

COUNCIL WORKSHOP ITEM

ITEM: Resolution to Finance Bonds
DATE: June 25, 2003
PREPARED BY: Trisha Steele, Assistant Director of Financial Services
PURPOSE: To resolve that the Central Business Area TIF debt will be paid with tax increment revenues.

DISCUSSION:

In December 1997, the Village of Downers Grove established the Village of Downers Grove Tax Increment (TIF) Downtown Redevelopment Plan and Project (Downtown Project). When the Downtown Project was created, the Village established that the tax increment from property taxes within the TIF area would be exclusively utilized for the development of the Downtown Project Area. To track and record the resources acquired and used for the Downtown Project, Fund 107, CBD TIF, was created.

The Council recognized that the Downtown Project would need an investment to initiate the growth of the property tax increment and, over the years, has issued several bonds to finance the area's redevelopment projects. Each bond is officially designated as a CBD TIF bond. Other funds have provided the majority of the resources needed to pay the debt service for CBD TIF Bond interest and principal because the tax increment from the Downtown Project area has not been sufficient to cover these payments.

This resolution will establish the Village's intent that all CBD TIF Bond debt is to be paid using the tax increment generated from the Downtown Project area. During the recent budget discussions, Council discussions focused on the importance of using the tax increment generated by the CBD TIF Downtown Project area to pay for all CBD TIF related debt. Since 1998, however, the accounting for the debt payments has not been processed in a manner that clearly reflects this intention.

This resolution will provide the vehicle for clearly establish how to account for the bond debt related to the Downtown Project Area. It will provide the accounting guidance needed for the following transactions:

- The receipt of revenues, such as general property taxes, collected to pay for Downtown Project area related debt service.
- The amounts loaned from, and owed to, other Village funds, which provided funding to pay for the debt related to the Downtown TIF Projects.

RECOMMENDATION:

Staff recommends that the Council adopt this resolution to establish the intention to pay for all CBD TIF related debt with the tax increment generated by the Downtown Redevelopment TIF Area.

RESOLUTION NO. _____

**A RESOLUTION RECOGNIZING DEBTS ASSOCIATED WITH THE
CENTRAL BUSINESS DISTRICT TAX INCREMENT FINANCING DISTRICT**

WHEREAS, the Village of Downers Grove, DuPage County, Illinois, has approved the Village of Downers Grove Tax Increment Financing (TIF) Downtown Redevelopment Plan and Project by Ordinance 3997, as amended; and

WHEREAS, it is the intent of the Village Council to utilize the tax increment from property taxes as authorized by law, with such revenues to be exclusively utilized for the development within the Downtown Redevelopment Project Area; and

WHEREAS, the Village Council does hereby determine that it is in the best interests of the Village of Downers Grove and its citizens to recognize debts associated with the development of the Project within the Central Business District Tax Increment Financing District and take those necessary steps to make payments and recognize such debts according to proper accounting methods.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND VILLAGE COUNCIL OF THE VILLAGE OF DOWNERS GROVE, DUPAGE COUNTY, ILLINOIS, as follows:

SECTION 1: That all Central Business District Tax Increment Financing District debts be recognized as liabilities to the Central Business District Tax Increment Financing District project fund.

SECTION 2: That all Central Business District Tax Increment Financing District related debts be paid with the tax increment generated by the Central Business District Tax Increment Financing District Fund.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and approval as provided by law.

Mayor

Passed:

Published:

Attest: _____

Village Clerk