

Illinois Route 53/120 Project
Tax Increment Financing Value Capture Working Group
Roll Call August 12, 2014
Meeting Minutes issued by Lake County

PRESENT	NAME	REPRESENTING
Present	Aaron Lawlor	Lake County
Present	Steve Lentz	Village of Mundelein
	Charles Witherington-Perkins	Village of Arlington Heights
Present	Jeffrey Braiman	Village of Buffalo Grove
Present	Michael Ellis	Village of Grayslake
Present	Joseph Mancino	Village of Hawthorn Woods
	Tom Poynton	Village of Lake Zurich
	Heather Rowe	Village of Libertyville
	Wayne Motley	City of Waukegan
Present	Michael Stevens	Lake County Partners

General Business

Call to Order and Roll Call

Chair **Steve Lentz (SL)** established draft working group objectives. **Action item:** The group then moved to adopt the objectives on a motion by **Michael Stevens (MS)**, seconded by **Joseph Mancino (JM)**. The adopted working group objectives include:

- Define how this funding mechanism will operate
- Determine an expected level of revenue available to support the Illinois Route 53/120 project
- Identify necessary next steps to implement

Liz Schuh (LS), of CMAP, gave an overview of CMAP's previous value capture analysis for the Blue Ribbon Advisory Council (BRAC), concentrating on tax increment financing (TIF) and the statutory issues involved with implementation. She introduced the group to Tax Allocation Districts practiced in Georgia and Transportation Reinvestments Zones (TRZ) in Texas. **LS** said the BRAC study provided a high-level market analysis that examined the whole area by 2040, and did not assign development to a particular parcel, area or interchange. **Michael Ellis (ME)** asked if a "no-road" scenario could be provided to compare the values and present them to school districts to show the substantial benefit the districts could receive with a road. **Action item:** **LS** said they can provide rough estimates based on SB Friedman Development Advisor's market analysis ongoing for the Illinois Route 53/120 Land Use Committee.

LS presented a map of the proposed TIF district that covered a mile within the proposed road and also extended up to two miles from an interchange on major arterials, restricted to commercial and industrial areas. **LS** said who creates the TIF, who receives revenue, who issues bonds for those revenues and how those payments would flow to the Tollway are all issues open for discussion. **Action item:** Based on **JM's** request, **LS** said they would provide the group a high-res version of the map.

Aaron Lawlor (AL) said that to make value capture palatable to taxing bodies, the TIF district must be constrained to new non-residential development. **LS** provided earlier CMAP estimates for potential bonding capacities for non-residential TIF districts for existing and new growth Equalized Assessed property Value (EAV). **Mark Briggs (MB)**, of Parsons Brinkerhoff, noted that these figures are projected for 2040, and that TIF districts start at zero. The challenge is how to issue the debt and attract revenues to fund construction when there is no bonding capacity. **LS** said using only new development creates more risk and affects interest rates and ability to issue bonds. **Barry Burton (BB)**, of Lake County, suggested they not rule out that the Tollway recoup the revenue and issue the bonds based on its systemwide revenues. If the Tollway is willing to take the risk, the bonding could be structured differently. The previous analysis projected that TIF bonding estimates assume a diversion of 50 percent. **Action items:** The working group agreed that they assess diversions of 10, 25 and 50 percent to the facility and 50, 75 and 90 percent respectively going to underlying jurisdictions. Tollway staff would also assess the agency's ability to issue bonds as suggested by **BB**.

BB discussed the budgetary challenges for school districts that rely heavily on property taxes, thus non-residential values are critical to keeping them from going backwards as development patterns occur. **Action item:** **LS** said they would only include new non-residential development. She will provide a table showing existing EAV for comparison, but exclude residential.

MB stated that it eventually comes down to political will and the mayors to champion the project to implement a TIF district. **LS** listed four statutory hurdles in Illinois: (1) TIF districts can only be created by individual municipalities; (2) as a condition of establishment, TIFs require a finding of blight; (3) TIF districts cannot be established on active farmland; (4) and all parcels in the TIF district must be contiguous. TIF districts exist currently in Mundelein, Lake Zurich, Long Grove, Libertyville and Vernon Hills. **MB** said after parameters are agreed on, they will decide on legislation, TIF governance, who issues the debt. Although the district looks fairly large by the size of the map, **LS** cautioned there will be a considerably smaller tax base due to the limited industrial, commercial and vacant land in the proposed district. **Action item:** **LS** said they will create a TIF map identifying vacant land primed for non-residential development.

MB presented the group information on state statutes for multi-jurisdictional transportation districts in Virginia and Florida. Neither match the Illinois Route 53/120 Project, but each addresses multi-jurisdictional districts with informative options for governance. **SL** reiterated the challenge of seeking approval of many taxing bodies. **AL** said Lake County would take a lead and suggested they write a one-page report providing the "no road" versus "road" comparison to show how the taxing bodies stand to benefit, then gather letters of support from those bodies and introduce legislation. **JM** said every mayor along the TIF district should be engaged and mayors should be equipped with more details to provide their communities. **Action item:** Communities impacted by the proposed TIF district will be kept informed of the process and mayors in the district will receive more information, as it is available.

The second meeting was scheduled for Monday, August 18, at 10 a.m. With a motion from **ME**, seconded by **JB**, the meeting was officially adjourned at 3:16 p.m.