

**AGENDA
LAKEWOOD CENTER TIF
ANNUAL MEETING
JOINT REVIEW BOARD
JULY 20, 2022
1900 HASSELL ROAD
Hoffman Estates, IL**

9:40 a.m. – Hennessy Room

- I. Call to Order**
- II. Approval of Minutes – July 14, 2021**
- III. Review of Year 2021 Compliance Report**
- IV. Question and Answers**
- V. Adjournment**

**Minutes
Lakewood Center TIF
Annual Meeting
Joint Review Board
July 14, 2021**

Board Members Present: Eric Palm, Village of Hoffman Estates, Chairman
Bev Romanoff, Resident Member
Lynne Cotshott, Hoffman Estates Park District
Bob Grapenthien, Harper College District #512
Jennifer Prindle, Community Unit School District #220

Guests Present: Rachel Musiala, Director of Finance
Arthur Janura, Corporation Counsel
Patti Cross, Asst. Corporation Counsel
Kevin Kramer, Director of Economic Development
Laurel Warren, Fiscal Operations Manager
Ashley Hines, Development Services Intern

I. Call to Order

Village Manager Eric Palm called the meeting to order at 1:23 p.m. Notices were sent via email to all members of the Joint Review Board in which they also received a copy of the Annual Report. No questions were received from the members. A distribution list and annual report will be attached to the minutes. Village Manager Palm gave a brief introduction. No questions were asked.

II. Election of Chairperson

Bev Romanoff made a motion to elect Eric Palm as Chairperson. Lynne Cotshott seconded the motion. A voice vote was taken. All ayes. Motion carried.

III. Approval of Minutes – July 20, 2020

A motion to approve the minutes was made by Bev Romanoff and seconded by Bob Grapenthien. A voice vote was taken. All ayes. Motion carried.

IV. Review of Year 2020 Compliance Report

Rachel Musiala, Director of Finance for the Village of Hoffman Estates presented a brief overview of the Annual Compliance Report. There was no audit as there have been no revenues received. Kevin Kramer gave an overview of the project in the TIF. Remodeling of the AT&T Campus began in November 2019 but then slowed due to COVID. They were able to pivot to less desks and spread out their co-working space (COLAB). The public space remodel is finished and open to the public with free wifi and a coffee shop. Four tenants occupy the spec office suites and another tenant just signed a lease for about 23,000 square feet. They are working on the residential aspect which is not within the boundaries of the TIF district but is critical to the overall development.

V. Question and Answers

No questions were asked.

VI. Adjournment

Motion to adjourn was made by Bev Romanoff and seconded by Bob Grapenthien. A voice vote was taken. All ayes. Motion carried. Chairman Palm adjourned the meeting at 1:29 p.m.



HOFFMAN ESTATES

GROWING TO GREATNESS

June 27, 2022

TO: ALL TAXING DISTRICTS ON ATTACHED LIST

FROM: RACHEL MUSIALA, DIRECTOR OF FINANCE

SUBJECT: LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA ANNUAL REPORT

In accordance with 65 ILCS 5/11-74.4-5-(d), the Village of Hoffman Estates is transmitting to all affected taxing districts the 2021 Annual Report of the Lakewood Center Redevelopment Project Area. This TIF was created in January, 2019 and will expire in December, 2042.

Any questions regarding this report can be directed to my attention.

Rachel Musiala
Director of Finance

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKWOOD CENTER REDEVELOPMENT PROJECT AREA

ANNUAL REPORT

DISTRIBUTION LIST

COOK COUNTY CLERK'S OFFICE

118 North Clark Street
Chicago, IL 60602
Karen A. Yarbrough, County Clerk
Clerk.yarbrough@cookcountyil.gov

NORTHWEST MOSQUITO ABATEMENT DISTRICT

147 West Hintz Road
Wheeling, IL 60090
James Thennisch, Director
jthennisch@nwmadil.com
Ewa Migacz, Office Manager
office@nwmadil.com

METROPOLITAN WATER RECLAMATION DISTRICT

100 East Erie Street
Chicago, IL 60611
Shellie Riedle, Budget Officer
riedles@mwrdd.org

COMMUNITY UNIT SCHOOL DISTRICT #220

515 W. Main Street
Barrington, IL 60010
Robert Hunt, Superintendent
rhunt@barrington220.org
David Bein, Asst. Supt. of Business Services
dbein@barrington220.org

BARRINGTON AREA LIBRARY

505 N. Northwest Highway
Barrington, IL 60010
Vicki Rakowski, Executive Director
vrakowski@balibrary.org
Cheryl Riendeau, Business Manager
criendeau@balibrary.org

BARRINGTON TOWNSHIP

602 S. Hough Street
Barrington, IL 60010
D. Robert Alberding, Supervisor
robertalberding@barringtontownship.com

FOREST PRESERVE DISTRICT OF COOK COUNTY

536 N. Harlem Avenue
River Forest, IL 60305
Arnold Randall, General Superintendent
arnold.randall@cookcountyil.gov

HOFFMAN ESTATES PARK DISTRICT

1685 West Higgins Road
Hoffman Estates, IL 60169
Nicole Hopkins, Director of Finance
nhopkins@heparks.org
Craig Talsma, Executive Director
ctalsma@heparks.org

HARPER COLLEGE DISTRICT #512

1200 W. Algonquin Road
Palatine, IL 60067
Rob Galick, Executive V.P. of Finance
rgalick@harpercollege.edu
Dulse Barraza, Exec. Asst. Finance & Admin. Svcs.
dbarraza@harpercollege.edu
Robert Grapenthien, Controller
rgrapent@harpercollege.edu

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021
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VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021
REDEVELOPMENT PLAN AMENDMENTS

A Lakewood Center Redevelopment Area Plan was approved on January 21, 2019. No amendments were made to the plan during the fiscal year ended December 31, 2021.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

CERTIFICATE OF COMPLIANCE

I, William D. McLeod, duly elected Village President of the Village of Hoffman Estates, State of Illinois, do hereby certify that the Village of Hoffman Estates has complied with all requirements pertaining to the Tax Increment Redevelopment Allocation Act during the fiscal year January 1, 2021 through December 31, 2021.

6-20-2022
Date

William D. McLeod
William D. McLeod
Village President

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021
CERTIFICATE OF COMPLIANCE

[See Attachment]

THE LAW OFFICE OF
ARTHUR JANURA, PC

2123 MULGUY COURT | INVERNESS, IL 60010
O: 224.655.7615 C: 224.210.4593 | JANURALAW@GMAIL.COM

March 22, 2022

The Honorable Susana A. Mendoza
Illinois Comptroller
James R. Thompson Center
100 West Randolph Street, Suite 15-1500
Chicago, IL 60601-3252

**Re: Village of Hoffman Estates
Lakewood TIF District
2021 Compliance**

Dear Comptroller Mendoza:

Subject to the qualifications and limitation herein, we are of the opinion that, for the period of January 1, 2021 to December 31, 2021, we are not aware of any material violation by the Village of any of the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act (the "Act") except for the annual meeting of the Joint Review Board.

Whenever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on the current actual knowledge of Arthur L. Janura. We have made no independent investigation as to such factual matters. We have not undertaken to identify or review any facts which could constitute any potential non-compliance by the Village under the Act.

This opinion is given as of the date hereof and we undertake no obligation to advise you or anyone else of any subsequent changes in any matter stated herein, changes in any law related thereto or changes in facts or any other matters that hereafter may occur or be brought to our attention. The opinion expressed herein is specifically limited to the laws of the State of Illinois and the Federal laws of the United States and no opinion express or implied, is rendered as to the effect that the law of any other jurisdiction might have upon the subject matter of the opinion expressed herein.

This opinion is rendered solely to the addressee hereof and is not to be quoted in whole or in part or otherwise referred to nor is it to be filed with any governmental agency or any other person nor is it intended to be relied upon, nor may it be relied upon, by any entity or individual other than such addressee without the prior written consent of this firm. No opinion may be inferred or implied beyond the matters expressly contained herein.

Very truly yours,

Arthur Janura P.C.

Arthur Janura P.C.

AJ/ds

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Receipts		
Property Taxes		\$ 598,796
Interest Earnings		64
Note Proceeds		7,612,445
Sub-total		8,211,305
 Disbursements		
Economic Development		7,750,281
Transfer to General Fund		9,549
Sub-total		\$ 7,759,830
 Excess (Deficit) of Receipts over Disbursements		\$ 451,475
 Balance, January 1, 2021		-
 Balance, December 31, 2021		\$ 451,475
 Ending Balance By Source:		
Property Taxes		\$ 451,475
Interest Earnings		-
Ending Balance, December 31, 2021		\$ 451,475

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

STATEMENT OF FUND BALANCE BY SOURCE AND YEAR

2021		
	Property Taxes	\$ 451,475
	Interest Earnings	<u>-</u>
	Total Fund Balance, December 31, 2021	<u><u>\$ 451,475</u></u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

STATEMENT OF EQUALIZED ASSESSED VALUE (EAV)
AND INCREMENTAL TAX REVENUES

Initial EAV of the Redevelopment Project Area	\$ 30,325,169
2020 EAV of the Redevelopment Project Area	\$ 37,511,732
Incremental Revenues Received During 2021	\$598,796
Incremental Revenues Received in Previous Year	\$0
Increase (Decrease) in Incremental Revenues	\$598,796
Breakdown of Change by Taxing District:	
Cook County	\$ 32,082.29
Consolidated Elections	0.00
Cook County Forest Preserve	4,107.74
Barrington Township	2,337.10
General Assistance - Barrington	70.66
Village of Hoffman Estates	100,637.85
Community School District #220	342,917.29
Harper College District #512	28,966.16
Hoffman Estates Park District	42,280.39
Barrington Area Library	17,917.77
Metropolitan Water Reclamation District	26,770.37
Northwest Mosquito Abatement District	708.38
TOTAL	<u>\$598,796.00</u>

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

STATEMENT OF PROPERTY PURCHASED

During the year ended December 31, 2021, the Village of Hoffman Estates did not purchase any property within the redevelopment project area.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKEWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

REDEVELOPMENT ACTIVITIES

During the year ending December 31, 2021, redevelopment activities are described below.

Significant activity continued at Bell Works Chicagoland, the redevelopment of the former AT&T campus by Somerset Development. While the first tenants opened for business in December 2020, the CoLab co-working space and “Ready-to-Wear” spec office suites fully opened in 2021. Bell Works also added more than 15 tenants over the past year, including significant leases with Platinum Home Mortgage and Headline Solar. All common areas at Bell Works are fully remodeled and open to the public on the east half of the building, including a coffee kiosk by Fairgrounds Coffee and Tea. Bell Works also opened the FitLab, a full-service fitness center open for tenants and the public.

Other economic activities in 2021 included the promotion of the district in various video productions, on radio, on television commercials, on social media, and in other advertising outlets including a return to tradeshow. Various networking and business development events throughout the year were attended by the Economic Development Director and Village Manager, both in-person and virtually.

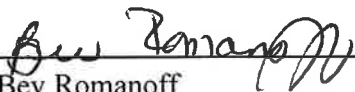
VILLAGE OF HOFFMAN ESTATES, ILLINOIS
LAKWOOD CENTER REDEVELOPMENT PROJECT AREA
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

STATEMENT OF INDEBTEDNESS

On January 21, 2019, the Village of Hoffman Estates authorized interest bearing TIF Notes up to a principal amount of \$53,767,000 which would be payable from the Lakewood Center Redevelopment Project Area to the developer for eligible redevelopment costs if and when incremental tax revenues are received.

In 2021 the Village issued two notes payable. The balance of TIF Notes due at December 31, 2021 is \$7,612,445.

6/21/2022
Date



Bev Romanoff
Village Clerk

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

SUBJECT: Request approval of Lakewood Center TIF Reimbursement Request #1 in the amount of \$7,612,445.40 and Issuance of Lakewood Center TIF Notes A and B

MEETING DATE: December 14, 2020

COMMITTEE: Planning, Building and Zoning

FROM: Kevin Kramer/Arthur Janura

REQUEST: Request approval of Lakewood Center TIF Reimbursement Request #1 in the amount of \$7,612,445.40 and Issuance of Lakewood Center TIF Notes A and B.

BACKGROUND: The Village Board previously approved:

- ◆ A Development Agreement between the Village and the purchaser of the former AT&T campus site on April 25, 2018.
- ◆ The commission of a Tax Increment Financing District Eligibility Study and Redevelopment Plan and Project for the Lakewood Center Redevelopment Project Area. That report was completed and filed with the Village Clerk on October 25, 2018.
- ◆ A Resolution for the purposes of inducing development of property within the Lakewood Center Redevelopment Project Area and the creation of a Tax Increment Financing (TIF) District (Resolution 1671-2018).
- ◆ On January 21, 2019, Ordinances officially adopting a TIF District for the Lakewood Center Redevelopment Project Area (Ordinances 4702-2019, 4703-2019, 4704-2019).
- ◆ On January 28, 2019, a Redevelopment Agreement and TIF Notes for the Lakewood Center TIF allocating a portion of TIF revenues to a specific redevelopment project (Ordinance 4707-2019).

DISCUSSION: The developer has completed a substantial amount of work within the TIF district including, purchasing the property, remodeling the public area of the east side of the building, completed the co-working and furnished spec office space, marketing the project, held showings, and negotiated leases. These, and other TIF eligible costs have been submitted to the Village for costs incurred over the past 2 years, according to the agreements entered into by both parties, for reimbursement from the TIF, as funds become available. The developer has submitted Reimbursement Request #1 in the amount of \$25,374,818.04. Staff has verified all costs as TIF eligible, according to the TIF Act and the Redevelopment Agreement.

DISCUSSION: (Cont'd)

The Ordinance approving the Development Agreement and the TIF Notes stipulate that the Corporate Authorities approve Reimbursement Requests, and directs the Finance Director to update the TIF Notes to the new amount (which cannot exceed the \$53,767,000 or 30% of the total project costs, whichever is lesser).

Two TIF Notes were authorized as part of this TIF creation on January 21, 2019. TIF Note A is interest bearing and has a Maximum Aggregate Principal of \$43,013,600, which could not be prepaid by the TIF. TIF Note B is interest bearing and has a Maximum Aggregate Principal of \$10,753,400, which could be prepaid by the TIF. With the approval of this first reimbursement request, both TIF Notes would be issued by the Village. The issue date, according to the Note Ordinance, shall be on the first day of the year, so Note A and Note B would be issued January 1, 2021.

The payments to each Note, according to the Note Ordinance, shall be 80% to Note A and 20% to Note B. Therefore, Reimbursement Request #1 would allocate \$6,089,956.32 to Note A and \$1,522,489.08 to Note B, totaling the \$7,612,445.40.

The Finance Director is authorized to issue and increase the TIF Note upon Village Board approval of the Reimbursement Request.

The developer continues to market the site, remodel upper floors, event space, conference space, plan for residential, plan for a hotel, and lease spaces. Additional TIF eligible costs will be submitted in the future.

FINANCIAL IMPACT:

TIF financing is based on the principal that new development or redevelopment will increase the tax base. That increase in tax base, over time, generates additional property taxes. Those property taxes are directed to the TIF increment fund over the 23 year life of the TIF. Thus, the development itself generates a pool of money which can be used to pay for TIF eligible costs and provide an incentive for the developer or others to redevelop the site.

RECOMMENDATION:

Approval of Lakewood Center TIF Reimbursement Request #1 in the amount of \$7,612,445.40 and Issuance of Lakewood Center TIF Notes A and B.

Attachment

cc: Larry Woodard (Honigman LLP)



Hoffman Estates Acquisitions LLC
101 Crawfords Corner Rd
Holmdel, NJ 07733

Village of Hoffman Estates
1900 Hassell Road
Hoffman Estates, Illinois 60169
Attention: Village Manager

Re: Redevelopment Agreement, dated January 29, 2019
By and Between the Village of Hoffman Estates, Illinois and
Hoffman Estates Acquisitions LLC (“Developer”)

You are requested to disburse funds from the Special Tax Allocation Fund pursuant to the Note Ordinance and Article V of the Redevelopment Agreement described above in the amount(s), to the person(s) and for the purpose(s) set forth in this Request for Reimbursement. The terms used in this Request for Reimbursement shall have the meanings given to those terms in the Redevelopment Agreement.

1. REQUEST FOR REIMBURSEMENT NO.: 1
2. PAYMENT DUE TO: **HOFFMAN ESTATES ACQUISITIONS LLC**
a Delaware limited liability company
3. FOR THIS REQUEST FOR REIMBURSEMENT, THE DEVELOPER REQUESTS THE VILLAGE TO APPROVE THE FOLLOWING EXPENDITURES AS HAVING BEEN INCURRED BY THE DEVELOPER AND AS CONSTITUTING ELIGIBLE REDEVELOPMENT PROJECT COSTS AND TOTAL PROJECT COSTS, PURSUANT TO SECTION 403 OF THE REDEVELOPMENT AGREEMENT:
 - a. AMOUNT TO BE APPROVED FOR REIMBURSEMENT AS ELIGIBLE REDEVELOPMENT PROJECT COSTS:
\$ 25,374,818.04
 - b. TOTAL PROJECT COSTS INCURRED SINCE DATE OF LAST REQUEST FOR REIMBURSEMENT:
\$ 25,374,818.04
4. The Developer certifies that:
 - (i) the amounts to be reimbursed pursuant to this Request for Reimbursement were made or incurred or financed and were necessary for the Project and were made or

incurred in accordance with the Construction Plans and Final Project Documents heretofore in effect;


(ii) the expenditures representing Eligible Redevelopment Project Costs and Total Project Costs have been properly recorded on the Developer's books, and a correct summary of such costs are set forth in Schedule 1 attached hereto, and the information required in Section 403 is herewith provided to the Village for all sums for which reimbursement is requested;

(iii) the Eligible Redevelopment Project Costs set forth in Schedule 1 have been paid by the Developer and are reimbursable under the Act, the Note Ordinance and the Redevelopment Agreement, and each item listed on Schedule 1 has not previously been paid or reimbursed from money derived from the Fund or any money derived from any project fund established pursuant to the Note Ordinance, and no part thereof has been included in any other certificate previously filed with the Village;

(iv) the expenditures for which reimbursement is sought are not greater than those necessary to reimburse the Developer for its funds actually paid for Eligible Redevelopment Project Costs; and

(v) the Developer is not in default under the Redevelopment Agreement and nothing has occurred to the knowledge of the Developer that would prevent the performance of its obligations under Redevelopment Agreement.

HOFFMAN ESTATES ACQUISITIONS LLC
a Delaware limited liability company

By: 
Title: President
Date: 11/4/2020

[Village Approval to Immediately Follow]

VILLAGE APPROVAL

The aggregate Eligible Redevelopment Project Costs now approved by the Village under Requests for Reimbursement No 1. is a total of \$ **25,374,818.04**;

The Total Project Costs incurred and documented by the Developer under Requests for Reimbursement No. 1 is a total of \$ **25,374,818.04**; and

The Maximum Reimbursement Amount now equals: \$ ~~25,374,818.04~~ \$ **7,612,445.40**

Ra

**APPROVED BY THE
VILLAGE OF HOFFMAN ESTATES, ILLINOIS**

By: *Rachel Juvich*
Acting Village Manager

Date of Approval by the Village: *12/21/2020*

SCHEDULE 1 TO
REQUEST FOR REIMBURSEMENT #1
Through February 28, 2020

Eligible Project Redevelopment Costs:
(through February 28, 2020)

65 ILCS 5/11-74.4-3(q)(1) Costs:

Architectural Fees (to Wight & Company)	\$ 394,026.56
Architectural Fees (to Alexandar Gorlin Architect LLC)	\$ 71,964.49
Architectural Fees (to Torti Gallas)	\$ 28,158.03
Engineering Fees (to Stantec Consulting Services, Inc.)	\$ 33,424.62
Engineering Fees (to Able Engineering Services)	\$ 99,541.95
Engineering Fees (to EBI Consultaing)	\$ 8,400.00
Engineering Fees—Phase I (to Pioneer Engineering and Environmental)	\$ 3,200.00
Surveyor Fees (to WT Engineering)	\$ 34,450.00
TIF Consulting Fees (to S. B. Friedman)	\$ 84,799.86
Planning Board Application (to Village of Hoffman Estates)	\$ 2,500.00
Legal Fees (to Miller Canfield)	\$ 146,650.00
Legal Fees (to Honigman LLP)	\$ 53,788.75
Legal Fees (to Kasowitz Benson Torres LLP)	\$ 70,000.00
Legal Fees (to Giordano Halleran & Ciesta)	\$ 102,299.61
Legal Fees (to Muchnick, Golieb & Golieb, P.C.)	\$ 14,837.50
Legal Fees (to Vinson & Elkins)	\$ 50,000.00
Legal Fees (to Cohen Seglias)	\$ 4,289.50

65 ILCS 5/11-74.4-3(q)(1.6) Costs:

Marketing Fees (to Core 12 LLC)	\$ 119,434.31
Signage (to Harvest Outdoor)	\$ 40,550.00
Seminar Host Fees (to Bisnow)	\$ 19,000.00
Marketing Fees (to Rolf Jensen & Associates Inc.)	\$ 7,932.50
Signage (to Silver Style Pictures LLC)	\$ 8,674.00
Marketing Fees (to Inbound Found)	\$ 5,463.05

65 ILCS 5/11-74.4-3(q)(2) Costs:

Property Acquisition Cost:	\$ 21,000,000.00
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65 ILCS 5/11-74.4-3(q)(3) Costs:

Construction Costs (ML Group Design and Development):	\$ 44,180.00
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[continued]

65 ILCS 5/11-74.4-3(q)(6) Costs:

Appraisal (to Cushman & Wakefield)	\$ 25,000.00
Financing Costs (interest paid at closing for month of closing to Taconic):	\$ 18,072.81
Financing Costs (interest reserves to Taconic):	\$ 2,008,715.50
Financing Costs (debt issuance costs to Taconic):	\$ 483,750.00
Financing Costs (loan origination cost to Mission Capital):	\$ 211,715.00
Financing Costs (lender legal fees to Arnold & Porter):	\$ 180,000.00

Request for Reimbursement #1

ELIGIBLE PROJECT REDEVELOPMENT COSTS TOTAL: \$ 25,374,818.04

April 19, 2022

Ms. Rachel Musiala
Finance Director
Village of Hoffman Estates
1900 Hassell Road
Hoffman Estates, Illinois 60169

Re: Lakewood Center Tax Increment Financing District Obligations

Dear Rachel,

The Village of Hoffman Estates, Illinois (the "Village") has engaged Speer Financial, Inc. ("Speer") as municipal advisor with respect to the Village's Lakewood Center Tax Increment Financing District (the "Lakewood Center TIF"). As municipal advisor, Speer has prepared the following analysis in order to aid the Village in complying with its annual reporting requirements for the Lakewood Center TIF (the "Annual TIF Analysis"). The Annual TIF Analysis describes the following:

- 1) Whether any obligations were issued related to the Lakewood Center TIF; and
- 2) The nature and term of the obligation and projected debt service including required reserves and debt coverage.

The Village has existing obligations related to the Lakewood Center TIF currently outstanding. The Tax Increment Allocation Revenue Note A and B (Lakewood Center TIF Project), Series 2020 (the "2020 TIF Notes") were issued on December 21, 2021 in an amount up to \$25,374,818.04. In review of the information supplied by the Village and after due diligence, Speer has determined the first disbursement in the amount of \$7,612,445.40 (\$6,089,956.32 for Note A and \$1,522,489.08 for Note B) was issued as of January 1, 2021 against the 2020 TIF Notes, related to the Lakewood Center TIF.

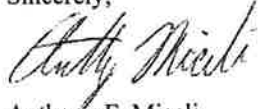
During FY2021, \$0 of principal was paid on the 2020 TIF Note and the outstanding principal amount was \$7,612,445.40.

The 2020 TIF Notes are non-interest bearing and payable only from certain incremental taxes received from the Lakewood Center TIF, if any. The 2020 TIF Notes does not constitute an indebtedness of the Village. Should the incremental taxes pledged as security to the 2020 TIF Notes be insufficient to pay the principal due, the owner of the 2020 TIF Notes shall have no recourse against the Village and no right to compel the exercise of the taxing authority of the Village or to use any funds of the Village (other than the pledged funds) for payment of principal on the 2020 TIF Notes. The Village has a continuing obligation to repay the 2020 TIF Notes until it is paid in full, or the earlier of (i) the date which is twenty years from the issuance date or (ii) the date in which the Lakewood Center TIF has expired.

Pursuant to these terms, it is Speer's understanding that the Village was not required to carry any reserves dedicated to the 2020 TIF Notes and as such there were no reserves held. Further, due to the nature of the obligations, there is no level of debt service coverage required.

Speer has relied on information provided by the Village to prepare this analysis. This analysis is intended to aid the Village in complying with the reporting requirements for the Lakewood Center TIF; however, there may be additional reporting requirements beyond the scope of this analysis required to be provided by the Village.

Sincerely,



Anthony F. Miceli
Senior Vice President

afm

Village of Hoffman Estates, Illinois

Lakewood Center TIF District Fund

Independent Auditor's Report on Compliance With Public Act 85-1142
and Independent Auditor's Report and Financial Statements

December 31, 2021

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
December 31, 2021

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Independent Auditor's Report



1901 S. Meyers Road, Suite 500 / Oakbrook Terrace, IL 60181

P 630.282.9500 / F 630.282.9495

forvis.com

Independent Auditor's Report

The Honorable Village President
Members of the Board of Trustees
Village of Hoffman Estates, Illinois

Opinion

We have audited the financial statements of the Lakewood Center TIF District Fund (the Fund), a special revenue fund of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Lakewood Center TIF District Fund, a special revenue fund of the Village of Hoffman Estates, Illinois, as of December 31, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Lakewood Center TIF District Fund and do not purport to, and do not, present fairly the financial position of the Village of Hoffman Estates, Illinois, as of December 31, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, schedule of fund balance by source, is presented for purposes of additional analysis and is not a required part of the financial statements.

The Honorable Village President
Members of the Board of Trustees
Village of Hoffman Estates, Illinois
Page 3

The schedule of fund balance by source is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

FORVIS, LLP

Oakbrook Terrace, Illinois
June 20, 2022

Financial Statements

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Balance Sheet
December 31, 2021

Assets

Cash and investments	\$ 451,475
Property tax receivable	<u>598,796</u>
Total assets	<u><u>\$ 1,050,271</u></u>

**Deferred Inflows of Resources
and Fund Balance**

Deferred Inflows of Resources	
Unavailable revenue - property taxes	\$ 598,796
Fund Balance	
Restricted for economic development	<u>451,475</u>
Total deferred inflows of resources and fund balance	<u><u>\$ 1,050,271</u></u>

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended December 31, 2021

Revenues		
Property taxes	\$	598,796
Investment income		64
Total revenues		<u>598,860</u>
Expenditures		
Current		
Economic development		<u>7,750,281</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>(7,151,421)</u>
Other Financing Sources (Uses)		
Transfer out		(9,549)
Issuance of debt		<u>7,612,445</u>
Total other financing sources		<u>7,602,896</u>
Net Change in Fund Balance		451,475
Fund Balance		
January 1, 2021		<u>-</u>
December 31, 2021	\$	<u><u>451,475</u></u>

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The financial statements of the Lakewood Center TIF District Fund of the Village of Hoffman Estates, Illinois (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The financial statements present only the Lakewood Center TIF District Fund and do not present fairly the financial position of the Village. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting Entity

The Lakewood Center TIF District Fund (Fund) was established to account for transactions related to the Redevelopment Plan and Redevelopment Project within the municipal boundaries established by village ordinance.

Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The Fund is classified as a Governmental Special Revenue Fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is used by governmental funds. The main revenue source included in the fund is incremental property tax revenues from the designated TIF area. Governmental funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (*i.e.*, when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Notes to Financial Statements
December 31, 2021

Investments

Investments with a maturity date of one year or less when purchased and all non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value.

Property Taxes

Property taxes for 2021 attach as an enforceable lien on January 1, 2021, on properties assessed as of the same date. Taxes are levied on a calendar year basis by the last Tuesday of December. Tax bills are prepared and mailed by the County on or about February 1, 2022 and August 1, 2022, and are payable in two installments, on or about March 1, 2022 and September 1, 2022. The County collects such taxes and remits them periodically. Since the 2021 levy is intended to finance the 2022 fiscal year, the levy has been recorded as receivable and unavailable revenue. The revenues in the current year financial statements represent the 2020 property tax levy.

Fund Balance

The components of fund balance include the following line item:

Restricted fund balance has externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation.

Note 2: Cash and Investments

The Village's investment policy authorizes the Village to invest in debt securities guaranteed by the United States Government (explicitly or implicitly), debt securities of the United States Government or its agencies, interest-bearing savings accounts, time deposits and certificates of deposit of a bank that is insured by the Federal Deposit Insurance Corporation, certain insured short-term obligations of corporations organized in the United States Government, certain money market mutual funds, interest-bearing bonds of other local governments and The Illinois Funds, a money market fund created by the State Legislature under the control of the State Treasurer that maintains a \$1 share value.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Notes to Financial Statements
December 31, 2021

Deposits With Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village investment policies require pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name.

At December 31, 2021, the Fund's depository account has a carrying value and bank balance of \$451,475. These amounts are fully covered by the FDIC insurance or fully collateralized.

Investments

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed currently. The investment policy limits the maximum maturity lengths of most investments to two years.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government. The Illinois Funds are not subject to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village investment policies require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased.

Concentration of Credit Risk - The Village's investment policy has the following diversification guidelines: no more than 50% of the Village's investments can be held at any one financial institution, exclusive of bonds, notes debenture or other obligations of the United States Government or its agencies.

Note 3: Long-Term Debt

Tax Increment Redevelopment Note Disclosures

The Village, pursuant to an economic development agreement dated January 7, 2019, has agreed to reimburse Somerset Development for certain project costs incurred as the Village's agent in furthering the economic development plan and project in an amount up to \$53,770,000. In 2021,

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Notes to Financial Statements
December 31, 2021

the Village issued two notes to reimburse the redevelopment expenses incurred by developers related to Lakewood Center TIF Fund. At the end of December 31, 2021, the Village issued \$6,089,956 and \$1,522,489 of notes payable A and B respectively. The note is payable from and secured solely by the pledged incremental revenues deposited in the Fund.

The following is included in the Village’s footnotes to its governmental activities financial statements. It is not recorded herein because long-term liabilities are not reported by special revenue governmental funds.

Issue	Balances January 1	Issuances or Accretions	Retirements or Accretions	Balances December 31	Current Portion
Tax Increment Redevelopment Notes, due in annual installments only if tax increment revenues are available	\$ -	\$ 7,612,445	\$ -	\$ 7,612,445	\$ -

Debt Service Requirements to Maturity

The Lakewood Center Redevelopment Note provides that the payment of principal and interest on the note is due only if tax increment revenues are available for payment of debt service. The interest rate on the note is set at 6.50% until stabilization (defined as 75% of the office space is leased), then a one-time adjustment may be requested by the developer, depending on the prime interest rate at that time. Therefore, at December 31, 2021, no set debt service schedule is available.

Supplementary Information

Village of Hoffman Estates, Illinois
Lakewood Center TIF District Fund
Schedule of Fund Balance by Source
Year Ended December 31, 2021

Beginning Balance, January 1	<u>\$ -</u>
Deposits	
Property tax	598,796
Investment income	64
Note proceeds	<u>7,612,445</u>
Total deposits	<u>8,211,305</u>
Beginning Balance Plus Deposits	<u>8,211,305</u>
Expenditures	
Economic development	
Other contractual services	7,750,281
Other financing uses	
Transfer out	<u>9,549</u>
Total expenditures	<u>7,759,830</u>
Ending Balance, December 31	<u><u>\$ 451,475</u></u>
Ending Balance by Source	
Property tax	\$ 451,475
Less surplus funds	<u>-</u>
Ending Balance, December 31	<u><u>\$ 451,475</u></u>

**Independent Auditor's Report
on Compliance With Public Act 85-1142**



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Independent Auditor's Report on Compliance With Public Act 85-1142

The Honorable Village President
Members of the Board of Trustees
Village of Hoffman Estates, Illinois

We have audited the Village of Hoffman Estates' compliance with the provisions of subsection (q) of Section 11-74.4-5 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for its Lakewood Center TIF District Fund for the year ended December 31, 2021. The management of the Hoffman Estates, Illinois is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Village complied in all material respects with the requirements referred to above. An audit includes examining, on a test basis, evidence about the Hoffman Estates, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Hoffman Estates, Illinois complied, in all material respects, with the requirements of subsection (q) of Section 11-74.4-5 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the Lakewood Center TIF District Fund for the year ended December 31, 2021.

FORVIS,LLP

Oakbrook Terrace, Illinois
June 20, 2022