



2024 Illinois City Managers Association (ILCMA) Winter Conference  
February 7-9, 2024 (Marriott Hotel – Normal, IL)

# The Power of Tax Increment Financing

February 8, 2024

# Panelists



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# Presentation Overview

Considerations when Creating TIFs

Building Support from Taxing Bodies

Challenges Faced

Strategies Implemented

Financing Options & Considerations

# Why TIF?

“Tax Increment Financing may be the **most widely used** local government program for financing economic development in Illinois.”

- ✓ Most effective economic development tool for:
  - Improving deteriorated and blighted property conditions
  - Repairing inadequate public infrastructure
  - Stimulating new private investment
  - Revitalizing downtowns
  - Rehabilitating residential properties & neighborhoods
  - Redeveloping commercial and industrial properties for retaining and creating job opportunities
  - Expanding a stagnant real estate tax base
- ✓ Illinois Supreme Court in *Canton v. Crouch*, 79 Ill. 2d 356 (1980):

“Stimulation of economic growth and removal of economic stagnation are also objectives which enhance the public [good].”





# How does TIF work?



## Real Estate Tax Increment (TIF)

results from increased Equalized Assessed Value (EAV) above the Base EAV during the life of the TIF District



## Annual Increases in EAV

if any, is multiplied by the total real estate tax rate applicable to that area



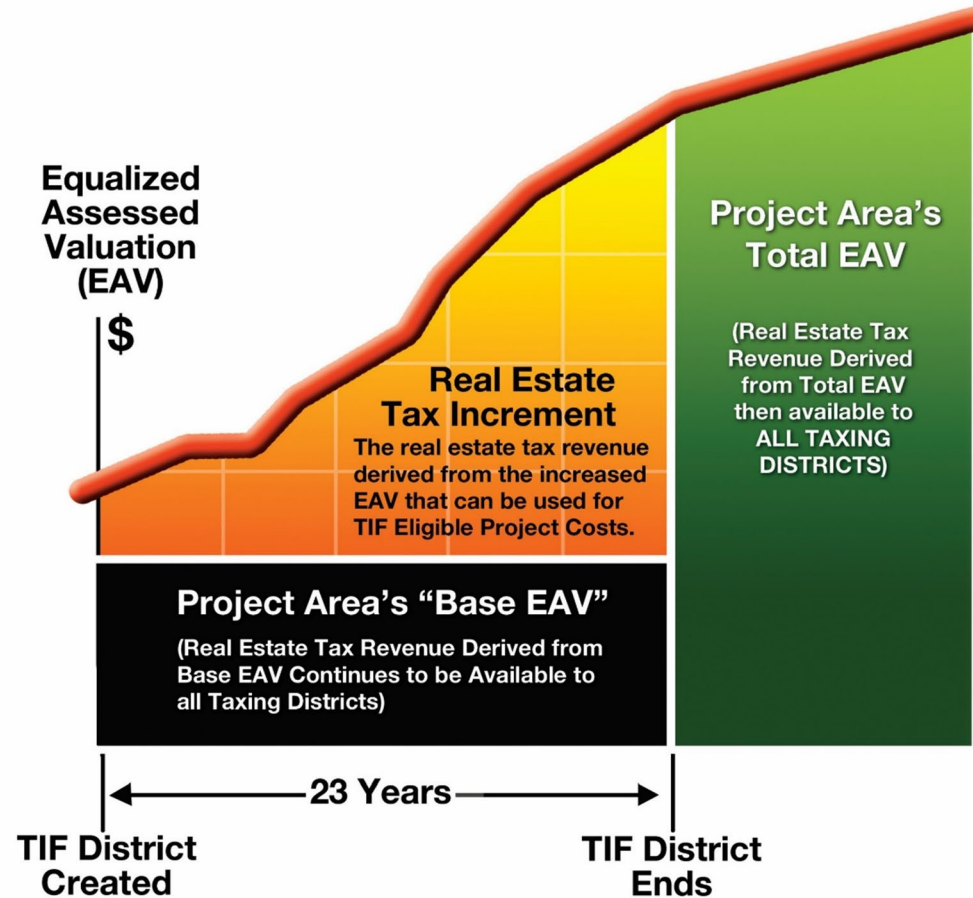
## County Officials

re-allocate and send TIF real estate tax increment for deposit to municipality's Special Tax Allocation Fund (TIF Fund)



## All Taxing Bodies

Benefit from the growth that occurs within the redevelopment project area after projects are completed and the TIF District ends



## THE SAME TIF CONCEPT APPLIES EVERYWHERE

# What can TIF Funds be used for?

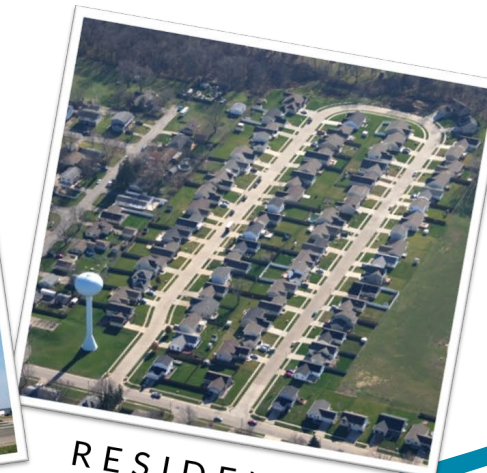
- Studies, surveys, planning costs.
- Professional services such as architectural, engineering, accounting and legal fees.
- Property assembly costs including land acquisition, demolition and site preparation.
- Rehab, renovation and repairs to existing structures within the TIF District redevelopment project area
- All public works and infrastructure costs.
- Financing costs.



INDUSTRIAL



COMMERCIAL



RESIDENTIAL

- 
- Big Picture Priorities:**
- Financial Sustainability
  - Economic Development
  - Communication & Community Image
  - Operational Excellence
  - Well Maintained Infrastructure
- DOWNTOWN TAX INCREMENT FINANCING DISTRICT**
- Downtown TIF
  Village Boundary
- ✱ 150 W. St Charles Rd Unit 227: Deleted from the TIF District  
✱ 141 W. St Charles Rd Units A-D: Deleted from the TIF District  
✱ 27 & 29 W. Grove St: Deleted from the TIF District

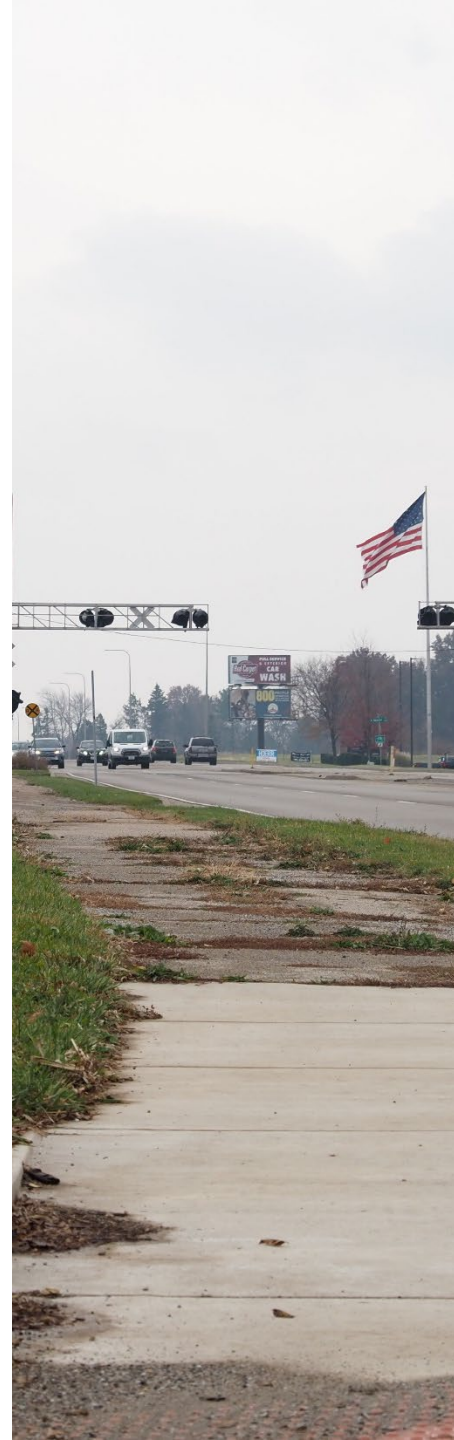
# TIF BEGINS WITH DEFINING A QUALIFIED REDEVELOPMENT PROJECT AREA



# BLIGHTING FACTORS IMPROVED PROPERTIES

Examples: dilapidation; deterioration; obsolescence; code violations; illegal uses; excess vacancies; inadequate utilities/sanitary facilities; overcrowding, deleterious uses; EPA sites; deteriorated public infrastructure; lack of planning; and declining/lagging assessed valuation.

A “Blighted Area” means five (5) or more qualifying characteristics are found to be present.







## CONSERVATION AREAS

If 50% or more of structures are 35 yrs. of age or older, then a "Conservation Area" requires findings of three (3) or more qualifying characteristics.







# BLIGHTING FACTORS VACANT PROPERTIES

Examples: deterioration of adjacent properties; obsolete platting; EPA site; tax delinquencies; diversity of ownership; declining/lagging assessed valuation; unused quarry, mine, or strip mine pond; unused railroad right-of-way; disposal site; blighted before becoming vacant; flooding/drainage; and unemployment.

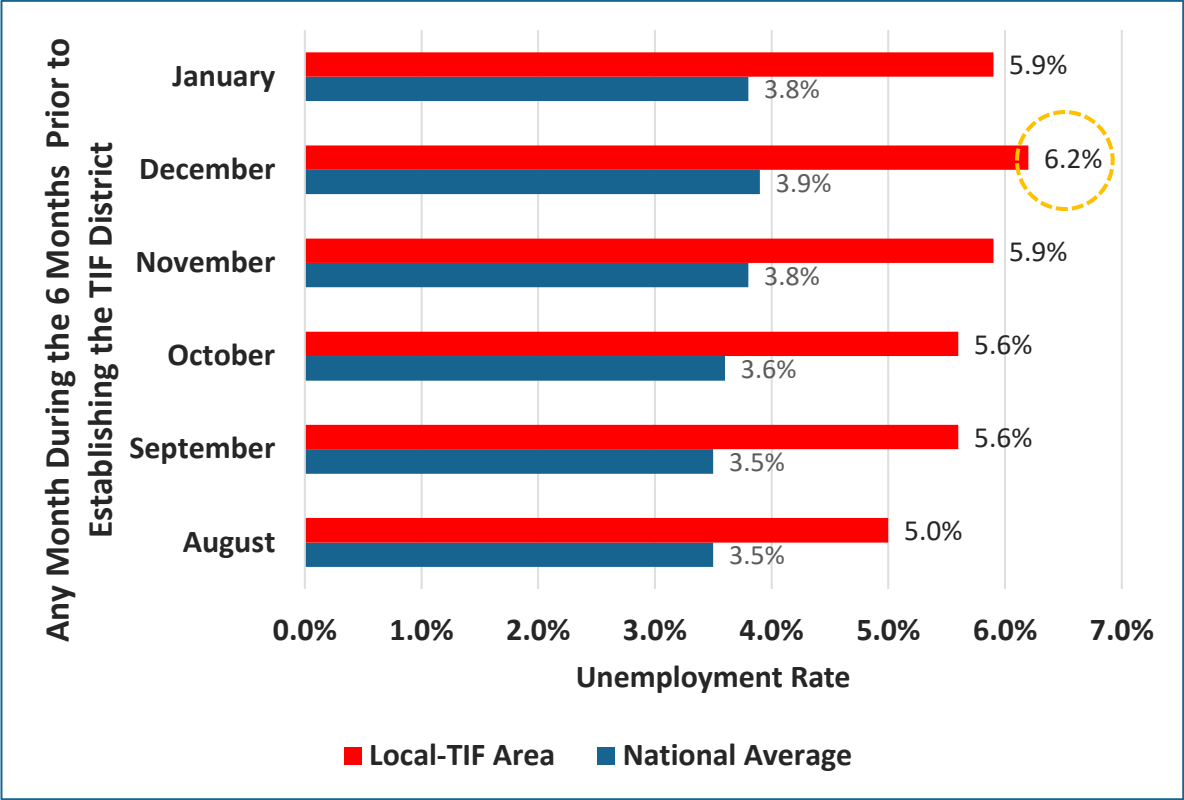
# VACANT LAND MAY ALSO QUALIFY AS AN INDUSTRIAL PARK CONSERVATION AREA



Unemployment Rate is above 6% and is also 100% of National Average Unemployment during the Six (6) Months prior to Establishing TIF District



**Zoned Industrial**  
Area within or annexed to the municipality that is zoned for industrial use no later than at the time the municipality designates the TIF Redevelopment Project area by ordinance





# Is it OKAY to work with OTHER TAXING BODIES?

## YES, it is.

Myths and misconceptions have persisted over the years to suggest it is somehow inappropriate for municipalities to use TIF cooperatively with school districts and other units of local government. Those opinions are based on poor information.



### Legal Authority

Several statutes help enable municipalities to mitigate impacts of TIF on other taxing bodies



### Multiple Methods Available

Numerous approaches are already available for using TIF Funds to encourage cooperation among local stakeholders



## LEGAL AUTHORITY FOR USING TIF TO COOPERATE WITH OTHER TAXING BODIES

### TIF ACT

65 ILCS 5/11-74.4 *et. seq.*

- ❑ **Reimburse Capital Costs** which are reasonable and necessary costs incurred or to be incurred that are incidental to and in furtherance of the objectives of a TIF redevelopment plan and project  
*See Section 5/11-74.4-3(q)*
- ❑ **Make and Enter Into All Contracts** with property owners, developers, tenants, overlapping taxing districts, and others necessary or incidental to the implementation and furtherance of its redevelopment plan and project  
*See Section 5/11-74.4(b)*

### INTERGOVERNMENTAL COOPERATION ACT

IL Compiled Statutes  
Ch. 5 Sect. 220/1 *et. seq.*

- ❑ The 1970 **Illinois Constitution**, Article VII, Section 10, and the Illinois Compiled Statutes, Ch. 5 Section 220/1 *et. seq.* provide legal authority for **intergovernmental privileges** and authority to be enjoyed jointly by school districts and municipalities as well as other public bodies politic

### EXPENSES FOR ECONOMIC DEVELOPMENT ACT

IL Compiled Statutes  
Section 5/8-1-2.5

- ❑ Section 5/8-1-2.5 of the Municipal Code allows a municipality to **appropriate and expend funds for economic development** purposes, including, without limitation for commercial enterprises that are deemed necessary or desirable for the promotion of economic development within the community



## METHODS FOR TIF TO COOPERATE WITH OTHER TAXING BODIES

14

1

### Design TIF Plan

Incorporate thoughtful impact analysis into TIF Plan and anticipate some future assistance to other taxing bodies

2

### Count New Kids

Refer to default method in TIF Act as amended to reimburse schools a portion of TIF Funds for a "net increase" in student enrollment attributable to a TIF project(s)

3

### Pay Capital Costs

Design an appropriate method or formula for determining an annual amount to reimburse for capital costs incurred or to be incurred because of a TIF project(s)

4

### One-Time

### Reimbursements

Capital cost reimbursement for a specific project or cost incurred or to be incurred because of a TIF project(s)

5

### In-Kind Assistance

Municipality may use TIF Funds to repair or construct a public infrastructure within the TIF Area that may provide a specific benefit to another taxing body

6

### Return Bond Rate

Municipality agrees to return TIF increment derived from another taxing body's bond (referendum) rate – taxing body should adjust annual levy accordingly

7

### Payments in Lieu of Taxes

Municipality pays estimated real estate tax on property acquired by municipality and used for private use

8

### TIF Surplus Funds

Municipality may declare TIF Surplus Funds if such surplus funds exist or was anticipated when TIF District was established – Surplus Funds returned to County for prorated redistribution to all taxing bodies

# OTTAWA TIF DISTRICTS

## WORKING WITH TAXING BODIES

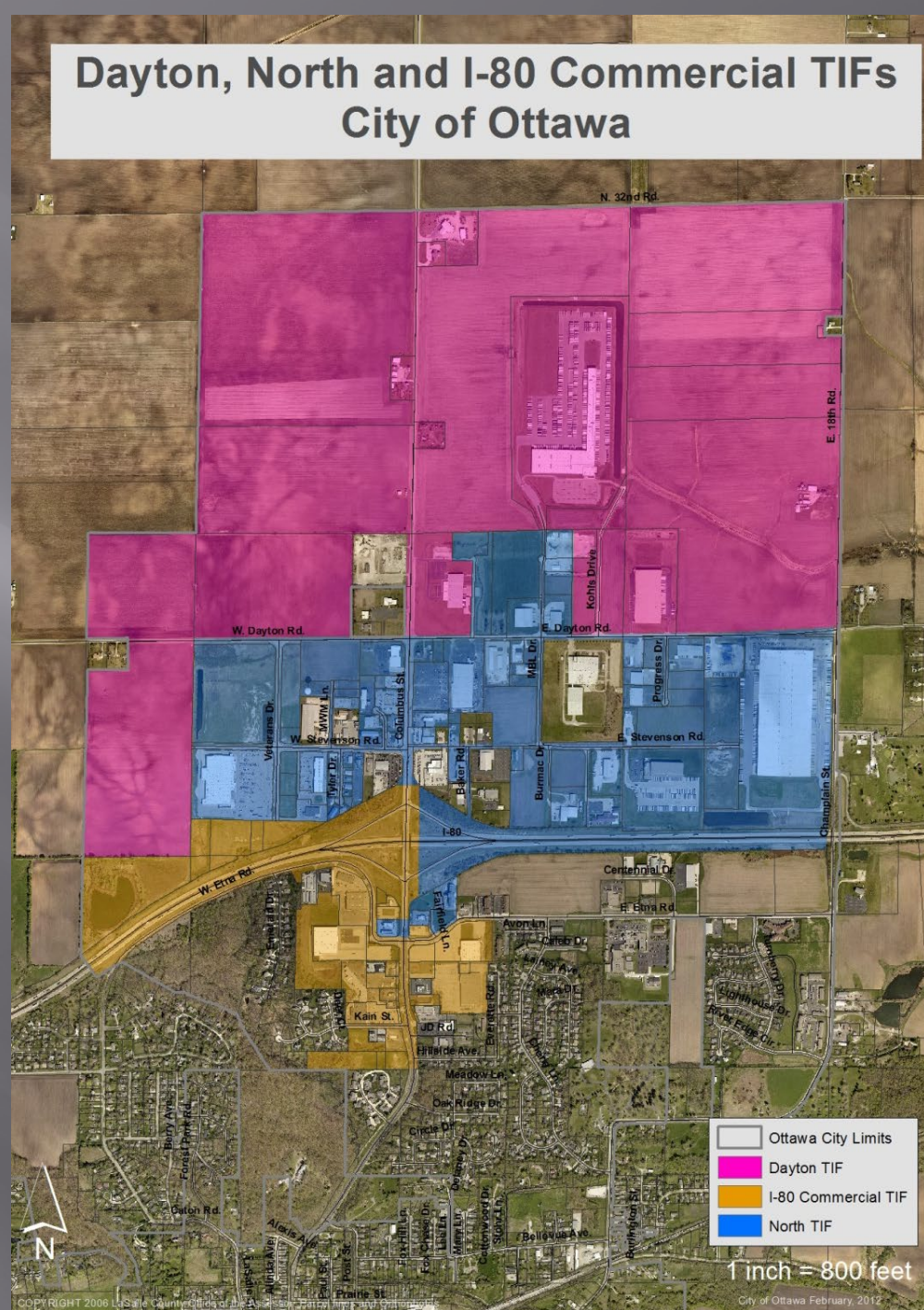
Dave Noble

# What I'll Discuss Today

- ▣ Ottawa's TIF Districts
- ▣ TIF Success
- ▣ Where are the TIF funds spent?
- ▣ Rebates to Schools
- ▣ TIF Time Extensions and Surplus

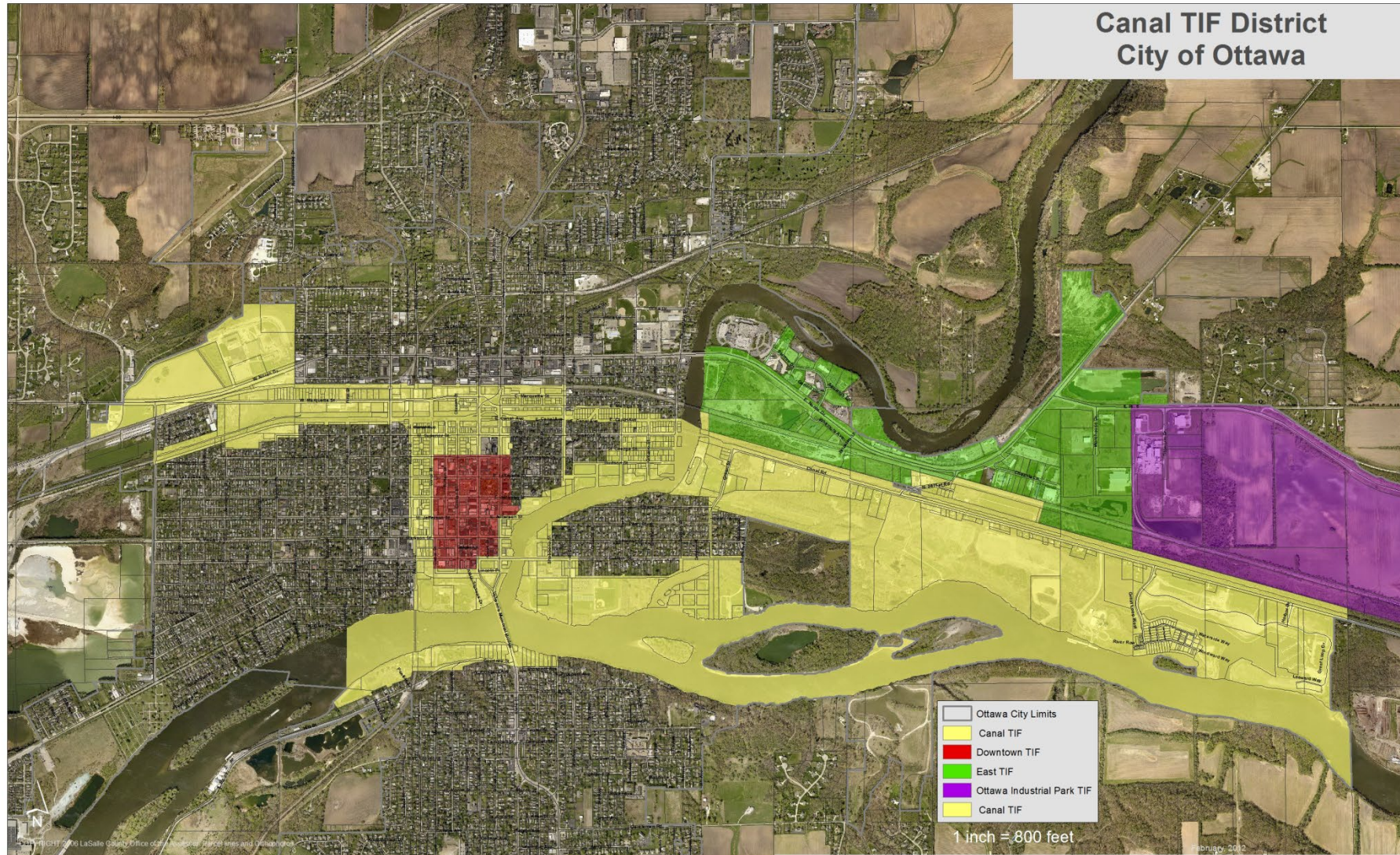


# Ottawa's Northern TIF's





# Ottawa's Central TIF's





# Success - Manufacturing





# Success - Distribution





# Success – Blighted Land





# Becomes Vacation Resort





# Heritage Harbor Ottawa – Resort



# Success – Retail Commercial TIF Created

VACANT BUILDINGS

turned into

NEW BUSINESSES



# Value City





# Bill Walsh Ford



# Old Ramada Inn





# Fairfield Inn



# Success Downtown









AFTER





BEFORE







BEFORE



AFTER

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**AFTER**





BEFORE





# AFTER







# Where is the TIF money spent?

- ▣ Payments to Schools
- ▣ Administrative Expenses
- ▣ Infrastructure
- ▣ Rebates to Businesses



# TIF Setup

- ▣ Ottawa TIF's avoid residential areas
- ▣ Rebates to Schools & County takes 1/3
- ▣ Beginning Redevelopment Agreement is  
1/3 Schools, 1/3 City, 1/3 Developer  
- Can offer developer more for great projects
- ▣ Pay as you go TIF agreements



# Why rebates to schools?

- ▣ Public support
- ▣ Right thing to do
  - Helps those who need it
  - Quality schools lead to a quality city
- ▣ Goodwill for the future – County believes TIF is a 4-letter word



# Getting TIF Time Extensions

- ▣ Requires act of the General Assembly
- ▣ Need letter of support from every taxing body
- ▣ They have been waiting 23 years!
- ▣ So.....we offer them a lot where possible



# Extension Agreement with Schools & County

- ▣ Agree to declare a SURPLUS for a portion of the taxes generated by all existing buildings in the TIF when the extension agreement is signed, with payments beginning when the TIF would have ended.
- ▣ New development and vacant land is EXEMPT from surplus.
- ▣ Still have rebates on new development like before

# What is Surplus?

- ▣ City can declare that they have more money in the TIF fund than you can spend and give it back to the county.
- ▣ County then splits the returned money between all taxing bodies like normal
- ▣ Surplus funds often have fewer spending strings than normal taxes



# Extension Agreement Process

- ▣ Start with school superintendents and one or two board members.
- ▣ Explain long term advantages. Make offer.
- ▣ Make presentation to entire board. Expect them to ask for more.



- ▣ After schools, go to all the other taxing bodies

# What if 100% surplus is too much for extension to succeed?

- ▣ Critical projects
- ▣ Make your case on why it is better for them in the long run
- ▣ Ottawa Downtown TIF extension  
gave 50% Surplus
- ▣ Might exempt a critical project from all surplus and rebates



# Final Results

- ▣ All treated fairly - Fruits of past project successes are shared
- ▣ Community-wide support
- ▣ TIF continues - Development continues



The background of the slide is a photograph of a street in Oswego, NY. On the right side, there is a two-story red brick building. A large blue historical marker is mounted on the brick wall, featuring the word 'OSWEGO' at the top and illustrations of two figures. The sun is shining brightly from behind the building, creating a lens flare effect. On the left side of the street, several cars are parked along the curb. Trees with autumn foliage are visible in the background.

# Village of Oswego Main & Washington TIF

2024 ILCMA Winter Conference  
Dan Di Santo, Village Administrator



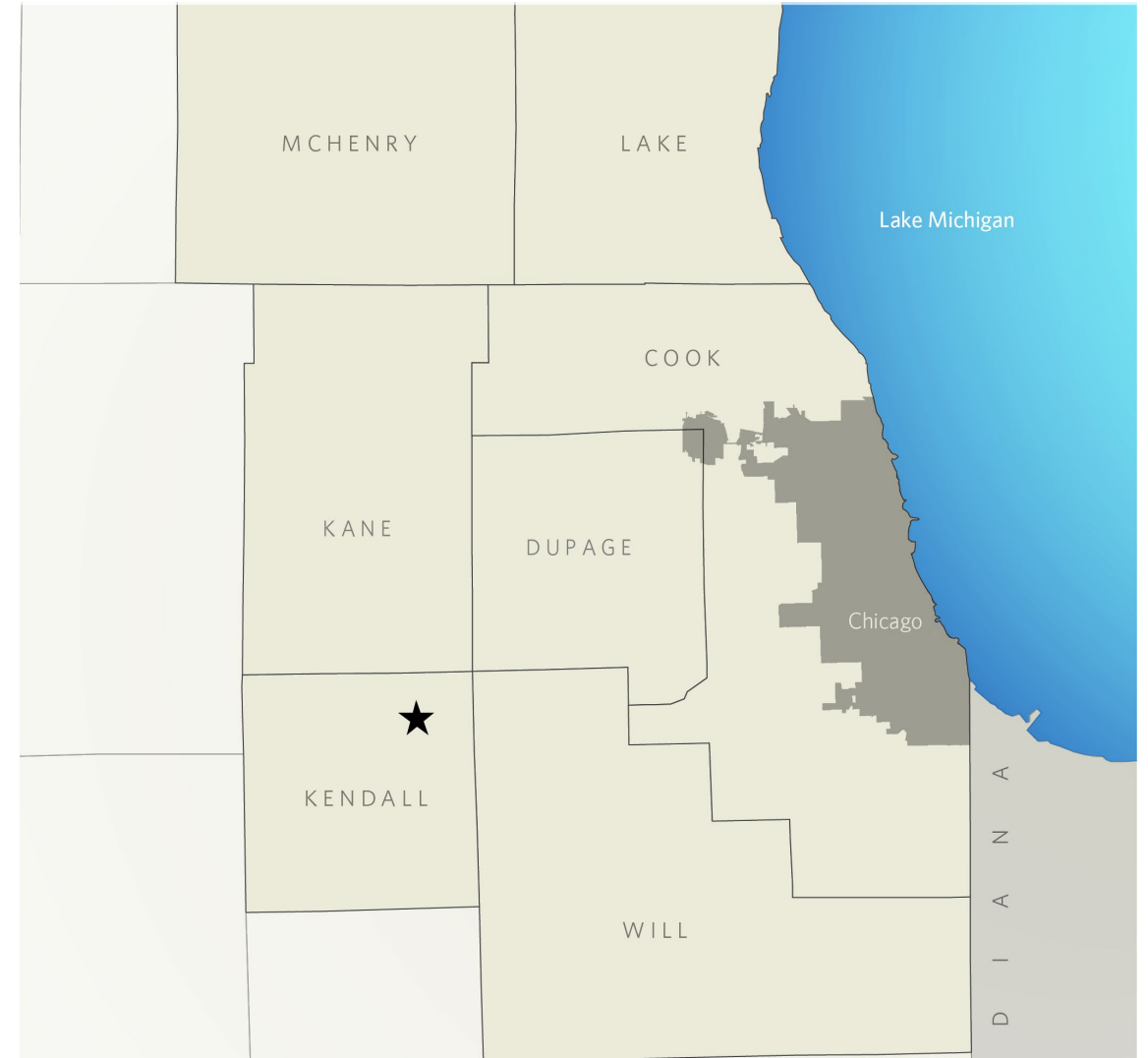
# Discussion Points

- Oswego Background
- TIF Background
- Reserve at Hudson Crossing
- Block 11
- Other Projects
- What's Next





- Located 35 miles west of Chicago
- Population: 35,850
- Largest municipality in Kendall County
- One of the fastest growing municipalities in Illinois for the past 20 years
- Downtown Oswego is listed on the National Register of Historic Places







# TIF Background

- Originally considered a downtown TIF in 2009
- Redevelopment considered for the former Alexander Lumber yard along the Fox River
- 2 vacant parcels totaling 2.5-acres
- Proposal for mixed-use development
- Village Board at the time denied the request for incentive and declined to pursue a TIF District
- Board stated that development would happen on its own



# TIF Background

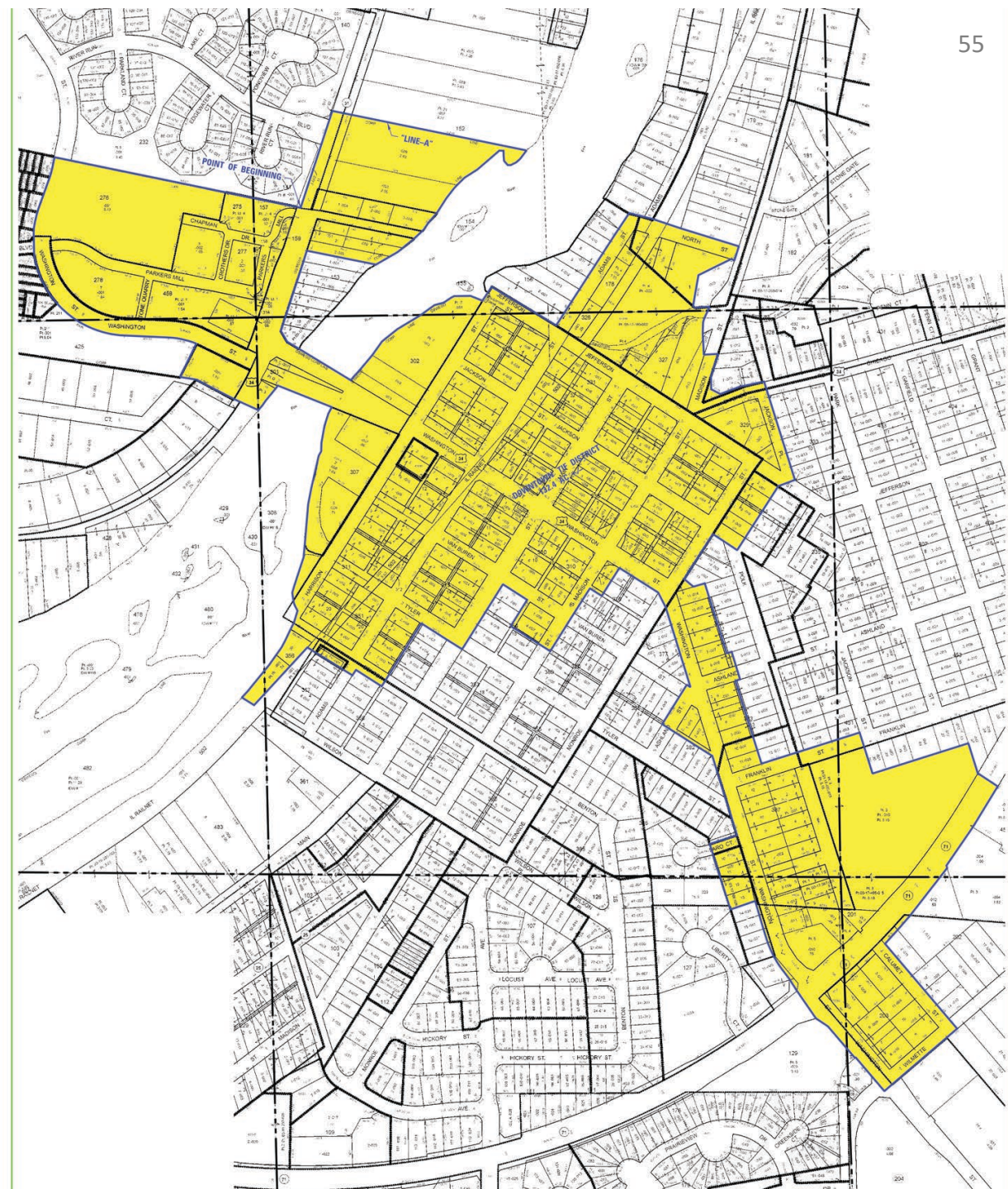
- The Great Recession led to a prolonged period of inactivity
- In 2015, a new mayor and Board were elected
- First conducted a Comprehensive Plan update
- One of their main goals was to develop the former lumberyard and establish a TIF District
  - Downtown property values declined 22% from 2009 to 2014
  - 65% of downtown structures were over 35 years old
  - 46% of the properties were deteriorating





# Oswego's First TIF

- Established on September 6, 2016
- Goals:
  - Halt declining property values
  - Stabilize and increase property values through public improvements
  - Promote private investment
  - Allows properties to redevelop that would otherwise deteriorate
  - Strengthen sales tax base of downtown and expand employment opportunities
- Voted 5 to 1 with County dissenting





# Alexander Lumber Redevelopment

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- Village purchased the Alexander Lumber property in December 2016 for \$1.5m
- In January 2017, the Village issued an invite-only RFP to hand-selected developers
- The Shodeen Group out of Geneva, IL was selected by a committee as the preferred developer
- In December 2017, the Village approved a redevelopment agreement with Shodeen to build the Reserve at Hudson Crossing
- In February 2018, the Village acquired a strip of property from IDOT along Rt. 34 for \$47,000







## Reserve at Hudson Crossing

- 280 luxury apartments within 2 buildings
- 460 public parking spaces within 2 shared parking decks, to be owned by the Village
- 10,000 sf of first-floor commercial space
- Reconstruction of public streets surrounding the development

# Project Financing

- \$69m total project value
- Shodeen Obligations:
  - Payment of \$46m private development costs
  - Payment of property taxes (TIF increment) on \$16m GO bonds
  - SSA established to cover any debt service shortfall
- Village Obligations:
  - Determined that without public assistance, the project would not be feasible
  - Alexander Lumber and IDOT property transferred to Shodeen at no cost
  - Village façade grant of \$900,000 for architectural enhancements
  - Village funds off-site public improvements, estimated at \$4.6m
    - Street reconstruction, streetscape, utility extensions, burial of overhead utility wires
  - Waiver of all impact fees (including those to other governments)
- Upper Illinois River Valley Development Authority (UIRVDA)
  - State of Illinois Enterprise Zone authority, valued at \$800,000



# Results

- Apartments opened in February 2021
- Tabletop Game Shop opened in June 2022
- Oak & Bean coffee and wine shop opened in December 2022
- Soul Flo Yoga opened in May 2023

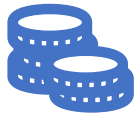


# Challenges

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Justifying the  
Incentive



Difficulty  
Financing



COVID-19  
Pandemic



Political  
Firestorm



Still No Marquee  
Restaurant

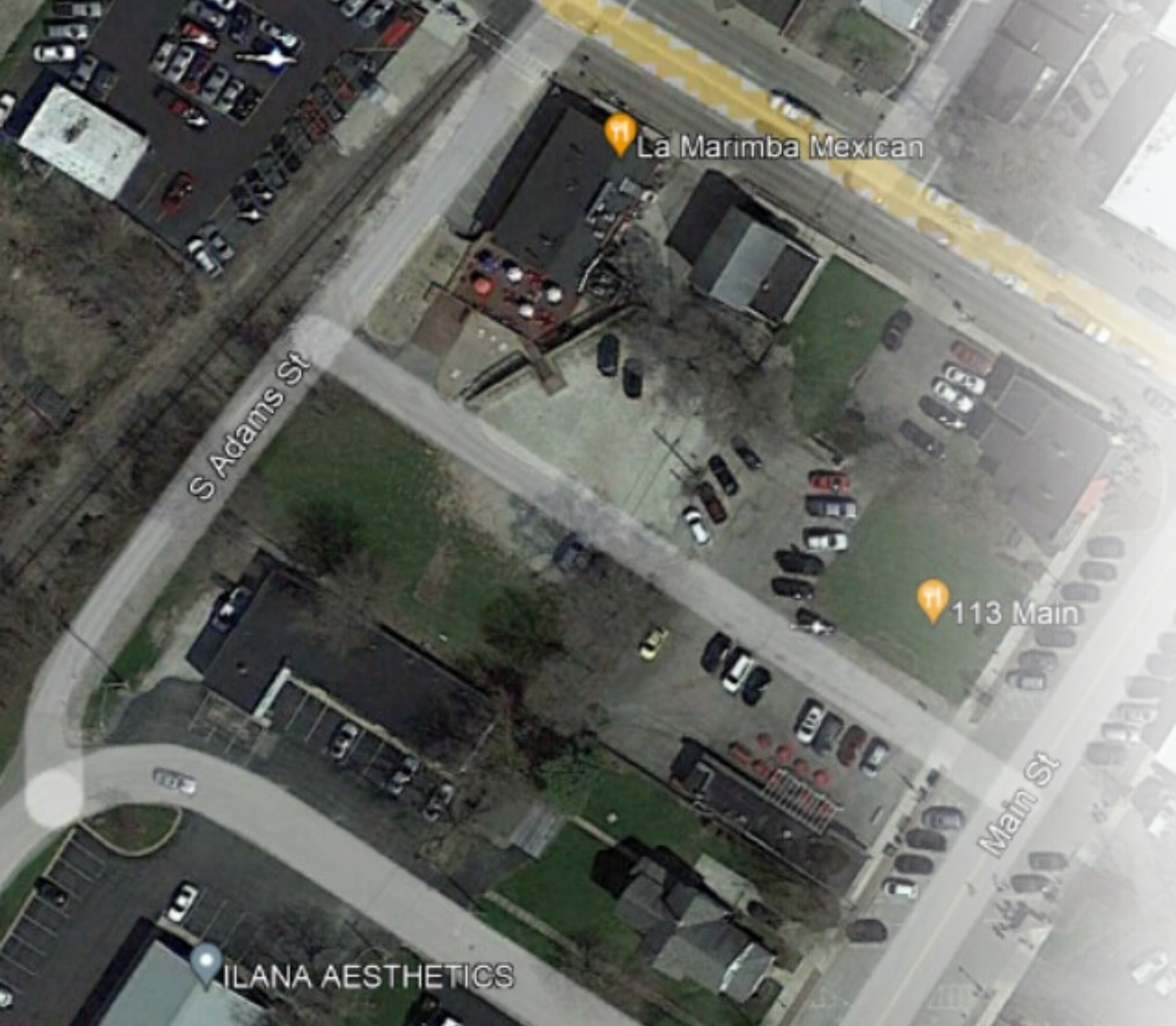


Interest Rates &  
Inflation



# Block 11

- Bounded by Illinois Railway tracks, Rt. 34 and Main Street
- On the south side of 34, away from the main drag of Main Street
- Little development activity over the years
- Four Village-owned sites
  - Former Village Hall
  - Former Chamber of Commerce
  - Former Firehouse Pizza
  - Former “hotel”
- Home to the legendary Dairy Hut



# 113 Main

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- Redevelopment agreement with Imperial Investments for old Village Hall site
- 113 Main restaurant on the first floor, offices on second and third
- Opened January 2021
- Incentives:
  - Free property
  - Pad-ready
  - Reconstructed alley
  - Development of new public parking lot
  - Shared refuse





# La Marimba

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- Village owned former Firehouse Pizza property
- Negotiated sale to former tenant
- Leased to La Marimba Mexican restaurant
- Opened May 2021





# Dairy Barn

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- Imperial Investments acquired the former Dairy Hut and developed the Dairy Barn
- Opened in March 2022
- Incentive:
  - Sales tax sharing agreement
  - \$70,000 over 5 years





# Public Parking

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- Village constructed 24-space parking lot behind Dairy Barn (May 2020)
- 113 Main and Dairy Barn restaurants asked for more public parking
- Constructed in coordination with a water main replacement
- Negotiated parking easements with three private property owners



# Challenges

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63 W Washington deal collapse (COVID)

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113 Main construction delays (COVID)

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Dairy Barn closed in less than 1 year

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Oswego Brewing Company closed

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Parking easement negotiations

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IDOT approval for traffic signals

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# Other Projects (No Incentives!)

- 7-Eleven
  - Opened September 2020
- Fox Valley Winery
  - Relocated downtown in October 2021
- The Brant at Oswego
  - Under construction behind Village Hall
  - 47 independent senior townhomes
  - 66 assisted living units
  - 32 memory care units
  - Constructing new shared parking lot
  - Increment of \$500,000/year anticipated
- Scooter's Coffee
  - Construction commencing soon
  - Village acquired adjacent lot from IDOT and sold to Scooter's





# What's Next?

- Train Horn Quiet Zone
- Actively marketing several other downtown development sites
- Village acquired property at the edge of the TIF
- Freddie's Off the Chain Mexican restaurant under construction
- Public art
- Incentives available for restaurant conversions





# Attracting & Financing Economic Development

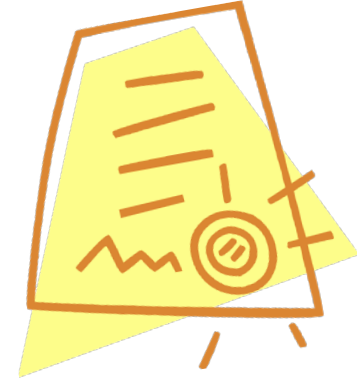
Incentivizing New Private Investment with Tax Increment Financing:

- **Redevelopment Agreements – in all cases.**

- Keep agreements legal but be creative.

- **“Pay-as-you-go” Reimbursements.**

- Often “net” of any commitments to intergovernmental agreements and a proportionate amount of annual administrative costs.



- **TIF Revenue Bonds:**

- Can be tax exempt.
  - Can include credit enhancements.

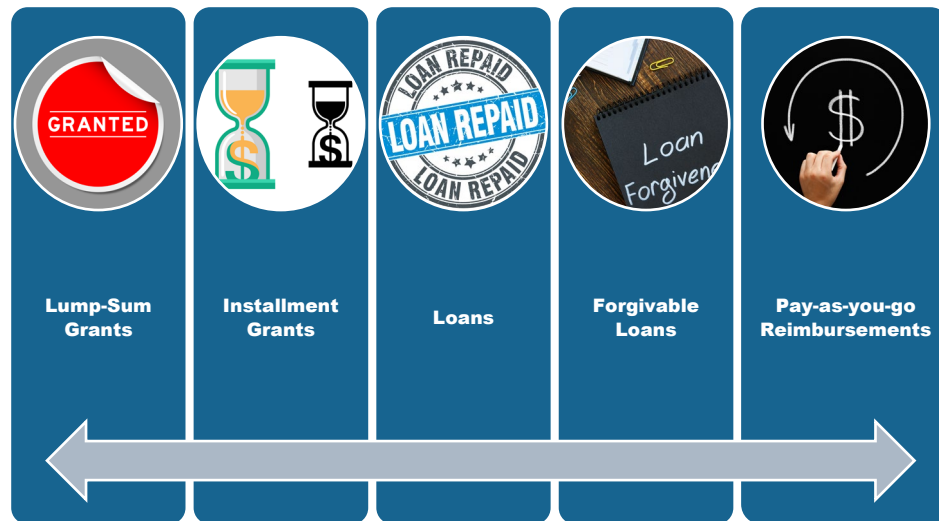
- **TIF Notes or Other Obligations.**

Carefully study the facts and figures, then seek qualified advice before issuing debt.

Note that providing specific financial recommendations are now subject to “Municipal Advisor” rules which were passed by Dodd-Frank Legislation in 2010. Municipal Advisor rules are established by the Municipal Securities Rulemaking Board and are enforced by the Securities Exchange Commission.

# Can TIF Funds be combined with other funding sources?

Yes, and in a variety of ways.



Redevelopment agreements may include a combination of these approaches too!

Some form of written redevelopment agreement that is approved by municipal resolution or ordinance is required by law. Always.

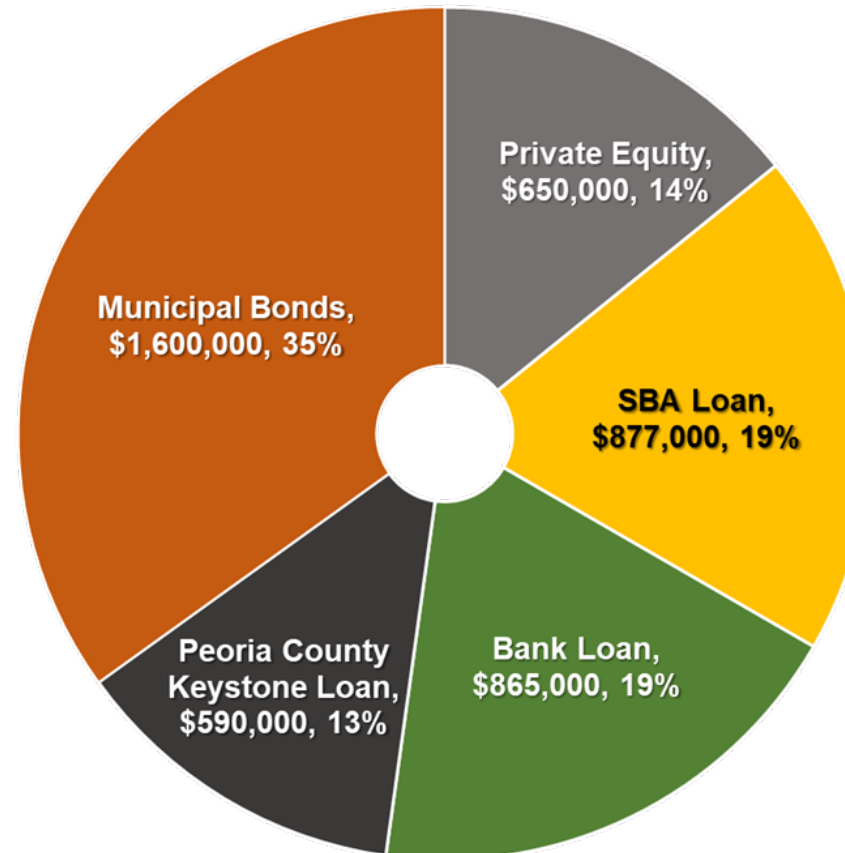


# THE TREFZGER'S DEAL NEEDED TIF TO FILL A GAP

## Municipal Bonds

- Negotiated/Private Placement with local Bank
- TIF Increment (soft pledge)
- Sales Tax (soft pledge)
  - Local 1.0%
  - Home Rule tax 1.5%
  - Food & Beverage Tax 2.0%
  - Bus. Dev. District Tax of 1.0%
- Special Service Area Tax
- Subordinated Mortgage
- G.O. Backed

## Funding Structure



**“Multi-Source Financing” is necessary for Private Redevelopment Projects.**

**PEORIA HEIGHTS TIF DISTRICT 1**  
**TREFZGER'S BAKERY PROJECT**  
**\$1,824,387 2016 G.O. BOND & 2022 G.O. REFUNDING BOND**

|                                  |            |           |           |           |           |           |           |           |           |           |           |           |             |
|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| 1/26/2024                        | TIF FORMED |           |           | 1         | 2         | 3         | 4         | 5         | 6         | 7         | 8         | 9         | 10          |
| Calendar Year of Receipts        | 2015       | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      | 2027        |
| Real Estate Tax Increment (RETI) |            |           |           | \$83,652  | \$83,372  | \$70,756  | \$69,501  | \$66,698  | \$65,504  | \$67,142  | \$68,820  | \$70,541  | \$72,304    |
| Total Mun. Sales (MST) & BDD Tax |            |           | \$105,903 | \$150,095 | \$100,000 | \$100,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000   |
| SSA Funds Needed (Shortfall)     |            |           |           |           |           |           |           |           |           |           |           |           |             |
| Total RETI, MST & BDD Available  |            |           | \$105,903 | \$213,747 | \$163,372 | \$170,756 | \$189,501 | \$186,698 | \$185,504 | \$187,142 | \$188,820 | \$190,541 | \$192,304   |
| Total RETI, MST & BDD Pledged    |            |           |           | \$213,747 | \$163,372 | \$170,756 | \$189,501 | \$186,698 | \$185,504 | \$187,142 | \$188,820 | \$190,541 | \$192,304   |
| G.O. Bond Payment                |            |           |           | \$86,750  | \$151,450 | \$148,375 | \$118,653 | \$114,783 | \$117,823 | \$120,723 | \$123,483 | \$131,103 | \$133,443   |
| Debt Service Coverage            |            |           |           | 2.46      | 1.08      | 1.15      | 1.60      | 1.63      | 1.57      | 1.55      | 1.53      | 1.45      | 1.44        |
| Remaining Balance of Funds       |            |           | \$105,903 | \$126,997 | \$11,922  | \$22,381  | \$70,848  | \$71,915  | \$67,681  | \$66,419  | \$65,337  | \$59,438  | \$58,861    |
|                                  |            |           |           |           |           |           |           |           |           |           |           |           |             |
|                                  | 11         | 12        | 13        | 14        | 15        | 16        | 17        | 18        | 19        | 20        | 21        | 22        |             |
| Calendar Year of Receipts        | 2028       | 2029      | 2030      | 2031      | 2032      | 2033      | 2034      | 2035      | 2036      | 2037      | 2038      | 2039      | TOTALS      |
| Real Estate Tax Increment (RETI) | \$74,112   | \$75,965  | \$77,864  | \$79,810  | \$81,806  | \$83,851  | \$85,947  | \$88,096  | \$90,298  | \$92,555  | \$94,869  | \$97,241  | \$1,700,702 |
| Total Mun. Sales (MST) & BDD Tax | \$120,000  | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$120,000 | \$2,735,998 |
| SSA Funds Needed (Shortfall)     |            |           |           |           |           |           |           |           |           |           |           |           | \$0         |
| Total RETI, MST & BDD Available  | \$194,112  | \$195,965 | \$197,864 | \$199,810 | \$201,806 | \$203,851 | \$205,947 | \$208,096 | \$210,298 | \$212,555 | \$214,869 | \$217,241 | \$4,436,700 |
| Total RETI, MST & BDD Pledged    | \$194,112  | \$195,965 | \$197,864 | \$199,810 | \$201,806 | \$203,851 | \$205,947 | \$208,096 |           |           |           |           | \$3,475,833 |
| G.O. Bond Payment                | \$140,643  | \$142,563 | \$149,343 | \$150,843 | \$157,203 | \$168,283 | \$173,943 | \$158,709 |           |           |           |           | \$2,488,114 |
| Debt Service Coverage            | 1.38       | 1.37      | 1.32      | 1.32      | 1.28      | 1.21      | 1.18      | 1.31      |           |           |           |           |             |
| Remaining Balance of Funds       | \$53,469   | \$53,402  | \$48,521  | \$48,967  | \$44,603  | \$35,568  | \$32,004  | \$49,386  | \$210,298 | \$212,555 | \$214,869 | \$217,241 | \$1,948,586 |

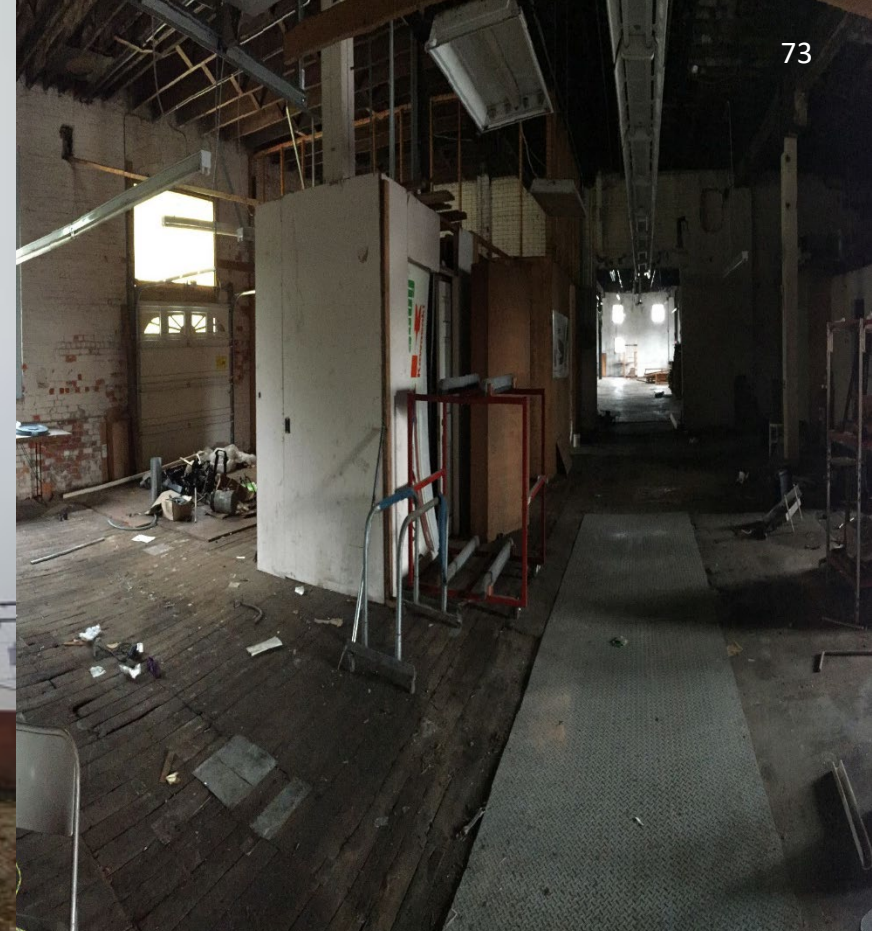
| Real Estate Assumptions      |             |
|------------------------------|-------------|
| Total Projected Market Value | \$2,334,810 |
| Projected Taxable Value      | \$778,270   |
| 2014 TIF Base EAV            | \$64,280    |
| Real Estate Tax Increment    | \$65,504    |
| Parcel No. 14-22-455-008     |             |

| Variables                 |             |
|---------------------------|-------------|
| Inflation Rate            | 2.5%        |
| Total Tax Rate (2022)     | 9.17430%    |
| MST & BDD Tax Rate        | 2.00%       |
| Total Annual Retail Sales | \$6,000,000 |
| Trefzger's MST & BDD Tax  | \$120,000   |

| Bond Assumptions       |             |
|------------------------|-------------|
| Total Principal Amount | \$1,824,387 |
| Interest Rate (2016)   | 5.125%      |
| Interest Rate (2022)   | 2.800%      |

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BEFORE







**AFTER:**  
**TOTAL INVESTMENT \$4.1M**

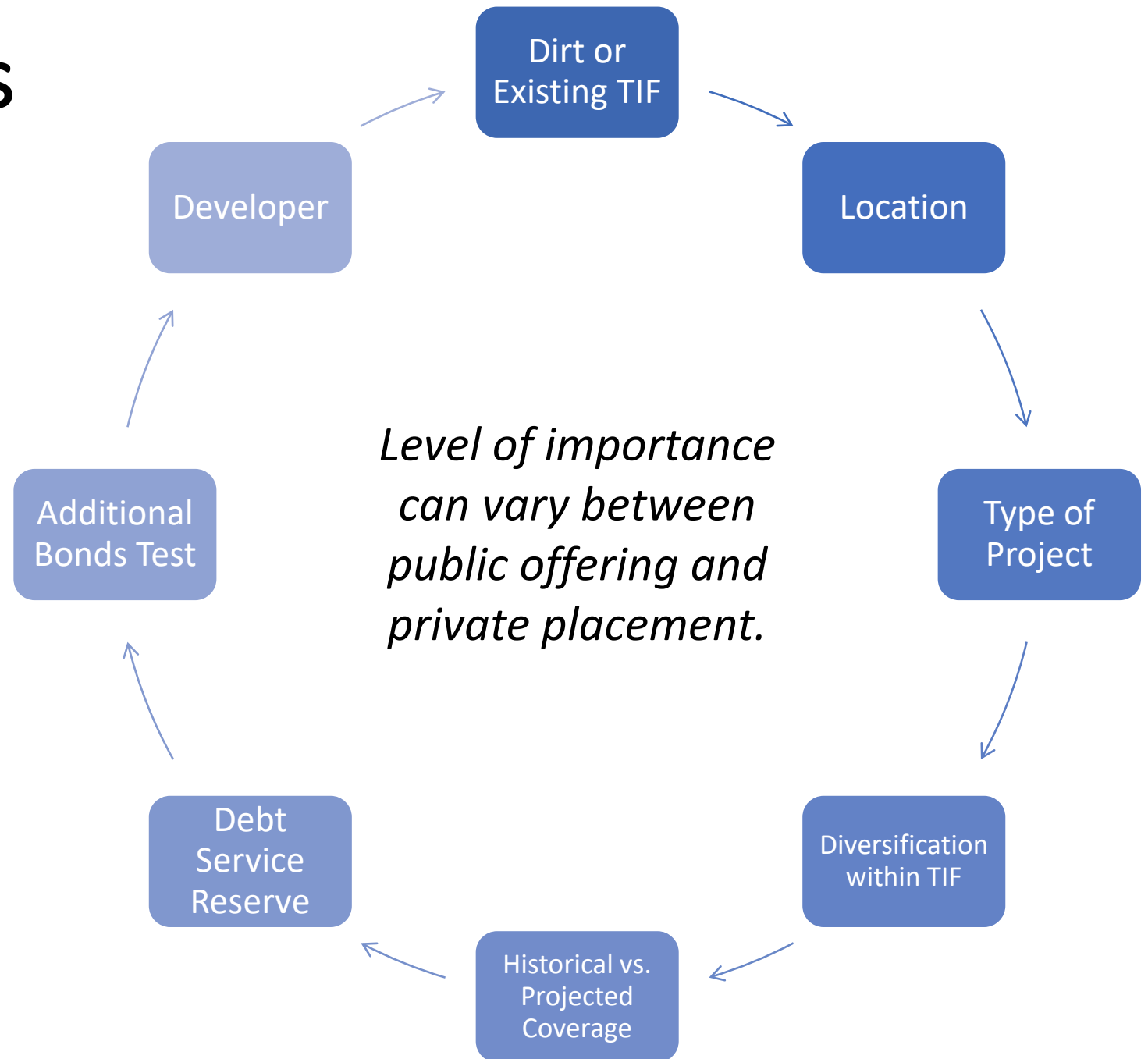




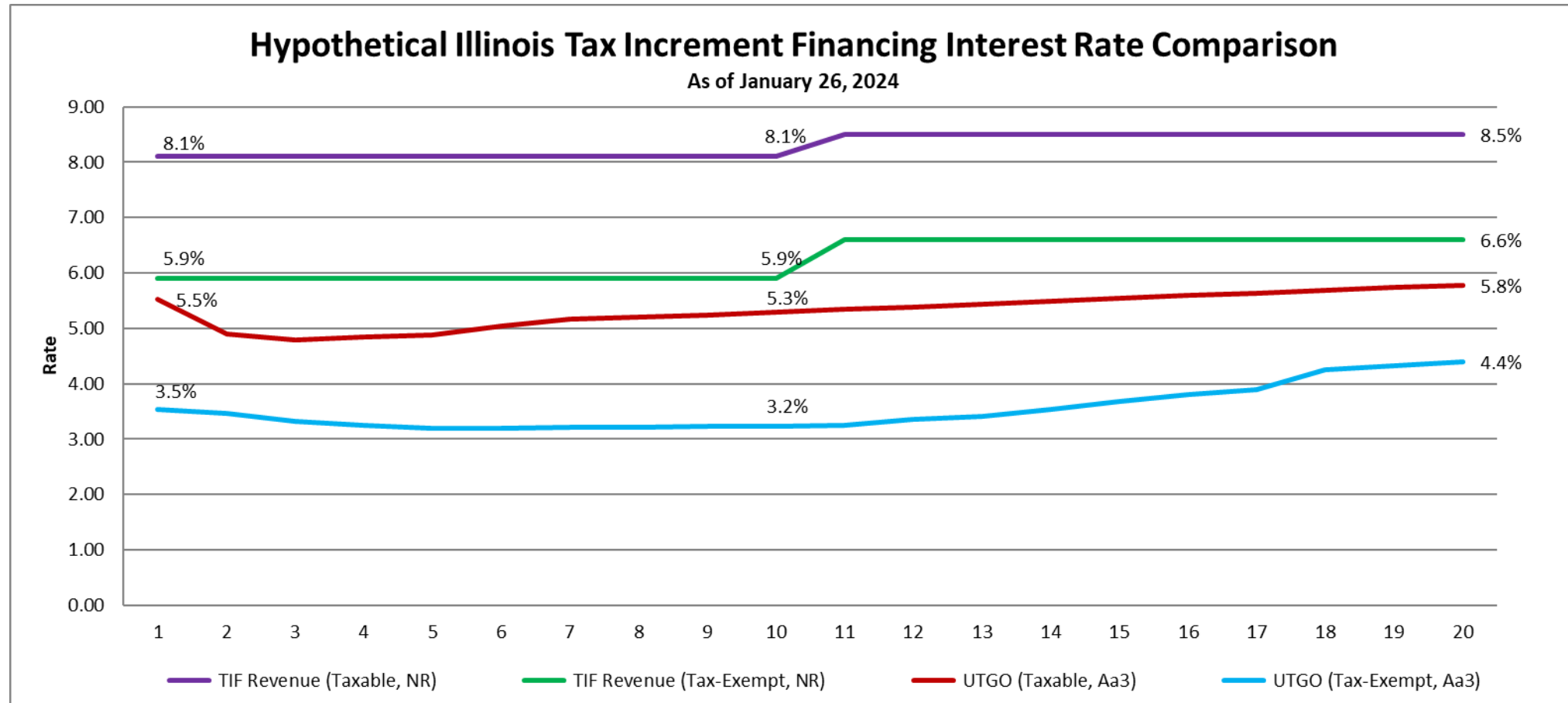
# Key Credit Factors



*Bond covenants and interest rates will vary for each transaction.*



# Current Interest Rate Environment



This illustration represents hypothetical rates for non bank qualified or taxable general obligation bonds rated Aa3 or non rated tax increment revenue bonds as of January 26, 2024. The tax increment revenue bonds assume a debt service reserve and coverage levels of at least 1.25x based on historical increment. Actual rates may vary. This illustration provides information and is not intended to be a recommendation, proposal or advice.

- Trading differential between GO and pure TIF revenue bonds is ~200 to 300 basis point (2.0%-3.0%).
- Difference between tax-exempt and taxable ranges throughout the curve, but averages ~175 basis points (1.75%) for GO and ~200 basis points (2.00%) for TIF revenue.



# Minimizing Risk on GO Bonds – Example 1

FINAL OFFICIAL STATEMENT DATED DECEMBER 10, 2019

NEW ISSUE  
Book-Entry Only

Moody's Investment Rating: "Aa2"

*Interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein.*

\$14,585,000  
VILLAGE OF OSWEGO  
KENDALL AND WILL COUNTIES, ILLINOIS  
Taxable General Obligation Bonds, Series 2019

Dated: The Date of Delivery

Due: See inside cover

The \$14,585,000 Taxable General Obligation Bonds, Series 2019 (the "Bonds"), will be issued by the Village of Oswego, Kendall and Will Counties, Illinois (the "Village") in fully registered form in denominations of \$5,000 or authorized integral multiples thereof. Semi-annual interest on the Bonds shall be payable on each June 15 and December 15 commencing June 15, 2020. The bond registrar and paying agent for the Bonds is Zions Bancorporation, National Association, Chicago, Illinois (the "Bond Registrar" and "Paying Agent"). The Bonds will be issued only in fully registered form and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any authorized integral multiple thereof. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. See "THE BONDS – Book-Entry Only System" herein.

The proceeds from the sale of the Bonds will be used to (i) pay or reimburse certain redevelopment project costs within the Main Street/ Washington Street Redevelopment Project Area (the "Main Street/Washington Street TIF"), (ii) pay capitalized interest through December 15, 2022, and (iii) pay certain expenses relating to the issuance of the Bonds. See "THE FINANCING" herein.

The Bonds are valid and legally binding upon the Village and are payable from (i) unlimited ad valorem taxes levied on all taxable property in the Village without limitation as to rate or amount (the "Ad Valorem Property Taxes") and any funds of the Village legally available for such purpose, and (ii) ratably and equally with certain other bonds hereafter issued by the Village, (a) incremental property taxes, if, as and when received, derived from the Main Street/Washington Street TIF and (b) the amounts on deposit in and to the credit of the various funds and accounts of the special tax allocation fund heretofore created for the Main Street/Washington Street TIF. See "THE BONDS – Security" herein.

The Bonds are subject to optional redemption prior to maturity. See "THE BONDS – Redemption Prior to Maturity" herein.

This cover page contains certain information for quick reference only. It is not a summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and received by Robert W. Baird & Co. Incorporated, Naperville, Illinois (the "Underwriter"), subject to prior sale, withdrawal, or modification of the offer without notice and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"). Certain legal matters will be passed upon for the Underwriter by its counsel, Ice Miller LLP, Chicago, Illinois. It is anticipated that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about December 30, 2019.

BAIRD

Capitalized Interest During Construction Period

Dedicated Pledge of TIF Increment

Covered Abatement

SSA Tax Levied on Developer if Insufficient Increment to Cover Debt Service

# Minimizing Risk on GO Bonds – Example 2

*This municipality will be issuing GO Bonds.*

*To protect taxpayers, it built in a variety of protections within the Redevelopment Agreement and bond documents.*

## Dedicated Pledge of TIF Increment on GO Bonds

- Micro TIF District, increment generated solely from only one development.

## Maximum Rate of 6.5% Established in RDA

## Minimum Annual Increment Established in RDA

- If annual increment is less than the minimum established, the Developer will pay the difference on the second property tax installment date.
- Developer support payments through the life of the bonds.
- Bonds structured within life of TIF District and within these annual amounts.

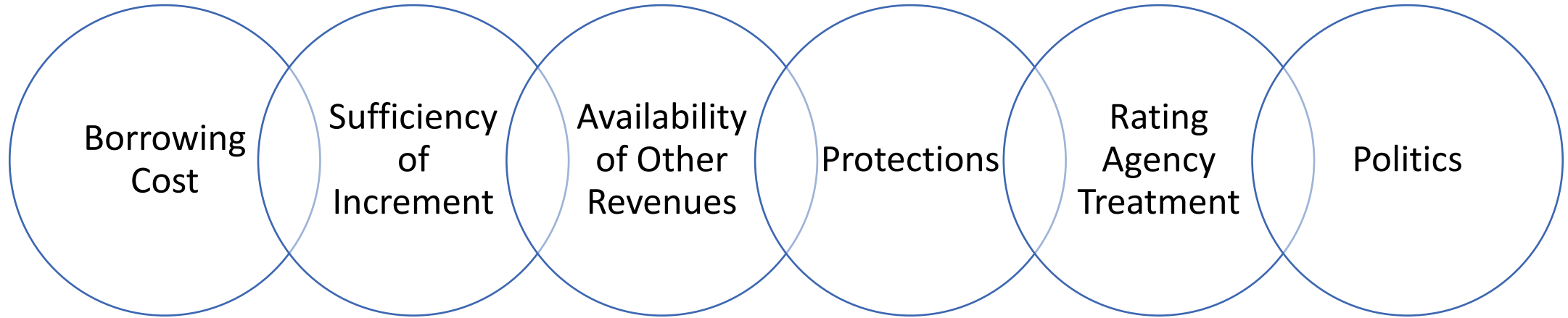
## Capitalized Interest During Construction Period

## Bond Proceeds are Disbursed to the Developer upon Meeting Milestones

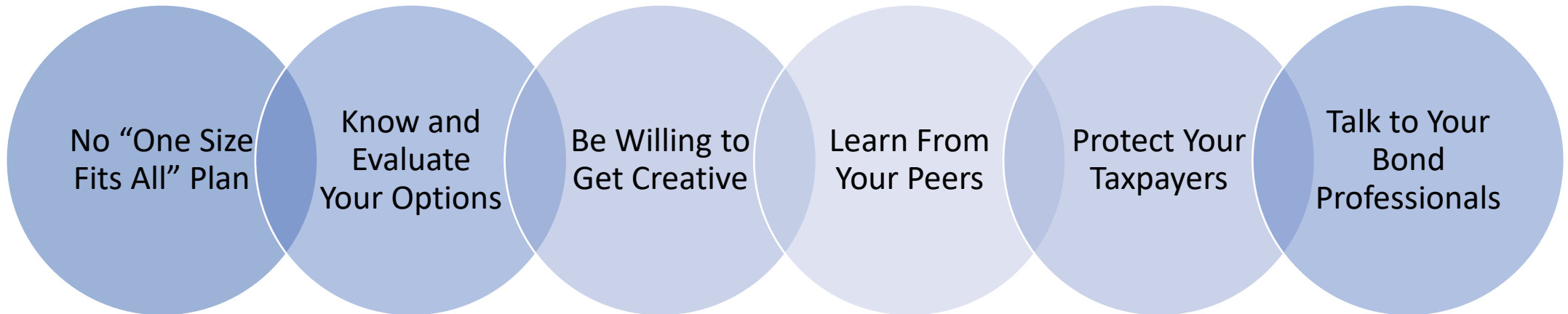
## City gets a Lien on the Property if the Developer Defaults on Obligations



# Factors to Consider When Evaluating Financing Options



## Best Practices





# Thank You for Attending!

We appreciated the opportunity to speak with you today.

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# Appendix -TIF Illinois Information

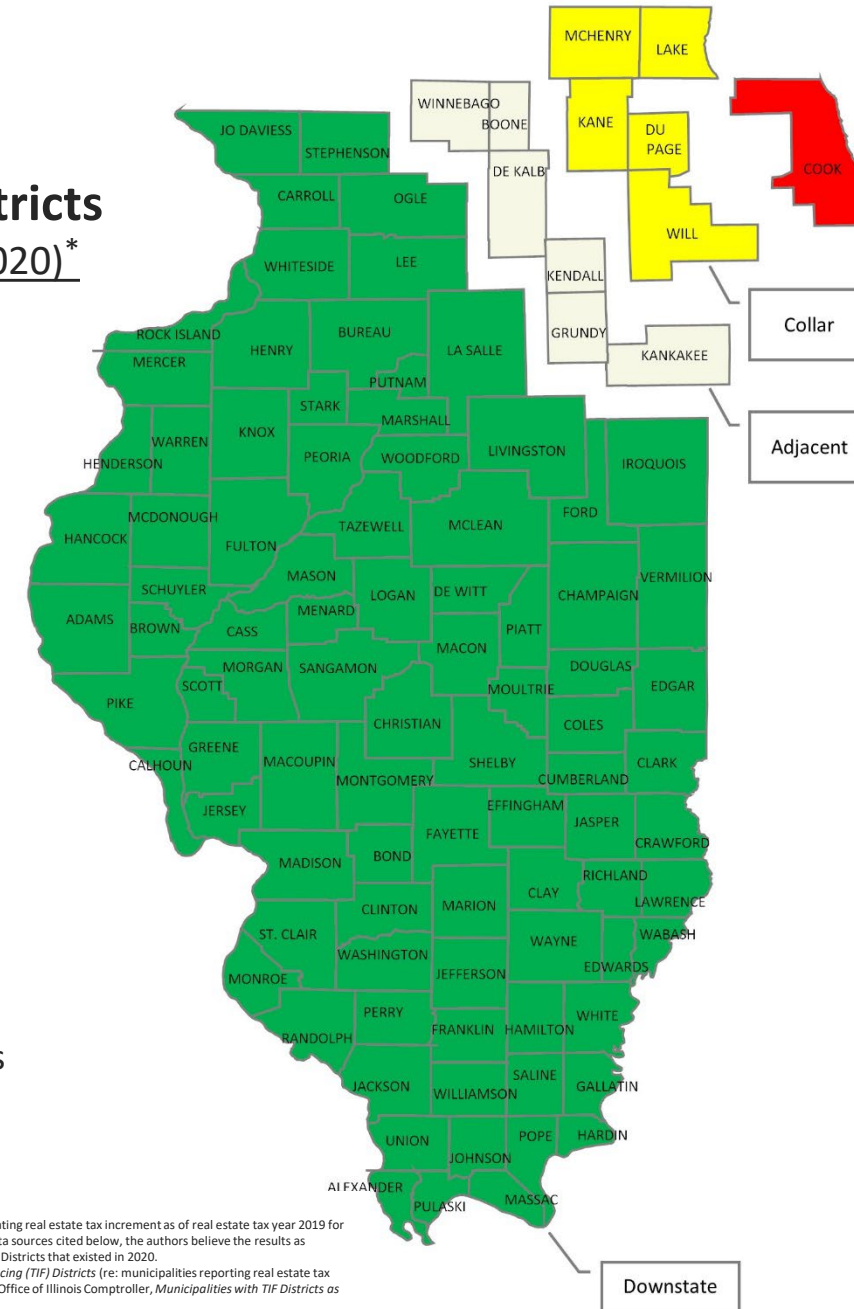


# Where is TIF used in Illinois?

“Tax Increment Financing is an essential tool for stimulating new private investment and economic development throughout Illinois.”

## 1401 Active TIF Districts in 97 Illinois Counties (2020)\*

- **425 (30%)**  
in Cook County, of which  
134 in City of Chicago
- **188 (14%)**  
in 5 Collar Counties
- **59 (4%)**  
in 6 Downstate/Adjacent Counties
- **729 (52%)**  
in 85 Downstate Counties



### Notes

\* For this analysis, active TIF Districts are defined as those believed to be generating real estate tax increment as of real estate tax year 2019 for taxes payable in 2020. Although variation in total count was reported by the data sources cited below, the authors believe the results as compiled herein represent a reasonable estimate of the relative numbers of TIF Districts that existed in 2020.

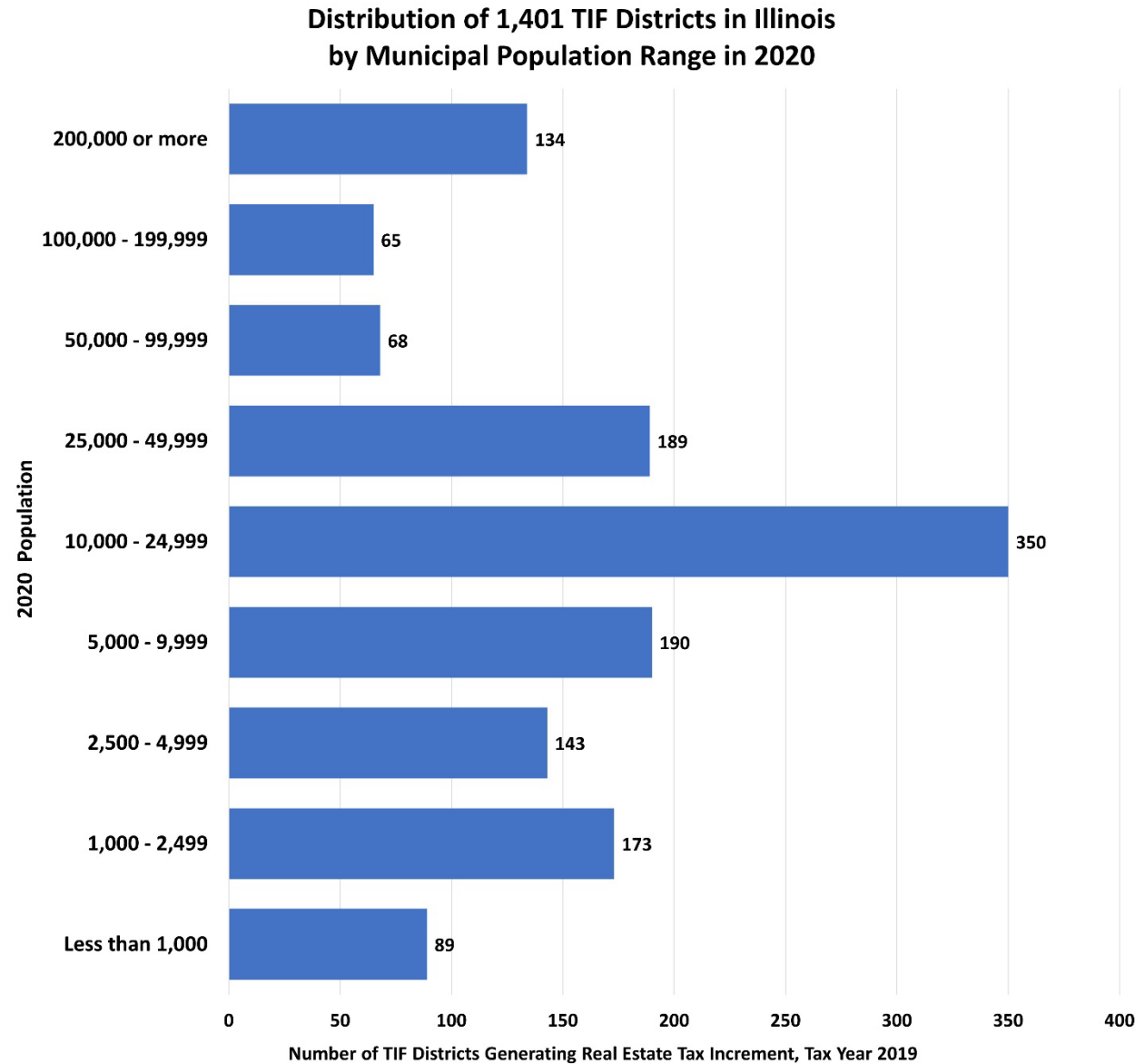
Data Sources: Illinois Department of Revenue, *Table 14A – Tax Increment Financing (TIF) Districts* (re: municipalities reporting real estate tax increment during FY2021 / tax Year 2019 for real estate taxes payable in 2020); Office of Illinois Comptroller, *Municipalities with TIF Districts as of August 26, 2020*.

Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois ([www.tifillinois.com](http://www.tifillinois.com)).



# Does TIF work for any size town?

“Tax Increment Financing  
is vital to  
municipalities of  
all population sizes.”



## Notes

Data Sources: Illinois Department of Revenue, *Table 14A – Tax Increment Financing (TIF) Districts* (re: municipalities reporting real estate tax increment during FY2021 / tax Year 2019 for real estate taxes payable in 2020); Office of Illinois Comptroller, *Municipalities with TIF Districts as of August 26, 2020*; U.S. Bureau of the Census – 2020. Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois ([www.tifillinois.com](http://www.tifillinois.com)).

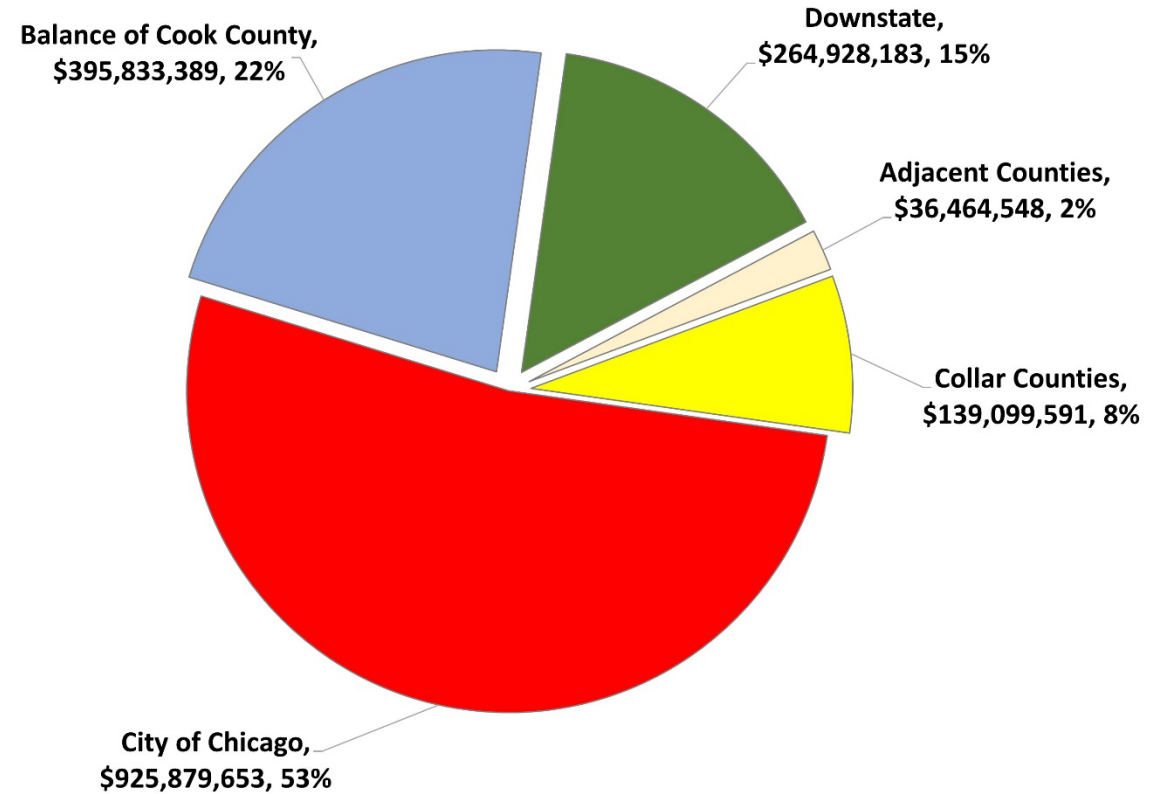
# How much TIF revenue is generated?

**“85% of**  
Real Estate Tax Increment  
was generated by municipalities  
located in Cook County & its  
Collar & Adjacent Counties.”

**“53% of**  
Real Estate Tax Increment  
was generated within  
the City of Chicago.”

**“15% of**  
Real Estate Tax Increment  
was generated by municipalities  
located in 85  
Downstate Counties.”

**Total TIF Real Estate Tax Increment Generated In Illinois  
Tax Year 2019**



## Notes

For this analysis, active TIF Districts are defined as those believed to be generating real estate tax increment as of real estate tax year 2019 for taxes payable in 2020. Although variation in total count was reported by the data sources cited below, the authors believe the results as compiled herein represent a reasonable estimate of the relative numbers of TIF Districts by region, as well as a reasonable estimate of total real estate tax increment reported for tax year 2019.  
Data Sources: Illinois Department of Revenue, *Table 14A – Tax Increment Financing (TIF) Districts* (re: municipalities reporting real estate tax increment during FY2021 / Tax Year 2019 for real estate taxes payable in 2020); Office of Cook County Clerk, *Abstract of Valuations, Levies, Tax Rates, and Tax Extensions, Tax Year 2019*.  
Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois ([www.tifillinois.com](http://www.tifillinois.com)).



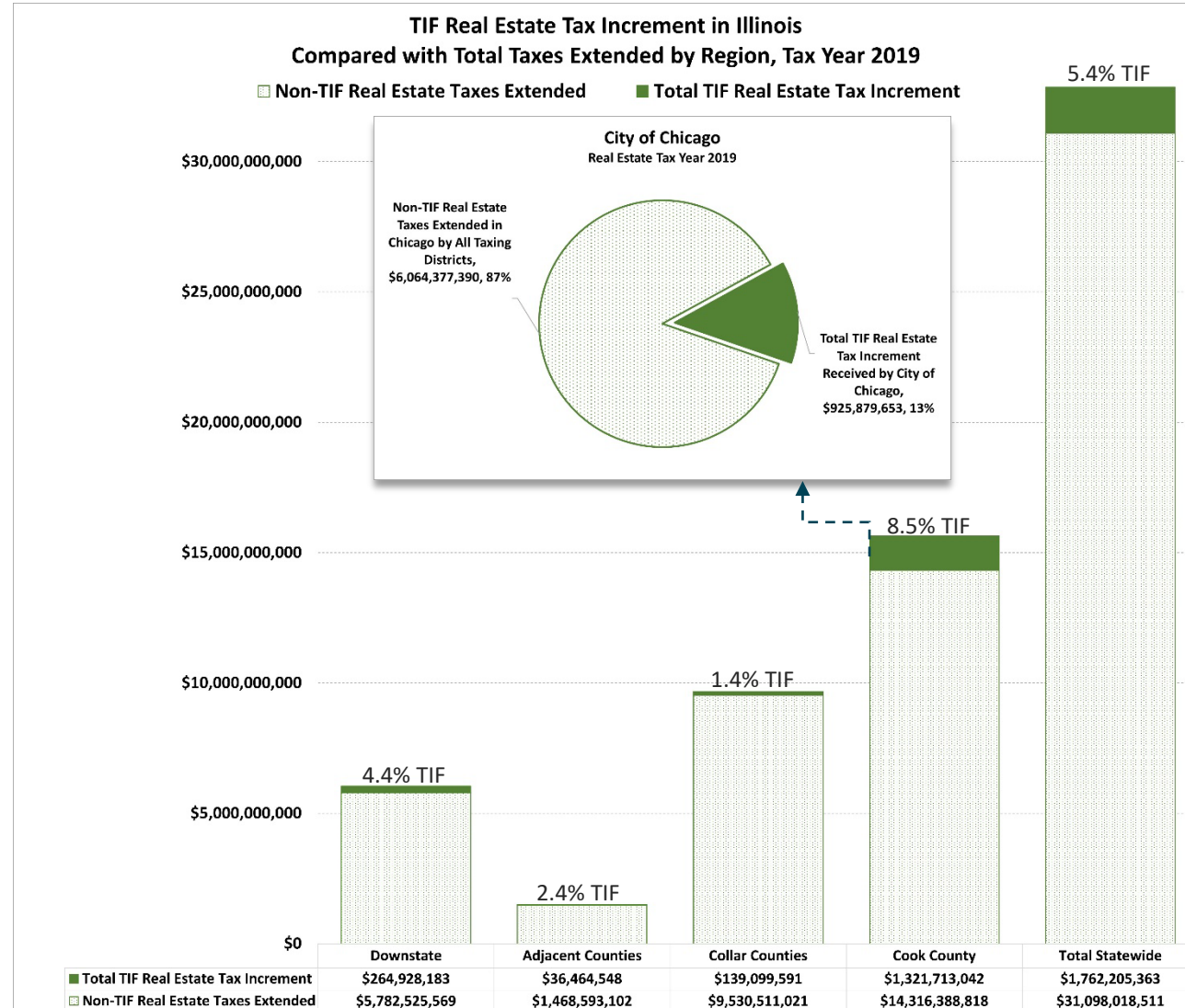
# How does TIF fit in?

*When combining TIF and Total Real Estate Taxes Extended for tax year 2019...*

“TIF accounted for just **5.4%** of Statewide Real Estate Tax Revenue for tax year 2019.”

“**13%** of Total Real Estate Tax Revenue received by Chicago was TIF Increment.”

“TIF accounted for just **4.4%** of total Real Estate Tax Revenue Downtstate.”



## Notes

For this analysis, active TIF Districts are defined as those believed to be generating real estate tax increment as of real estate tax year 2019 for taxes payable in 2020. Although variation in total count was reported by the data sources cited below, the authors believe the results as compiled herein represent a reasonable estimate of the relative numbers of TIF Districts by region, as well as a reasonable estimate of total real estate tax increment reported for tax year 2019. TIF Increment is reallocated (separately) on the incremental increase in equalized assessed valuation multiplied by the same total real estate tax rate applied to real estate taxes extended per amounts levied by applicable taxing districts. Data Sources: Illinois Department of Revenue, *Table 14A – Tax Increment Financing (TIF) Districts* (re: municipalities reporting real estate tax increment during FY2021 / Tax Year 2019 for real estate taxes payable in 2020) and *Table 1 – 2020 Comparison of EAV and Taxes Extended, 2019 to 2020*; Office of Cook County Clerk, *Abstract of Valuations, Levies, Tax Rates, and Tax Extensions, Tax Year 2019*; Office of Cook County Clerk, *Agency Tax Report, City of Chicago, Tax Year 2019*; Office of Cook County Clerk, *2019 Cook County Tax Rates Released* (Property Tax Snap Shot for Tax year 2019 Compared to Tax Year 2018) published June 20, 2020. Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois ([www.tifillinois.com](http://www.tifillinois.com)).

## WHAT ARE SOME COMMON MISCONCEPTIONS ABOUT TAX INCREMENT FINANCING?

- ✓ All you need to know about TIF is on the Internet
- ✓ TIF is an entitlement program
- ✓ The City will use TIF to take my property
- ✓ TIF will re-zone my property
- ✓ I didn't give my permission to include my property in the TIF Area
- ✓ TIF and Enterprise Zones cannot co-exist
- ✓ Residential TIF Districts are illegal
- ✓ Large vacant tracts do not qualify for TIF
- ✓ Other taxing bodies cannot benefit from TIF
- ✓ They would have built it anyway

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