



# City of Aurora

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Brian W. Caputo, C.P.A.  
Director of Finance  
City Treasurer

## MEMORANDUM

TO: Thomas J. Weisner, Mayor

FROM: Brian W. Caputo, Director of Finance/City Treasurer *BWC*

DATE: August 1, 2008

SUBJECT: An Ordinance of the City of Aurora, Kane, DuPage, Kendall and Will Counties, Illinois, Providing for the Issuance of Tax Increment Revenue Bonds, Series 2008B in an Aggregate Principal Amount of \$\_\_\_\_\_, and Related Matters – Finance Committee Agenda Item – August 12, 2008 Meeting

### **PURPOSE:**

To obtain the approval of the City Council of a proposed ordinance providing for the issuance of the City of Aurora Series 2008B Tax Increment Revenue Bonds.

### **BACKGROUND:**

On September 26, 2000, the city created the River City Tax Increment Financing District (TIF District #3). The district consists of approximately 40 acres and is located just south of the city's downtown. It is generally bounded by Benton Street on the north, LaSalle Street and Broadway on the east, North Avenue on the south, and Middle Avenue on the west. The district was established to attract residential, commercial, and other mixed-use projects to redevelop underutilized land. The district's TIF plan anticipated \$82.3 million of potential redevelopment project costs (in 2000 dollars).

On February 27, 2007, the city and Aurora Redevelopment, LLC, entered into an agreement to redevelop approximately 34 acres of TIF District #3. The redevelopment agreement calls for the construction of a minimum of 900 townhouse, row house, and condominium units up to an average gross density of 62 dwelling units per acre. The dwelling units will have a minimum average size of 1,000 square feet per unit with no unit smaller than 800 square feet. The units must have a combined total fair market value of at least \$198 million. In addition, Aurora Redevelopment, LLC, is permitted to construct restaurants, a hotel, commercial, retail, and office

space of up to 225,000 square feet along with a parking deck. The city staff has termed the development "the Shodeen Project."

**DISCUSSION:**

The city's financing plan for the Shodeen Project, dated February 1, 2007, contemplated a TIF bond issue in 2009 to pay redevelopment costs. However, it would be economical and efficient to issue the bonds for the Shodeen project simultaneously with the Series 2008A TIF Bonds. At this time, we have identified needs for approximately \$7.2 million (plus issuance costs and a debt service reserve). The redevelopment costs to be paid would include those associated with land acquisition, environmental remediation, and public infrastructure improvements. Approximately, \$4.5 million of bond proceeds would reimburse the city for monies previously advanced from the Gaming Tax Fund.

We intend to sell the 2008B Tax Increment Revenue Bonds on August 26, 2008. The bonds will have a maturity of approximately 16 years and will be sold through a negotiated sale. Until incremental property taxes generated by the Shodeen Project are sufficient to pay the debt service on the bonds, the debt service will be paid by gaming tax revenues.

Attached is a draft bond ordinance. The final bond ordinance will be prepared after the bonds are sold and the exact interest costs are known.

**RECOMMENDATION:**

That the City Council approve the attached, proposed ordinance that would authorize the issuance of the city's 2008B Tax Increment Revenue Bonds.

attachment

Forwarded to the Finance Committee for consideration

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Mayor's Office Initials & Date

- c: Robert J. O'Connor, Alderman
- Abby D. Schuler, Alderman
- Leroy V. Keith, Alderman
- Sheketa Hart-Burns, Alderman
- William A. Wiet, Chief of Staff
- Cheryl M. Vonhoff, City Clerk
- Alayne M. Weingartz, Corporation Counsel
- John C. Banbury, Assistant Corporation Counsel
- Sherman L. Jenkins, Director of Economic Development
- Stephen K. Andras, Assistant City Engineer