

CITY OF GENEVA, IL

# East State Street Redevelopment Project Area

Tax Increment Financing District

Eligibility Report and Redevelopment Plan and Project  
Amendment No. 1

**DECEMBER 2024**



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# 1. Executive Summary

To induce redevelopment, pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended as needed (the "Act"), the City of Geneva, IL (the "City") adopted three ordinances (the "Ordinances") on February 22, 2000 approving the East State Street Redevelopment Project Area Tax Increment Financing Redevelopment Plan & Project (the "Original Plan"), designating the East State Street Redevelopment Project Area as a redevelopment project area under the Act, and adopting tax increment allocation financing for the East State Street Redevelopment Project Area (the "RPA").

On February 29<sup>th</sup>, 2024, the City engaged SB Friedman Development Advisors ("SB Friedman") to prepare an amendment document for relevant components of the Original Plan. The main purposes of this document ("Amendment No. 1") are to support the extension of the RPA for twelve (12) years beyond its original completion date of December 31, 2023 to December 31, 2035 and update components of the financial plan.

SB Friedman has prepared Amendment No. 1 with the understanding that the City would rely: 1) on the previous eligibility findings and conclusions of the Original Plan; 2) on the redevelopment plan outlined in the Original Plan; and 3) on the fact that the Original Plan contains the necessary eligibility information to be compliant with the Act. The Original Plan is included in **Appendix 1** for reference.

## 2. Modifications to the Original Plan

The following amendments are made to the Original Redevelopment Plan. All other sections of the Original Redevelopment Plan not mentioned in Section 2 remain unchanged.

### Section I: Introduction

*No changes.*

### Section II. Legal Description.

*No changes.*

### Section III. Eligibility Conditions

*No changes.*

### Section IV. Redevelopment Goals and Objections

*No changes.*

### Section V. Redevelopment Program

*Delete subsections C and D and replace with the following:*

## C. FINANCIAL PLAN

### 1. ELIGIBLE COSTS

The Act outlines several categories of expenditures that can be funded using tax increment revenues. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Amended Plan pursuant to the Act. The City may also reimburse private entities for certain costs incurred in the development and/or redevelopment process. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, and implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(1).
2. The costs of marketing sites within the redevelopment project area to prospective businesses, developers and investors.
3. Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground-level or below-ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land as more fully set forth in 65 ILCS 5/11-74.4-3(q)(2).
4. Costs of rehabilitation, reconstruction, or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(3); and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.
5. Costs of the construction of public works or improvements, subject to the limitations in Section 11-74.4-3(q)(4) of the Act.
6. Costs of job training and retraining projects, including the costs of “welfare to work” programs implemented by businesses located within the redevelopment project area, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(5).
7. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto.

8. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of this Amended Plan.
9. An elementary, secondary or unit school district's increased per pupil tuition costs attributable to net new pupils added to the district living in assisted housing units will be reimbursed, as further defined in the Act.
10. A library district's increased per patron costs attributable to net new persons eligible to obtain a library card living in assisted housing units, as further defined in the Act.
11. Relocation costs to the extent that the municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or by Section 11-74.4-3(n)(7) of the Act.
12. Payment in lieu of taxes, as defined in the Act.
13. Costs of job training, retraining, advanced vocational education or career education, including, but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(10).
14. Interest costs incurred by a developer, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(11), related to the construction, renovation or rehabilitation of a redevelopment project provided that:
  - a. Such costs are to be paid directly from the special tax allocation fund established, pursuant to the Act;
  - b. Such payments in any one year may not exceed thirty percent (30%) of the annual interest costs incurred by the developer with regard to the development project during that year;
  - c. If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
  - d. The total of such interest payments paid, pursuant to the Act, may not exceed thirty percent (30%) of the total of: (i) cost paid or incurred by the developer for the redevelopment project; and (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the municipality, pursuant to the Act.

Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

If a Special Service Area is established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

## 2. ESTIMATED REDEVELOPMENT PROJECT COSTS

The total eligible redevelopment project costs define an upper expenditure limit that may be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest, and other financing costs. The totals of line items are not intended to place a limit on the described expenditures. Adjustments to the estimated line-item costs are expected and may be made administratively by the City without amendment to this Amended Plan, either increasing or decreasing line item costs because of changed redevelopment costs and needs. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The estimated eligible costs of this Amended Plan are shown in **Table 1**.

Additional funding in the form of state and federal grants, private developer contributions, and other outside sources may be pursued by the City as a means of financing improvements and facilities within the RPA.

**Table 1: Estimated TIF-Eligible Redevelopment Project Costs**

Eligible Expense [1]	Estimated Project Costs
Administration and Professional Service Costs	\$500,000
Site Marketing Costs	\$500,000
Property Assembly and Site Preparation Costs	\$4,000,000
Costs of Building Rehabilitation	\$4,000,000
Costs of Construction of Public Works or Improvements	\$3,000,000
Costs of Job Training or Retraining (Businesses)	\$100,000
Financing Costs	\$100,000
Taxing District Capital Costs	\$100,000
Relocation Costs	\$1,000,000
Payments in Lieu of Taxes	\$100,000
Costs of Job Training (Community College)	\$100,000
Interest Costs (Developer or Property Owner)	\$100,000
School District Increased Costs	\$200,000
Library District Increased Costs	\$100,000
Transfers to contiguous TIF Districts	\$100,000
<b>TOTAL REDEVELOPMENT PROJECT COSTS [2] [3] [4]</b>	<b>\$14,000,000</b>

[1] Described in more detail in Eligible Costs Section.

[2] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest, costs of issuance, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs.

[3] The amount of the Total Redevelopment Project Costs that can be incurred in the RPA may be reduced by the amount of redevelopment project costs incurred in contiguous RPAs, or those separated from the RPA only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the RPA, but may not be reduced by the amount of redevelopment project costs incurred in the RPA that are paid from incremental property taxes generated in contiguous RPAs or those separated from the RPA only by a public right-of-way.

[4] All costs are in 2024 dollars and may be increased by 5% after adjusting for annual inflation reflected in the Consumer Price Index (CPI), published by the U.S. Department of Labor. In addition to the above stated costs, each issue of obligations issued to finance a phase of the Amended Plan may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

*Delete the body text from subsection F and replace with the following:*

To finance project costs, the City may issue bonds or obligations secured by the anticipated tax increment revenue generated within the Project Area, or such other bonds or obligations as the City may deem as appropriate. The City may require the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligations. In addition, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired no later than December 31, 2036 because the Ordinances were adopted on February 22, 2000 and the 12-year extension was approved. Also, the final maturity date of any such obligations that are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City shall not exceed the amounts available from tax increment revenues, or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

In addition to paying redevelopment project costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves and bond sinking funds.

*Delete the body text from subsection G-2 and replace with the following:*

By tax year 2035 (collection year 2036), the total taxable EAV for the RPA is anticipated to be approximately \$9.6 million.

## **Section VI. Lack of Growth and Development Through Investment By Private Enterprise**

*No changes.*

## **Section VII. Financial Impact**

*No changes.*

## **Section VIII. Demand on Taxing District Services**

*No changes.*

## **Section IX. Phasing and Scheduling**

*No changes.*

## **Section X. Conformity of the Redevelopment Plan and Project to the Comprehensive Plan for the Development of the City as a Whole**

*No changes.*

## **Section XI. Provisions for Amending the Redevelopment Plan**

*No changes.*

## **Section XII. Affirmative Action**

*No changes.*

# Appendix 1: Original Plan