



**CITY OF NAPERVILLE
WATER STREET TIF DISTRICT
JOINT REVIEW BOARD MEETING
AGENDA**

Meeting Room B, Naperville Municipal Center - Lower Level
400 S. Eagle Street, Naperville IL, 60540
Wednesday, August 24, 2022
10:00 a.m.

A. Call To Order

B. Roll Call

C. Public Forum

D. New Business

1. Approve the minutes of the December 7, 2021 meeting
2. Receive the Water Street TIF Annual Report for the fiscal year ended December 31, 2021
3. Review the Summary of 2021 Water Street TIF District Increment Projection

E. Old Business

F. Adjournment

Any individual with a disability requesting a reasonable accommodation in order to participate in a public meeting should contact the Communications Department at least 48 hours in advance of the scheduled meeting. The Communications Department can be reached in person at 400 S. Eagle Street, Naperville, IL., via telephone at 630-420-6707 or 630-305-5205 (TDD) or via e-mail at info@naperville.il.us. Every effort will be made to allow for meeting participation.

JOINT REVIEW BOARD AGENDA ITEM

ACTION REQUESTED:

Approval of the December 7, 2021 meeting minutes

DEPARTMENT: Finance Department

SUBMITTED BY: Raymond Munch, Budget Manager



**CITY OF NAPERVILLE
WATER STREET TIF DISTRICT
JOINT REVIEW BOARD MEETING MINUTES - *DRAFT***

December 7, 2021

10:00 am

Meeting Room B

A. CALL TO ORDER:

Rachel Mayer, Finance Director called the meeting to order at 10:06 am

B. DISTRICT INTRODUCTIONS/ROLL CALL:

Taxing District:

Present:

City of Naperville – Rachel Mayer
Naperville School District 203 - Melanie Brown
Naperville Township – Eddie Bedford
Citizen Member – Brien Nagle

Absent:

DuPage County
Naperville Park District
College of DuPage

City of Naperville Staff Present:

Raymond Munch – Budget Manager, Finance
Amy Emery – Operations Manager, T.E.D
Sherrian Kelly – Budget Analyst, Finance

C. PUBLIC FORUM:

There were no speakers for Public Forum

D. REPORTS AND RECOMMENDATIONS:

Receive the 2020 Annual Tax Increment Finance (TIF) Report for the Water Street TIF District.

Ray Munch gave a presentation of the annual report and the audited numbers for FY2020. The fund had beginning balances of \$1.005 million, with revenues of \$390,590 and expenditures of \$3,187. The amount of the expenditures is annual financial auditing fees. Transfers in accounted for \$1.089 million, with transfers out of \$2.43 million for the period. The fund had an ending balance of \$50,356.

He expounded that over the course of the 2019-2020 period, there were several transfers, as the TIF has reached a point where the buildout is complete and as such there are no public infrastructure payments or developer payments coming due, hence the city began the process of the internal audit. The auditing process began in 2019 with a portion of the bond proceeds being returned to the Bond Fund. The process continued in 2020 as there was still a sufficient fund balance associated with property tax increments and parking leases that were never transferred out.

Regarding the valuation of the fund, the frozen valuation has not changed, the TIF valuation rose about 4% and the incremental EAV and tax increment have increased as a result.

Nagle questioned whether it would be profitable to retain the fund balance and use it to generate investment income.

Mayer responded, indicating that the proceeds would have to be used for capital projects since they are bonded dollars.

Munch continued the presentation by giving an overview of the debt service summary which provides a history of the fund and sets future expectations. Life to date, debt service due was \$3.06 million. The TIF has brought in tax increment of \$2.87 million. Future projections show a \$10.26 million in debt service, of which the TIF is projected to support \$9.3 million. The TIF will generate just over \$12 million to support debt service. The consensus is that the TIF will, however, not generate sufficient revenue to cover the entire debt service, hence the City will cover the remaining costs from other sources.

Munch then introduced Amy Emery, Operations Manager to give an overview of the TIF's occupancy levels and build-out, especially for the location at River Main, as any increment from that will be used to support the debt service.

E. NEW BUSINESS:

Emery updated the meeting participants on two new tenants to the Water Street District: Vasili's Mediterranean, which now occupies the space vacated by MidiCi Pizza, which opened in December 2020, and Ben & Jerry's, which opened in August 2021. The tenant mix in the district remains the same as most businesses are recovering from the effects of the pandemic. Hotel Indigo was hardest hit during the pandemic as revenues declined significantly, however businesses are recovering.

As it relates to River Main, Emery indicated that the developer has completed the entitlement process as it relates to the building and is finalizing interior build-out plans. Dates for construction have not yet been determined.

Of other interest is the temporary surface parking lot at the corner of Aurora and Webster Avenues, which was slated to be office spaces for low-intensity uses with a possible transition to residential uses. No applications have been received for use of that lot; therefore, it remains as a temporary surface lot.

Mayer questioned if there are any indications of what year construction will begin. Emery responded indicating that the City is prepared but the developer is remaining cautious amid the pandemic and still working to finalize details.

Mayer requested information on whether the initial EAV estimation that was part of the TIF generation was included. Munch replied that the initial projection had a full build-out into 2018, the projections have been moved to 2024.

Bedford informed the board that Warren Dixon, Township Assessor, will be vacating the office effective December 31, 2021. Matt Rasche will assume the position January 2022.

F. ADJOURNMENT:

There being no other items for discussion, the meeting was adjourned at 10:23 am.

JOINT REVIEW BOARD AGENDA ITEM

ACTION REQUESTED:

Receive the Water Street TIF Annual Report for the fiscal year ended December 31, 2021

DEPARTMENT: Finance Department

SUBMITTED BY: Raymond Munch, Budget Manager

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The Illinois Tax Increment Allocation Redevelopment Act requires that the Annual TIF Report be submitted to the state upon completion of the annual independent audit of the fund. That report shall then be submitted to the Joint Review Board. The City received the annual independent audit of the Water Street TIF on June 28, 2022, and subsequently transmitted the annual TIF report to the Illinois Comptroller's Office on July 5, 2022.

DISCUSSION:

As required by Illinois state statute, the City's independent auditor, Sikich LLP, conducted the annual audit of the Water Street TIF Fund and submitted its audit report to the City on June 28, 2022. Per the audited financial statements for 2021, the fund had total revenue of \$356,359. Revenue included \$359,033 in property tax increment and \$2,674 in net investment losses.

Fund expenditures for annual auditing fees totaled \$3,800. Transfers out totaled \$359,033. Transfers out included the current-year tax increment transferred to the Debt Service Fund for payment of the TIF debt service.

The fund balance on December 31, 2021, totaled \$43,882.

Further detail can be found in the attached 2020 Annual TIF Report, which includes the independent audit report from Sikich.

FISCAL IMPACT:

N/A

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

FY 2021

Name of Redevelopment Project Area (below):	Water Street TIF
--	-------------------------

Primary Use of Redevelopment Project Area*:
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* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

If "Combination/Mixed" List Component Types:

Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act	<input checked="" type="checkbox"/>
Industrial Jobs Recovery Law	<input type="checkbox"/>

Please utilize the information below to properly label the Attachments.

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment (labeled Attachment A).	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification (labeled Attachment B).		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion (labeled Attachment C).		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement (labeled Attachment D).		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) (labeled Attachment E).	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information (labeled Attachment F).	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G).	X	
Were there any reports <u>submitted to</u> the municipality <u>by</u> the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report (labeled Attachment H).		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached and (labeled Attachment J).	X	
An analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, then Analysis MUST be attached and (labeled Attachment J).	X	
Has a cumulative of \$100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund (labeled Attachment K).		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose the list only, not actual agreements (labeled Attachment M).	X	

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

Provide an analysis of the special tax allocation fund.

FY 2021

Water Street TIF

Special Tax Allocation Fund Balance at Beginning of Reporting Period \$ 50,356

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 359,033	\$ 2,057,048	15%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ (2,674)	\$ 465,594	3%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 9,802,132	73%
Transfers from Municipal Sources		\$ 1,089,519	8%
Private Sources			0%
			0%

All Amount Deposited in Special Tax Allocation Fund \$ 356,359

Cumulative Total Revenues/Cash Receipts \$ 13,414,293 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 3,800

Transfers to Municipal Sources \$ 359,033

Distribution of Surplus

Total Expenditures/Disbursements \$ 362,833

Net/Income/Cash Receipts Over/(Under) Cash Disbursements \$ (6,474)

Previous Year Adjustment (Explain Below) \$ -

FUND BALANCE, END OF REPORTING PERIOD* \$ 43,882

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

Previous Year Explanation:

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

FY 2021

TIF NAME:

Water Street TIF

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

Check here if no property was acquired by the Municipality within the Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (5):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (6):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (7):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (8):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)

PAGE 1

FY 2021

TIF Name: Water Street TIF

Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.Select **ONE** of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	
--	--

2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
---	---

2a. The total number of ALL activities undertaken in furtherance of the objectives of the redevelopment plan:	3
--	---

LIST **ALL** projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 85,138,980	\$ -	\$ 85,138,980
Public Investment Undertaken	\$ 15,574,936	\$ -	\$ 15,574,936
Ratio of Private/Public Investment	5 7/15		5 7/15

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*: Developer Site & Building Costs

Private Investment Undertaken (See Instructions)	\$ 82,581,858	\$ -	\$ 82,581,858
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 2*: City Infrastructure Costs

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 8,139,336	\$ -	\$ 8,139,336
Ratio of Private/Public Investment	0		0

Project 3*: Parking Deck Construction

Private Investment Undertaken (See Instructions)	\$ 2,557,122	\$ -	\$ 2,557,122
Public Investment Undertaken	\$ 7,435,600	\$ -	\$ 7,435,600
Ratio of Private/Public Investment	11/32		11/32

Project 4*:

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

Project 5*:

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

Project 6*:

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

Project 7*:

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

Project 8*:

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

Project 9*:

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

Project 10*:

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

Project 11*:

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

Project 12*:

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

Project 13*:

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

Project 14*:

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

Project 15*:

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

Project 16*:

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

Project 17*:

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

Project 18*:

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

Project 19*:

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

Project 20*:

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

Project 21*:

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

Project 22*:

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

Project 23*:

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

Project 24*:

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

Project 25*:

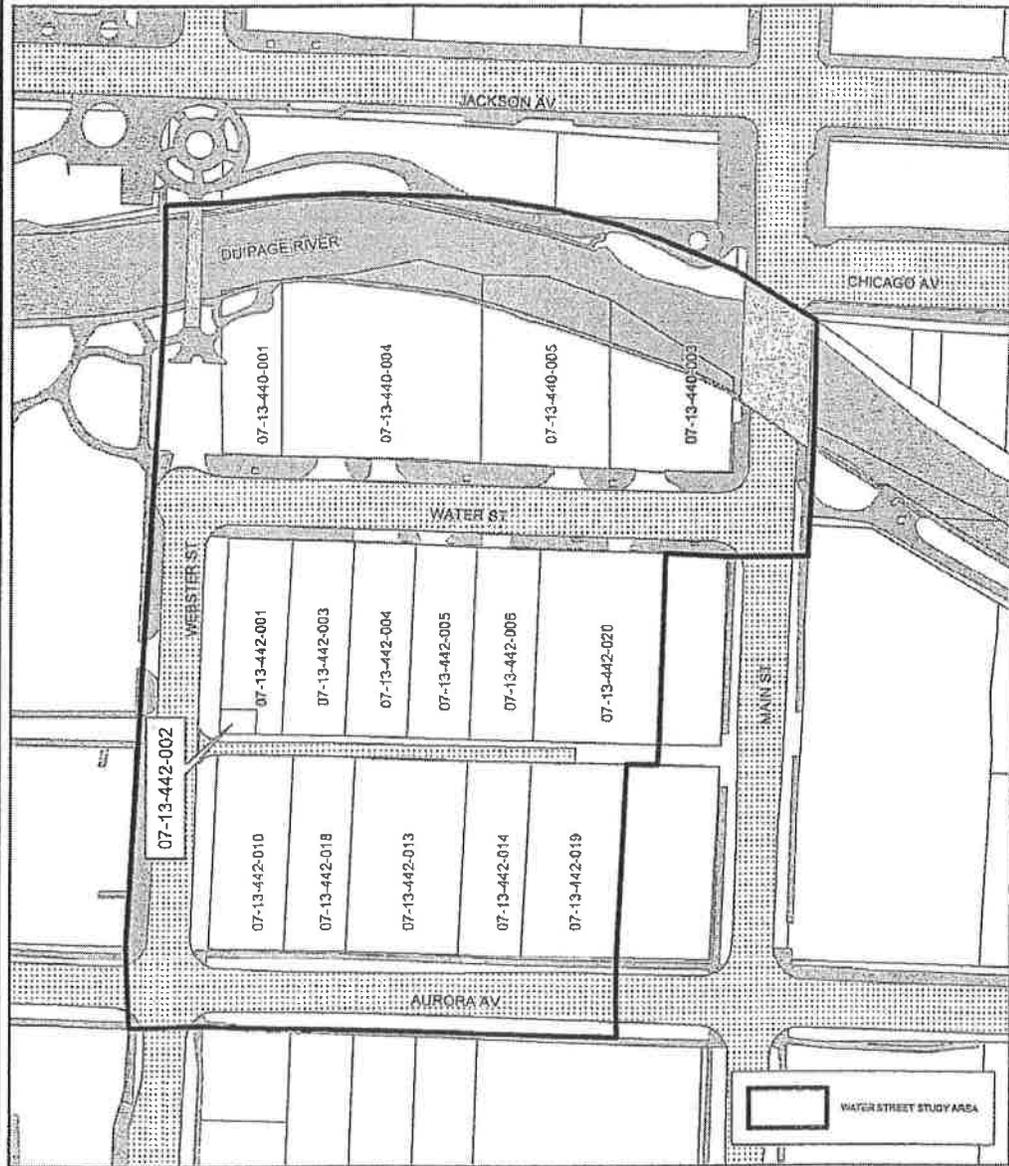
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

**WATER STREET TIF DISTRICT
LEGAL DESCRIPTION**

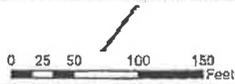
LOTS 1, 2, 3, 4, 5, 6, 7 AND 8 IN BLOCK 1, AND LOTS 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 AND THE WEST HALF OF LOT 15 IN BLOCK 4, ALL IN MARTIN'S ADDITION TO NAPERVILLE, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 6, 1847 AS DOCUMENT 2584, IN DUPAGE COUNTY, ILLINOIS

TOGETHER WITH ALL OF WATER STREET LYING NORTH OF THE NORTH LINE OF BLOCK 4 AFORESAID, AND ALL OF WEBSTER STREET LYING NORTH OF THE SOUTH RIGHT-OF-WAY LINE OF AURORA AVENUE AND LYING WEST OF BLOCKS 1 AND 4 AFORESAID, AND ALL OF AURORA AVENUE LYING SOUTH OF THE SOUTH LINE OF BLOCK 4 AFORESAID AND LYING WEST OF THE SOUTHERLY EXTENSION OF THE WEST LINE OF THE EAST HALF OF LOT 15 IN BLOCK 4 AFORESAID, AND ALL OF THE PUBLIC ALLEY (FORMERLY PLATTED AS SQUAW LAIN) LYING WITHIN BLOCK 4 AFORESAID LYING WEST OF THE SOUTHERLY EXTENSION OF THE WEST LINE OF LOT 1 IN SAID BLOCK 4, AND ALL OF MAIN STREET LYING NORTH OF THE EASTERLY EXTENSION OF THE NORTH LINE OF BLOCK 4 AFORESAID, AND ALL OF THE DUPAGE RIVER LYING EAST OF THE NORTHERLY EXTENSION OF THE WEST RIGHT-OF-WAY LINE OF SAID WEBSTER STREET AND LYING WEST OF THE NORTHERLY EXTENSION OF THE EAST RIGHT-OF-WAY LINE OF SAID MAIN STREET AND LYING NORTH OF THE NORTH LINE OF BLOCK 1 AFORESAID, ALL IN DUPAGE COUNTY, ILLINOIS.

City of Naperville
WATER STREET STUDY AREA - PARCEL ID NUMBERS (PIN)



Transportation, Engineering and
 Development Business Group
 Questions Contact (630) 420-6694
www.naperville.il.us
 May 2006

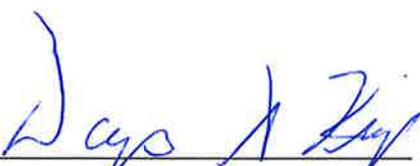


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Attachment B: CEO Certification

NAPERVILLE WATER STREET TIF DISTRICT FY2021

I, Douglas A. Krieger, the City Manager, serving as the Chief Executive Officer of the City of Naperville, Counties of DuPage and Will, State of Illinois, do hereby certify that to the best of my knowledge, the City of Naperville complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the reporting period beginning January 1, 2021 and ending on December 31, 2021.



Douglas A. Krieger, City Manager

01/21/22

Date

Attachment C: Legal Opinion

NAPERVILLE WATER STREET TIFDISTRICT FY2021

I, Michael DiSanto, the City Attorney of the City of Naperville, Counties of DuPage and Will, State of Illinois, have reviewed all information provided to me by City staff and find that City of Naperville has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the reporting period beginning January 1, 2021 and ending on December 31, 2021.



Michael DiSanto, City Attorney

6/24/22

Date

**Attachment D: Activities Undertaken in Furtherance of the Objectives of the
Redevelopment Plan**

NAPERVILLE WATER STREET TIF DISTRICT FY2020

The Water Street Development continues to be a prominent destination for dining and shopping within the City's central business district. In alignment with the City's expectations, the project has completely transformed and defined the southern boundary of Downtown Naperville. What was once a forgotten street, is now a destination for weddings, meetings, conferences, and visitors seeking unique shopping and dining options. The Riverwalk Extension and parking provide important connections and amenities to serve the entire downtown. The parking deck and hotel, which is the only accommodation choice in Downtown Naperville, have consistently served as important amenities supporting a variety of cultural and community events and activities.

No new activities were undertaken in 2021.



**CITY OF NAPERVILLE
WATER STREET TIF DISTRICT
JOINT REVIEW BOARD MEETING MINUTES**

December 7th, 2021

10:00 am

Meeting Room B

A. CALL TO ORDER:

Rachel Mayer, Finance Director called the meeting to order at 10:06 am

B. DISTRICT INTRODUCTIONS/ROLL CALL:

Taxing District: Present:

City of Naperville – Rachel Mayer
Naperville School District 203 - Melanie Brown
Naperville Township – Eddie Bedford
Citizen Member – Brien Nagle

Absent:

DuPage County
Naperville Park District
College of DuPage

City of Naperville Staff:

Raymond Munch – Budget Manager, Finance
Amy Emery – Operations Manager, T.E.D
Sherrian Kelly – Budget Analyst, Finance

C. PUBLIC FORUM:

There were no speakers for Public Forum

D. REPORTS AND RECOMMENDATIONS:

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He expounded that over the course of the 2019-2020 period, there were several transfers, as the TIF has reached a point where buildout is complete and as such there are no public infrastructure payments or developer payment coming due, hence the city began the process of the internal audit. The auditing process began in 2019 with a portion of the bond proceeds being returned to the Bond Fund. The process continued in 2020 as there were still sufficient fund balance associated with property tax increments and parking leases that were never transferred out. For

2021, the idea is to have a clean fund that reflects revenue in for property tax increment and transfers out for debt services payments, except for annual auditing fees and ancillary payments.

Nagle questioned why revenues were so low in 2020 and why wasn't an additional \$1M transferred out in 2019. Munch responded that 2019 revenues were a combination of both the property tax increment and the return-on-investment interest. The bond proceeds were the focus of the first audit, hence the additional \$1M was determined from the subsequent review of the fund balance.

Regarding the valuation of the fund, the frozen valuation has not changed, the TIF valuation rose about 4% and the incremental EAV and tax increment have increased as a result.

Nagle questioned whether it would be profitable to retain the fund balance and use it to generate investment income.

Mayer responded, indicating that the proceeds would have to be used for capital projects since they are bonded dollars.

Munch continued the presentation giving an overview of the debt service summary which provides an history of the fund and sets future expectations. Life to date, debt services due were \$3.06 million. The TIF has brought in increment of other sources and transfers to debt services of \$2.87 million. Future projections show a \$10.26 million in debt service, of which the TIF is projected to support \$9.3 million. The TIF will generate just over \$12 million to support debt service. The consensus is that the TIF will however, not generate sufficient revenue to cover the entire debt service, hence the City will cover the remaining costs from other sources.

Munch then introduced Amy Emery, Operations Manager to give an overview the TIF's occupancy levels and build out, especially for the location at River Main, as any increments from that will be used to support the debt service.

E. NEW BUSINESS:

Emery updated the meeting participants on two new tenants to the Water Street District: Vasili's Mediterranean, which now occupies the space vacated by MidiCi Pizza, opened in December 2020, and Ben & Jerry's, which opened in August 2021. The tenant mix in the district remains the same as most businesses are recovering from the effects of the pandemic. Hotel Indigo was hardest hit during the pandemic as revenues declined significantly, however businesses are recovering.

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Mayer requested information on whether the initial EAV estimation that was part of the TIF generation was included. Munch replied that the initial projection had a full build-out into 2018, the projections have been moved to 2024.

Bedford informed the meeting that Warren Dixon, Township Assessor will be vacating the office effective December 31, 2021. Matt Gross will assume the position January 2022.

F. ADJOURNMENT:

There being no other items for discussion, the meeting was adjourned at 10:23 am.

CITY OF NAPERVILLE, ILLINOIS

**WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND**

**REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142**

For the Year Ended December 31, 2021

CITY OF NAPERVILLE, ILLINOIS
WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

We have examined management's assertion, included in its representation letter dated June 28, 2022 that the City of Naperville (the City) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2021. Management is responsible for the City's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, management's assertion that the City complied with the aforementioned requirements for the year ended December 31, 2021 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the City Council, management of the City, Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
June 28, 2022

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the City Council
City of Naperville
400 South Eagle Street
Naperville, Illinois 60540

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville, Illinois (the City) as of and for the year ended December 31, 2021, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated, June 28, 2022 which expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information (balance sheet and schedule of revenues, expenditures and changes in fund balance for the Water Street Tax Increment Financing (TIF) District Fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

SIKICH LLP

Naperville, Illinois
June 28, 2022

SUPPLEMENTARY INFORMATION

CITY OF NAPERVILLE, ILLINOIS

BALANCE SHEET

**WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND**

December 31, 2021

ASSETS	
Cash and investments	\$ 43,328
Receivables	
Property taxes	607,536
Accrued interest	<u>554</u>
TOTAL ASSETS	<u><u>\$ 651,418</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>607,536</u>
Total deferred inflows of resources	<u>607,536</u>
 FUND BALANCE	
Restricted for	
Capital projects	<u>43,882</u>
Total fund balance	<u>43,882</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 651,418</u></u>

(See independent auditor's report.)

CITY OF NAPERVILLE, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

**WATER STREET
TAX INCREMENT FINANCING DISTRICT FUND**

For the Year Ended December 31, 2021

REVENUES

Taxes	
Property	\$ 359,033
Investment income (loss)	<u>(2,674)</u>
Total revenues	<u>356,359</u>

EXPENDITURES

Current	
General government	
Professional services	<u>3,800</u>
Total expenditures	<u>3,800</u>

EXCESS OF REVENUES OVER EXPENDITURES 352,559

OTHER FINANCING SOURCES (USES)

Transfers (out)	<u>(359,033)</u>
Total other financing sources (uses)	<u>(359,033)</u>

NET CHANGE IN FUND BALANCE (6,474)

FUND BALANCE, JANUARY 1 50,356

FUND BALANCE, DECEMBER 31 \$ 43,882

(See independent auditor's report.)



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INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor
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We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, management's assertion that the City complied with the aforementioned requirements for the year ended December 31, 2021 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the City Council, management of the City, Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
June 28, 2022

JOINT REVIEW BOARD AGENDA ITEM

ACTION REQUESTED:

Review the Summary of 2021 Water Street TIF District Increment Projection

DEPARTMENT: Finance Department

SUBMITTED BY: Raymond Munch, Budget Manager

BACKGROUND:

On April 27, 2022, Naperville Township Assessor Matthew Rasche provided the City of Naperville a memorandum summarizing valuation changes within the Water Street TIF District resulting from reassessments and the loss of tax-exempt status for one parcel on Aurora Avenue.

The changes result in an increase in tax increment from \$359,003 in tax year 2020 to \$608,018 in tax year 2021.

The memorandum submitted by Assessor Rasche is attached.



NAPERVILLE TOWNSHIP

E X T E R N A L M E M O R A N D U M

TO: CITY OF NAPERVILLE

RE: SUMMARY OF 2021 WATER STREET TIF DISTRICT INCREMENT PROJECTION

DATE: April 27, 2022

Below is a summary prepared by the Naperville Township Assessor's Office of the year over year change in EAV (Equalized Assessed Value) for the parcels comprising the Water Street TIF District from the 2020 and 2021 tax years. While the 2021 EAV has been published and finalized by the DuPage County Board of Review and Supervisor of Assessments, the final tax rates have not yet been calculated by the DuPage County Clerk however we have utilized the projected 2021 rates as offered by the Clerk's office for guidance. 2021 Final Rates are expected to be finalized by May 2, 2022. Once the final rates are published by the Clerk, actual 2021 TIF Increment calculations can be done however this office has no reason to believe the final rates will vary from the estimates. This summary and projection are intended only to offer preliminary guidance based upon actual assessments.

2020 Tax Year Actual

Total Aggregate EAV:	\$6,284,180
Total Aggregate Tax Levied:	\$501,624.65
Total Aggregate TIF Increment:	\$359,033.09
TIF Increment as Percentage of Aggregate Levy:	71.57%

2021 Tax Year Projection

Total Aggregate EAV:	\$9,378,090
Total Aggregate Tax Levied:	\$750,807.02
Total Aggregate TIF Increment:	\$608,018.40
TIF Increment as Percentage of Aggregate Levy:	80.98%

Year Over Year Comparison/Projection

Total TIF Increment Increase:	\$248,985.31	(69.35%)
Total EAV Increase:	\$3,093,910	(49.23%)



NAPERVILLE TOWNSHIP

Assessor's Commentary:

The 2021 EAV represents an increase from the 2020 Tax Year. Several 2021 assessments were appealed to the DuPage County Board of Review by the Water Street Development (Hotel Indigo and related parcels) for the first time since development. These appeals were successfully resolved. As a condition of the resolution, the Taxpayer will not seek any relief at the Illinois Property Tax Appeal Board (PTAB) for the 2021 or 2022 tax years. This is a very significant component of the resolution as PTAB has not yet determined precedent for how it will treat hotel and hotel related developments during the tax years impacted by Covid-19. **A potentially significant future refund liability has been avoided, ensuring the viability and financial stability of this TIF District moving forward.**

Additionally, parcel 07-13-442-019 was tax-exempt since the implementation of this TIF District. For the 2021 Tax Year the parcel is no longer tax-exempt due to a change of ownership and has been added to the tax rolls. 100% of the taxes of this parcel will go directly to the TIF Increment as confirmed with the DuPage County Clerk's Office.

The 2022 Assessments will not likely increase (but for the application of a township factor which will be determined by the Supervisor of Assessments in the 2022 Assessment Cycle). No meaningful 2021/2022 year over year change in TIF Increment is contemplated at this time.

All parcels in the TIF District will be revalued in the 2023 Quadrennial Re-Assessment year. While no specific values are yet projected for 2023, the Re-Assessment will likely represent an increase in overall EAV and further increase the Increment for the TIF District.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Matthew R. Rasche', is written over a faint circular stamp or watermark.

Matthew R. Rasche, Sr. CIAO
Naperville Township Assessor