AGENDA ECONOMIC DEVELOPMENT AREA (EDA) ANNUAL MEETING OF THE TAXING DISTRICTS JULY 7, 2016 1900 HASSELL ROAD Hoffman Estates, IL

1:15 p.m. - Frank Alexa Room

- I. Call to Order
- II. Approval of Minutes July 8, 2015 (no quorum present)
- III. Review of Year 2015 Audit & Compliance Report
- IV. Question and Answers
- V. Adjournment

The Village of Hoffman Estates complies with the Americans with Disabilities Act. For accessibility assistance, call the ADA Coordinator at 847/882-9100.

Minutes Economic Development Area (EDA) Annual Meeting of the Taxing Districts Annual Meeting July 8, 2015

Board Members Present:

James Norris, Village of Hoffman Estates, Chairman

Bev Romanoff, Resident Member Charles Bumbales, School District 300

Guests Present:

Mayor William McLeod

Mark Koplin, Asst. Village Mgr. - Development Serv.

Rachel Musiala, Director of Finance Art Janura, Corporation Counsel Patti Cross, Asst. Corporation Counsel

I. Call to Order

Chairman Norris called the meeting to order at 3:15 p.m. noting that a quorum was not present. Notices were sent via email to all members of the Joint Review Board in which they also received a copy of the Annual Report. A distribution list and annual report will be attached to the minutes.

II. Approval of Minutes – July 10, 2014 (no quorum present – no action taken)

III. Review of Year 2014 Audit & Compliance Report

Rachel Musiala Director of Finance gave a brief overview of the Annual Financial Report. No action can be taken. No quorum present.

IV. Question and Answers

Art Janura asked why there was a deficit balance reported. Rachel Musiala explained that during the year ended December 31, 2014, there were more expenses reported than revenues due to timing differences between accounting and cash flows.

V. Adjournment

Chairman James Norris adjourned the meeting at 3:18 a.m.

June 28, 2016

TO:

ALL TAXING DISTRICTS ON ATTACHED LIST

FROM:

RACHEL MUSIALA, DIRECTOR OF FINANCE

SUBJECT:

ECONOMIC DEVELOPMENT AREA (EDA) SPECIAL TAX

ALLOCATION ANNUAL REPORT

In accordance with 20 ILCS 620/4.7, the Village of Hoffman Estates is transmitting to all affected taxing districts the 2015 Annual Report of the Economic Development Area (EDA) Special Tax Allocation District. This district was created in February, 1990 and due to expire in 2012. It was extended by the State of Illinois in 2012 and will expire in tax levy year 2027, payable 2028.

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

Rachel Musiala Director of Finance

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ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

DISTRIBUTION LIST

COOK COUNTY CLERK'S OFFICE 118 North Clark Street Chicago, IL 60602 d.orr@cookcountyil.gov	BARRINGTON TOWNSHIP 602 S. Hough Street Barrington, IL 60010 Eugene Dawson, Supervisor genedawson@barringtontownship.com
NORTHWEST MOSQUITO ABATEMENT DISTRICT 147 West Hintz Road Wheeling, IL 60090 Mike Szyska, Director & CFO mszyska@nwmadil.com	FOREST PRESERVE DISTRICT OF COOK COUNTY 536 N. Harlem Avenue River Forest, IL 60305 Arnold Randall, General Superintendent arnold.randall@cookcountyil.gov
METROPOLITAN WATER RELCAMATION DISTRICT 100 East Erie Street Chicago, IL 60611 Eileen McElligott, Administrative Services Manager Eileen.mcelligott@mwrd.org Shellie Riedle, Budget Officer riedles@mwrd.org	HOFFMAN ESTATES PARK DISTRICT 1685 West Higgins Road Hoffman Estates, IL 60169 Dean Bostrom, Executive Director dbostrom@heparks.org Craig Talsma, Deputy Director/Admin & Finance ctalsma@heparks.org
COMMUNITY UNTIL SCHOOL DISTRICT #300 2550 Harnisch Drive Algonquin, IL 60102 Frederick Heid, Superintendent frederick.heid@d300.org Susan Harkin, Chief Operating Officer susan.harkin@d300.org Gayle Seaton, Director of Finance gayle.seaton@d300.org	POPLAR CREEK LIBRARY DISTRICT 1405 S. Park Avenue Streamwood, IL 60107 Debra Stombres, Library Director dstombres@poplarcreeklibrary.org Sue Haisan, Business Manager shaisan@poplarcreeklibrary.org
ELGIN COMMUNITY COLLEGE DISTRICT #509 1700 Spartan Drive Elgin, IL 60123 David Sam, President dsam@elgin.edu Sharon Konny, V.P. of Business and Finance skonny@elgin.edu	SCHOOL DISTRICT U-46 355 E. Chicago Street Elgin, IL 60120 Tony Sanders, CEO tonysanders@u-46.org Dale Burnidge, Director of Financial Operations daleburnidge@u-46.org Jeff King, Chief Operations Officer jeffking@u-46.org
BARRINGTON AREA LIBRARY 505 N. Northwest Highway Barrington, IL 60010 Detlev Pansch, Executive Director dpansch@balibrary.org Jim Smith, Business Manager jsmith@balibrary.org	

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

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ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (1) ECONOMIC DEVELOPMENT PLAN AMENDMENTS

During the fiscal year ended December 31, 2015, there were no amendments made to the Economic Development Plan and Project.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (2) AUDITED FINANCIAL STATEMENTS

An audit of the Economic Development Area Special Tax Allocation Fund was performed by Sikich, LLP for the year ended December 31, 2015. A copy of the Annual Financial Report is attached.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (3) 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 Economic Development Area Tax Increment Allocation Act during the fiscal year January 1, 2015 through December 31, 2015, except that there was no quorum was present for the annual Joint Review Board meeting in 2015.

6-22-2016

Date

William D. McLeod

Village President

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (4) CERTIFICATE OF COMPLIANCE

The legal opinion of compliance with the Economic Development Area Tax Increment Allocation Act is attached.



Accomplished lawyers who understand your goals.

120 South Riverside Plaza · Suite 1200 Chicago, Illinois 60606 Phone 312.876.7100 · Fax 312.876.0288 www.arnstein.com

VILLAGE OF HOFFMAN ESTATES, ILLIOIS ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7(4) CERTIFICATE OF COMPLIANCE

Arnstein & Lehr LLP served as Corporation Counsel for the Village of Hoffman Estates throughout the fiscal year covered by this report (January 1, 2015 through December 31, 2015).

Subject to the qualifications and limitation herein, we are of the opinion that, for the period of January 1, 2015 to December 31, 2015, we are not aware of any material violation by the Village of any of the applicable requirements of the Economic Development Area Tax Allocation Act (the "Act").

Whenever we indicate that our opinion with respect to the existence 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 a partner of this firm. No opinion may be inferred or implied beyond the matters expressly contained herein.

6-8-16

Date

Arthur L. Janura, Jr., Corporation Counsel

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (5) (A)-(D)

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2015

Receipts		
Property Taxes	\$	27,069,347
Interest Earnings		25,846
Sub-total Sub-total	\$	27,095,193
Disbursements		
Municipal Contribution	\$	5,000,000
Administrative Fees	Ф	5,000,000
		68,364
Property Tax Payments		81,639
Tax Increment Revenue Note Distribution		12,220,894
Governmental Share Distribution		9,539,086
Sub-total	\$	26,909,983
Excess (Deficit) of Receipts over Disbursements	\$	185,210
Balance, January 1, 2015	\$	(183,900)
Balance, December 31, 2015	\$	1,310
Ending Balance By Source:		
Property Taxes	\$	1,310
Total	\$	1,310
	===	1,510

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (5) (D)

STATEMENT OF FUND BALANCE BY SOURCE AND YEAR

SOURCE YEAR

2015

Property Taxes 1,310

Total Fund Balance, December 31, 2015

\$ 1,310

Effective June 1, 2012, new legislation was passed extending the EDA for an additional 15 years. Property taxes for tax levy year 2014, paid in fiscal year 2015 were distributed per the new legislation.

^{*}Monies designated to pay the Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (6) STATEMENT OF PROPERTY PURCHASED

During the year ended December 31, 2015, the Village of Hoffman Estates did not purchase any property within the redevelopment project area.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (7) (A)-(F) STATEMENT OF ACTIVITIES

- (A) During the year ended December 31, 2015, the following activities occurred within the Economic Development Area:
 - Mobil gas station/Culver's restaurant purchased their site and began construction. The store is expected to be open in 2016.
 - A Main Event family entertainment center received Village Board approval and began construction. The facility is expected to open in fall 2016.
 - Duluth Trading Company received Village Board approval and began construction. The retail store is expected to open in the fall 2016.
- (B) Economic activities in 2015 included the Village's annual participation in the ICSC ReCon convention in May and the Chicago area ICSC meetings in October. Various networking and business development events throughout the year were attended by the Economic Development Director, Village Manager, Assistant Village Manager-Development Services Department and other staff members.
- (C) There were two new economic incentive agreements approved for new businesses within the EDA in 2015:
 - The Village Board approved an incentive with Main Event rebating a portion of the amusement tax they will collect from customers in an amount up to \$750,000 over a ten year period.
 - The Village Board approved an incentive with Duluth Trading Company in an amount up to \$225,000 over a 10 year period by rebating a portion of the generated sales tax and using EDA bond funds to reimburse certain infrastructure development costs.
- (D) During the year ended December 31, 2015, \$12,220,894 was disbursed to Sears for the prior year annual EDA note payment and \$9,539,086 was distributed as the current year Governmental Share to the overlapping taxing districts. The current year Municipal Contribution of \$5,000,000 was used to fund the administration, fire, police and public works services provided by the Village of Hoffman Estates within the EDA.
- (E) For services related to the EDA during 2015, the Village of Hoffman Estates contracted with Arnstein & Lehr LLP for professional legal services.
- (F) The private investment in the projects within the EDA was as follows:
 - Mobil/Culver's new construction: \$2,100,000
 - Main Event new construction: \$9,000,000
 - Duluth Trading Company new construction: \$2,950,000

• VA buildout at Prairie Point Medical Office Building: \$1,000,000

The public investment in the projects within the EDA was as follows:

- Sidewalk improvements and grading at the Village Green: \$21,464
- Engineering for Shoe Factory Rd. & I90 Undercrossing Path: \$182
- Western area emergency water supply costs: \$16,265
- WDA lift station grinder: \$63,482
- Rt. 59 Hydrogen Sulfide reduction: \$4,560

See the following pages for a detailed analysis of current and projected future project costs as well as the private vs. public investment ratio.

			Est. Investment in		Estin	ated Total
Project:	As of 12/31/2	015	2	016	Project	
Tate & Lyle Building						
Private Investment	\$ 18,00	00,000	\$	-	\$	18,000,000
Public Investment		-		-		-
Ratio Private/Public						
Stone Eagle Tavern			-111-			
Private Investment	\$ 75	50,000	\$	-	\$	750,000
Public Investment		-	-70.70	-		-
Ratio Private/Public						
Saddle Room Building						
Private Investment	\$ 2,40	00,000	\$	-	\$	2,400,000
Public Investment		-		-		-
Ratio Private/Public						
Intersection/Roadway Impro	ovements II					
Private Investment	\$	-	\$	-	\$	=
Public Investment	55	55,988		-		555,988
Ratio Private/Public					1111 33110	
Road Repaving						
Private Investment	\$	-	\$	-	\$	-
Public Investment	28	32,102		610,000		1,450,000
Ratio Private/Public						
Western Area Emergency V	ater Supply					
Private Investment	\$	-	\$	-	\$	-
Public Investment	3	32,336		218,000		615,000
Ratio Private/Public						
Hoffman Blvd. Bridge Main	tenance					
Private Investment	\$	-	\$	_	\$	-
Public Investment		-		100,000		100,000
Ratio Private/Public						
Miscellaneous Prairie Ston	e Improvements					
Private Investment	\$	-	\$	-	\$	-
Public Investment		30,688		625,000		925,688
Ratio Private/Public						
Beverly Bridge Deck Repair	rs					
Private Investment	\$	=	\$	-	\$	-
Public Investment		-		20,000		20,000
Ratio Private/Public						

Project:	As of 12/31/2015	Est. Investment in 2016	Estimated Total Project	
Sensient Technologies Inte	rior Build-out		3	
Private Investment	\$ 9,089,500	-	\$ 9,089,500	
Public Investment	-	-	-	
Ratio Private/Public				
Two Park Center Building	Intonion Domolition on	d Interior Duildont		
Private Investment	\$ 400,000		T # 16 027 204	
Public Investment	\$ 400,000	\$ 15,627,204	\$ 16,027,204	
Ratio Private/Public		-	-	
Ratio Frivate/Fublic	1			
Mobil Gas/Culvers				
Private Investment	-	\$ 2,100,000	\$ 2,100,000	
Public Investment	_	-	-	
Ratio Private/Public				
Village Green Sidewalk Im	provements and Gradin	σ		
Private Investment	<u> </u>	Ī\$ -	-	
Public Investment	151,677	25,000	176,677	
Ratio Private/Public				
CI E (DIGOCKI				
Shoe Factory Rd/I90 Under		Ι φ	Lo	
Private Investment	\$ -	\$ -	\$ -	
Public Investment	6,459	3,500	810,000	
Ratio Private/Public				
WDA Lift Station Grinder				
Private Investment	\$ -	\$ -	\$ -	
Public Investment	63,482	[1]	63,482	
Ratio Private/Public				
Route 59 Sewer Main Hydro	ogen Sulfide Deduction	System		
Private Investment	s -	\$ -	<u> </u>	
Public Investment	4,560	65,440	70,000	
Ratio Private/Public	4,500	05,440	70,000	
Main Event				
Private Investment	\$ -	\$ 9,000,000	\$ 9,000,000	
Public Investment	-	-	-	
Ratio Private/Public				
Duluth Trading Company				
Private Investment	-	\$ 2,950,000	\$ 2,950,000	
Public Investment	_	-		
Ratio Private/Public				
Desirie Deiest Madient Off	D '11 4 C X7 4		-	
Prairie Point Medical Offic Private Investment	S -		Ι Φ 1 000 000	
Public Investment	ъ -	\$ 1,000,000	\$ 1,000,000	
Section 2 to the contract of t		-		
Ratio Private/Public				
Totals		Последня продрежника в развительного	Control of the State of the Sta	
Private Investment	\$ 30,639,500	\$ 30,677,204	\$ 61,316,704	
Public Investment	1,127,292	1,666,940	,,	
Ratio Private/Public	2717.97%	1,666,940	4,786,835	
Ratio Frivate/Public	2/1/.9/%	1840.33%	1280.94%	

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (8) STATEMENT OF INDEBTEDNESS

The Village of Hoffman Estates issued new obligations in the amount of \$26,042,563 in which principal and interest would be payable from the Economic Development Area Special Tax Allocation District during the year ended December 31, 2015. The 2005 Senior Lien EDA Bonds were retired in 2010 and the 1991 Junior Lien EDA Bonds were retired in 2007. Tax Increment Revenue Notes are outstanding in the amount of \$130,717,178 as of December 31, 2015. These notes are payable solely from the incremental taxes generated by the EDA and the Village is not generally obligated for the retirement of the debt. There are no official statements related to the EDA Notes. An analysis of the obligations has been conducted by an underwriter. A schedule of the outstanding notes and the underwriter's analysis is attached.

Per the Economic Development Area Tax Increment Allocation Act, the developer is required to retain not less than 4,250 full-time equivalent jobs. As of December 31, 2015, the number of full-time equivalent employees retained was 5,113.

ESTABLISHED 1954

KEVIN McCANNA Chairman DANIEL FORBES President DAVID PHILLIPS Executive VF RAPHALIATA McKENZIE Senior VP

MAGGIE BURGER Senior VP ANTHONY MICELI Senior VP LARRY BURGER Vice Preside BARBARA CHEVALIER Vice President MARK JERETINA Vice Presiden

May 18, 2016

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

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 economic development area ("EDA"). As municipal advisor, Speer has prepared the following analysis in order to aid the Village in complying with its annual statutory reporting requirements for the EDA as set forth by the State of Illinois Comptroller under 20 ILCS 620 et. seq. (the "Annual EDA Analysis"). The Annual EDA Analysis describes the following:

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

In review of the information supplied by the Village and after due diligence, Speer has determined that \$26,042,562.79 of project notes was issued in FY2015 related to the EDA ("EDA Project Notes"). The EDA Project Notes were issued with similar terms as previous EDA Project Notes issued by the Village. There were no official statements or offering documents prepared for the EDA Project Notes. During FY2015, \$12,220,894.33 of debt service was paid on existing EDA Project Notes.

The EDA Project Notes are limited obligations of the Village payable solely form the developer's share of taxes deposited from time to time into the Village's Special Tax Allocation Fund (the 'Fund'). Tax increments created by the EDA (if any) are paid into the Fund for the purpose of paying Economic Development Project costs and Village obligations (such as the EDA Project Notes). The EDA Project Notes represent a valid claim against only the Fund and are not a general or moral obligation of the Village. The Village has a continuing obligation to repay the EDA Project Notes until they are paid in full or until the Fund is dissolved pursuant to the Act, whichever occurs first.

Pursuant to these terms, is it is Speer's understanding that the Village was not required to carry any reserves dedicated to the EDA Project 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 statutory reporting requirements for the EDA; 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 Hoffman Estates Development Project Area Tax Increment Revenue Notes December 31, 2015

	Private Interest Financing Note #5	Private Interest Financing Note #6	Developer Project Cost Note #34	Developer Project Cost Note #35	Developer Project Cost Note #36	Developer Project Cost Note #38
Date of Issue Date of Maturity Original Amount of Note Interest Rate Interest Dates Payable at	Feb 1, 2003 Sep 10, 2012 \$ 4,293,238.11 None None Sears, Roebuck and Co. Hoffman Estates, IL	Feb 1, 2007 Sep 10, 2012 \$ 13,147,485.24 None None Sears, Roebuck and Co. Hoffman Estates, IL	Sep 1, 2002 Sep 10, 2012 \$ 10,776,022.58 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Sep 1, 2002 Sep 10, 2012 \$ 222,766.69 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Mar 1, 2003 Sep 10, 2012 \$ 303,070.64 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Sep 1, 2006 Sep 10, 2012 \$ 1,351,406.59 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL
Original Principal Balance Accrued Interest	\$ 4,293,238.11 	\$ 13,147,485.24 	\$ 10,776,022.58 8,938,362.97	\$ 222,766.69 176,509.57	\$ 303,070.64 227,498.40	\$ 1,351,406.59 664,590.07
Sub-total	\$ 4,293,238.11	\$ 13,147,485.24	\$ 19,714,385.55	\$ 399,276.26	\$ 530,569.04	\$ 2,015,996.66
Previous Payments			14,303,213.03	<u> </u>		
Adjusted Principal Balance	\$ 4,293,238.11	\$ 13,147,485.24	\$ 5,411,172.52	\$ 399,276.26	\$ 530,569.04	\$ 2,015,996.66
	Developer Project Cost Note #39	Developer Project Cost Note #40	Developer Project Cost Note #41	Developer Project Cost Note #42	Developer Project Cost Note #43	Developer Project Cost Note #44
Date of Issue Date of Maturity Original Amount of Note Interest Rate Interest Dates Payable at	Mar 1, 2007 Sep 10, 2012 \$ 120,658.81 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Sep 1, 2007 Sep 10, 2012 \$ 69,365.90 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027 \$ 2,988,807.97 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027 \$ 3,255,686.92 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027	Nov 12, 2015 Sep 10, 2027 \$ 2,936,050.06 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL
Original Principal Balance Accrued Interest	\$ 120,658.81 55,564.62	\$ 69,365.90 29,877.94	\$ 2,988,807.97 16,377.03	\$ 3,255,686.92 17,839.38	\$ 3,174,515.37 17,394.60	\$ 2,936,050.06 16,087.95
Sub-total	\$ 176,223.43	\$ 99,243.84	\$ 3,005,185.00	\$ 3,273,526.30	\$ 3,191,909.97	\$ 2,952,138.01
Previous Payments		<u></u>				
Adjusted Principal Balance	\$ 176,223.43	\$ 99,243.84	\$ 3,005,185.00	\$ 3,273,526.30	\$ 3,191,909.97	\$ 2,952,138.01 continued on next page

Village of Hoffman Estates, Illinois Hoffman Estates Development Project Area Tax Increment Revenue Notes December 31, 2015

	Developer Project Cost Note #45	Developer Project Cost Note #46	Developer Project Cost Note #47	Developer Project Cost Note #48	Developer Project Cost Note #49	VOHE Obligation #2
Date of Issue Date of Maturity Original Amount of Note Interest Rate Interest Dates Payable at	Nov 12, 2015 Sep 10, 2027 \$ 3,108,159.96 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027 \$ 2,513,462.55 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027 \$ 2,772,319.79 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027 \$ 2,622,795.16 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Nov 12, 2015 Sep 10, 2027	May 31, 2003 Sep 10, 2027 \$ 9,702,631.63 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL
Original Principal Balance Accrued Interest Sub-total	\$ 3,108,159.96	13,772.40	\$ 2,772,319.79 15,190.79	14,371.48	14,634.33	\$ 9,702,631.63 1,648,075.04
Previous Payments	\$ 3,125,190.97	\$ 2,527,234.95	\$ 2,787,510.58	\$ 2,637,166.64	\$ 2,685,399.34	\$ 11,350,706.67
Adjusted Principal Balance	\$ 3,125,190.97	\$ 2,527,234.95	\$ 2,787,510.58	\$ 2,637,166.64	\$ 2,685,399.34	\$ 11,350,706.67
Date of Issue Date of Maturity Original Amount of Note Interest Rate Interest Dates Payable at	VOHE Obligation #3 May 31, 2004 Sep 10, 2027 \$ 10,439,098.36 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	VOHE Obligation #4 May 31, 2005 Sep 10, 2027 \$ 12,051,446.00 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	VOHE Obligation #5 May 31, 2006 Sep 10, 2027 \$ 18,173,967.41 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	VOHE Obligation #6 May 31, 2007 Sep 10, 2027 \$ 16,699,691.00 4% December 31 Sears, Roebuck and Co. Hoffman Estates, IL	Total	
Original Principal Balance Accrued Interest Sub-total	\$ 10,439,098.36 1,773,170.22	\$ 12,051,446.00 2,047,041.26	\$ 18,173,967.41 3,087,003.93	\$ 16,699,691.00 2,836,585.47	\$ 123,393,411.75 21,626,978.46	
oub total	\$ 12,212,268.58	\$ 14,098,487.26	\$ 21,260,971.34	\$ 19,536,276.47	\$ 145,020,390.21	
Previous Payments	\$ 12,212,268.58 	\$ 14,098,487.26	\$ 21,260,971.34	\$ 19,536,276.47	\$ 145,020,390.21 14,303,213.03	

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (8) CERTIFIED AUDIT REPORT

An audit of the Economic Development Area Special Tax Allocation Fund was performed by Sikich, LLP for the year ended December 31, 2015. A copy of the Annual Financial Report is attached.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION 4.7 (10) INTERGOVERNMENTAL AGREEMENTS

During the fiscal year ended December 31, 2015, the Village did not enter into any Intergovernmental Agreements related to the EDA.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

ANNUAL FINANCIAL REPORT



VILLAGE OF HOFFMAN ESTATES, ILLINOIS ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND TABLE OF CONTENTS

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1415 W. Diehl Road, Suite 400 Naperville, Illinois 60563 Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Economic Development Area Special Tax Allocation Fund (the Fund), an agency fund of the Village of Hoffman Estates, Illinois, as of and for the year ended December 31, 2015, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Area Special Tax Allocation Fund, an agency fund of the Village of Hoffman Estates, Illinois, as of December 31, 2015, 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 Economic Development Area Special Tax Allocation 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, 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

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Naperville, Illinois May 26, 2016



ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2015

ASSETS Cash and Investments Due from Other Entities	\$ 8,213
TOTAL ASSETS	\$ 8,213
LIABILITIES	
Due to Primary Government	\$ -
Due to Other Governments	1,310
Accounts Payable	6,903
TOTAL LIABILITIES	\$ 8,213

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Economic Development Area Special Tax Allocation Fund (the Fund) of the Village of Hoffman Estates, Illinois have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 accounting policies are described below.

a. Reporting Entity

The Fund is a fiduciary fund of the Village of Hoffman Estates, Illinois (the Village).

b. Fund Accounting

The Fund uses one fund to report its financial information. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified in this report into the fiduciary category.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When assets are held on behalf of others as their agent, an agency fund is used.

c. Basis of Accounting

The agency fund uses the accrual basis of accounting but has no measurement focus. As an agency fund, only assets and liabilities are reported on the basic financial statements. Under the accrual basis of accounting, additions are recorded when earned and deductions are recorded at the time the liabilities are incurred.

d. Investments

Investments are stated at fair value at December 31, 2015. Securities traded on national exchanges are at the last reported sale price.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Due From/To Primary Government

Due from primary government balance, if applicable, represents interfund balances due from the General Fund of the Village at December 31, 2015.

2. DEPOSITS AND INVESTMENTS

The deposits and investments of the Fund are held separately from those of the Village.

The Village's investment policy authorizes the Village to invest in bonds, notes, certificates of indebtedness, treasury bills or other securities, including obligations of the Government National Mortgage Association, which are guaranteed by the full faith and credit of the United States Government as to principal and interest, bonds, notes, debentures or other similar obligations of the Unites States Government or its agencies, interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any investment constituting direct obligations of any bank, as defined by the Illinois Banking Act, that is insured by the Federal Deposit Insurance Corporation, certain insured short-term obligations of corporations organized in the United States and certain Money Market Mutual Funds registered under the Investment Company Act of 1940. In addition to any other investments authorized under the Public Funds Investment Act, the Village may invest its public funds in interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district, shortterm discount obligations of the Federal National Mortgage Association (FNMA) or in the shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of the State of Illinois or any other state or under the laws of the United States Government, dividend-bearing share accounts, and share certificate accounts or class of share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States Government.

It is the policy of the Village to invest their funds in a manner which will provide the highest investment return with the maximum security while meeting the operating demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

The Village maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the Village's funds.

a. 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 policy requires pledging of collateral not less than 110% of fair market value 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.

b. 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. Illinois Funds are rated AAA by a national rating agency.

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 requires 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 financial institution shall hold more than 50% of the Village's investment portfolio, commercial paper shall not exceed 10% of the Village's investment portfolio, and continuously investing a portion of the portfolio in readily available funds such as the Illinois Treasurer's Pool or money market funds to ensure that appropriate liquidity is maintained in order to meet on-going obligations.

The Village's investment policy states that investments in derivatives and participation in securities lending transactions are prohibited.

VILLAGE OF HOFFMAN ESTATES, ILLINOIS ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

3. LONG-TERM DEBT

a. Tax Increment Revenue Note Disclosures

The Village, pursuant to an economic development agreement dated February 25, 1990, has agreed to reimburse Sears Roebuck and Co. (Sears) for certain project costs Sears has incurred as the Village's agent in furthering the economic development plan and project. The economic development agreement requires that an economic development tax increment revenue note be executed each time Sears makes such an advance. These notes are payable from and secured solely by the pledged incremental revenues deposited from time-to-time in the Sears EDA General Account Fund created by the indenture of the Series 2005 and Series 1991 tax increment revenue bonds.

Prior to January 1, 2012, the interest rates on the notes changed every March 1, June 1, September 1 and December 1, indexed to a percentage of the weekly 25 Revenue Bond Index as published by "The Bond Buyer." For project cost notes, the interest rate was 90% of the index. For developer cash advance notes, the interest rate was 75% of the index. Effective January 1, 2012, the interest rate for all project cost notes and developer advance notes is 4%. Payments on the notes are due annually as and to the extent monies are available in the Sears EDA General Account Fund. Any amount of interest not paid on the due date is to be added to the principal balance of the note then outstanding. Tax increment revenue notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Balance January 1	Issuances or Accretions	Retirements or Accretions	Balances December 31	Current Portion
Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.	Debt Service	\$ 112,934,331	\$ 30,003,741	\$ 12,220,894	\$ 130,717,178	\$ -
TOTAL TAX INCREMENT REVENUE NOTES		\$ 112,934,331	\$ 30,003,741	\$ 12,220,894	\$ 130,717,178	\$ -

The increase of \$30,003,741 in the Tax Increment Revenue Notes is inclusive of interest due as of December 31, 2015 of \$3,961,178 that accrues to the principal balance if not paid.

b. Debt Service Requirements to Maturity

The Hoffman Estates Economic Development Project Area Tax Increment Revenue Notes provide that the payment of principal and interest on the notes are due only if tax increment revenues are available for payment of debt service in the Sears EDA General Account Fund before the TIF expires in 2027. Any amount of unpaid interest at the interest due dates is added to the principal balance of the note.

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH PUBLIC ACT 97-0636

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

We have examined management's assertion, included in its representation letter dated May 26, 2016 that the Village of Hoffman Estates, Illinois (the Village) complied with the provisions of subsection (e) of Section 3 of the Economic Development Area Tax Allocation Act (Illinois Public Act 97-0636) during the year ended December 31, 2015. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with statutory requirements.

In our opinion, management's assertion that the Village complied with the aforementioned requirements for the year ended December 31, 2015 is fairly stated, in all material respects.

This report is intended solely for the information and use of the President, the Board of Trustees, management of the Village, Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Naperville, Illinois May 26, 2016



ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

REVENUES	
Property Taxes	\$ 27,069,347
Investment Income	25,846
Total Revenues	27,095,193
EXPENDITURES	
Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	68,364
Property Tax Payments	81,639
Governmental Share Distribution	9,539,086
Tax Increment Revenue Note Distribution	12,220,894
Total Expenditures	26,909,983
NET CHANGE IN FUND BALANCE	185,210
FUND BALANCE (DEFICIT), JANUARY 1	(183,900)
FUND BALANCE, DECEMBER 31	\$ 1,310

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

SCHEDULE OF FUND BALANCE BY SOURCE

BEGINNING BALANCE, JANUARY 1	\$ (183,900)
DEPOSITS	
Property Taxes	27,069,347
Investment Income	25,846
Total Deposits	27,095,193
Balance Plus Deposits	26,911,293
EXPENDITURES	
Economic Development	
Municipal Contribution	5,000,000
Administrative Fees	68,364
Property Tax Payments	81,639
Governmental Share Distribution	9,539,086
Tax Increment Revenue Note Distribution	12,220,894
Total Expenditures	26,909,983
ENDING BALANCE, DECEMBER 31	\$ 1,310
ENDING BALANCE BY SOURCE	
Property taxes*	\$ 1,310
Subtotal	1,310
Less Surplus Funds	
ENDING BALANCE	\$ 1,310

^{*} Monies are designated to pay the Tax Increment Revenue Notes due in annual installments only if tax increment revenues are available.

ECONOMIC DEVELOPMENT AREA SPECIAL TAX ALLOCATION FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

	Balances January 1		Additions		Deletions	Balances December 31	
ASSETS							
Cash and Investments Due from Other Entities	\$	308 183,900	\$ 27,479,466	\$	27,471,561 183,900	\$	8,213
TOTAL ASSETS	\$	184,208	\$ 27,479,466	\$	27,655,461	\$	8,213
LIABILITIES							
Due to Primary Government Due to Other Governments Accounts Payable	\$	184,208 - -	\$ 27,472,563 6,903	\$	184,208 27,471,253	\$	1,310 6,903
TOTAL LIABILITIES	\$	184,208	\$ 27,479,466	\$	27,655,461	\$	8,213