AGENDA

Annual Joint Review Board Meeting – Water's Edge TIF District
September 8, 2026
11:30 a.m.
Council Chambers - Crystal Lake City Hall
100 W. Woodstock Street, Crystal Lake, Illinois 60014

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1. Call to Order
2. Roll call of Joint Review Board Member Representatives and Public Member Present
3. Appointment of JRB Chair
4. Approval of the September 11, 2025 Annual Joint Review Board meeting minutes
5. Chairperson Report
6. Presentation and Review of the Annual TIF District Report
7. Review and Discussion of Effectiveness of TIF and any other related items of interest
8. Public Comment
9. Adjournment

FY 2025

ANNUAL TAX INCREMENT FINANCE REPORT

SUSANA A. MENDOZA
ILLINOIS STATE COMPTROLLER

Name of Municipality:	**City of Crystal Lake**	Reporting Fiscal Year:	**2025**
County:	McHenry	Fiscal Year End:	**12/31/2025**
Unit Code:	**063/020/30**	Stub Year Included	

FY 2025 TIF Administrator Contact Information-Required

First Name:	**Kathryn**	Last Name:	**Cowlin**		
Address:	100 W Woodstock Street	Title:	Director of Community Development		
Telephone:	815-459-2020	City:	Crystal Lake	Zip:	60014
E-mail	**kcowlin@crystallake.org**				

I attest to the best of my knowledge, that this FY 2025 report of the redevelopment project area(s)

in the **City/Village** of: **Crystal Lake**

is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].

Kathryn Cowlin — 06/29/2026

Written signature of TIF Administrator — **Date**

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTICT

Name of Redevelopment Project Area	Date Designated MM/DD/YYYY	Date Terminated MM/DD/YYYY
Water's Edge TIF	7/19/2022	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: The Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 8 must be completed for each redevelopment project area listed in Section 1.]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

Primary Use of Redevelopment Project Area*: Mixed	
***Types include:** Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.	
If "Combination/Mixed" List Component Types: Retail, Residential	
Under which section of the Illinois Municipal Code was the Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act	X
Industrial Jobs Recovery Law	

Please utilize the information below to properly label the Attachments.

	No	Yes
For redevelopment projects beginning prior to FY 2022, were there any amendments, to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] **If yes, please enclose the amendment (Labeled Attachment A).** For redevelopment projects beginning in or after FY 2022, were there any amendments, enactments or extensions to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment, enactment or extension, and a copy of the redevelopment plan (Labeled Attachment A).	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] **Please enclose the CEO Certification (Labeled Attachment B).**		**X**
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] **Please enclose the Legal Counsel Opinion (Labeled Attachment C).**		**X**
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] **If yes, please enclose the Activities Statement (Labled Attachment D).**		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] **If yes, please enclose the Agreement(s) (Labeled Attachment E).**		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] **If yes, please enclose the Additional Information (Labeled Attachment F).**	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] **If yes, please enclose the contract(s) or description of the contract(s) (Labeled Attachment G).**	X	
Were there any reports ***submitted to*** the municipality ***by*** the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] **If yes, please enclose the Joint Review Board Report (Labeled Attachment H).**		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] **If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached (Labeled Attachment J).**	X	
An analysis prepared by a financial advisor or underwriter, chosen by the municipality, setting forth the nature and term of obligation; projected debt service including required reserves and debt coverage; and actual debt service. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] **If attachment I is yes, the Analysis** and an accompanying letter from the municipality outlining the contractual relationship between the municipality and the financial advisor/underwriter MUST be attached (Labeled Attachment J).	X	
Has a cumulative of $100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) **If yes, please enclose audited financial statements of the special tax allocation fund (Labeled Attachment K).**		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than $100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] **If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (Labeled Attachment L).**		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] **If yes, please enclose the list only, not actual agreements (Labeled Attachment M).**	X	
For redevelopment projects beginning in or after FY 2022, did the developer identify to the municipality a stated rate of return for each redevelopment project area? Stated rates of return required to be reported shall be independently verified by a third party chosen by the municipality. If yes, please enclose evidence of third party verification, may be in the form of a letter from the third party (Labeled Attachment N).	X	
Letter from the Mayor/Village President designating the municipality's TIF Administrator. Must include the phone number and email address of the designated party (Labeled Attachment O.)	X	

SECTION 3.1 [65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d)]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

Provide an analysis of the special tax allocation fund.

Special Tax Allocation Fund Balance at Beginning of Reporting Period $ (186,773)

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	$ 171,184	$ 203,279	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	$ 139	$ 145	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

All Amount Deposited in Special Tax Allocation Fund $ 171,323

Cumulative Total Revenues/Cash Receipts $ 203,424 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) $ 32,169

Transfers to Municipal Sources

Distribution of Surplus

Total Expenditures/Disbursements $ 32,169

Net/Income/Cash Receipts Over/(Under) Cash Disbursements $ 139,154

Previous Year Adjustment (Explain Below)

FUND BALANCE, END OF REPORTING PERIOD* $ (47,619)

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

Previous Year Explanation:

SECTION 3.2 A [65 ILCS 5/11-74.4-5 (d) (5) (c) and 65 ILCS 5/11-74.6-22 (d) (5)(c)]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	**Amounts**	**Reporting Fiscal Year**
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
Filippini Law Firm LLP - Legal Services	$ 32,169	
		$ 32,169
2. Annual administrative cost.		
		$ -
3. Cost of marketing sites.		
		$ -
4. Property assembly cost and site preparation costs.		
		$ -
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
		$ -
6. Costs of the constructuion of public works or improvements.		
		$ -

7. Costs of eliminating or removing contaminants and other impediments.		
		$ -
8. Cost of job training and retraining projects.		
		$ -
9. Financing costs.		
		$ -
10. Capital costs.		
		$ -
11. Cost of reimbursing school districts for their increased costs caused by TIF assisted housing projects.		
		$ -
12. Cost of reimbursing library districts for their increased costs caused by TIF assisted housing projects.		
		$ -

13. Relocation costs.		
		$ -
14. Payments in lieu of taxes.		
		$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		$ -
17. Cost of day care services.		
		$ -
18. Other.		
		$ -

TOTAL ITEMIZED EXPENDITURES		**$ 32,169**

Section 3.2 B [Information in the following section is not required by law, but may be helpful in creating fiscal transparency.]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

List all vendors, including other municipal funds, that were paid in excess of $10,000 during the current reporting year.

Name	Service	Amount
Filippini Law Firm LLP	Legal Services	$ 32,169.00

SECTION 3.3 [65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FUND BALANCE BY SOURCE	$ (47,619)

1. Description of Debt Obligations	Amount of Original Issuance	Amount Designated
Total Amount Designated for Obligations	$ -	$ -

2. Description of Project Costs to be Paid	Amount of Original Issuance	Amount Designated
Total Amount Designated for Project Costs		$ -

TOTAL AMOUNT DESIGNATED	$ -
SURPLUS/(DEFICIT)	$ (47,619)

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

X	**Indicate an 'X' if no property was acquired by the municipality within the redevelopment project area.**

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (5):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (6):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (7):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 [20 ILCS 620/4.7 (7)(F)]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

PAGE 1

Page 1 MUST be included with TIF report. Pages 2 and 3 are to be included ONLY if projects are listed.

Select ONE of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	

2. The municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a and 2b.)	X
2a. The total number of ALL activities undertaken in furtherance of the objectives of the redevelopment plan:	4
2b. The **NUMBER** of new projects undertaken in fiscal year 2022 or any fiscal year thereafter, within the Redevelopment Project Area.	0

LIST ALL projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	**11/1/99 to Date**	**Estimated Investment for Subsequent Fiscal Year**	**Total Estimated to Complete Project**
Private Investment Undertaken (See Instructions)	$ -	$ -	$ -
Public Investment Undertaken	$ 251,043	$ -	$ -
Ratio of Private/Public Investment	0		0

Project 1 Name: Consulting Services

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	$ 35,397		
Ratio of Private/Public Investment	0		0

Project 2 Name: Financial Analysis

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	$ 5,500		
Ratio of Private/Public Investment	0		0

Project 3 Name: Legal Services

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	$ 209,326		
Ratio of Private/Public Investment	0		0

Project 4 Name: Audit Services

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	$ 820		
Ratio of Private/Public Investment	0		0

Project 5 Name:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6 Name:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

SECTION 6 [Information requested in SECTION 6.1 is not required by law, but may be helpful in evaluating the performance of TIF in Illinois. SECTIONS 6.2, 6.3, and 6.4 are required by law, if applicable. (65 ILCS 5/11-74.4-5(d))]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

SECTION 6.1-For redevelopment projects beginning before FY 2022, complete the following information about job creation and retention.

Number of Jobs Retained	Number of Jobs Created	Job Description and Type (Temporary or Permanent)	Total Salaries Paid
	75	Temporary	$ 2,500,000
	40	Permanent	$ 7,900,000
			$ 10,400,000

SECTION 6.2-For redevelopment projects beginning in or after FY 2022, complete the following information about projected job creation and actual job creation.

Project Name	The number of jobs, if any, projected to be created at the time of approval of the redevelopment agreement.		The number of jobs, if any, created as a result of the development to date, under the same guidelines and assumptions as was used for the projections used at the time of approval of the redevelopment agreement.	
	Temporary	Permanent	Temporary	Permanent
Water's Edge	75	40	75	40

SECTION 6.3-For redevelopment projects beginning in or after FY 2022, complete the following information about increment projected to be created and actual increment created.

Project Name	The amount of increment projected to be created at the time of approval of the redevelopment agreement.	The amount of increment created as a result of the development to date, using the same assumptions as was used for the projections used at the time of the approval of the redevelopment agreement.
Water's Edge	$38,084,360	$3,000,000

SECTION 6.4-For redevelopment projects beginning in or after FY 2022, provide the stated rate of return identified by the developer to the municipality and verified by an independent third party, IF ANY:

Project Name	Stated Rate of Return
n/a	

SECTION 7 [Information in the following section is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

Provide a general description of the redevelopment project area using only major boundaries.

The Water's Edge TIF District consists of 20 parcels south of US Route 14 (Northwest Highway), east of Crystal Point Drive and lying north and west of Three Oaks Recreation Area.

Optional Documents	Enclosed
Legal description of redevelopment project area	
Map of District	

SECTION 8 [Information in the following section is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.]

FY 2025

Name of Redevelopment Project Area:

Water's Edge TIF

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area.

Year of Designation	Base EAV	Reporting Fiscal Year EAV
7/19/2022	$ 3,201,628	$ 4,339,804

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

[ ] **Indicate an 'X' if the overlapping taxing districts did not receive a surplus.**

Overlapping Taxing District	Surplus Distributed from redevelopment
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -

Unit Code 063/020/30
Attachment B

Certification

I, Eric Helm, the duly appointed City Manager of the City of Crystal Lake, County of McHenry, State of Illinois, do hereby certify that to the best of my knowledge, The City of Crystal Lake has complied with all requirements pertaining to the Tax Redevelopment Allocation Act during the twenty months ended December 31, 2025.

Name of Redevelopment Project Area: Water's Edge TIF



6/17/26

Eric Helm
City Manager
City of Crystal Lake

Date

Unit Code 063/020/30
Attachment C

SWANSON, MARTIN & BELL, LLP

ATTORNEYS AT LAW
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SUITE 201
LIBERTYVILLE, ILLINOIS 60048
(847) 949-0025 • FAX (847) 247-0555

David F. Pardys
(847) 949-0035

E-mail at
dpardys@smbtrials.com

June 26, 2026

VIA E-MAIL

Ms. Jodie Hartman
Director of Finance
City of Crystal Lake
100 W. Woodstock Street
Crystal Lake, IL 60014

Re: Water's Edge TIF

Dear Ms. Hartman:

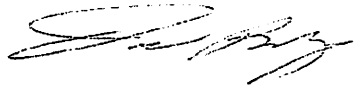
As you know, our firm is engaged by the City of Crystal Lake as Special Counsel. We have been so engaged for a number of years including during the twenty-month period commencing on May 1, 2024, and ending on December 31, 2025.

We have received and reviewed all the information provided to us by the City staff and I have personally reviewed these materials with City staff in connection with the above-mentioned TIF District. Based upon these reviews, and to the best of our knowledge and belief, the City of Crystal Lake has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act (the "Act") in effect as of the date of this letter. It is my understanding that a copy of this letter will be appended to the City's report and forwarded, along with the report to the State In compliance with the provisions of 65 ILCS 5/11-74.4-5 of the Act.

This opinion relates only to the twenty-month period commencing May 1, 2024, and ending on December 31, 2025, is based upon all information available to us as of the end of said period. We disclaim any undertaking to advise you of changes which hereafter may be brought to our attention, including, without limitation, changes to the Illinois Tax Increment Redevelopment Allocation Act.

The City has advised us that, by making the request set forth in its letter to us, the City does not intend to waive the attorney-client privilege with respect to any information the City has furnished us. Moreover, please be advised that our response to you should not be construed in any way to constitute a waiver of the protection of the attorney work product privilege with respect to any of our files involving the City.

Sincerely,



David F. Pardys

Unit Code 063/020/30
Attachment D

Activities Statement

Water's Edge TIF

The Water's Edge TIF District consists of 20 parcels south of US Route 14 (Northwest Highway), east of Crystal Point Drive and lying north and west of Three Oaks Recreation Area. The 49-acre district includes the redevelopment of the approximately 30-acre vacant former Crystal Court Shopping Center. After the district was enacted, development interest was heightened with the proposal of a 30-acre mixed-use development for the former shopping center. The development team received final zoning approvals for the first phase of the redevelopment, which includes 260 units of rental residential units, a public park and approximately 20,300 square feet of commercial/retail space. The second phase is comprised of 22,000 square feet of commercial/retail space and the opportunity for a hotel development. The redevelopment proposal would help achieve the TIF Redevelopment Plan's goal and objectives of revitalizing the project area with a significant mixed-use district. The developer has commenced construction on phase one, which includes all public improvements, the 240 apartment units, amenities and site preparation for the commercial area. One residential apartment building received occupancy approval during the fiscal year. It is anticipated that nearly all apartment units will have occupancy by the end of 2025. The residential apartments and townhomes were completed in 2025. Commercial construction is currently underway, with tenants expected to begin opening in 2026. Additionally, as part of the required relocation of existing tenants from the former Crystal Court Shopping Center, Jimmy John's developed a new multi-tenant retail center along Liberty Road, enhancing the appearance and vitality of the area. The former McDonald's site is also undergoing redevelopment, with plans to construct a new McDonald's along Liberty Road.

Unit Code 063/020/30
Attachment E

DocId:20078074
Tx:40359890

PREPARED BY:
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Eric Helm
City Manager
City of Crystal Lake
100 W. Woodstock Street
Crystal Lake, IL 60014

JOSEPH J. TIRIO
CLERK AND RECORDER
MCHENRY COUNTY, IL
2024R0026997
10/15/2024 12:14:09 PM PAGES: 16

RECORDING FEE	12.00
RHSPS HOUSING FEE	18.00
GIS FEE	43.00
AUTOMATION FEE	8.00

COVER SHEET

CITY OF CRYSTAL LAKE

FIRST AMENDMENT TO THE CONTROLLING REDEVELOMENT AGREEMENT BY AD BETWEEN THE CITY OF CRYSTAL LAKE AND HEARTLAND REAL ESTAE PARTNERS, LLC

(WATER'S EDGE REDEVELOPMENT PROJECT)

Execution Version

FIRST AMENDMENT TO CONTROLLING REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF CRYSTAL LAKE AND HEARTLAND REAL ESTATE PARTNERS, LLC (WATER'S EDGE REDEVELOPMENT PROJECT)

This **FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT** ("***First Amendment***") is dated as of the 3 day of October, 2024, by and among the **CITY OF CRYSTAL LAKE**, an Illinois home rule municipal corporation ("***City***"), **WATER'S EDGE RESIDENTIAL LLC**, an Illinois limited liability company (the "***Residential Developer***"), and **WATER'S EDGE COMMERCIAL LLC**, an Illinois limited liability company (the "***Commercial Developer***")(collectively, the Residential Developer and the Commercial Developer shall hereinafter be referred to as the "***Developer***"). The City and Developer are hereinafter collectively referred to as the "***Parties***" and individually as a "***Party***" as the context may require.

IN CONSIDERATION OF the recitals and the mutual covenants and agreements set forth in this First Amendment, the Parties agree as follows:

SECTION 1. RECITALS.[1]

a. The City and Heartland Real Estate Partners, LLC, an affiliated entity of Developer, entered into that certain "Controlling Redevelopment Agreement" for the Water's Edge Redevelopment Project dated September 28, 2023 (the "***Agreement***").

b. Following the execution of the Agreement, the Residential Developer acquired the Residential Parcel from the Owner, and Commercial Developer acquired the Commercial Parcel from the Owner.

c. The Residential Developer and Commercial Developer are coordinating efforts to implement the requirements of the Agreement and the Final PUD Phase I Ordinance on the Property (the "***Phase I Redevelopment***").

d. In undertaking such activities, the Developer has encountered technical complications in securing financing approvals for the Phase I Redevelopment.

e. The City Council of the City has determined that amending the Agreement in the manner set forth in this First Amendment will align with the Redevelopment Plan for the TIF District, advance the Developer's efforts in completing the Phase I Redevelopment, and be in the best interests of the City and its residents.

SECTION 2. AMENDMENT TO AGREEMENT SECTION 4. Section 4 of the Agreement, entitled "Conveyance of City Property," is hereby amended in its entirety, so that said Section 4 shall hereafter be and read as follows:

SECTION 4. CONVEYANCE OF CITY PROPERTY.

[1] Capitalized terms in this First Amendment that are not otherwise defined in this First Amendment shall have the meanings ascribed to such terms in the Agreement.

(00033676 12)

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026997

A. Prior to the Closing, Developer shall deliver to the City detailed plats of survey of the real property that it seeks to acquire from the City in order to complete the required Public and Private Improvements for the redevelopment of the Property (the "***Survey***"). Subject to (a) final review and approval of the Survey by the City Manager and the City Engineer, and (b) the Final PUD Phase I Ordinance taking full force and effect, the City shall thereafter convey the real property depicted and described on the Survey (the "***City Land***") to the Developer immediately following the Closing for the amount of ten dollars ($10.00) pursuant to a mutually acceptable quitclaim deed that includes: (i) Developer's agreement to indemnify the City from and against any claims relating to or arising from the City Land arising on or after the date of conveyance, including any claims of environmental contamination; and (ii) a reverter clause to reconvey the City Land to the City in the event that:

1. the Developer does not complete the Public Improvements on the Property within five (5) years after the Effective Date, and

2. a determination by the City that the Performance Security (as may be supplemented by the Developer) is inadequate to allow the City to cause the Public Improvements to be completed, provided that

3. the City shall have delivered written notice to the Developer of the conditions set forth in Sections 4(ii)A and 4(ii)B (the "***Reverter Notice***"), and

4. Developer has failed either to complete the Public Improvements on the Property or to supplement the Performance Security in an amount sufficient to allow the City to cause the Public Improvements to be completed within 30 days after delivery of the Reverter Notice.

Developer shall pay (or reimburse the City for) any and all costs related to the conveyance of the City Land.

Following the recordation of the quitclaim deed from the City to Developer for the City Land, the City Manager and City Clerk (or Deputy City Clerk) are hereby authorized and directed to execute and deliver to Developer for recording a release of the reverter clause in such quitclaim deeds (the "*Reverter Release*"), which Reverter Release shall be in form and substance acceptable to the City, Developer, and any applicable Mortgagee Party (as defined in Section 15 below). The Developer shall cause the Reverter Releases to be recorded in the Officer of the McHenry County Recorder of Deeds. Developer represents that execution and recording of the Reverter Release is a condition precedent to Developer obtaining financing for the Phase I Redevelopment.

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026997

B. In addition to conveying the City Land as provided in Section 4.A, the City agrees to adopt such ordinance or ordinances as may be necessary or convenient to vacate and release any easements, rights-of-way or other encumbrances on the City Land.

C. If requested by the Developer, upon a determination that it is necessary or convenient for purposes of ensuring the implementation of the redevelopment of the Property pursuant to this Agreement and the Final PUD Ordinance(s) [including the eliminating title encumbrances affecting the City Land] to acquire property interests from other property owners (the "*Property Interests*"), the City agrees to purchase or acquire such Property Interests from the relevant owners thereof by negotiation or, if necessary, by eminent domain; provided, however, that Developer shall reimburse the City for any and all costs and expenses [including without limitation purchase prices, awards, judgments, engineering and surveying costs, other out-of-pocket costs and charges, and all reasonable attorneys' fees] incurred by the City therefor.

SECTION 3. AMENDMENT TO AGREEMENT SECTION 15. Section 15 of the Agreement, entitled "Nature, Survival, and Transfer of Obligations," is hereby amended in its entirety, so that said Section 15 shall hereafter be and read as follows:

SECTION 15. NATURE, SURVIVAL, AND TRANSFER OF OBLIGATIONS.

A. **Transfer Limitations and Conditions.** Developer agrees not sell or transfer its legal or beneficial interest in all or any portion of the Property, other than the sale of individual Residential Units or a transfer to a Developer Affiliate, prior to completion of all Infrastructure; except ~~that~~:

1. Developer may sell or transfer a portion of the Property to an end-user of such portion of the Property, subject to approval of such sale by resolution approved by the City Council;

2. for any collateral assignment, mortgage, security agreement, assignment, or other loan document expressly permitted in this Section 15; or

3. as a result of a "Foreclosure" (as defined in this Section 15).

A violation of this Section 15.A shall not cause any such sale or transfer of the Property (or portion thereof) to be void, but, if the Developer transacts any sale or transfer in violation of this Section 15.A, the Developer shall forfeit its right to receive any reimbursement for Redevelopment Expenses pursuant to Section 12 of this Agreement. Nothing in this provision shall prevent the Developer from conveying a lien, assignment, pledge, security interest, or other financial interest in either the Commercial Parcel or the Residential Parcel to an institutional investor, joint venturer, or Mortgagee Party (as hereinafter defined) that is

providing financing and/or capital for or on behalf of Developer or a Developer Affiliate, so long as either:

4. the Developer (or a Developer Affiliate) retains control of the Development Work for the Infrastructure and the Residential Parcel;

5. such institutional investor or joint venturer undertakes the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager);

6. a receiver for a Mortgagee Party undertakes (or contracts for) the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager); or

7. such Mortgagee Party, following consummation of a Foreclosure, undertakes (or contracts for) the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager).

In addition, any such institutional investor, joint venturer, or Mortgagee Party shall have the right to undertake such curative actions with respect to the Development Work or other Developer obligations under this Agreement, subject to and in accordance with the terms and provisions of this Agreement (including any agreement in place between the City and such institutional investor, joint venturer, or Mortgagee Party).

B. **Binding Obligations.** All obligations assumed by any Developer under this Agreement shall be binding upon the Developer, Developer Affiliates, and their successors, and assigns, and upon any and all of the respective successor legal or beneficial owners of all or any portion of the Property, provided, however, that no such successors, assigns, or successor owners shall be entitled to receive any reimbursement for Redevelopment Expenses unless the Developer gives notice to the City that a Developer Note, or the right to receive a Developer Note in accordance with the terms of this Agreement, has been assigned. To assure that all such successors, assigns, and successor owners have notice of this Agreement and the obligations created by it, the Developer shall:

1. Deposit with the City Clerk, contemporaneously with the City's approval of this Agreement, any consents or other documents necessary to authorize the City to record this Agreement (or a memorandum of agreement in a form mutually acceptable to the City and Developer) with the McHenry County Recorder of Deeds; and

2. Notify the City in writing when the Developer transfers a legal or beneficial interest in any portion of the Property, other than (a) the sale of an individual Residential Unit, to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a

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Mortgagee Party, and (c) as a result of any Foreclosure; and

3. Incorporate, by reference, this Agreement into any and all real estate sales contracts entered into for the sale of all or any portion of the Property, other than (a) the sale of an individual Residential Unit, to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure; and

4. Require, prior to the transfer of all or any portion of the Property other than (a) the sale of an individual Residential Unit, or any legal or equitable interest therein to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure, the transferee of said portion of the Property to execute an enforceable written agreement, in substantially the form attached as Exhibit H to this Agreement, agreeing to be bound by the provisions of this Agreement ("***Transferee Assumption Agreement***"), and to provide the City, upon request, with such reasonable assurance of the financial ability of such transferee to meet those obligations as the City may require.

The City agrees that upon a successor or assignee becoming bound to the obligations created in the manner provided in this Agreement and providing the financial assurances required herein, the liability of the Developer shall be released to the extent of the transferee's assumption of such liability. The failure to provide the City with a fully executed copy of a Transferee Assumption Agreement and, if requested by the City, with the transferee's proposed assurances of financial capability before completing any such transfer shall result in the Developer remaining fully liable for all applicable obligations under this Agreement until such items are provided to the reasonable satisfaction of the City, but shall not relieve the transferee of its liability for all such obligations as a successor to the Developer.

C. Limitation of Owner Obligations and Rights. Except as otherwise expressly set forth in this Agreement, the rights and obligations of all owners of portions of the Property under this Agreement shall be limited to those rights and obligations directly related to or arising out of the portion of the Property owned by such owners. Notwithstanding anything to the contrary set forth in this Agreement, issuance of the Residential Infrastructure Note is not contingent upon satisfaction of any of the Development Milestones (including, without limitation, the 1st Amendment to Development Milestones).

D. Exempt Assignments. This Section does not prohibit, nor require the City's consent to, the collateral assignment of this Agreement or a Developer Note to a construction lender or a permanent lender of a Developer or a Mortgagee Party, if required thereby. If any Mortgagee Party or institutional investor shall succeed to the Developer's interest in the Property pursuant to Foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest in this

Agreement, the City hereby agrees to attorn to and recognize such party as the successor in interest to such Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of such Developer hereunder and under the Final PUD Ordinance. If any Mortgagee Party does not expressly accept an assignment of a Developer's interest hereunder, then such party shall be entitled to no rights and benefits under this Agreement. If any such Mortgagee Party or institutional investor requests the City to acknowledge and or consent to such collateral assignment or pledge in a written collateral assignment, pledge, or similar agreement, the Corporate Authorities will authorize the execution of same after review and approval by the City Attorney, which review, approval, and execution will not be unreasonably withheld, conditioned, or delayed.

For the avoidance of doubt, and consistent with the terms of this Agreement:

1. Subject to the terms of this Agreement, Developer shall have the right to collaterally assign its rights, obligations, and interests under the Developer Notes, this Agreement and any related instruments to any Mortgagee Party.

2. Developer's granting of any mortgage, pledge, security agreement, assignment or any other loan documents to a Mortgagee Party, and any transfer of title to the Property pursuant to a Foreclosure, shall not itself constitute a violation of any provision of this Agreement. In connection with or following a Foreclosure, (i) the City shall not be required to further consent to or approve any proposed assignment and assumption by any Mortgagee Party of Developer's rights, obligations, and interests under this Agreement, any of the Developer Notes, or related instruments.

3. Nothing in Section 15 or any other provision of this Agreement shall limit or otherwise apply to Developer granting a mortgage against any portion of the Property, the sale or other transfer of any portion of the Property or any Foreclosure, irrespective of whether the Developer has completed the Infrastructure or other obligations of Developer under this Agreement, but any rights so obtained by a Mortgagee Party shall be subject to the terms and conditions of this Agreement.

E. Additional Definition. For purposes of this Agreement, the terms shall have the meanings ascribed to them, to-wit:

1. "Foreclosure" shall mean and include a foreclosure of a mortgage right by judicial action or any acquisition of the Property pursuant to a deed in lieu of foreclosure.

2. "Mortgagee Party" shall mean a person who hold a first mortgage lien against all or any portion of the Property, as well as (i) such person's successors and/or assigns, (ii) any receiver appointed at the request of

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such person and (iii) any transferee who acquires ownership of any portion of the Property from such person or from such receiver.

SECTION 4. AMENDMENT TO AGREEMENT SECTION 22.A. The second paragraph of Subsection 22.A of the Agreement, entitled "Notice," is hereby amended in its entirety, so that said second paragraph of Subsection 22.A shall hereafter be and read as follows:

Notices and communications to City shall be addressed to, and delivered at, the following address:

City of Crystal Lake
100 West Woodstock Street
Crystal Lake, Illinois 60014
Attention: Eric Helm, City Manager
Email: ehelm@crystallake.org

With copies to:

Kathryn Cowlin
Director of Community Development
City of Crystal Lake
100 West Woodstock Street
Crystal Lake, Illinois 60014
Email: kcowlin@crystallake.org

and

Victor P. Filippini, Jr.
Filippini Law Firm
One Rotary Center
1560 Sherman Avenue, Suite 220
Evanston, Illinois 60201
Email: victor.filippini@filippinilawfirm.com

Notices and communications to Developer shall be addressed to, and delivered at, the following address:

Peter Wall
Petaque & Wall
1535 N Elston Ave
Chicago, IL 60642
pwall@hrep.com

With a copy to:

Timothy Grogan
Heartland Real Estate Partners, LLC

1535 N Elston Ave
Chicago, IL, 60642
tgrogan@hrep.com

and a copy to:

Mr. John Green
c/o Lynwood Development Corporation
8120 Gage Lane
Cary, IL 60013
john@ johngreenldc.com

and a copy to:

Associated Bank, National Association
525 W. Monroe Street, 24th Floor
Chicago IL 60661
Attn: Alec Bliss
Alec.bliss@associatedbank.com

And a copy to:

Miller, Canfield, Paddock and Stone, P.L.C.
227 W. Monroe Street, Suite 3600
Chicago IL 60606
Attn: Joseph C. Huntzicker, Esq.
huntzicker@millercanfield.com

SECTION 5. AMENDMENT TO AGREEMENT SECTION 22.Q. Subsection 22.q of the Agreement, entitled "Estoppel Certificates," is hereby amended in its entirety, so that said Subsection 22.Q shall hereafter be and read as follows:

> **Q. Estoppel Certificates.** Each of the Parties hereto agrees to provide (and the City and Developer each authorize its attorney to provide) the other, upon not less than ten (10) business days prior request, a certificate ("***Estoppel Certificate***") certifying that this Agreement is in full force and effect (unless such is not the case in which such Party shall specify the basis for such claim), that the requesting Party is not in default of any term, provision, or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting Party. In addition, the Parties each agree to deliver to such other Party or Parties additional certifications, consents, confirmations, or similar documentation as may be consistent with the terms and conditions of this Agreement, including as may be reasonably required for Developer's financing of the Phase I

Redevelopment [including, without limitation, a consent, estoppel and agreement in favor of a Mortgagee Party in connection with Developer execution of a collateral assignment of Developer Notes and redevelopment documents]. The City Manager (in consultation with the City Attorney) is hereby authorized to execute such Estoppel Certificates, certifications, consents, confirmations, or similar documentation on behalf of the City.

SECTION 6. AMENDMENT AND REPLACEMENT OF AGREEMENT EXHIBIT E. Exhibit E of the Agreement, entitled "Development Milestones," is hereby replaced and superseded with Exhibit E attached to this First Amendment (the "***1st Amendment to Development Milestones***"), which 1st Amendment to Development Milestones shall hereafter be in full force and effect as the "Development Milestones" for all purposes of the Agreement as hereby amended.

SECTION 7. EFFECTIVE DATE; CONTINUED EFFECT OF AGREEMENT. This First Amendment shall be in full force and effect as of the date first written above. Except as otherwise expressly provided in this First Amendment, the Agreement shall remain in full force and effect.

SECTION 8. RECORDATION OF FIRST AMENDMENT. To assure that all successors, assigns, and successor owners have notice of this First Amendment and the obligations created by it, the Parties agree that the City shall record a certified copy of First Amendment with the McHenry County Recorder of Deeds.

[SIGNATURES ON FOLLOWING PAGES]

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026997

SIGNATURE PAGE TO FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this First Amendment to be duly executed to be effective as of the day and year first above written.

THE CITY OF CRYSTAL LAKE,
an Illinois municipal corporation

By: _____
Name: Eric T. Helm
Title: City Manager

STATE OF ILLINOIS)
) **SS.**
COUNTY OF McHenry)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Eric Helm, as City Manager of **THE CITY OF CRYSTAL LAKE**, an Illinois municipal corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this October 3, 2024.

SEAL
OFFICIAL SEAL
ALAINA SKURSKI
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Dec. 27, 2025

_____
Notary Public

My Commission expires:

Date: December 27, 2025

(00033878.12)

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026997

SIGNATURE PAGE TO FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this First Amendment to be duly executed to be effective as of the day and year first above written.

WATER'S EDGE RESIDENTIAL LLC
an Illinois limited liability company

By: _____
Name: Timothy P. Gregan
Title: Authorized Signatory

STATE OF ILLINOIS)
) **SS.**
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Timothy P. Gregan, as Authorized Signatory of **WATER'S EDGE RESIDENTIAL LLC**, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 1st day of Oct, 2024.

SEAL

_____
Notary Public

My Commission expires:

Date: 8-18-25, 2024

OFFICIAL SEAL
PATRICIA A SCHULZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 8/18/2025

SIGNATURE PAGE TO FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this First Amendment to be duly executed to be effective as of the day and year first above written.

WATER'S EDGE COMMERCIAL LLC
an Illinois limited liability company

By: _____
Name: Timothy P. Grogan
Title: Authorized Signatory

STATE OF ILLINOIS)
) **SS.**
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Timothy P. Grogan, as Authorized Signatory of **WATER'S EDGE COMMERCIAL LLC**, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 1st Day of Oct, 2024.

SEAL

_____
Notary Public

My Commission expires:

Date: 8-18-25, 2024

OFFICIAL SEAL
PATRICIA A SCHULZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 8/18/2025

EXHIBIT E

1st Amendment to Development Milestones

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026997

1st Amendment to Development Milestones

Category	**Contract Date/Comments** Executed Contract/ Lease to Be Provided to City by... (Projected)	**Start Date** Construction Start Date (Projected)	**Completion Date** Construction Completion/Certificate of Occupancy (Required, unless extended per the Agreement)
Developer submits final engineering plans for Infrastructure-related work and residential final engineering plans		9.1.23	Complete
Public infrastructure, specifically water mains are installed along Water's Edge Boulevard and functional. Abandonment of existing water main feeding Three Oaks Recreation Area then permitted.	Existing water main feeding Three Oaks Recreation Area cannot be removed until new main is functional.	4.30.24	12.31.24
Final PUD Approval and permit issuance	60 days following submittal of final engineering documents to the City		11.1.23 Complete
Developer acquires all of the Water's Edge Property (residential and commercial)		12.31.23	~~12.31.23~~ Complete July 2024
Transfer of City owned property to Developer	Subsequent to or simultaneous with Developer closing on properties	12.31.23	~~12.31.23~~ September 2024
Infrastructure construction commencement		12.31.23 Underway	
Developer commences residential building construction		5.1.24	~~5.1.26~~ 9.30.24
Developer commences bi-weekly meetings with City staff for status of commercial leasing		10.1.23 Underway	
Developer delivers executed letter of	4.1.24* Fall 2025*		

intent, sale contract or lease to City for restaurant on Lot 3.	Subject to demo of existing building		
Developer or Lot 3 Purchaser commences restaurant building construction Corner restaurant		12.31.24* Spring 2025*	12.31.25* 12.31.2026*
Developer completes Commercial "pad ready" on Lots 2, 3 & 4		5.1.24*	5.31.25*
Developer or Lot 2 Purchaser delivers executed letter of intent, sale or lease agreement for first restaurant in building on Lot 2. Multi-tenant	12.31.23* Subject to demo of existing building 12.31.24*		
Developer or Lot 2 Purchaser commences commercial building construction		~~6.30.24~~* 10.1.24*	~~5.31.25*~~ 09/2025*
Developer or Lot 4 Purchaser delivers executed letter of intent, sale or lease agreement for building on Lot 4.	~~12.31.23*~~ Spring 2026* Subject to demo of existing building		
Developer or Lot 4 Purchaser commences commercial building construction		~~6.30.25~~ 06.30.2026	~~5.31.26~~ 12.31.26 temporary occupancies (landscaping and other items to be completed in spring 2027)
Developer or Lot 5 Purchaser delivers executed letter(s) of intent, sale or lease agreement for buildings on Lot 5.	~~1.1.25~~ 6.1.25		
Developer or Lot 5 Purchaser commences commercial building construction		12.1.25	12.1.26
Outlot D ("Art Park") is completed and turned over to the City for acceptance		~~8.1.24~~ December 2024	8.1.25
Overlook area is constructed		~~8.1.24~~ December 2024	8.1.25

*Subject to Developer's resolution of issue with existing lease on a portion of the Phase One Commercial Area.

#

Unit Code 063/020/30
Attachment E

DocId:20078075
Tx:40359890

JOSEPH J. TIRIO
CLERK AND RECORDER
MCHENRY COUNTY, IL
2024R0026998
10/15/2024 12:14:10 PM PAGES: 11

RECORDING FEE	12.00
RHSPS HOUSING FEE	18.00
GIS FEE	43.00
AUTOMATION FEE	8.00

PREPARED BY
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Eric Helm
City Manager
City of Crystal Lake
100 W. Woodstock Street
Crystal Lake, IL 60014

COVER SHEET

CITY OF CRYSTAL LAKE

SECOND AMENDMENT TO THE CONTROLLING REDEVELOMENT AGREEMENT BY AD BETWEEN THE CITY OF CRYSTAL LAKE AND HEARTLAND REAL ESTAE PARTNERS, LLC

(WATER'S EDGE REDEVELOPMENT PROJECT)

9/26/24 Version

SECOND AMENDMENT TO CONTROLLING REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF CRYSTAL LAKE AND HEARTLAND REAL ESTATE PARTNERS, LLC (WATER'S EDGE REDEVELOPMENT PROJECT)

This **SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT** ("***Second Amendment***") is dated as of the 3rd day of October, 2024, by and among the **CITY OF CRYSTAL LAKE**, an Illinois home rule municipal corporation ("***City***"), **WATER'S EDGE RESIDENTIAL LLC**, an Illinois limited liability company (the "***Residential Developer***"), and **WATER'S EDGE COMMERCIAL LLC**, an Illinois limited liability company (the "***Commercial Developer***")(collectively, the Residential Developer and the Commercial Developer shall hereinafter be referred to as the "***Developer***"). The City and Developer are hereinafter collectively referred to as the "***Parties***" and individually as a "***Party***" as the context may require.

IN CONSIDERATION OF the recitals and the mutual covenants and agreements set forth in this Second Amendment, the Parties agree as follows:

SECTION 1. RECITALS.[1]

a. The City and Heartland Real Estate Partners, LLC, an affiliated entity of Developer, entered into that certain "Controlling Redevelopment Agreement" for the Water's Edge Redevelopment Project dated September 28, 2023 (the "***Agreement***").

b. Following the execution of the Agreement, the Residential Developer acquired the Residential Parcel from the Owner, and Commercial Developer acquired the Commercial Parcel from the Owner.

c. The Residential Developer and Commercial Developer are coordinating efforts to implement the requirements of the Agreement and the Final PUD Phase I Ordinance on the Property (the "***Phase I Redevelopment***").

d. In undertaking such activities, the Developer has encountered technical complications in securing financing approvals for the Phase I Redevelopment.

e. The Parties did enter into a First Amendment to Redevelopment Agreement dated _____, 2024 (the "***First Amendment***") to address such technical complications. (The Agreement, as amended by the First Amendment, is hereinafter referred to as the "***Amended Agreement.***")

f. Following the Parties entering the First Amendment, additional technical revisions to the Amended Agreement were identified that warranted further amendments thereto.

g. The City Council of the City has determined that further amending the Amended Agreement in the manner set forth in this Second Amendment will align with the Redevelopment

[1] Capitalized terms in this Second Amendment that are not otherwise defined in this Second Amendment shall have the meanings ascribed to such terms in the Amended Agreement.

(00033878 12)

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

Plan for the TIF District, advance the Developer's efforts in completing the Phase I Redevelopment, and be in the best interests of the City and its residents.

SECTION 2. FURTHER AMENDMENT TO SECTION 15 OF THE AMENDED AGREEMENT. Section 15 of the Amended Agreement, entitled "Nature, Survival, and Transfer of Obligations," is hereby amended in its entirety, so that said Section 15 shall hereafter be and read as follows:

SECTION 15. NATURE, SURVIVAL, AND TRANSFER OF OBLIGATIONS.

A. Transfer Limitations and Conditions. Developer agrees not sell or transfer its legal or beneficial interest in all or any portion of the Property, other than the sale of individual Residential Units or a transfer to a Developer Affiliate, prior to completion of all Infrastructure; except ~~that~~:

1. Developer may sell or transfer a portion of the Property to an end-user of such portion of the Property, subject to approval of such sale by resolution approved by the City Council;

2. for any collateral assignment, mortgage, security agreement, assignment, or other loan document ~~expressly permitted~~ in **accordance with** ~~this~~ Section 15.D; or

3. as a result of a "Foreclosure" (as defined in this Section 15) **in accordance with Section 15.D**.

A violation of this Section 15.A shall not cause any such sale or transfer of the Property (or portion thereof) to be void, but, if the Developer transacts any sale or transfer in violation of this Section 15.A, the Developer shall forfeit its right to receive any reimbursement for Redevelopment Expenses pursuant to Section 12 of this Agreement. ~~Nothing in this provision shall prevent the Developer from conveying a lien, assignment, pledge, security interest, or other financial interest in either the Commercial Parcel or the Residential Parcel to an~~ **Any construction lender or permanent lender of a Developer,** institutional investor, joint venturer, or "Mortgagee Party" (as hereinafter defined **in this Section 15**) ~~that is providing financing and/or capital for or on behalf of Developer or a Developer Affiliate, so long as either:~~

~~4. the Developer (or a Developer Affiliate) retains control of the Development Work for the Infrastructure and the Residential Parcel;~~

~~5. such institutional investor or joint venturer undertakes the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager);~~

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~~6. a receiver for a Mortgagee Party undertakes (or contracts for) the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager); or~~

~~7. such Mortgagee Party, following consummation of a Foreclosure, undertakes (or contracts for) the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager).~~

~~In addition, any such institutional investor, joint venturer, or Mortgagee Party~~ shall have the right to undertake such curative actions with respect to the Development Work or other Developer obligations under this Agreement **on behalf of the Developer (or on its own behalf if in accordance with Section 15.D of this Agreement)**, subject to and in accordance with the terms and provisions of this Agreement (~~including~~ **and/or** any agreement in place between the City and such institutional investor, joint venturer, or Mortgagee Party **but subject to applicable terms and conditions of this Agreement**).

B. Binding Obligations. All obligations assumed by any Developer under this Agreement shall be binding upon the Developer, Developer Affiliates, and their successors, and assigns, and upon any and all of the respective successor legal or beneficial owners of all or any portion of the Property, provided, however, that no such successors, assigns, or successor owners shall be entitled to receive any reimbursement for Redevelopment Expenses unless the Developer **(or the applicable Mortgagee Party on behalf of such Developer)** gives notice to the City that a Developer Note, or the right to receive a Developer Note in accordance with the terms of this Agreement, has been assigned **(and Developer hereby consents to any such Mortgagee Party providing such notice to the City on behalf of Developer)**. To assure that all such successors, assigns, and successor owners have notice of this Agreement and the obligations created by it, the Developer shall:

1. Deposit with the City Clerk, contemporaneously with the City's approval of this Agreement, any consents or other documents necessary to authorize the City to record this Agreement (or a memorandum of agreement in a form mutually acceptable to the City and Developer) with the McHenry County Recorder of Deeds; and

2. Notify the City in writing when the Developer transfers a legal or beneficial interest in any portion of the Property, other than (a) the sale of an individual Residential Unit, to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure; and

3. Incorporate, by reference, this Agreement into any and all real estate sales contracts entered into for the sale of all or any portion of the Property, other than (a) the sale of an individual Residential Unit, to any other party

(including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure; and

4. Require, prior to the transfer of all or any portion of the Property other than (a) the sale of an individual Residential Unit, or any legal or equitable interest therein to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure, the transferee of said portion of the Property to execute an enforceable written agreement, in substantially the form attached as Exhibit H to this Agreement, agreeing to be bound by the provisions of this Agreement ("***Transferee Assumption Agreement***"), and to provide the City, upon request, with such reasonable assurance of the financial ability of such transferee to meet those obligations as the City may require.

The City agrees that upon a successor or assignee becoming bound to the obligations created in the manner provided in this Agreement and providing the financial assurances required herein, the liability of the Developer shall be released to the extent of the transferee's assumption of such liability. The failure to provide the City with a fully executed copy of a Transferee Assumption Agreement and, if requested by the City, with the transferee's proposed assurances of financial capability before completing any such transfer shall result in the Developer remaining fully liable for all applicable obligations under this Agreement until such items are provided to the reasonable satisfaction of the City, but shall not relieve the transferee of its liability for all such obligations as a successor to the Developer.

C. Limitation of Owner Obligations and Rights. Except as otherwise expressly set forth in this Agreement, the rights and obligations of all owners of portions of the Property under this Agreement shall be limited to those rights and obligations directly related to or arising out of the portion of the Property owned by such owners. Notwithstanding anything to the contrary set forth in this Agreement, issuance of the Residential Infrastructure Note is not contingent upon satisfaction of any of the Development Milestones (including, without limitation, the 1st Amendment to Development Milestones).

D. Exempt Assignments.

1. This Section does not prohibit, nor require the City's consent to, the collateral assignment of this Agreement or a Developer Note to a construction lender or a permanent lender of ~~a~~ Developer or a Mortgagee Party, if required thereby.

2. If any Mortgagee Party or **construction lender or a permanent lender of a Developer** ~~institutional investor~~ shall succeed to the Developer's interest in the Property pursuant to Foreclosure, **then, within 75 days after the transfer instrument with respect to such Foreclosure is recorded with the county recorder's office (subject to extension for the duration of any bankruptcy**

stay due to a bankruptcy filing with respect to such Developer), such Mortgagee Party, construction lender, or a permanent lender of a Developer may either:

(a) ~~and in conjunction therewith accepts an~~ **deliver to the City Manager an express written acceptance of an** assignment of the Developer's interest in this Agreement, **in which case** the City hereby agrees to attorn to and recognize such party as the successor in interest to such Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of such Developer hereunder and under the Final PUD Ordinance**; or**

(b) **fail to deliver to the City Manager an express written.** ~~If any Mortgagee Party does not expressly~~ accept**ance of** an assignment of a Developer's interest hereunder, ~~then~~ **in which case** such party shall be entitled to no rights ~~and~~ **or** benefits under this Agreement **and shall have no obligations under this Agreement**.

3. **An assignee of any Developer Note that has been issued pursuant to this Agreement shall not be obligated to assume or perform any obligations of the Developer under this Agreement or otherwise as a result of such assignment of a Developer Note.**

4. **If any Mortgagee Party or other assignee accepts an assignment of a Developer's interest in this Agreement, such Mortgagee Party or assignee shall not commence Development Work under this Agreement unless such work is performed by a qualified contactor that has been approved by the City Manager (which approval shall not be unreasonably withheld, delayed or conditioned).**

5. If any such Mortgagee Party**, construction lender or a permanent lender of a Developer,** or institutional investor requests the City to acknowledge and or consent to such collateral assignment or pledge in a written collateral assignment, pledge,. or similar agreement, the Corporate Authorities will authorize the execution of same after review and approval by the City Attorney, which review, approval, and execution will not be unreasonably withheld, conditioned, or delayed**, provided that the failure by such Mortgagee Party, construction lender or permanent lender to request such consent shall not impair or alter its rights and/or obligations in accordance with this Agreement**.

6. ~~For the avoidance of doubt, and consistent with the terms of this Agreement~~ **Without limiting the foregoing**:

~~1~~(a)~~Subject to the terms of this Agreement,~~ Developer shall have the right to collaterally assign its rights, obligations, and interests under the Developer

Notes, this Agreement, and any related instruments to any Mortgagee Party, **construction lender or a permanent lender of a Developer, or institutional investor; provided that, if any such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor desires to exercise rights of the Developer hereunder, such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor must comply with Section 15.D.2(a)**.

~~2~~**(b)** Developer's granting of any mortgage, pledge, security agreement, assignment or any other loan documents to a Mortgagee Party, **construction lender or a permanent lender of a Developer, or institutional investor**, and any transfer of title to the Property pursuant to a Foreclosure, shall not itself constitute a violation of any provision of this Agreement. In connection with or following a Foreclosure, ~~(i)~~ **no consent or approval by** the City shall ~~not~~ be required **with respect** ~~to further consent to or approve~~ any proposed assignment and assumption by any Mortgagee Party, **construction lender or a permanent lender of a Developer, or institutional investor** of Developer's rights, obligations, and interests under this Agreement, any of the Developer Notes, or related instruments **provided that, if any such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor desires to exercise rights of the Developer hereunder, such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor must comply with Section 15.D.2(a)**.

~~3~~**(c)** Nothing in Section 15 or any other provision of this Agreement shall limit or otherwise apply to **(i)** Developer granting a mortgage, **assignment, pledge, security interest, or other lien** against any portion of the Property, ~~the~~ **(ii) any** sale or other transfer of any portion of the Property **to a Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor,** or **(iii)** any Foreclosure, **in each case** irrespective of whether the Developer has completed the Infrastructure or other obligations of Developer under this Agreement, ~~but any rights so obtained by~~ **provided that, if any such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor desires to exercise rights of the Developer hereunder, such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor must comply with Section 15.D.2(a)** ~~a Mortgagee Party shall be subject to the terms and conditions~~ of this Agreement.

E. Additional Definitions. For purposes of this Agreement, the terms shall have the meanings ascribed to them, to-wit:

1. "Foreclosure" shall mean and include a foreclosure of a mortgage right by judicial action or any acquisition of the Property pursuant to a deed in lieu of foreclosure.

2. "Mortgagee Party" shall mean a person who hold a first mortgage lien against all or any portion of the Property; as well as (i) such person's successors and/or assigns, (ii) any receiver appointed at the request of such person and (iii) any transferee who acquires ownership of any portion of the Property from such person or from such receiver.

SECTION 3. AMENDMENT TO SECTION 9(c) OF THE AMENDED AGREEMENT. Section 9.C of the Amended Agreement, entitled "Business District," is hereby amended in its entirety, so that said Section 9.C shall hereafter be and read as follows:

C. **Business District.** The Developer (i) acknowledges that the City will, within six months after the Effective Date of **the Second Amendment to** this Agreement take appropriate steps to establish a "business district" that includes the Property (or any portions thereof) in accordance with 65 ILCS 5/11-74.3-1 *et seq.*, (ii) agrees not to object to the establishment of such business district in the event that the taxes (or a portion of the taxes) therefrom are used for maintaining public areas serving the Property or are made available for an economic incentive benefiting the Property (or a portion thereof), and (ii) waives any and all claims relating to any such business district and taxes established thereunder, except to the extent set forth in an economic incentive agreement approved by the City and Developer (or an assignee of Developer approved by the City); provided, however, that such business district may not include any business district tax as authorized under 65 ILCS 5/11-74.3-3(10) at a rate in excess of one percent (1%).

SECTION 4. EFFECTIVE DATE; CONTINUED EFFECT OF AGREEMENT. This Second Amendment shall be in full force and effect as of the date first written above. Except as otherwise expressly provided in this Second Amendment, the Amended Agreement shall remain in full force and effect.

SECTION 5. RECORDATION OF SECOND AMENDMENT. To assure that all successors, assigns, and successor owners have notice of this Second Amendment and the obligations created by it, the Parties agree that the City shall record a certified copy of Second Amendment with the McHenry County Recorder of Deeds, along with a legal description of the Property. The recorded version of the First Amendment to the Agreement shall also have a copy of the legal description of the Property attached.

[SIGNATURES ON FOLLOWING PAGES]

SIGNATURE PAGE TO SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this Second Amendment to be duly executed to be effective as of the day and year first above written.

THE CITY OF CRYSTAL LAKE,
an Illinois municipal corporation

By: ETH
Name: Eric T. Helm
Title: City Manager

STATE OF ILLINOIS)
) **SS.**
COUNTY OF McHenry)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Eric Helm, as City Manager of **THE CITY OF CRYSTAL LAKE**, an Illinois municipal corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this October 3, 2024.

SEAL

Alaina Skurski
Notary Public

My Commission expires:

Date: December 27, 2025

OFFICIAL SEAL
ALAINA SKURSKI
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Dec. 27, 2025

[00033878 12]

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

SIGNATURE PAGE TO SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this Second Amendment to be duly executed to be effective as of the day and year first above written.

WATER'S EDGE RESIDENTIAL LLC
an Illinois limited liability company

By: _____
Name: Timothy P. Grogan
Title: Authorized Signatory

STATE OF ILLINOIS)
) **SS.**
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY,** that Timothy P. Grogan, as Authorized Signatory of **WATER'S EDGE RESIDENTIAL LLC,** an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 1st Day of Oct, 2024.

SEAL

_____
Notary Public

My Commission expires:

Date: 8-18-25, 2024

OFFICIAL SEAL
PATRICIA A SCHULZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 8/18/2025

SIGNATURE PAGE TO SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this Second Amendment to be duly executed to be effective as of the day and year first above written.

WATER'S EDGE COMMERCIAL LLC
an Illinois limited liability company

By: _____
Name: Timothy P. Grogan
Title: Authorized Signatory

STATE OF ILLINOIS)
) **SS.**
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Timothy P. Grogan, as Authorized Signatory of **WATER'S EDGE COMMERCIAL LLC**, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 16th Day of Oct, 2024.

SEAL

_____
Notary Public

My Commission expires:

Date: 8-18-25, 2024

OFFICIAL SEAL
PATRICIA A SCHULZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 8/18/2025

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

Unit Code 063/020/30
Attachment E

Docid:20078075
Tx:40359890

JOSEPH J. TIRIO
CLERK AND RECORDER
MCHENRY COUNTY, IL
2024R0026998
10/15/2024 12:14:10 PM PAGES: 11
RECORDING FEE 12.00
RHSPS HOUSING FEE 18.00
GIS FEE 43.00
AUTOMATION FEE 8.00

PREPARED BY
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Eric Helm
City Manager
City of Crystal Lake
100 W. Woodstock Street
Crystal Lake, IL 60014

COVER SHEET

CITY OF CRYSTAL LAKE

SECOND AMENDMENT TO THE CONTROLLING REDEVELOMENT AGREEMENT BY AD BETWEEN THE CITY OF CRYSTAL LAKE AND HEARTLAND REAL ESTAE PARTNERS, LLC

(WATER'S EDGE REDEVELOPMENT PROJECT)

9/26/24 Version

SECOND AMENDMENT TO CONTROLLING REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF CRYSTAL LAKE AND HEARTLAND REAL ESTATE PARTNERS, LLC (WATER'S EDGE REDEVELOPMENT PROJECT)

This **SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT** ("***Second Amendment***") is dated as of the 3rd day of October, 2024, by and among the **CITY OF CRYSTAL LAKE**, an Illinois home rule municipal corporation ("***City***"), **WATER'S EDGE RESIDENTIAL LLC,** an Illinois limited liability company (the "***Residential Developer***"), and **WATER'S EDGE COMMERCIAL LLC,** an Illinois limited liability company (the "***Commercial Developer***")(collectively, the Residential Developer and the Commercial Developer shall hereinafter be referred to as the "***Developer***"). The City and Developer are hereinafter collectively referred to as the "***Parties***" and individually as a "***Party***" as the context may require.

IN CONSIDERATION OF the recitals and the mutual covenants and agreements set forth in this Second Amendment, the Parties agree as follows:

SECTION 1. RECITALS.[1]

a. The City and Heartland Real Estate Partners, LLC, an affiliated entity of Developer, entered into that certain "Controlling Redevelopment Agreement" for the Water's Edge Redevelopment Project dated September 28, 2023 (the "***Agreement***").

b. Following the execution of the Agreement, the Residential Developer acquired the Residential Parcel from the Owner, and Commercial Developer acquired the Commercial Parcel from the Owner.

c. The Residential Developer and Commercial Developer are coordinating efforts to implement the requirements of the Agreement and the Final PUD Phase I Ordinance on the Property (the "***Phase I Redevelopment***").

d. In undertaking such activities, the Developer has encountered technical complications in securing financing approvals for the Phase I Redevelopment.

e. The Parties did enter into a First Amendment to Redevelopment Agreement dated _____, 2024 (the "***First Amendment***") to address such technical complications. (The Agreement, as amended by the First Amendment, is hereinafter referred to as the "***Amended Agreement.***")

f. Following the Parties entering the First Amendment, additional technical revisions to the Amended Agreement were identified that warranted further amendments thereto.

g. The City Council of the City has determined that further amending the Amended Agreement in the manner set forth in this Second Amendment will align with the Redevelopment

[1] Capitalized terms in this Second Amendment that are not otherwise defined in this Second Amendment shall have the meanings ascribed to such terms in the Amended Agreement.

[00033878 12]

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

Plan for the TIF District, advance the Developer's efforts in completing the Phase I Redevelopment, and be in the best interests of the City and its residents.

SECTION 2. FURTHER AMENDMENT TO SECTION 15 OF THE AMENDED AGREEMENT. Section 15 of the Amended Agreement, entitled "Nature, Survival, and Transfer of Obligations," is hereby amended in its entirety, so that said Section 15 shall hereafter be and read as follows:

SECTION 15. NATURE, SURVIVAL, AND TRANSFER OF OBLIGATIONS.

A. Transfer Limitations and Conditions. Developer agrees not sell or transfer its legal or beneficial interest in all or any portion of the Property, other than the sale of individual Residential Units or a transfer to a Developer Affiliate, prior to completion of all Infrastructure; except ~~that~~:

1. Developer may sell or transfer a portion of the Property to an end-user of such portion of the Property, subject to approval of such sale by resolution approved by the City Council;

2. for any collateral assignment, mortgage, security agreement, assignment, or other loan document ~~expressly permitted~~ in **accordance with** ~~this~~ Section 15.**D**; or

3. as a result of a "Foreclosure" (as defined in this Section 15) **in accordance with Section 15.D**.

A violation of this Section 15.A shall not cause any such sale or transfer of the Property (or portion thereof) to be void, but, if the Developer transacts any sale or transfer in violation of this Section 15.A, the Developer shall forfeit its right to receive any reimbursement for Redevelopment Expenses pursuant to Section 12 of this Agreement. ~~Nothing in this provision shall prevent the Developer from conveying a lien, assignment, pledge, security interest, or other financial interest in either the Commercial Parcel or the Residential Parcel to an~~ **Any construction lender or permanent lender of a Developer,** institutional investor, joint venturer, or "Mortgagee Party" (as hereinafter defined **in this Section 15**) ~~that is providing financing and/or capital for or on behalf of Developer or a Developer Affiliate, so long as either:~~

4. ~~the Developer (or a Developer Affiliate) retains control of the Development Work for the Infrastructure and the Residential Parcel;~~

5. ~~such institutional investor or joint venturer undertakes the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager);~~

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~~6. a receiver for a Mortgagee Party undertakes (or contracts for) the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager); or~~

~~7. such Mortgagee Party, following consummation of a Foreclosure, undertakes (or contracts for) the Development Work in accordance with this Agreement using a qualified contractor (as reasonably approved by the City Manager).~~

~~In addition, any such institutional investor, joint venturer, or Mortgagee Party~~ shall have the right to undertake such curative actions with respect to the Development Work or other Developer obligations under this Agreement **on behalf of the Developer (or on its own behalf if in accordance with Section 15.D of this Agreement)**, subject to and in accordance with the terms and provisions of this Agreement (~~including~~ **and/or** any agreement in place between the City and such institutional investor, joint venturer, or Mortgagee Party **but subject to applicable terms and conditions of this Agreement**).

B. Binding Obligations. All obligations assumed by any Developer under this Agreement shall be binding upon the Developer, Developer Affiliates, and their successors, and assigns, and upon any and all of the respective successor legal or beneficial owners of all or any portion of the Property, provided, however, that no such successors, assigns, or successor owners shall be entitled to receive any reimbursement for Redevelopment Expenses unless the Developer **(or the applicable Mortgagee Party on behalf of such Developer)** gives notice to the City that a Developer Note, or the right to receive a Developer Note in accordance with the terms of this Agreement, has been assigned **(and Developer hereby consents to any such Mortgagee Party providing such notice to the City on behalf of Developer)**. To assure that all such successors, assigns, and successor owners have notice of this Agreement and the obligations created by it, the Developer shall:

1. Deposit with the City Clerk, contemporaneously with the City's approval of this Agreement, any consents or other documents necessary to authorize the City to record this Agreement (or a memorandum of agreement in a form mutually acceptable to the City and Developer) with the McHenry County Recorder of Deeds; and

2. Notify the City in writing when the Developer transfers a legal or beneficial interest in any portion of the Property, other than (a) the sale of an individual Residential Unit, to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure; and

3. Incorporate, by reference, this Agreement into any and all real estate sales contracts entered into for the sale of all or any portion of the Property, other than (a) the sale of an individual Residential Unit, to any other party

(including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure; and

4. Require, prior to the transfer of all or any portion of the Property other than (a) the sale of an individual Residential Unit, or any legal or equitable interest therein to any other party (including a Developer Affiliate), (b) a lien, assignment, pledge, security interest, or other interest in favor of a Mortgagee Party, and (c) as a result of any Foreclosure, the transferee of said portion of the Property to execute an enforceable written agreement, in substantially the form attached as Exhibit H to this Agreement, agreeing to be bound by the provisions of this Agreement ("***Transferee Assumption Agreement***"), and to provide the City, upon request, with such reasonable assurance of the financial ability of such transferee to meet those obligations as the City may require.

The City agrees that upon a successor or assignee becoming bound to the obligations created in the manner provided in this Agreement and providing the financial assurances required herein, the liability of the Developer shall be released to the extent of the transferee's assumption of such liability. The failure to provide the City with a fully executed copy of a Transferee Assumption Agreement and, if requested by the City, with the transferee's proposed assurances of financial capability before completing any such transfer shall result in the Developer remaining fully liable for all applicable obligations under this Agreement until such items are provided to the reasonable satisfaction of the City, but shall not relieve the transferee of its liability for all such obligations as a successor to the Developer.

C. Limitation of Owner Obligations and Rights. Except as otherwise expressly set forth in this Agreement, the rights and obligations of all owners of portions of the Property under this Agreement shall be limited to those rights and obligations directly related to or arising out of the portion of the Property owned by such owners. Notwithstanding anything to the contrary set forth in this Agreement, issuance of the Residential Infrastructure Note is not contingent upon satisfaction of any of the Development Milestones (including, without limitation, the 1st Amendment to Development Milestones).

D. Exempt Assignments.

1. This Section does not prohibit, nor require the City's consent to, the collateral assignment of this Agreement or a Developer Note to a construction lender or a permanent lender of a Developer or a Mortgagee Party, if required thereby.

2. If any Mortgagee Party or **construction lender or a permanent lender of a Developer** ~~institutional investor~~ shall succeed to the Developer's interest in the Property pursuant to Foreclosure, **then, within 75 days after the transfer instrument with respect to such Foreclosure is recorded with the county recorder's office (subject to extension for the duration of any bankruptcy**

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stay due to a bankruptcy filing with respect to such Developer), such Mortgagee Party, construction lender, or a permanent lender of a Developer may either:

(a) ~~and in conjunction therewith accepts an~~ **deliver to the City Manager an express written acceptance of an** assignment of the Developer's interest in this Agreement, **in which case** the City hereby agrees to attorn to and recognize such party as the successor in interest to such Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of such Developer hereunder and under the Final PUD Ordinance**; or**

(b) **fail to deliver to the City Manager an express written**~~. If any Mortgagee Party does not expressly~~ accept**ance of** an assignment of a Developer's interest hereunder, ~~then~~ **in which case** such party shall be entitled to no rights ~~and~~ **or** benefits under this Agreement **and shall have no obligations under this Agreement**.

3. **An assignee of any Developer Note that has been issued pursuant to this Agreement shall not be obligated to assume or perform any obligations of the Developer under this Agreement or otherwise as a result of such assignment of a Developer Note.**

4. **If any Mortgagee Party or other assignee accepts an assignment of a Developer's interest in this Agreement, such Mortgagee Party or assignee shall not commence Development Work under this Agreement unless such work is performed by a qualified contactor that has been approved by the City Manager (which approval shall not be unreasonably withheld, delayed or conditioned).**

5. If any such Mortgagee Party**, construction lender or a permanent lender of a Developer,** or institutional investor requests the City to acknowledge and or consent to such collateral assignment or pledge in a written collateral assignment, pledge, or similar agreement, the Corporate Authorities will authorize the execution of same after review and approval by the City Attorney, which review, approval, and execution will not be unreasonably withheld, conditioned, or delayed**, provided that the failure by such Mortgagee Party, construction lender or permanent lender to request such consent shall not impair or alter its rights and/or obligations in accordance with this Agreement**.

6. ~~For the avoidance of doubt, and consistent with the terms of this Agreement~~ **Without limiting the foregoing**:

~~1~~(a)~~Subject to the terms of this Agreement,~~ Developer shall have the right to collaterally assign its rights, obligations, and interests under the Developer

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

Notes, this Agreement, and any related instruments to any Mortgagee Party, **construction lender or a permanent lender of a Developer, or institutional investor; provided that, if any such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor desires to exercise rights of the Developer hereunder, such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor must comply with Section 15.D.2(a)**.

2(b) Developer's granting of any mortgage, pledge, security agreement, assignment or any other loan documents to a Mortgagee Party, **construction lender or a permanent lender of a Developer, or institutional investor**, and any transfer of title to the Property pursuant to a Foreclosure, shall not itself constitute a violation of any provision of this Agreement. In connection with or following a Foreclosure, ~~(i)~~ **no consent or approval by** the City shall ~~not~~ be required **with respect** ~~to further consent to or approve~~ any proposed assignment and assumption by any Mortgagee Party, **construction lender or a permanent lender of a Developer, or institutional investor** of Developer's rights, obligations, and interests under this Agreement, any of the Developer Notes, or related instruments **provided that, if any such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor desires to exercise rights of the Developer hereunder, such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor must comply with Section 15.D.2(a)**.

3(c) Nothing in Section 15 or any other provision of this Agreement shall limit or otherwise apply to **(i)** Developer granting a mortgage, **assignment, pledge, security interest, or other lien** against any portion of the Property, ~~the~~ **(ii) any** sale or other transfer of any portion of the Property **to a Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor,** or **(iii)** any Foreclosure, **in each case** irrespective of whether the Developer has completed the Infrastructure or other obligations of Developer under this Agreement, ~~but any rights so obtained by~~ **provided that, if any such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor desires to exercise rights of the Developer hereunder, such Mortgagee Party, construction lender or a permanent lender of a Developer, or institutional investor must comply with Section 15.D.2(a)** ~~a Mortgagee Party shall be subject to the terms and conditions~~ of this Agreement.

E. Additional Definitions. For purposes of this Agreement, the terms shall have the meanings ascribed to them, to-wit:

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

1. "Foreclosure" shall mean and include a foreclosure of a mortgage right by judicial action or any acquisition of the Property pursuant to a deed in lieu of foreclosure.

2. "Mortgagee Party" shall mean a person who hold a first mortgage lien against all or any portion of the Property, as well as (i) such person's successors and/or assigns, (ii) any receiver appointed at the request of such person and (iii) any transferee who acquires ownership of any portion of the Property from such person or from such receiver.

SECTION 3. AMENDMENT TO SECTION 9(c) OF THE AMENDED AGREEMENT. Section 9.C of the Amended Agreement, entitled "Business District," is hereby amended in its entirety, so that said Section 9.C shall hereafter be and read as follows:

C. Business District. The Developer (i) acknowledges that the City will, within six months after the Effective Date of **the Second Amendment to** this Agreement take appropriate steps to establish a "business district" that includes the Property (or any portions thereof) in accordance with 65 ILCS 5/11-74.3-1 *et seq.*, (ii) agrees not to object to the establishment of such business district in the event that the taxes (or a portion of the taxes) therefrom are used for maintaining public areas serving the Property or are made available for an economic incentive benefiting the Property (or a portion thereof), and (ii) waives any and all claims relating to any such business district and taxes established thereunder, except to the extent set forth in an economic incentive agreement approved by the City and Developer (or an assignee of Developer approved by the City); provided, however, that such business district may not include any business district tax as authorized under 65 ILCS 5/11-74.3-3(10) at a rate in excess of one percent (1%).

SECTION 4. EFFECTIVE DATE; CONTINUED EFFECT OF AGREEMENT. This Second Amendment shall be in full force and effect as of the date first written above. Except as otherwise expressly provided in this Second Amendment, the Amended Agreement shall remain in full force and effect.

SECTION 5. RECORDATION OF SECOND AMENDMENT. To assure that all successors, assigns, and successor owners have notice of this Second Amendment and the obligations created by it, the Parties agree that the City shall record a certified copy of Second Amendment with the McHenry County Recorder of Deeds, along with a legal description of the Property. The recorded version of the First Amendment to the Agreement shall also have a copy of the legal description of the Property attached.

[SIGNATURES ON FOLLOWING PAGES]

SIGNATURE PAGE TO SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this Second Amendment to be duly executed to be effective as of the day and year first above written.

THE CITY OF CRYSTAL LAKE,
an Illinois municipal corporation

By: ETG
Name: Eric T. Helm
Title: City Manager

STATE OF ILLINOIS)
) **SS.**
COUNTY OF McHenry)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Eric Helm, as CM Mgr of **THE CITY OF CRYSTAL LAKE**, an Illinois municipal corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this October 3, 2024.

SEAL

Alaina Skurski
Notary Public

My Commission expires:

Date: December 27, 2025

OFFICIAL SEAL
ALAINA SKURSKI
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Dec. 27, 2025

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McHenry County Recorder JOSEPH J TIRIO # 2024R0026998

SIGNATURE PAGE TO SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this Second Amendment to be duly executed to be effective as of the day and year first above written.

WATER'S EDGE RESIDENTIAL LLC
an Illinois limited liability company

By: _____
Name: Timothy P. Grogan
Title: Authorized Signatory

STATE OF ILLINOIS)
) **SS.**
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Timothy P. Grogan, as Authorized Signatory of **WATER'S EDGE RESIDENTIAL LLC**, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 1st Day of Oct, 2024.

SEAL

_____
Notary Public

My Commission expires:

Date: 8-18-25, 2024

OFFICIAL SEAL
PATRICIA A SCHULZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 8/18/2025

McHenry County Recorder JOSEPH J. TIRIO # 2024R0026998

SIGNATURE PAGE TO SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, each party hereto has caused this Second Amendment to be duly executed to be effective as of the day and year first above written.

WATER'S EDGE COMMERCIAL LLC
an Illinois limited liability company

By: _____
Name: Timothy P. Grogan
Title: Authorized Signatory

STATE OF ILLINOIS)
) **SS.**
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for the County and State aforesaid, **DO HEREBY CERTIFY**, that Timothy P. Grogan, as Authorized Signatory of **WATER'S EDGE COMMERCIAL LLC**, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this Last Day of Oct, 2024.

SEAL

_____
Notary Public

My Commission expires:

Date: 8-14-25, 2024

OFFICIAL SEAL
PATRICIA A SCHULZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 8/18/2025

ANNUAL JOINT REVIEW BOARD
AND PUBLIC HEARING
WATER'S EDGE TIF
DECEMBER 5, 2024
HELD AT THE CRYSTAL LAKE CITY COUNCIL CHAMBERS

The meeting was called to order by Adam Orton at 11:20 a.m.

The meeting attendees were Jodie Hartman, Director of Finance, Adam Orton, Assistant Director of Finance, Stephanie Wrolson, Accounting Manager – Finance Department, Cathy Nelson, Chief Financial Officer of the School District 47, Kevin Werner – Chief Financial Officer of the School District 155, Becky Fyolek – Executive Director of the Crystal Lake Public Library, Jason Herbster, Executive Director of the Crystal Lake Park District. One member of the public was present, Erik Kountz.

Public Hearing
Mr. Orton opened the Public Hearing at this time and asked if there was any public comment. Mr. Kountz asked if there was any interest in other properties in the TIF and if the project was on track for phase 2 or if there were delays.

Chairperson Report
Mr. Orton stated that the TIF was set to expire in 2045. He went over the TIF District's location and that its purpose was the redevelopment of the former Crystal Court Shopping Center. He reviewed the previous fiscal year's activities of the TIF District. They included installation of underground utilities and the starting of construction on the apartment buildings. There are 240 apartment units and 20 rental townhome units, approximately 52,000 square feet of commercial, and multiple public park/improvements within the development. Occupancy is expected for January or February, and an announcement of some of the commercial users is anticipated in the next month. Additionally, the developer has not requested any increment distribution yet.

Mr. Orton asked if there were any questions about the activities within the TIF District.

Presentation and Review of the Annual Water's Edge TIF District Report
Ms. Wrolson reviewed the increment generated in the district, which is $32,095. There were expenditures for legal and audit fees.

Mr. Orton asked if there were any questions regarding the annual report.

Mr. Orton closed the public hearing at this time.

Review and Discussion of any other related items of interest
Mr. Orton shared that the City had changed fiscal years. Going forward the City's fiscal year would be on a calendar year basis which would change the Joint Review Board meetings to sometime in the summer.

There were no other questions from those in attendance.

Adjournment
Mr. Herbster moved to adjourn the Water's Edge JRB meeting. Ms. Nelson seconded the motion. All

present voted aye. The meeting was adjourned at 11:36 a.m.

ANNUAL JOINT REVIEW BOARD AND PUBLIC HEARING WATER'S EDGE TIF SEPTEMBER 11, 2025 HELD AT THE CRYSTAL LAKE CITY COUNCIL CHAMBERS

The meeting was called to order by Kathryn Cowlin at 11:30 a.m.

The meeting attendees were Kathryn Cowlin, Director of Community Development City of Crystal Lake, Jodie Hartman, Director of Finance, Adam Orton, Assistant Director of Finance, Stephanie Wrolson, Accounting Manager – Finance Department, Cathy Nelson, Chief Financial Officer of the School District 47, Kevin Werner – Chief Financial Officer of the School District 155, Becky Fyolek – Executive Director of the Crystal Lake Public Library, Jason Herbster, Executive Director of the Crystal Lake Park District and Alicia Schueller – Director of Public Affairs McHenry County. Two members of the public were present, Erik Kountz and Don Kountz.

Appointment of JRB Chair

Ms. Nelson made a motion to appoint Ms. Cowlin chairperson. Ms. Schueller seconded the motion. On voice voted all members voted aye. Motion passed.

Approval of the December 5, 2024 Annual Joint Review Board meeting minutes

Mr. Werner made a motion to approve the minutes as presented. Mr. Herbster seconded the motion. On voice voted all members voted aye. Motion passed.

Chairperson Report

Ms. Cowlin stated the fiscal year start date changed from May 1 to January 1, therefore this JRB is for a shorten fiscal year of eight months. The draft TIF report utilizes 2023 EAVs since the 2023 levy was collected in 2024 and the numbers should be from the same year. Development in the district includes housing units. State Statute states that there are triggers to allow for school and library districts to request a portion of the increment. One trigger is that the housing units must have received financial assistance from the TIF. The first occupancy for the housing units was not until 2025 so no new population was generated during the fiscal year and increment would not be distributed. In the future, the school district can request increment based on the increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project. The request must include the following information: i) the enrollment in the district before the occupancy of the redevelopment project, (ii) the current enrollment, and (iii) the number of students form the redevelopment project. State Statute specifies Library District are eligible for a portion of increment. The City of Crystal Lake Library is a municipal library. Ms. Cowlin stated that the TIF was set to expire in 2045. She went over the TIF District's location and that its purpose was to redevelop the former Crystal Court Shopping center into a mixed-use project. She reviewed the previous fiscal year's activities of the TIF District.

Presentation and Review of the Annual TIF District Report

Ms. Wrolson reviewed the increment generated in the district, which is $51,189. There was a reimbursement to the City for the audit of this district and there were expenditures for legal and audit fees.

Review and Discussion of Effectiveness of TIF and any other related items of interest

Ms. Cowlin reviewed the effectiveness of the TIF and how it is new and the redevelopment is occurring. She asked if there were any questions from the JRB members. Mr. Werner asked about the requirements

for increase in students. Ms. Nelson added that if the development creates new students, those are the enrollment numbers the City would be looking for to provide a reimbursement. Ms. Hartman clarified that the school districts will need to submit their information between July and end of September. Ms. Cowlin stated that some communities have utilized the enrollment from the spring instead of waiting for the new school year numbers. Ms. Hartman stated that the 2025 levy will be the first year to have increment from the housing units that could be reimbursed.

Public Comment

Ms. Cowlin opened the public comment portion of the meeting. Mr. Don Kountz asked why the developer has not asked for the notes to be issued. Ms. Cowlin stated the City has not received a request.

Mr. Erik Kountz asked about interest. Ms. Cowlin stated there is no interest on past expenditures. He asked about the Library and if the City would allocate money for the Library since they are not eligible for the increment. Ms. Cowlin stated there have not been discussions at this time. Ms. Hartman reviewed the State Statute requirements regarding library districts.

There were no other questions from those in attendance.

Adjournment

Ms. Nelson moved to adjourn the JRB meeting. Mr. Werner seconded the motion. All present voted aye. The meeting was adjourned at 11:51 a.m.

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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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Unit Code 063/020/30
Attachment K

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the City Council
City of Crystal Lake, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crystal Lake, Illinois (the City) as of and for the year ended December 31, 2025, and the notes to financial statements, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated June 4, 2026, which expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information (combining balance sheets, combining schedule of revenues, expenditures, and changes in fund balances and schedules of revenues, expenditures, and changes in fund balance - actual) for the Main Street TIF Project Fund, Vulcan Lake TIF Project Fund, Virginia Street Corridor TIF Project Fund, and Waters Edge TIF Project Fund are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

Sikich CPA LLC

Naperville, Illinois
June 4, 2026

CITY OF CRYSTAL LAKE, ILLINOIS

COMBINING BALANCE SHEET
TAX INCREMENT FINANCING DISTRICTS REDEVELOPMENT FUNDS

December 31, 2025

	Main Street TIF Project	Virginia Street Corridor TIF Project	Vulcan Lakes TIF Project	Waters Edge TIF Project
ASSETS				
Cash and Investments	$ 259,255	$ -	$ -	$ 115,428
Receivables				
Property Tax	393,935	274,482	200,175	214,049
Other	23	-	-	11
Prepaid Items	-	-	109	-
TOTAL ASSETS	$ 653,213	$ 274,482	$ 200,284	$ 329,488
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ 596
Due to Other Funds	-	-	109	$ -
Advances Due to Other Funds	-	-	-	162,462
Total Liabilities	-	-	109	163,058
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	393,935	274,482	200,175	214,049
Total Deferred Inflows of Resources	393,935	274,482	200,175	214,049
Total Liabilities and Deferred Inflows of Resources	393,935	274,482	200,284	377,107
FUND BALANCES				
Restricted for Capital Projects	259,278	-	-	-
Unassigned (Deficit)	-	-	-	(47,619)
Total Fund Balances (Deficit)	259,278	-	-	(47,619)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 653,213	$ 274,482	$ 200,284	$ 329,488

(See independent auditor's report on supplementary information.)

CITY OF CRYSTAL LAKE, ILLINOIS

COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TAX INCREMENT FINANCING DISTRICTS REDEVELOPMENT FUNDS

For the Year Ended December 31, 2025

	Main Street TIF Project	Virginia Street Corridor TIF Project	Vulcan Lakes TIF Project	Waters Edge TIF Project
REVENUES				
Property Tax	$ 227,715	$ 244,642	$ 152,603	$ 119,995
Investment Income	213	40	47	112
Total Revenues	227,928	244,682	152,650	120,107
EXPENDITURES				
Current				
Contractual	870	870	870	11,325
Total Expenditures	870	870	870	11,325
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	227,058	243,812	151,780	108,782
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer (Out)	-	(243,812)	(151,780)	-
Total Other Financing Sources (Uses)	-	(243,812)	(151,780)	-
NET CHANGE IN FUND BALANCES	227,058	-	-	108,782
FUND BALANCES (DEFICIT), MAY 1	32,220	-	-	(156,401)
FUND BALANCES (DEFICIT), DECEMBER 31	$ 259,278	$ -	$ -	$ (47,619)

(See independent auditor's report on supplementary information.)

CITY OF CRYSTAL LAKE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ACTUAL
WATERS EDGE TIF PROJECT FUND

For the Year Ended December 31, 2025

REVENUES	
Property Tax	$ 119,995
Investment Income	112
Total Revenues	120,107
EXPENDITURES	
Current	
Contractual Services	11,325
Total Expenditures	11,325
NET CHANGE IN FUND BALANCE	108,782
FUND BALANCE (DEFICIT), MAY 1	(156,401)
FUND BALANCE (DEFICIT), DECEMBER 31	$ (47,619)

(See independent auditor's report on supplementary information.)

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Members of American Institute of Certified Public Accountants

Unit Code 063/020/30
Attachment L

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INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTION OF COMPLIANCE

The Honorable Mayor
Members of the City Council
City of Crystal Lake, Illinois

We have examined management's assertion that the City of Crystal Lake, Illinois (the City) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the Main Street TIF Project Fund, Vulcan Lakes TIF Project Fund, Virginia Street Corridor TIF Project Fund, and Waters Edge TIF Project Fund during the year ended December 31, 2025. Management is responsible for the City's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City of Crystal Lake's compliance with the specified requirements.

In our opinion, management's assertion that the City of Crystal Lake, Illinois complied with the aforementioned requirements for the year ended December 31, 2025 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the City Council, management of the City, 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.

Sikich CPA LLC

Naperville, Illinois
June 6, 2026