



CITY OF ROCHELLE, ILLINOIS

Rochelle Lighthouse Pointe Tax Increment Financing District Redevelopment Plan & Projects

City of Rochelle
420 North 6th Street, P.O. Box 601
Rochelle, IL 61068-0601

JULY - 2010

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Jacob & Klein, Ltd. and The Economic Development Group, Ltd. of Bloomington, Illinois were engaged by Route 38 North, LLC and Spring Creek Property Innovations, LLC, its Manger, to prepare this document with the consent from and on behalf of the City of Rochelle. Specific inquiries relating to the contents of the Rochelle Lighthouse Pointe TIF District should be directed to Mr. Ken Alberts, City Manager, City of Rochelle, 420 North 6th Street, P.O. Box 601, Rochelle, Illinois 61068-0601 (Ph: 815/561-2000).

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City of Rochelle
Rochelle Lighthouse Pointe Tax Increment Financing District
Redevelopment Plan /July - 2010

A variety of policies, programs, and strategies are often used to promote economic development in a community. This redevelopment plan provides a comprehensive and detailed discussion of the uses, structure, and impacts of tax increment financing (TIF) in the City of Rochelle, Illinois.

The Rochelle City Council has concluded that it is in the best interest of the City and that the citizens of Rochelle will benefit by the adoption of this Tax Increment Financing Redevelopment Plan.

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1 – Introduction

Community Background

The City of Rochelle (pop. 9,424) is located in Ogle County, Illinois, at the crossroads of Illinois Routes 38 and 251, west of the intersection of Interstates 39 and 88 (Figure 1). Rochelle is 30 miles south of Rockford, Illinois (pop. 150,115) and 17 miles west of the DeKalb, Illinois (pop. 39,018). Rochelle is 45 miles north of I-80 and 70 miles west of Chicago, Illinois. The City of Rochelle is a prime location for economic growth and development (Fig. 1).

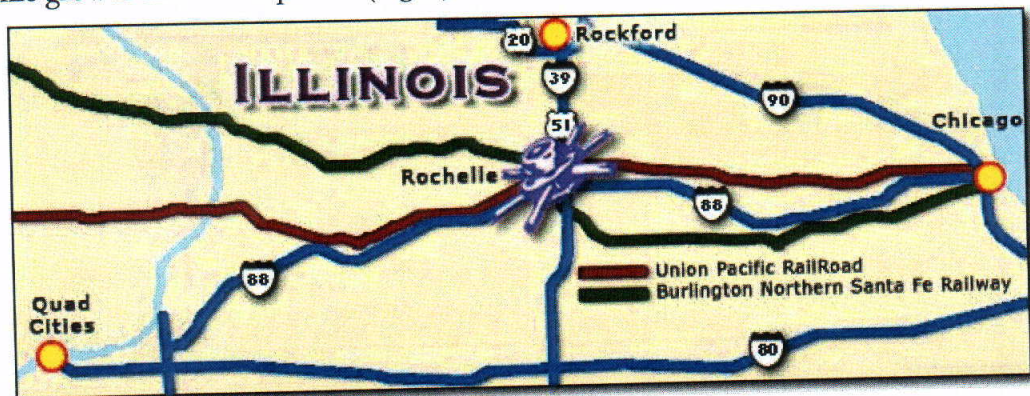


Figure 1. Rochelle, Illinois, the “Hub City”.

The City of Rochelle was originally named Lane. Since the arrival of the Air Line Railroad (now known as the Union Pacific Railroad) and the BNSF Railway in the 1850's, Rochelle has been the hub of rail and highway systems west of Chicago. Rochelle became known as the “Hub City” due to its location at the intersection of several major transportation routes. The Lincoln Highway (now IL-38) was the first transcontinental highway in the United States and passed through Rochelle, as did US-51, one of the first highways to go the full north-south length of the United States (now IL-251).

Rochelle is located on the Kyte River (“Kyte Creek”) and well known for the Rochelle Railroad Park with more than 100 trains that pass through the City every day. Rochelle offers a wide variety of city services, parks, recreational facilities, excellent schools and businesses to serve the entire community. Rochelle is a community rich in heritage and progressive in industry, transportation and technology. Quality of life is a primary concern in this growing community.

Sources: <http://www.rochellechamber.org>
<http://www.cityofrochelle.net/>
http://en.wikipedia.org/wiki/Rochelle,_Illinois
<http://rochelleil.com/>

Retail Sales

The retail sales generated in the City of Rochelle decreased by approximately \$10.3 million from \$170.5 million in 2000 to \$160.2 million in 2002. Although the total retail sales have increased since 2002, to \$234.8 million as of calendar year 2009, in terms of real, inflation-adjusted dollars, the City's total retail sales in 2009 were actually \$23.8 million more than 2000 (Figure 2).

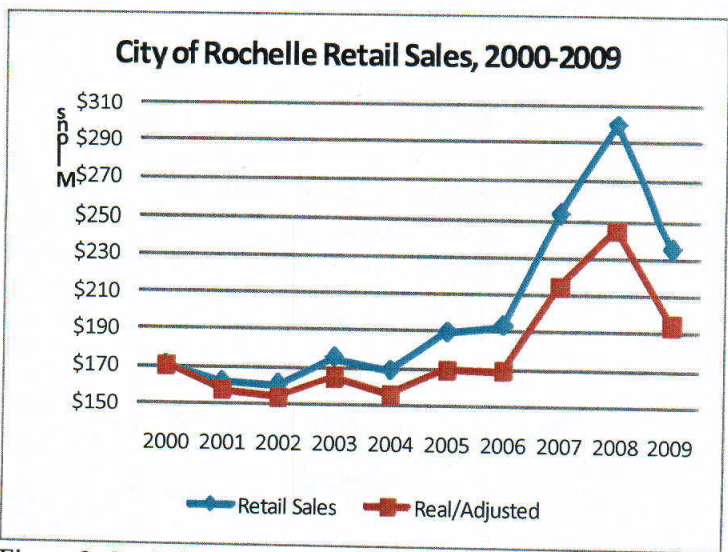


Figure 2. Rochelle Retail Sales, 2000-2009, Illinois Dept of Revenue.

The City of Rochelle receives \$1.75 in municipal sales tax for every \$100 of retail sales. The City proposes to use tax increment financing to stimulate new commercial development and thereby generate new sources for retail sales tax revenue for the City so that the City can continue to provide high quality public services to its residents.

Unemployment

The unemployment rate is the number of people unemployed expressed as a percent of the total civilian labor force. The annual unemployment rate in Ogle County was 4% in 1999, which gradually increased each year to 5.8% in 2007. The United State's recent economic recession has caused dramatic increases in unemployment throughout the United States. Ogle County's unemployment rate increased to 8.1% in 2008 and 12% in 2009. Meanwhile, the U.S. average was 9.3% in 2009, or 2.7 percentage points less than Ogle County (Fig. 3).

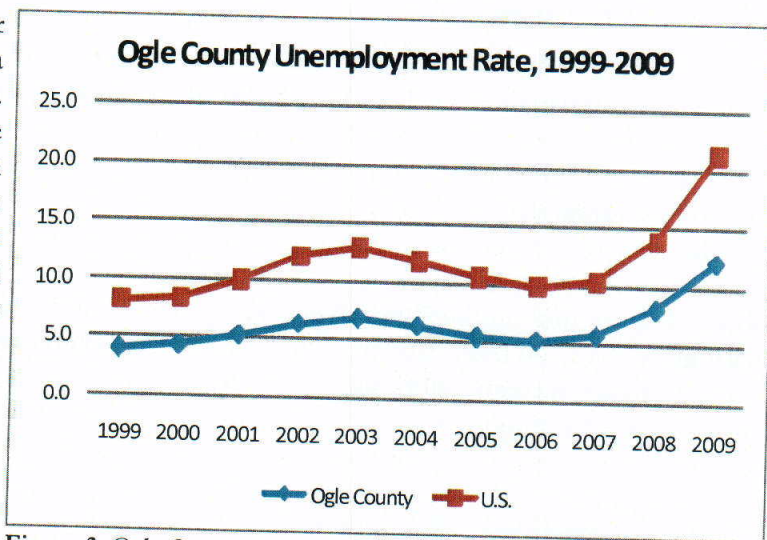


Figure 3. Ogle County Unemployment, U.S. Bureau of Labor Statistics.

The City of Rochelle proposes to use tax increment financing to attract new commercial development and reimburse a Developer for infrastructure improvements throughout a designated Redevelopment Project Area. By attracting new private investment, the City expects to create new jobs, stimulate the local economy, increase sales tax revenues and enhance the real estate tax base for the City.

Proposed Commercial Development

The City of Rochelle adopted Resolution No. R09-08 on March 23, 2009, a Resolution of Inducement regarding the Route 38 North, LLC proposed project. On April 14, 2009, the City adopted a Pre-Development Agreement with North Route 38, LLC (“Developer”) and Amcore Bank N.A., f/k/a Amcore Investment Group, N.A., Trustee of Trust No. 04-15247 u/t/a dated 6/28/04 (“Owner”), the Developer has shown interest in constructing a new large retail development and several outlots (known as “Lighthouse Pointe”) at the northeast corner of IL Route 38 and N. Caron Road in the City of Rochelle (Figure 4).

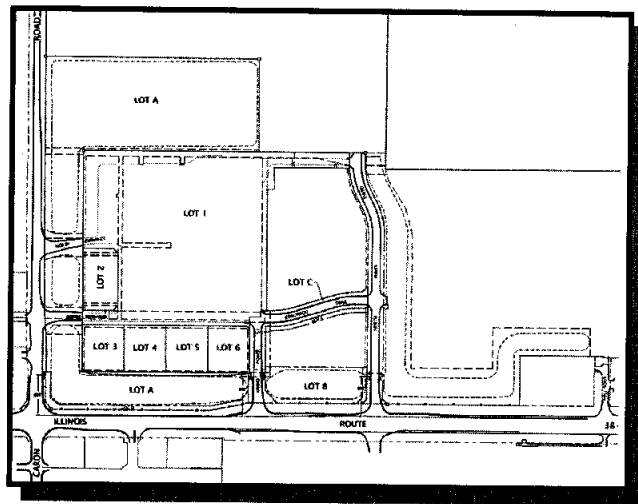


Figure 4. Proposed Commercial Development.

Through the use of tax increment financing incentives for reimbursement of public project costs, the Developer has offered to complete the public infrastructure that is necessary for this development to occur. The Redevelopment Project Area includes 60 acres recently annexed by the City of Rochelle and is located east of the original City, towards I-39. This will be one of the first new developments located east of Caron Road within the City limits, which will open up a large area for future development within the City and fill a void in the local retail and service economy.

The City of Rochelle desires to have this property developed and the City has determined that it is not economically feasible to do so without public assistance, given the impediments to development which characterize the property. The Resolution of Inducement and the Pre-Development Agreement were adopted to induce the Developer to commence the project and seek reimbursement and financing from the City for eligible project costs necessary to accomplish the goals of the project, including the City’s issuance of bonds and use TIF revenue that will be generated by the development. The Developer has since incurred costs to extend utilities to the site pursuant to the Pre-Development Agreement. The City is now using its best efforts to establish a Tax Increment Financing District by approving a Redevelopment Plan and Projects, designating a Redevelopment Project Area and adopting Tax Increment Financing as provided in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4 *et. seq.*, as amended (the “Act”).

2 – Redevelopment Goals and Objectives

The City of Rochelle will utilize tax increment financing to encourage new commercial development in order to reimburse a Developer for public eligible project costs for public infrastructure which is essential for development within this Area and for future development between Caron Road and I-39, increase employment opportunities, maintain a vibrant workforce, expand and diversify the local tax base, increase sales tax revenues, manage growth and increase the overall value and quality of life of the community for its residents.

The Rochelle Lighthouse Pointe TIF District Redevelopment Plan is expected to include, but is not limited to, the following general long-term goals and objectives:

1. Eliminate or reduce the chronic flooding issues which qualify the Redevelopment Project Area as a Blighted Area.
2. Reimburse the Developer for completion of public infrastructure that is necessary to encourage new commercial development within the City of Rochelle, east of IL Route 38.
3. Enhance the tax base for the City and other taxing districts through coordinated planning efforts by either the public or private sectors which focus on efforts to improve infrastructure and property reuse.
4. Expand the local employment opportunities within the City of Rochelle and Ogle County.
5. Attract retail commercial business through the use of financial incentives offered by Tax Increment Financing and, thereby, increase employment and retail business activity which will lead to an increase in municipal sales taxes for the City.
6. Further improve the overall quality of life, health and well being of the Rochelle community.

3 – Rochelle Lighthouse Pointe TIF District Redevelopment Plan & Projects

TIF District Planning Process and Calendar

A variety of policies, programs, and strategies are often used to promote economic development in a community. This Redevelopment Plan provides a review of the uses and application of tax increment financing (TIF) as well as the extent to which certain properties within the City of Rochelle qualify for designation as a TIF District Redevelopment Project Area (the “Area”).

The Tax Increment Allocation Redevelopment Act of 65 ILCS 5/11-74.4 *et. seq.* (the “Act”) requires a municipality to follow certain procedures in establishing a TIF District. The proposed TIF District must contain several specific statutory characteristics which qualify the property as a TIF District. These characteristics and definitions as set forth below determine whether the area is Blighted, Conservation or a combination of both Blighted and Conservation Areas (*Appendix A*).

The process to create a TIF District is initiated by the municipality (*Appendix B*). This process includes: determining the qualifications of the proposed redevelopment project area; drafting a Redevelopment Plan; setting a date for a Public Hearing; creating an Interested Parties Registry; sending notification of the Public Hearing to all taxing districts and the Illinois Department of Commerce and Economic Opportunity (DCEO) with an invitation to attend and provide comments; convening a Joint Review Board consisting of a representative selected by each community college district, local elementary school district, high school district or each local community unit school district, park district, library district, county, a representative of the municipality and a public member; publishing a notice twice before the

Public Hearing in a newspaper of general circulation in the community; mailing of the notice of the Public Hearing to all taxpayers in the proposed Area; mailing of the notice of the Public Hearing and availability of the Qualification Report to all residential addresses within 750 feet of the proposed TIF District boundary; and approving final ordinances: (1) approving the Redevelopment Plan and Projects; (2) designating the Redevelopment Project Area; and (3) adopting tax increment allocation financing.

Jacob & Klein, Ltd. and The Economic Development Group, Ltd. of Bloomington, Illinois were engaged by Route 38 North, LLC and Spring Creek Property Innovations, LLC, its Manager, to prepare the Redevelopment Plan and Projects for the Rochelle Lighthouse Pointe TIF District on behalf of the City of Rochelle.

A review of the qualifications of the proposed Area was completed in December, 2009. The review of qualifications evaluated the potential TIF District based upon statutory definitions and determined that there is sufficient evidence for the TIF District to be classified as a Blighted Area. Upon reviewing the proposed Redevelopment Plan and after accepting and adopting the findings herein, the City Council may move forward with the process for establishing the tax increment financing district. A proposed timeline for certain activities relating to the establishment of the Rochelle Lighthouse Pointe TIF District is as follows:

Submit Draft of Redevelopment Plan to City	March 11, 2010
Set date for Public Hearing by Ordinance	March 22, 2010
Establish Interested Parties Registry by Ordinance	March 22, 2010
Certified Mailing to Taxing Districts	March 24, 2010
Certified Mailing to Taxpayers	April 1, 2010
750' & IPR Mailings	April 9, 2010
JRB Meeting	April 14, 2010
First Publication of Notice of Public Hearing	April 20, 2010
Second Publication of Notice of Public Hearing	April 27, 2010
Public Hearing	May 10, 2010
Public Hearing Closed	May 24, 2010
Final Ordinances Establishing TIF District	July 12, 2010

Description of the Proposed Redevelopment Project Area

Pursuant to the Act, the proposed Redevelopment Project Area (Area) includes only those contiguous parcels of real property and improvements thereon which would be substantially benefitted by a redevelopment project. Also pursuant to the Act, the area is not less in the aggregate than 1½ acres.

The proposed Redevelopment Project Area consists of 60 acres located at the northeast corner of the intersection of IL



City of Rochelle, intersection of I-39 and IL-38.

Route 38 and N. Caron Road, between Caron Rd and I-39. This property is the proposed site for a large retail development and several outlots. The Redevelopment Project Area is shown in **Exhibit 1** (Boundary Map) and legally described in **Exhibit 2** (Legal Description).

Qualifying Conditions of Proposed Redevelopment Project Area

The proposed Rochelle Lighthouse Pointe TIF District includes characteristics which qualify the Area as a “Blighted Area” as defined in the Act (65 ILCS 5/11-74.4 *et. seq.*). The term “Blighted” when applied to vacant properties is a statutory definition, not a common idea of that term. The Statutory definition which has been applied and used in this section is presented in *Appendix A*.

Pursuant to the Engineer’s Report on Flooding within the Redevelopment Project Area (**Exhibit 3**), the two (2) vacant parcels within the proposed Rochelle Lighthouse Pointe TIF District are included in the 100-year flood plain and are subject to chronic flooding which adversely impacts the proposed TIF Area. Therefore, the Area qualifies as a “Blighted Area”, as defined in the Act. In addition, surface water that discharges from the TIF District Area contributes to flooding within the same watershed, with drainage ways leading to the City and the Kyte River. The improvements included herein will contribute to the alleviation of a portion of this flooding. The creation of a TIF District is critical to providing reimbursement to the City and Developers for the extraordinary storm water problems that exist within this Area.

The vacant parcels will contribute to the effectiveness of the TIF District as a whole and is necessary as a potential development location. Within this proposed redevelopment project area, vacant tracts that have been used for commercial agricultural purposes within five years prior to the proposed designation of the area have been subdivided (**Exhibit 4**).

EQUALIZED ASSESSED VALUATION (EAV) OF THE PROPOSED REDEVELOPMENT PROJECT AREA

The total equalized assessed valuation (before exemptions) of the City of Rochelle in tax year 2008 payable 2009 was \$223,169,503. The total equalized assessed valuation (before exemptions) of the parcels studied for inclusion in the proposed Rochelle Lighthouse Pointe Redevelopment Project Area in tax year 2008 was approximately \$12,296. Therefore, the total EAV of the balance of the City of Rochelle (outside of the proposed Redevelopment Project Area) was \$223,157,207.

The Illinois TIF Act provides that properties (improved or vacant) may meet as one of the characteristics of a “Blighted” or “Conservation” Area if: (1) the total equalized assessed valuation of the proposed redevelopment project area decreased for three of the last five years; or (2) the total equalized assessed valuation of the proposed redevelopment project area is increasing at an annual rate which is less than the balance of the municipality for three of the last five calendar years; or (3) the total equalized assessed valuation of the proposed redevelopment project area increased at an annual rate which was less than the annual Consumer Price Index (CPI) for All Urban Consumers for three of the last five calendar years.

The equalized assessed valuation of the proposed Redevelopment Project Area (1) decreased for 3 of the last 5 years; (2) increased at an annual rate which was less than the balance of the City’s growth in

EAV for 4 of the last 5 years; and (3) increased at an annual rate which was less than the annual growth in CPI for 3 of the last 5 years (Fig. 5). Pursuant to the TIF Act, the equalized assessed valuation of the Area assists in qualifying the proposed Rochelle Lighthouse Pointe TIF District as a “Blighted Area”.

Proposed Public Redevelopment Projects

The City plans to address the conditions which qualify the Redevelopment Project Area as a Blighted Area. The Redevelopment Project Area has infrastructure inadequacies as the City does not currently have water and sewer service available at this site. The City will reimburse the Developer for public infrastructure costs that have been incurred in order to extend utilities to the site.

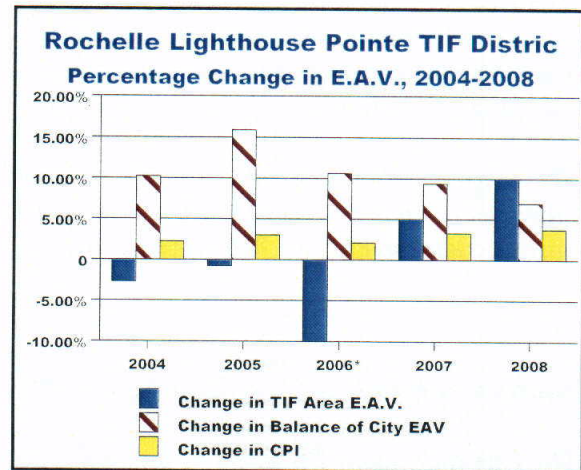


Figure 5. Ogle County Treasurer and Assessor.
 * Note: TIF Area EAV decreased by 67.6% in tax year 2006.

The Developer has offered to invest approximately \$4 million to complete the necessary public infrastructure to extend utilities to the site until the City is able to reimburse the Developer through the use of tax increment financing incentives. The implementation of the public projects provided herein will help address current needs and attract additional new private investment opportunities for the City of Rochelle.

Estimated Public Eligible Project Costs (paid by Developer):

1. Off-Site Public Construction Costs	\$3,559,490
2. LOMR Floodplain Analysis/Permitting	\$278,850
3. Civil Engineering Consulting Fees	\$43,275
4. TIF Creation Consulting Fees	\$75,000
5. City TIF Review Consultant Fees/Financing Fees	\$25,000
6. Other Public Eligible Project Costs (paid by Developer)	\$18,385
SUBTOTAL (Public Eligible Project Costs paid by Developer)	\$4,000,000

Other Estimated Public Eligible Project Costs (paid by the City):

7. TIF Administration Fees	\$600,000
8. Capital Costs of Other Taxing Districts (if approved by the City)	\$3,250,000

TOTAL ESTIMATED PUBLIC ELIGIBLE PROJECT COSTS **\$7,850,000**

Proposed Private Redevelopment Project

As previously stated, the City will address the conditions which qualify the Project Redevelopment Area as a Blighted Area and the implementation of the Rochelle Lighthouse Pointe TIF District Redevelopment Plan. The proposed retail development cannot locate at Rochelle without substantial

expansion of Rochelle's public infrastructure, for which the Developer has already incurred costs. The Redevelopment Project Area will not be developed without the use of tax increment financing to reimburse the Developer for these costs. The City has offered incentives to the Developer in order to encourage a commitment for new private investment in the TIF District.

The private redevelopment project proposed for the Rochelle Lighthouse Pointe TIF District is projected to include a total investment of \$13.4 million, including \$4 million of estimated public eligible project costs paid by the Developer. The project is expected to be completed over the years 2010 to 2014 and generate more than \$12.3 million of cumulative real estate tax increment over a full 23-year life of the Rochelle Lighthouse Pointe TIF District.

Sources of Funds to Pay TIF Eligible Project Costs

The City may utilize a portion of the Real Estate Tax Increments and Municipal Sales Taxes generated from this project to reimburse the Developer for eligible project costs as provided in the TIF Act [Section 65 ILCS 5/11-74.4-3 (q)] including the cost of extending sewer and water lines under IL-38. The City may also use a portion of these funds generated or other sources it may lawfully pledge for other TIF eligible public and private project costs.

Eligible project costs reimbursements may be funded annually as the increment is received each year. The City may also issue bonds to fund public and private project costs relating to the proposed private project or other public needs. The City currently anticipates issuing Recovery Zone Economic Development Bonds or Build America Bonds under the Stimulus Act to be secured all or in part by the anticipated TIF revenues to fund the TIF eligible public project costs that are listed in Exhibit C of the Pre-Development Agreement for the project.

TIF Financing Summary

Total Estimated TIF Eligible Public Project Costs

within the Proposed Redevelopment Project Area \$7,850,000

All project cost estimates included herein are in 2010 dollars, the year in which the District is to be formed. In addition to the public project costs listed above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of such obligations as well as to provide for capitalized interest and reserves as may be reasonably required.

Adjustments to the estimated line item costs provided in this Redevelopment Plan are expected. The project cost and the resulting tax revenues will be re-evaluated at the time the project is considered for public financing under provisions of the Act. The totals of line items set forth in this Redevelopment Plan are not intended to place a total limit on the described expenditures or intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the Area, provided the total amount of payment for eligible redevelopment project costs shall not exceed the amount set forth herein or as adjusted pursuant to the Act. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment. By adoption of this

Plan, the City may increase the total limit on any line item by the Consumer Price Index (currently All Urban Consumers - Chicago-Gary-Kenosha) plus 5%.

Present and Projected Tax Increment

The projected increases in equalized assessed valuation (EAV) for the Proposed Rochelle Lighthouse Pointe TIF District are as follows:

1. Total Projected Private Investment \$13,360,000
2. Projected Cumulative Real Estate Tax Increment
Generated Over 23 years \$12,328,187
3. Estimated Base Year EAV (2009) of Redevelopment Project Area \$13,930
4. Estimated Potential Increase in EAV \$4,453,333
5. Total Estimated EAV of Redevelopment Project Area
after Redevelopment Projects are Completed (*line 3 plus line 4*) \$4,467,263

Assessment of Financial Impact

New economic development is not expected to occur within the City of Rochelle at this location without the creation of the Rochelle Lighthouse Pointe TIF District. Without tax increment financing, the overlapping taxing districts are not expected to experience any significant increase in real estate tax revenue from the proposed Redevelopment Project Area.

Using real estate tax rates from tax year 2008 payable 2009 and assuming an increase in real estate development of \$300,000 or a \$100,000 increase in equalized assessed valuation, the projected annual financial impact on each of the taxing bodies which levy taxes in the proposed Rochelle Lighthouse Pointe TIF District are projected as follows:

Taxing Districts Listed on Tax Bill	2008 Payable 2009 Real Estate Tax Rate	Projected Annual Impact (Dollars) for each \$100,000 Increase in EAV
Ogle County	0.72660%	\$726.60
Dement Township	0.07992%	\$79.92
Dement Twp Road	0.32220%	\$322.20
Rochelle HS Dist #212	2.53239%	\$2,532.39
Rochelle GS Dist #231	2.97457%	\$2,974.57
Kishwaukee College #523	0.54521%	\$545.21
MTA3 DE-LY	0.02054%	\$20.54
Flagg-Rochelle Library	0.17832%	\$178.32

Taxing Districts Listed on Tax Bill	2008 Payable 2009 Real Estate Tax Rate	Projected Annual Impact (Dollars) for each \$100,000 Increase in EAV
Flagg-Rochelle Park	0.69805%	\$698.05
City of Rochelle	0.78730%	\$787.30

All taxing districts affected by the proposed Rochelle Lighthouse Pointe TIF District would continue to receive a proportionate share of real estate tax revenue derived from the initial equalized assessed value of the parcels within the proposed redevelopment project area as provided in Section 65 ILCS 5/11-74.4-8 (a) of the Act as follows:

That portion of taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the lower of the current equalized assessed value or the initial equalized assessed value of each such taxable lot, block, tract or parcel of real property in the redevelopment project area shall be allocated to and when collected shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.

The City may enter into Intergovernmental Agreements with taxing districts if the City determines there is any additional impact resulting from the creation of the Rochelle Lighthouse Pointe TIF District. If some portion of TIF funds are used to pay for additional capital costs incurred by the taxing districts because of the TIF District, the taxing districts will be required to provide the City with a list of future projected capital costs as part of an ongoing impact analysis.

The City will notify all of the overlapping taxing districts of any proposed enlargement or amendments of the Rochelle Lighthouse Pointe TIF District Redevelopment Area, Plan and Projects as required by the Act. Since there are no significant extra cost burdens projected on taxing bodies at this time, the City does not declare a potential impact on any taxing district and does not address current plans to ameliorate them. However, if extra costs impact the any of the overlapping taxing districts due to the creation of the TIF District, the City will review those costs and concerns.

Pursuant to Section 5/11-74.4-5 (e) of the Act, the Joint Review Board will review the effectiveness and the status of the redevelopment project area following the end of each of the City's fiscal year during the life of the TIF District. The Joint Review Board includes representatives of the taxing districts that have the authority to directly levy taxes on the property within the proposed redevelopment project area at the time the TIF District is approved.

4 – Other Statutory Requirements

General Land Uses. The general uses of the land within the Rochelle Lighthouse Pointe TIF District conform to the existing and proposed land uses provided for in the City of Rochelle's Comprehensive Plan as well as current zoning and subdivision codes.

Certification of No Displacement of Residential Units. The City of Rochelle hereby certifies that the proposed Redevelopment Plan will not result in the displacement of residents from ten or more inhabited units, nor will it contain more than 75 inhabited residential units.

Commitment to Fair Employment. The City of Rochelle will comply with fair employment practices and an Affirmative Action Plan in the implementation of this Redevelopment Plan and Projects.

Provisions for Amending the Rochelle Lighthouse Pointe Redevelopment Plan. The Redevelopment Plan may be amended in accordance with the Tax Increment Allocation Redevelopment Act and other applicable City Ordinances.

Term of the Rochelle Lighthouse Pointe Redevelopment Plan and Project. The Redevelopment Plan and District shall be completed no later than December 31 of the year in which the payment to the County Treasurer is to be made with respect to ad valorem taxes levied in the 23rd calendar year following the year in which the Ordinance approving the Redevelopment Plan and Project Area is adopted by the City Council. The City may utilize the incremental revenues generated in the 23rd year of the TIF District and received by the City the following year for those projects included in the Plan.

Nature and Term of Obligations. Bonds are anticipated to be issued that are secured by all or in part by the Pledged TIF Revenues and issued for a term not to exceed 20 years or the term of the District including any extension thereof, whichever is less. The Bonds may be issued as TIF Revenue Bonds, Alternate Revenue Bonds or General Obligation Bonds and may also be issued as Recovery Zone Economic Development Bonds or Build America Bonds under the Stimulus Act.

The City may also issue revenue bonds, notes or other obligations to fund private eligible project costs. The repayment of debt service of these obligations would also be limited to the increments generated as permitted by the Act or other pledged funds authorized by the City for 20 years or the term of the District including any extension thereof, whichever is less.

Contiguous Redevelopment Project Areas. Subsequent to the creation of the proposed Rochelle Lighthouse Pointe TIF District, the City may create other TIF Districts which are contiguous to the original TIF District. It is hereby contemplated that in any contiguous TIF Districts eligible redevelopment project costs may be paid or reimbursed from increment generated within the original TIF District and that increment generated within contiguous TIF Districts may be used to pay or reimburse eligible project costs within the original TIF District.

5 – Conclusion

The City of Rochelle has determined that in order to promote the health, safety, morals, and welfare of the public, blighted conditions need to be eradicated and that redevelopment within the proposed Rochelle Lighthouse Pointe TIF District should be undertaken. In order to remove and alleviate adverse conditions, it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts by the development of the proposed Redevelopment Project Area.

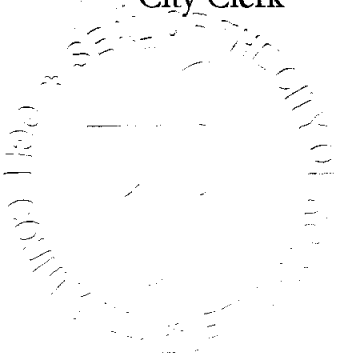
The City finds that the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan.

The Rochelle City Council hereby concludes that it is in the best interest of the City and that the citizens of Rochelle will benefit by the adoption of the Rochelle Lighthouse Pointe Tax Increment Financing Redevelopment Plan and Projects.

CITY OF ROCHELLE, ILLINOIS

By: Chit Olson Date 7 / 14 / 2010
Mayor

Attest: Bruce W. M. G. 7 Date 7 / 04 / 2010
City Clerk



6 - EXHIBITS

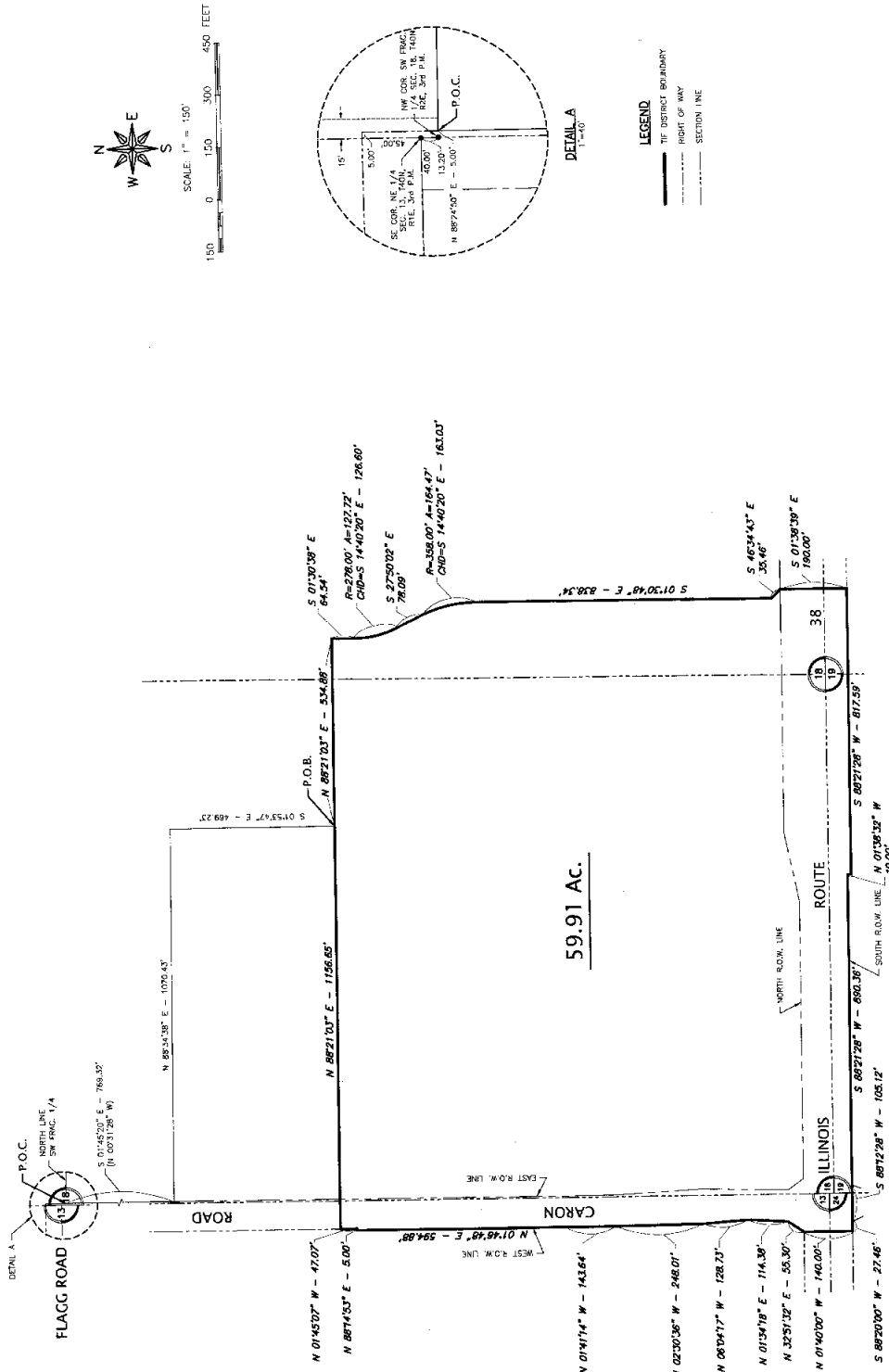
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EXHIBIT 1.

**ROCHELLE LIGHTHOUSE POINTE TIF DISTRICT
BOUNDARY MAP**

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ROCHELLE LIGHTHOUSE POINTE TIF DISTRICT



JOB NUMBER: 09-3248 A01
 SHEET NUMBER: 1 of 1

TIF DISTRICT EXHIBIT

DATE	REVISIONS

DRAWN BY: FK
 APPROVED BY: SP
 DATE: 07/10
 SCALE: 1"=150'

PROJECT NAME: Lighthouse Pointe
 "WAL-MART ADDITION"
 N.E. CORNER OF CARON RD.
 & RTE 38 INTERSECTION

OWNER/DEVELOPER:
 ANCORE INVESTMENT GROUP, L.P.
 3131 NORTH FIRST STREET
 DEKALB, ILLINOIS 60115

FEHR-GRAHAM & ASSOCIATES, LLC
 ENGINEERING AND SCIENCE CONSULTANTS
 1130 S. GARDEN, STE. 100, SPRINGFIELD, IL 62761
 (618) 233-3333
 © 2010 FEHR-GRAHAM & ASSOCIATES



EXHIBIT 2.

ROCHELLE LIGHTHOUSE POINTE TIF DISTRICT LEGAL DESCRIPTION

Part of the Southwest Fractional Quarter and the Southeast Quarter of Section 18 and part of the Northwest Fractional Quarter and the Northeast Quarter of Section 19, Township 40 North, Range 2 East of the Third Principal Meridian, also part of the Southeast Quarter of Section 13 and part of the Northeast Quarter of Section 24, Township 40 North, Range 1 East of the Third Principal Meridian, described as follows:

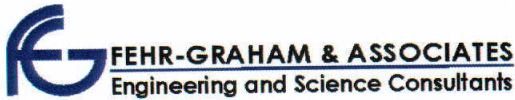
Commencing at the intersection of the North line of said Southwest Fractional Quarter of Section 18 and the Easterly Right-of-way line of Caron Road, said point being North 88 degrees 24 minutes 50 seconds East (assumed bearing) a distance of 5.00 feet from the Northwest corner of said Southwest Fractional Quarter of Section 18; thence South 01 degrees 45 minutes 20 seconds East on and along said Right-of-way line of Caron Road, a distance of 769.32 feet; thence North 88 degrees 34 minutes 38 seconds East a distance of 1070.43 feet; thence South 01 degrees 53 minutes 47 seconds East a distance of 469.23 feet to the Point of Beginning; thence North 88 degrees 21 minutes 03 seconds East a distance of 534.88 feet; thence South 01 degrees 30 minutes 38 seconds East a distance of 64.54 feet to a point on a curve; thence Southerly on and along a curved path concave to the East having a radius of 278.00 feet, a length of 127.72 feet, a chord bearing of South 14 degrees 40 minutes 20 seconds East and a chord length of 126.60 feet; thence South 27 degrees 50 minutes 02 seconds East a distance of 78.09 feet to a point on a curve; thence Southerly on and along a curved path concave to the West having a radius of 358.00 feet, a length of 164.47 feet, a chord bearing of South 14 degrees 40 minutes 20 seconds East and a chord length of 163.03 feet; thence South 01 degrees 30 minutes 48 seconds East a distance of 838.34 feet; thence South 46 degrees 34 minutes 43 seconds East a distance of 35.46 feet to a point being on the Northerly Right-of-way line of Illinois Route 38; thence South 01 degrees 38 minutes 39 seconds East a distance of 190.00 feet to a point being on the Southerly Right-of-way line of said Illinois Route 38; thence South 88 degrees 21 minutes 28 seconds West on and along last named line a distance of 817.59 feet; thence North 01 degrees 38 minutes 32 seconds West on and along said Southerly Right-of-way line a distance of 10.00; thence South 88 degrees 21 minutes 28 seconds West on and along said Southerly Right-of-way line a distance of 890.36 feet; thence South 88 degrees 12 minutes 28 seconds West on and along said Southerly Right-of-way line a distance of 105.12 feet; thence South 88 degrees 20 minutes 00 seconds West on and along said Southerly Right-of-way line a distance of 27.46 feet; thence North 01 degrees 40 minutes 00 seconds West a distance of 140.00 feet to a point on the Westerly Right-of-way line of Caron Road; thence North 32 degrees 51 minutes 32 seconds East on and along last named line a distance of 55.30 feet; thence North 01 degrees 34 minutes 18 seconds East on and along said Westerly Right-of-way line a distance of 114.38 feet; thence North 06 degrees 04 minutes 17 seconds West on and along said Westerly Right-of-way line a distance of 128.73 feet; thence North 02 degrees 30 minutes 36 seconds West on and along said Westerly Right-of-way line a distance of 248.01 feet; thence North 01 degrees 41 minutes 14 seconds West on and along said Westerly Right-of-way line a distance of 143.64 feet; thence North 01 degrees 46 minutes 48 seconds East on and along said Westerly Right-of-way line a distance of 594.88 feet; thence North 88 degrees 14 minutes 53 seconds East on and along said Westerly Right-of-way line a distance of 5.00 feet; thence North 01 degrees 45 minutes 07 seconds West on and along said Westerly Right-of-way line a distance

of 47.07 feet; thence North 88 degrees 21 minutes 03 seconds East a distance of 1156.65 feet to the Point of Beginning, containing 59.91 acres more or less.

EXHIBIT 3.

**ENGINEER'S REPORT ON FLOODING
WITHIN THE REDEVELOPMENT PROJECT AREA**

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Hans A. Anderson, P.E.
R. Todd Weegens, P.E.
Mick W. Gronewold, P.E.
Ken R. Thompson
Adam G. Holder, P.E.

Civil • Surveying • Structural • EHS • Municipal • IT

515 Lincoln Hwy. • Rochelle, IL 61068
E-Mail: fga@fehr-graham.com

Ph: 815/562-9087 • Fax: 815/562-4233
Web: www.fehr-graham.com

March 10, 2010

City of Rochelle
Mayor Chet Olson and City Council Members
420 North 6th Street
Rochelle, IL 61068

RE: City of Rochelle, Illinois
Lighthouse Pointe Wal-Mart Addition
Tax Increment Financing District

Dear Mayor and City Council Members:

The purpose of this correspondence is to clarify and amend our letter dated February 26, 2010 regarding the areas of chronic flooding within the proposed tax increment financing district.

We hereby certify that the area bounded by IL Route 38 on the south property line, Caron Road on the western limit, the proposed North Pointe Street to the east and the North Line of Section 18 to the north is subject to chronic flooding that adversely impacts the real property within.

Please contact us if there are any questions or if further information is required.

Sincerely,

Mick Gronewold, P.E.
Engineering Division Manager / Partner

Expires 11/30/2011

cc: Mr. Ken Alberts, City Manager – City of Rochelle
Mr. T. Ryan Fitzgerald – Spring Creek Development Group

MWG:rfs

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Hans A. Anderson, P.E.
R. Todd Weegens, P.E.
Mick W. Gronewold, P.E.
Ken R. Thompson
Adam G. Holder, P.E.

Civil

Surveying

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IT

515 Lincoln Hwy. • Rochelle, IL 61068
E-Mail: fga@fehr-graham.com

Ph: 815/562-9087 • Fax: 815/562-4233
Web: www.fehr-graham.com

February 26, 2010

City of Rochelle
Mayor Chet Olson and City Council Members
420 North 6th Street
Rochelle, IL 61068

Subject: City of Rochelle, Illinois
Lighthouse Pointe
Tax Increment Financing District

Dear Mayor and City Council Members:

Fehr-Graham & Associates has been providing professional engineering and surveying services for and in the City of Rochelle and environs since the 1970's. We are experienced with the land, soil types and drainage conditions in and around the area of the proposed TIF District.

We have attached a map entitled "Project Drainage Map" (Exhibit A) as a reference. The map utilized a USGS topographic excerpt as the background. The proposed TIF District is outlined and shaded in green. Existing drainage ways, lakes, detention ponds and streams are shown in blue. Zone A, 100-Year Flood Plains as they appear on the latest FEMA maps, are outlined in red. Areas of chronic flooding are outlined and shaded in red.

Photographs showing the chronic flooding north of Illinois Route 38 are included as Exhibits B, C, D, E and F.

There is no doubt that surface water that discharges from all of the TIF area contributes to flooding within the same watershed, the drainage ways leading to the City, and the Kyte River.

The City of Rochelle, in conjunction with FEMA, has developed comprehensive ordinances and design criteria which will require any redevelopment project within the proposed district to provide facilities and improvements to contribute to the alleviation of their part of the flooding.

A more detailed analysis of the surface water discharge contributions in the TIF area will show that:

- There is little or no gradient across long expanses of land to the extent that there are chronic, local ponding issues on almost every site.
- All of the area is tributary to chronic flooding in the Kyte River watershed.



- Much of the area is tributary to existing drainage ways that cross downstream properties and could contribute to flooding if left unchecked.
- Some of the area is tributary to existing small drainage ways that run right through existing developed portions of the City
- Much of the land is served by existing field tiles that require re-routing through or around a site when development occurs.

Any redevelopment project within the TIF area will be required to provide facilities and improvements to contribute to the alleviation of their part of the flooding as follows:

- Perform professional engineering studies and plans for identification and/or elimination of flooding issues.
- Construction of detention basins with adequate capacities to store excess storm water for major storm events with subsequent controlled release.
- Relocation, re-routing, or retro-fitting existing aged and potentially inadequate tile systems that much of the area relies upon for drainage.
- Installation of new storm sewers to provide adequate drainage and proper storm water outlet discharge locations.
- Potential construction of joint or regional detention basins to maximize developable areas within the district.
- Construction of provisions to improve not only storm water quantity, but also storm water quality.
- Mass grading earthwork operations to elevate areas above what might otherwise have been normally required to provide for adequate ground slope and a proper storm water discharge location.
- The potential over-detention of storm water to further reduce and eliminate downstream flooding chances within the watersheds.
- The potential construction of drainage ditches to provide adequate storm water discharge locations for multiple properties.
- Expanding and/or upgrading existing storm drainage lines throughout the district.

The creation of a TIF District is critical to providing reimbursement to the City of Rochelle and redevelopment projects for not only the normal infrastructure issues, but also for the extraordinary storm water problems that exist within the district.



Rochelle Mayor Chet Olson and City Council Members
February 26, 2010
Page 3

Please contact us if there are any questions or if further information is required.

Sincerely,



Mick Gronewold, P.E.
Engineering Division Manager / Principal

MGW: rfs

L:\Documents\Sec 2009\09-324 B - SCDG Lighthouse Pointe Wal-Mart Addition - Final PUD\A01\Rochelle TIF District_2-25-10.doc

cc: Mr. Ken Alberts, City Manager – City of Rochelle
Mr. T. Ryan Fitzgerald – Spring Creek Development Group



EXHIBIT B

Over Pk Dist Office
looking East 6-04-02



EXHIBIT C

Over Caron Bldg
looking North on
Caron Road 6-04-02

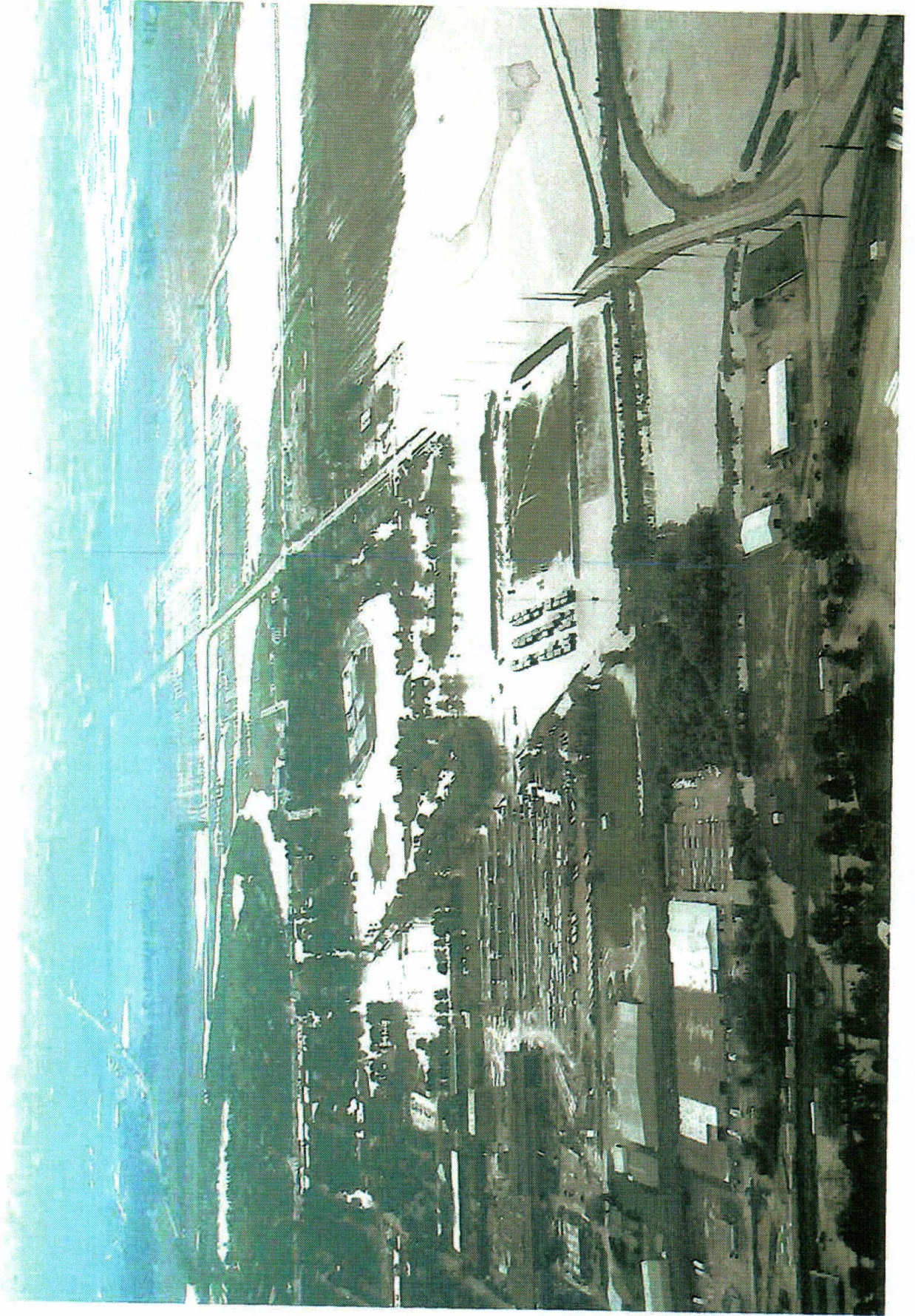


EXHIBIT D



EXHIBIT E



EXHIBIT F

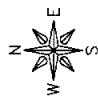


EXHIBIT 4.

**LIGHTHOUSE POINTE
FINAL PUD PLAN AND PLAT**

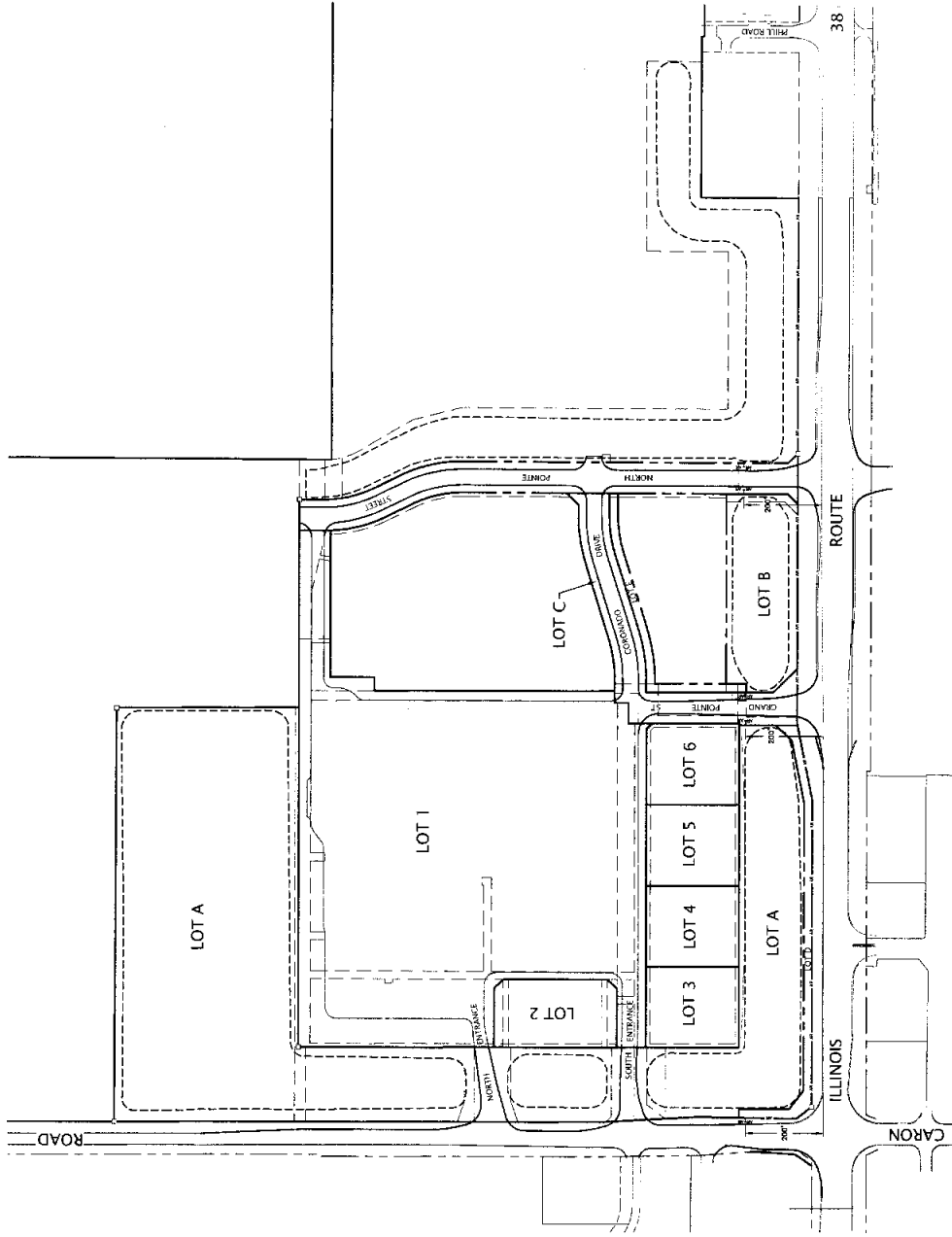
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RANGE 2 EAST, 3rd P.M.



SCALE: 1" = 150'
 150 0 150 300 450 FEET

- LEGEND**
- PROPERTY LINE
 - - - EASEMENT LINE
 - - - RIGHT OF WAY
 - FOUND EXISTING STAKE
 - SET CONCRETE MONUMENT



NOTES:

See the final plat, traffic signs prepared by FEA filed "Mass Grading Plan, Lighthouse Pointe - A Planned Unit Development, West-Mark Addition", dated October 2008, for details on all road and utility improvements, including all utility easements and other related improvements. Sub-division improvement plans at Lot 1, improvement plans are listed below. Final site included as part of this PUD.

See the final engineering plans prepared by FEA filed "Lighthouse Pointe West-Mark Addition", dated August 2008 (Project 03-11-09), for details on all road and utility improvements, including all utility easements and other related improvements, signs and markers, and all other related improvements.

See the final engineering plans prepared by FEA filed "Lighthouse Pointe 38 Improvements", dated August 2008 (Project 03-11-09), for details on all road and utility improvements, including all utility easements, signs and markers, cross sections, utility and drainage, and all other related improvements.

JOB NUMBER
45573M
SHEET NUMBER
2 of 10

REVISIONS

NO.	DATE	DESCRIPTION
1	07/27/08	FOR PUD REVIEW
2		
3		

DATE: 09/02/08
 SCALE: 1" = 150'

OWNER: FEA
 PROJECT: Lighthouse Pointe West-Mark Addition
 DATE: 09/02/08
 SCALE: 1" = 150'

PROJECT AND LOCATION:
 LIGHTHOUSE POINTE
 WEST-MARK ADDITION
 NORTH
 & RTE. 38 INTERSECTION

OWNER/DEVELOPER:
 AMCORE INVESTMENT GROUP, N.A.
 1515 NORTH WASHINGTON STREET
 DEKALB, ILLINOIS 60115

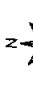
FEHR-GRAHAM & ASSOCIATES, LLC
 ENGINEERING AND SCIENCE CONSULTANTS
 SPRINGFIELD, IL 62761
 ROCKFORD, IL 61107
 MONROE, WI 53151



RANGE 2 EAST, 3rd P.M.

LEGEND

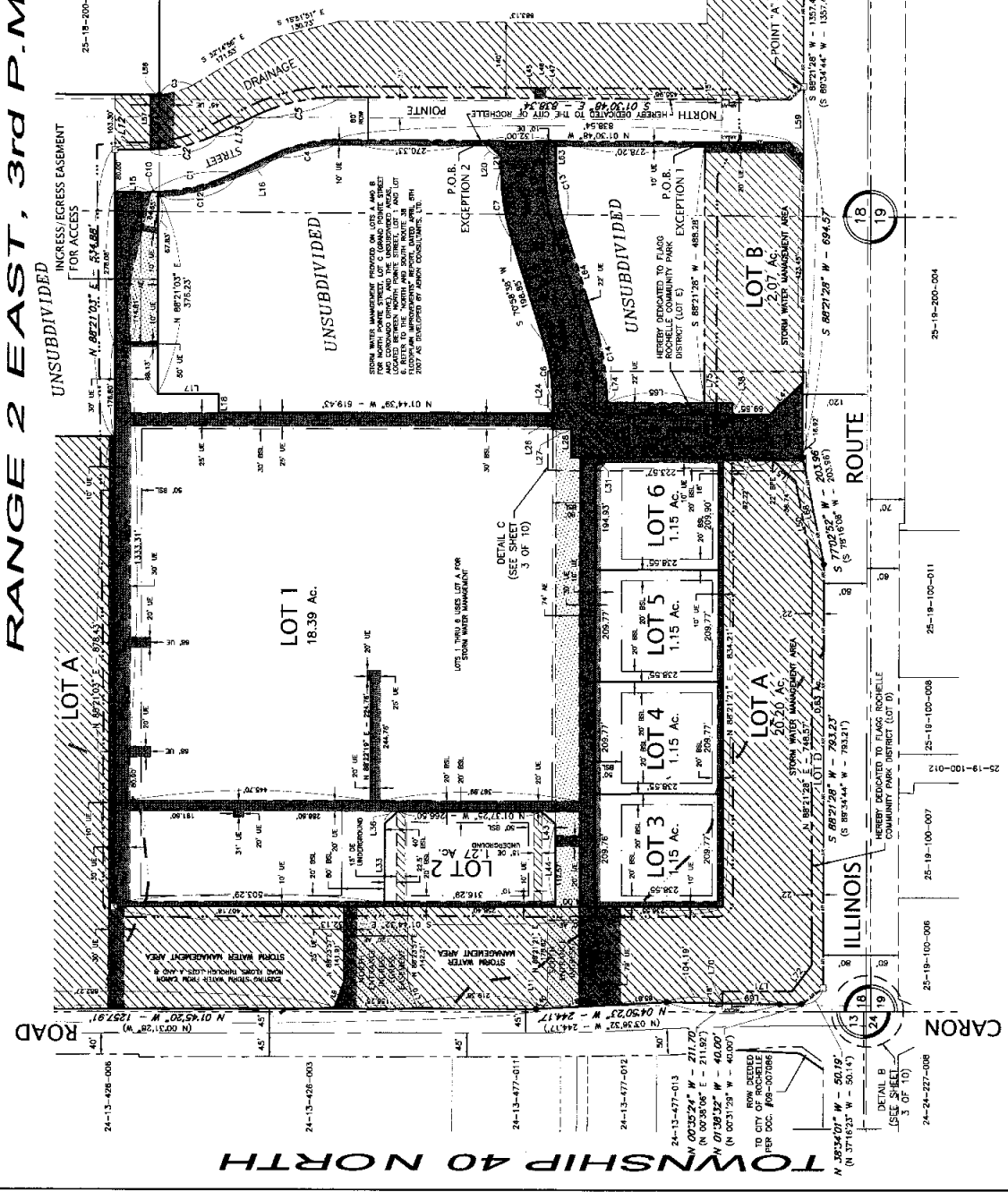
- PROPERTY LINE
- EASEMENT LINE
- BUILDING SETBACK LINE
- RIGHT OF WAY LINE
- SECTION LINE
- SURVEY LINE
- ACCESS RESTRICTED LINE
- FOUND EXISTING STAKE
- SET CONCRETE MONUMENT
- 100 YEAR FLOODPLAIN PER
- 797.17 NAVD 29 PER GLOMR-F
- (PENDING FINAL APPROVAL)
- 100 YEAR BASE FLOOD ELEVATION
- 797.17 NAVD 29 PER GLOMR-F
- (PENDING FINAL APPROVAL)
- RECORD INFORMATION
- ()
- UTILITY EASEMENT (UE)
- DRAINAGE EASEMENT (DE)
- ACCESS EASEMENT (AE)
- ASBESTOS ABANDON (AS) USE RESTRICTIONS AND
- EASEMENTS FOR LIGHTHOUSE POINTE MALL-MART
- ARTICLE 5 - A PLANNED UNIT DEVELOPMENT.
- (BPE) FLAG ROCK-ELLE COMMUNITY PARK DISTRICT -
- BIKE PATH EASEMENT



SCALE: 1" = 100'

UNSUBDIVIDED

LINE	TABLE	LINE	TABLE
10	N 071°30' E - 243.2'	10	N 071°30' E - 243.2'
11	N 071°30' E - 243.2'	11	N 071°30' E - 243.2'
12	N 071°30' E - 243.2'	12	N 071°30' E - 243.2'
13	N 071°30' E - 243.2'	13	N 071°30' E - 243.2'
14	N 071°30' E - 243.2'	14	N 071°30' E - 243.2'
15	N 071°30' E - 243.2'	15	N 071°30' E - 243.2'
16	N 071°30' E - 243.2'	16	N 071°30' E - 243.2'
17	N 071°30' E - 243.2'	17	N 071°30' E - 243.2'
18	N 071°30' E - 243.2'	18	N 071°30' E - 243.2'
19	N 071°30' E - 243.2'	19	N 071°30' E - 243.2'
20	N 071°30' E - 243.2'	20	N 071°30' E - 243.2'
21	N 071°30' E - 243.2'	21	N 071°30' E - 243.2'
22	N 071°30' E - 243.2'	22	N 071°30' E - 243.2'
23	N 071°30' E - 243.2'	23	N 071°30' E - 243.2'
24	N 071°30' E - 243.2'	24	N 071°30' E - 243.2'
25	N 071°30' E - 243.2'	25	N 071°30' E - 243.2'
26	N 071°30' E - 243.2'	26	N 071°30' E - 243.2'
27	N 071°30' E - 243.2'	27	N 071°30' E - 243.2'
28	N 071°30' E - 243.2'	28	N 071°30' E - 243.2'
29	N 071°30' E - 243.2'	29	N 071°30' E - 243.2'
30	N 071°30' E - 243.2'	30	N 071°30' E - 243.2'
31	N 071°30' E - 243.2'	31	N 071°30' E - 243.2'
32	N 071°30' E - 243.2'	32	N 071°30' E - 243.2'
33	N 071°30' E - 243.2'	33	N 071°30' E - 243.2'
34	N 071°30' E - 243.2'	34	N 071°30' E - 243.2'
35	N 071°30' E - 243.2'	35	N 071°30' E - 243.2'
36	N 071°30' E - 243.2'	36	N 071°30' E - 243.2'
37	N 071°30' E - 243.2'	37	N 071°30' E - 243.2'
38	N 071°30' E - 243.2'	38	N 071°30' E - 243.2'
39	N 071°30' E - 243.2'	39	N 071°30' E - 243.2'
40	N 071°30' E - 243.2'	40	N 071°30' E - 243.2'
41	N 071°30' E - 243.2'	41	N 071°30' E - 243.2'
42	N 071°30' E - 243.2'	42	N 071°30' E - 243.2'
43	N 071°30' E - 243.2'	43	N 071°30' E - 243.2'
44	N 071°30' E - 243.2'	44	N 071°30' E - 243.2'
45	N 071°30' E - 243.2'	45	N 071°30' E - 243.2'
46	N 071°30' E - 243.2'	46	N 071°30' E - 243.2'
47	N 071°30' E - 243.2'	47	N 071°30' E - 243.2'
48	N 071°30' E - 243.2'	48	N 071°30' E - 243.2'
49	N 071°30' E - 243.2'	49	N 071°30' E - 243.2'
50	N 071°30' E - 243.2'	50	N 071°30' E - 243.2'



PROJECT AND LOCATION:
LIGHTHOUSE POINTE
COMMUNITY PARK DISTRICT
N.E. CORNER CARON RD.
& RTE 38 INTERSECTION

REVISIONS

NO.	DATE	BY	DESCRIPTION
1	09/02/08	SK	FINAL PUD PLAN SOUTH PORTION
2	07/20/08	SK	FOR PERMITS
3	07/20/08	SK	FOR PERMITS

DRAWN BY: SK
APPROVED BY: SK
DATE: 09/02/08
SCALE: 1" = 100'

OWNER/DEVELOPER:
ANCHOR INVESTMENT GROUP N.A.
100 NORTH FIRST STREET
DESKALB, ILLINOIS 60115

ENGINEER AND SCIENCE CONSULTANTS
FEHR-GRAHAM & ASSOCIATES, LLC
ROCKFORD, IL SPRINGFIELD, IL MONROE, WI

FEHR-GRAHAM & ASSOCIATES, LLC
ENGINEERING AND SCIENCE CONSULTANTS
ROCKFORD, IL SPRINGFIELD, IL MONROE, WI
ILLINOIS DESIGN FIRM NO. 184-000008
© 2007 FEHR-GRAHAM & ASSOCIATES

JOB# 04-5573M
SHEET NUMBER
4 of 10



SCALE: 1" = 100'
 0 100 200 300 FEET

LEGEND

EXISTING	PROPOSED	SANITARY SEWER
○ 15" MH	○ 15" MH	—
○ 18" MH	○ 18" MH	—
○ 24" MH	○ 24" MH	—
○ 30" MH	○ 30" MH	—
○ 36" MH	○ 36" MH	—
○ 42" MH	○ 42" MH	—
○ 48" MH	○ 48" MH	—
○ 54" MH	○ 54" MH	—
○ 60" MH	○ 60" MH	—
○ 72" MH	○ 72" MH	—
○ 84" MH	○ 84" MH	—
○ 96" MH	○ 96" MH	—
○ 108" MH	○ 108" MH	—
○ 120" MH	○ 120" MH	—
○ 144" MH	○ 144" MH	—
○ 168" MH	○ 168" MH	—
○ 192" MH	○ 192" MH	—
○ 216" MH	○ 216" MH	—
○ 240" MH	○ 240" MH	—
○ 264" MH	○ 264" MH	—
○ 288" MH	○ 288" MH	—
○ 312" MH	○ 312" MH	—
○ 336" MH	○ 336" MH	—
○ 360" MH	○ 360" MH	—
○ 384" MH	○ 384" MH	—
○ 408" MH	○ 408" MH	—
○ 432" MH	○ 432" MH	—
○ 456" MH	○ 456" MH	—
○ 480" MH	○ 480" MH	—
○ 504" MH	○ 504" MH	—
○ 528" MH	○ 528" MH	—
○ 552" MH	○ 552" MH	—
○ 576" MH	○ 576" MH	—
○ 600" MH	○ 600" MH	—
○ 624" MH	○ 624" MH	—
○ 648" MH	○ 648" MH	—
○ 672" MH	○ 672" MH	—
○ 696" MH	○ 696" MH	—
○ 720" MH	○ 720" MH	—
○ 744" MH	○ 744" MH	—
○ 768" MH	○ 768" MH	—
○ 792" MH	○ 792" MH	—
○ 816" MH	○ 816" MH	—
○ 840" MH	○ 840" MH	—
○ 864" MH	○ 864" MH	—
○ 888" MH	○ 888" MH	—
○ 912" MH	○ 912" MH	—
○ 936" MH	○ 936" MH	—
○ 960" MH	○ 960" MH	—
○ 984" MH	○ 984" MH	—
○ 1008" MH	○ 1008" MH	—
○ 1032" MH	○ 1032" MH	—
○ 1056" MH	○ 1056" MH	—
○ 1080" MH	○ 1080" MH	—
○ 1104" MH	○ 1104" MH	—
○ 1128" MH	○ 1128" MH	—
○ 1152" MH	○ 1152" MH	—
○ 1176" MH	○ 1176" MH	—
○ 1200" MH	○ 1200" MH	—
○ 1224" MH	○ 1224" MH	—
○ 1248" MH	○ 1248" MH	—
○ 1272" MH	○ 1272" MH	—
○ 1296" MH	○ 1296" MH	—
○ 1320" MH	○ 1320" MH	—
○ 1344" MH	○ 1344" MH	—
○ 1368" MH	○ 1368" MH	—
○ 1392" MH	○ 1392" MH	—
○ 1416" MH	○ 1416" MH	—
○ 1440" MH	○ 1440" MH	—
○ 1464" MH	○ 1464" MH	—
○ 1488" MH	○ 1488" MH	—
○ 1512" MH	○ 1512" MH	—
○ 1536" MH	○ 1536" MH	—
○ 1560" MH	○ 1560" MH	—
○ 1584" MH	○ 1584" MH	—
○ 1608" MH	○ 1608" MH	—
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○ 1656" MH	○ 1656" MH	—
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○ 1704" MH	○ 1704" MH	—
○ 1728" MH	○ 1728" MH	—
○ 1752" MH	○ 1752" MH	—
○ 1776" MH	○ 1776" MH	—
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○ 1848" MH	○ 1848" MH	—
○ 1872" MH	○ 1872" MH	—
○ 1896" MH	○ 1896" MH	—
○ 1920" MH	○ 1920" MH	—
○ 1944" MH	○ 1944" MH	—
○ 1968" MH	○ 1968" MH	—
○ 1992" MH	○ 1992" MH	—
○ 2016" MH	○ 2016" MH	—
○ 2040" MH	○ 2040" MH	—
○ 2064" MH	○ 2064" MH	—
○ 2088" MH	○ 2088" MH	—
○ 2112" MH	○ 2112" MH	—
○ 2136" MH	○ 2136" MH	—
○ 2160" MH	○ 2160" MH	—
○ 2184" MH	○ 2184" MH	—
○ 2208" MH	○ 2208" MH	—
○ 2232" MH	○ 2232" MH	—
○ 2256" MH	○ 2256" MH	—
○ 2280" MH	○ 2280" MH	—
○ 2304" MH	○ 2304" MH	—
○ 2328" MH	○ 2328" MH	—
○ 2352" MH	○ 2352" MH	—
○ 2376" MH	○ 2376" MH	—
○ 2400" MH	○ 2400" MH	—
○ 2424" MH	○ 2424" MH	—
○ 2448" MH	○ 2448" MH	—
○ 2472" MH	○ 2472" MH	—
○ 2496" MH	○ 2496" MH	—
○ 2520" MH	○ 2520" MH	—
○ 2544" MH	○ 2544" MH	—
○ 2568" MH	○ 2568" MH	—
○ 2592" MH	○ 2592" MH	—
○ 2616" MH	○ 2616" MH	—
○ 2640" MH	○ 2640" MH	—
○ 2664" MH	○ 2664" MH	—
○ 2688" MH	○ 2688" MH	—
○ 2712" MH	○ 2712" MH	—
○ 2736" MH	○ 2736" MH	—
○ 2760" MH	○ 2760" MH	—
○ 2784" MH	○ 2784" MH	—
○ 2808" MH	○ 2808" MH	—
○ 2832" MH	○ 2832" MH	—
○ 2856" MH	○ 2856" MH	—
○ 2880" MH	○ 2880" MH	—
○ 2904" MH	○ 2904" MH	—
○ 2928" MH	○ 2928" MH </tr	

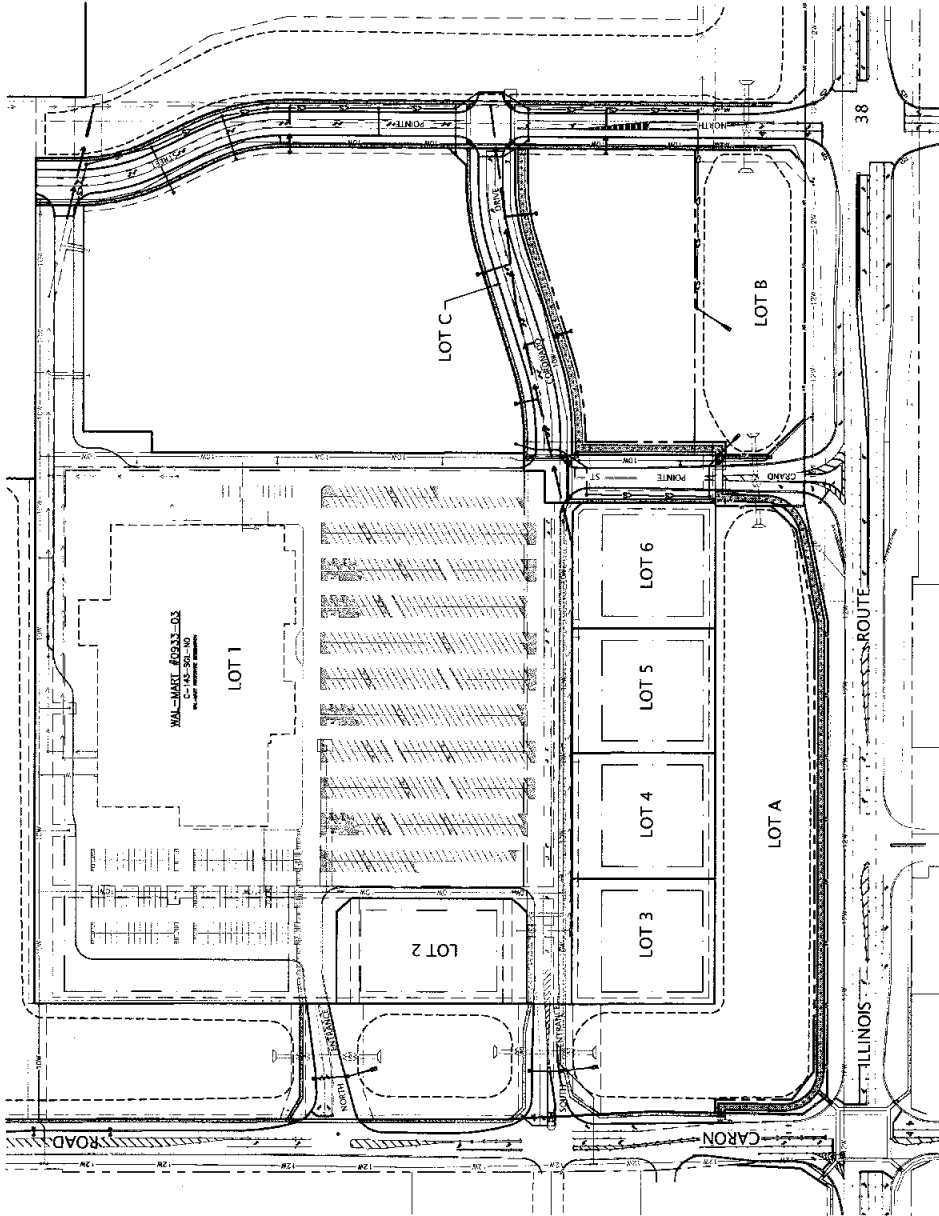
NOTES:

See the Final Mass Site Plan prepared by F&A titled "Mass Site Plan for Lighthouse Pointe - A Planned Unit Development (PUD) Addition," dated October 2008, for other related improvements. See Division Improvement Plans & Lot 1 improvement plans are listed below. Final site included as part of this PUD.

See the final engineering plans prepared by F&A titled "Lighthouse Pointe PUD Addition," dated August 2008 (Revised 08/19/08) for details on all road and utility items and inverts, and all other related improvements.

See the final engineering plans prepared by F&A titled "Lighthouse Pointe PUD Addition," dated August 2008 (Revised 08/19/08) for details on all road and utility items and inverts, and all other related improvements.

See the final engineering plans prepared by F&A titled "Lighthouse Pointe PUD Addition," dated August 2008 (Revised 08/19/08) for details on all road and utility items and inverts, and all other related improvements.



JOB NUMBER:	4-5573M
SHEET NUMBER:	6 of 10

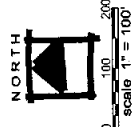
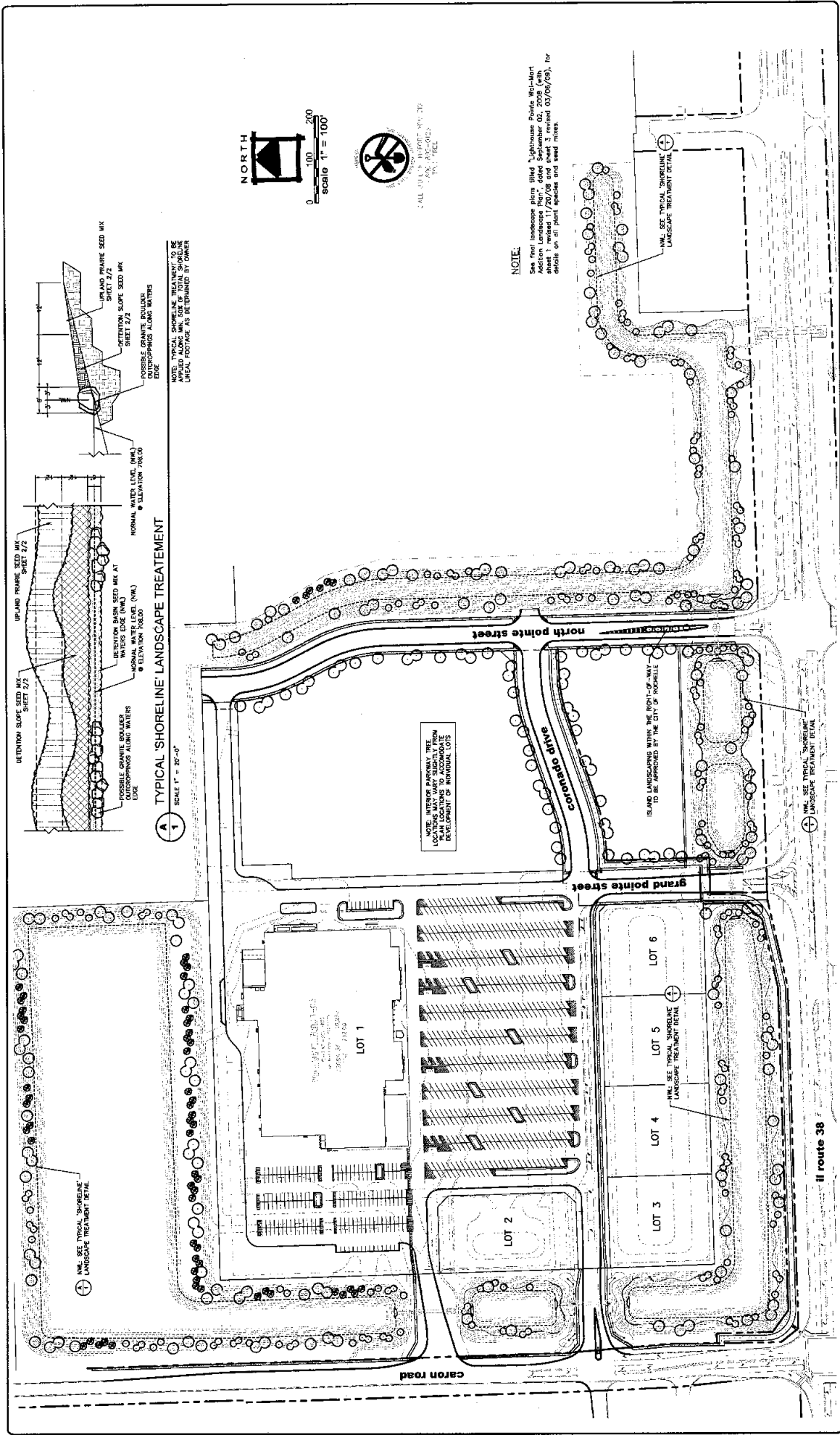
DATE	DESCRIPTION	BY
07/17/08	FOR P&A REVIEW	SR

DESIGNED BY: F&A
 DATE: 08/02/08
 SCALE: 1" = 100'

PROJECT AND LOCATION:
 LIGHTHOUSE POINTE
 WAL-MART ADDITION
 WAL-MART ROAD
 & RTE 38 INTERSECTION

OWNER/DEVELOPER:
 AMCORE INVESTMENT GROUP N.A.
 TRUST #04-15247/NORTH ROUTE 38 LLC,
 300 WEST WASHINGTON STREET
 DEKALB, ILLINOIS 60115

FEHR-GRAHAM & ASSOCIATES, LLC
 ENGINEERING AND SCIENCE CONSULTANTS
 FREEPORT, IL ROCKFORD, IL ROCHELLE, IL SPRINGFIELD, IL MONROE, WI
 ILLINOIS DESIGN FIRM NO. 184-003055
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ALL USES ARE SUBJECT TO THE CITY OF ROCKFORD ZONING ORDINANCE, CHAPTER 17.00, ARTICLE 17.01, SECTION 17.01.01.

NOTE:

See final landscape plans titled "Lighthouse Pointe, Wu-Mort Addition Landscape Plan", dated September 02, 2009 (with sheet 1 revised 11/20/08 and sheet 2 revised 03/09/09), for details on all plant species and seed mixes.

JOB NUMBER:
45573M
SHEET NUMBER:
7 of 10

OWNER:
FINAL PUD PLAT
LANDSCAPE PLAN
© 2009 by SDG, a Division of Lend Lease, a Division of Lend Lease, a Division of Lend Lease

DATE	DESCRIPTION
09/29/08	PER CITY COMMENTS
07/21/08	PER CITY REVIEW

DESIGN BY: SLS
APPROVED BY: 09/02/08
SCALE: 1" = 100'

PROJECT AND LOCATION:
LIGHTHOUSE POINTE
"WU-MORT ADDITION"
N.E. CORNER OF CARON RD.
& RIE 38 INTERSECTION

OWNER/DEVELOPER:
AMCORE INVESTMENT GROUP, N.A.
TRUST #04-15247/NORTH ROUTE 38 LLC.
3131 NORTH FIRST STREET
DEKALB, ILLINOIS 60115

sdg
design matters

GENERAL SITE NOTES

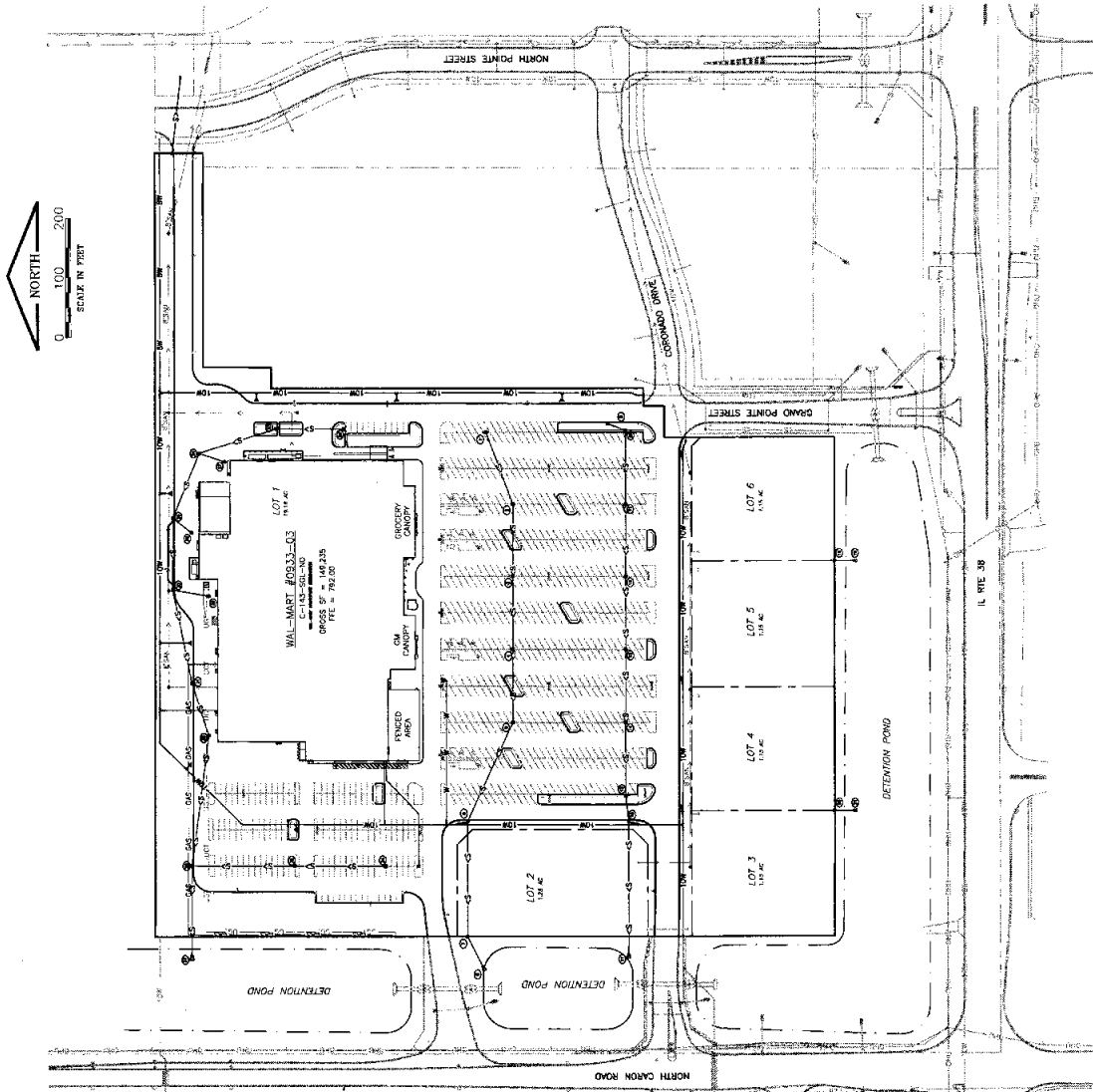
1. SEE FINAL ENGINEERING PLANS FOR DETAILS ON IMPROVEMENTS TO LOTS 1, MATCHING UTILITIES, AND ALL UTILITIES, CONDUITS AND SIZES, ELEVATIONS AND ALL OTHER RELATED APPURTENANCES
2. REFER TO THE ARCHITECTURAL PLANS FOR EXACT LOCATIONS AND DIMENSIONS OF VESTIBULE, TRUCK DOORS, PRECISE BUILDING DIMENSIONS AND EXACT BUILDING ENTRANCE LOCATIONS.
3. REFER TO ARCHITECTURAL PLANS FOR DETAILED SITE LIGHTING ELECTRICAL PLAN.

LEGEND

- BOUNDARY LINE
- EASEMENT LINE
- LOT LINE
- TEMPORARY EASEMENT
- PROPOSED STORM SEWER PIPE
- SANITARY SEWER
- STORM DRAIN
- RIDE LINE
- ① DRAINAGE STRUCTURE NUMBER
- ② BENCHMARK (BM)
- ③ MANHOLE
- ④ CURB INLET
- ⑤ CLEAN-OUT
- ⑥ SLOPE, REINFORCED CONCRETE FLARED END SECTION (RRC FES)
- ⑦ RIMPAP APRON
- ⑧ TO
- ⑨ G. P. OR R. L.
- ⑩ CURB, TOP OF PAVEMENT, OR FINISHLINE ELEVATION FOR CONNECTION DETAILS
- ⑪ ROOF PLANS FOR INTERIOR ROOF DRAINS
- ⑫ SEE ARCH PLANS
- ⑬ EDGE OF PAVEMENT
- ⑭ HIGH POINT
- ⑮ ALL SURFACE CALCULATIONS ARE PERFORMED TO VERTICAL - HW

NOTE:

FINAL SITE IMPROVEMENT PLANS FOR LOTS 1-6 ARE NOT ACCESSIBLE BY THIS DOCUMENT. FURTHER DEVELOPMENT OF LOTS 2-6 ARE SUBJECT TO CITY OF ROCHELLE PUD REQUIREMENTS AND OTHER APPLICABLE CODES AND ORDINANCES. SITE IMPROVEMENT PLANS FOR LOT 1 ARE SUBJECT TO FINAL ADMINISTRATIVE APPROVAL.



JOB NUMBER:
45573M
SHEET NUMBER:
9 of **10**

DATE:
09/27/06
PROJECT:
WAL-MART ADDITION
SCALE:
1"=100'

NO.	DESCRIPTION	BY
1	PREPARED FOR PERMIT	SM
2	FOR REVIEW	SM

PROJECT AND LOCATION:
**LIGHTHOUSE POINTE
"WAL-MART ADDITION"
N.E. CORNER OF CARON RD.
& RTE 38 INTERSECTION**

OWNER/CLIENT OWNER:
**AMCORE INVESTMENT GROUP, N.A.
TRUST #04-15247/NORTH ROUTE 38 LLC,
3131 NORTH FIRST STREET
DEKALB, ILLINOIS 60115**

DESIGNED BY:
**SPENCER, L.
ST. LOUIS, MO
PREPARED BY:
CMT
SPRINGFIELD, IL 62702
www.cmtinc.com**

CMT
CONSULTING ENGINEERS
2700 W. MANASSAS STREET
SPRINGFIELD, IL 62702
www.cmtinc.com



EXHIBIT 5.

ESTIMATED TIF DISTRICT PROJECTIONS

NOTE: The following TIF Projection is an example based on estimates and does not represent an offer or acceptance of any terms relating to proposed redevelopment projects or agreements.

The information and assumptions contained in this material are based upon information, material and assumptions provided to Jacob & Klein, Ltd. (J&K) and the Economic Development Group, Ltd. (EDG) by outside persons including public officials. J&K and EDG have not undertaken independent investigation to verify any of the information or material contained herein. No warranty, express or implied, as to the accuracy of the materials and information or the results projected in the foregoing presentation is made by J&K or EDG, its officers or employees. J&K and EDG specifically disclaim the accuracy of the formulas and calculations and has no obligation to investigate or update, recalculate or revise the calculations. The material presented herein is subject to risks, trends and uncertainties that could cause actual events to differ materially from those presented. Those providing information contained in this presentation have represented to J&K and EDG that, as of the date it was provided, the information was accurate to the best of their knowledge. Any person viewing, reviewing or utilizing this presentation should do so subject to all of the foregoing limitations and shall conduct independent investigation to verify the assumptions and calculations contained herein. By acceptance and use of this presentation, the user accepts all of the foregoing limitations and releases J&K and EDG from any liability in connection therewith.

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EXHIBIT 5

CITY OF ROCHELLE PROPOSED LIGHTHOUSE POINTE TIF DISTRICT

PROPOSED COMMERCIAL PROJECT

3/11/2010 TIF Formed

Calendar Year of Receipts	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Retail Store Project	Built	Assessed	\$264,771	\$272,714	\$280,896	\$289,322	\$298,002	\$306,942	\$316,150	\$325,635	\$335,404	\$345,466	\$355,830
Outlet Development	Built	Assessed	\$26,004	\$52,789	\$80,377	\$108,792	\$138,060	\$142,202	\$146,468	\$150,862	\$155,388	\$160,050	\$164,851
Total R.E. Tax Increment			\$290,775	\$325,503	\$361,272	\$398,115	\$436,062	\$449,144	\$462,619	\$476,497	\$490,792	\$505,516	\$520,681
Cumulative R.E. Tax Increment			\$290,775	\$616,278	\$977,550	\$1,375,665	\$1,811,727	\$2,260,872	\$2,723,490	\$3,199,987	\$3,690,780	\$4,196,295	\$4,716,977

Calendar Year of Receipts	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TOTALS
Retail Store Project	\$366,505	\$377,500	\$388,825	\$400,490	\$412,505	\$424,880	\$437,626	\$450,755	\$464,278	\$478,206	\$492,552	\$507,329	\$8,592,582
Outlets RE Tax Increment	\$169,797	\$174,891	\$180,137	\$185,542	\$191,108	\$196,841	\$202,746	\$208,829	\$215,093	\$221,546	\$228,193	\$235,038	\$3,735,605
Total RE Tax Increment	\$536,302	\$552,391	\$568,963	\$586,031	\$603,612	\$621,721	\$640,372	\$659,584	\$679,371	\$699,752	\$720,745	\$742,367	\$12,328,187
Cumulative R.E. Tax Increment	\$5,253,278	\$5,805,669	\$6,374,632	\$6,960,663	\$7,564,276	\$8,185,996	\$8,826,369	\$9,485,952	\$10,165,323	\$10,865,075	\$11,585,820	\$12,328,187	

ASSUMPTIONS

Year Built	Sq Footage	Projected FMV	Projected EAV	RETI
Built in 2010	160,000	\$8,960,000	\$2,986,667	\$264,771
Built in 2010	10,000	\$880,000	\$293,333	\$26,004
Built in 2011	10,000	\$880,000	\$293,333	\$26,004
Built in 2012	10,000	\$880,000	\$293,333	\$26,004
Built in 2013	10,000	\$880,000	\$293,333	\$26,004
Built in 2014	10,000	\$880,000	\$293,333	\$26,004
TOTALS	210,000	\$13,360,000	\$4,453,333	\$394,792

VARIABLES

Inflation Rate	3%
Total Tax Rate (2008)	8.86510%

The information and assumptions contained in the foregoing material are based upon information, material and assumptions provided to Jacob & Klein, Ltd. (J&K) and the Economic Development Group, Ltd. (EDG) by outside persons including public officials. J&K and EDG have not undertaken independent investigation to verify any of the information or material contained herein. No warranty, express or implied, as to the accuracy of the materials and information or the results projected in the foregoing presentation is made by J&K or EDG, its officers or employees. J&K and EDG specifically disclaim the accuracy of the formulas and calculations and has no obligation to investigate or update, recalculate or revise the calculations. The material presented herein is subject to risks, trends and uncertainties that could cause actual events to differ materially from those presented. These provisions of information contained in this presentation have represented to J&K and EDG that as of the date it was provided, the information was accurate to the best of their knowledge. Any person viewing, reviewing or utilizing this presentation should do so subject to all of the foregoing limitations and shall conduct independent investigation to verify the assumptions and calculations contained herein. By acceptance and use of this presentation, the user accepts all of the foregoing limitations and releases J&K and EDG from any liability in connection therewith.

7 – APPENDICES

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APPENDIX A.

TAX INCREMENT FINANCING TERMS AND DEFINITIONS

The City of Rochelle is establishing its TIF District utilizing the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4 *et. seq.*]. Certain terms are used in this Redevelopment Plan which are defined in the Tax Increment Allocation Redevelopment Act. The following terms shall mean:

Municipality: An incorporated City, Village or Town in the State of Illinois.

Redevelopment Project Area: An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.

Redevelopment Plan: The comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area.

Redevelopment Project: Any public and private development project in furtherance of the objectives of a redevelopment plan.

Redevelopment Project Costs: Redevelopment Project Costs include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan and a redevelopment project. Such costs include, without limitation, the following:

- A. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after the effective date of this amendatory Act of the 91st General Assembly, no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. In addition, "redevelopment project costs" shall not include lobbying expenses. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This

requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;

- B. The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
- C. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- D. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- E. Costs of the construction of public works or improvements;
- F. Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- G. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
- H. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan/project.
- I. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law or in order to satisfy subparagraph (7) of subsection (n);
- J. Payment in lieu of taxes are those estimated tax revenues from real property in a redevelopment project area derived from real property that has been acquired by a municipality which according to the redevelopment project or plan is to be used for a private use which taxing districts would have received had a municipality not acquired the real property and adopted tax increment allocation financing and which would result from levies

made after the time of the adoption of the tax increment allocation financing to the time the current equalized value of real property in the redevelopment project area exceeds the total initial equalized value of real property in said area;

- K. Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;
- L. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that: 1) such costs are to be paid directly from the special tax allocation fund established pursuant to this Act; 2) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; 3) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; 4) the total of such interest payments paid pursuant to this Act may not exceed 30% of the total (I) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.

Taxing Districts: Counties, townships, cities and incorporated towns and Cities, school, road, park, sanitary, mosquito abatement, forest preserve, public health, fire protection, river conservancy, tuberculosis sanitarium and any other municipal corporations or districts with the power to levy taxes.

Taxing Districts' Capital Costs: Those costs of taxing districts for capital improvements that are found by the municipal corporate authorities to be necessary and directly result from the redevelopment project.

Obligations: Bonds, loans, debentures, notes, special certificates or other evidence of indebtedness issued by the municipality to carry out a redevelopment project or to refund outstanding obligations.

Vacant Land: Any parcel or combination of parcels of real property without industrial, commercial,

and residential buildings which has not been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, unless the parcel is included in an industrial park conservation area or the parcel has been subdivided; provided that if the parcel was part of a larger tract that has been divided into 3 or more smaller tracts that were accepted for recording during the period from 1950 to 1990, then the parcel shall be deemed to have been subdivided, and all proceedings and actions of the municipality taken in that connection with respect to any previously approved or designated redevelopment project area or amended redevelopment project area are hereby validated and hereby declared to be legally sufficient for all purposes of this Act.

For purposes of this Section and only for land subject to the subdivision requirements of the Plat Act, land is subdivided when the original plat of the proposed Redevelopment Project Area or relevant portion thereof has been properly certified, acknowledged, approved, and recorded or filed in accordance with the Plat Act and a preliminary plat, if any, for any subsequent phases of the proposed Redevelopment Project Area or relevant portion thereof has been properly approved and filed in accordance with the applicable ordinance of the municipality.

Blighted Area: Any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where: If **improved**, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area:

- A. Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- B. Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.
- C. Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.
- D. Presence of structures below minimum code standards. All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

- E. Illegal use of individual structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.
- F. Excessive vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.
- G. Lack of ventilation, light, or sanitary facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- H. Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.
- I. Excessive land coverage and overcrowding of structures and community facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.
- J. Deleterious land use or layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.
- K. Environmental clean-up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or

federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

- L. Lack of community planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.
- M. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

If **vacant**, the sound growth of the redevelopment project area is impaired by a combination of **two or more of the following factors**, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- A. Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.
- B. Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.
- C. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.
- D. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- E. The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an

independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

- F. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

If **vacant**, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- A. The area consists of one or more unused quarries, mines, or strip mine ponds.
- B. The area consists of unused railyards, rail tracks, or railroad rights-of-way.
- C. The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.
- D. The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.
- E. Prior to the effective date of this amendatory Act of the 91st General Assembly, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or City center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

- F. The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

Conservation Area: Any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the factors listed above for "Blighted Improved Areas" is detrimental to the public safety, health, morals or welfare and such an area may become a Blighted Area.

APPENDIX B.

INTRODUCTION TO TAX INCREMENT FINANCING

The search for innovative local financing for economic development is a constant challenge for most cities, towns, and villages throughout the country. For many communities, particularly those in rural areas, Tax Increment Financing (TIF) is often the only locally controlled mechanism available for stimulating new investment, economic growth, and a better quality of life.

TIF in Illinois establishes a geographic boundary (i.e., a district or redevelopment project area) for which new private investment is encouraged. To facilitate new investment, a City, Town or Village may issue debt instruments to finance specific public sector improvements that will enable the redevelopment of deteriorated, blighted, or other conservation areas within its corporate limits. By making public improvements, the municipality may invite new private investment so that the expected increase in property tax revenues (i.e., the increment) can be captured to amortize the public facility debt. Sometimes a municipality chooses to use TIF on a *pay-as-you-go* basis whereby revenue is spent as it is collected. In either case, it is expected that new investment in a designated redevelopment area will stimulate a resurgence of population, employment, and assessed valuation throughout the entire community.

It should be noted that TIF does not raise property taxes and it does not create a new tax or a new taxing district. Only an increased assessment or an overall increase in tax rates can raise taxes. TIF is merely used to reallocate increased property tax revenues created by increased assessed valuation that is realized after a TIF District is established. A TIF District may last for up to 23 years unless the municipality chooses a shorter period. The advantage of TIF for the municipality is that it is able to preserve a property tax base during the life of the TIF District that will pay for the basic public services the TIF redevelopment area already receives. New incremental property tax revenue helps pay for the infrastructure necessary for stimulating additional private-sector investment.

In 1977, the Illinois Legislature passed the "Tax Increment Allocation Redevelopment Act," now recorded as 65 ILCS 5/11-74.4 *et seq.* The TIF Act recognizes that in many municipalities of the State blighted and conservation areas exist which need to be developed or redeveloped to eliminate those conditions or prevent them from occurring. The Act further declares that prevention or eradication of these conditions by private and public redevelopment projects is essential to the public interest.

In Village of Canton v. Crouch, 79 Ill. 2d 356 (1980) the Illinois Supreme Court, approving the use of TIF, stated:

"Stimulation of economic growth and removal of economic stagnation are also objectives which enhance the public [good]."

How Does TIF Work?

Tax Increment Financing is a powerful tool that enables municipalities to self-finance its redevelopment programs. TIF funds can pay for public improvements and other economic development incentives using the increased property tax revenue the improvements help generate. Everyone pays their taxes within a TIF District. However, a TIF District does not generate tax revenues by increasing tax rates. Rather, TIF generates revenues by allowing the municipality to capture, temporarily, the new tax revenues generated by the enhanced valuation of properties resulting from the various redevelopment projects. The overall process for creating a TIF District includes:

- 1) The City identifies an economically stagnant or physically declining area and determines that private investment in the area is not likely to occur at a reasonable rate if no public investment is forthcoming.
- 2) Having completed studies and plans and conducted public hearings as called for by state law, the City creates a new TIF District.
- 3) The County Clerk certifies the total equalized assessed valuation of property in the redevelopment project area as of the date the TIF District is created. All property taxes arising from this certified initial valuation, or "base value," continue to be paid to existing taxing bodies within the TIF District. Any incremental taxes arising from increases in property values after this point are re-allocated and set aside for "public and private redevelopment project costs" within the designated redevelopment project area.

Within a TIF District, all overlapping taxing districts continue to receive property taxes levied on the base equalized assessed valuation (EAV) of properties within the project area. The City also has the authority to enter into Intergovernmental Agreements to address any additional financial impact the TIF District may pose.

- 4) The City makes public improvements and provides other assistance intended to spur private development within the TIF District. To defray the cost, the City can sell bonds secured by the incremental taxes the improvements will generate or reimburse certain public and private development costs using a *pay-as-you-go* approach.
- 5) After 23 years, all obligations must be paid off and the TIF District is dissolved. All taxes then generated on the new assessed valuation are distributed to the taxing bodies. The TIF District may be ended earlier than 23 years if there are no remaining obligations for which real estate tax increment has been previously committed.

A TIF District's revenues ("tax increment") come from the increased assessed value of property and improvements within the District. Once a TIF District is established, the "base" assessed value is determined. As vacant land and dilapidated properties develop with TIF assistance, the equalized assessed valuation (EAV) of those properties increases. New property taxes resulting from the increased assessed valuation above the base value create an incremental increase in tax revenues generated within the TIF District.

The " tax increment" created between the "baseline" and the new EAV is captured, deposited into a special City TIF account and used solely for economic development. The real estate tax increment can be used as a source of revenue to reimburse certain costs for public and private projects either by issuing TIF bonds or by reimbursing developers on a "pay-as-you-go" basis. All of the other taxing bodies continue to receive real estate tax revenue from the base assessed valuation , so there is no loss of revenue to those local taxing bodies. For additional information, visit www.tifillinois.com.

The maximum life of a TIF District is 23 years. When the TIF expires and the town's investments in both public and private redevelopment projects within the TIF redevelopment area are fully repaid, property tax revenues are again shared by all the taxing bodies. All taxing bodies then share the expanded tax base – the growth which would not have been possible without the utilization of Tax Increment Financing.

How Long Does it Take to Create a TIF District?

Typically the process for establishing a TIF District requires 6-8 months to complete. The length of time required to create a TIF District depends on several factors such as the municipality's ability to complete necessary annexations and the availability of local property tax data, historical records, maps, and other planning documents. Once the calendar is set for the Public Hearing, statutory guidelines determine the earliest date when the TIF District may be created.

There are many opportunities for public participation during the process of creating and operating a TIF District. A written Redevelopment Plan must be available for public review at least 45 days prior to a Public Hearing. The Public Hearing offers the community a chance to raise questions, voice concerns, and learn about the goals and objectives driving the redevelopment effort before the District is created.

What Conditions Qualify an Area to be Designated as a TIF District?

In addition to being located within the municipal boundaries or annexed to the municipality, the TIF Act includes three sets of conditions for qualifying an area as a TIF District:

- Blighted Conditions – examples include dilapidation, obsolescence, deterioration, inadequate utilities, declining assessed valuations.
- Conservation Conditions – at least 50% of the structures in the proposed redevelopment area are 35 years of age or older.
- Industrial Park Conservation Conditions – based largely on a relatively high unemployment rate.

How Can TIF District Funds Be Used?

When the Illinois General Assembly adopted the Illinois Tax Increment Allocation Redevelopment Act (ILCS 65 5/11-74.4 *et. seq.*) in 1977, it granted municipalities the power and authority to address the

adverse conditions of blighted and conservation areas within their jurisdictions by undertaking redevelopment projects that were essential to the public interest. TIF can be used to fund a variety of public improvements and other investments that are indeed essential to a successful redevelopment program, including:

- Area-wide public infrastructure improvements such as road and sidewalk repairs, utility upgrades, water and sewer projects.
- Acquisition, clearance and other land assembly and site preparation activities.
- Rehabilitation of older, deteriorating or obsolescent buildings.
- Correction or mitigation of environmental problems and concerns.
- Job training, workforce readiness and other related educational programs.
- Incentives to retain or attract private development.

For more information about Tax Increment Financing, please contact:

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