There are a few smaller projects in process including some property acquisition. Ald. Rainey noted that once the properties are rented or sold we will receive reimbursements.

Ms. Nyden confirmed that the cocktail lounge has completed 1 1/2 years of a 3 year lease-to own-portion of a 5 year deal. They will purchase the property in a year and a half. If they choose not to purchase the property between years 3 and 5, the City can sell it to someone else as an investment property.

Peckish Pig has a 7 year lease-to-own deal, which includes 18 months of free rent. After 18 months payments will ramp up toward the eventual purchase of the property. They will pay back every penny invested.

Ms. Nyden confirmed that Ward Eight has never missed a payment on any of their loans. They have paid rent since June of last year that goes to Community Development. There is a commercial portion that goes to a fund backed by the TIF. They have also been repaying a \$30,000 loan for equipment through the Community Development Block Grant since January 1, 2013. Ald. Rainey stated that despite community outcry, Ward Eight will not fail.

E. West Evanston TIF District #6

Mr. Lyons explained that this TIF contributed \$600,000 to the Emerson Square residential development. It is currently a short-term line of credit with First Bank and Trust, which is still paying under 2% interest. The current balance is \$872,847 with \$600,000 as a loan.

The TIF will have a negative increment next year. The highest increment in this TIF was \$450,000. The beginning EAV for the TIF area was \$37 million and is now \$45 million

There are a variety of deals in the works at Church at Dodge and property east of Dodge. The West Evanston plan will be revisited with Aids. Holmes and Braithwaite. We are awaiting the June/July report from the County with a new assessed value.

At Ms. Kretchmer's inquiry, Ms. Nyden discussed the west side plan implementation. Autobarn has been leasing a portion of the Robinson lot. Once they move to 222 Hartrey, it will set into motion a number of things. There is a plan in place when things become available for redevelopment.

From District 202's point of view, Mr. Stafford feels that West Evanston TIF is very important. It is viewed as a partnership with the City and is well positioned for the future.

Mr. Lyons stated that there is still 16 years left in this TIF. Most of the TIF property is a lot or the right-of-way, which means less demolition and more remediation.

Mr. Lyons thanked First Bank & Trust for stepping up and agreeing to extend a line of credit when the County was late with property taxes.

At Ms. Kretchmer's inquiry, Mr. Rychlicki explained that the TIFs are doing very well compared to other west suburban towns. Overall, these TIFs have done better Cook County wide than others. Potential issues could arise from the newer TIFs. However, they do not have a lot of debt.

Mr. Lyons explained that the Downtown TIF is a visible success. It is a huge community center.

Ald. Rainey asked if there will be an assessment for the children of the Emerson Square schools. Mr. Rychlicki explained that there must be a redevelopment agreement on file. Mr. Lyons will confirm the assessment due to the funds from the West Evanston TIF in support of the Emerson Square project.

Mr. Stafford motioned to accept the annual report; seconded by Ms. Kretchmer. Vote called and taken.

IV. Adjournment

Mr. Stafford motioned to adjourn, seconded by Ms. Kretchmer. Meeting adjourned at 11:26 a.m.

EXHIBIT B



BAKER TILLY

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE

To the Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
Evanston, Illinois

We have audited the basic financial statements of the City of Evanston, Illinois, as of and for the year ended December 31, 2013, and have issued our report thereon dated July 2, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance with laws, regulations, contracts and grants applicable to the City of Evanston is the responsibility of the City of Evanston's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the City of Evanston's compliance with provisions in Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance.

This report is intended solely for the information and use of the City Council, management, the State of Illinois, and others within the City and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
July 2, 2014

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
As of December 31, 2013

	<u>Special Revenue</u>			
	Town	General Assistance	Total Township Funds	Total Special Revenue
Assets				
Cash and equivalents	\$ 186,989	\$ 439,115	\$ 626,104	\$ 6,823,474
Investments	-	-	-	363,439
Receivables				
Property taxes (net of allowance)				
Current year levy	246,331	886,553	1,132,884	1,502,884
Notes	-	-	-	7,781,837
Allowance	-	-	-	(90,000)
Special assessments	-	-	-	-
Other	-	-	-	938,937
Prepaid items	-	50,543	50,543	50,543
Due from other governments	-	-	-	528,349
Due from other funds	-	14,446	14,446	89,164
Total Assets	\$ 433,320	\$ 1,390,657	\$ 1,823,977	\$ 17,988,627
Liabilities and Fund Balances				
Liabilities				
Vouchers payable	\$ 3,813	\$ 49,100	\$ 52,913	\$ 480,196
Due to other governments	-	-	-	4,558
Due to other funds	14,446	-	14,446	283,821
Total Liabilities	18,259	49,100	67,359	768,575
Deferred Inflows of Resources				
Property taxes	200,033	751,063	951,096	1,612,625
Fund Balances				
Nonspendable	-	50,543	50,543	50,543
Restricted				
Highway maintenance	-	-	-	1,312,568
Emergency telephone system	-	-	-	1,220,879
HUD approved projects	-	-	-	6,309,598
Neighborhood improvements	-	-	-	2,600,993
Debt service	-	-	-	-
Township	215,028	539,951	754,979	754,979
Committed - Economic Development	-	-	-	3,507,202
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	(149,335)
Total Fund Balances (Deficit)	215,028	590,494	805,522	15,607,427
Total Liabilities, Deferred Inflows and Fund Balances	\$ 433,320	\$ 1,390,657	\$ 1,823,977	\$ 17,988,627

Debt Service						
Special Service District No.5	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service
\$ 43,578	\$ 43,074	\$ 4,041,414	\$ 5,225,867	\$ 183,302	\$ 552,639	\$ 10,089,874
-	-	-	-	-	-	-
436,605	480,767	1,106,614	4,435,648	466,980	41,682	6,968,296
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
370,000	290,000	-	-	195,000	-	855,000
\$ 850,183	\$ 813,841	\$ 5,148,028	\$ 9,661,515	\$ 845,282	\$ 594,321	\$ 17,913,170
\$ -	\$ -	\$ -	\$ 95,826	\$ 1,339	\$ -	\$ 97,165
-	-	-	-	-	-	-
-	-	700,000	500,000	-	15,000	1,215,000
-	-	700,000	595,826	1,339	15,000	1,312,165
375,298	469,124	1,090,980	4,028,248	455,326	41,682	6,460,658
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
474,885	344,717	3,357,048	5,037,441	388,617	537,639	10,140,347
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
474,885	344,717	3,357,048	5,037,441	388,617	537,639	10,140,347
\$ 850,183	\$ 813,841	\$ 5,148,028	\$ 9,661,515	\$ 845,282	\$ 594,321	\$ 17,913,170

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Continued
 For the Fiscal Year ended December 31, 2013 and Twenty One Months ended December 31, 2013
 for City and Township respectively

	Special Revenue			
	Town	General Assistance	Total Township Funds	Total Special Revenue
Revenues				
Taxes	\$ 503,694	\$ 1,555,480	\$ 2,059,174	\$ 5,250,722
Special assessments	-	-	-	-
Intergovernmental	-	-	-	8,578,983
Investment income	299	1,149	1,448	12,721
Miscellaneous	-	50,595	50,595	366,987
Total Revenues	<u>503,993</u>	<u>1,607,224</u>	<u>2,111,217</u>	<u>14,209,413</u>
Expenditures				
Current				
General management and support	648,807	2,535,983	3,184,790	3,184,790
Public safety	-	-	-	922,147
Public works	-	-	-	972,788
Housing and economic development	-	-	-	6,054,189
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>648,807</u>	<u>2,535,983</u>	<u>3,184,790</u>	<u>11,133,914</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(144,814)</u>	<u>(928,759)</u>	<u>(1,073,573)</u>	<u>3,075,499</u>
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premiums and discount	-	-	-	-
Transfers in (out)				
General	-	-	-	(1,523,271)
General Obligation Debt Service	-	-	-	-
Economic Development	-	-	-	-
Howard Ridge Tax Increment District	-	-	-	48,500
Motor Vehicle Parking System	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,474,771)</u>
Net Change in Fund Balances	<u>(144,814)</u>	<u>(928,759)</u>	<u>(1,073,573)</u>	<u>1,600,728</u>
Fund Balances (Deficit) - Beginning	<u>359,842</u>	<u>1,519,253</u>	<u>1,879,095</u>	<u>14,006,699</u>
Fund Balances (Deficit) - Ending	<u>\$ 215,028</u>	<u>\$ 590,494</u>	<u>\$ 805,522</u>	<u>\$ 15,607,427</u>

Debt Service						
Special Service District No.5	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service
\$ 460,062	\$ 492,410	\$ 1,122,248	\$ 4,488,658	\$ 194,881	\$ 46,252	\$ 6,804,511
-	-	-	-	-	-	-
585	2	14,087	13,072	344	167	28,257
-	-	-	-	33,014	-	33,014
460,647	492,412	1,136,335	4,501,730	228,239	46,419	6,865,782
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,188,934	-	-	2,188,934
-	423,134	1,159,915	100,934	726,232	314,353	2,724,568
340,000	-	645,000	425,000	-	-	1,410,000
78,816	-	75,611	78,375	-	7,274	240,076
-	-	-	-	-	-	-
418,816	423,134	1,880,526	2,793,243	726,232	321,627	6,563,578
41,831	69,278	(744,191)	1,708,487	(497,993)	(275,208)	302,204
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(29,500)	(144,400)	(331,000)	(120,400)	(60,000)	(685,300)
-	-	-	-	-	-	-
-	-	-	-	(48,500)	-	(48,500)
-	-	-	-	-	-	-
-	-	-	(3,631,350)	-	-	(3,631,350)
-	(29,500)	(144,400)	(3,962,350)	(168,900)	(60,000)	(4,365,150)
41,831	39,778	(888,591)	(2,253,863)	(666,893)	(335,208)	(4,062,946)
433,054	304,939	4,245,639	7,291,304	1,055,510	872,847	14,203,293
\$ 474,885	\$ 344,717	\$ 3,357,048	\$ 5,037,441	\$ 388,617	\$ 537,639	\$ 10,140,347

Continued

