VILLAGE OF CRESTWOOD, ILLINOIS
TAX INCREMENT FINANCING
TEN YEAR STATUS REPORT
As of April 30, 2013

135th & Cicero
Redevelopment Project Area
Designated May 2, 2002

Report Dated December 4, 2013

Pursuant to 65 ILCS 5/11-74.4-5

Overview

In October, 2001 Trkla, Pettigrew, Allen & Payne, Inc.("TPA&P") prepared an eligibility study to determine whether a Redevelopment Project Area ("RPA") in the Village of Crestwood would qualify for designation as a blighted area, pursuant to the definitions set forth in the Illinois Tax Increment Allocation Development Act (the "Act") (65 ILCS 5/11-74.4-1 et seq.). The RPA considered consisted of a 36.7 acre area generally bounded by Cicero Avenue on the west, Calumet Sag Road on the north, Saint Benedict Cemetery on the east and 135th Street on the south. The eligibility study concluded that the RPA met the requirements of the Act for designation as an "improved blighted area". There was a meaningful presence and a reasonable distribution of seven of the thirteen factors listed in the Act. These included:

1. Obsolescence
2. Deterioration
3. Excessive vacancies
4. Deleterious land-use or layout
5. Lack of community planning
6. Environmental remediation
7. Declining or lagging EAV

The general goals for the RPA were:

1. An environment within the RPA which will contribute more positively to the health, safety and general welfare of the Village, and preserve or enhance the value of properties adjacent to the RPA.
2. Sound economic development in the RPA, thereby creating employment opportunities commensurate with the capacity of the area.
3. An increased real estate tax base for the Village and other taxing districts have jurisdiction on the RPA.
4. The attraction of new retail and commercial business development and the creation of new job opportunities within the RPA.

In furtherance of these goals of the RPA, the following redevelopment objectives would guide planning decisions:

1. To reduce or eliminate the conditions which qualify the RPA as an improved blighted area and eliminate the influences and manifestations of physical and economic deterioration and obsolescence within the RPA.
2. Strengthen the economic well-being of the RPA and the Village by increasing taxable values.
3. Enhance and diversify the Village's employment base.
4. Create new job opportunities for Village residents and utilize appropriate job training and hiring programs.
5. Encourage coordinated development of parcels and structures in order to achieve efficient building and site designs including off-street parking, loading and servicing features.
6. Create an environment and provide incentives that stimulate private investment in new construction.

7. Encourage the assembly of land into parcels of appropriate shape and size for redevelopment in accordance with the RPA, the Village's current plans and policies, and contemporary development needs and standards.
8. Create a high profile image along the Cicero Avenue, Cal Sag Road and 135th Street corridors by encouraging visually distinctive developments and a high-quality appearance of buildings, rights-of-way and open spaces.
9. Provide safe and efficient vehicular and pedestrian circulation systems which will enable adequate access to, movement within and connections between redevelopment projects.
10. Provide an adequate supply of conveniently located parking within the RPA.
11. Ensure parking areas are paved, striped, lighted, well-maintained and properly drained.
12. Where possible, provide for consolidated off-street loading and service facilities which are screened and buffered from adjacent development areas and public streets.
13. Provide an overall system of signage that will establish visual continuity, and promote a positive overall image for the area.
14. Undertake landscaping, lighting and signage improvements as appropriate to upgrade the appearance of public rights-of-way within and adjacent to the RPA.

The conclusion of the eligibility study was that the RPA was in need of revitalization and guided growth to ensure that it would contribute to the long-term physical, economic, and social well-being of the Village. The presence of blighting factors in the RPA indicated that the RPA was not subject to sound growth and development through investment by private enterprise, and was not likely to be developed without public action.

On May 2, 2002, the Village adopted Ordinance No. 1732 approving the 135th and Cicero TIF Project and Plan , Ordinance No. 1733 designating the 135th and Cicero TIF RPA and Ordinance 1734 adopting the use of Tax Increment Allocation Financing relating to the RPA.

In 2005 and 2006 this RPA was developed resulting in the opening of two new stores, i.e., Menards and Wal-Mart with sales tax receipts beginning in May, 2006. This area is considered fully developed.

In November, 2007 Busse Consulting, Inc. prepared an eligibility study, entitled "Plan Amendment One 135th and Cicero TIF Redevelopment Plan and Project" (amended RPA), for the purpose of adding an additional 10.3 acres to the original RPA. This eligibility study was conducted to determine whether the amended RPA in the Village of Crestwood would qualify for designation as a blighted area, pursuant to the definitions set forth in the Illinois Tax Increment Allocation Development Act (the "Act") (65 ILCS 5/11-74.4-1 et seq.). The original 36.7 acre area and the additional 10.3 acre area are contiguous (see attached Exhibit). This additional area is generally bounded on the north by both the Calumet Sag Road and the southern parcel lines of the Metropolitan Water and Reclamation District (MWRD) property, on the south by Rivercrest Drive as extended eastward, on the east by the western parcel lines MWRD property, and on the west by Cicero Avenue.

The eligibility study concluded that conditions existed within the added area to classify it as a combination of a vacant blighted area and an improved blighted area for the purpose of satisfying the eligibility criteria defined in Section 11-74.4-3, and the objectives of the Act. The redevelopment goals and objectives contained in the original RPA, as noted above, remain in force and will be extended to the area in the amended RPA.

In November, 2007, the Village adopted Ordinance No. 1954 approving the amended 135th and Cicero TIF Project and Plan.

In 2007 the property in the amended RPA was developed resulting in the opening of additional new stores. Currently, the stores in the area north of Cal Sag Road are AT&T, Fed Ex, Ingalls Occupational and Bank of America. The stores in the area south of Cal Sag Road are Wingstop, Beds Beds Beds, Fred Loya Insurance Company, Check N' Go, Pizza Hut, Starbucks, H&R Block and Back In the Game. This area is considered fully developed.

The dates for completion of the TIF project and retirement of obligations issued to finance redevelopment project costs shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Sections 11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted.

Ordinance No. 1732 was passed by the Village on May 2, 2002. Accordingly, the estimated date of completing all redevelopment projects and retiring obligations that may be issued to finance redevelopment project costs is December 31, 2026. Additionally, all obligations that may be issued by the Village pursuant to the TIF plan and the Act are estimated to be retired by December 31, 2026. The final maturity date of any such obligations that may be issued may not be later than twenty years from their respective dates of issuance or December 31, 2026 whichever occurs first. The current bonds are scheduled to be retired on December 1, 2023.

Financing and Development

On April 1, 2004, the Village issued $34,740,000 in Variable Rate Tax Increment Revenue Bonds, Series 2004 to finance the tax increment financing project. In addition, the Village was required to have bond insurance for the above bonds in the form of a direct pay letter of credit. The letter of credit was issued by Fifth Third Bank at a cost of 1% per annum paid semi-annually on the outstanding bonds. This amount was subsequently increased to 1.5% on April 1, 2012. The bonds are secured by a pledge of incremental property tax generated within the RPA and all municipal sales tax generated within the Village.

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in April, 2004, the Village entered into an interest rate swap with Fifth Third Bank (counterparty) in connection with the bonds. The intention of the swap was to effectively change the Village's variable interest rate on $20 million of the bonds to a fixed rate of 3.345%. The original swap agreement was effective May 12, 2004 until its termination on May 1, 2009. On May 1, 2009 the swap agreement was extended to December 30, 2018 with a fixed rate of 3.69%.

On April 19, 2004 the Village entered into an agreement with a developer, Rubloff Crestwood, LLC to develop the RPA. The maximum amount to be paid to the developer was $25 million.

Revenue Generated in the RPA

Through April 30, 2013 the estimated and actual revenue generated in the TIF district are as follows:

	Per TPA&P Eligibility Study	Actual
Bond proceeds		$34,740,000
Incremental Property Tax	$ 10,927,000	$ 7,635,982
Incremental Sales Tax	$ 9,647,943	$ 6,332,173
Investment income		$ 407,450
		$49,115,605

Expenditures for the TIF District

Through April 30, 2013 the expenditures for the TIF district are as follows:

Administrative costs	$ 160,596
Cost of studies and bond issuance	720,022
Financing costs	
Principal repayment	1,845,000
Interest	6,709,976
Swap fees	3,522,475
Line of credit fee	3,089,874
Remarketing fees	338,548
Economic development costs	27,550,101
	$43,936,592

The Tax Allocation Fund at April 30, 2013 had a fund balance of $5,179,013.

Status of Planned Goals and Objectives

The properties in the original and amended TIF have been fully developed. All the goals and objectives outlined on pages 1 and 2 have been met.

Even though the RPA is fully developed, repayment of the bonds remains a challenge as noted in the section above "Revenues Generated in the RPA". The amount of sales tax and real estate tax generated through April 30, 2013 is $13,968,155 which is less than the estimated amount in the eligibility study of $20,574,943 by $6,606,788. As of the date of this report, the outstanding bonds are $31,205,000. If the revenue estimates had been met the outstanding bonds would currently be approximately $24,605,000 with a current fund balance of approximately $4,000,000. In addition, lower interest and line of credit fess would have further reduced the outstanding bond balance.

Currently the bonds are to be repaid at the rate of $1,690,000 annually with a final payment on December 1, 2023 of $15,150,000.

The Village is examining alternatives to repayment of the debt, including refinancing or extension of the TIF beyond 2025.

Other Relevant Data

The private investment as a result of the RPA has been estimated at $70 million.

Equalized assessed valuation (EAV):

The EAV for tax year 2012 in the RPA, based on data from the Cook County Clerk's Office is 19,772,933. The frozen EAV valuation certified by the Cook County Clerk for the original RPA and the amended RPA is 9,376,134. To date, this is an increase of 110.88% in EAV, resulting in additional real estate tax revenue through April 30, 2013 of $7,635,982 over the ten year period.

Permanent jobs created:

In a survey of businesses located in the RPA on November 11, 2013 an estimate of jobs created are as follows:

Wal-Mart	304
Menards	194
AT&T	19
FedEx office	2
Ingalls Occupational	24
Bank of America	12
Wingstop	14
Beds, Beds, Beds	2
Fred Loya Insurance Co	3
Check N'Go	2
Pizza Hut	14
Starbucks	14
H & R Block	10
Back in the Game	3
Seneca Petroleum	10
	627

Declaration of Surplus Funds

No declaration of surplus funds in the Tax Allocation Fund has occurred through April 30, 2013. All unspent funds were reserved or earmarked for financing cost and repayment of the bonds.