

MEMORANDUM

TO: Mayor Prussing and Members, Urbana City Council

FROM: City Comptroller

RE: TIF One Surplus Distribution

DATE: September 24, 2007

A review of the future cash flows of the Tax Increment Financing District One shows that the amount of \$219,260 (last year's amount increased by 4%) is available to be considered as surplus and distributed to the various taxing bodies, as required by law. This would be the fourth year for a TIF One surplus distribution. By law, amounts distributed are based on 2007 tax rates, and are:

Urbana School District	\$115,856
City of Urbana	34,566
Champaign County	20,342
Urbana Park District	18,873
Parkland	12,607
M.T.D.	6,923
Cunningham Township	5,125
C-U Health District	2,831
Forest Preserve	2,137
Total	\$219,260

Be aware that the TIF's will also distribute an additional \$280,200 to the School District and an additional \$97,360 to the Park District in the form of reimbursement for vocational training and various community projects this year.

Recommendation. Approval of the attached resolution. Attached please find additional financial information on TIF One.

Tax Increment District #1:

TIF 1 was established in 1980, and then amended in 1986 to include the State sales tax element. In 2004, the expiration date of TIF #1 was extended to 2013. General obligation backed TIF 1 bonds in the amount of \$2,600,000 were issued in 1982 for parking deck and streetscape construction. Future debt service requirements average \$116,000 annually. A detailed schedule of these future debt payments is found under the TIF 1 Fund in the City budget document. At June 1, 2007, the amount of \$660,000 principle was outstanding with the last payment being made in 2013.

The only major improvements planned in the future are \$1,077,103 in downtown streetscape improvements. An annual payment in surplus incremental property tax revenue is projected for each year in the estimated cash flows. The first payment was paid to the various taxing bodies in November 2004.

Financial projections for TIF 1 until 2012 follows:

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Cash Bal., Beg. Year	\$1,219,395	\$1,180,387	\$821,469	\$865,117	\$185,825	\$241,865
Revenues:						
Property Tax-Current	\$561,383	\$586,645	\$613,044	\$640,631	\$669,460	\$699,585
Interest	58,424	47,215	32,859	34,605	7,433	9,675
Total Revenues	\$619,807	\$633,861	\$645,903	\$675,236	\$676,893	\$709,260
Expenses:						
Surplus Payments to Govt.	\$210,820	\$219,260	\$226,934	\$234,877	\$243,097	\$255,252
Arts Intern	5,920	17,800	18,601	19,438	20,313	21,227
Marketing, Dues	448	38,000	38,000	38,000	38,000	38,000
Downtown Loan Subsidies	20,198	25,000	25,000	25,000	25,000	25,000
Downtown Rent Subsidies	7,000	24,000	24,000	24,000	24,000	24,000
Prel. Eng., Race/Brdwy, Boneyarc	46,539	28,461	0	0	0	0
Broadway Ave. Streetscape	0	0	0	750,000	0	0
Stratford Storm Sewer Impr.	0	18,000	0	0	0	0
Station Theatre Impr.	0	25,000	0	0	0	0
Water/Walnut Impr./S.S.	0	0	0	0	0	300,000
Park District Projects	55,103	46,897	34,000	34,000	34,000	34,000
Vocational Training School	75,000	75,000	75,000	75,000	75,000	75,000
Downtown S.S., Phase 7	39,633	297,103	0	0	0	0
County Plaza Reimb.	63,323	33,158	14,000	0	0	0
Stratford Reimb.	32,063	36,000	37,620	39,313	41,082	42,931
Debt Service	102,768	109,100	109,100	114,900	120,360	125,380
Total Expenses	\$658,815	\$992,779	\$602,255	\$1,354,528	\$620,852	\$940,790
Cash Bal., End Year:						
Reserved Future Debt Service	\$733,720	\$733,720	\$624,620	\$509,720	\$389,360	\$263,980
Reserved Future Projects	\$446,667	\$87,749	\$240,497	(\$323,895)	(\$147,495)	(\$253,645)

RESOLUTION NO. 2007-10-023R

A RESOLUTION DEEMING CERTAIN FUNDS IN THE SPECIAL TAX ALLOCATION FUND FOR THE DOWNTOWN URBANA TAX INCREMENT REDEVELOPMENT PROJECT AREA AS “SURPLUS” FUNDS AND DIRECTING THE PAYMENT AND DISTRIBUTION THEREOF (2007)

WHEREAS, pursuant to a series of ordinances (Ordinance Nos. 8081-61, 8081-62 and 8081-63), adopted December 22, 1980, including as subsequently supplemented and amended (collectively, the “**TIF Ordinances**”) in connection with the Urbana Downtown Tax Increment Redevelopment Project Area (the “**Redevelopment Project Area**”), the City Council (the “**Corporate Authorities**”) of the City of Urbana, Champaign County, Illinois (the “**Municipality**”) adopted the Urbana Downtown Tax Increment Area Redevelopment Plan and related Redevelopment Projects, designated the Redevelopment Project Area, and authorized tax increment finance under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as supplemented and amended (including the predecessor Act thereof, the “**TIF Act**”); and

WHEREAS, the Municipality is required under Sections 11-74.4-5(d) and 11-74.4-7 of the TIF Act to annually designate all funds deposited into the special tax allocation fund established under the TIF Ordinances that are not identified as being required, pledged, earmarked or otherwise designated for payment of or securing of obligations or anticipated redevelopment project costs as “surplus” funds and to cause the distribution thereof by paying the same to the taxing districts in the Redevelopment Project Area, the Illinois Department of Revenue and the Municipality in direct proportion to the amount of funds received from the collection of real estate taxes and from the State of Illinois and deposited into such special tax allocation fund, such amount to the taxing districts in the Redevelopment Project Area to be in the same manner and proportion as the most recent distribution by the County Collector of Champaign County, Illinois to the affected taxing districts of real property taxes from real property in the Redevelopment Project Area.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, as follows:

Section 1. Findings. The Corporate Authorities find, determine and declare that the amount of funds deposited in the special tax allocation fund for the Redevelopment Project Area that is not required, pledged, earmarked or otherwise designated for payment of or securing of obligations or anticipated redevelopment project costs is \$219,260, such amount having been calculated and now deemed to be “surplus” funds for the year 2007 under and pursuant to Sections 11-74.4-5(d) and 11-74.4-7 of the TIF Act.

Section 2. Direction. The City Comptroller of the City be and the same is hereby authorized and directed to cause the payment and distribution of all such “surplus” funds in the manner and proportion as that specified in Sections 11-74.4-5(d) and 11-74.4-7 of the TIF Act.

Section 3. Effective Date. This Resolution shall become effective upon its passage and approval as required by law.

This Resolution is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the City Council of the City of Urbana, Illinois, at a regular meeting of said City Council on the ____ day of _____, 2007, A.D.

PASSED by the City Council this ____ day of _____, 2007.

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2007.

Laurel L. Prussing, Mayor