

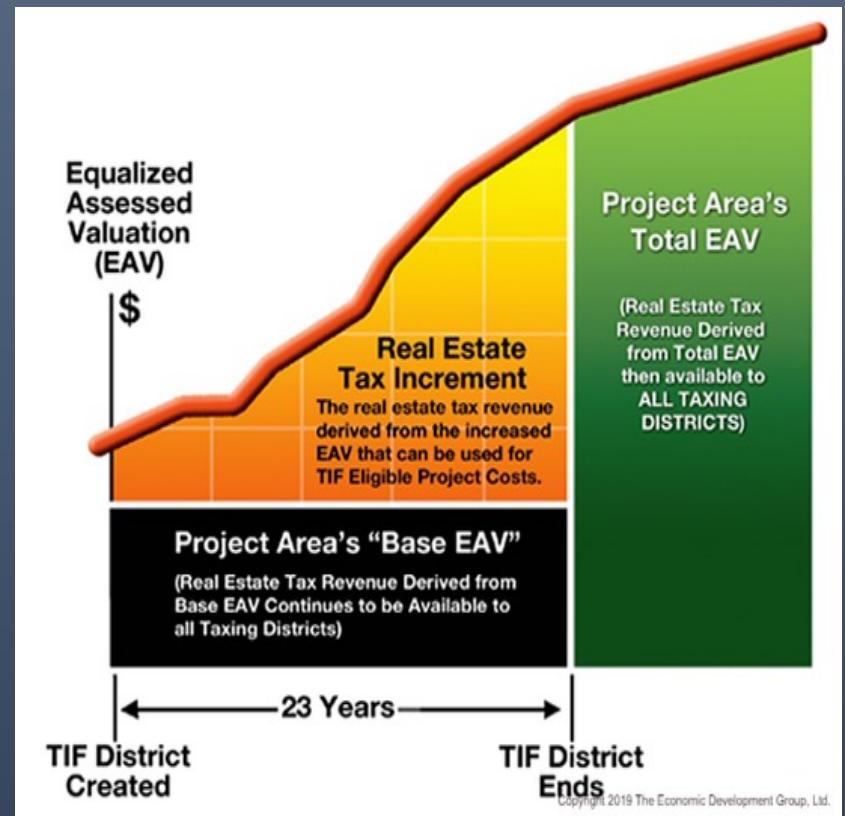


Village of Lake Zurich TIF Update 10/3/2022

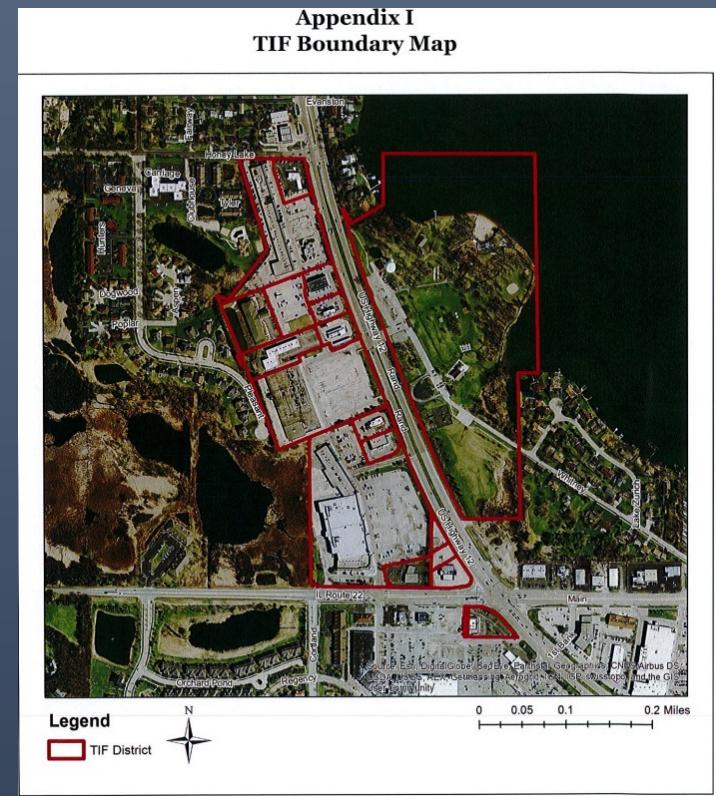
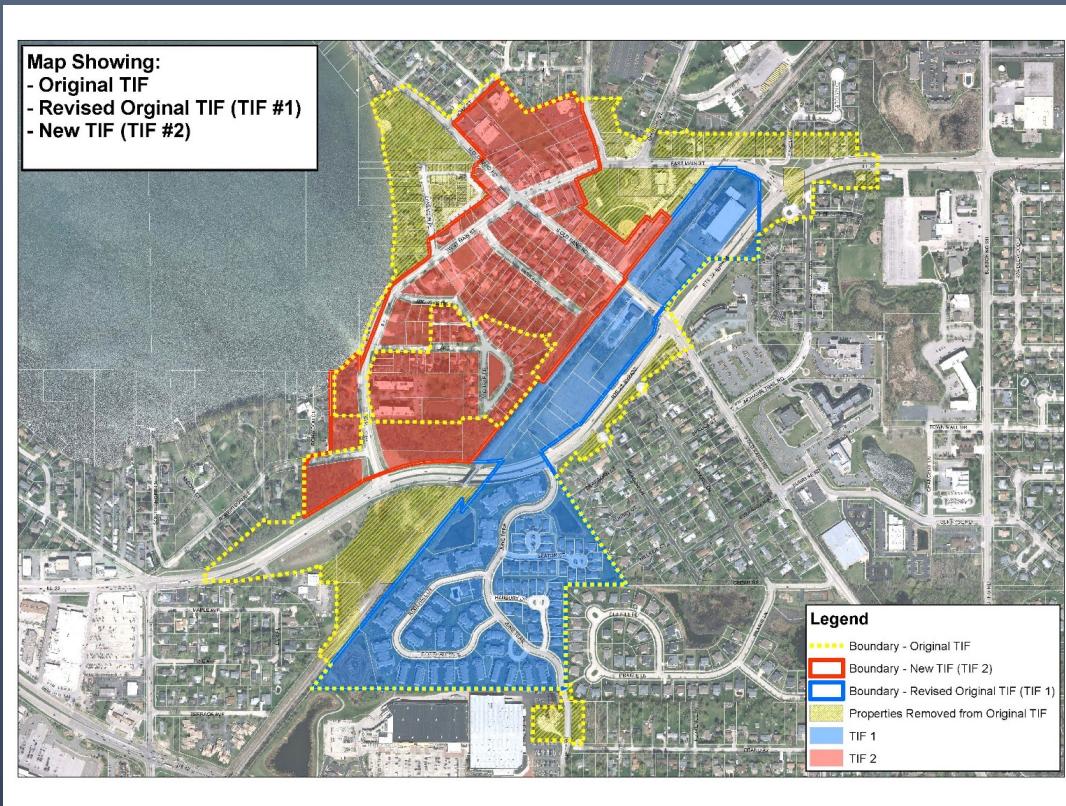


Tax Increment Financing (TIF)

- TIF district revenue generated by the new property taxes paid by the increasing value of redeveloped properties
 - Base EAV established at TIF district creation
 - EAV increases with the redeveloped/improved value
 - “Tax increment” = new tax revenue generated by the increased value above the base
- TIF increment deposited in separate TIF account
- TIF use restricted to economic development activity (bonds and/or “pay as you go”)



Tax Increment Financing (TIF)



Lake Zurich Main St. TIF Experience

- Downtown Redevelopment Plans called for property acquisition
 - Burnidge Cassell Plan – 1998
 - Burnidge/Lucien LaGrange Plan – 2004
 - McCaffrey & Assoc. Plan – 2004
 - Equity Services Group/David Smith - 2009
- Downtown TIF district established in 2002
 - \$10 M in debt issued in 2002
 - Another \$10 M in debt incurred in 2004
 - Another \$10 M in debt issued in 2005



Lake Zurich Main St. TIF Experience



- Some redevelopment came through – Concord Village
- Some projects partially successful – Somerset Townhomes Ph. I
- Other projects failed
 - McCaffrey – developer dismissed in 2009, settled lawsuit
 - ESG/Smith – financing collapsed in 2011
- Rt 22 Bypass – improved traffic flow, reduced visibility and development desirability
- No market support or investors for “downtown” concepts

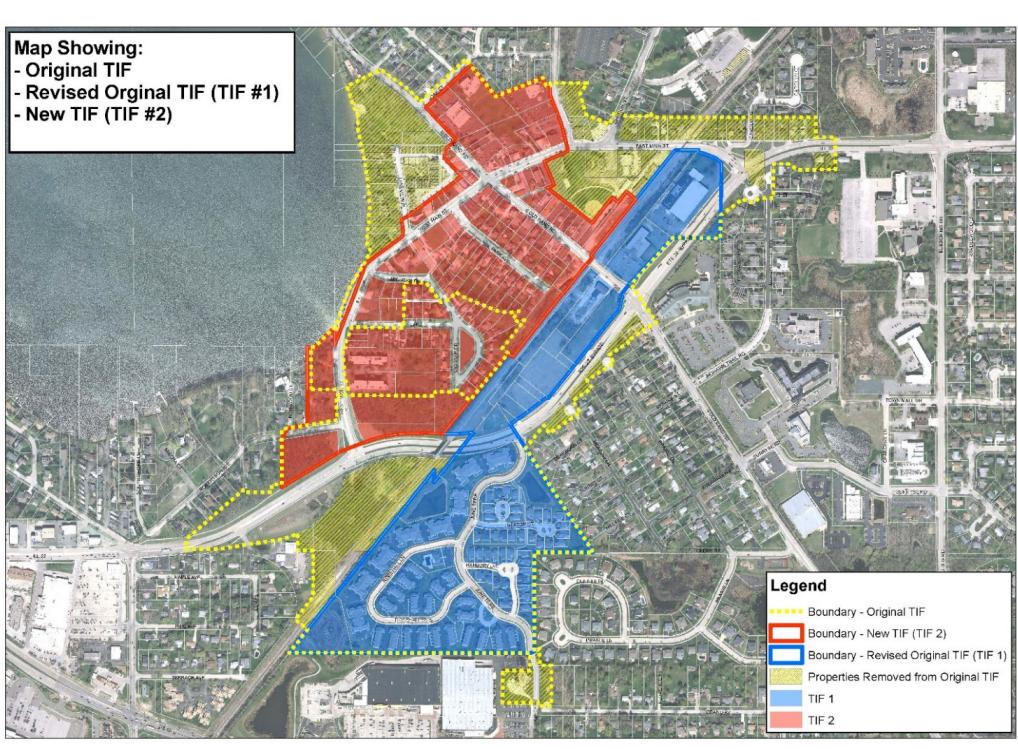
Lake Zurich Main St. TIF Experience

- Great Recession hits in 2008
- Stalled redevelopment = no new TIF revenue
- Village holding \$30 M in bonds + several properties
- Debt payment schedule increases by \$1 M annually in 2014, exceeding available TIF increment
- TIF district restructured in 2014 to create TIF 1 and TIF 2
- Debt restructured to lower interest, reduce annual payments

General Obligation TIF Alternative Revenue Bonds

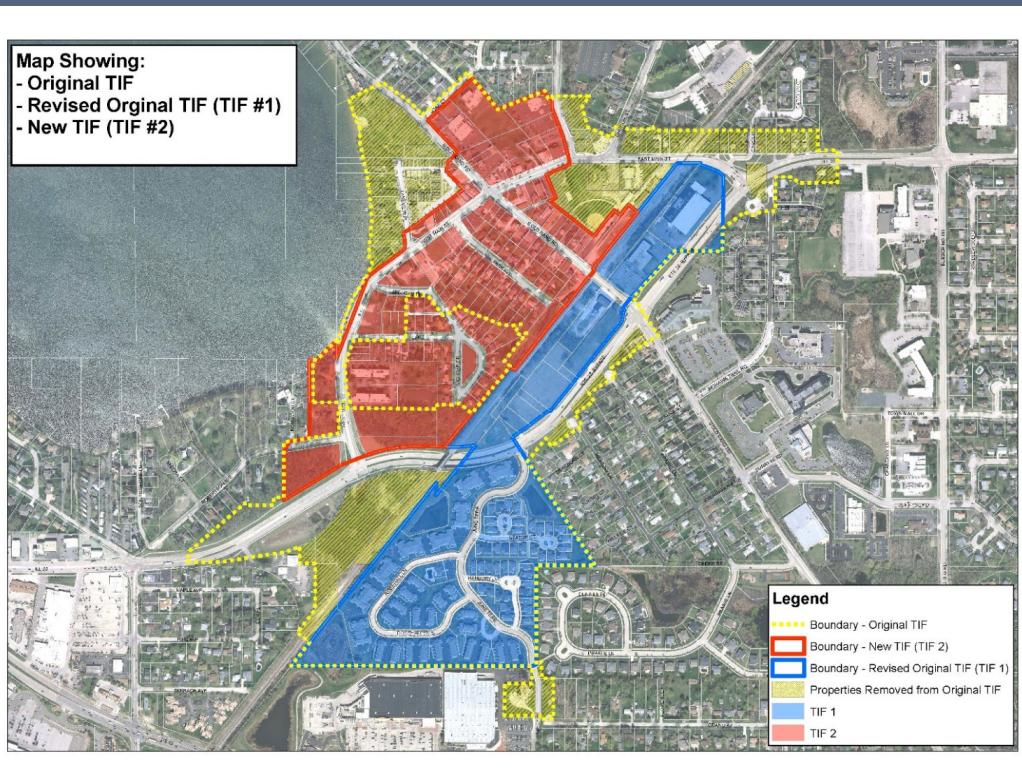
- Series 2009A:
 - Issued \$7.83 M in 2009
 - Original debt, repaid in 2020
- Series 2014A:
 - Issued \$6.325 M in 2014
 - Restructured debt from 2005, to be repaid in 2024
 - Remaining debt: **\$1.565 M**
- Series 2016A:
 - Issued \$6.785 M in 2016
 - Restructured debt from 2009, to be repaid in 2029
 - Remaining debt: **\$5.135 M**
- Series 2015A:
 - Issued \$11.775 M in 2015
 - Restructured debt 2009-2012, to be repaid in 2034
 - Remaining debt: **\$11.775 M**

Downtown TIF #1 (Blue)



- Increment mostly generated by Concorde Village
- TIF #1 carries the debt
- School impact fees \$550K
- FY 2021: \$2.566M revenue, \$2.584M expenditures
- Expires 12/31/2037

Downtown TIF #2 (Red)



- Heart of Main Street/ORR neighborhood
- FY 2021: \$321K revenue, \$110K expenditures
- Major infrastructure projects on Main St. & Old Rand Road
- Would require fund transfers for infrastructure projects, to be repaid by end of TIF
- Expires 12/31/2038

TIF Projects... So Far...

TIF #1:

- Canterbury Homes – 40 units may add \$4M in new EAV, generating \$300K+ annually
- Breslow property?



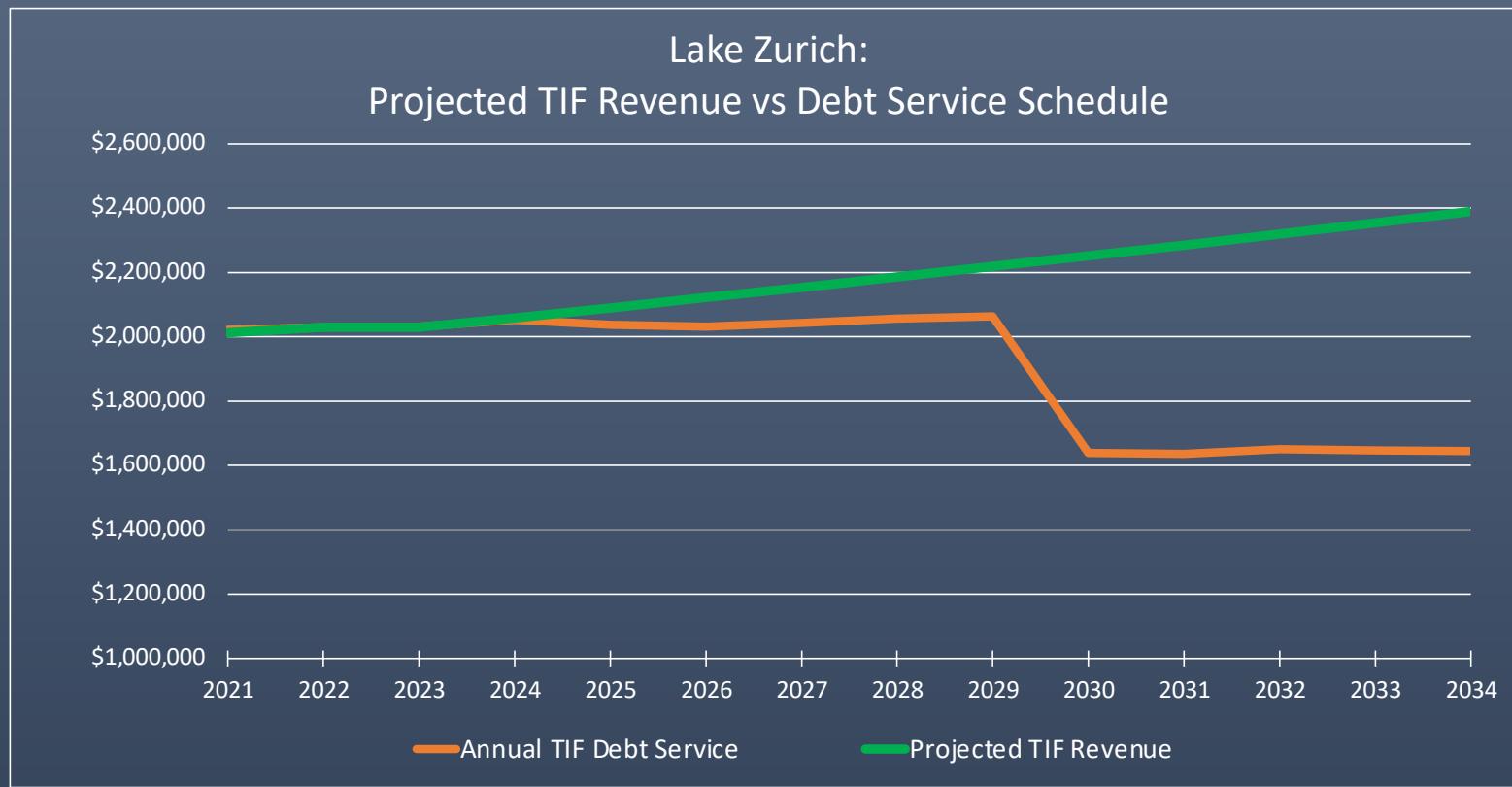
TIF Projects... So Far...



TIF #2:

- Somerset Apts. added \$2.3M in EAV, generates \$180K annually
- Blue Ridge BBQ added \$105K in EAV, generates \$8K annually
- Vela Carina added \$376K in EAV, generated \$9K in increment, projected to increase to \$22K annually
- LZ Blooms added \$42K in EAV from land only so far, building to generate increment in 2024-2025

Lake Zurich Main St. TIF Experience



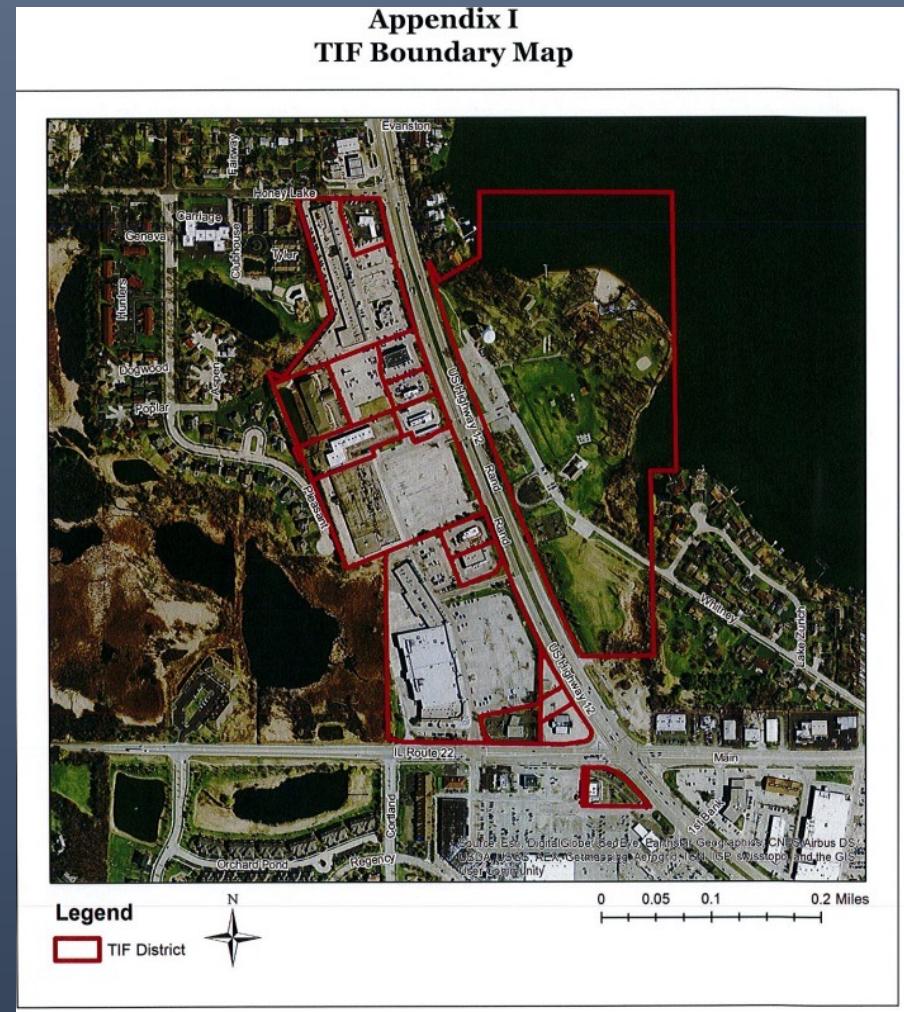
Lake Zurich Main St. TIF Future

- TIF revenue covering debt - not dependent on specific new project
- Major infrastructure projects will require advance funding, to be repaid by TIF
- Block A & Block B – remaining VLZ redevelopment sites
- Inflationary effect on EAVs and resulting increment?
- Continue to monitor and adjust

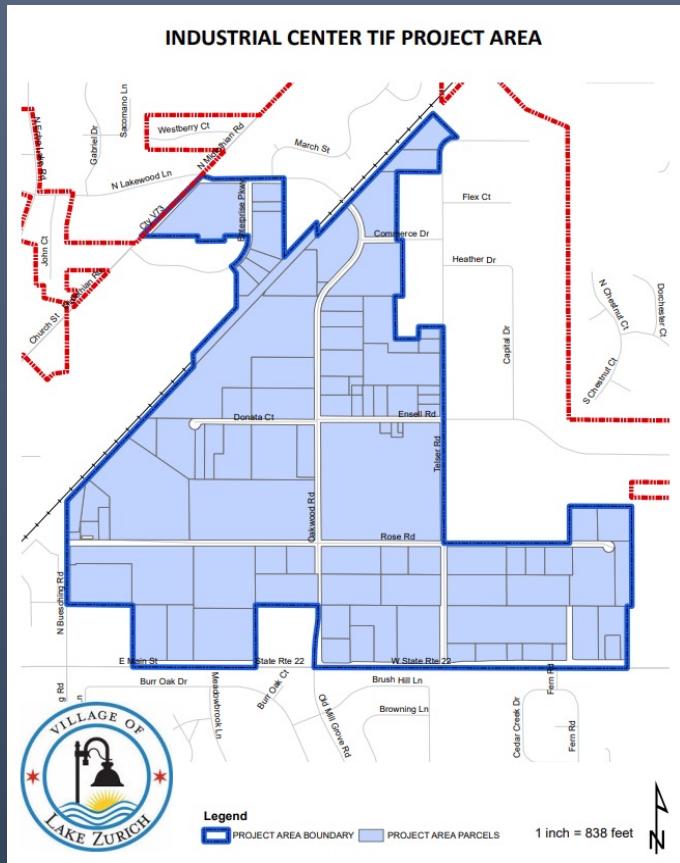


Rand Road TIF #3

- Established in 2018 centered around Kmart property
- Generates \$57K in TIF revenue mostly from True North project
- Likely to see revenue boost from Chase Bank (former Giordano's) redevelopment project
- No debt – intended to be a “pay as you go” TIF
- Expires 12/31/2041



Proposed Industrial Park TIF #4



- Proposed new TIF district for older part of industrial park
- Eligibility report establishes criteria met for “conservation area” TIF
- Teska to complete Redevelopment Plan
- Planned as “pay as you go” TIF
- Joint Review Board: 10/21
- Public Hearing: 11/21 board meeting
- Anticipated adoption January 2023
- 23 year life from adoption



Village of Lake Zurich

TIF Update 10/3/2022

VILLAGE OF LAKE ZURICH