



Naperville

CITY COUNCIL

3-6-07

AGENDA ITEM *K2*

COUNCIL AGENDA ITEM SUMMARY SHEET

TITLE: Water Street Tax Increment Financing District Feasibility Studies

CITY COUNCIL AGENDA DATE: 03/06/07

SYNOPSIS: This agenda item transmits the Water Street Tax Increment Financing Feasibility Studies. The preliminary qualification/designation report states that the area qualifies as a Conservation Area. The financial feasibility report presents a report on the potential increment and financing alternatives.

COUNCIL ACTION PREVIOUSLY TAKEN:

Date of Action	Item No.	Action
March 7, 2006	G1.	Approved recommendation to proceed with update to the 2002 Feasibility Study.

TYPE OF VOTE REQUIRED: Simple Majority

COUNCIL ACTION REQUESTED: Receive the Water Street Tax Increment Financing (TIF) Feasibility studies and provide direction on next steps for City Council discussion and consideration of the Water Street Conservation TIF Area.

Submitted by:	<i>Marcie Schatz/Doug Krieger</i>	Prepared by:	<i>Marcie Schatz/Doug Krieger</i>
Name	Marcie Schatz/Doug Krieger	Name	Marcie Schatz/Doug Krieger
Dept.	TED/Finance	Dept.	TED/Finance

AGENDA ITEM NOTES

**CITY OF NAPERVILLE
MEMORANDUM**

CITY COUNCIL	MAR - 6 2007
AGENDA ITEM K2	(1)

DATE: February 22, 2007

TO: Peter T. Burchard, City Manager

FROM: Marcie Schatz, Director of Transportation, Engineering and Development
Doug Krieger, Director of Finance

SUBJECT: Water Street Tax Increment Financing District Feasibility Studies

ACTION REQUESTED:

Receive the Water Street Tax Increment Financing (TIF) Feasibility studies and provide direction on next steps for City Council discussion and consideration of the Water Street Conservation TIF Area.

BACKGROUND:

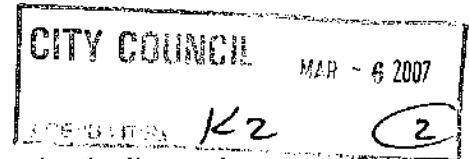
In 2002, the City Council authorized the undertaking of a TIF Feasibility Study for the Water Street Area. This study was completed by Kane McKenna and Associates and presented to the City Council in July 2004. The study concluded that the Water Street Area qualified, under the conservation area definition, for TIF-eligible funding for eligible expenditures, including public improvements. At the time that the TIF study was received by the City Council in July 2004, the redevelopment proposal for the Water Street Area was withdrawn by the developer. Accordingly, the city took no further action

At the March 7, 2006 City Council meeting, the City Council approved the recommendation to update the 2002 Feasibility Study for a TIF district for Water Street. Since that time, city staff has been working with Kane McKenna and Associates to complete the qualifications study and the financial feasibility study attached. Moser Enterprises and Marquette Properties agreed at that time to pay for the cost of the report.

Tax Increment Financing Districts

Enabled through state statute, TIFs are created to assist local governments in funding the redevelopment of land consistent with the plan desired and approved by the local government. Property taxes paid on the land prior to the adoption of the redevelopment plan continue to be paid to the respective taxing bodies. Once the TIF is established, all of the growth in property taxes paid in the redevelopment area may be used as determined by the City Council for eligible costs. For example, the City Council may elect to take a percentage of the increment each year and return it to the taxing bodies.

Through this process, a redevelopment plan is created which includes, but is not limited to, an itemized list of redevelopment costs, evidence that the project area has not been subject to growth and redevelopment by private enterprise, compliance with the "but, for" test, sources of



funds, an assessment of the financial impact and demand on affected taxing bodies, and current and future assessments of valuation for the project area.

Water Street Vision Statement

The Water Street Vision Statement was adopted by the City Council on November 6, 2006. The Vision Statement defines the future character of the Water Street Area by providing guidance on elements of the design including parking and traffic, design and character, streetscape, linkages to the Riverwalk and Naper Settlement, and stormwater management. The guidance in these design elements includes both public and private improvements.

The Water Street Vision statement anticipated consolidated development within the area, as opposed to lot by lot redevelopment. Through that, shared amenities and requirements, including stormwater management, streetscape, pedestrian linkages, and traffic management could be implemented for the area as a whole. Consolidated development of the Water Street Area provides the city with a unique opportunity to architecturally and aesthetically unify a district in order to foster an atmosphere that embodies the principals of the Water Street Vision Statement and capitalizes upon defining opportunities that are often unachievable with lot by lot development. From an infrastructure standpoint, if the area is planned and developed on a lot by lot basis, the Water Street Area will develop in less efficient manner, making major infrastructure improvements, such as a parking structure or a consolidated stormwater management facility, extremely difficult.

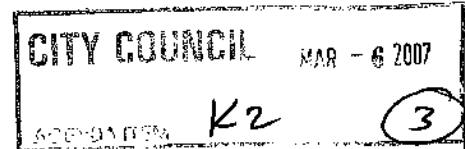
The large scale public improvements that are specifically outlined through the vision statement that could be incorporated into a Conservation TIF include the parking deck, construction of the Riverwalk on the south side of the river, and the burying of utility lines. Other considerations could include streetscape, roadways, and alley improvements. Some of these improvements may be considered as the obligation of the developer as simply the costs of developing the property. Others may be considered well outside the scope of what the city requires of a developer in the downtown or throughout the community. Some form of public private partnership for these improvements will be necessary to ensure their implementation. If the Conservation TIF discussions are pursued further, the City Council will have the right to determine which of the public improvements would be identified for TIF funding.

DISCUSSION:

Feasibility Studies

Preliminary Qualification/Designation Report

Kane McKenna and Associates has completed an evaluation of the Water Street Area in accordance with state statute and has determined that it qualifies as a conservation area under the TIF statute. In order for an area to be designated a conservation area, fifty percent or more of the structures in the redevelopment project area must be 35 years or older. In addition, the conservation area must meet at least three of the qualifications criteria as outlined in the statute. The criteria met for the Water Street area are:



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

Specifically for the Water Street Area, replacement of water mains and the installation of additional electrical conduits are needed throughout the area to support redevelopment. Additional stormwater detention is needed within the project area with a significant amount of the area in the floodway and floodplain.

2. Lack of Community Planning – The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This factor must be documented by evidence of adverse land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

Having initially been developed without a comprehensive plan, the Water Street area has not been developed to its fullest potential. There has been a conversion of residential structures and commercial uses which has resulted in inadequate facilities for loading and parking to serve the area. Many of the uses are on parcels that are not the appropriate size or shape to sustain redevelopment. And finally, an effective planning effort for the area was only recently completed.

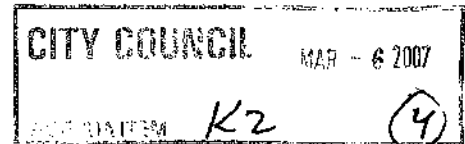
3. Obsolescence- The condition or process of falling into disuse. Structures become ill-suited for the original use.

Over half of the structures in the area are between 49 and 135 years old and 83% of those were originally designed as single-family structures. Some of these residential structures, adapted for commercial use do not have adequate access or parking facilities to serve their site. A number of the commercial facilities on Water Street have a poor layout relative to Water Street and the DuPage River and rely on temporary lots across the street for parking.

These factors are based on a survey of the area completed in January 2007. Over the last several years, there have been two demolitions of older structures that would have only contributed to these criteria.

Financial Feasibility Report

Kane McKenna has completed the financial feasibility report which considers four potential financing scenarios for generating TIF funding. This analysis was needed to determine the amount of increment that could be generated from a potential conservation TIF on Water Street. The city is not considering either sales tax increment or the issuance of general obligation bonds in any TIF financing scenarios. The financing scenarios that are included within the draft report



shift the vast majority of risk related to the development onto the developer, as opposed to the city. Potential financing scenarios include:

Scenario #1- Developer Note/ Fixed rate TIF Bonds

Under this scenario, at the onset of the project, the City issues a note to the Developer. No payments are made on this note, although interest accrues. This Note is then refunded by Fixed Rate Bonds once the project construction is completed. At this time, because the project construction is completed, and the property EAVs have increased, a TIF increment is available to make payments on the Fixed Rate Bonds.

Scenario #2- Variable Rate TIF/Fixed Rate TIF Bonds

Under this scenario, Variable Rate Bonds are issued at the onset. These bonds are secured by a Direct Pay Letter of Credit, provided by the Developer. No payments are made on these bonds, but interest does accrue. These Variable Rate Bonds are refunded by Fixed Rate Bonds once the project construction is completed, similar to Scenario #1.

Scenario #3- TIF/SSA Bonds/Fixed Rate TIF Bonds

Under this scenario, TIF Bonds are issued with the establishment of a Special Service Area to levy taxes to pay for the debt service. Similar to Scenario's #1 and #2, upon completion of project construction, the TIF Bonds are refunded by Fixed Rate Bonds.

Scenario #4- TIF/SSA Bonds

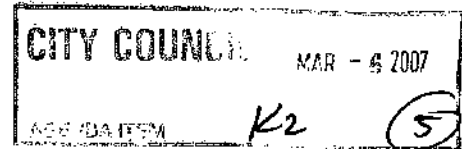
Under this scenario, TIF Bonds are issued with the establishment of a Special Service Area to levy taxes to pay for the debt service, identical to Scenario #3. In this scenario, these bonds are not refunded upon project completion.

The estimated maximum increment that could be used for public infrastructure improvements ranges from \$12.2 million to \$14.2 million over the life of the TIF depending on the financing scenario selected. It is likely that other forms of public-private partnerships will need to be explored to fund infrastructure improvements. As mentioned earlier in the report, city staff is also evaluating the possibility of holding back a certain percentage of the increment each year to return to the taxing districts. Under this scenario, the taxing districts would gain financial benefit from the redevelopment of the area throughout the life of the Conservation Area TIF. This percentage would be determined by the city.

Additional Information

Status of the Moser Enterprises/Marquette Properties Water Street Development Proposal

An application for the Preliminary PUD for the Water Street District was submitted in October 2006. Staff has been working with the development team on building elevations, engineering plans, traffic and parking studies since this time. It is anticipated that revised plans for the development will be submitted in early March. Provided that the revised materials address the major concerns that impact the PUD, the case will be scheduled for a public hearing at Plan Commission in April or May. Due to the complexity of the transportation issues involved, the project will also be forwarded to the Transportation Advisory Board (TAB) for review.



Attached is a letter from Moser Enterprises regarding the ability to develop the Water Street Area comprehensively. Moser confirms that without public funds, it will be difficult to complete many of the large infrastructure requirements associated with a comprehensive development and that redevelopment in the area would likely occur on a lot by lot basis.

Communication with Taxing Bodies

Staff is contacting the taxing districts that would be involved in future discussions of a Conservation TIF in the Water Street Area. The intent of these conversations is to inform each entity that the feasibility reports will be part of the City Council agenda and that there will be opportunity for their input as well as the general public through the City Council's consideration of the reports and next steps.

Next Steps

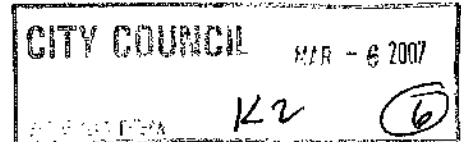
At this time, staff seeks City Council's input on next steps associated with the consideration of the feasibility reports and the Conservation Area TIF in the Water Street Area. The consideration of whether to pursue a Conservation Area TIF district should include education on the concepts of tax increment financing, adequate time and opportunity for the City Council to seek and receive information regarding the Water Street Area reports, public input and an appropriate amount of time for the City Council to deliberate initiating the TIF process for the Water Street Area.

Staff recommends a workshop as the appropriate forum for the City Council to discuss the feasibility reports and the potential of a Conservation TIF in the Water Street Area. City staff and Kane McKenna would be available to answer questions. Through the workshop setting, the City Council could consider receiving public input from specific entities including the taxing bodies and the developer. If the City Council is not interested in a workshop, City Council could request further information and discuss the concepts through the standard agenda and City Council meeting process.

If after these discussions, the City Council determines to pursue the concept of a Conservation TIF further, the state statute identifies a comprehensive process that must be followed including the development of a Joint Review Board which includes representatives from affected taxing bodies and the public. This board would make recommendations to the City Council on the designation of a TIF area as well as the content of the redevelopment plan discussed above. All of these actions would commence after the City Council would pass an inducement resolution to begin the process.

RECOMMENDATION:

Receive the Water Street Tax Increment Financing (TIF) Feasibility studies and provide direction on next steps for City Council discussion and consideration of the Water Street Conservation TIF Area.



February 7, 2007

Marcie Schatz
Director of Transportation, Engineering, & Development
The City of Naperville
400 S. Eagle Street
Naperville, IL 60566

Re: Proposed Water Street TIF

Dear Marcie,

In response to your inquiry concerning probable redevelopment of the Water Street District absent the proposed TIF, the simplest answer is that a comprehensive redevelopment with a regional parking solution is not financially possible from our perspective.

Due to the large infrastructure costs associated with a comprehensive redevelopment, notably a parking deck providing regional parking, expansion of existing underground infrastructure, rebuilding Water and Webster Street, and reconstruction of the Riverwalk, public funds are critical if a planned, district-wide redevelopment is to occur. The potential revenues generated by the proposed residential, retail and office fall significantly short making the necessary investment by Moser Enterprises and The Marquette Companies unjustifiable to our stakeholders.

In the absence of public funds, some redevelopment will occur, but it will be on a lot-by-lot basis without integrated planning and without the improvements to the public infrastructure which will benefit the downtown as a whole. We look forward to working with the City on a successful resolution to this matter to betterment of all.

Respectfully,

Michael Krause
Director of Investments and Operations
Moser Enterprises, Inc.

**FINANCIAL FEASIBILITY REPORT
FOR THE POTENTIAL WATER STREET STUDY AREA
DEVELOPMENT**

City of Naperville, Illinois

February 22, 2007

**Financial Feasibility Report for the Potential
Water Street Study Area Development
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EXECUTIVE SUMMARY

The City of Naperville, Illinois (the "City") has requested that Kane, McKenna and Associates, Inc. ("Kane, McKenna") prepare a feasibility analysis relating to the potential creation of a "redevelopment project area" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, as amended (the "TIF Act") to provide for the redevelopment of the property located in the Water Street Study Area in Naperville, Illinois (the "Property"). Attached hereto as Exhibit A is the Preliminary Qualification/Designation Report dated January, 2007 (the "Preliminary Qualification Report") as previously submitted to the City by Kane, McKenna with respect to the potential qualification of the Property to be included in a potential "redevelopment project area" as provided under the TIF Act (the "TIF District"). This Financial Feasibility Report is intended to provide a financing analysis with respect to the potential creation of a TIF District for a development outlined by the City.

At the request of the City, the financial analysis provided in this Financial Feasibility Report relates to a proposed development that would principally consist of the demolition of the structures currently located on the Property and the construction of the following on the Property (the "Development"):

- 1) 57,889 sq. ft. of retail space
- 2) 49,398 sq. ft. of office space
- 3) 62 residential units
- 4) 428 space parking facility

The preliminary analysis herein assumes that a portion of the parking garage will be owned by a tax-exempt user and will therefore be exempt from property taxation. However, in the event that portions of the parking garage are dedicated to private use in addition to the 124 spaces dedicated to the residential component described above, such portions may be subject to property taxation.

The main findings in this analysis with respect to the projected amount of incremental property taxes are as follows:

Projected Total Increment Property Taxes (2007 – 2031)	\$24,283,740
Projected Total Incremental Property Taxes Set Aside For School District (Required By TIF Act) (2007 – 2031)	\$ 4,007,915
Projected Total Amount of Incremental Property Taxes For TIF Administrative Costs (2007 – 2031)	\$ 625,000
Projected Total Incremental Property Taxes Available For Redevelopment Costs And Debt Service (2007 – 2031)	\$19,650,825

The City anticipates the following facilities will need to be constructed and the following improvements will need to be made by the City to facilitate the construction of the Development (the "Infrastructure Improvements"): (a) construction of public portion of the parking facilities (including land acquisition costs); (b) riverwalk amenity improvements; (c) DuPage River bank improvements; and (d) general infrastructure improvements.

Due to the significant costs related to the Infrastructure Improvements, the City appears to have the following financing options (or any combination thereof) without the commitment of the City's general obligation or other credit: (a) creation of a redevelopment project area pursuant to the TIF Act and the issuance of debt obligations secured by the incremental property tax revenues generated by the TIF District; (b) creation of a Special Service Area (in addition to existing Special Service Areas); (c) federal, state and county grants; and (d) other revenues of the City.

The City could issue the following debt obligations secured either by incremental revenues generated by development or a direct tax on the Development, or any combination thereof, in order to provide funds for the costs of the Infrastructure Improvements:

- (i) Revenue bonds secured solely by the incremental property taxes generated by a TIF District;
- (ii) Developer note issued to the developer of the Development secured solely by the incremental property taxes generated by the TIF District (Developer provides the financing for the Infrastructure Improvements and is paid from incremental tax revenues);
- (iii) Special Service Area bonds.

Based on the assumptions described in this Financial Feasibility Report, the following is a summary of four financing scenarios based on the debt financing scenarios described in (i), (ii) and (iii) above.

Summary of Financing Scenarios

	Scenario #1 Developer Note/ Fixed Rate TIF Bonds	Scenario #2 Variable Rate/ Fixed Rate TIF Bonds	Scenario #3 TIF/SSA Bonds/ Fixed Rate TIF Bonds	Scenario #4 TIF/SSA Bonds Only
(a) Description:	Initial issuance of TIF revenue note to Developer - Refunding with TIF Revenue Bonds	Initial Issuance of Variable Rate Bonds secured by Developer provided Direct Pay Letter of Credit - Refunding with TIF Revenue Bonds	Initial Issuance of TIF Bonds with additional security of SSA - Refunding with TIF Revenue Bonds	Issuance of TIF Revenue Bonds with additional security of SSA - No refunding
(b) Additional Comments	Developer Note assumed to accrue interest through 12/1/10 - Principal amount due on 12/1/10 = \$5,110,000	Annual L/C Fee = 1.625%	Abatement of SSA Levy to extent sufficient TIF revenues available for debt service	Abatement of SSA Levy to extent sufficient TIF revenues available for debt
(c) Date of Initial Issuance:	12/1/2007	12/1/2007	12/1/2007	12/1/2007
(d) Initial Amount of Note/Bond Issued	\$4,217,742	\$5,110,000	\$5,670,000	\$6,990,000
(e) Capitalized Interest	0	804,825	1,020,600	1,258,200
(f) Debt Service Reserve	0	0	567,000	699,000
(g) Costs of Issuance	0	153,300	226,800	279,800
(h) Total Capl. DSR and Cost of Issuance	50	\$958,125	\$1,814,400	\$2,236,800
(i) Net Proceeds of Note/Bonds Initially Issued	\$4,217,742	\$4,151,875	\$3,855,600	\$4,753,200
(j) Interest Rate	6.50%	5.25%	6.00%	6.00%
(k) Debt Service Coverage on Initial Issuance	1.00	1.00	1.20	1.20
(l) Date of Refunding (completion of construction of Development) - Final Maturity	12/1/2010	12/1/2010	12/1/2010	12/1/2027
(m) Amount of Refunding Bonds Issued to Refund Initial Note/Bonds Issued	\$5,945,000	\$5,945,000	\$5,945,000	Not Refunded
(n) Interest Rate	6.50%	6.50%	6.50%	N/A
(o) Debt Service Coverage Ratio	1.40	1.40	1.40	N/A
(p) Final Maturity of Refunding Bonds	12/1/2027	12/1/2027	12/1/2027	N/A
(q) Total Incremental Property Taxes Available After Provision of Debt Service and School Payment Set Aside (2007-2031)(See Section IV(b) of Tables 5, 6, 7 and 8)	\$10,164,150	\$9,560,525	\$9,560,525	\$8,201,325
(r) Total Incremental Property Taxes Available After Provision of Debt Service and No School Payments (2007-2031)(See Section IV(f) of Tables 5, 6, 7 and 8)	\$14,172,065	\$13,568,440	\$13,568,440	\$12,208,240

I. Introduction

The City of Naperville, Illinois (the "City") has requested that Kane, McKenna and Associates, Inc. ("Kane, McKenna") prepare a feasibility analysis relating to the potential creation of a "redevelopment project area" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, as amended (the "TIF Act") to provide for the redevelopment of the property located in the Water Street Study Area in Naperville, Illinois (the "Property"). Attached hereto as Exhibit A is the Preliminary Qualification/Designation Report dated January, 2007 (the "Preliminary Qualification Report") as previously submitted to the City by Kane, McKenna with respect to the potential qualification of the Property to be included in a potential "redevelopment project area" as provided under the TIF Act (the "TIF District"). This Financial Feasibility Report is intended to provide a financing analysis with respect to the potential creation of a TIF District for a development outlined by the City.

At the request of the City, the financial analysis provided in this Financial Feasibility Report relates to a proposed development that would principally consist of the demolition of the structures currently located on the Property and the construction of the following on the Property (the "Development"):

- 1) 57,889 sq. ft. of retail space
- 2) 49,398 sq. ft. of office space
- 3) 62 residential units
- 4) 428 space parking facility

The preliminary analysis herein assumes that a portion of the parking garage will be owned by a tax-exempt user and will therefore be exempt from property taxation. However, in the event that portions of the parking garage are dedicated to private use in addition to the 124 spaces dedicated to the residential component described above, such portions may be subject to property taxation.

II. Project Costs and Financing Options

A. Project Costs

The City anticipates the following facilities will need to be constructed and the following improvements will need to be made by the City to facilitate the construction of the Development (the "Infrastructure Improvements").

- (a) Construction of public portion of the parking facilities (including land acquisition costs);
- (b) Riverwalk amenity improvements;
- (c) DuPage River bank improvements; and
- (d) General infrastructure improvements.

Note: Due to the use of Microsoft Excel spreadsheets to provide calculations herein, some figures presented may vary slightly from figures using a calculator due to the rounding difference. The differences are minimal and are not significant to the analysis herein.

B. Financing Options

Due to the significant costs related to the Infrastructure Improvements, the City appears to have the following financing options (or any combination thereof) without the commitment of the City's general obligation or other credit:

- (a) Creation of a redevelopment project area pursuant to the TIF Act and the issuance of debt obligations secured by the incremental property tax revenues generated by the TIF District;
- (b) Creation of a Special Service Area (in addition to existing Special Service Areas);
- (c) Federal, State and County grants;
- (d) Other revenues of the City;

The City could issue the following debt obligations secured either by incremental revenues generated by development or a direct tax on the Development, or any combination thereof, in order to provide funds for the costs of the Infrastructure Improvements:

- (i) Revenue bonds secured solely by the incremental property taxes generated by a TIF District;
- (ii) Developer note issued to the developer of the Development secured solely by the incremental property taxes generated by the TIF District (Developer provides the financing for the Infrastructure Improvements and is paid from incremental tax revenues);
- (iii) Special Service Area bonds.

In the analysis herein, each of the above debt obligations is assumed to be issued as tax exempt debt as provided in the Internal Revenue Code of 1986, as amended. Further discussion with City's Bond Counsel is necessary to determine whether the cost of the Infrastructure Improvements could be financed with tax-exempt debt.

This Financial Feasibility Report provides an analysis of the following four debt financing scenarios based on the debt financings described in (i), (ii) and (iii) above.

The ability of the City to initially issue revenue obligations secured solely by the incremental property taxes would be highly unlikely due to the speculative nature of the Development. Therefore, in order to issue revenue obligations secured by the incremental property taxes, the City will be required to provide additional security until such time that the City can sufficiently demonstrate that the Development will generate incremental property taxes in an amount necessary to pay the debt service on such bonds. In the first scenario below the City would issue a Note to the developer secured solely, by the incremental property taxes (the "Developer Note") until such time the City can demonstrate that sufficient increment property taxes are available for debt service. The second and third scenarios below provide that the additional security is pledged for the initial issuance of revenue bonds until such time the City can demonstrate that sufficient incremental property taxes are available for debt service. The City would then refund the original issuance of Developer Note or the revenue bonds, as the case may be, with revenue bonds that are secured solely by the incremental property taxes. In the fourth scenario, the City is assumed to only issue the revenue bonds based on the pledge of the incremental property taxes with an additional back up pledge of a property tax levy from a special service area. In the case of the fourth option, the revenue bonds would not be refunded, and the additional security pledge of the special service area property tax levy would remain during the full term of the revenue bonds.

The first debt financing scenario assumes that the City would issue a taxable Developer Note. Upon completion of the construction of the Development, the City would issue fixed rate tax-exempt TIF revenue bonds (the "Fixed Rate Bonds") to refund the Developer Note (in the analysis, on 12/1/2010) (the "Developer Note Financing Scenario").

The second debt financing scenario assumes that the City would issue tax-exempt variable rate TIF revenue bonds (the "Variable Rate Bonds") that would be secured by a Letter of Credit to be provided by the Developer and which variable rates on such bonds would be hedged. As in the Developer Note Financing Scenario, the City would issue the Fixed Rate Bonds upon the completion of the Development to refund the variable rate bonds and to provide for the release of the Letter of Credit (in the analysis, on 12/1/2010) (the "Variable Rate Bond Financing Scenario").

The third debt financing scenario is the same as the Variable Rate Bond Financing Scenario except that the City would instead of issuing the Variable Rate Bonds would issue fixed rate TIF revenue bonds secured by an additional pledge of a tax levy from a to be created Special Service Area (the "SSA") that would overlap the TIF District (the "TIF/SSA Bonds"). The tax levy from the SSA would be abated for each year that sufficient TIF revenues would be available for debt service. As in the Variable Rate Bond Financing Scenario, the city would issue the Fixed Rate Bonds to refund the TIF/SSA Bonds upon the completion of the Development (in the analysis, on 12/1/2010) (the "TIF Bond Financing Scenario").

The fourth debt financing scenario is the same as the TIF/SSA Bond Financing Scenario except the TIF/SSA Bonds in the scenario (the "TIF/SSA Bonds") would not be refunded by an issuance of Fixed Rate Bonds (the "TIF/SSA Bond Financing Scenario").

III. Preliminary Financial Analysis

The following preliminary analysis provides a projection of the incremental property taxes that would be generated by the Development based on two scenarios.

A. **General Assumptions**

The Property consists of sixteen (16) tax parcels as described in the following Table 1.

Table 1

<u>Property Index No.</u>	<u>Property Index No.</u>	<u>Property Index No.</u>
07-13-442-001	07-13-442-010	07-13-440-001
07-13-442-002	07-13-442-013	07-13-440-003
07-13-442-003	07-13-442-014	07-13-440-004
07-13-442-004	07-13-442-018	07-13-440-005
07-13-442-005	07-13-442-019	
07-13-442-006	07-13-442-020	

The analysis herein assumes that the Development will have occupancy dates and market values as provided in the following Table 2.

Table 2

<u>Project Description</u> ¹	<u>Size</u> <u>(Sq. Ft./Units)</u> ¹	<u>Market Value</u> <u>(Sq. Ft./Units)</u> ²	<u>Occupancy</u> <u>Date</u> ³
Office Component (Phase I)	15,398	150	1/1/09
Office Component (Phase II)	34,000	150	1/1/10
Retail Component (Phase I)	45,134	150	1/1/09
Retail Component (Phase II)	12,750	150	1/1/10
Residential Component ⁴	62	515,000	1/1/09
Public Portion of Parking Facility	304	0	1/1/09

¹ As provided by the City; Office and Retail Components referred to in square feet and Residential Component referred to in number of units. ² Based on information provided by City, discussions with Naperville Township Assessor and preliminary 2006 assessed values for comparable properties.

³ Date upon which Township Assessor is assumed to value the component of the Development at 100% of the component market value.

⁴ Market value for the retail component includes two parking spaces per unit (total of 124 parking spaces).

The following Table 3 provides the anticipated absorption schedule for the Development. Absorption for the Development is expected to occur over an approximately two (2) year period.

Table 3

	<u>2009</u>	<u>2010</u>	<u>Total</u> ¹
Office Component (Phase I) (Sq. Ft.)	15,398	0	15,398
Office Component (Phase II) (Sq. Ft.)	0	34,000	34,000
Retail Component (Phase I) (Sq. Ft.)	45,134	0	45,134
Retail Component (Phase II) (Sq. Ft.)	0	12,750	12,750
Residential Component (Units)	62	0	62

¹ Based on information provided by the City.

The analysis herein assumes the following with respect to the calculation of property taxes with respect to the Development:

- a) SSA tax levies are not included in property tax calculations (only used for SSA purposes);
- b) 2005 Tax Rate = 5.798% (w/o SSA Tax Rates);
- c) 2005 State Multiplier = 1.0;
- d) Assessment Rate = 33.33%;
- e) Office and retail space property taxes are initially based on market value of \$150/sq.ft. (market value based on comparable properties identified by Naperville Township Assessor's office);
- f) Residential unit property taxes are initially based on the sales price of \$588,000 discounted by approximately 12.7% (based on discussions with Naperville Township Assessor's office which estimates that the effective assessment rate for residential property = 29%);
- g) Assessor will only assess 100% of the assessed value for each component of the Development in the year following the year that it is initially occupied (i.e. 15,398 square feet of office space is projected to be occupied after June, 2008 for which the analysis assumes that the assessor will value at 100% of the assessed value in the following tax year);
- h) Annual growth rate for property assessments = 2.5% (CPI assumed for property tax cap purposes);

- i) Total 2005 Assessed Value for Property = \$2,600,260 (Note: 2006 Assessed Value for Property will apply with creation of TIF after May 1, 2007); and
- j) TIF is created in 2007 and expires in 2030 (last property tax collection in 2030).

The analysis herein assumes the following with respect to analyzing the Developer Note Financing Scenario, the Variable Rate Bond Financing Scenario the TIF Bond Financing Scenario and the TIF/SSA Bond Financing Scenario:

- a) Developer Note would be issued upon the execution of a Redevelopment Agreement which for purposes of the analysis herein assumes all eligible costs are paid upon the issuance of the Developer Note, (the balance would likely increase upon each draw provided for by the Redevelopment Agreement).
- b) Interest Rate on Developer Note assumed to be 6.5% (subject to further negotiation between City and Developer).
- c) Developer Note would be refunded on December 1, 2010.
- d) Variable Rate Bonds or TIF/SSA Bonds would be issued on December 1, 2007 and would be refunded on December 1, 2010.
- e) The interest rate on the Variable Rate Bonds is based on current market rates and is calculated as follows:

Hedged Variable Rate	3.500%
Letter of Credit Annual Fee	1.625
Remarketing Annual Fee	<u>0.125</u>
	5.250%

- f) The interest rate on the TIF/SSA Bonds is based on current market interest rates of 6.0% with a minimum debt service coverage ratio of 1.20 to 1.
- g) The Variable Rate Bonds and the TIF/SSA Bonds would be issued in an amount to provide capitalized interest through December 1, 2010 and a debt service reserve.
- h) The Fixed Rate Bonds would be issued on December 1, 2010 to refund either the Variable Rate Bonds or the TIF/SSA Bonds, as the case may be.
- i) The Fixed Rate Bond would be issued in an amount that would provide a debt service coverage ratio of not less than 1.40 to 1 and a debt service reserve.
- j) The Fixed Rate Bonds would bear interest at current market interest rates (6.5%).

- k) The TIF/SSA Bonds and the Fixed Rate Bonds would be issued with a final maturity date of December 1, 2027. (Note: The maturity of obligations that are secured by TIF property tax increment may not exceed 20 years from the date of issuance).

The preliminary debt service analysis of the Developer Note is attached hereto as Exhibit B, the preliminary debt service analysis of Variable Rate Bonds is attached hereto as Exhibit C, the preliminary debt service analysis of the TIF/SSA Bonds is attached hereto as Exhibit D and the preliminary debt service analysis of the Fixed Rate Bonds is attached hereto as Exhibit E.

Kane, McKenna has reviewed the materials in relation to available file material, industry reports and comparables. **Certain of the general assumptions described herein have been provided by the City, the Naperville Township Assessor and the DuPage County Clerk. No attempt was made to independently verify construction cost estimates, sales estimates, occupancy levels or other market information submitted by the City. Furthermore, Kane, McKenna has not been provided with any type of marketing studies related to the Development or commitments by the proposed users. The purpose of the analysis contained herein is to determine the revenue benefits derived from the Development. The analysis herein may be supplemented by additional cost data, engineering reports, or market information.**

B. Financial Analysis

The following is a preliminary analysis of the projected amount of incremental property taxes that would be generated if the Development is constructed on the Property.

The following Table 4 provides an analysis of the projected equalized assessed valuation of the Development during the absorption period.

Table 4

City of Naperville, Illinois
Water Street TIF
Estimate of Equalized Assessed Valuation

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2007																
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value	% Occupied for Year	% Occupancy	Reassess. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Off. (Ph. I)	Office Component(Ph. I)	3	15,398	150.00	0.00%	0.00%	100.00%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Ret. (Ph. I)	Retail Component(Ph. I)	3	45,134	150.00	0.00%	0.00%	100.00%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Res. (Ph. I)	Residential Component(Ph. I)	4	62	515,000.00	0.00%	0.00%	100.00%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Off. (Ph. II)	Office Component(Ph. II)	3	34,000	150.00	0.00%	0.00%	100.00%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Ret. (Ph. II)	Retail Component(Ph. II)	3	12,750	150.00	0.00%	0.00%	100.00%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Totals														0	0	
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2008																
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value	% Occupied for Year	% Occupancy	Reassess. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Off. (Ph. I)	Office Component(Ph. I)	3	15,398	150.00	0.00%	0.00%	102.50%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Ret. (Ph. I)	Retail Component(Ph. I)	3	45,134	150.00	0.00%	0.00%	102.50%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Res. (Ph. I)	Residential Component(Ph. I)	4	62	515,000.00	0.00%	0.00%	102.50%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Off. (Ph. II)	Office Component(Ph. II)	3	34,000	150.00	0.00%	0.00%	102.50%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Ret. (Ph. II)	Retail Component(Ph. II)	3	12,750	150.00	0.00%	0.00%	102.50%	0	33.33%	0	1.00000	0	0	0	5.798%	0
Totals														0	0	
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2009																
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value	% Occupied for Year	% Occupancy	Reassess. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Off. (Ph. I)	Office Component(Ph. I)	3	15,398	150.00	100.00%	100.00%	105.05%	2,426,629	33.33%	808,795	1.00000	808,795	0	808,795	5.788%	46,897
Ret. (Ph. I)	Retail Component(Ph. I)	3	45,134	150.00	100.00%	100.00%	105.05%	7,112,039	33.33%	2,370,708	1.00000	2,370,708	0	2,370,708	5.788%	137,463
Res. (Ph. I)	Residential Component(Ph. I)	4	62	515,000.00	100.00%	100.00%	105.05%	33,548,455	33.33%	11,181,034	1.00000	11,181,034	310,000	10,871,034	5.788%	630,345
Off. (Ph. II)	Office Component(Ph. II)	3	34,000	150.00	0.00%	0.00%	105.05%	0	33.33%	0	1.00000	0	0	0	5.788%	0
Ret. (Ph. II)	Retail Component(Ph. II)	3	12,750	150.00	0.00%	0.00%	105.05%	0	33.33%	0	1.00000	0	0	0	5.788%	0
Totals														43,085,921	14,650,538	614,705

Table 4

City of Naperville, Illinois
Water Street TIF
Estimate of Equalized Assessed Valuation

Estimated Equalized Assessed Valuation for Tax Assessment Year: 2010																
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value	% Occupied for Year	% Occupancy	Reassmt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Off. (Ph. I) Office Component(Ph. I)		3	15,398	150.00	100.00%	100.00%	107.69%	2,487,294	33.33%	828,015	1.00000	828,015	0	828,015	5.798%	48,030
Ret. (Ph. I) Retail Component(Ph. I)		3	45,134	150.00	100.00%	100.00%	107.69%	7,290,607	33.33%	2,429,978	1.00000	2,429,978	0	2,429,978	5.798%	140,900
Res. (Ph. I) Residential Component(Ph. I)		4	62	515,000.00	100.00%	100.00%	107.69%	34,305,118	33.33%	11,480,560	1.00000	11,480,560	310,000	11,170,560	5.798%	646,554
Off. (Ph. II) Office Component(Ph. II)		3	34,000	150.00	100.00%	100.00%	107.69%	5,492,142	33.33%	1,830,531	1.00000	1,830,531	0	1,830,531	5.798%	106,142
Ret. (Ph. II) Retail Component(Ph. II)		3	12,750	150.00	100.00%	100.00%	107.69%	2,059,563	33.33%	686,449	1.00000	686,449	0	686,449	5.798%	39,803
Totals								\$1,714,765						16,928,531		891,468
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2011																
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value	% Occupied for Year	% Occupancy	Reassmt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Off. (Ph. I) Office Component(Ph. I)		3	15,398	150.00	100.00%	100.00%	110.36%	2,549,477	33.33%	849,741	1.00000	849,741	0	849,741	5.798%	49,271
Ret. (Ph. I) Retail Component(Ph. I)		3	45,134	150.00	100.00%	100.00%	110.36%	7,472,824	33.33%	2,480,725	1.00000	2,480,725	0	2,480,725	5.798%	144,422
Res. (Ph. I) Residential Component(Ph. I)		4	62	515,000.00	100.00%	100.00%	110.36%	35,244,748	33.33%	11,747,074	1.00000	11,747,074	310,000	11,437,074	5.798%	663,167
Off. (Ph. II) Office Component(Ph. II)		3	34,000	150.00	100.00%	100.00%	110.36%	5,629,446	33.33%	1,876,294	1.00000	1,876,294	0	1,876,294	5.798%	108,785
Ret. (Ph. II) Retail Component(Ph. II)		3	12,750	150.00	100.00%	100.00%	110.36%	2,111,042	33.33%	703,610	1.00000	703,610	0	703,610	5.798%	40,798
Totals								\$3,007,634						17,357,444		1,008,454
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2012																
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value	% Occupied for Year	% Occupancy	Reassmt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Off. (Ph. I) Office Component(Ph. I)		3	15,398	150.00	100.00%	100.00%	113.14%	2,613,214	33.33%	870,984	1.00000	870,984	0	870,984	5.798%	50,503
Ret. (Ph. I) Retail Component(Ph. I)		3	45,134	150.00	100.00%	100.00%	113.14%	7,659,747	33.33%	2,652,994	1.00000	2,652,994	0	2,652,994	5.798%	148,033
Res. (Ph. I) Residential Component(Ph. I)		4	62	515,000.00	100.00%	100.00%	113.14%	36,126,684	33.33%	12,040,751	1.00000	12,040,751	310,000	11,730,751	5.798%	680,495
Off. (Ph. II) Office Component(Ph. II)		3	34,000	150.00	100.00%	100.00%	113.14%	5,770,182	33.33%	1,923,202	1.00000	1,923,202	0	1,923,202	5.798%	111,515
Ret. (Ph. II) Retail Component(Ph. II)		3	12,750	150.00	100.00%	100.00%	113.14%	2,165,818	33.33%	721,201	1.00000	721,201	0	721,201	5.798%	41,818
Totals								\$4,332,825						17,769,130		1,052,065

The following Table 5 provides an analysis of the projected amount of incremental property taxes that will be generated by the Development (based on assumptions described herein) that would be available to pay for eligible redevelopment costs and an analysis of the Developer Note Financing Scenario.

The following is a summary of each of the lines in the analysis included in Table 5:

Collection Year – EAV under each collection year identified is used for calculation of property taxes in following collection year

Off. (Ph. I) – EAV of the office component of Phase I of the Development for each year that the TIF District is projected to be in effect (note: assumes full absorption in year following completion for tax assessment purposes).

Ret. (Ph. I) – EAV of the retail component of Phase I of the Development for each year that the TIF District is projected to be in effect (note: assumes full absorption in year following completion for tax assessment purposes)

Res. (Ph. I) - EAV of the residential component of the Development for each year that the TIF District is projected to be in effect (note: assumes full absorption in year following completion for tax assessment purposes)

Off. (Ph. II) – EAV of the office component of Phase II of the Development for each year the TIF District is projected to be in effect (note: assumes full absorption in year following completion for tax assessment purposes).

Ret. (Ph. II) – EAV of the retail component of Phase II of the Development for each year the TIF District is projected to be in effect (note: assumes full absorption in year following completion for tax assessment purposes).

Section I. Incremental Property Taxes

- a) Total 2005 tax year EAV for the parcels identified in Table 1 above;
- b) The difference between the projected EAV of the Development and the EAV for the parcels identified in Table 1 above;
- c) 2005 Tax Rate for the taxing districts levying property taxes on the Property (excluding any provisions for the SSA tax levy which is assumed would continue to be used for SSA purposes as allowed by the TIF Act);
- d) The Incremental EAV multiplied by the 2005 Tax Rate (note that the analysis reflects property taxes collected in any calendar year are based on the prior calendar year EAV);
- e) TIF Act requires that the City provide up to 25% of any incremental property taxes generated by a residential development be set aside and used to reimburse the school district for any additional students generated by such residential developments (note: any amount not used to reimburse school district by August 1 of each year is available for TIF eligible costs);
- f) Estimated incremental property taxes available after provision of school set aside payments;

Table 3
City of Naperville, Illinois
Water Street TIF
Preliminary Tax Pro Forma/Development Modified Rate Bonds

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value \$/Ft./Unit	Lay Year:												
					2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Off. (Ph. I) Office Component(Ph. I)		3	15,366	150.00	0	0	800,705	829,915	849,741	870,984	892,769	916,078	937,855	951,403	966,738	979,075	985,328
Res. (Ph. I) Residential Component(Ph. I)		4	45,134	150.00	0	2,370,168	2,429,908	2,489,725	2,549,524	2,609,304	2,669,068	2,728,818	2,788,553	2,848,273	2,907,978	2,967,668	3,027,343
Off. (Ph. II) Office Component(Ph. II)		3	34,000	150.00	0	0	1,159,590	1,189,074	1,218,558	1,248,042	1,277,526	1,307,010	1,336,494	1,365,978	1,395,462	1,424,946	1,454,430
Res. (Ph. II) Residential Component(Ph. II)		3	12,750	150.00	0	0	899,448	919,631	939,814	959,997	980,180	1,000,363	1,020,546	1,040,729	1,060,912	1,081,095	1,101,278
Total EAV All Components					0	14,050,538	16,029,531	17,257,444	18,251,650	19,245,856	20,240,062	21,234,268	22,228,474	23,222,680	24,216,886	25,211,092	26,205,298
Incremental Property Taxes:																	
(a) Base EAV (2005 Tax Levy Year)					2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260
(b) Incremental EAV					0	11,450,278	14,329,271	14,757,184	15,185,090	15,612,996	16,040,902	16,468,808	16,896,714	17,324,620	17,752,526	18,180,432	18,608,338
(c) Tax Rate @ 7.00%					6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%	6.789%
(d) Total Est. Incremental Property Taxes					0	0	603,633	634,095	664,557	695,019	725,481	755,943	786,405	816,867	847,329	877,791	908,253
(e) Incremental Property Taxes (Residential Only)					0	0	0	136,526	140,007	143,488	146,969	150,450	153,931	157,412	160,893	164,374	167,855
(f) Set Aside for School District					0	0	0	0	0	0	0	0	0	0	0	0	0
(g) Est. Incremental Property Taxes Available					0	0	603,633	634,095	664,557	695,019	725,481	755,943	786,405	816,867	847,329	877,791	908,253
(h) TIF Administrative Costs					25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
(i) Carryforward of Administrative Costs					25,000	0	0	0	0	0	0	0	0	0	0	0	0
(j) Incremental Property Taxes for Redevelopment Costs and Debt Service					0	0	454,598	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055
(k) Cumulative Incremental Property Taxes					0	0	454,598	1,122,446	1,813,139	2,694,191	3,242,137	3,467,137	3,752,137	4,037,137	4,322,137	4,607,137	4,892,137
III. Debt Service Analysis																	
a) Bond Fund Beginning Balance (Including Cap. Interest)					0	0	0	396,425	496,425	596,425	696,425	796,425	896,425	996,425	1,096,425	1,196,425	1,296,425
b) June DIS Payment					0	0	0	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)
c) December DIS Payment					0	0	0	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)	(163,213)
d) Transfer of Amounts from Special Tax All. Fund (STAF) to Provide For Following Calendar Year DIS					0	0	396,425	496,425	596,425	696,425	796,425	896,425	996,425	1,096,425	1,196,425	1,296,425	1,396,425
e) Bond Fund Ending Balance (12/31)					0	0	0	396,425	496,425	596,425	696,425	796,425	896,425	996,425	1,096,425	1,196,425	1,296,425
f) Est. Total Annual Taxes Available for DIS					0	0	454,598	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055
g) Total Debt Service					0	0	0	306,426	306,426	306,426	306,426	306,426	306,426	306,426	306,426	306,426	306,426
h) DIS Coverage on 2007 Bonds					N/A	N/A	N/A	1.731	1.731	1.731	1.731	1.731	1.731	1.731	1.731	1.731	1.731
III. Application of Incr. Prop. Taxes to Following Year DIS Requirement																	
a) STAF Beginning Balance					0	0	0	61,184	250,593	440,353	630,113	819,873	1,009,633	1,199,393	1,389,153	1,578,913	1,768,673
b) Current Year Revenues Deposited in STAF					0	0	0	454,598	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055	658,055
c) Funds Available From Other Sources					0	0	0	0	0	0	0	0	0	0	0	0	0
d) Following Year Requirement DIS (For Succeeding Year B1 and 12/1 Pay.)					0	0	0	(300,425)	(496,425)	(692,425)	(888,425)	(1,084,425)	(1,280,425)	(1,476,425)	(1,672,425)	(1,868,425)	(2,064,425)
e) STAF Ending Balance					0	0	0	61,184	250,593	440,353	630,113	819,873	1,009,633	1,199,393	1,389,153	1,578,913	1,768,673
f) Amount To Be Transferred to Bond Fund					0	0	0	388,426	488,426	588,426	688,426	788,426	888,426	988,426	1,088,426	1,188,426	1,288,426
g) Amount Still Required for Following Year DIS Requirement (Incr. Prop. Tax Shortfall)					0	0	0	0	0	0	0	0	0	0	0	0	0
h) Meet Following Year DIS Requirement					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
IV. Amounts Available After Provision For School Payments and Debt Service																	
a) Incremental Property Taxes Available After School Payments Set Aside and DIS					0	0	61,184	162,430	262,640	362,850	463,060	563,270	663,480	763,690	863,900	964,110	1,064,320
b) Cumulative Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS					0	0	61,184	223,614	385,754	547,894	710,034	872,174	1,034,314	1,196,454	1,358,594	1,520,734	1,682,874
c) Net Present Value of Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS Available for Other Eligible Costs @ 5.00%					0	0	52,885	165,133	277,381	389,629	501,877	614,125	726,373	838,621	950,869	1,063,117	1,175,365
d) School Payments Available for Other Eligible Costs (Assuming No Children)					0	0	0	105,343	140,987	176,631	212,275	247,919	283,563	319,207	354,851	390,495	426,139
e) Incr. Prop. Taxes Avail. After DIS and No School Payments					0	0	0	177,608	310,279	442,950	575,621	708,292	840,963	973,634	1,106,305	1,238,976	1,371,647
f) Cumulative Incr. Prop. Taxes Avail. After DIS and No School Payments					0	0	0	177,608	487,887	830,837	1,173,787	1,518,737	1,863,687	2,208,637	2,553,587	2,898,537	3,243,487
g) Net Present Value of Incr. Prop. Taxes Avail. After DIS and No School Payments Available for Other Eligible Costs @ 5.00%					0	0	132,981	371,010	609,039	847,068	1,085,097	1,323,126	1,561,155	1,800,184	2,038,213	2,276,242	2,514,271

Table 5 (cont.)
City of Napoleon, Illinois
Water Street TIF
Preliminary Tax Pro Forma/Developer Net/After Tax Ratio Bonds

Levy Year: 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Yr. 14	Yr. 15	Yr. 16	Yr. 17	Yr. 18	Yr. 19	Yr. 20	Yr. 21	Yr. 22	Yr. 23	Yr. 24	Yr. 25	Totals		
Off. (Ph. I)	Office Component(Ph. I)	3	15,306	160.00	1,007,740	1,007,740	1,171,377	1,422,007	1,771,377	2,200,651	2,730,678	3,361,446	4,092,081	4,923,305	5,854,538	6,885,771	8,017,004		
Res. (Ph. I)	Residential Component(Ph. I)	3	45,134	160.00	3,160,576	3,160,576	3,433,403	3,706,230	3,979,057	4,251,884	4,524,711	4,797,538	5,070,365	5,343,192	5,616,019	5,888,846	6,161,673		
Off. (Ph. II)	Office Component(Ph. II)	3	34,000	160.00	14,721,247	14,721,247	16,103,178	17,485,109	18,867,040	20,248,971	21,630,902	23,012,833	24,394,764	25,776,695	27,158,626	28,540,557	30,922,488		
Res. (Ph. II)	Residential Component(Ph. II)	3	12,750	160.00	879,713	879,713	963,180	1,046,647	1,130,114	1,213,581	1,297,048	1,380,515	1,463,982	1,547,449	1,630,916	1,714,383	1,797,850		
Total EAV All Components					21,754,217	22,006,922	22,971,218	23,450,748	24,030,276	24,609,804	25,189,332	25,768,860	26,348,388	26,927,916	27,507,444	28,086,972	28,666,500	30,922,488	
f. Incremental Property Taxes:																			
(a) Base EAV (2005 Tax Levy Year)					2,500,200	2,500,200	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260	2,900,260		
(b) Incremental EAV					19,153,957	19,153,957	20,070,958	20,550,488	21,130,018	21,709,548	22,868,600	23,448,130	24,027,660	24,607,190	25,186,720	25,766,250	26,345,780	28,022,228	
(c) Tax Rate @ 5.768%					5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%		
(d) Total Est. Incremental Property Taxes					1,070,410	1,110,923	1,142,603	1,174,301	1,206,000	1,237,698	1,269,396	1,301,094	1,332,792	1,364,490	1,396,188	1,427,886	1,459,584	1,491,282	
(e) Incremental Property Taxes (Residential Only)					178,138	183,329	188,520	193,711	198,902	204,093	209,284	214,475	219,666	224,857	230,048	235,239	240,430	245,621	
(f) Est. Incremental Property Taxes Available					912,272	927,604	953,936	980,268	1,007,100	1,034,032	1,060,964	1,087,896	1,114,828	1,141,760	1,168,692	1,195,624	1,222,556	1,249,488	
(g) TIF Administrative Costs					26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	
(h) Carryover or Administrative Costs					0	0	0	0	0	0	0	0	0	0	0	0	0		
(i) Incremental Property Taxes for Redevelopment Costs and Debt Service					879,201	890,804	912,407	934,010	955,613	977,216	998,819	1,020,422	1,042,025	1,063,628	1,085,231	1,106,834	1,128,437	1,150,040	
(j) Cumulative Incremental Property Taxes					6,146,170	6,048,473	6,050,776	6,053,079	6,055,382	6,057,685	6,059,988	6,062,291	6,064,594	6,066,897	6,069,200	6,071,503	6,073,806	6,076,109	
III. Debt Service Analysis																			
a) Bond Fund Beginning Balance (including Cap. Interest)					622,625	640,650	658,675	676,700	694,725	712,750	730,775	748,800	766,825	784,850	802,875	820,900	838,925	856,950	
b) June D/S Payment					(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)	(143,813)		
c) December D/S Payment					(476,813)	(507,025)	(537,237)	(567,449)	(597,661)	(627,873)	(658,085)	(688,297)	(718,509)	(748,721)	(778,933)	(809,145)	(839,357)		
d) Transfer of Amounts from Special Tax All. Fund (STAF) to Provide For Following Calendar Year D/S					940,630	958,475	976,320	994,165	1,012,010	1,029,855	1,047,700	1,065,545	1,083,390	1,101,235	1,119,080	1,136,925	1,154,770	1,172,615	
e) Bond Fund Ending Balance (12/31)					640,650	658,475	676,300	694,125	711,950	729,775	747,600	765,425	783,250	801,075	818,900	836,725	854,550	872,375	
f) Est. Total Annual Taxes Available for D/S					878,281	902,303	926,325	950,347	974,369	998,391	1,022,413	1,046,435	1,070,457	1,094,479	1,118,501	1,142,523	1,166,545	1,190,567	
g) Total Debt Service					822,625	840,650	858,675	876,700	894,725	912,750	930,775	948,800	966,825	984,850	1,002,875	1,020,900	1,038,925	1,056,950	
h) D/S Coverage on 2007 Bonds					1,487	1,489	1,491	1,493	1,495	1,497	1,499	1,501	1,503	1,505	1,507	1,509	1,511	1,513	
III. Application of Incr. Prop. Taxes to Following Year D/S Requirement																			
a) STAF Beginning Balance					1,010,664	2,154,205	2,490,123	2,826,041	3,161,959	3,497,877	3,833,795	4,169,713	4,505,631	4,841,549	5,177,467	5,513,385	5,849,303	6,185,221	
b) Current Year Revenues Deposited in STAF					676,201	692,303	708,405	724,507	740,609	756,711	772,813	788,915	805,017	821,119	837,221	853,323	869,425	885,527	
c) Funds Available From Other Sources					0	0	0	0	0	0	0	0	0	0	0	0	0		
d) Following Year Requirement D/S (For Succeeding Year 0/1 and 12/1 Pay.)					(910,850)	(958,475)	(1,006,090)	(1,053,705)	(1,101,320)	(1,148,935)	(1,196,550)	(1,244,165)	(1,291,780)	(1,339,395)	(1,387,010)	(1,434,625)	(1,482,240)	(1,529,855)	
e) STAF Ending Balance					2,164,205	2,490,123	2,826,041	3,161,959	3,497,877	3,833,795	4,169,713	4,505,631	4,841,549	5,177,467	5,513,385	5,849,303	6,185,221	6,521,139	
f) Amount To Be Transferred to Bond Fund					640,650	658,475	676,300	694,125	711,950	729,775	747,600	765,425	783,250	801,075	818,900	836,725	854,550	872,375	
g) Annual SAI Required for Following Year D/S Requirement (Incr. Prop. Tax Shortfall)					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
h) Debt Coverage on 2007 Requirement					1,487	1,489	1,491	1,493	1,495	1,497	1,499	1,501	1,503	1,505	1,507	1,509	1,511	1,513	
IV. Amounts Available After Provision For School Payments and Debt Service																			
a) Incremental Property Taxes Available After School Payments SAI Ass'd and D/S					235,431	245,820	246,475	247,130	247,785	248,440	249,095	249,750	250,405	251,060	251,715	252,370	253,025	253,680	
b) Cumulative Incr. Prop. Taxes Avail. After School Payments SAI Ass'd and D/S					2,154,205	2,490,123	2,826,041	3,161,959	3,497,877	3,833,795	4,169,713	4,505,631	4,841,549	5,177,467	5,513,385	5,849,303	6,185,221	6,521,139	
c) Net Present Value of Incr. Prop. Taxes Avail. After School Pay, SAI Ass'd and D/S Available for Other Eligible Costs @ 0.50%					1,202,004	1,267,860	1,333,716	1,400,572	1,467,428	1,534,284	1,601,140	1,667,996	1,734,852	1,801,708	1,868,564	1,935,420	2,002,276	2,069,132	2,135,988
d) School Payments Available for Other Eligible Costs (Assuming No Children)					170,138	183,320	196,502	209,684	222,866	236,048	249,230	262,412	275,594	288,776	301,958	315,140	328,322	341,504	
e) Cumulative Incr. Prop. Taxes Avail. After D/S and No School Payments					413,660	426,148	438,636	451,124	463,612	476,100	488,588	501,076	513,564	526,052	538,540	551,028	563,516	576,004	
f) Cumulative Incr. Prop. Taxes Avail. After D/S and No School Payments					3,831,714	4,200,002	4,668,070	5,136,138	5,604,206	6,072,274	6,540,342	7,008,410	7,476,478	7,944,546	8,412,614	8,880,682	9,348,750	9,816,818	10,284,886
g) Net Present Value of Incr. Prop. Taxes Avail. After D/S and No School Pay. Available for Other Eligible Costs @ 0.50%					2,150,054	2,316,810	2,473,566	2,630,322	2,787,078	2,943,834	3,100,590	3,257,346	3,414,102	3,570,858	3,727,614	3,884,370	4,041,126	4,197,882	4,354,638

- g) Costs relating to administration of the TIF (i.e. annual TIF reporting to State, annual audit of TIF, annual administrative costs related to any debt financing, etc.);
- h) Provides for reimbursement to City of TIF administrative costs during start up period of TIF;
- i) Incremental property taxes available for redevelopment costs and debt service after provision of school payment set aside and administrative costs; and
- j) Cumulative amount of incremental property taxes in line i) above.

Section II. Debt Service Analysis

- a) Initially includes (i) capitalized interest, if any, and accrued interest, if any, and increased each year by the incremental property taxes necessary for debt service.
- b) The June 1 debt service payment (or with respect to variable rate bonds, the first six months of payments or with respect to Developer Note, no debt service payments).
- c) The December 1 debt service payment (or with respect to variable rate bonds, the second six months of payments or with respect to Developer Note, refinancing on 12/1/10 of all debt service).
- d) The amount necessary to be transferred from the Special Tax Allocation Fund (to which incremental property taxes are deposited) for the following years debt service requirement.
- e) The ending balance of the Bond Fund after all transfers for such year.
- f) Incremental property taxes available each year for debt service in Section I(i) above.
- g) Total debt service for the current year (the total of Section II (b) and II(c) above).
- h) The debt service coverage ratio based on the current year incremental property taxes available for debt service and the current year debt service.

Section III. Application of Incremental Property Taxes to Following Year Debt Service Requirement

- a) The beginning balance of the Special Tax Allocation Fund.
- b) The incremental property taxes available for debt service in Section I (i) above.
- c) Amounts necessary to be deposited by City or Developer (due to an initial shortfall in incremental property taxes and reimbursed by TIF from funds as described in Section IV (a) below) in order to have sufficient funds for debt service requirement for following year.
- d) The debt service requirement for the following year (see Section II (b) and II (c)).
- e) Ending balance of Special Tax Allocation Fund after the provision of the following year's debt service.
- f) Amount necessary to transfer to the Bond Fund (on each 12/31) to provide for following year's debt service.
- g) Any additional shortfall necessary to be made up in order to provide following year's debt service.
- h) Indication of meeting of the following year's debt service requirement.

Section IV. Amounts Available After Provision For School Payments and Debt Service

- a) Incremental property taxes available for other eligible costs after the School Payment set aside (Section I (e)) and the provision of the following year's debt service (Section III (d)).
- b) the cumulative amount of a) above.
- c) Net present value of the amount in a) above from the base year of 2007 to the year identified in each column assuming a rate of 6.5%.
- d) The amount of the School Payment set aside that would be available if the Development does not generate any school age children.
- e) Incremental taxes available after debt service in a) above together with the School Payment set aside in d) above.
- f) The cumulative amount of e) above.
- g) Net present value of the amount in e) above from the base year of 2007 to the year identified in each column assuming a rate of 6.5%.

The following Table 6 provides an analysis of the projected amount of incremental property taxes that will be generated by the Development (based on the assumption described herein) that would be available to pay eligible redevelopment costs and an analysis of the Variable Rate Bond Financing Scenario. The changes from Table 5 are only to the amounts in Sections II, III and IV of Table 6.

Table B (Cont'd)
City of Naperville, Illinois
Water Street TIF
Preliminary Tax Pro Forma/Variable Rate/Fixed Rate Bonds

Component Name	Class Code	Sta. Ft / # Units	Market Value Sq. Ft./Acre	Levy Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Totals
					Yc. 14	Yc. 15	Yc. 16	Yc. 17	Yc. 18	Yc. 19	Yc. 20	Yc. 21	Yc. 22	Yc. 23	Yc. 24	Yc. 25	
Office Component (Ph. I)	3	15,338	150,000		1,091,710	1,097,740	1,114,033	1,142,800	1,171,977	1,200,681	1,230,026	1,260,000	1,290,693	1,322,081	1,354,138	1,387,300	
Office Component (Ph. II)	3	45,134	150,000		3,110,525	3,188,330	3,266,048	3,343,749	3,421,433	3,500,100	3,578,750	3,657,400	3,736,050	3,814,700	3,893,350	3,972,000	
Office Component (Ph. I)	4	62	615,000,000		14,300,085	16,727,247	15,093,179	15,489,668	16,883,471	18,278,300	19,673,150	21,068,000	22,462,850	23,857,700	25,252,550	26,647,400	
Office Component (Ph. II)	3	34,000	150,000		2,342,234	2,491,616	2,641,000	2,790,382	2,939,764	3,089,146	3,238,528	3,387,910	3,537,292	3,686,674	3,836,056	3,985,438	
Office Component (Ph. II)	3	12,760	150,000		816,713	906,061	995,409	1,084,757	1,174,105	1,263,453	1,352,801	1,442,149	1,531,497	1,620,845	1,710,193	1,800,541	
Total EAV All Components					21,754,217	22,365,072	22,975,927	23,586,782	24,197,637	24,808,492	25,419,347	26,030,202	26,641,057	27,251,912	27,862,767	28,473,622	29,084,477
Incremental Property Taxes:																	
(a) Base EAV (2005 Tax Levy Year)					2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	2,600,260	26,002,600
(b) Incremental EAV					19,153,957	19,764,812	20,375,667	20,986,522	21,597,377	22,208,232	22,819,087	23,429,942	24,040,797	24,651,652	25,262,507	25,873,362	26,484,217
(c) Tax Rate @ 6.788%					1,370,419	1,411,023	1,451,627	1,492,231	1,532,835	1,573,439	1,614,043	1,654,647	1,695,251	1,735,855	1,776,459	1,817,063	1,857,667
(d) Total Est. Incremental Property Taxes					1,370,419	1,411,023	1,451,627	1,492,231	1,532,835	1,573,439	1,614,043	1,654,647	1,695,251	1,735,855	1,776,459	1,817,063	1,857,667
(e) Incremental Property Taxes (Residential Only)					178,138	183,320	188,502	193,684	198,866	204,048	209,230	214,412	219,594	224,776	229,958	235,140	240,322
(f) Est. Incremental Property Taxes Available					904,281	927,703	951,125	974,547	997,969	1,021,391	1,044,813	1,068,235	1,091,657	1,115,079	1,138,501	1,161,923	1,185,345
(g) TIF Administrative Costs					25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
(h) Carryforward of Administrative Costs					0	0	0	0	0	0	0	0	0	0	0	0	0
(i) Incremental Property Taxes for Redevelopment Costs and Debt Service					879,281	902,703	926,125	949,547	972,969	996,391	1,019,813	1,043,235	1,066,657	1,090,079	1,113,501	1,136,923	1,160,345
(j) Cumulative Incremental Property Taxes					6,140,170	6,008,473	5,876,776	5,745,079	5,613,382	5,481,685	5,350,000	5,218,303	5,086,606	4,954,909	4,823,212	4,691,515	4,559,818
Debt Service Analysis																	
a) Bond Fund Beginning Balance (including Cap. Interest)					622,625	640,650	658,675	676,700	694,725	712,750	730,775	748,800	766,825	784,850	802,875	820,900	838,925
b) June DIS Payment					(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(132,025)	(1,284,025)
c) December DIS Payment					(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(478,613)	(4,786,130)
d) Transfer of Amounts from Special Tax All Fund (STAF)					140,859	140,859	140,859	140,859	140,859	140,859	140,859	140,859	140,859	140,859	140,859	140,859	1,408,590
e) Bond Fund Ending Balance (1/2/31)					840,856	840,856	840,856	840,856	840,856	840,856	840,856	840,856	840,856	840,856	840,856	840,856	840,856
f) Est. Total Annual Taxes Available for DIS					879,281	902,703	926,125	949,547	972,969	996,391	1,019,813	1,043,235	1,066,657	1,090,079	1,113,501	1,136,923	1,160,345
g) Total Debt Service					622,625	640,650	658,675	676,700	694,725	712,750	730,775	748,800	766,825	784,850	802,875	820,900	838,925
h) DIS Coverage on 2017 Bonds					1,467	1,468	1,469	1,470	1,471	1,472	1,473	1,474	1,475	1,476	1,477	1,478	1,479
III. Application of Incr. Prop. Taxes to Following Year DIS Requirement																	
a) STAF Beginning Balance					1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	1,010,084	10,100,840
b) Current Year Revenues Deposited in STAF					879,281	902,703	926,125	949,547	972,969	996,391	1,019,813	1,043,235	1,066,657	1,090,079	1,113,501	1,136,923	11,369,230
c) Incr. Prop. Taxes Available From Other Sources					(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(640,000)	(6,400,000)
d) Following Year Requirement DIS (for Succeeding Year 01 and 121 Pay.)					2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	2,154,295	21,542,950
e) STAF Ending Balance					640,084	640,084	640,084	640,084	640,084	640,084	640,084	640,084	640,084	640,084	640,084	640,084	6,400,840
f) Amount To Be Transferred to Bond Fund					0	0	0	0	0	0	0	0	0	0	0	0	0
g) Amount Still Required for Following Year DIS Requirement (Incr. Prop. Tax Shortfall)					0	0	0	0	0	0	0	0	0	0	0	0	0
h) Meet Following Year DIS Requirement					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
IV. Amounts Available After Provision For School Payments and Debt Service																	
a) Incremental Property Taxes Available After School Payments Set Aside and DIS					235,451	245,626	249,476	257,030	263,630	274,266	284,943	295,660	306,419	317,219	328,060	338,943	3,389,451
b) Cumulative Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS					2,194,265	2,400,123	2,606,000	2,811,877	3,017,754	3,223,631	3,429,508	3,635,385	3,841,262	4,047,139	4,253,016	4,458,893	4,664,770
c) Net Present Value of Incr. Prop. Taxes Avail. After School Pay. Set Aside and DIS Available for Other Eligible Costs @ 6.00%					1,202,664	1,207,580	1,306,071	1,478,787	1,661,617	1,844,524	2,027,460	2,210,446	2,393,482	2,576,568	2,759,704	2,942,890	29,428,664
d) School Payments Available for Other Eligible Costs (Assuming No Children)					178,138	183,320	188,502	193,684	198,866	204,048	209,230	214,412	219,594	224,776	229,958	235,140	2,351,380
e) Incr. Prop. Taxes Avail. After DIS and No School Payments					413,660	423,146	430,174	437,146	444,116	451,116	458,116	465,116	472,116	479,116	486,116	493,116	4,931,116
f) Cumulative Incr. Prop. Taxes Avail. After DIS and No School Payments					1,831,114	1,934,290	2,037,466	2,140,642	2,243,818	2,346,994	2,450,170	2,553,346	2,656,522	2,759,698	2,862,874	2,966,050	29,661,114
g) Net Present Value of Incr. Prop. Taxes Avail. After DIS and No School Pay. Available for Other Eligible Costs @ 6.00%					2,150,054	2,218,018	2,279,830	2,633,517	2,780,618	2,927,719	3,074,820	3,221,921	3,369,022	3,516,123	3,663,224	3,810,325	38,103,054

The following Table 7 provides an analysis of the projected amount of incremental property taxes that will be generated by the Development (based on the assumptions described herein) that would be available to pay for eligible redevelopment costs and an analysis of the TIF Bond Financing Scenario. The changes from Tables 5 and 6 are only to the amounts in Sections II, III and IV of Table 7.

Table Z
City of Naperville, Illinois
Water Street TIF
Preliminary Tax Pro Forma (TIF-SSA Fixed Rate Bonds)

Component	Project Description	CDBG Code	Sq. Ft./ # Units	Medial Value \$/sq. Ft./Unit	Levy Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
						Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10	Yr. 11	Yr. 12	Yr. 13	
I. Incremental Property Taxes:	(a) Basic EAV (2005 Tax Levy Year)					2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
	(b) Incremental EAV					0	0	11,450,278	14,320,271	14,757,184	15,108,070	15,551,500	16,115,645	16,681,203	17,270,032	17,878,559	18,490,770	19,116,805	19,757,000
	(c) Tax Rate - 6.709%					5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%	5.709%
	(d) Total Est. Incremental Property Taxes					25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
II. Debt Service Analysis	(a) Bond Fund Beginning Balance (Including Cap. Intrest)					1,020,000	1,020,000	680,400	340,200	306,425	460,425	460,425	460,425	460,425	460,425	460,425	460,425	460,425	460,425
	(b) June Dis Payment					0	0	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)	(170,100)
	(c) December Dis Payment					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(d) Transfer of Amounts from Special Tax All. Fund (STAF) to Provide For Following Calendar Year Dis					0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Application of Incr. Prop. Taxes to Following Year Dis Requirement	(a) Bond Fund Ending Balance					1,020,000	850,900	510,300	340,200	306,425	460,425	460,425	460,425	460,425	460,425	460,425	460,425	460,425	460,425
	(b) Total Debt Service					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(c) Total Annual Taxes Available for Dis					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(d) Dis Coverage on 2007 Bonds					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
IV. Amounts Available After Provision For School Payments and Debt Service	(a) STAF Beginning Balance					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(b) Current Year Revenues Deposited in STAF					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(c) Funds Available From Other Sources					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(d) Following Year Requirement Dis. (For Succeeding Year 01 and 12/1 Pay.)					0	0	0	0	0	0	0	0	0	0	0	0	0	0
V. Amounts Available After Provision For School Payments and Debt Service	(a) Amount To Be Transferred to Bond Fund					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(b) Amount Still Required for Following Year Dis Requirement (Incr. Prop. Tax Shortfall)					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(c) Amount Still Required for Following Year Dis Requirement					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(d) Net Present Value of Incr. Prop. Taxes Avail. After School Pay, Set Aside and Dis Available for Other Eligible Costs @ 6.50%					0	0	0	66,104	59,164	52,300	46,097	40,987	36,844	33,580	30,276	27,919	25,594	23,318
VI. Amounts Available After Provision For School Payments and Debt Service	(a) Incremental Property Taxes Available After School Payments Set Aside and Dis					0	0	0	66,104	59,164	52,300	46,097	40,987	36,844	33,580	30,276	27,919	25,594	
	(b) Cumulative Incr. Prop. Taxes Avail. After School Payments Set Aside and Dis					0	0	0	66,104	125,268	177,668	229,765	280,752	330,596	380,276	429,795	479,149	528,343	
	(c) Net Present Value of Incr. Prop. Taxes Avail. After School Pay, Set Aside and Dis Available for Other Eligible Costs @ 6.50%					0	0	0	66,104	125,268	177,668	229,765	280,752	330,596	380,276	429,795	479,149	528,343	
	(d) School Payments Available for Other Eligible Costs (Assuming No Child ren)					0	0	0	177,668	330,596	483,524	636,452	789,380	942,308	1,095,236	1,248,164	1,401,092	1,554,020	
VII. Amounts Available After Provision For School Payments and Debt Service	(a) Incr. Prop. Taxes Avail After Dis and No School Payments					0	0	0	177,668	330,596	483,524	636,452	789,380	942,308	1,095,236	1,248,164	1,401,092	1,554,020	
	(b) Cumulative Incr. Prop. Taxes Avail After Dis and No School Payments					0	0	0	177,668	330,596	483,524	636,452	789,380	942,308	1,095,236	1,248,164	1,401,092	1,554,020	
	(c) Net Present Value of Incr. Prop. Taxes Avail. After Dis and No School Pay, Available for Other Eligible Costs @ 6.50%					0	0	0	177,668	330,596	483,524	636,452	789,380	942,308	1,095,236	1,248,164	1,401,092	1,554,020	
	(d) Net Present Value of Incr. Prop. Taxes Avail. After Dis and No School Pay, Available for Other Eligible Costs @ 6.50%					0	0	0	177,668	330,596	483,524	636,452	789,380	942,308	1,095,236	1,248,164	1,401,092	1,554,020	

Table 7 (cont.)
City of Macomb, Illinois
Water Street TIF
Preliminary Tax Pro Form (TIF-SSA/Prop. Rate Bands)

Low Year: 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Component Name	Project Description	Class Code	Sq. Ft./Sq. Ft./Unit	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Totals
Off. (Ph. I) Office Component (Ph. I)		3	15,380	1,081,210	1,097,749	1,114,033	1,131,377	1,148,721	1,166,065	1,183,409	1,200,753	1,218,097	1,235,441	1,252,785	1,270,129	13,002,399
Res. (Ph. I) Retail Component (Ph. I)		3	45,134	3,105,575	3,188,339	3,268,049	3,348,769	3,430,489	3,513,209	3,596,929	3,680,649	3,764,369	3,848,089	3,931,809	4,015,529	40,811,344
Off. (Ph. II) Office Component (Ph. II)		3	34,000	2,343,234	2,401,681	2,461,128	2,520,575	2,580,022	2,639,469	2,698,916	2,758,363	2,817,810	2,877,257	2,936,704	3,000,000	28,559,426
Res. (Ph. II) Retail Component (Ph. II)		3	12,750	878,713	890,081	901,449	912,817	924,185	935,553	946,921	958,289	969,657	981,025	992,393	1,003,761	9,859,426
Total EAV All Components:				21,754,217	22,305,822	22,871,219	23,444,767	24,024,315	24,613,863	25,213,411	25,823,000	26,442,589	27,072,178	27,710,767	28,359,356	
I. Incremental Property Taxes:																
(a) Base EAV (2005 Tax Levy Year)				2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	2,600,200	26,002,000
(b) Incremental EAV				10,153,057	10,705,602	11,260,147	11,814,692	12,369,237	12,923,782	13,478,327	14,032,872	14,587,417	15,141,962	15,696,507	16,251,052	162,591,621
(c) Tax Rate (5.708%)				5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%	5.708%
(d) Total Est. Incremental Property Taxes				1,070,419	1,110,023	1,149,627	1,189,231	1,228,835	1,268,439	1,308,043	1,347,647	1,387,251	1,426,855	1,466,459	1,506,063	14,977,069
(e) Incremental Property Taxes (Residential Only)				178,138	183,320	188,502	193,684	198,866	204,048	209,230	214,412	219,594	224,776	229,958	235,140	2,351,911
(f) Est. Incremental Property Taxes Available for School District				901,281	927,303	963,075	995,347	1,030,336	1,066,058	1,101,780	1,137,502	1,173,224	1,208,946	1,244,668	1,280,390	12,625,150
(g) TIF Administrative Costs				25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
(h) Carryforward of Administrative Costs				0	0	0	0	0	0	0	0	0	0	0	0	0
(i) Incremental Property Taxes for Redevelopment Costs and Debt Service				876,281	902,303	937,075	971,347	1,005,336	1,040,058	1,074,780	1,109,502	1,144,224	1,178,946	1,213,668	1,248,390	12,475,150
(j) Cumulative Incremental Property Taxes				8,148,170	9,048,473	9,977,449	10,933,762	11,919,075	12,934,388	13,979,701	15,055,014	16,160,327	17,295,640	18,460,953	19,657,266	196,559,356
II. Debt Service Analysis																
a) Bond Fund Beginning Balance (including Cap. Interest)				622,625	640,950	659,275	678,600	697,925	717,250	736,575	755,900	775,225	794,550	813,875	833,200	8,332,625
b) June DIS Payment				(143,913)	(152,025)	(160,137)	(168,250)	(176,362)	(184,475)	(192,587)	(200,700)	(208,812)	(216,925)	(225,037)	(233,150)	(2,331,150)
c) December DIS Payment				(143,913)	(152,025)	(160,137)	(168,250)	(176,362)	(184,475)	(192,587)	(200,700)	(208,812)	(216,925)	(225,037)	(233,150)	(2,331,150)
d) Transfer of Amounts from Special Tax All. Fund (STAF) to Provide For Following Calendar Year DIS				940,650	956,475	972,300	988,125	1,003,950	1,019,775	1,035,600	1,051,425	1,067,250	1,083,075	1,098,900	1,114,725	11,147,250
e) Bond Fund Ending Balance (12/31)				940,650	956,475	972,300	988,125	1,003,950	1,019,775	1,035,600	1,051,425	1,067,250	1,083,075	1,098,900	1,114,725	11,147,250
f) Est. Total Annual Taxes Available for DIS				916,261	932,075	947,890	963,704	979,519	995,333	1,011,147	1,026,961	1,042,776	1,058,590	1,074,404	1,090,219	10,902,250
g) Total Debt Service				622,625	640,950	659,275	678,600	697,925	717,250	736,575	755,900	775,225	794,550	813,875	833,200	8,332,625
h) DIS Coverage on 2007 Bonds				1,407	1,407	1,415	1,423	1,431	1,439	1,447	1,455	1,463	1,471	1,479	1,487	14,817
III. Application of Incr. Prop. Taxes to Following Year DIS Requirement																
a) STAF Beginning Balance				1,918,864	2,154,285	2,400,123	2,656,461	2,923,800	3,192,138	3,471,477	3,760,815	4,060,154	4,369,493	4,688,832	5,018,171	50,181,711
b) Current Year Revenues Deposited in STAF				976,261	1,020,304	1,064,347	1,108,390	1,152,433	1,196,476	1,240,519	1,284,562	1,328,605	1,372,648	1,416,691	1,460,734	14,607,261
c) Funds Available From Other Sources				0	0	0	0	0	0	0	0	0	0	0	0	0
d) Following Year Requirement DIS (For Succeeding Year 01 and 12/1 Pay.)				(640,650)	(656,475)	(672,300)	(688,125)	(703,950)	(719,775)	(735,600)	(751,425)	(767,250)	(783,075)	(798,900)	(814,725)	(8,147,250)
e) STAF Ending Balance				2,154,285	2,508,110	2,861,935	3,215,760	3,569,585	3,923,410	4,277,235	4,631,060	4,984,885	5,338,710	5,692,535	6,046,360	60,467,261
f) Amount To Be Transferred to Bond Fund				0	0	0	0	0	0	0	0	0	0	0	0	0
g) Amount Still Required for Following Year DIS Requirement (Incr. Prop. Tax Shortfall)				0	0	0	0	0	0	0	0	0	0	0	0	0
h) Next Following Year DIS Requirement				0	0	0	0	0	0	0	0	0	0	0	0	0
IV. Amounts Available After Provision For School Payments and Debt Service																
a) Incremental Property Taxes Available After School Payments Set Aside and DIS				235,431	246,628	249,475	257,630	263,538	271,308	279,078	286,848	294,618	302,388	310,158	317,928	3,179,261
b) Cumulative Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS				2,194,255	2,400,123	2,616,000	2,831,877	3,047,754	3,263,631	3,479,508	3,695,385	3,911,262	4,127,139	4,343,016	4,558,893	45,587,261
c) Net Present Value of Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS Available for Other Eligible Costs @ 0.50%				1,202,004	1,267,550	1,333,096	1,398,642	1,464,188	1,529,734	1,595,280	1,660,826	1,726,372	1,791,918	1,857,464	1,923,010	19,231,711
d) School Payments Available for Other Eligible Costs (Assuming No Children)				175,136	183,320	191,504	199,688	207,872	216,056	224,240	232,424	240,608	248,792	256,976	265,160	2,651,680
e) Incr. Prop. Taxes Avail. After DIS and No School Payments				413,600	426,148	438,107	450,066	462,025	473,984	485,943	497,902	509,861	521,820	533,779	545,738	5,455,581
f) Cumulative Incr. Prop. Taxes Avail. After DIS and No School Payments				3,831,711	4,260,602	4,689,493	5,118,384	5,547,275	5,976,166	6,405,057	6,833,948	7,262,839	7,691,730	8,120,621	8,549,512	85,432,842
g) Net Present Value of Incr. Prop. Taxes Avail. After DIS and No School Payments Available for Other Eligible Costs @ 0.50%				2,150,054	2,316,910	2,473,766	2,630,622	2,787,478	2,944,334	3,101,190	3,258,046	3,414,902	3,571,758	3,728,614	3,885,470	38,847,261

The following Table 8 provides an analysis of the projected amount of incremental property taxes that will be generated by the Development (based on the assumptions described herein) that would be available to pay for eligible redevelopment costs and an analysis of the TIF/SSA Bond Financing Scenario. The changes from Tables 5, 6 and 7 are only to the amounts in Section II, III and IV of Table 8.

Table B
City of Naperville, Illinois
Water Street TIF
Proclamation Tax Pre Form (IFISSA Bond Issuance Only)

Component Name	Project Description	Class Code	Sq Ft	Area Value	Sq Ft Unit	Levy Year													
						2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Dir. (Ph. I)	Office Component(Ph. I)	3	16,398	160,000		0	0	600,795	620,916	640,741	670,864	822,760	916,078	937,955	981,403	985,430	1,010,075	1,035,325	
Res. (Ph. I)	Road Component(Ph. I)	3	49,134	190,000		0	0	2,370,008	2,428,878	2,488,723	2,552,895	2,618,018	2,684,239	2,740,285	2,816,027	2,898,479	2,960,990	3,034,707	
Res. (Ph. II)	Residential Component(Ph. II)	4	62	515,000.00		0	0	10,871,034	11,430,751	12,001,074	12,571,751	13,153,004	13,734,304	14,315,004	14,900,738	15,485,670	16,070,000	16,655,000	
Off. (Ph. II)	Office Component(Ph. II)	3	34,000	160,000		0	0	1,826,331	1,878,204	1,931,282	1,984,282	2,037,504	2,091,071	2,144,889	2,198,926	2,253,171	2,307,524	2,362,000	
Ret. (Ph. II)	Retiree Component(Ph. II)	3	12,750	160,000		0	0	980,440	703,610	721,201	730,231	767,711	767,654	760,071	816,972	839,372	868,261	898,261	
Total SAV All Components						0	0	14,059,638	16,026,631	17,357,444	17,769,130	19,251,029	20,179,005	20,179,005	20,681,039	21,218,006	21,718,006	22,218,006	
I. Incremental Property Taxes:																			
(a) Base EAV (2005 Tax Levy Year)						2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	2,000,200	
(b) Incremental EAV						0	0	11,460,270	14,326,271	14,767,104	15,100,870	16,051,659	16,116,046	10,591,203	17,078,032	17,576,550	10,000,770	10,015,605	
(c) Tax Rate 5.788%						0	0	67,09%	5.708%	5.708%	5.788%	5.788%	5.788%	5.788%	5.788%	5.788%	5.788%	5.788%	
(d) Total Est. Incremental Property Taxes						0	0	0	683,813	630,056	655,081	681,201	607,542	634,466	662,030	690,266	1,010,276	1,048,676	
(e) Incremental Property Taxes (Residential Only)						0	0	0	100,243	130,620	140,897	146,239	149,607	154,004	158,044	163,338	168,150	173,062	
(f) Est. Incremental Property Taxes Available						0	0	0	654,569	603,655	714,894	730,052	767,946	780,305	893,266	925,081	651,120	875,684	
(g) TIF Administrative Costs						25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
(h) Carryforward of Administrative Costs						25,000	50,000	75,000	0	0	0	0	0	0	0	0	0	0	
(i) Incremental Property Taxes for Redevelopment Costs and Debt Service						0	0	0	454,588	658,855	669,084	711,053	732,046	765,386	778,366	801,001	820,129	850,804	
(j) Cumulative Incremental Property Taxes						0	0	0	454,588	1,123,446	1,813,139	2,524,191	3,257,137	4,022,522	4,790,008	5,602,850	6,416,996	7,290,889	
II. Debt Service Analysis																			
a) Bond Fund Beginning Balance (including Cap. Interest)						1,260,200	1,260,200	630,000	419,400	419,400	544,400	566,000	668,000	682,000	671,800	610,200	630,000	679,700	
b) June DIS Payment						0	0	(290,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	
c) December DIS Payment						0	0	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	(200,700)	
d) Transfer of Amounts from Special Tax All Fund (STAF) to Provide for Following Calendar Year DIS						0	0	0	419,400	419,400	544,400	566,000	668,000	682,000	671,800	610,200	630,000	679,700	
e) Bond Fund Ending Balance (1/2/11)						1,260,200	830,300	419,400	419,400	544,400	566,000	668,000	682,000	671,800	610,200	630,000	679,700	679,700	
f) Est. Total Annual Taxes Available for DIS						0	0	0	454,588	658,855	669,084	711,053	732,046	765,386	778,366	801,001	820,129	850,804	
g) Total Debt Service						0	0	0	419,400	419,400	544,400	566,000	668,000	682,000	671,800	610,200	630,000	679,700	
h) DIS Coverage on 2007 Bonds						N/A	N/A	N/A	1,004	1,995	1,707	1,254	1,248	1,233	1,237	1,233	1,233	1,232	
III. Application of Incr. Prop. Taxes to Following Year DIS Requirement																			
a) STAF Beginning Balance						0	0	0	35,100	169,046	169,046	202,450	202,450	542,037	578,222	578,222	578,222	1,106,885	
b) Current Year Revenues Deposited in STAF						0	0	0	454,588	658,855	669,084	711,053	732,046	765,386	778,366	801,001	820,129	850,804	
c) Funds Available From Other Sources						0	0	0	0	0	0	0	0	0	0	0	0	0	
d) Following Year Requirement DIS (for Succeeding Year 01 and 721 Pay.)						0	0	0	(419,400)	(544,400)	(668,000)	(682,000)	(671,800)	(610,200)	(630,000)	(679,700)	(679,700)	(679,700)	
e) STAF Ending Balance						0	0	0	35,100	169,046	202,450	202,450	542,037	578,222	578,222	578,222	578,222	1,106,885	
f) Amount To Be Transferred to Bond Fund						0	0	0	419,400	544,400	668,000	682,000	671,800	610,200	630,000	679,700	679,700	679,700	
g) Amount Still Required following Year DIS Requirement (Incr Prop. Tax Shortfall)						0	0	0	0	0	0	0	0	0	0	0	0	0	0
h) Amount Following Year DIS Requirement						0	0	0	0	0	0	0	0	0	0	0	0	0	
IV. Amounts Available After Provision For School Payments and Debt Service																			
a) Incremental Property Taxes Available After School Payments Set Aside and DIS						0	0	0	35,100	124,495	122,764	128,453	128,453	131,146	138,186	138,688	143,061	146,428	162,104
b) Contributive Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS						0	0	0	35,100	150,045	202,438	410,891	542,037	670,222	810,600	960,400	1,106,885	1,260,000	
c) Net Present Value of Incr. Prop. Taxes Avail. After School Pay. Set Aside and DIS Available for Other Eligible Costs @ 8.50%						0	0	0	27,354	118,191	202,340	285,000	304,248	441,613	616,342	687,203	665,978	665,978	723,000
d) School Payments Available for Other Eligible Costs (Assuming No Children)						0	0	0	189,343	130,638	146,987	145,239	149,607	154,004	160,330	160,330	160,330	160,330	173,002
e) Incr. Prop. Taxes Avail. After DIS and No School Payments						0	0	0	144,533	261,265	203,781	273,091	280,742	290,250	280,742	300,660	314,376	314,376	326,270
f) Cumulative Value of Incr. Prop. Taxes Avail. After DIS and No School Payments						0	0	0	144,533	405,827	609,608	882,700	1,224,842	1,514,201	1,811,521	2,118,620	2,433,085	2,788,371	
g) Net Present Value of Incr. Prop. Taxes Avail. After DIS and No School Pay. Available for Other Eligible Costs @ 8.50%						0	0	0	112,340	303,063	483,640	659,002	820,500	994,270	1,152,612	1,319,179	1,453,027	1,567,370	

**Table 8 (cont.)
City of Naperville, Illinois
Water Street TIF
Preliminary Tax Pro Forma (TIFFSA Bond Issuance Only)**

Levy Year: 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Component Name	Class Code	Sq. Ft. / Units	Market Value	Yr. 14	Yr. 15	Yr. 16	Yr. 17	Yr. 18	Yr. 19	Yr. 20	Yr. 21	Yr. 22	Yr. 23	Yr. 24	Yr. 25	Totals
Ch. (Ph. I) Civic Component (Ph. I)	1	16,380	1,063,210	1,067,240	1,114,033	1,142,007	1,171,377	1,200,081	1,230,679	1,261,446	1,292,981	1,325,306	1,358,438	1,392,300	1,426,918	
Res. (Ph. I) Residential Component (Ph. I)	3	48,134	3,110,675	3,188,339	3,266,643	3,346,748	3,428,603	3,512,330	3,600,043	3,691,748	3,787,448	3,887,148	3,990,852	4,098,561	4,210,274	
Off. (Ph. I) Office Component (Ph. I)	4	62	14,300,000	14,727,247	15,163,471	15,609,703	16,066,043	16,532,491	17,009,048	17,495,705	18,000,000	18,513,457	19,036,614	19,569,071	20,111,428	
Off. (Ph. II) Office Component (Ph. II)	3	34,000	2,343,234	2,405,815	2,461,861	2,520,407	2,580,953	2,643,500	2,708,047	2,774,594	2,843,141	2,913,688	2,985,235	3,057,782	3,131,329	
Ret. (Ph. II) Retail Component (Ph. II)	3	12,750	676,713	690,681	705,168	720,278	736,013	752,374	769,361	786,974	805,209	824,064	843,539	863,634	884,349	
Total EAV All Components			21,754,217	22,305,822	22,871,219	23,449,748	24,040,577	24,653,936	25,289,727	25,947,974	26,628,767	27,332,112	28,059,051	28,809,685	29,585,124	
I. Incremental Property Taxes:																
(a) Base EAV (2005 Tax Levy Year)			2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269	2,600,269
(b) Incremental EAV			19,153,957	19,705,552	20,248,950	20,849,479	21,498,268	22,195,667	22,942,458	23,737,705	24,581,500	25,474,843	26,418,782	27,414,416	28,463,855	29,568,855
(c) Tax Rate - 6.708%			5,709%	5,709%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%	5,708%
(d) Total Est. Incremental Property Taxes			1,076,119	1,110,623	1,142,607	1,173,361	1,208,695	1,248,408	1,292,674	1,341,905	1,396,174	1,455,573	1,520,102	1,590,859	1,668,914	1,755,740
(e) Incremental Property Taxes (Residential Only)			176,138	183,320	188,032	194,078	199,050	205,301	211,245	217,223	222,768	228,481	234,841	241,350	248,500	256,800
(f) Est. Incremental Property Taxes Available	25.0%		901,281	927,303	953,975	979,314	1,009,336	1,038,066	1,067,496	1,097,707	1,128,208	1,158,651	1,189,169	1,220,150	1,251,300	1,282,900
(g) TIF Administrative Costs			25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
(h) Carryforward of Administrative Costs			0	0	0	0	0	0	0	0	0	0	0	0	0	0
(i) Incremental Property Taxes for Redevelopment Costs and Debt Service			870,281	902,303	928,975	955,314	986,336	1,016,066	1,044,496	1,072,707	1,100,208	1,127,651	1,155,169	1,182,750	1,210,400	1,238,100
(j) Cumulative Incremental Property Taxes			8,140,170	9,048,473	9,977,448	10,933,782	11,914,067	12,923,165	13,967,863	15,044,300	16,150,900	17,297,307	18,483,206	19,709,206	20,975,906	22,283,740
II. Debt Service Analysis																
a) Bond Fund Beginning Balance (including Cap. Interest)			689,700	720,300	739,200	765,400	799,300	841,300	892,000	951,000	1,018,000	1,093,000	1,176,000	1,267,000	1,366,000	1,473,000
b) June DIS Payment			(54,350)	(57,650)	(61,200)	(65,000)	(69,000)	(73,300)	(77,800)	(82,500)	(87,400)	(92,500)	(97,800)	(103,300)	(109,000)	(114,900)
c) December DIS Payment			(54,350)	(57,650)	(61,200)	(65,000)	(69,000)	(73,300)	(77,800)	(82,500)	(87,400)	(92,500)	(97,800)	(103,300)	(109,000)	(114,900)
d) Transfer of Amounts from Special Tax All Fund (STAF) to Provide For Following Calendar Year DIS			720,300	739,200	759,400	789,900	830,900	882,000	943,000	1,014,000	1,095,000	1,186,000	1,287,000	1,398,000	1,519,000	1,650,000
e) Bond Fund Ending Balance (12/31)			720,300	739,200	759,400	789,900	830,900	882,000	943,000	1,014,000	1,095,000	1,186,000	1,287,000	1,398,000	1,519,000	1,650,000
f) Est. Total Annual Taxes Available for DIS			870,281	902,303	928,975	955,314	986,336	1,016,066	1,044,496	1,072,707	1,100,208	1,127,651	1,155,169	1,182,750	1,210,400	1,238,100
g) Total Debt Service			689,700	720,300	739,200	765,400	799,300	841,300	892,000	951,000	1,018,000	1,093,000	1,176,000	1,267,000	1,366,000	1,473,000
h) DIS Coverage on 2007 Bonds			1.254	1.257	1.257	1.249	1.249	1.254	1.259	1.267	1.277	1.288	1.300	1.313	1.327	1.342
III. Application of Incr. Prop. Taxes to Following Year DIS Requirement																
a) STAF Beginning Balance			1,269,080	1,416,070	1,670,173	1,741,748	1,996,762	2,086,197	2,205,055	2,354,463	2,534,463	2,745,055	2,987,248	3,261,041	3,566,434	3,903,427
b) Current Year Revenues Deposited in STAF			870,281	902,303	928,975	955,314	986,336	1,016,066	1,044,496	1,072,707	1,100,208	1,127,651	1,155,169	1,182,750	1,210,400	1,238,100
c) Funds Available From Other Sources			0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Following Year Requirement DIS (For Succeeding Year 6/1 and 12/1 Pay.)			(720,300)	(739,200)	(759,400)	(789,900)	(830,900)	(882,000)	(943,000)	(1,014,000)	(1,095,000)	(1,186,000)	(1,287,000)	(1,398,000)	(1,519,000)	(1,650,000)
e) STAF Ending Balance			1,416,070	1,578,173	1,741,748	1,906,848	2,086,197	2,289,055	2,524,163	2,798,463	3,108,463	3,454,656	3,842,248	4,272,741	4,747,834	5,268,427
f) Amount To Be Transferred to Bond Fund			720,300	739,200	759,400	789,900	830,900	882,000	943,000	1,014,000	1,095,000	1,186,000	1,287,000	1,398,000	1,519,000	1,650,000
g) Annual SUI Required for Following Year DIS Requirement (Incr. Prop. Tax Shortfall)			0	0	0	0	0	0	0	0	0	0	0	0	0	0
h) Meet Following Year DIS Requirement			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
IV. Amounts Available After Provision For School Payments and Debt Service																
a) Incremental Property Taxes Available After School Payments Set Aside and DIS			1,689,081	1,836,070	1,900,673	1,965,434	2,031,430	2,100,066	2,171,261	2,245,000	2,322,299	2,403,148	2,487,547	2,575,496	2,666,895	2,761,744
b) Contributive Incr. Prop. Taxes Avail. After School Payments Set Aside and DIS			1,415,070	1,576,173	1,741,748	1,906,848	2,086,197	2,289,055	2,524,163	2,798,463	3,108,463	3,454,656	3,842,248	4,272,741	4,747,834	5,268,427
c) Net Present Value of Incr. Prop. Taxes Avail. After School Pay. Set Aside and DIS Available for Other Eligible Costs @ 8.50%			767,888	851,107	910,828	960,426	1,025,218	1,070,278	1,122,807	1,182,807	1,250,270	1,326,199	1,410,607	1,503,607	1,606,326	1,719,817
d) School Payments Available for Other Eligible Costs (Assuming No Children)			176,138	183,320	188,032	194,078	199,050	205,301	211,245	217,223	222,768	228,481	234,841	241,350	248,500	256,800
e) Incr. Prop. Taxes Avail. After DIS and No School Payments			334,116	348,423	352,267	362,061	370,915	378,969	386,238	392,754	400,000	407,669	415,728	424,177	433,027	442,277
f) Cumulative Incr. Prop. Taxes Avail. After DIS and No School Payments			3,002,469	3,439,012	3,791,120	4,145,211	4,520,300	4,918,278	5,340,065	5,786,529	6,257,770	6,753,869	7,275,816	7,823,643	8,398,470	9,000,504
g) Net Present Value of Incr. Prop. Taxes Avail. After DIS and No School Pay. Available for Other Eligible Costs @ 6.60%			1,735,728	1,870,436	1,999,026	2,123,155	2,244,218	2,360,349	2,472,681	2,581,254	2,686,107	2,787,281	2,884,726	2,978,483	3,068,583	3,155,057

IV. Summary of Financing Analysis

A. Incremental Property Tax Revenues

Pursuant to the requirements of the TIF Act, each of the analyses provide for 25% of the incremental property taxes related to the residential portion of the Development to be set aside and paid to the school district servicing the area based on the number of students, if any, generated by such development (see Section I(e) of Tables 5, 6, 7, and 8). Furthermore, the TIF Act provides that the City may reimburse itself for administrative costs relating to a redevelopment project area. Each of the analyses provide for \$25,000 of the incremental property taxes to be used for administrative costs (see Section I(g) of Tables 5, 6, 7, and 8).

Based on the above scenarios, the Development is projected to generate \$19,650,825 of incremental property taxes (see Section I(j) of Tables 5, 6, 7, and 8) for the payment of eligible redevelopment costs as determined pursuant to the TIF Act.

B. Developer Note Financing Scenario

The preliminary debt service analysis in Exhibit B hereto is based on the Developer Note Financing Scenario. The preliminary analysis in Exhibit B assumes that the City issues the Developer Note to the Developer in the principal amount of \$4,217,743 on December 1, 2007 (assuming that the full amount is immediately used for eligible TIF costs).

The Developer Note would be refunded by the Fixed Rate Bonds upon the completion of construction of the Development on December 1, 2010. The Fixed Rate Bonds would be issued in the amount of \$5,945,000 on December 1, 2010 as provided in Exhibit D attached hereto. After providing for the costs of issuance and a debt service reserve, the net proceeds available for the refunding of the Developer Note would be \$5,110,000.

Based on further analysis of the property tax increment at the time of the issuance of the Fixed Rate Bonds, the city may be able to issue additional Fixed Rate Bonds to cover other eligible TIF costs that may have been incurred.

Further note that any bonds issued that are secured by TIF revenues may not exceed a term of 20 years. Since the repayment structure of a revenue bond obligation requires that revenues from a particular year are assumed to be available for debt service at the end of such year (due to collections occurring throughout a year), the analysis in Table 5 assumes that incremental property taxes collected in a particular are available for debt service due in the following year.

C. Variable Rate Bond Financing Scenario

The preliminary debt service analysis in Exhibit C hereto is based on the Variable Rate Bond Financing Scenario. The preliminary analysis in Exhibit C assumes the issuance of \$5,110,000 of Variable Rate Bonds on December 1, 2007. After providing for the cost of issuance and capitalized interest, the net proceeds from such issuance that would be available for eligible TIF costs is \$4,150,000.

The Variable Rate Bonds would be refunded by the Fixed Rate Bonds upon the completion of construction of the Development on December 1, 2010. The Fixed Rate Bonds would be issued in the amount of \$5,945,000 on December 1, 2010 as provided in Exhibit D attached hereto. After providing for the costs of issuance and a debt service reserve, the net proceeds available for the refunding of the Variable Rate Bonds would be \$5,110,000.

Based on further analysis of the property tax increment at the time of the issuance of the Fixed Rate Bonds, the city may be able to issue additional Fixed Rate Bonds to cover other eligible TIF costs that may have been incurred.

Further note that any bonds issued that are secured by TIF revenues may not exceed a term of 20 years. Since the repayment structure of a revenue bond obligation requires that revenues from a particular year are assumed to be available for debt service at the end of such year (due to collections occurring throughout a year), the analysis in Table 6 assumes that incremental property taxes collected in a particular are available for debt service due in the following year.

D. TIF Bond Financing Scenario

The preliminary debt service analysis in Exhibit E hereto is based on the TIF Bond Financing Scenario. The preliminary analysis in Exhibit E assumes the issuance of \$5,670,000 of TIF/SSA Bonds on December 1, 2007. After providing for the costs of issuance, capitalized interest and a debt service reserve, the net proceeds from such issuance that could be available for eligible SSA public infrastructure costs is \$3,855,000.

The TIF/SSA Bonds would be refunded with Fixed Rate Bonds on December 1, 2010 in the same manner as the Variable Rate Bonds described in Section IV(B) above. The Fixed Rate Bonds would be issued in the amount of \$5,945,000 on December 1, 2010 as provided in Exhibit D. After providing for the costs of issuance and a debt service reserve, the net proceeds available for the refunding of the TIF/SSA Bonds would be \$5,110,000 which together with the debt service reserve for the TIF/SSA Bonds (\$567,000) would be sufficient to refund the TIF/SSA Bonds.

E. TIF/SSA Bond Financing Scenario

The preliminary debt service analysis in Exhibit E hereto is based on the TIF/SSA Bond Financing Scenario. The preliminary analysis in Exhibit E assumes the issuance of \$6,990,000 of TIF/SSA Bonds on December 1, 2007. After providing for costs of issuance, capitalized interest and a debt service reserve, the net proceeds that could be available for eligible SSA public infrastructure costs is \$4,750,000. There would not be a refunding of the TIF/SSA Bonds with Fixed Rate Bonds as provided in the other two scenarios.

F. Other Financings Sources

The City may also consider the following in addition to the issuance of the above described debt obligations or in lieu of such issuance:

- (a) issuing a Developer Note in order to provide additional funds for the costs of the Infrastructure Improvements.
- (b) creating a Special Service Area in addition to a TIF District in order to provide additional funds for the costs of the Infrastructure Improvements; and
- (c) applying for various federal (i.e. road funds), state (i.e. Illinois First) and county (i.e. stormwater) grants.

A Developer Note may be issued to use the additional incremental tax revenues that are not used for debt service (the excess from the 1.4 or 1.2 debt service coverage requirement) and to reimburse the school district for any students generated by the residential portion of the Development (see Section IV (c) and IV (g) of Tables 5, 6, 7 and 8).

The City has not requested an analysis based on the issuance or use of the other financing sources described in this Section F. At the request of the City, this Feasibility Report can be updated to include such additional sources.

G. Summary of Financing Options

The analysis herein is based on conservative growth assumptions and conservative property values. The amounts of potential net proceeds that would be available for costs of Infrastructure Improvements may be greater based on additional information that would be provided with respect to an actual project.

The analysis indicates that the City could create a TIF District and issue bonds based on the Variable Rate Bond Financing Scenario, the TIF Bond Financing Scenario or the TIF/SSA Bond Financing Scenario in order to pay for the costs of the Infrastructure Improvements. Furthermore, additional funds may be required to be obtained through other financing sources.

The following is a summary of the net proceeds available for eligible TIF costs or eligible SSA infrastructure costs, as the case may be, based on the four scenarios described herein:

Table 9

<u>Scenario</u>	<u>Net Proceeds of Bonds</u>
Developer Note Financing Scenario	\$4,217,743
Variable Rate Bond Financing Scenario	4,150,000
TIF Bond Financing Scenario	3,855,000
TIF/SSA Bond Financing Scenario	4,750,000

The TIF Bond Financing Scenario would generate the least amount of net proceeds due to the highest interest costs (6% on TIF/SSA Bond issuance and 6.5% on Fixed Rate Bond issuance) together with an overall minimum debt service coverage requirement of 1.40 to 1. The Variable Rate Bond Financing Scenario has a slightly lower initial interest cost (5.25% on Variable Rate Bonds and 6.5% on Fixed Rate Bonds) but the Fixed Rate Bonds also have a minimum debt service requirement of 1.40 to 1. The Developer Note Financing Scenario does not have the initial costs of issuance associated with the financing, but the interest rate on the Developer Note and the Fixed Rate Bonds are assumed to be 6.5% with a debt service coverage ratio of 1.40 to 1 on the Fixed Rate Bonds. The TIF/SSA Bond Financing Scenario has the lowest interest rate (6%), does not incur the additional costs of issuance related to two bond issuances and has the lowest debt service coverage requirement of 1.20 to 1 and therefore generates the highest net proceeds.

The City should note, however, that under the Variable Rate Bond Financing Scenario, the Developer will have to provide a Letter of Credit to secure the Variable Rate Bonds until such time as such bonds are refunded with the issuance of Fixed Rate Bonds (projected to be December 1, 2010) in the analysis herein. Furthermore, the Developer may also be required to make further commitment with respect to the construction of the Development (i.e., completion guaranty, base commitments, etc.) in order to provide marketability of the revenue bonds. The City should also note that the institution of a special service area tax levy may cause issues for the Developer with respect to the marketing of the Development. Further discussion is needed with the Developer with respect to the City's choice of the scenarios described herein.

The following Table 10 is a summary of the incremental property taxes available after the provision for debt service based on each of the four financing scenarios. Table 10 includes both incremental property taxes that are available after debt service assuming the entire school payment set aside is distributed to the school district and the incremental property taxes that are available after debt service assuming that no school children attend the school district (see Section IV of Tables 5, 6, 7 and 8).

Table 10

<u>Scenario</u>	<u>Cumulative Incremental Property Taxes Available (Full School Payment)</u>	<u>NPV 6.5% Cumulative Incremental Property Taxes Available (Full School Payment)</u>	<u>Cumulative Incremental Property Taxes Available (No School Payment)</u>	<u>NPV @ 6.5% Cumulative Incremental Property Taxes (No School Payment)</u>
Developer Net Financing	\$10,164,150	\$3,274,773	\$14,172,065	\$4,885,691
Variable Rate Bond Financing	9,560,525	3,103,466	13,568,440	4,714,384
TIF Bond Financing	9,560,525	3,103,466	13,568,440	4,714,384
TIF/SSA Bond Financing	8,201,325	2,487,198	12,209,240	4,098,117

Such amounts remain after the provision for debt service primarily due to the debt service coverage requirement for each of the revenue bond financing scenarios.

Further discussion with the City's Bond Counsel is necessary to confirm the City's ability to issue such revenue bonds to pay for such costs and to determine whether such bonds would be tax-exempt. Also, further discussions with the City's Financial Advisor and an underwriter to be chosen by the City is necessary with respect to marketability of such revenue bonds and current market interest rates and requirements.

EXHIBIT A
PRELIMINARY QUALIFICATION/DESIGNATION REPORT

DRAFT DATED 2/22/07

**CITY OF NAPERVILLE TIF
PRELIMINARY QUALIFICATION/DESIGNATION REPORT
PROPOSED WATER STREET TIF DISTRICT**

A study to determine whether all or a portion of an area located in the City of Naperville qualifies as a conservation area as set forth in the definition in the Tax Increment Allocation Redevelopment Act, 65 ILCS Section 5/11-74.4-1, et seq., as amended.

Prepared For: City of Naperville, Illinois

Prepared By: Kane, McKenna and Associates, Inc.

January, 2007

**CITY OF NAPERVILLE
PRELIMINARY QUALIFICATION/DESIGNATION REPORT
PROPOSED WATER STREET TIF DISTRICT**

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EXHIBIT 1

Proposed RPA Boundary Map

EXHIBIT 2

Property Identification Number List

I. INTRODUCTION AND BACKGROUND

The City of Naperville (the "City") has authorized Kane, McKenna and Associates, Inc., (KMA) to conduct a study of the properties described in Exhibits 1 and 2 attached hereto (the "Proposed RPA") to determine whether the Proposed RPA would qualify for consideration as a "Redevelopment Project Area" and as a "conservation area" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et. seq., as amended (the "Act").

The City, incorporated in 1857, is located in the Chicago metropolitan area, primarily in DuPage County (with a portion located in Will County) and along the Interstate 88 designated High Technology Corridor. The City has been one of the fastest growing communities in the Chicago metropolitan area and in the State of Illinois with a 2000 Census population of 128,358. The City is home to many corporate headquarters, research centers and facilities for many national and international companies.

The City currently has a vibrant downtown retail area located north of the DuPage River and west of Washington Street. The downtown area is surrounded by residential uses to the north, south and west and by North Central College and various residential uses to the east. The northern edge of the downtown area is currently experiencing additional growth due to the construction of the retail/office/residential development located on the block along Van Buren Avenue.

The Proposed RPA is located primarily south of the downtown core area and immediately south of the DuPage River. The Proposed RPA is generally bounded on (i) the north by the DuPage River, (ii) the east by Main Street, (iii) the south by Aurora Avenue, and (iv) the west by Webster Street. The Proposed RPA consists of sixteen (16) tax parcels and eleven (11) structures as of January, 2007. Approximately 64% of the qualifying structures located in the Proposed RPA are thirty-five or more years old based upon data obtained from the Naperville Township Assessor and the City and aerial photography.

The structures within the Proposed RPA are currently being used primarily for retail, office and institutional uses. Many of the structures within the proposed RPA were originally constructed for residential use. However, certain of the properties along Aurora Avenue have been converted from residential uses to retail and institutional uses. One (1) structure within the southwest portion of the Proposed RPA remains residential. The uses within the remainder of the Proposed RPA consist primarily of various retail and office uses. Three of the vacant parcels within the Proposed RPA recently contained residential structures that were over one hundred years old and which were demolished in 2004. One of the vacant parcels contains a parking lot which was recently paved and which serves a commercial facility across the street from such parking lot. The development of the majority of the Proposed RPA occurred prior to the adoption of a comprehensive plan by the City and can be characterized as having been developed with an uneven pattern of land uses due to the fact that the Proposed RPA is divided from the remainder of the downtown area by the DuPage River.

The Proposed RPA has certain deficiencies related to inadequate utilities for contemporary use of the area, deleterious layout, obsolescence and suffers from the lack of benefits of contemporary community planning.

There are currently numerous property owners within the Proposed RPA. Due to the number of property owners, the Proposed RPA will be difficult to redevelop in a coordinated manner. The City is investigating options related to the redevelopment of the Proposed RPA and preserving the character of the City's downtown area, making contemporary infrastructure improvements in the area and coordinating the redevelopment within the Proposed RPA.

From a City economic development perspective, the Proposed RPA represents a significant potential for redevelopment. The City is studying various goals and objectives for area development, including infrastructure improvements and upgrades, and potential mixed use related development for the Proposed RPA. The redevelopment could assist the City to accomplish objectives related to infrastructure upgrades and could provide the necessary resources to provide for the comprehensive redevelopment of the Proposed RPA by applying contemporary planning techniques for the benefit of the residents of the City and visitors to the City and Riverwalk area.

Furthermore, the City is mindful of the existing residential uses neighboring the Proposed RPA. Therefore, the City wishes to coordinate any new commercial and residential use development within the Proposed RPA and ensure that development occurs within the guidelines of the City's comprehensive plan, and the City's zoning regulations as they may be determined by the City Council of the City from time to time.

The City has reviewed the Proposed RPA for possible redevelopment for a period of time. In planning for this potential redevelopment, the City has conducted a review of possible land uses for the area. The zoning and land use plans include the existence of residential uses located within the area. A key goal of the City is to promote the development of underutilized sites and to encourage the redevelopment or renovation of the existing sites in order to improve tax base.

The City is concerned that the Proposed RPA may be underutilized and, therefore, benefit from public funds to attract private investment and maximize the public benefits associated with redevelopment. Any large scale redevelopment plan will require the coordination of infrastructure and planning efforts in order efficiently serve the proposed redevelopment, as well as the surrounding area. Therefore, the creation and utilization of a TIF redevelopment plan is being investigated by the City to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the Proposed RPA.

The qualification factors discussed in this Report qualify the area described below as a "conservation area"; as such term is hereinafter defined pursuant to the Act.

II. QUALIFICATION CRITERIA USED

With the assistance of City staff, Kane, McKenna and Associates, Inc. examined the Proposed RPA in January, 2007 and reviewed information collected with respect to the Proposed RPA to determine the presence or absence of appropriate qualifying factors listed in the Act. The relevant sections of the Act are found below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area. Pursuant to the Act, a "Redevelopment Project Area" is defined as follows:

"an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted area and conservation area."

Conservation Area

The Act defines a "conservation area" as follows:

"**Conservation area**" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors is detrimental to the public safety, health, morals or welfare and such area may become a "blighted area":

- (A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- (B) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

- (C) Deterioration: With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.
- (D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.
- (E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.
- (F) Excessive Vacancies: The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.
- (G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- (H) Inadequate Utilities: Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

- (I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.
- (J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.
- (K) Environmental Clean-Up: The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- (L) Lack of Community Planning: The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning. For purposes of this Report, the references to lack of the benefits of contemporary community planning shall be defined with the same definition as Lack of Community Planning under the Act.

- (M) The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years for which information is available, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available, or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years for which information is available.

III. THE PROPOSED RPA

The Proposed RPA consists of approximately sixteen (16) tax parcels and eleven (11) structures. The land uses within the Proposed RPA are primarily for retail, office and institutional uses. One (1) of the parcels within the southwestern portion of the Proposed RPA remains residential. Six (6) parcels within the Proposed RPA are vacant lots or are lots with minor site improvements (parking lots).

The tax year 2005 Equalized Assessed Valuation (EAV) for the Proposed RPA is \$2,600,260¹. The 2005 EAV of the Proposed RPA is a percentage of the 2005 EAV of the following taxing districts is as follows:

EAV	Proposed RPA 2005		
	<u>Taxing District</u>	<u>2005 EAV²</u>	<u>% of Total EAV</u>
	DuPage County	\$34,791,533,054	0.0075%
	Naperville Township	3,491,252,356	0.0745
	Naperville School District #203	3,956,860,631	0.0657
	Naperville Park District	5,803,355,409	0.0448
	College of DuPage	35,511,253,341	0.0073
	City of Naperville	5,624,652,231	0.0462

¹ Source: Naperville Township Assessor

² Source: DuPage County Clerk and Will County Clerk

IV. METHODOLOGY OF EVALUATION

In evaluating the Proposed RPA's potential qualification as a Redevelopment Project Area pursuant to the Act, the following methodology was utilized:

- 1) Site surveys of the Proposed RPA were undertaken by representatives from Kane, McKenna and Associates, Inc. Site surveys were completed for all parcels located within the proposed area.
- 2) Exterior evaluation of structures, noting deterioration, or dilapidation as well as vacancies or possible code violations was completed by KMA.
- 3) The area was studied in relation to review of available planning reports, City ordinances, land surveys, flood maps, local history, and an evaluation of area-wide factors that have affected the area's development (e.g., lack of the benefits of contemporary community planning, obsolescence, inadequate utilities, etc.). Kane, McKenna reviewed the area in its entirety.
- 4) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, criteria factors of specific structures and site conditions on the parcels.
- 5) The Proposed RPA was examined to assess the applicability of the different factors, for both improved land and vacant land, required for qualification for designation as a Redevelopment Project Area under the Act. Evaluation was made by reviewing the information and determining how each measured when evaluated against the relevant factors. Improved land within the Proposed RPA was examined to determine the applicability of the conservation factors for qualification as a Redevelopment Project Area under the Act.

V. QUALIFICATION OF PROPOSED RPA/FINDINGS OF ELIGIBILITY

As a result of KMA's evaluation of each parcel in the Proposed RPA, and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the Proposed RPA as a "conservation area".

CONSERVATION AREA THRESHOLD FACTOR

1) Age

Based upon site surveys, aerial photographs, information provided by the Naperville Township Assessor and City data, approximately 64% (or seven (7) of the eleven (11) structures) were found to be thirty-five years of age or greater.

OTHER CONSERVATION AREA FACTORS

2) Inadequate Utilities

Based upon City data and KMA review, the following improvements to the utilities in the Proposed RPA will be required for redevelopment in a contemporary fashion:

- a) replacement of water mains throughout the Proposed RPA in order to provide proper service for any redevelopment of the Proposed RPA and to provide the requisite fire flows;
- b) rehabilitation of sanitary sewer lines within the Proposed RPA;
- c) development of additional stormwater detention relating to the redevelopment of the Proposed RPA due to the fact that a significant portion of the Proposed RPA is either in a floodway or floodplain; and
- d) installation of additional electrical conduit to provide electric service for any redevelopment project constructed in the Proposed RPA.

3) Lack of the Benefits of Contemporary Community Planning

Under the Act, an area suffers from a lack of the benefits of contemporary community planning if the area was developed prior to or without the benefit of a comprehensive or community plan. The lack of a comprehensive or community planning document during the period when the Proposed RPA was primarily developed has contributed to inadequate utilities and parcels of inadequate shape and size to meet contemporary development standards. Over 54% of the structures were developed prior to the adoption of the City's Comprehensive Plan in 1961.

The proposed RPA suffers from a lack of the benefits of contemporary community planning due to the following:

- Conversion of residential structures and commercial uses which has led to inadequate provisions for loading and servicing and parking availability for more contemporary uses in the Proposed RPA.
- The area's utilities were not designed to support significant contemporary commercial development within the Proposed RPA.
- Many of the retail and commercial uses within the Proposed RPA are located in parcels that are inadequate in size and shape and are not substantial enough to sustain modern sized developments.
- Lastly, lacking until recently, an effective and sustained development plan intended to coordinate the redevelopment of the Proposed RPA.

According to the City's Downtown Plan (2000), the City sought to create a Transitional Use District to accommodate uses that would serve as a transition between the intense development of the downtown area and the residential neighborhood, to the south of the Proposed RPA. Furthermore, the Downtown Plan is further designed to accommodate and facilitate the implementation of the northern portion of the Proposed RPA as a gateway area to the downtown whereby additional commercial and residential uses would be encouraged. Therefore, the Downtown Plan would serve to address the deficiencies associated with deleterious land uses.

Having been initially developed without the benefits of a comprehensive plan has resulted in failure of the Proposed RPA to be developed to its fullest potential. The area has a lower tax base than would be expected if the area was developed in a cohesive, consolidated manner.

4) Obsolescence

Obsolescence is defined as the condition or process of falling into disuse. This can also be defined as a structure(s) that has become ill-suited for its original use. The area contains several structures which are ill-suited for their original use.

At least 54% of the structures within the Proposed RPA are forty-nine (49) to one hundred thirty-five (135) years old of which approximately 83% of such structures were originally designed primarily for single-family uses. Furthermore, certain residential structures which have been converted to commercial use are functionally obsolete due to their lack of contemporary parking facilities and access to their sites. Also, certain structures located along Aurora Avenue do not have the benefit of street parking.

A number of the commercial structures within the area exhibit poor layout and orientation as it relates to the proximity to Water Street and the location along the DuPage River. Furthermore, certain of the commercial users along Water Street rely on parking located across from their facilities or upon a vacated portion of Webster Street thereby lacking the benefit of contemporary parking facilities.

Although older buildings often add to the character of the community, the lack of continuity of appealing older structures in this area disrupts the ambiance found in other older areas of the City. Since there are a number of empty spaces between structures and since some of the structures are not being used for purposes for which they were initially designed, the older nature of this area does not contribute to the charm of other older areas in the City.

OTHER RELEVANT QUALIFICATION FACTORS

These factors are present in various locations within the proposed RPA, but are not present for the whole area.

5) Deterioration of Structures and Site Improvements

Pursuant to the Act, deterioration can be evidenced in major or secondary building defects. For example, such defects include, but are not limited to, defects in building components such as windows, porches, gutters and doors.

With respect to surface improvements, deterioration was found related to roadways, driveways, walkways and curbs. Off-street parking areas evidence deterioration, including, but not limited to, surface cracking, potholes, depressions and loose paving materials.

Various degrees of deterioration were identified on seven (7) or 44% of the parcels within the area. According to on-site inspections performed by KMA and documented by site surveys and photographic analysis, some of the site improvements and structures contained the following signs of deterioration:

- Missing, damaged gutters
- Rusted, damaged siding
- Rotted wood frames and/or exterior siding or eaves
- Rotten wood porches or framing materials
- Cracked and damaged concrete steps and porches
- Cracked asphalt in parking lots

VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to potential designation of the Proposed RPA by the City as a Tax Increment Finance (TIF) District. The findings herein pertain to the Proposed RPA.

1. The Proposed RPA is contiguous and is greater than 1½ acres in size.
2. The Proposed RPA will qualify as a “conservation area”. Further, the factors present throughout the Proposed RPA as documented herein are present to a meaningful extent and are evenly distributed throughout the Proposed RPA. A more detailed analysis of the qualification findings is outlined in this report.
3. All property in the area would substantially benefit by redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area.
5. The area would not be subject to a comprehensive redevelopment employing modern planning practices without the investment of public funds, including property tax increments.

These findings, in the judgment of KMA, provide the City with sufficient justification to consider designation of the Proposed RPA as a TIF District.

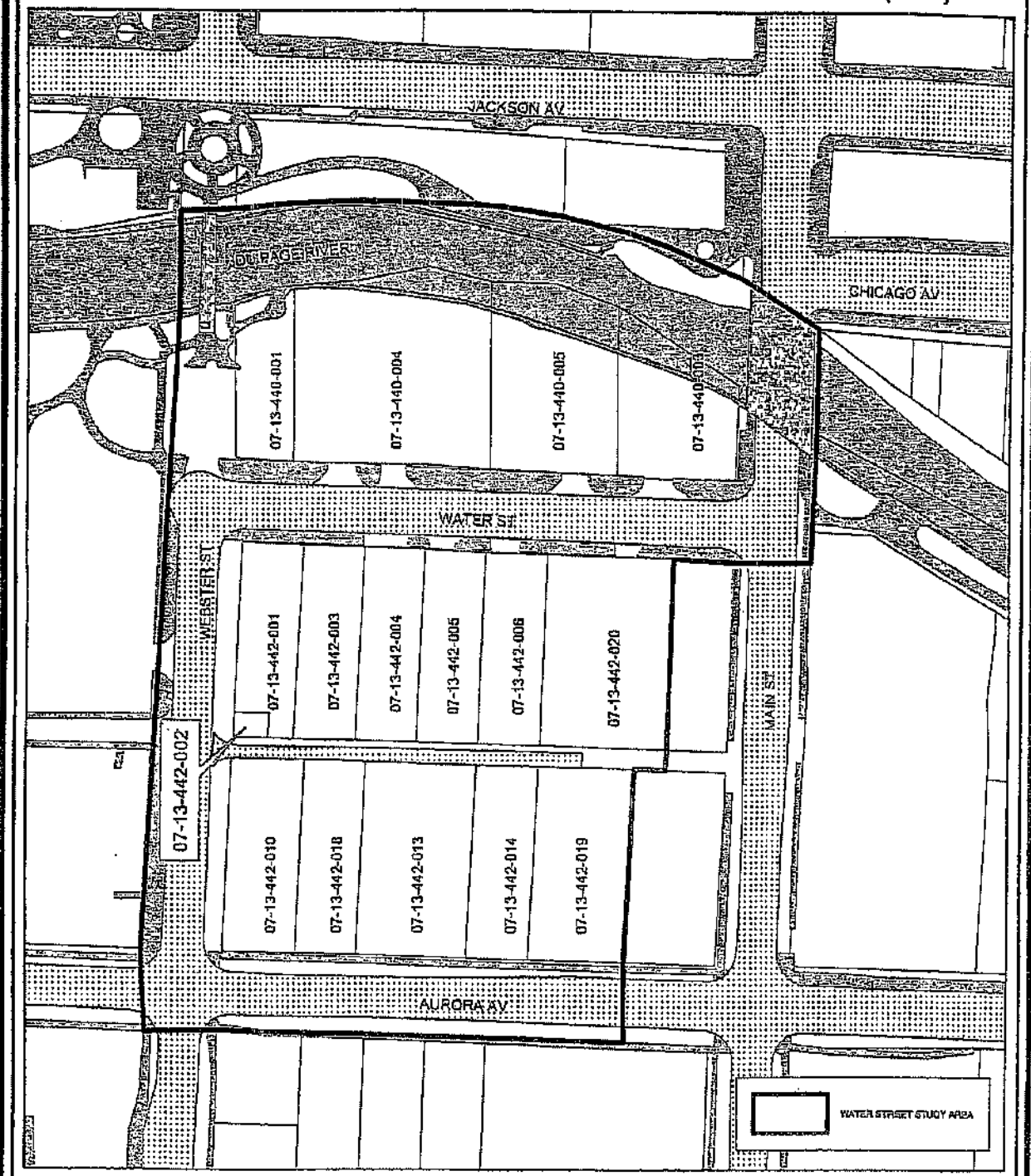
The area has not benefited from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to infrastructure, property reuse, public spaces, parking needs and the improvement of existing building inventory.

EXHIBIT 1

PROPOSED RPA BOUNDARY MAP

City of Naperville

WATER STREET STUDY AREA - PARCEL ID NUMBERS (PIN)



Transportation, Engineering and
Development Business Group
Questions Contact (800) 429-6694
www.naperville.il.us
May 2006



This map should be used for reference only.
The data is subject to change without notice.
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EXHIBIT 2

Property Identification Number List

Proposed RPA

07-13-442-001
07-13-442-002
07-13-442-003
07-13-442-004
07-13-442-005
07-13-442-006
07-13-442-010
07-13-442-013
07-13-442-014

07-13-442-018
07-13-442-019
07-13-442-020
07-13-440-001
07-13-440-003
07-13-440-004
07-13-440-005

EXHIBIT B
DEVELOPER NOTE

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

**City of Naperville, Illinois
Developer Note
Preliminary Debt Service Analysis (1)**

Sources Of Funds	
Par Amount of Bonds	\$4,217,742.90
Total Sources	\$4,217,742.90
Uses Of Funds	
Deposit to Project Construction Fund	4,215,000.00
Rounding Amount	2,742.90
Total Uses	\$4,217,742.90

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/1/2007	\$0.00	0	0	0	0
12/1/2010	4,217,742.90	6.50%	892,257.10	5,110,000.00	5,110,000.00
TOTAL	\$4,217,742.90	0	892,257.10	5,110,000.00	0

Notes:

(1) Assumes issuance of Developer Note in full on 12/1/07; refunded with Fixed Rate TIF Revenue Bond on 12/1/10

EXHIBIT C
VARIABLE RATE BOND

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

City of Naperville, Illinois
 Tax Exempt Variable Rate Demand TIF Bonds, Series 2007
 Preliminary Debt Service Analysis (1)

Sources Of Funds	
Par Amount of Bonds	\$5,110,000.00
Total Sources	\$5,110,000.00
Uses Of Funds	
Cost of Issuance	153,300.00
Deposit to Capitalized Interest (CIF) Fund	804,825.01
Deposit to Project Construction Fund	4,150,000.00
Rounding Amount	1,874.99
Total Uses	\$5,110,000.00

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
12/1/2007	0	0	0	0	0	0	0
1/1/2008	0	0	22,785.00	22,785.00	-22,785.00	0	0
2/1/2008	0	0	22,722.75	22,722.75	-22,722.75	0	0
3/1/2008	0	0	21,256.76	21,256.76	-21,256.76	0	0
4/1/2008	0	0	22,722.75	22,722.75	-22,722.75	0	0
5/1/2008	0	0	21,989.75	21,989.75	-21,989.75	0	0
6/1/2008	0	0	22,722.75	22,722.75	-22,722.75	0	0
7/1/2008	0	0	21,989.75	21,989.75	-21,989.75	0	0
8/1/2008	0	0	22,722.75	22,722.75	-22,722.75	0	0
9/1/2008	0	0	22,722.75	22,722.75	-22,722.75	0	0
10/1/2008	0	0	21,989.75	21,989.75	-21,989.75	0	0
11/1/2008	0	0	22,722.75	22,722.75	-22,722.75	0	0
12/1/2008	0	0	21,989.75	21,989.75	-21,989.75	0	0
1/1/2009	0	0	22,722.75	22,722.75	-22,722.75	0	0
2/1/2009	0	0	22,785.00	22,785.00	-22,785.00	0	0
3/1/2009	0	0	20,580.00	20,580.00	-20,580.00	0	0
4/1/2009	0	0	22,785.00	22,785.00	-22,785.00	0	0
5/1/2009	0	0	22,050.00	22,050.00	-22,050.00	0	0
6/1/2009	0	0	22,785.00	22,785.00	-22,785.00	0	0
7/1/2009	0	0	22,050.00	22,050.00	-22,050.00	0	0
8/1/2009	0	0	22,785.00	22,785.00	-22,785.00	0	0
9/1/2009	0	0	22,785.00	22,785.00	-22,785.00	0	0
10/1/2009	0	0	22,050.00	22,050.00	-22,050.00	0	0
11/1/2009	0	0	22,785.00	22,785.00	-22,785.00	0	0
12/1/2009	0	0	22,050.00	22,050.00	-22,050.00	0	0
1/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
2/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
3/1/2010	0	0	20,580.00	20,580.00	-20,580.00	0	0
4/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
5/1/2010	0	0	22,050.00	22,050.00	-22,050.00	0	0
6/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
7/1/2010	0	0	22,050.00	22,050.00	-22,050.00	0	0
8/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
9/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
10/1/2010	0	0	22,050.00	22,050.00	-22,050.00	0	0
11/1/2010	0	0	22,785.00	22,785.00	-22,785.00	0	0
12/1/2010	5,110,000.00	5.25%	22,050.00	5,132,050.00	-22,050.00	5,110,000.00	5,110,000.00
TOTAL	5,110,000.00	0	804,825.01	5,914,825.01	-804,825.01	5,110,000.00	5,110,000.00

Notes:

- (1) Assumes issuance of tax exempt variable rate bonds on 12/1/07; bonds are assumed to be refunded with fixed rate TIF Bonds on 12/1/10
- (2) Coupon rate based on assumption that City enters (i) into a hedge agreement to fix the rate on variable rate bonds at 3.50% (current rates) at closing, (ii) provides a Direct Pay Letter of Credit (annual fee of 1.75%), and (iii) enters into a remarketing agreement (annual fee of .125%)

EXHIBIT D
FIXED RATE BOND

FOR DISCUSSION PURPOSES ONLY

City of Naperville, Illinois
 Tax Exempt Fixed Rate Refunding TIF Bonds, Series 2010
 Preliminary Debt Service Analysis (1)

Sources Of Funds	
Par Amount of Bonds	\$5,945,000.00
Total Sources	\$5,945,000.00
Uses Of Funds	
Costs of Issuance	237,800.00
Deposit to Debt Service Reserve Fund (DSRF)	594,500.00
Deposit to Project Construction Fund	5,110,000.00
Rounding Amount	2,700.00
Total Uses	5,945,000.00

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S	Fiscal Total
12/1/2010	0	0	0.00	0.00	0	0	0
6/1/2011	0	0	193,212.50	193,212.50	0.00	193,212.50	0
12/1/2011	0.00	0.00%	193,212.50	193,212.50	0.00	193,212.50	386,425.00
6/1/2012	0	0	193,212.50	193,212.50	0.00	193,212.50	0
12/1/2012	100,000.00	6.50%	193,212.50	293,212.50	0.00	293,212.50	486,425.00
6/1/2013	0	0	189,962.50	189,962.50	0.00	189,962.50	0
12/1/2013	120,000.00	6.50%	189,962.50	309,962.50	0.00	309,962.50	499,925.00
6/1/2014	0.00	0	186,062.50	186,062.50	0.00	186,062.50	0
12/1/2014	145,000.00	6.50%	186,062.50	331,062.50	0.00	331,062.50	517,125.00
6/1/2015	0.00	0	181,350.00	181,350.00	0.00	181,350.00	0
12/1/2015	170,000.00	6.50%	181,350.00	351,350.00	0.00	351,350.00	532,700.00
6/1/2016	0.00	0	175,825.00	175,825.00	0.00	175,825.00	0
12/1/2016	200,000.00	6.50%	175,825.00	375,825.00	0.00	375,825.00	561,650.00
6/1/2017	0.00	0	169,325.00	169,325.00	0.00	169,325.00	0
12/1/2017	230,000.00	6.50%	169,325.00	399,325.00	0.00	399,325.00	588,650.00
6/1/2018	0.00	0	161,850.00	161,850.00	0.00	161,850.00	0
12/1/2018	260,000.00	6.50%	161,850.00	421,850.00	0.00	421,850.00	583,700.00
6/1/2019	0.00	0	153,400.00	153,400.00	0.00	153,400.00	0
12/1/2019	295,000.00	6.50%	153,400.00	448,400.00	0.00	448,400.00	601,800.00
6/1/2020	0.00	0	143,812.50	143,812.50	0.00	143,812.50	0
12/1/2020	335,000.00	6.50%	143,812.50	478,812.50	0.00	478,812.50	622,625.00
6/1/2021	0.00	0	132,925.00	132,925.00	0.00	132,925.00	0
12/1/2021	375,000.00	6.50%	132,925.00	507,925.00	0.00	507,925.00	640,850.00
6/1/2022	0.00	0	120,737.50	120,737.50	0.00	120,737.50	0
12/1/2022	415,000.00	6.50%	120,737.50	535,737.50	0.00	535,737.50	686,475.00
6/1/2023	0.00	0	107,250.00	107,250.00	0.00	107,250.00	0
12/1/2023	465,000.00	6.50%	107,250.00	572,250.00	0.00	572,250.00	678,500.00
6/1/2024	0.00	0	92,137.50	92,137.50	0.00	92,137.50	0
12/1/2024	515,000.00	6.50%	92,137.50	607,137.50	0.00	607,137.50	699,275.00
6/1/2025	0.00	0	75,400.00	75,400.00	0.00	75,400.00	0
12/1/2025	570,000.00	6.50%	75,400.00	645,400.00	0.00	645,400.00	720,800.00
6/1/2026	0.00	0	56,875.00	56,875.00	0.00	56,875.00	0
12/1/2026	625,000.00	6.50%	56,875.00	681,875.00	0.00	681,875.00	738,750.00
6/1/2027	0.00	0	36,552.50	36,552.50	0.00	36,552.50	0
12/1/2027	1,125,000.00	6.50%	36,552.50	1,161,552.50	-594,500.00	567,052.50	603,625.00
TOTAL	5,945,000.00	0.00%	4,739,800.00	10,684,800.00	-594,500.00	10,090,300.00	0

Notes:

- (1) Assumes issuance of tax exempt fixed bonds on 12/1/10 to refund variable rate tax exempt TIF Bonds issued on 7/1/07
- (2) Coupon rate based on current market rates

EXHIBIT E

TIF/SSA BOND – TIF BOND FINANCING SCENARIO

PRELIMINARY - FOR DISCUSSION PURPOSES ONLY

City of Naperville, Illinois
 Tax Exempt TIF/ISSA Bonds, Series 2007
 Preliminary Debt Service Analysis (1)

Sources Of Funds	Par Amount of Bonds
Total Sources	\$5,670,000.00
Uses Of Funds	
Costs of Issuance	226,800.00
Deposit to Debt Service Reserve Fund (DSRF)	567,000.00
Deposit to Capitalized Interest (CIF) Fund	1,020,600.00
Deposit to Project Construction Fund	3,855,000.00
Rounding Amount	600.00
Total Uses	\$5,670,000.00

Date	Principal	Coupon	Interest	Total Pmt	DSR	CIF	Net New D/S	Fiscal Total
12/1/2007	0	0	0	0	0	0	0	0
6/1/2008	0	0	170,100.00	170,100.00	0.00	-170,100.00	0	0
12/1/2008	0	0	170,100.00	170,100.00	0.00	-170,100.00	0.00	0
6/1/2009	0	0	170,100.00	170,100.00	0.00	-170,100.00	0	0
12/1/2009	0	0	170,100.00	170,100.00	0.00	-170,100.00	0.00	0
6/1/2010	0	0	170,100.00	170,100.00	0.00	-170,100.00	0	0.00
12/1/2010	0	0	170,100.00	170,100.00	0.00	-170,100.00	0.00	0.00
6/1/2011	0	0	170,100.00	170,100.00	0.00	-170,100.00	0.00	0.00
12/1/2011	0	0	170,100.00	170,100.00	0.00	-170,100.00	0.00	0.00
6/1/2012	130,000.00	0.00%	170,100.00	300,100.00	0.00	0.00	170,100.00	0.00
12/1/2012	0.00	0.00%	166,200.00	166,200.00	0.00	0.00	170,100.00	340,200.00
6/1/2013	150,000.00	0.00%	166,200.00	316,200.00	0.00	0.00	170,100.00	0.00
12/1/2013	0.00	0.00%	161,700.00	161,700.00	0.00	0.00	300,100.00	470,200.00
6/1/2014	175,000.00	0.00%	161,700.00	336,700.00	0.00	0.00	166,200.00	0.00
12/1/2014	0.00	0.00%	159,450.00	159,450.00	0.00	0.00	161,700.00	482,400.00
6/1/2015	200,000.00	0.00%	159,450.00	358,450.00	0.00	0.00	159,450.00	0.00
12/1/2015	0.00	0.00%	150,450.00	150,450.00	0.00	0.00	161,700.00	0.00
6/1/2016	230,000.00	0.00%	150,450.00	380,450.00	0.00	0.00	150,450.00	0.00
12/1/2016	0.00	0.00%	143,550.00	143,550.00	0.00	0.00	150,450.00	0.00
6/1/2017	260,000.00	0.00%	143,550.00	403,550.00	0.00	0.00	143,550.00	0.00
12/1/2017	0.00	0.00%	135,750.00	135,750.00	0.00	0.00	403,550.00	547,100.00
6/1/2018	280,000.00	0.00%	135,750.00	415,750.00	0.00	0.00	135,750.00	0.00
12/1/2018	0.00	0.00%	127,050.00	127,050.00	0.00	0.00	135,750.00	0.00
6/1/2019	325,000.00	0.00%	127,050.00	452,050.00	0.00	0.00	127,050.00	0.00
12/1/2019	0.00	0.00%	117,300.00	117,300.00	0.00	0.00	452,050.00	579,100.00
6/1/2020	365,000.00	0.00%	117,300.00	482,300.00	0.00	0.00	117,300.00	0.00
12/1/2020	0.00	0.00%	106,350.00	106,350.00	0.00	0.00	482,300.00	599,000.00
6/1/2021	405,000.00	0.00%	106,350.00	511,350.00	0.00	0.00	106,350.00	0.00
12/1/2021	0.00	0.00%	94,200.00	94,200.00	0.00	0.00	511,350.00	617,700.00
6/1/2022	446,000.00	0.00%	94,200.00	539,200.00	0.00	0.00	94,200.00	0.00
12/1/2022	0.00	0.00%	80,850.00	80,850.00	0.00	0.00	539,200.00	633,400.00
6/1/2023	495,000.00	0.00%	80,850.00	575,850.00	0.00	0.00	80,850.00	0.00
12/1/2023	0.00	0.00%	66,000.00	66,000.00	0.00	0.00	575,850.00	656,700.00
6/1/2024	545,000.00	0.00%	66,000.00	611,000.00	0.00	0.00	66,000.00	0.00
12/1/2024	0.00	0.00%	49,650.00	49,650.00	0.00	0.00	611,000.00	677,000.00
6/1/2025	595,000.00	0.00%	49,650.00	644,650.00	0.00	0.00	49,650.00	0.00
12/1/2025	0.00	0.00%	31,800.00	31,800.00	0.00	0.00	644,650.00	694,300.00
6/1/2026	1,060,000.00	0.00%	31,800.00	1,091,800.00	-557,000.00	0.00	31,800.00	0.00
12/1/2026	5,670,000.00	0.00%	4,875,800.00	10,545,800.00	-557,000.00	-1,020,600.00	524,800.00	556,600.00
TOTAL							8,958,000.00	0.00

Notes:
 (1) Assumes issuance of TIF/ISSA bonds on 12/1/07; bonds are assumed to be refunded with fixed rate TIF Bonds on 12/1/10
 (2) Coupon rate based on current market rates

EXHIBIT F

TIF/SSA BOND – TIF/SSA BOND FINANCING SCENARIO

FOR DISCUSSION PURPOSES ONLY

City of Naperville, Illinois
 Tax Exempt SSA Bonds, Series 2007
 Preliminary Debt Service Analysis (1)

Sources Of Funds	
Par Amount of Bonds	\$0,990,000.00
Total Sources	\$0,990,000.00
Uses Of Funds	
Costs of Issuance	276,600.00
Deposit to Debt Services Reserve Fund (DSRF)	990,000.00
Deposit to Capitalized Interest (CIE) Fund	1,258,200.00
Deposit to Project Construction Fund	4,750,000.00
Rounding Amount	3,200.00
Total Uses	\$6,980,000.00

Date	Principal	Coupon	Interest	Total Pay	DSR	CIE	Net New D/S	Fiscal Total
12/1/2007	0	0	0.00	0.00	0	0	0	0
6/1/2008	0	0	209,700.00	209,700.00	0.00	-209,700.00	0	0
12/1/2008	0.00	0.00%	209,700.00	209,700.00	0.00	-209,700.00	0.00	0
6/1/2009	0	0	209,700.00	209,700.00	0.00	-209,700.00	0	0
12/1/2009	0.00	0.00%	209,700.00	209,700.00	0.00	-209,700.00	0.00	0
6/1/2010	0	0	209,700.00	209,700.00	0.00	-209,700.00	0	0
12/1/2010	0.00	0.00%	209,700.00	209,700.00	0.00	-209,700.00	0.00	0
6/1/2011	0.00	0	209,700.00	209,700.00	0.00	0	209,700.00	0.00
12/1/2011	0.00	0.00%	209,700.00	209,700.00	0.00	0	209,700.00	419,400.00
6/1/2012	0.00	0	209,700.00	209,700.00	0.00	0	209,700.00	0.00
12/1/2012	125,000.00	6.00%	209,700.00	334,700.00	0.00	0	334,700.00	544,400.00
6/1/2013	0.00	0.00%	205,950.00	205,950.00	0.00	0	205,950.00	0.00
12/1/2013	155,000.00	6.00%	205,950.00	360,950.00	0.00	0	360,950.00	569,800.00
6/1/2014	0.00	0.00%	201,300.00	201,300.00	0.00	0	201,300.00	0.00
12/1/2014	180,000.00	6.00%	201,300.00	381,300.00	0.00	0	381,300.00	562,600.00
6/1/2015	0.00	0.00%	195,900.00	195,900.00	0.00	0	195,900.00	0.00
12/1/2015	210,000.00	6.00%	195,900.00	405,900.00	0.00	0	405,900.00	601,800.00
6/1/2016	0.00	0.00%	189,600.00	189,600.00	0.00	0	189,600.00	0.00
12/1/2016	240,000.00	6.00%	189,600.00	429,600.00	0.00	0	429,600.00	619,200.00
6/1/2017	0.00	0.00%	182,400.00	182,400.00	0.00	0	182,400.00	0.00
12/1/2017	275,000.00	6.00%	182,400.00	457,400.00	0.00	0	457,400.00	639,800.00
6/1/2018	0.00	0.00%	174,150.00	174,150.00	0.00	0	174,150.00	0.00
12/1/2018	310,000.00	6.00%	174,150.00	484,150.00	0.00	0	484,150.00	658,300.00
6/1/2019	0.00	0.00%	164,850.00	164,850.00	0.00	0	164,850.00	0.00
12/1/2019	350,000.00	6.00%	164,850.00	514,850.00	0.00	0	514,850.00	679,700.00
6/1/2020	0.00	0.00%	154,350.00	154,350.00	0.00	0	154,350.00	0.00
12/1/2020	330,000.00	6.00%	154,350.00	544,350.00	0.00	0	544,350.00	699,700.00
6/1/2021	0.00	0.00%	142,650.00	142,650.00	0.00	0	142,650.00	0.00
12/1/2021	435,000.00	6.00%	142,650.00	577,650.00	0.00	0	577,650.00	720,300.00
6/1/2022	0.00	0.00%	129,600.00	129,600.00	0.00	0	129,600.00	0.00
12/1/2022	480,000.00	6.00%	129,600.00	609,600.00	0.00	0	609,600.00	739,200.00
6/1/2023	0.00	0.00%	115,200.00	115,200.00	0.00	0	115,200.00	0.00
12/1/2023	535,000.00	6.00%	115,200.00	650,200.00	0.00	0	650,200.00	765,400.00
6/1/2024	0.00	0.00%	99,150.00	99,150.00	0	0	99,150.00	0.00
12/1/2024	590,000.00	6.00%	99,150.00	689,150.00	0	0	689,150.00	786,300.00
6/1/2025	0.00	0.00%	81,450.00	81,450.00	0	0	81,450.00	0.00
12/1/2025	645,000.00	6.00%	81,450.00	726,450.00	0	0	726,450.00	807,900.00
6/1/2026	0.00	0.00%	62,100.00	62,100.00	0	0	62,100.00	0.00
12/1/2026	710,000.00	6.00%	62,100.00	772,100.00	0	0	772,100.00	834,200.00
6/1/2027	0.00	0.00%	40,800.00	40,800.00	0	0	40,800.00	0.00
12/1/2027	1,350,000.00	6.00%	40,800.00	1,400,800.00	-699,000.00	0	701,800.00	742,600.00
TOTAL	6,990,000.00	6.00%	9,375,900.00	15,365,900.00	-699,000.00	-1,259,200.00	11,408,700.00	0

Notes:
 (1) Issuance of SSA Bonds on 12/1/07
 (2) Coupon rate based on current market rates