

DeKalb County

Forensic assessment of the City of
DeKalb's Tax Increment Financing
("TIF") Districts



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1. Transmittal letter

Mr. Rick Amato and Mr. David Berault,

Ernst & Young LLP ("EY") was engaged by the DeKalb County State's Attorney Office ("you") to provide advisory services in connection with a forensic assessment of the City of Dekalb's Tax Increment Financing ("TIF") districts ("the Assessment"). As part of the engagement, we assessed information related to the TIF programs and conducted a risk-based analysis for the period January 1, 2009 and December 31, 2018 ("Scope Period"). In the following sections we summarize the background, procedures performed, our observations that we identified and deemed most relevant to the Assessment.

We performed the procedures pursuant to our Statement of Work dated May 7, 2019. Our work was limited in nature and scope to the procedures outlined in the SOW. Our engagement cannot be relied upon to discover all relevant documents and information, or provide all analyses, that may have importance to this matter. More detailed procedures may have revealed issues that have not been previously identified.

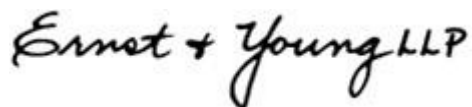
Unless otherwise noted, our findings in this work product are based on assertions made by individuals and/or contained in documents provided to EY; these documents and assertions have not been tested for veracity and accuracy.

Our procedures were performed under applicable professional standards established by the AICPA. The procedures that EY performed were advisory in nature and do not constitute an audit or other attest services as defined by the AICPA. Further, they do not constitute an audit of the City of DeKalb or its affiliates' historical financial statements in accordance with generally accepted auditing standards, nor do they constitute an examination of prospective financial statements or an examination or review of a compliance program in accordance with standards established by the AICPA.

This work product is intended solely for the information and use of the DeKalb County State's Attorney Office and is not intended to be, and should not be, used by other parties. The DeKalb County State's Attorney Office may only disclose this report or portion, abstract or summary, thereof, or make any reference to EY as provided for in our Statement of Work dated May 7, 2019.

We appreciate the cooperation and assistance provided during the course of our work. If you have any questions, please call Michael Stavridis at +1-312-879-2048.

Yours Sincerely,

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young

2. Background information

2.1 Request for the assessment

During 2018, the DeKalb County State's Attorney Office became aware of certain concerns raised regarding the City of DeKalb's TIF funds, specifically the proposed disposition of a significant surplus in the TIF 2 account and the nature of certain 'General Fund' transfers over the life of TIF funds.

Discussion followed between various stakeholders culminating in a decision that a forensic assessment would be completed under the direction of the State's Attorney's Office but paid for by the DeKalb TIF #1 Funds.

We were engaged to perform a forensic assessment as set out in our Statement of Work dated May 7, 2019.

2.2 TIF districts

The City of DeKalb currently has two TIF districts in effect, specifically the Central Area TIF ("TIF 1") and TIF District 2 ("TIF 2"). TIF 1 was created in 1986 while TIF 2 was created in 1994. The stated¹ objectives of both TIFs are to:

- Reduce or eliminate adverse conditions;
- Enhance the tax base and real estate;
- Prevent the reoccurrence of blighting conditions;
- Encourage and assist private investment;
- Provide commercial and other uses to serve the citizens;
- Improve traffic circulation;
- Improve land, utilities and community facilities; and
- Public improvements (streets, walkways, etc.)

TIF 1 was established to improve blighted conditions within designated areas of the City of DeKalb (the "City") that were subject to deterioration, dilapidation, abandonment, and structural incompetency due to age. The TIF 1 project area consists of 115 blocks across the City segregated into 3 sub-areas; Downtown, Eastside, and Northland. Within these sub-areas, there is a mix of commercial buildings and multiple family residential properties. The initial TIF 1 Plan established a project budget of \$29.9 million, which was allocated to administrative costs, studies and surveys, public works projects, interest subsidies, land acquisition, financing costs, building rehabilitation, and improvements to the central business district. The budget was increased to \$39.5 million in a 1995 Amendment. TIF 1 was set to end in 2009 but was extended for an additional twelve years.

TIF 2 was established to help fund economic development in an area of the City that was previously in a state of decline with deteriorating properties and a loss of commercial business. The redevelopment project area of TIF 2 includes 913 main buildings, both commercial and residential, and 865 lots (or "parcels") for which a study was completed to determine their eligibility as a conservation area in need of economic development. The TIF 2 plan established a project budget of \$23.1million which was allocated to administrative costs, studies and surveys, public works projects, interest subsidies, land acquisition, financing costs, and building rehabilitation programs. TIF 2 was in place for 24 years and was due to close on 31 December 2019.

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Redevelopers or contractors typically enter into contracts known as redevelopment agreements ("RDAs") with the City. Under these agreements they undertake to improve property or land within the TIF districts and may receive a reimbursement for a proportion of certain TIF eligible costs.

3. Procedures performed

3.1 Information gathering

EY conducted initial fact-gathering interviews with the City to gain background information on the TIF program. Following the interviews, we requested and obtained relevant accounting documentation that included:

- Annual reports and budgets;
- TIF plans and amendments;
- TIF eligibility studies;
- Chart of accounts;
- Listing of accounts payable;
- Salary information;
- No conflict statements for City Council members and key staff;
- Purchasing manual;
- Samples of redevelopment agreements;
- Records relating to TIF fund income/tax increments; and
- Surplussing calculations and related supporting documentation

We also requested additional documentation on an ongoing basis as questions arose during the performance of the assessment.

3.2 Data analysis

We obtained and analyzed accounting information such as the annual reports and budgets in order to obtain a general understanding of the scope and nature of the activities of TIF 1 and TIF 2 during the scope period.

We performed analyses and reconciliations TIF fund income/tax increments on a test basis.

In preparation for our transaction sampling and testing procedures we analyzed accounting data such as accounts payable/spend data for the period January 2009 through December 2018.

We performed an analysis of the administrative costs, and related supporting data, that were relevant to the amounts transferred to the general fund for the period 2009 through 2018.

We also performed an analysis of certain amounts surplussed by TIF 1 in terms of the Intergovernmental Agreement ("IGA") dated May 29, 2007.

3.3 Sample selection and transaction testing

We judgmentally selected 85 transactions focusing on larger amounts with a spread over a range of projects and over the scope period relating to both TIF 1 and TIF 2. We selected the transactions from accounts payable ("AP") data for the period January 2009 to December 2018.

Throughout the transaction review, we periodically requested additional documentation to address follow up questions or clarify the nature of the transactions.

4. Executive summary

Based on the detailed procedures we performed, as set out in the sections that follow, we make the following high-level observations:

- We analyzed the various TIF Annual Reports produced during the period under review as well as the supporting disclosures and analyses and we note that, in the main, the accounting, analysis disclosure, certifications and submission requirements set out in 65 ILCS 5 Illinois Municipal Code ("TIF Act") were met for the period under review.
- We recalculated the general fund transfers from 2009 to 2018 based on the methodology adopted in 2018 and, if we follow the 2018 methodology, the portion of administrative costs that could be attributed to salary over the period amounts to \$1.4 million which is almost \$6.5 million less than the \$7.9 million that was actually transferred over the period.
- On May 29, 2007 the City entered into an Intergovernmental Agreement ("IGA") with various taxing districts extending the life of TIF 1 which was originally set to expire in 2009. The IGA provides that the City shall *"commencing in the City's Fiscal Year 2011...declare a surplus of fifty percent (50%) of the property tax revenue increment generated by the real property within the Central TIF District"*. The City included sales tax incremental revenues in their calculation of the surplus resulting in surplus distributions exceeding 50% of the property tax increment by approximately \$1.9 million during our scope period.
- We are aware of various discussions debating the correct treatment of surplus distributions after fiscal year 2013 when sales tax (State Retail Occupancy Tax ("SROT") and Municipal Retail Occupancy Tax ("MROT")) increments no longer formed part of the income of TIF 1. The key point of departure in the debate is whether the Illinois Department of Revenue ("IDOR") and the City continue to benefit from the surplus distributions after fiscal year 2013. The surplus distributions made by the City reflect the view that the IDOR and the City continue to benefit. If we assume that they had ceased to benefit after fiscal year 2013, then the DeKalb County Collector would have received an additional surplus distribution of \$4.5 million; and IDOR and the City would have received \$2.4 and \$2.1 million less respectively.
- The question about whether the Illinois Department of Revenue and the City of DeKalb continue to benefit from the surplus distributions after fiscal year 2013 (when incremental SROT and MROT sales taxes are no longer collected) hinges on a legal interpretation of the provisions of the TIF Act which is beyond the scope of our assessment.
- The City did not have one single policy document or set of process documents that set out the processes and controls around approving payments and paying vendors or owners of redevelopments out of TIF funds; this meant there was no single clearly articulated standard specifying the types of documents required or the level of review required by the City before payments are made.
- We analyzed a sample of 85 payments made during the period under review and a number of supporting documents could not be provided, most significantly 16 invoices were missing and proof of performance for 71 transactions could not be provided.
- The absence of standardized processes and the resulting lack of documentation noted above meant there are few contemporaneous records documenting TIF eligibility for the programs and the expenses approved. Our analysis suggests that while the majority of the transactions were

TIF eligible, for 8 of the transactions, aggregating to \$4 million, we were unable to assess TIF eligibility based on the documentation provided.

- The absence of standardized processes noted above meant there is little clear policy guidance on TIF reimbursements. Our analysis of the RDAs reflected that there was a wide range of considerations and a wide range of TIF reimbursement percentages (with some going beyond the guidelines discussed in other documents).
- Some of the larger awards were structured as forgivable loans to be amortized as incremental taxes are collected, however the loan periods extend beyond the expiration of the TIF funds and it is currently unclear how the taxing districts could enforce their rights under the loan after the TIF expires.
- Detailed recommendations and proposed process improvements are set out in Section 7 of this report.

5. Governance and accountability

The TIF funds were subject to various formal requirements as set out in the TIF Act. These include requirements regarding the financial reporting on TIF funds such as audit requirements, financial analysis, certifications and submissions. Some of major requirements are set out below.

Section 11-74.4-5 of the TIF Act requires:

"(2) Audited financial statements of the special tax allocation fund once a cumulative total of \$100,000 has been deposited in the fund."

Section 11-74.4-5 of the TIF Act goes on to stipulate:

"(9) 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 this Act performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The financial portion of the audit must be conducted in accordance with Standards for Audits of Governmental Organizations, Programs, Activities, and Functions adopted by the Comptroller General of the United States (1981), as amended, or the standards specified by Section 8-8-5 of the Illinois Municipal Auditing Law of the Illinois Municipal Code."

Section 11-74.4-5 of the TIF Act prescribes the following accounting requirements:

"(5) An analysis of the special tax allocation fund which sets forth:

(A) the balance in the special tax allocation fund at the beginning of the fiscal year;

(B) all amounts deposited in the special tax allocation fund by source;

(C) an itemized list of all expenditures from the special tax allocation fund by category of permissible redevelopment project cost; and

(D) the balance in the special tax allocation fund at the end of the fiscal year including a breakdown of that balance by source and a breakdown of that balance identifying any portion of the balance that is required, pledged, earmarked, or otherwise designated for payment of or securing of obligations and anticipated redevelopment project costs. Any portion of such ending balance that has not been identified or is not identified as being required, pledged, earmarked, or otherwise designated for payment of or securing of obligations or anticipated redevelopment projects costs shall be designated as surplus as set forth in Section 11-74.4-7 hereof."

Certifications and review obligations include:

“(2) Audited financial statements of the special tax allocation fund once a cumulative total of \$100,000 has been deposited in the fund.

(3) Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of this Act during the preceding fiscal year.

(4) An opinion of legal counsel that the municipality is in compliance with this Act.

(e) The joint review board shall meet annually 180 days after the close of the municipal fiscal year or as soon as the redevelopment project audit for that fiscal year becomes available to review the effectiveness and status of the redevelopment project area up to that date.”

Additionally, the following submissions are required:

“(d) After the effective date of this amendatory Act of the 91st General Assembly, a municipality shall submit in an electronic format the following information for each redevelopment project area (i) to the State Comptroller under Section 8-8-3.5 of the Illinois Municipal Code, subject to any extensions or exemptions provided at the Comptroller's discretion under that Section, and (ii) to all taxing districts overlapping the redevelopment project area no later than 180 days after the close of each municipal fiscal year or as soon thereafter as the audited financial statements become available and, in any case, shall be submitted before the annual meeting of the Joint Review Board to each of the taxing districts that overlap the redevelopment project area.”

The TIF Act also requires:

“(i) No later than 10 years after the corporate authorities of a municipality adopt an ordinance to establish a redevelopment project area, the municipality must compile a status report concerning the redevelopment project area.”

We analyzed the various TIF Annual Reports produced during the period under review as well as the supporting disclosures, analyses and certifications required. The results of our analysis are set out in summary form as Appendix A. The analysis suggests that, in the main, the formal requirements as set out in the TIF Act were met during the period under review.

We note the following exceptions:

The JRB meeting minutes and list of intergovernmental agreements are not attached to either the TIF 1 or the TIF 2 2018 annual reports.

We understand that to date a ten-year status report has not been prepared for TIF 1 or TIF 2.

6. Observations

6.1 Administrative expenses

The meeting agenda for a City Council meeting on 26 November 2018 drew attention to the issue of administrative expenses and referenced that *“over the past twenty years, the City has utilized approximately \$11,250,000 of the TIF funds for administrative expenses”*. These costs are transferred from the TIF 1 and TIF 2 funds into the ‘9001 account’ for ‘General Fund’.

The City’s yearly adopted budgets note that the general fund is the *“City’s chief operating fund. It accounts for all financial resources except those required to be accounted for in another account”*. This would include departments such as:

- Legislative;
- City Manager’s Office;
- Public Works;
- Community Development;
- Finance;
- Fire; and
- Police

Section 11-74.4-2 of the TIF Act sets out the following requirements regarding the use of TIF funds for administrative costs:

“(1.5) After July 1, 1999, annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan.”

Based on discussions with the City we understand that the 2018 transfer reflects the view that it is appropriate to calculate administrative cost transfers by funding a portion the salary cost of relevant City employees, based on the proportion of time each individual spends on TIF-related activities.

This amounts to a legal interpretation of the provisions of the TIF Act and we have not evaluated the interpretation which is beyond the scope of this assessment.

We identified a total of \$7.9 million transferred from TIF 1 and TIF 2 to the City’s general fund during our scope period:

Year	Actual total TIF 1 and TIF 2 administrative cost transfer
2009	\$527,491
2010	\$1,018,357
2011	\$841,659
2012	\$790,612
2013	\$757,546
2014	\$942,603
2015	\$942,603
2016 and 2016.5	\$1,122,391
2017	\$791,765
2018	\$160,000
Total	\$7,895,027

The City was unable to provide complete and consistent historical documentation setting out how the transfers were calculated prior to the 2018 transfer.

6.1.1 Documentation provided

The City was able to locate some documentation relating to the administrative fund transfers. We were not always able to determine exactly when the documents were prepared, why they were prepared, and what purpose they served.

We were provided with what appears to be a 2014 schedule totaling \$953,690. The schedule reflected that approximately 53% of the salary cost of a group of City employees was allocated as TIF related activities. The schedule also appears to identify the administrative cost transfers of \$942,603 as a “target”.

Total salary	Total transfer amount due to salary	% of relevant employees' salary allocated to TIF funds	% of relevant employees' salary allocated to TIF funds using actual administrative cost transfer of \$942,603
\$1,815,235	\$953,690	53%	52%

We were also provided with two schedules for 2018 that appear to identify some proportion of administrative cost transfers that can be attributed to relevant employee salaries.

One schedule was a pdf with hand-written adjustments/corrections/edits; the second schedule was a spreadsheet.

The pdf document with handwritten notes aggregates to \$693,591 (as adjusted by the hand-written notes); the calculated ‘transfer’ represents 22% of a salary bill of some \$3.1 million which includes a range of City employees.

	Total salary	Total transfer amount due to salary	% of employees' salary allocated to TIF funds
<i>pdf with notes</i>	\$3,104,517	\$693,591	22.34%

The spreadsheet aggregates \$159,819; the calculated “transfer” represents 16% of a salary bill of some \$991,000 that includes City officials typically associated with TIF redevelopment activities.

	Total salary	Total transfer amount due to salary	% of employees' salary allocated to TIF funds
<i>Spreadsheet</i>	\$990,582	\$159,819	16.13%

The 2018 adopted budget estimated \$791,774 in administrative costs for that year, however the actual transfer amounts to \$160,000 which is very close to the amount calculated in the spreadsheet noted above.

See Exhibits A, B, C and D for received relevant documents related to administrative expenses.

6.1.3 Salary analysis and recalculation

We requested relevant City employee's salary information, for the period 2009 to 2018, for the positions included in the spreadsheet (City Manager, Assistant City Manager, Community Development Director, Economic Development Planner, Principal Planner, Finance Director, and City Attorney).

We recalculated the general fund transfers based on the methodology reflected in the 2018 spreadsheet and summarized the results as follows:

Year	Total relevant salary	Portion attributable to TIF activities (Appendix A)	Actual total TIF 1 and TIF 2 administrative cost transfer	Difference between portion attributable and actual
2009	\$572,524	\$119,214	\$527,491	\$408,277
2010	\$585,509	\$123,110	\$1,018,357	\$895,247
2011	\$677,736	\$125,292	\$841,659	\$716,367
2012	\$798,518	\$133,982	\$790,612	\$656,630
2013	\$814,403	\$137,265	\$757,546	\$620,281
2014	\$863,945	\$142,892	\$942,603	\$799,711
2015	\$913,286	\$151,117	\$942,603	\$791,486
2016 and 2016.5	\$951,746	\$156,359	\$1,122,391	\$966,032
2017	\$968,006	\$158,779	\$791,765	\$632,986
2018	\$990,582	\$159,819	\$160,000	\$181
Total	\$8,136,255	\$1,407,829	\$7,895,027	\$6,487,198

The recalculation suggests that the portion of administrative costs that could be attributed to salary over the period is approximately \$1.4 million, which is almost \$6.5 million less than the \$7.9 million that was actually transferred over the period.

6.2 TIF 1 IGA and surplus analysis

6.2.1 Background

On May 29, 2007, the City entered into an Intergovernmental Agreement ("IGA") with various taxing districts extending the life of TIF 1, which was originally set to expire in 2009.

Section V of the IGA states that the agreement "shall remain in effect so long as the extension of the Central TIF District is in effect." The IGA defines the "extension" as the thirty-fifth calendar year following the year the original Central TIF District was adopted, which would extend TIF 1 through December 31, 2021.

Section III of the IGA deals with the mechanism to quantify and distribute TIF surplus to the taxing districts.

Subsection A provides that the City shall *"Commencing in the City's Fiscal Year 2011, and each year thereafter during the pendency of the extension of the Central TIF District, declare a surplus of fifty percent (50%) of the property tax revenue increment generated by the real property within the Central TIF District"*

"Surplus" is previously defined as "that portion of the property tax revenue increment generated by the real property within the Central TIF District which is not required, pledged earmarked, or otherwise designated for payment and securing of the obligations and anticipated redevelopment project costs."

Subsection B provides that the City will *"Distribute the surplus within 180 after the close of the City's fiscal year"* and that the surplus will be paid to the County Collector, the Illinois Department of Revenue and the municipality in *"direct proportion to the tax incremental revenue received as a result of an increase in the equalized assessed value of property in the redevelopment project area, tax incremental revenue received from the State and tax incremental value received from the municipality"* subject to certain limitations.

An extract of the IGA is attached as Exhibit E.

The 2008 Amendment to the TIF Redevelopment Plan and Project sets out that the sales tax portion of the TIF program would expire in 2013 in compliance with the TIF Act. Specifically: *"Also included with this 2008 Plan Amendment are other provisions to comply with the current requirements of the Act. It should be noted that the proposed amendment, as presented herein, is limited to the property tax portion of the TIF program. The sales tax portion of the TIF program operates pursuant to separate provisions of the TIF Act and will expire in 2013."*

6.2.2 Surplus amounts

We identified a total of \$31,978,757 in surplus distributions paid during the relevant period.

We also obtained property tax increment data for the relevant period which aggregates \$60,060,641; 50% of the property tax increment amounts to \$30,030,320.

The year by year comparison of the surplus calculation according to the terms of the IGA, and the surplus distributions, are set out below and reflect that surplus distributions exceed 50% of the property tax increment by \$1,948,436 during the relevant period:

Year	Property Tax Increment	50% of Property Tax Increment	Surplus Distributions	Surplus Variance Over-surplus / (Under-surplus)
2011	\$6,937,664	\$3,468,832	\$4,156,162	\$687,330
2012	\$6,691,097	\$3,345,549	\$4,031,530	\$685,981
2013	\$6,679,893	\$3,339,947	\$3,915,027	\$575,080
2014	\$6,604,296	\$3,302,148	\$3,302,148	\$0
2015	\$6,439,568	\$3,219,784	\$3,219,829	\$45
2016	\$6,347,586	\$3,173,793	\$3,173,793	\$0
2016.5	\$6,430,015	\$3,215,007	\$3,215,007	\$0
2017	\$6,845,389	\$3,422,695	\$3,422,695	\$0
2018	\$7,085,132	\$3,542,566	\$3,542,566	\$0
Total	\$60,060,641	\$30,030,320	\$31,978,757	\$1,948,436

We attach, as Exhibits F, G, H and I, four letters from the City to the taxing districts explaining the process around the distribution of TIF 1 surplus funds for fiscal years FY 2011, FY 2012, FY 2013 and FY 2014 respectively. The letters indicate that the City included sales tax incremental revenues in their calculation of the surplus to be distributed.

Sales tax increment was collected during fiscal years 2011, 2012 and 2013, which is why the surplus amount distributed during these years exceeded 50% of incremental property taxes by approximately \$1.9 million; while for fiscal years 2014 to 2018, when incremental sales taxes were no longer being collected, the amounts are substantially the same.

6.2.3 Surplus recipients

We identified surplus distributions made during the scope period are as follows:

Year	Illinois Department of Revenue	City of DeKalb	DeKalb County Collector	Total Surplus Distributions
2011	\$597,325	\$529,222	\$3,029,615	\$4,156,162
2012	\$567,963	\$492,619	\$2,970,948	\$4,031,530
2013	\$530,924	\$466,466	\$2,917,637	\$3,915,027
2014	\$440,663	\$385,654	\$2,475,831	\$3,302,148
2015	\$417,135	\$365,063	\$2,437,630	\$3,219,829
2016	\$399,545	\$349,668	\$2,424,580	\$3,173,793
2016.5	\$404,583	\$354,077	\$2,456,348	\$3,215,007
2017	\$417,795	\$365,640	\$2,639,259	\$3,422,695
2018	\$359,366	\$307,312	\$2,875,888	\$3,542,566
Total	\$4,135,299	\$3,615,721	\$24,227,737	\$31,978,757

During our discussions with the City, we became aware of various discussions (and were provided with examples of email correspondence) debating the correct treatment of surplus distributions after fiscal year 2013 when sales tax (State Retail Occupancy Tax ("SROT") and Municipal Retail Occupancy Tax ("MROT")) increments no longer formed part of the income of TIF 1.

The key points of departure in the debate are whether the Illinois Department of Revenue and the City should continue to benefit from the surplus distributions after fiscal year 2013 when incremental SROT and MROT are no longer collected.

Surplus distributions set out in the table above as calculated by the City reflect the view that the Illinois Department of Revenue and the City continue to benefit from the surplus distributions after fiscal year 2013.

If we assume that the Illinois Department of Revenue and the City cease to benefit from the surplus distributions after fiscal year 2013 then these parties would not have received \$2,439,087 and \$2,127,415, respectively, as set out in the table below. Under this assumption the DeKalb County Collector would have received an additional surplus distribution of \$4.5 million.

Year	Illinois Department of Revenue	City of DeKalb
2014	\$440,663	\$385,654
2015	\$417,135	\$365,063
2016	\$399,545	\$349,668
2016.5	\$404,583	\$354,077
2017	\$417,795	\$365,640
2018	\$359,366	\$307,312
Total	\$2,439,087	\$2,127,415

DeKalb County Collector	\$4,566,502
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The question about whether the Illinois Department of Revenue and the City continue to benefit from the surplus distributions after fiscal year 2013 turns on a legal interpretation of the provisions of the TIF Act which is beyond the scope of this assessment.

6.2.4 Data source discrepancies

We identified a discrepancy in the Surplus Distribution amounts reported in sections 3.1 and 3.2 of the Central Area TIF Annual Report during the scope period as set out in the table below. We do not use 3.1 and 3.2 for purposes of our analyses so these discrepancies have no impact on our findings.

Year	Section 3.1 - Central Area TIF Annual Reports	Section 3.2 - Central Area TIF Annual Reports
2011	\$4,156,162	\$4,157,137
2012	\$4,031,530	\$4,031,530
2013	\$3,915,027	\$3,915,027
2014	\$3,302,148	\$3,302,148
2015	\$3,219,784	\$3,273,917
2016	\$3,173,793	\$3,173,793
2017	\$6,637,702	\$2,456,438
2018	\$3,219,784	\$2,940,473
Total	\$31,655,930	\$27,250,463

6.4 Transaction testing

6.4.1 Summary and key information

We understand that the City did not have one single policy document or set of process documents that set out the processes and controls around approving payments and paying vendors or owners of redevelopments out of TIF funds.

This meant there was no clearly articulated standard specifying the types of documents required before payments are made or the level of review required by the City.

The City did provide a Purchasing Manual from August 2015 and an extract from the Municipal Code, Chapter 37 relating to 'Tax Increment Financing Regulations' updated in February 2019 that include the following guidance on TIF funding requirements, including how:

- the City may incur and pay administrative expenses, and how they may qualify for reimbursement;
- TIFs district incremental revenues should not be for the payment of standalone maintenance for City infrastructure - such as roadway replacement/resurfacing, water main replacements or storm sewer replacement - unless such costs are directly related to a discrete TIF-eligible redevelopment project; and
- prior to approving any project-based TIF expenditure, the City shall evaluate the return on investment for such project and provide public disclosure of the analysis. The City Council shall prioritize projects that fulfill the general objectives of the TIF Act in encouraging redevelopment that expands the property tax base (and other forms of economic growth, job creation and elimination or prevention of blight).

Based on this guidance and our experience conducting similar analysis of expenditures we developed a workplan to test the design and workings of the processes and controls in place around payments.

EY analyzed a sample of 85 accounts payable transactions across the scope period. We reviewed available documentation and assessed the procedures, process and controls in place during the period.

6.4.2 Lack of supporting documentation

During our transaction testing, we requested the following support for each transaction:

- Invoices;
- Purchase orders;
- Vendor agreements;
- Proof of payment;
- Proof of services/delivery; and
- Due diligence

We also requested other additional support that would be pertinent to understanding the transactions. Throughout the transaction testing, we noted that many of the documents we would expect to be retained for record keeping purposes were not available when requested.

Summary of the documentation requested and provided:

	Provided	Not provided	Non-applicable	Percentage provided
Proof of Payment	82	1	2	97%
Invoices	67	16	2	79%
Vendor Agreements	35	48	2	41%
Proof of Services	11	71	3	13%
Purchase Orders	2	81	2	2%

'Non-applicable' transactions sampled include a duplicate AP payment that was later reversed, a transaction to transfer money to the General Fund, and a payment for TIF surplus distribution.

Invoices were missing for the following transactions:

Payee, according to AP data	Project Name	Payment date, according to AP data	Amount
Target Corporation	Target Stores Rebate	07-2009	\$325,865
Joyce Superstore	Joyce Superstore Rebate	12-2009	\$8,241
First Rockford Group	Wright Building Renovation	12/18/2009	\$100,000
American Roofing & Repair	Egyptian Theatre	1/14/2011	\$123,281
Target Corporation	Target Stores Rebate	5/18/2012	\$212,899
Elliott & Wood	League of Women Voters Park Improvements	11/30/2012	\$74,184
Pappas Glasgow Development LLC	Ellwood Steakhouse Improvements Phase I	12/10/2013	\$300,000
Irving Construction	Egyptian Theatre	11/11/2014	\$17,860
Pappas Glasgow Development LLC	Ellwood Steakhouse Improvements Phase II	3/10/2015	\$42,880
Elliott & Wood	Haish Parking Lot	5/27/2015	\$53,911
Kirby Chilton	Architectural Improvement, Chilton Sporting Goods	8/25/2015	\$16,107
Cornerstone DeKalb LLC	Cornerstone Project	6/13/2017	\$307,500
DBA Thai Pavilion	Architectural Improvement - Thai Pavilion	7/25/2017	\$25,000
Cornerstone DeKalb LLC	Cornerstone Project	7/31/2018	\$1,200,000
Berglund Construction Company	Egyptian Theatre	11/28/2018	\$7,500
Cornerstone DeKalb LLC	Cornerstone Project	12/31/2018	\$350,098

Proof of service was missing for the following transactions:

Payee, according to AP data	Project Name	Payment date, according to AP data	Amount
City of Dekalb Community Development Department	Purchase of 1003 East Lincoln for Hotel Development	2-2009	\$8,400
GhostLight Enterprises, Inc	Egyptian Theatre	3-2009	\$68,730
Hitchcock Design Group	2nd & 3rd Street Improvements	3-2009	\$97,107
Superior Drywall Company	Barb City Manor	4-2009	\$41,098
Baxter & Woodman	Lot 4 Streetscape Improvement	5-2009	\$12,248
Elliott and Wood, Inc.	Lot 4 Streetscape Improvement	6-2009	\$640,945
Target Corporation	Target Stores Rebate	7-2009	\$325,865
DeKalb Paving	2009 TIF Alley Maintenance	8/21/2009	\$40,805
Peckham Guyton Albers & Viets, Inc.	TIF Eligibility Analysis, Growth/Investment Report	10-2009	\$10,000
Curran Contracting Co. INC.	Street Maintenance	10/2/2009	\$64,204
All American Exterior Solutions	Barb City Manor	10/16/2009	\$55,500
Joyce Superstore	Joyce Superstore Rebate	12-2009	\$8,241
Re: New Dekalb	"It's Happening" Campaign	12-2009	\$7,500
Door Authority - billed to Wendler Engineering	421 Grove Street Redevelopment	12/4/2009	\$11,511
Hitchcock Design Group	Lincoln and Locust Street Improvements	12/4/2009	\$22,843
Elliott and Wood, Inc.	2nd & 3rd Street Improvements	1/22/2010	\$83,282
Hitchcock Design Group	Lincoln and Locust Street Improvements	4/23/2010	\$88,198
Alliance Contractors	Lincoln and Locust Street Improvements	9/3/2010	\$406,060
Swedberg & Associates	Police Department Communication Upgrade	9/17/2010	\$30,647
Standard Roofing Company	Barb City Manor	10/15/2010	\$60,000
Alliance Contractors	Lincoln and Locust Street Improvements	11/5/2010	\$721,639
American Roofing & Repair	Egyptian Theatre	1/14/2011	\$123,281
Curran Contracting Co, Inc.	Street Maintenance	2/4/2011	\$134,343
Hitchcock Design Group	Street Maintenance	7/8/2011	\$9,994
Conrad Schmitt Studios	Egyptian Theatre	7/15/2011	\$35,369
Irwin Seating Company	Egyptian Theatre	8/12/2011	\$100,079
Audio Logic Systems	Egyptian Theatre	8/19/2011	\$80,000
Kirkegaard Associates	Egyptian Theatre	8/19/2011	\$10,232
Chicago Metropolitan Fire Prevention	Egyptian Theatre	8/26/2011	\$20,175
Target Corporation	Target Stores Rebate	5/18/2012	\$212,899

Payee, according to AP data	Project Name	Payment date, according to AP data	Amount
Alliance Contractors	Lincoln and Locust Street Improvements	7/6/2012	\$222,735
Irving Construction	Resident Police Officer Project	9/28/2012	\$23,736
Grumman/Butkus Associates	Egyptian Theatre	9/28/2012	\$30,862
Grumman/Butkus Associates	Egyptian Theatre	10/26/2012	\$20,000
Alliance Contractors	Street Maintenance	11/9/2012	\$59,010
Alliance Contractors	Street Maintenance	11/9/2012	\$39,015
Elliott & Wood	League of Women Voters Park Drainage Improvements	11/30/2012	\$74,184
Irving Construction	Egyptian Theatre	8/28/2013	\$19,945
Absolute Fire Protection Inc.	Egyptian Theatre	8/28/2013	\$55,386
True North Consultants	Fitzgerald Property - Site Investigation	9/30/2013	\$11,565
Conrad Schmitt Studios	Egyptian Theatre	10/16/2013	\$66,752
Dekalb 2020, LLC	John/College Neighborhood Redevelopment	10/24/2013	\$10,000
Pappas Glasgow Development LLC	Ellwood Steakhouse Improvements Phase I	12/10/2013	\$300,000
Bednash Consulting, Inc.	Barb City Manor	8/19/2014	\$3,600
Sharp Architects	Egyptian Theatre	9/11/2014	\$29,444
Curran Contracting	Street Maintenance	11/11/2014	\$161,947
Irving Construction	Egyptian Theatre	11/11/2014	\$17,860
Sharp Architects	Egyptian Theatre	11/19/2014	\$19,105
Barb City Manor	Barb City Manor	12/26/2014	\$36,600
Irving Construction	Egyptian Theatre	1/27/2015	\$22,268
Pappas Glasgow Development LLC	Ellwood Steakhouse Improvements Phase II	3/10/2015	\$42,880
Elliott & Wood	Haish Parking Lot	5/27/2015	\$53,911
Kirby Chilton	Architectural Improvement - Chilton Sporting Goods	8/25/2015	\$16,107
Elliott & Wood	Street Maintenance	12/29/2015	\$8,318
Renee I Bemis Irrevocable Trust	Bemis Toyota Renovation	5/10/2016	\$1,500,000
Mid City	Unknown	7/12/2016	\$3,895
Janis A. Barlow & Associates	Egyptian Theatre	10/11/2016	\$15,000
Curran Contracting	Street Maintenance	10/21/2016	\$19,316
Builders Paving LLC	Street Maintenance	11/15/2016	\$141,074
Laube Consulting Group LLC	Cornerstone Project	5/23/2017	\$7,500
Cornerstone DeKalb LLC	Cornerstone Project	6/13/2017	\$307,500
Imperial Surveillance	Egyptian Theatre	6/13/2017	\$18,343

Payee, according to AP data	Project Name	Payment date, according to AP data	Amount
DBA Thai Pavilion	Architectural Improvement - Thai Pavilion	7/25/2017	\$25,000
Cinema Lighting Corporation	Egyptian Theatre	8/15/2017	\$21,385
Builders Paving LLC	Street Maintenance	11/9/2017	\$403,315
Builders Paving LLC	Street Maintenance	11/9/2017	\$222,220
Cornerstone DeKalb LLC	Cornerstone Project	7/31/2018	\$1,200,000
Curran Contracting	Street Maintenance	10/30/2018	\$184,103
Berglund Construction Company	Egyptian Theatre	11/28/2018	\$7,500
Cornerstone DeKalb LLC	Cornerstone Project	12/31/2018	\$350,098
Full Compass Systems, Ltd	Egyptian Theatre	12/31/2018	\$25,583

We were informed that vendor due diligence was not performed because contractors are generally local. However, it is still a good practice to perform basic background checks on vendors to confirm creditworthiness and identify risk areas such as pending litigation or adverse media coverage.

6.4.3 Target Corporation's TIF incentive

6.4.3.1 Summary and key information

We selected two transactions related to the property tax RDA with Target Corporation ("Target"). This related to the development of the Target warehouse distribution center partially located in the TIF 2 district.

As part of the RDA, Target undertook that by 30 June 2006 *"it will employ or cause to be employed a minimum of 500 full-time employees with health insurance benefits and wage or salaries"* and will maintain the employment through at least 1 November 2009.

6.4.3.2 Property Tax increment rebate

The RDA provided a schedule of declining percentages of tax rebates Target would receive annually from year 1 (2007) to year 10 (2016).

The RDA identified the property identification number ("PIN") for the warehouse center as 08-25-100-021 and the DeKalb County's Tax Extension Clerk indicated that this PIN had a base equalization value of \$7,497.

Based on the data provided for the two transactions sampled, we estimated the incremental property tax value as set out in the table below:

Tax year	Number of employees	TIF 2 tax	Tax increment
2007	Not provided	\$362,072	\$354,575
2010	511	\$354,832	\$347,335

We recalculated the rebate based on the incremental property tax, as per the RDA, and the total TIF 2 property tax provided to us for the two sampled transactions.

Tax year	% of tax rebate per RDA	Recalculated rebate on total tax	Rebate provided	Recalculated rebate on tax increment	Potential difference
2007	90%	\$325,865	\$325,865	\$319,118	\$6,748
2010	60%	\$212,899	\$212,899	\$208,401	\$4,498

It appears the City may have calculated the rebate based on the total tax and not the increment, resulting in a slightly inflated rebate.

The City was not able to provide the portion of the Target submission relating to the number of employees for 2007.

We analyze two additional years, 2014 and 2015, not in the initial sample selection.

In 2014, the check request for the 2014 tax increment rebate provided to EY included a "19.8% *pro-rated reduction*" of \$38,254. This exceeded our recalculation of the rebate by \$34,995 and the City was unable to provide further clarification on this reduction.

It appears that in 2015 the rebate was also slightly inflated in that the check amount was equal to the total tax multiplied by the tax rebate percentage resulting in a potential overpayment of \$3,749.

6.5 TIF eligibility

The absence of standardized processes and the resulting lack of documentation noted above meant there are few contemporaneous records documenting TIF eligibility for the programs and the expenses approved.

In order to obtain some understanding of the risk associated with TIF eligibility of the expenses, we performed a high-level analysis of the sampled transactions. As part of this analysis, we requested additional documentation as required.

We analyzed the transactions based on our understanding of the TIF Act, the location of the work, the description of the work, the RDA agreement and the documentation provided.

Our analysis suggests that while the majority of the transactions were TIF eligible, for 8 of the transactions we were unable to assess TIF eligibility based on the documentation provided.

The majority of these transactions are discussed in the sections of the report that follow, specifically Bemis and Cornerstone, with the majority of the eligibility questions relating to new construction components.

Section 11-74.4-3 of the TIF Act stipulates:

“Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.”

Examples include eight transactions that aggregate to \$4,048,141 and as set out below:

Third Party	Date	Amount	TIF
Joyce Superstore	6/19/2009	\$8,241	TIF 1
Pappas Glasgow Development	12/10/2013	\$300,000	TIF 1
Pappas Glasgow Development LLC	3/10/2015	\$42,880	TIF 1
Irving Construction Co Inc	2/23/2016	\$10,350	TIF 1
Renee I Bemis Irrevocable Trust	5/10/2016	\$1,500,000	TIF 1
Mid City	7/12/2016	\$3,895	TIF 2
Builders Paving	11/15/2016	\$141,074	TIF 2
Cornerstone Dekalb LLC	6/12/2017	\$307,500	TIF 1
Cornerstone Dekalb LLC	7/30/2018	\$1,200,000	TIF 1
Curran Contracting Company	11/13/2018	\$184,103	TIF 2
Cornerstone Dekalb LLC	2/13/2019	\$350,098	TIF 1

6.5.2 Bemis Toyota's TIF incentive

6.5.2.1 Summary and key information

We reviewed documentation relating to the Bemis Toyota RDA ("Bemis RDA"), for renovating a showroom owned by Brian Bemis of Blue Marlin Imports, Inc ("Bemis") in order to make certain improvements required by Toyota's corporate office. The final project cost estimate aggregated \$2,245,000 and involved renovation and new construction (some of which may be potentially TIF ineligible).

The award was debated by the City Council on several occasions between February 6, 2015 and March 17, 2016 and went through various iterations until a \$1.5 million forgivable loan was agreed upon in March 2016.

The table below summarizes the evolution of the proposed Bemis RDA.

Date	Bemis' TIF request/options	TIF incentive amount	Percentage of project cost	Comments from memos and meetings
February 6, 2015 Staff Memo	<u>Initial request</u> No claw back of incentive	\$650,000	28%	"the City's current business incentive guidelines" state a "maximum project funding of 20% of the total project cost". Also, the project did not appear to have a gap in funding ("traditionally, the City's role in these types of projects has been one of 'gap funding'"). City staff believed that the benefit "greatly outweighs" the cost of the incentive.
March 9, 2016 Staff Memo	<u>Option one</u> Forgivable up-front loan, ten years prorated forgiveness, 50/50 sharing of sales tax increment	\$650,000	29%	At a March 9, 2015 Council meeting, Mayor Rey stated that the "20% guideline would have to remain".
	<u>Option two</u> Forgivable up-front loan, ten years prorated forgiveness, no tax sharing	\$1,000,000	44%	
March 17, 2016 Council Meeting	<u>Option one</u> Forgivable up-front loan, ten years prorated forgiveness, 50/50 sharing of sales tax increment	\$650,000	29%	Council meeting members discussed a March 15 Staff Memo proposal that requests a \$1.5m, 15-year loan. Members discussed that this would secure the business and sales tax in the City for a longer period than previously proposed and that this would be a positive end result.
	<u>Option two - amended</u> Forgivable up-front loan, fifteen years prorated forgiveness, no tax sharing	\$1,500,000	67%	

As noted previously, the City did not have a single set of policy and procedure documents governing the TIF programs, however, during the course of our review of the RDAs, we did find some references to 'guidelines' around program objectives and maximum percentages of TIF reimbursements of total project costs. By way of example:

- a staff memo from February 2015 stated, *"the City's role... has been one of 'gap funding' which requires applicants to show that they cannot obtain the required funding necessary to make the project feasible without City assistance"* and goes on to reference *"...maximum project funding of 20% of total project costs"*; and
- a staff memo dated February 2017 references *"...past practices and policies of limiting incentives to 25%"*.

Bemis and the City agreed on the amended 'option two' TIF incentive and the RDA was signed on March 18, 2016. We note that the incentive of \$1.5 million represents 67% of the estimated total project costs of \$2.245 million.

6.5.2.2 TIF eligibility

We were not provided with a contemporaneous analysis establishing TIF eligibility of the Bemis incentive.

A March 2015 construction estimate from Gries Architectural Group, Inc. (see Exhibit J) is among the documentation considered by the Council. The document reflects an estimated total cost of \$2.245 million with \$1.25 assigned to "New Construction Showroom" The estimate also identifies \$650,000 of estimated costs relating to "Existing building remodel" (the remaining expenses are not clearly classified).

The construction estimate clearly identifies the risk that a significant proportion of the expenses associated with the project relate to new construction.

We were provided with a list of Bemis-related construction invoices totaling approximately \$3.8 million (see Appendix B). The information provided does not enable us to clearly apportion expenses between renovation and new construction and we are accordingly unable to conclude that the Bemis development incurred \$1.5 million in TIF eligible expenses.

6.5.3 Cornerstone project

6.5.3.1 Summary and key information

We selected four transactions related to the Cornerstone Dekalb LLC project ("Cornerstone") over the period March 28, 2017 through 31 December 2018. Cornerstone is a large and complex development and we requested additional documentation on the project's agreement and TIF incentive.

Cornerstone is owned by John Pappas ("Owner") as identified in the land acquisition documentation. The project had an estimated project cost of \$7.0 million and a TIF incentive amount of \$3.0 million structured in two phases. The first phase would be for \$1.5 million, relating to the cost of land acquisition, demolition, environmental remediation and eligible design costs, paid on an as-incurred basis. The remaining \$1.5 million would be payable upon the issuance of a certificate of occupancy.

We were provided with documentation reflecting that the complexity and magnitude of the award is debated and evaluated by the City. A staff memo from February 8, 2017 stated that the *"in phase 1, the*

amount of \$1.5 million... the city would have to incur anyway to execute the pending demolition requirement".

A staff memo on February 22, 2017 stated the project is an *"estimated \$7.5 million project. This represents a 40% incentive, which some have argued is too much, especially given past practices and policies of limiting incentives to 25%..."* the document goes on to argue *"while a \$3 million incentive is part of this project, the real cost associated with the project is close to \$1.5 million to \$2 million or between 25% and 30% of total project costs"*.

We were provided with an invoice support binder and a cost schedule summary that had been provided to the City by the Owner.

The total expenditure per the cost schedule aggregated some \$7.8 million, while the binder of invoice support aggregates some \$8.8 million. We do not know why the schedule does not include all the invoices.

6.5.3.2 TIF eligibility

We were not provided with a contemporaneous analysis of TIF eligibility of the Cornerstone incentive.

As with Bemis above, in order to obtain some understanding of the risk associated with TIF eligibility of the expenses we performed a high-level analysis based on documentation provided.

We were provided a list of TIF-eligible expenses submitted to the City by the developer that totaled \$2,966,363. We were only able to definitively confirm \$2,349,264 of the total project costs of \$8.8 million as TIF-eligible. See Appendix C for the invoices that made up the shortfall in our ability to confirm TIF eligibility.

In the staff memo dated 8 February 2017, it was noted that the City had worked with Laube Consulting Group LLC to evaluate the project. Laube had estimated \$2.8 million in TIF-eligible costs

As with Bemis above, the information provided does not enable us to clearly apportion expenses between renovation and new construction and we are accordingly unable to conclude that the Cornerstone development incurred \$3 million in TIF eligible expenses.

6.5.3.3 Pappas Development Management Fee

Included in the invoice support binder and cost schedule documentation provided for Cornerstone is an invoice payable to Pappas Development, LLC for \$600,000 for *"Project Management Fees"* (see Exhibit K). We understand that Pappas Development is owned by John Pappas the owner of Cornerstone. According to the redevelopment agreement, "Eligible Costs" include management fees not to exceed 12% of total actual project costs.

When we requested more information from the City we were informed that *"because of the over-runs and difficult working conditions he decided to take a flat fee, which is less than the 12% of the project costs"*.

Laube noted that the Developer proposed a \$575,000 developer fee and stated *"the market range for development fees are 3.5% - 5% of total costs being incurred by the Developer. The Developer's proposed fee is about 8% of the total costs. It is a bit over market"*.

We did not identify a management fee arrangement in any of the other RDA's reviewed.

6.6 Redevelopment agreement review

6.6.1 Overall summary

As noted previously, the City did not have a single set of documented policies and procedure governing the TIF programs, however the City did provide a Purchasing Manual from August 2015 and an extract from the Municipal Code, Chapter 37 relating to 'Tax Increment Financing Regulations' updated in February 2019 which includes the guidance around how:

- the City may incur and pay administrative expenses, and how they may qualify for reimbursement;
- TIFs district incremental revenues should not be for the payment of standalone maintenance for City infrastructure - such as roadway replacement/resurfacing, water main replacements or storm sewer replacement - unless such costs are directly related to a discrete TIF-eligible redevelopment project; and
- prior to approving any project-based TIF expenditure, the City shall evaluate the return on investment for such project and provide public disclosure of the analysis. The City Council shall prioritize projects that fulfill the general objectives of the TIF Act in encouraging redevelopment that expands the property tax base (and other forms of economic growth, job creation and elimination or prevention of blight).

As noted previously, during the course of our review of the RDAs, we did find some references to 'guidelines' around program objectives and maximum percentages of TIF reimbursements of total project costs. By way of example:

- a staff memo from February 2015 stated, *"the City's role... has been one of 'gap funding' which requires applicants to show that they cannot obtain the required funding necessary to make the project feasible without City assistance"* and goes on to reference *"...maximum project funding of 20% of total project costs"*; and
- a staff memo dated February 2017 references *"...past practices and policies of limiting incentives to 25%"*

Our review of the RDAs showed that there was a wide range of TIF reimbursement percentages, with several going well beyond the guidance set out above. Examples of these agreements are set out in the table below and include a number of developments previously discussed.

Project Name	Date	Estimated project Cost	TIF Incentive	TIF % of Cost
Cornerstone	2/27/2017	\$7,000,000	\$3,000,000	43%
Plaza DeKalb	8/14/2017	\$6,000,000	\$1,900,000	32%
Egyptian Theatre	12/18/2018	\$4,000,000	\$2,500,000	63%
School District #428	1/11/2016	\$2,610,000	\$2,000,000	77%
Bemis	3/17/2016	\$2,245,000	\$1,500,000	67%
Bandits Castle	3/13/2017	\$1,200,000	\$400,000	33%
2890 Pleasant St	7/9/2018	\$350,000	\$235,000	67%
211 N First St	7/9/2018	\$335,000	\$98,700	29%

Some of the RDAs appear to be for a 100% reimbursement of project costs from TIF funds such as the purchase of land and property by the City itself (1003 E Lincoln Highway for an unrealized development and the purchase of property for the resident office program). We also noted that there were items such as feasibility studies and sidewalk design, involving Barlow, WBK Engineering and Baxter & Woodman that appear to be reimbursed in full through TIF funds.

Several of the RDAs we analyzed reference a TIF reimbursement amount, but do not identify a total project cost so we are unable to recalculate the reimbursement percentage.

We have noted instances (such as 211 N First St noted above) where property acquisition costs were included when evaluating the relative size of the TIF incentives.

6.8 Forgivable loans

We noted that the Cornerstone RDA references that the TIF incentive is a 30-year forgivable loan commencing on the date of the Phase 2 incentive. Based on the accounts payable data provided to us, the last payment to Cornerstone occurred in 2018 which suggests that the loan would continue until approximately 2048.

Similarly, the Bemis award references a 15-year forgivable loan, and based on the accounts payable data provided to us, the last payment to Bemis occurred in 2018 which suggests that the loan would continue until approximately 2033.

However, TIF 1 is expected to end in 2021. It is currently unclear how the taxing districts would enforce their rights under the loan after the TIF expires.

We understand from the City that the process of monitoring and tracking the sales tax, new property taxes and amortization of the incentive amounts has not been commenced yet.

7. Recommendations and proposed process improvements

Based on the detailed procedures we performed, as set out in the sections above, we make the following recommendations and proposed process improvements:

- The City should compile an accounting manual that documents the processes and controls for approving payments to vendors or owners of redevelopments out of TIF funds. It should set out the types of documents required, and the level of review required by the City before payments are made. This could include:
 - Minimum documentation standards for approving payments, for example invoice, proof of performance, and purchase orders (the basic accounting documentation allowing for a “three-way match”);
 - Copies of vendor contracts;
 - Documents evidencing analysis and verification of TIF eligibility; and
 - Procedures requiring basic background checks on vendors to confirm creditworthiness and identify risk areas such as pending litigation or adverse media coverage.
- The City should consider defining a framework for, and enacting a policy governing the use of development incentives, including TIF. Doing so will require collaboration among elected and appointed officials, business leaders, economic or community development staff and/or consultants, finance and other staff. This could include:
 - A policy document setting out broad guidelines to be followed when evaluating and making awards. This could include guidance around the relative size of awards in relation to overall costs (and whether overall costs considered could include historical costs unrelated to the renovation);
 - The nature of projects eligible for support and any limitations, for example support for individual businesses or support for residential property;
 - A formalized application process for developers, businesses, and/or property owners requesting TIF and other types of municipal economic assistance that includes the project description, budget, analysis of TIF eligible costs, and description of the project’s financial viability with and without assistance; and
 - The analysis and documentation required confirming TIF eligibility prior to any award being approved.
 - Promoting transparency throughout the incentives process, including publicizing incentive policies, sharing details of incentive agreements, and publicly evaluating the outcomes of developments supported by incentives.
- The City should compile a policy document setting out broad guidelines for record retention and organization.
- The City should consider obtaining advice confirming whether the current methodology adopted to calculate the 2018 general fund transfer for administrative costs satisfies the requirements of the TIF Act. Based on the advice, the City should formalize:

- the calculation methodology;
 - any documentation requirements; and
 - approval/sign off processes governing any future transfers.
- The City should consider obtaining advice confirming whether the methodology adopted to calculate the general fund transfer for administrative costs prior to 2018 satisfies the requirements of the TIF Act.
- As noted above, the City included sales tax incremental revenues in their calculation of the surplus resulting in surplus distributions exceeding 50% of the property tax increment by approximately \$1.9 million during our scope period. The City should consider obtaining advice confirming whether the methodology adopted to calculate the surplus distributions satisfies the requirements of the IGA.
- As noted above, the surplus distributions made by the City reflect the view that the IDOR and the City continue to benefit from surplus distributions after fiscal year 2013 when sales tax (State Retail Occupancy Tax ("SROT") and Municipal Retail Occupancy Tax ("MROT")) increments no longer formed part of the income of TIF 1. The City should consider obtaining advice confirming that this is correct.
- As noted above, some of the larger awards were structured as forgivable loans to be amortized as incremental taxes are collected, however the loan periods extend beyond the expiration of the TIF funds. The City should develop a framework under which interested parties could enforce their rights under the loan after the TIF expires.
- The City should commit to a remediation plan addressing the items noted above. The remediation plan should identify action steps and timelines for completion. The City should commit to a reporting process involving relevant stakeholders, such as the Joint Review Board, where progress against the remediation plan can be communicated and items signed off as they are completed.

8. Exhibits and appendices

Exhibit A - 2014 salary schedule, spreadsheet

1	TIF General Fund Transfer				
2	Schedule of Salary/Benefits for Administrative Costs				
3					
4	Position	Employee Name	Annual Salary & Benefits	% of time working on TIF	Transfer Amt.
5	City Manager	Anne Marie Gaura	201,500	30%	60,450
6	Assistant City Manager	Rudy Espiritu	143,754	30%	43,126
7	ED Coordinator	Jennifer Diedrich	70,285	75%	52,714
8	Treasurer	Ted Kozinski	113,636	30%	34,091
9	City Engineer	John Laskowski	125,892	30%	37,768
10	Project Implementation Engineer	Mike Bauling	114,105	30%	34,232
11	Accounts Payable	Cindy Kreutzinger	61,284	10%	6,128
12	Economic Development Consultant	Roger Hopkins	25,704	50%	12,852
13	City Attorney	Dean Frieders	212,242	30%	63,672
14	City Planner	Derek Hiland	96,860	40%	38,744
15	Finance Director	Cathy Haley	159,286	30%	47,786
16	CBD Maintenance	Jim Grunwald	15,553	100%	15,553
17	CBD Maintenance	Judy Schneider	6,170	100%	6,170
18	ADPW Street Operations	Mark Espy	122,927	30%	36,878
19	Public Works Director	TJ Moore	139,134	20%	27,827
20	Community Services Planner	Jamie Smirz	80,472	20%	16,094
21	Rehab Specialist	Joann Rouse	14,985	60%	8,991
22	ADPW Airport/Airport Manager	Tom Cleveland	111,446	30%	33,434
23	Operations/Maintenance Section Mgr.	Jake Keck	110,869	30%	33,261
24	Skilled Maintenance	Tim Shipman	108,387	30%	32,516
25	Crime Free Housing & Inspection	Carl Leoni	93,861	30%	28,158
26	Crew Leader/Technician	John Lucius	102,473	20%	20,495
27	Patrol Officer Community Policing	Jared Burke	119,550	70%	83,685
28	Patrol Officer Community Policing	Kent Quist	107,073	70%	74,951
29	Community Development Director	TBD	159,286	40%	63,715
30	Safebuilt	TBD	202,000	20%	40,400
31	Totals		1,815,235		953,690
32				target	942,603

Exhibit B - 2018 salary schedule - spreadsheet

Estimated FY2018 TIF Administrative Expenses			
Central Area TIF #1	\$ 100,000.00		
TIF #2	\$ 60,000.00		
Positon	Annual Salary	% Time Allocated to TIF Work	TIF Staff Cost
City Manager	\$ 168,172.00	10%	\$ 16,817.20
Assistant City Manager	\$ 152,340.00	5%	\$ 7,617.00
Community Development Director	\$ 126,075.00	30%	\$ 37,822.50
Economic Development Planner	\$ 82,920.00	50%	\$ 41,460.00
Principal Planner	\$ 112,000.00	15%	\$ 16,800.00
Finance Director	\$ 126,075.00	2.5%	\$ 3,151.88
City Attorney	\$ 223,000.00	5%	\$ 11,150.00
Misc. Staff - Engineering, Finance, Public Work/Airport, Administration			\$ 25,000.00
Total			\$ 159,818.58

Exhibit C - 2018 salary schedule - pdf

TIF General Fund Transfer Schedule of Salary/Benefits for Administrative Costs					
Position	Employee Name	Annual Salary & Benefits	% of time working on TIF	FY18 Transfer Amount	
\$130/hr City Manager	Anne Marie Gaura	220,739	↓ 30% 600	66,222	22,073.7 10%
Assistant City Manager	Patty Hoppenstedt	211,602	↓ 30% 600	63,481	21,160.2 10%
Community Development Director	Jo Ellen Charlton	174,439	40% 800	69,776	
Principal Planner	Dan Olson	143,334	↓ 40% 800	57,334	28,666.8 20%
Code Compliance Coordinator	Carl Leoni	129,659	↓ 30% 800	38,898	
Building Inspector	Vacant (outside contractor completing work until filled)	81,356	20% 400	16,271	
\$53/hr Economic Development Planner	Jason Michnick	110,227	75% 1500	82,670	
Community Services Coordinator	Joanne Rouse	89,191	↓ 20% 400	17,838	
Public Works Director	Tim Holdeman	167,930	20% 400	33,586	
Street Superintendent	Mark Espy	158,657	30% 600	47,597	31,731.4 20%
Airport Manager	Tom Cleveland	148,282	↓ 30% 600	44,485	7,414.1 5%
City Engineer	Vacant (outside contractor completing work until filled)	144,692	30% 600	43,408	
Assistant Public Works Director	Brian Faivre	158,657	30% 600	47,597	31,731.4 20%
Skilled Maintenance	Tim Shipman	121,140	30%	36,342	
Crew Leader/Technician	Johnn Lucius	115,309	20%	23,062	
CBD Maintenance	James Grunwald	23,675	100%	23,675	
CBD Maintenance	Judith Schneider	11,214	100%	11,214	
Finance Director	Molly Talkington	179,843	30%	53,953	15,242.6 20%
Assistant Finance Director	Robert Miller	144,005	30%	43,202	8,640.4 20%
Accounts Payable	Carri Parker	85,804	10%	8,580	
Patrol Officer - Community Policing	Jared Burke	114,190	70%	79,933	
Patrol Officer - Community Policing	Aaron Gates	114,092	70%	79,864	
City Attorney	Dean Frieders LLC	208,080	↓ 30%	62,424	31,212 15%
Inspection Services	WBK	48,400	20%	9,680	
Totals		3,104,517		1,061,090	440,320
				\$693,591	
			FY18 Budget	791,774	
			Over/Under	269,316	

U:\TIF\FY2018 TIF General Fund Transfer

Exhibit D - Relevant salaries provided

Position	2009	2010	2011	2012	2013	2014	2015	2016
City Manager								
Biemacki	\$141,740	\$141,740	\$143,626	\$149,428	\$149,428	N/A	N/A	N/A
Gaura	N/A	N/A	N/A	N/A	N/A	\$155,000	\$162,044	\$166,095
Assistant City Manager								
Espirtu	\$97,479	\$97,479	\$100,750	\$102,766	\$104,822	\$108,521	N/A	N/A
Hoppenstedt	N/A	N/A	N/A	N/A	N/A	N/A	\$131,978	\$135,277
Community Development Director								
Farnum	\$96,792	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Monas (PW Director)	N/A	\$109,777	N/A	N/A	N/A	N/A	N/A	N/A
Moore (PW Director)(11-15)	N/A	N/A	\$104,576	\$108,801	\$113,197	N/A	N/A	N/A
Divita (Weber)	N/A	N/A	N/A	N/A	N/A	\$121,927	\$124,975	N/A
Charlton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$123,000
Economic Development Planner								
Diedrich	\$60,581	\$60,581	\$62,615	\$65,144	\$67,776	\$70,169	\$78,925	N/A
Michnick	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$80,898
Principal Planner								
Hiland	\$70,417	\$70,417	\$71,353	\$74,236	\$77,235	\$79,962	\$86,998	N/A
Charlton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$115,000
Olson	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance Director								
Vacant (ACM held duties)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pisarcik	N/A	N/A	\$89,301	\$94,143	\$97,945	N/A	N/A	N/A
Haley	N/A	N/A	N/A	N/A	N/A	\$124,366	\$124,366	\$127,476
Talkington	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City Attorney								
Guess	\$105,515	\$105,515	\$105,515	N/A	N/A	N/A	N/A	N/A
Contracted				\$ 204,000	\$ 204,000	\$ 204,000	\$ 204,000	\$ 204,000

Exhibit E - Extract of 2007 Intergovernmental Agreement

RESOLUTION 07-42

Passed: May 29, 2007

AUTHORIZING THE MAYOR OF THE CITY OF DEKALB, ILLINOIS, TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT WITH THE TAXING BODIES REGARDING EXTENSION OF THE CENTRAL AREA TAX INCREMENT FINANCING REDEVELOPMENT PLAN AND PROJECT.

WHEREAS, the City of DeKalb has determined that is in its best interests to extend the Central Area Tax Increment Redevelopment Plan for the Central Area Redevelopment Project Area; and,

WHEREAS, the extension of the Central Area Tax Increment Redevelopment Plan for the Central Area Redevelopment Project Area will require the approval of the affected taxing bodies, to wit: DeKalb Community Unit School District No. 428, the County of DeKalb, the DeKalb Sanitary District, the DeKalb Public Library District, the DeKalb County Forest Preserve, the DeKalb Park District, DeKalb Township, DeKalb Township Road and Bridge District, and Kishwaukee Community College District; and

WHEREAS, the City and the taxing bodies have mutually agreed that their respective interests are set forth in the proposed Intergovernmental Agreement; and

WHEREAS, the City and the taxing bodies are granted the right to enter into intergovernmental cooperation agreements pursuant to Article IV, Section 10 of the Illinois Constitution of 1976 and the Intergovernmental Cooperation Act (5 ILCS 220/1); and,

WHEREAS, the proposed Intergovernmental Agreement attached hereto between the City of DeKalb and DeKalb Community Unit School District No. 428, the County of DeKalb, the DeKalb Sanitary District, the DeKalb Public Library District, the DeKalb County Forest Preserve, the DeKalb Park District, DeKalb Township, DeKalb Township Road and Bridge District, and Kishwaukee Community College District; sets forth the duties, obligations and benefits of the respective parties thereto; now,

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. That the Mayor of the City of DeKalb be authorized and directed to execute an agreement with the DeKalb Community Unit School District No. 428, the County of DeKalb, the DeKalb Sanitary District, the DeKalb Public Library District, the DeKalb County Forest Preserve, the DeKalb Park District, DeKalb Township, DeKalb Township Road and Bridge District, and Kishwaukee Community College District, a copy of which is attached hereto and made a part hereof as Exhibit "A".



Section 2. That the City Clerk of the City of DeKalb be authorized and directed to attest the Mayor's signature.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois, at a regular meeting thereof held on the 29th day of May, 2007, and approved by me as Mayor on the same day. Voice vote 6-0-1.

ATTEST:


DONNA S. JOHNSON, City Clerk


FRANK VAN BUER, Mayor



**INTERGOVERNMENTAL AGREEMENT ON THE EXTENSION OF THE CENTRAL
AREA TAX INCREMENT FINANCING REDEVELOPMENT PLAN AND PROJECT**

THIS AGREEMENT made and entered into this 29th day of May, 2007, by and between the City of DeKalb, DeKalb Community Unit School District No. 428, the County of DeKalb, the DeKalb Sanitary District, the DeKalb Public Library District, the DeKalb County Forest Preserve, the DeKalb Park District, DeKalb Township, DeKalb Township Road and Bridge District, and Kishwaukee Community College District, collectively referred to herein as "The Taxing Bodies."

WHEREAS, The Taxing Bodies may enter into intergovernmental cooperation agreements pursuant to Article IV, Section 10 of the Illinois Constitution of 1976 and the Intergovernmental Cooperation Act (5 ILCS 220/1); and,

WHEREAS, The Taxing Bodies desire to attract new and diverse business, commercial and residential enterprises within their boundaries in order to increase the equalized assessed valuation within the boundaries by encouraging private sector investment; and,

WHEREAS, The creation of well paying jobs, vital retail and commercial enterprises is essential to the economic and social wellbeing of the people of DeKalb and the surrounding area; and,

WHEREAS, the City Council of the City of DeKalb has previously adopted Ordinance No's.: 86-78, 86-79 and 86-80, on December 22, 1986, approving the Central Area Tax Increment Redevelopment Plan for the Central Area Redevelopment Project Area ("Central TIF District"), designated said District, and adopted tax increment financing for said District pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1, *et seq.*, the "TIF Act"); and

WHEREAS, the date for retiring bonds or other obligations or payment of redevelopment project costs from property tax increment revenues within Central TIF District shall not extend beyond December 31, 2009; and

WHEREAS, The Taxing Bodies find that the extension of the term to pay for redevelopment project costs within the Central TIF District may be necessary to attract new and diverse retail, commercial and residential opportunities within said District; now,

THEREFORE IT IS AGREED by and between The Taxing Bodies as follows:

I. DEFINITIONS

"Central TIF District" as defined herein is the Central Area Tax Increment Financing Redevelopment Project Area, established pursuant to the Ordinance 86-79 and as amended from time to time.

“Extension” is the extension of the term of the Central TIF District for purposes of completing redevelopment projects and retirement of obligations incurred to finance redevelopment project costs, which shall not be later than December 31 of the year in which the payment to the City Treasurer as provided in subsection (b) of Section 11-74.4-8 of the TIF Act is to be made with respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which Ordinance 86-79 establishing the Central TIF District was adopted.

“Obligations” mean bonds, loans, debentures, notes, special certificates or other evidence of indebtedness issued by the municipality to carry out a redevelopment project or to refund outstanding obligations.

“Surplus” is that portion of the property tax revenue increment generated by the real property within the Central TIF District which is not required, pledged earmarked, or otherwise designated for payment and securing of the obligations and anticipated redevelopment project costs.

The “Taxing Bodies” are the following entities entering into this Intergovernmental Agreement: City of DeKalb, DeKalb Community Unit School District No. 428, the County of DeKalb, the DeKalb Sanitary District, the DeKalb Public Library District, the DeKalb County Forest Preserve, the DeKalb Park District, DeKalb Township, DeKalb Township Road and Bridge District, and Kishwaukee Community College District.

II. AGREEMENT TO SUPPORT EXTENSION OF THE TIF DISTRICT

The Taxing Bodies agree to provide a written Letter of Support, in a form acceptable to the City, which supports the extension of the Central TIF District. This Letter of Support shall be made a part of the City’s request to the Illinois General Assembly for amendment of the TIF Act permitting the extension of the Central TIF District. The Taxing Bodies further agree to support the City’s efforts to amend the Redevelopment Plan for the Central TIF District, as may be requested by the City.

III. AGREEMENT TO PROVIDE SURPLUS TO THE TAXING BODIES

In the event that its efforts to obtain legislative approval to extend the Central TIF District are successful, the City shall:

- A. Commencing in the City’s Fiscal Year 2011, and each year thereafter during the pendency of the extension of the Central TIF District, declare a surplus of fifty per cent (50%) of the property tax revenue increment generated by the real property within the Central TIF District;
- B. Distribute the surplus within 180 days after the close of the City’s fiscal year by being paid by the City Treasurer to the County Collector, to the Illinois Department of Revenue and to the municipality in direct proportion to the tax incremental revenue received as a result of an increase in the equalized assessed value of property in the

redevelopment project area, tax incremental revenue received from the State and tax incremental revenue received from the City, but not to exceed as to each such source the total incremental revenue received from that source (see **Exhibit A**, attached hereto, for a hypothetical example of the surplus distribution). Pursuant to Section 11.74.4-7 of the TIF Act, the County Collector shall thereafter make distribution to the respective taxing districts in the same manner and proportion as the most recent distribution by the County Collector to the affected districts of real property taxes from real property in the redevelopment project area; and

- C. On an annual basis, supply the Taxing Bodies with a report setting forth the property tax revenue increment generated by the real property within the Central TIF District, the surplus declared and the distribution of said funds pursuant to paragraph B above.

IV. OTHER PROVISIONS

This Intergovernmental Agreement shall in no way restrict the City's right to terminate the Central TIF District at any time or remove property from said District from time to time.

V. TERM


A. In the event that the City's efforts to obtain legislative approval to extend the Central TIF District are successful, this Intergovernmental Agreement shall remain in effect so long as the extension of the Central TIF District is in effect.

B. In the event that the City's efforts to obtain legislative approval to extend the Central TIF District are unsuccessful, this Intergovernmental Agreement shall be null and void.

VI. EXECUTION OF AGREEMENT

This Agreement shall be executed in the form of ten (10) duplicate originals by the Chief Executive Officer of each Taxing Body and shall be attested to by the respective Clerk or Secretary of each Taxing Body.

CITY OF DEKALB:


MAYOR

ATTEST:


CITY CLERK



SURPLUS FUNDS DISTRIBUTION CALCULATION
FOR ANNUAL TIF SURPLUS FUNDS

EXHIBIT
"A"

Total State Sales Tax deposits over the life of the TIF. (Minus any previous State surplus declared.)	(1)	\$360,000.00
Total Municipal Sales Tax deposits over the life of the TIF. (Minus any previous Mun. surplus declared.)	(2)	\$180,000.00
Total Property Tax deposits over the life of the TIF. (Minus any previous Prop. Tax surplus declared.)	(3)	\$1,500,000.00
Total of any other local funds deposited over the life of the TIF.	(4)	\$70,000.00
Total of all deposits:	(5)	\$2,130,000.00
Total of ONLY the State, the Municipal, and the Property Tax deposits over the life of the TIF. (Total the amounts from lines 1, 2, and 3.)	(6)	\$2,060,000.00
State deposits (from line 1) divided by the total of all deposits (line 5).	(7)	18.446602% %
Municipal deposits (from line 2) divided by the total of all deposits (line 5).	(8)	8.737864% %
Property Tax deposits (from line 3) divided by the total of all deposits (line 5).	(9)	72.815534% %
TOTAL "ANNUAL" SURPLUS FUNDS REMAINING	(10)	\$100,000.00
Surplus amount (line 10) multiplied by the State percentage (from line 7).	(11)	\$18,446.60
Surplus amount (line 10) multiplied by the Municipal percentage (from line 8).	(12)	\$8,737.86
Surplus amount (line 10) multiplied by the Property Tax percentage (from line 9).	(13)	\$72,815.53

RETURN THE FOLLOWING AMOUNTS TO:

State of Illinois	Municipal Treasurer	County Collector
\$18,446.60	\$8,737.86	\$72,815.53

RIDER TO THE
INTERGOVERNMENTAL AGREEMENT ON THE EXTENSION OF THE CENTRAL
AREA TAX INCREMENT FINANCING REDEVELOPMENT PLAN AND PROJECT
WITH DEKALB COMMUNITY UNIT SCHOOL DISTRICT NO. 428

THIS AGREEMENT is a Rider to the Intergovernmental Agreement made and entered into on the 29th day of May, 2007, by and between the City of DeKalb, DeKalb Community Unit School District No. 428, the County of DeKalb, the DeKalb Sanitary District, the DeKalb Public Library District, the DeKalb County Forest Preserve, the DeKalb Park District, DeKalb Township, DeKalb Township Road and Bridge District, and Kishwaukee Community College District, (hereinafter referred to as the "Agreement") and is made solely between the City of DeKalb (hereinafter referred to as the "City") and DeKalb Community Unit School District No. 428, (hereinafter referred to as the "District").

1. The terms and conditions of the Agreement, of which this Rider is a part as to the District only, shall remain in full force and effect during the pendency of the Agreement and this Rider and Agreement shall apply only to the property tax portion of the Central Area Tax Increment Financing Redevelopment Plan and Project.

2. For any amendments other than the current extension of the TIF contemplated by the Agreement, the District shall evaluate its support of the City's efforts to further amend the Redevelopment Plan for the Central Area Tax Increment Financing District, through the procedure of the joint review board, as provided for in the TIF Act (65 ILCS 11-74.4, et seq.).

3. Any additional payments that may be made under this Rider are subject to the City's primary obligation to pay the reimbursement of or debt service upon any TIF assisted project and shall be made only as and if funds are available after such payments are made. To the extent permitted by State statute, it is agreed and acknowledged by and between the parties that any payments of surplus made under the underlying Agreement and/or this Rider shall be deemed to be unencumbered and may be utilized by the District in any fashion permitted by law.

4. At the request of the District and upon the provision of data showing that any TIF project, which receives direct financial assistance from the City's Central Area Tax Increment Financing Allocation Fund leading to the construction of residential units, has generated additional school-age children residing therein, the City shall provide such additional assistance to the District as may be required by the provisions of 65 ILCS 5/11-74.4-3(q)(7.5), as may be amended from time to time, and a copy of which is attached hereto and made a part hereof as Exhibit "R-1".

5. In the event that the State's aid formula, as provided for in 105 ILCS 5/1-1, et seq., changes and significantly, materially and appreciably alters the State funding provided to the District, the parties agree to reopen negotiations on this Rider and the underlying Agreement and shall use their best efforts to modify the same to insure that the District receives TIF funds in an amount equal to those TIF funds received in the budget year immediately prior to the one under consideration, considering all streams of funding then available to the District. The District

agrees to provide the City with copies of any and all records documenting the State aid and any other funding received by the District.

6. Except for those funds generated by an increase in the equalized assessed valuation of the property located with the TIF, in no instance shall any payments that may be made under the Agreement or this Rider result in the District receiving funds in an amount greater than those funds received in the budget year immediately prior to the one under consideration, considering all streams of funding available to the District, including but not limited to, any funds provided by the City. The District agrees to provide the City with copies of any and all records documenting the State aid and any other funding received by the District.

7. During the pendency of the underlying Agreement and/or this Rider, in the event that the City removes more than thirty per cent (30%) of the area of the real property currently located within the property tax portion of the Central Area Tax Increment Financing Redevelopment Plan and Project and places it into a new TIF District, the parties agree to reopen negotiations on this Rider and the underlying Agreement and shall use their best efforts to determine what other financial consideration may be extended to the District from proceeds that may be available after all other City obligations relating to the new TIF District have been met, including but not limited to, bonded indebtedness and the obligations to all other taxing districts.

IN WITNESS WHEREOF, we have set our hands and seals this 10th day of September, 2007.

CITY OF DEKALB:



Frank Van Buren
MAYOR

ATTEST:

Donna S. Hunter
CITY CLERK

DEKALB COMMUNITY UNIT SCHOOL DISTRICT NUMBER 428:

Martin Delucchi
PRESIDENT

ATTEST:

Wallace
SECRETARY

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or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 [65 ILCS 5/11-74.4-3] unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;

(5) Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;

(6) 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 hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;

(7) To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project.

(B) For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually as follows:

(A) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code [105 ILCS 5/10-20.12a] less any increase in general State aid as defined in Section 18-8.05 of the School Code [105 ILCS 5/18-8.05] attributable to these added new students subject to the following annual limitations:

(i) for unit school districts with a district average 19 95-96 Per Capita Tuition Charge of less than \$ 5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;

(ii) for elementary school districts with a district average 19 95-96 Per Capita Tuition Charge of less than \$ 5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and

(iii) for secondary school districts with a district average 19 95-96 Per Capita Tuition Charge of less than \$ 5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.

(B) For alternate method districts, flat grant districts, and foundation districts with a district average

19 95-96 Per Capita Tuition Charge equal to or more than \$ 5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code [105 ILCS 5/10-20.12a] less any increase in general state aid as defined in Section 18-8.05 of the School Code [105 ILCS 5/18-8.05] attributable to these added new students subject to the following annual limitations:

(i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;

(ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and

(iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.

(C) For any school district in a municipality with a population in excess of 1,000,000, the following restrictions shall apply to the reimbursement of increased costs under this paragraph (7.5):

(i) no increased costs shall be reimbursed unless the school district certifies that each of the schools affected by the assisted housing project is at or over its student capacity;

(ii) the amount reimburseable shall be reduced by the value of any land donated to the school district by the municipality or developer, and by the value of any physical improvements made to the schools by the municipality or developer; and

(iii) the amount reimbursed may not affect amounts otherwise obligated by the terms of any bonds, notes, or other funding instruments, or the terms of any redevelopment agreement.

Any school district seeking payment under this paragraph (7.5) shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by this paragraph (7.5). By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects;

(7.7) For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after January 1, 2005 (the effective date Public Act 93-961 [P.A. 93-961]), a public library district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act shall be paid to the library district by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units. This paragraph (7.7) applies only if (i) the library district is located in a county that is subject to the Property Tax Extension Limitation Law or (ii) the library district is not located in a county that is subject to the Property Tax Extension Limitation Law [35 ILCS 200/18-185 et seq.] but the district is prohibited by any other law from increasing its tax levy rate without a prior voter

Exhibit F - 2011 TIF Surplus Distribution Process letter



CITY OF DEKALB
200 SOUTH FORT STREET
DEKALB, ILLINOIS 60115
PHONE (815) 748-2000
FAX (815) 748-2002
WWW.CITYOFDEKALB.COM

May 31, 2011

Mark Todd, Treasurer, DeKalb County Government
DeKalb County Government
DeKalb County Forest Preserve
DeKalb Park District
DeKalb Public Library
DeKalb Sanitary District
DeKalb School District #428
DeKalb Township
Kishwaukee Community College

RE: FY11 Distribution of Surplus Central Area TIF Funds

Ladies and Gentlemen,

Last year, the City of DeKalb sent your organization a letter in reference to the Intergovernmental Agreement on the Extension of the Central Area Tax Increment Financing Redevelopment Plan between the City of DeKalb and your taxing body entered into on May 29, 2007. Per this agreement, the City of DeKalb agreed to declare 50% of the property tax revenue increment generated by the real property within the Central Area TIF district as surplus and distribute the funds proportionately to the taxing bodies. Concurrently, the City is required to declare a 50% surplus in its State and local sales tax TIF receipts. These surplus funds are required to be distributed 180 days after the close of the City's Fiscal Year 2011.

The City of DeKalb has received the last sales tax increment from the State of Illinois and is now ready to declare the surplus. The surplus funds have been forwarded to County Treasurer Mark Todd for distribution. This distribution will be sent via check to your individual organization before the end of June, 2011. The use of these funds is not restricted. The City of DeKalb intends to keep this same schedule in distributing surplus funds through the remainder of the agreement.

Enclosed is the FY11 report which shows the surplus payouts, which are based on actual 2010 property tax increment and sales tax increment revenues received. The actual amount of surplus distributed in the future may vary depending on the amount of sales tax increment generated within each fiscal year. It should be noted that the sales tax portion of the surplus will cease with the expiration of the Sales Tax TIF in 2013. Later this year, the City of DeKalb will send your taxing body estimated amounts for

CITY MANAGER'S
OFFICE
(815) 748-2000

FINANCE
DIVISION
(815) 748-2000

LEGAL
DIVISION
(815) 748-2000

HUMAN RESOURCES
DIVISION
(815) 748-2000

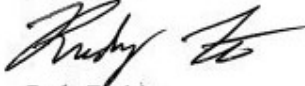
CITY CLERK'S
OFFICE
(815) 748-2000



FY12. Both reports will be sent out annually through the remainder of the agreement.

Please don't hesitate to contact me with questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Rudy Espiritu", with a stylized flourish at the end.

Rudy Espiritu
Assistant City Manager

Enc.

Cc: Diedrich
Pisarcik

ED048-11

Exhibit G - 2012 TIF Surplus Distribution Process letter



Exhibit H - 2013 TIF Surplus Distribution Process letter



200 South Fourth Street
DeKalb, Illinois 60115
815.748.2000 • cityofdekalb.com

June 10, 2013

DeKalb County Government
DeKalb County Forest Preserve
DeKalb County Road & Bridge
DeKalb Park District
DeKalb Public Library
DeKalb Sanitary District
DeKalb School District #428
DeKalb Township
Kishwaukee Community College

RE: FY13 Distribution of Surplus Central Area TIF Funds

Ladies and Gentlemen,

Last year, the City of DeKalb distributed surplus monies declared in the Central Area Tax Increment Financing district to your organization per the Intergovernmental Agreement on the Extension of the Central Area Tax Increment Financing Redevelopment Plan between the City of DeKalb and your taxing body entered into on May 29, 2007. The City of DeKalb has received the last sales tax increment from the State of Illinois and is now ready to declare the FY13 surplus. A copy of the FY13 surplus worksheet has been enclosed that shows the surplus payouts, which are based on actual property tax increment generated in 2010/received in FY13, and sales tax increment revenues received in FY13. Your individual organization's distribution is shown on the last page titled "Central Area TIF FY13 Surplus Distribution Reconciliation."

The surplus funds have been forwarded to County Treasurer Christine Johnson for distribution. This distribution will be sent via separate check to your individual organization before the end of June, 2013. The use of these funds is not restricted. The City of DeKalb intends to keep this same schedule in distributing surplus funds through the expiration of the agreement in FY22.

Also enclosed is the FY14 estimate worksheet which shows the anticipated surplus payouts based on actual property tax increment generated in 2012 and are estimated to be received in FY14. The sales tax portion of the surplus will cease with the expiration of the Sales Tax TIF in 2013. It should be noted that the Central Area TIF district experienced a decline of approximately 12% from 2011 to 2012. Combined with the expiration of the sales tax portion of the TIF, your organization will notice an estimated 23% decrease in surplus revenues in FY14 from those received in FY13.

Please don't hesitate to contact me with questions or concerns.

Sincerely,



Rudy Espiritu
Assistant City Manager

Enc.

Cc: Diedrich
Pisarcik

ED0027-13



Exhibit I - 2014 TIF Surplus Distribution Process letter



200 South Fourth Street
DeKalb, Illinois 60115
815.748.2000 • cityofdekalb.com

June 6, 2014

DeKalb County Government
DeKalb County Forest Preserve
DeKalb Park District
DeKalb Public Library
DeKalb County Road & Bridge
DeKalb Sanitary District
DeKalb School District #428
DeKalb Township
Kishwaukee Community College

RE: Fiscal Year 2014 Distribution of Surplus Central Area Tax Increment Financing Funds

Ladies and Gentlemen,

Last year, the City of DeKalb distributed surplus monies declared in the Central Area Tax Increment Financing district to your organization per the Intergovernmental Agreement on the Extension of the Central Area Tax Increment Financing Redevelopment Plan between the City of DeKalb and your taxing body entered into on May 29, 2007. The City of DeKalb has received the property tax increment from DeKalb County and is now ready to declare the FY14 surplus. A copy of the FY14 surplus worksheet has been enclosed that shows the surplus payouts, which are based on actual property tax increment generated in 2012 & received in FY14. Your individual organization's distribution is shown on the last page titled "Central Area TIF FY14 Surplus Distribution Reconciliation."

The surplus funds have been forwarded to County Treasurer Christine Johnson for distribution. This distribution will be sent via separate check to your individual organization before the end of June, 2013. The use of these funds is not restricted. The City of DeKalb intends to keep this same schedule in distributing surplus funds through the expiration of the agreement in FY22.

Also enclosed is the FY15 estimate worksheet which shows the anticipated surplus payouts based on actual property tax increment generated in 2013 and are estimated to be received in FY15. The sales tax portion of the surplus expired in 2013.

Please don't hesitate to contact me with questions or concerns.

Sincerely,



Rudy Espiritu
Assistant City Manager

Enc.

Cc: Diedrich

ED027-14



Page | 2

Exhibit J - Bemis' architectural cost budget



Gries
Architectural Group Inc.

March 2, 2015

Bemis Automotive Group
1890 Sycamore Road
Dekalb IL, 60115

Attn: Amy Bemis

RE: Addition and Alterations for Bemis Toyota

Dear Amy:

Gries Architectural Group, Inc. (GAGI) is pleased to present this preliminary cost budget breakdown for the Additions/Alterations and site improvements to your Toyota in Dekalb, IL. The below breakdown is based on extensive cost data from previous similar automotive projects. Please contact me with any questions.

SCOPE AND BUDGET SUMMARY

Building Cost	
Building Demolition	\$95,000
New Construction Showroom	\$1,250,000
Car Wash	\$50,000
Existing building remodel	\$650,000
Site Cost	
Site improvements	\$200,000
PROJECT TOTAL	\$2,245,000

Sincerely,

GRIES ARCHITECTURAL GROUP, INC.
Brannin Gries, AIA, NCARB, LEED AP
Vice Principal/Architect

Exhibit K - Cornerstone's Pappas Development invoice

INVOICE			
Pappas Development, LLC			
To	Cornerstone DeKalb LLC 124 E Lincoln Highway DeKalb IL, 60115		
PAID			
Salesperson	Job	Payment Terms	Due Date
		Due on receipt	
Qty	Description	Unit Price	Line Total
	Project Management Fees		\$600,000.00
		Subtotal	\$600,000.00
		Sales Tax	
		Total	\$600,000.00
Thank you for your business!			

Appendix A – TIF Annual Reports and supporting disclosures, analyses and certification requirements

TIF 1 - Annual Report Matrix 2009 - 2013

Section	2009	2010	2011	2012	2013
Section 1	Completed, missing email address	Completed, missing email address	Completed	Completed	Completed
Section 2	Completed	Completed	Completed	Completed	Completed
Section 3.1	Completed	Completed	Completed	Completed	Completed
Section 3.2A	Completed	Completed	Completed	Completed	Completed
Section 3.2B	Completed	Completed	Completed	Completed	Completed
a. Surplus distribution - State of Illinois	No	No	Yes	Yes	Yes
b. Surplus distribution - Municipality	No	No	Yes	Yes	Yes
c. Surplus distribution - County Collector/Treasurer	No	No	Yes	Yes	Yes
Section 3.3	Completed	Completed	Completed	Completed	Completed
Section 4	Completed	Completed	Completed	Completed	Completed
Section 5	Completed	Completed	Completed	Completed	Completed
Section 6, Section 7, and Section 8	Optional; not included	Optional; not included	Optional; not included	Optional; not included	Optional; not included
Attachment A - Amendments to RPA or boundary	N/A	N/A	N/A	N/A	N/A
Attachment B - Certification compliance with requirements TIF Act by CEO of Municipality	Yes; Kris Povlsen, Mayor	Yes; Kris Povlsen, Mayor	Yes; Kris Povlsen, Mayor	Yes; Kris Povlsen, Mayor	Yes; John Rey, Mayor
Attachment C - Legal Counsel opinion of compliance with requirements of the TIF Act	Yes; Norma Guess, Attorney	Yes; Norma Guess, Attorney	Yes; Dean Frieders, City Attorney	Yes; Dean Frieders, City Attorney	Yes; Dean Frieders, Attorney
Attachment D - Activities Statement	Completed	Completed	Completed	Completed	Completed
Attachment E - Agreement regarding disposition or redevelopment of	Completed	Completed	Completed	Completed	Completed

Section	2009	2010	2011	2012	2013
Property					
Attachment F - Additional information on the use of all funds	No	No	No	Completed	Completed
Attachment G - Contracts between municipality's TIF advisors/consultants and TIF fund recipients	No	No	No	No	No
Attachment H - JRB Meeting minutes	No	No	No	No	Yes; 12/18/2012
Attachment I - Official Statements regarding issuance of obligations	N/A	Completed	N/A	N/A	N/A
Attachment J - FA/Underwriter analysis of obligations	N/A	Completed	N/A	N/A	N/A
Attachment K - Audited financial statements if deposits from any source equal or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Attachment L - Certified letter statement reviewing compliance if incremental taxes revenue is equal to or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Auditor	Sikich	Sikich	Sikich	Lauterbach & Amen, LLP	Lauterbach & Amen, LLP
Attachment M - List of Intergovernmental Agreements	No	Completed	Completed	Completed	Completed

TIF 1 - Annual Report Matrix 2014 - 2018

Section	2014	2015	2016	2017	2018
Section 1	Completed	Completed	Completed	Completed	Completed
Section 2	Completed	Completed	Completed	Completed	Completed
Section 3.1	Completed	Completed	Completed	Completed	Completed
Section 3.2A	Completed	Completed	Completed	Completed	Completed
Section 3.2B	Completed	Completed	Completed	Completed	Completed
a. Surplus distribution - State of Illinois	Yes	Yes	Yes	No	No
b. Surplus distribution - Municipality	Yes	Yes	Yes	No	No
c. Surplus distribution - County Collector/Treasurer	Yes	Yes	Yes	Yes	Yes
Section 3.3	Completed	Completed	Completed	Completed	Completed
Section 4	Completed	Completed	Completed	Completed	Completed
Section 5	Completed	Completed	Completed	Completed	Completed
Section 6, Section 7, and Section 8	Optional; included; incomplete	Optional; included; incomplete	Optional; included; incomplete	Optional; included; 6 Yes, 7 No, 8 No	Optional; included; 6 Yes, 7 No, 8 No
Attachment A - Amendments to RPA or boundary	N/A	N/A	N/A	N/A	Completed
Attachment B - Certification compliance with requirements TIF Act by CEO of Municipality	Yes; John Rey, Mayor	Yes; John Rey, Mayor	Yes; Molly Talkington, Intermin City Manager	Yes; Molly Talkington, Intermin City Manager	Yes; Jerry Smith Mayor
Attachment C - Legal Counsel opinion of compliance with requirements of the TIF Act	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; John Donahue
Attachment D - Activities Statement	Completed	Completed	Completed	Completed	Completed
Attachment E - Agreement regarding disposition or redevelopment of Property	Completed	Completed	Completed	Completed	Completed

Section	2014	2015	2016	2017	2018
Attachment F - Additional information on the use of all funds	No	No	No	No	No
Attachment G - Contracts between municipality's TIF advisors/consultants and TIF fund recipients	No	No	No	No	No
Attachment H - JRB Meeting minutes	Yes; 12/18/2012	Yes; 12/19/2013	Yes; 12/22/2016	Yes, 4/13/2017	No
Attachment I - Official Statements regarding issuance of obligations	N/A	N/A	N/A	N/A	N/A
Attachment J - FA/Underwriter analysis of obligations	N/A	N/A	N/A	N/A	N/A
Attachment K - Audited financial statements if deposits from any source equal or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Attachment L - Certified letter statement reviewing compliance if incremental taxes revenue is equal to or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Auditor	Lauterbach & Amen, LLP	Lauterbach & Amen, LLP	Sikich	Sikich	Sikich
Attachment M - List of Intergovernmental Agreements	Completed	Completed	Completed	Completed	No

TIF 2 - Annual Report Matrix - 2009 - 2013

Section	2009	2010	2011	2012	2013
Section 1	Completed, missing email address	Completed, missing email address	Completed	Completed	Completed
Section 2	Completed	Completed	Completed	Completed	Completed
Section 3.1	Completed	Completed	Completed	Completed	Completed
Section 3.2A	Completed	Completed	Completed	Completed	Completed
Section 3.2B	Completed	Completed	Completed	Completed	Completed
a. Surplus distribution - State of Illinois	No	No	No	No	No
b. Surplus distribution - Municipality	No	No	No	No	No
c. Surplus distribution - County Collector/Treasurer	No	No	No	No	No
Section 3.3	No	No	No	No	No
Section 4	Completed	Completed	Completed	Completed	Completed
Section 5	Completed	Completed	Completed	Completed	Completed
Section 6, Section 7, and Section 8	Optional; not included	Optional; included	Optional; included	Optional; not included	Optional; not included
Attachment A - Amendments to RPA or boundary	N/A	N/A	N/A	N/A	Completed
Attachment B - Certification compliance with requirements TIF Act by CEO of Municipality	Yes; Kris Povlsen, Mayor	Yes; Kris Povlsen, Mayor	Yes; Kris Povlsen, Mayor	Yes; Kris Povlsen, Mayor	Yes; John Rey, Mayor
Attachment C - Legal Counsel opinion of compliance with requirements of the TIF Act	Yes; Norma Guess, Attorney	Yes; Norma Guess, Attorney	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney
Attachment D - Activities Statement	N/A	N/A	Incomplete	Completed	Completed
Attachment E - Agreement regarding disposition or redevelopment of Property	N/A	Completed	Completed	Completed	Completed

Attachment F - Additional information on the use of all funds	No	No	No	No	No
Attachment G - Contracts between municipality's TIF advisors/consultants and TIF fund recipients	No	No	No	No	No
Attachment H - JRB Meeting minutes	No	No	No	No	Yes; 12/18/2012
Attachment I - Official Statements regarding issuance of obligations	N/A	N/A	N/A	N/A	N/A
Attachment J - FA/Underwriter analysis of obligations	N/A	N/A	N/A	N/A	N/A
Attachment K - Audited financial statements if deposits from any source equal or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Attachment L - Certified letter statement reviewing compliance if incremental taxes revenue is equal to or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Auditor	Sikich	Sikich	Lauterbach & Amen, LLP	Lauterbach & Amen, LLP	Lauterbach & Amen, LLP
Attachment M - List of Intergovernmental Agreements	No	No	No	No	No

TIF 2 - Annual Report Matrix - 2014 - 2018

Section	2014	2015	2016	2017	2018
Section 1	Completed	Completed	Completed	Completed	Completed
Section 2	Completed	Completed	Completed	Completed	Completed
Section 3.1	Completed	Completed	Completed	Completed	Completed
Section 3.2A	Completed	Completed	Completed	Completed	Completed
Section 3.2B	Completed	Completed	Completed	Completed	Completed
a. Surplus distribution - State of Illinois	No	No	No	No	No
b. Surplus distribution - Municipality	No	No	No	No	No
c. Surplus distribution - County Collector/Treasurer	No	No	No	No	No
Section 3.3	No	No	No	No	No
Section 4	Completed	Completed	Completed	Completed	Completed
Section 5	Completed	Completed	Completed	Completed	Completed
Section 6, Section 7, and Section 8	Optional; included; incomplete	Optional; included; incomplete	Optional; included; incomplete	Optional; included; incomplete	Optional; included; incomplete
Attachment A - Amendments to RPA or boundary	N/A	N/A	N/A	N/A	Completed
Attachment B - Certification compliance with requirements TIF Act by CEO of Municipality	Yes; John Rey, Mayor	Yes; John Rey, Mayor	Yes; John Rey, Mayor	Yes; Molly Talkington, Interim City Mayor	Yes; Jerry Smith, City Mayor
Attachment C - Legal Counsel opinion of compliance with requirements of the TIF Act	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; Dean Frieders, Attorney	Yes; John Donahue
Attachment D - Activities Statement	Completed	Completed	Completed	Completed	Completed
Attachment E - Agreement regarding disposition or redevelopment of Property	Completed	Completed	Completed	Completed	Completed
Attachment F - Additional information on the use of all funds	No	No	No	No	No

Section	2014	2015	2016	2017	2018
Attachment G - Contracts between municipality's TIF advisors/consultants and TIF fund recipients	No	No	No	No	No
Attachment H - JRB Meeting minutes	Yes; 12/18/2012	Yes; 12/19/2013; 12/18/2014	Yes; 12/22/2016	Yes; 04/13/2017	No
Attachment I - Official Statements regarding issuance of obligations	N/A	N/A	N/A	N/A	N/A
Attachment J - FA/Underwriter analysis of obligations	N/A	N/A	N/A	N/A	N/A
Attachment K - Audited financial statements if deposits from any source equal or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Attachment L - Certified letter statement reviewing compliance if incremental taxes revenue is equal to or greater than \$100,000	Completed	Completed	Completed	Completed	Completed
Auditor	Lauterbach & Amen, LLP	Sikich	Sikich	Sikich	Sikich
Attachment M - List of Intergovernmental Agreements	No	No	No	Completed	No

Appendix B - Bemis TIF incentive analysis - list of Bemis' construction expenses

Date	Check#	Amount	Payable to	Description
2/5/2015	160837	4,140.00	Gries Architectural	Architectural design
2/10/2015	160946	41,560.00	Gries Architectural	Architectural design
3/6/2015	161250	50,840.00	Gries Architectural	Architectural design
7/1/2015	Toyota Open Account	22,110.00	Novum Structures	Toyota open account
4/19/2016	10168746	10,690.00	Pattison Sign	Toyota signage
4/21/2016	10168767	5,122.20	Swedberg Electric	Re-routed circuits to lighting panel
4/27/2016	10169448	2,494.60	Williams Scotsman	Mobile office
5/26/2016	10169988	8,314.68	Gries Architectural Group	Architectural design
5/27/2016	Payment by Trust	(15,931.48)		
6/1/2016		4,065.00	John Lyon	John Lyon repairs and labor at Toyota
6/1/2016		120.81	Menards	Menards supply purchase
6/1/2016	Payment by Trust	(4,185.81)		
7/7/2016	10171415	3,129.50	Gries Architectural	Architectural design
7/13/2016	10171768	9,900.00	Illini Autolift	Service lifts
7/20/2016	10171989; 10174052; 10172683	92,440.00	Ultra Carwash Systems	Carwash
8/5/2016	Payment by Trust	(3,891.93)		
8/19/2016	10173208	5,237.95	Best Buy	TVs for Toyota store
8/24/2016	10173248	28,781.72	Hendrickson and Company	Furniture
9/20/2016	10174247	5,104.86	Lockers.Com	Lockers
10/12/2016	10175075	92,579.58	Tri State Technologies	Hunter Engineering - alignment machine
5/16/2016	1114	8,399.95	City of Dekalb	Sign permit
5/16/2016	1115	6,000.00	DCEDC	Economic development
5/27/2016		195,515.95	Draw	Rosenow Franzene Development
5/27/2016	1118	15,931.48	BBAG	Reimburse for Construction
6/6/2016	1150	4,185.81	BBAG	Reimburse for Construction
6/27/2016		585,445.50	Draw	Rosenow Franzene Development
7/28/2016		436,526.02	Draw	Rosenow Franzene Development
8/5/2016	1158	3,891.93	BBAG	Reimburse for Construction
8/15/2016	1161	1,000.00	Dekalb Sanitary District	
8/23/2016	1162	1,584.00	Gries Architectural	
8/30/2016		565,498.23	Draw	Rosenow Franzene Development
9/7/2016	1179	125,290.00	Novum	
9/20/2016	1181	5,441.50	Gries Architectural	
		682,134.39	Draw	Rosenow Franzene Development
11/8/2016		413,630.10	Draw	Rosenow Franzene Development
11/1/2016	1204	7,638.00	Optimal Construction	Down payment
12/14/2016		184,394.17	Draw	Rosenow Franzene Development
7/14/2017	10185452	181,340.00	Geneva Construction	Asphalt paving - Rosenow Franzene Development
7/20/2017	10185452	45,999.00	Omega Sign	Digital sign - Toyota
Total construction expense		3,882,467.71		

Appendix C - list of Cornerstone costs where TIF eligibility uncertain

Entity	Invoice amount	Description of work on invoice
ADG	35,000	Architectural Services
City of Dekalb	59,702	Plan review, Plumbing, etc.
Comcast	19,267	Labor and Materials
ComEd	74,025	123 E Lincoln Hwy Unit STO
Country Mutual Insurance Company	11,171	Premium
DCEDC	15,000	Enterprise Zone Admin Fee Building Materials
Doherty Law Firm	7,667	Hours worked
Fence Sales of Sycamore	6,421	Furnish & Erect temporary fence; Barrier wall removal
Joe Bero Plumbing	225,000	TBD - need to know more
Kishwaukee Water Reclamation District	31,600	IEPA Permitting/Plan Review Fee. Connection Fee per population equivalent
Royer Asphalt Paving	8,040	No description
Swedburg Electric	1,349	Materials and labor
Virgil Cook & Son	2,832	Closing lane on NB 1 st St. Relocating speed limit signs, materials, labor
Wendler Engineering Services	47,340	Engineering services to respond to city comments and obtain IDOT Lane closure permit for Cornerstone Development; Reg Prof Engineer II, Prof Land Surveyor II, Technician III, Final plat and easement plat, site plan
Partridge Insurance Highway Bond	100	N/A - Invoice not provided therefore EY could not determine its TIF eligibility
Traffic services Inc	4,864	N/A - Invoice not provided therefore EY could not determine its TIF eligibility
Kelmscott Communication	12,380	N/A - Invoice not provided therefore EY could not determine its TIF eligibility
Nicor Gas	53,509	N/A - Invoice not provided therefore EY could not determine its TIF eligibility
Hann Surveyors	380	N/A - Invoice not provided therefore EY could not determine its TIF eligibility
Le Print Express	1,453	N/A - Invoice not provided therefore EY could not determine its TIF eligibility
Total	617,099	

Ernst & Young

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