
**VILLAGE OF HUNTLEY
TIF REDEVELOPMENT PLAN
DOWNTOWN TIF DISTRICT**

“Redevelopment plan” means 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 as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

Prepared by the Village of Huntley, Illinois

in conjunction with

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I. INTRODUCTION

The Village of Huntley (the “Village”) is an established community located in McHenry County, Illinois, between Chicago and Rockford. In this report, the Village proposes a Tax Increment Financing Redevelopment Plan (the “Redevelopment Plan” or “Plan”) to assist a strategically important area in overcoming a number of redevelopment barriers. The Village is pursuing the TIF designation to fulfill its objective to revitalize its downtown district, which is located in the vicinity of the Illinois Route 47/Main Street intersection.

Kane, McKenna and Associates, Inc. (“KMA”) has been retained by the Village of Huntley to conduct an analysis of the potential qualification and designation of the area as a Tax Increment Financing (“TIF”) District, and to assist the Village in drafting the TIF Redevelopment Plan herein.

The Village has two goals in pursuing the potential TIF District. The first is to promote redevelopment of the area to mitigate conservation area conditions within an older Huntley retail/commercial district, including efforts to spur new development at the Route 47/Main Street intersection. The second goal is to implement the Village’s overall economic development program and thereby diversify its tax base. As noted in the Village’s *Comprehensive Plan*, a general Village priority is to “provide a sound and diverse tax base and employment opportunities.”

TIF Plan Requirements. The Village is preparing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the “Act”) 65 ILCS 5/11-74.4-3, et. seq., as amended. To establish a TIF district (also known as a Redevelopment Project Area (“RPA”)), Illinois municipalities must issue several reports, including a TIF Redevelopment Plan and Eligibility Report.

The Act enables Illinois municipalities to establish TIF districts, either to eliminate the presence of blight or to prevent its onset. The Act finds that municipal TIF authority serves a public interest in order to: “promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas” (65 ILCS 5/11-74.4-2(b)).

By definition, a TIF “Redevelopment Plan” means 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 qualify the redevelopment project area as a “blighted area,” “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 as set forth in the Tax Increment Allocation Redevelopment Act.

Community Background. Incorporated in 1872, the Village of Huntley is a well-established community with many long-time businesses and residents having long-standing ties to the area. Although a mature community, it has experienced dramatic growth in recent years. The population has grown consistently from 1990 up to the 2010 Census: 1990 – 2,453; 2000 – 5,730; and 2010 – 24,291.

The Village as a whole has a number of important assets that make it desirable location for residents and that fosters a competitive environment for businesses. First, Huntley employers are able to draw upon a highly educated workforce in Illinois. Within Huntley, 33% of the adult population (over age 25) has obtained either a bachelor's degree or an advanced degree (master's degree or other advanced degree). Secondly, the Village possesses a variety of transportation assets, including proximity to the Interstate Highway System, state highways, and a Metra train line. Additionally, it has the good fortune to be located in the path of growth as the northwestern Chicago suburbs have gradually expanded into the Huntley area, strengthening demand for Huntley real estate.

Lastly, the Village is dedicated to professional municipal management and the provision of efficient, effective, and responsive service delivery to residents and businesses. Under the current management team, the Village has identified economic development as a priority for municipality and is expanding efforts in this area.

The Proposed TIF District. The proposed RPA consists of approximately 214 tax parcels and is situated in the vicinity of Route 47 and Main Street, as mentioned. According to the 2002 *Comprehensive Plan*, the downtown has been a “rural population center since its incorporation in 1872 and...it provides a familiar character that is important to preserve for the future.” The *Comprehensive Plan* has been updated in 2011 to reflect a revision to the future land use map and to incorporate certain objectives defined in the 2010 *Downtown Revitalization Study* (see Section III below).

The area includes railroad rights-of-way which bisect the TIF District, running northwest through the area and the Village as a whole. Additional parcels include but are not limited to retail shops along Main Street and Route 47, while also offering a broad range of uses. Aside from the traditional downtown retail/commercial uses, the area also includes park space, a larger industrial use (including a food processing plant to the south) and residences that are distributed throughout the area. Because of the unplanned growth over the past decades, many of the residences are now situated next to intensive uses (such as the Deans Food complex or commercial uses along Route 47), with minimal buffering. A number of vacant parcels are also found within the TIF District;

with the utilization of TIF financing they are expected to be candidates for redevelopment.

Despite the Village-wide growth in recent years and despite various community assets, the downtown area faces a number of long-standing redevelopment challenges: certain structures in the area are underutilized; sites may require infrastructure improvements; parking and traffic improvements require continued coordination; and businesses face the general risk of obsolescence or underutilization. Overall, the proposed TIF District generally suffers from a variety of conservation area impediments as identified in the TIF Act and as documented in the TIF Qualification Report (refer to Section V).

On balance, the Downtown TIF District has the potential for redevelopment of certain underutilized properties and for the area as a whole. Accordingly, the Village has identified a number of objectives for redevelopment, with tax increment financing acting as a tool to achieve them. Please refer to Section III of this report for additional information about the goals, objectives and activities to support redevelopment.

The RPA would be suitable for new development if there is coordination of uses and redevelopment activity by the Village. Through this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the Village intends to attract and encourage commercial and retail/mixed uses to locate, upgrade, expand and/or modernize their facilities within Huntley. With the establishment of the RPA, the Village would implement a program to redevelop key areas within the new TIF District; in so doing, it would stabilize the area, extend benefits to the community, and assist affected taxing districts over the long run.

Rationale for Redevelopment Plan. The Village recognizes the need for a strategy to revitalize properties and promote development within the boundaries of the RPA. The needed private investment would only be possible if a TIF district is adopted pursuant to the terms of the Act. Incremental property tax revenue generated by the project will play a decisive role in encouraging private development. Site conditions and diverse ownership that have discouraged intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit both the Village and surrounding taxing districts, by virtue of the expected expansion of the tax base.

Based on Village staff and KMA assessment, it is unlikely that the area as a whole would be developed in a coordinated manner unless the TIF Redevelopment Plan is adopted. The Village, with the assistance of KMA, has therefore commissioned this Plan to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public

investment and land assembly, the RPA will become a more viable area that will attract private investment. The public investment, land assembly, and other anticipated measures will lay the foundation for the redevelopment of the area with private capital. This in turn will set the stage for future retail, commercial and mixed use opportunities surrounding the area.

The designation of the area as an RPA will allow the Village to pursue the following beneficial strategies:

- Providing and rehabilitating infrastructure that supports subsequent redevelopment plans for the RPA;
- Improvements to sites within the RPA in preparation for redevelopment (“site prep”) as well as improvements to structures in order to accommodate new and existing tenants;
- Increase the ability to develop property within the RPA to its highest and best use;
- Establishing a pattern of land-use activities that will increase efficiency and economic inter-relationships, especially as such uses complement adjacent current and/or future commercial opportunities and Village redevelopment projects within the RPA and/or surrounding area; and
- Enhancing area appearance through improvements to landscape, streetscape and signage as well as façade improvement programs.

Through this Plan, the Village will direct the coordination and assembly of the assets and investments of the private sector and establish a unified, cooperative public-private redevelopment effort. Several benefits are expected to accrue to the area: entry of new businesses; new employment opportunities; and physical and aesthetic improvements. Ultimately, the implementation of the Plan will benefit (a) the Village, (b) the taxing districts serving the RPA, (c) residents and property owners within and adjacent to the RPA, and (d) existing and new businesses within the RPA.

Village Findings. The Village, through legislative actions as required by the Act, finds:

- That the RPA as a whole has not been subject to growth and development through investment by private enterprise;
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken;

- To alleviate the adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas;
- That public/private partnerships are determined to be necessary in order to achieve development goals;
- That without the development focus and resources provided for under the Act and as set forth in this Plan, growth and redevelopment would not reasonably be expected to be achieved;
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing districts, because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment; and
- That the TIF Redevelopment Plan conforms to the Huntley *Comprehensive Plan*, as detailed in Section III of this report.

Additionally, the Village finds that it is useful, desirable, and necessary for the Village to assemble land into parcels of sufficient size to encourage development consistent with current standards.

It is further found, and certified by the Village, in connection with the statutory process required for the adoption of this Plan, that (a) the that the RPA does not contain over seventy-five (75) inhabited residential units and (b) projected redevelopment of the RPA **will not result** in the displacement of ten (10) inhabited residential units or more. Therefore, *this Plan does not include a Housing Impact Study.*

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA. Redevelopment of the RPA area is tenable only if a portion of the improvements and other costs are funded by TIF.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area in the aggregate is more than 1½ acres. A boundary map of the RPA is included in Appendix 2 of this Plan.

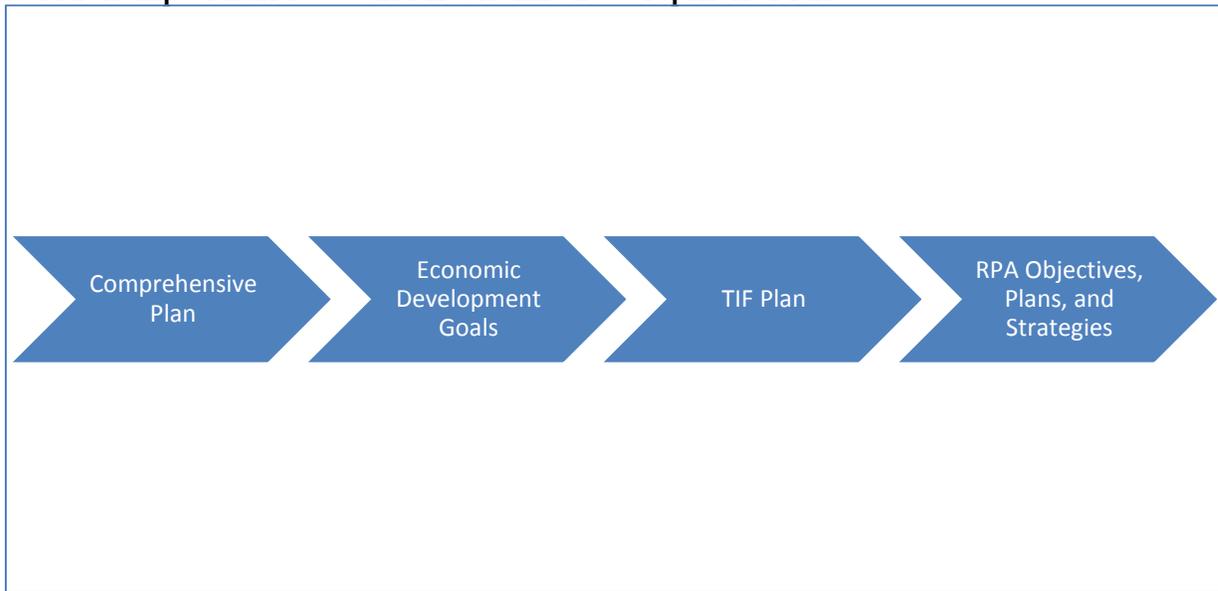
II. RPA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Appendix 1.

III. RPA GOALS AND OBJECTIVES

The Village has established a number of economic development goals, objectives, and strategies which would determine the types of activities to be undertaken within the proposed Downtown TIF District. These efforts would conform to and promote the achievement of land use objectives in the Village’s *Comprehensive Plan*.

Exhibit 1
Relationship of Land Use and Economic Development Plans



As indicated in the exhibit above, the Village’s primary planning document is the *Comprehensive Plan* which describes the overall vision for the Village and is the foundation for Village initiatives such as the proposed Downtown TIF District. This overarching planning document helps determine future land uses and influences all other Village planning efforts such as the TIF planning process.

Comprehensive Plan Goals of the Village. Establishment of the proposed Downtown TIF supports the following Village-wide objectives established in the *Comprehensive Plan* that would directly determine future economic development activities and influence the parameters of future redevelopment projects. Exhibit 2 identifies certain *Comprehensive Plan* goals that pertain to the proposed Downtown TIF.

Exhibit 2

Components of *Comprehensive Plan* Applicable to the Downtown TIF

Comprehensive Plan Objectives	Policies/Actions
<p>Business/Economic Growth – Provides sufficient areas for business-related developments to occur which can be served by the roadway network and which are compatible with proposed residential development in order to provide a diverse tax base and employment opportunities</p>	<ul style="list-style-type: none"> • Improve real property values; promote a sound economic base for the Village • Assure that retail/commercial areas are sufficient in size to provide for adequate setbacks, pedestrian walkways, ample car/bicycle parking, and landscaping • Minimize the visual impact of parking areas between major streets and the building by use of landscaping, including landscaped buffers • Minimize the “sea of asphalt” observed amid large parking lots
<p>Residential – Perpetuate a high quality residential environment that takes into consideration design standards to conserve open space; encourage developers to be creative in proposing residential development projects</p>	<ul style="list-style-type: none"> • Encourage proper landscape screening between residential and differing land uses
<p>Traffic/Transportation – Facilitate the movement of traffic, persons and goods in a safe and environmentally acceptable manner</p>	<ul style="list-style-type: none"> • Provide for passage of vehicular traffic on major arterials at a minimum inconvenience to residents

Source: Village of Huntley *Comprehensive Plan*, 2002

The land use planning goals defined in the Village-wide *Comprehensive Plan* are elaborated on in the 2010 *Downtown Revitalization Study*. This study provides complementary objectives and guidelines for the downtown and Route 47 areas, and a more specific “blueprint” or vision. In particular, the study contains an action agenda that calls for certain activities including but not limited to the following: land assembly, expansion of recreational uses (e.g., the expansion of the Jim Dahmer park), coordination of the redevelopment of the former Catty facility, and improved circulation and parking along/near Main Street.

Economic Development Goals of the Village. TIF designation would enable the Village to pursue the following economic development objectives within the RPA:

- Reduce or eliminate blight or other negative factors present within the area;
- Coordinate redevelopment activities within the RPA in order to provide a positive marketplace signal to private investors;
- Create an attractive overall appearance for the area; and
- Further the goals and objectives of the *Comprehensive Plan*.

Ultimately, the implementation of the Redevelopment Plan would contribute to the economic development of the area and provide new employment opportunities for Village residents.

RPA-Specific Strategies. The RPA-specific objectives would be fulfilled by the execution of certain strategies, including but not limited to the following:

- Facilitating the preparation of improved and vacant sites, by assisting any private developer(s) in the assembly of suitable sites for modern development needs;
- Coordinating site preparation and rehabilitation of structures to provide additional land for redevelopment, as appropriate;
- Fostering the replacement, repair, and/or improvement of infrastructure, including (as needed) sidewalks, streets, curbs, gutters and underground water and sanitary systems to facilitate the construction of new development within the RPA;
- Facilitating the provision of adequate on- and off-street parking within the RPA; and/or
- Coordinating development in tandem with any transportation system upgrades to make the area more accessible.

To track success in meeting RPA-specific objectives and strategies, the Village may choose to establish certain performance measures that would help the Village monitor the projects to be undertaken within the proposed RPA. The Government Finance Officers Association recommends that municipalities adopting TIF districts evaluate actual against projected performance (e.g., using metrics such as job creation or tax revenue generation). Exhibit 3 below identifies the types of performance measures the Village may consider to track the performance of projects within the RPA. (Section VI of this report discusses the types of projects that the Village may pursue within the RPA, with the caveat that specific projects at this point are only conceptual in nature.)

Exhibit 3
Examples of TIF Performance Measures

Measure	Examples
Input	<ul style="list-style-type: none"> • Public investment (\$) • Private investment (\$) • Square feet of land assembled for TIF • Bond proceeds
Output/Workload	<ul style="list-style-type: none"> • Jobs created or retained • Number of streetscaping fixtures installed • Commercial space created (square feet)
Efficiency	<ul style="list-style-type: none"> • Leverage ratio (private investment / public investment) • Cost per square foot of commercial space • Public subsidies per job created/retained
Effectiveness	<ul style="list-style-type: none"> • % change in assessed value (AV) in TIF versus AV in rest of Village • % change in AV within TIF before and after TIF creation • Municipal sales taxes before and after TIF creation
Risk	<ul style="list-style-type: none"> • Debt coverage ratio • Credit ratings of anchor tenants • Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*, Government Finance Officers Association, 2005.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH; FISCAL IMPACT ON TAXING DISTRICTS

Evidence of the Lack of Development and Growth within the RPA. As documented in Appendix 5 of this Plan, the RPA has suffered from a lack of development and would primarily qualify as a Conservation Area. A small portion of the proposed TIF District located in the southwest part of the district would qualify as a blighted-vacant area. In recent years, the area has not benefited from sustained private investment and/or development, instead suffering economic decline. Absent intervention by the Village, properties within the RPA would not be likely to gain in value in the future.

The proposed RPA exhibits various conditions which, if not addressed by the Village, would eventually result in blight. Those conditions include structures and public improvements reflecting obsolescence as well as other deficiencies. These various conditions discourage private sector investment in business enterprises.

Assessment of Fiscal Impact on Affected Taxing Districts. It is not anticipated that the implementation of this Plan will have a negative financial impact on the affected taxing districts. Instead, action taken by the Village to stabilize and cause growth of its tax base through the implementation of this Plan will have a *positive impact* on the affected taxing districts by arresting the potential decline or lag in property values, as measured by assessed valuations (AV). In short, the establishment of a TIF district would protect other taxing districts from the potential downside risk of falling AV.

Should the Village achieve success in attracting private investment which results in the need for documented increased services from any taxing districts, the Village will consider the declaration of “surplus funds,” as defined under the Act and pursuant to any executed intergovernmental agreement. Such funds which are neither expended nor obligated for TIF-related purposes can be used to assist affected taxing districts in paying the costs for increased services.

Any surplus Special Tax Allocation Funds (to the extent any surplus exists) will be shared in proportion to the various tax rates imposed by the taxing districts, including the Village. Any such sharing would be undertaken after all TIF-eligible costs – either expended or incurred as an obligation by the Village – have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the Village as provided by the Act.

An exception to the tax-sharing provision relates to the Village’s utilization of TIF funding to mitigate the impact of residential redevelopment upon school and library districts. In such cases, the Village will provide funds to offset the costs incurred by the eligible school and library districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. (Refer to Section VI of this Report, which describes allowable TIF project costs.)

V. TIF QUALIFICATION FACTORS PRESENT IN THE RPA

Findings. The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district under the Act. A majority of parcel would qualify as a Conservation Area, with a small portion of the proposed TIF District separately qualifying as a blighted-vacant area. Refer to the *TIF Qualification Report*, attached as Appendix 5 in this Plan.

Eligibility Survey. Representatives of KMA and Village staff evaluated the RPA from January 2012 to the date of the publication of this Plan. Analysis was aided by certain reports obtained from the Village, reports from Village engineering consultants, on-site due diligence, and other sources. In KMA's evaluation, only information was recorded which would help in making an informed assessment about the eligibility of the proposed area as a TIF District.

VI. REDEVELOPMENT PROJECT

Redevelopment Plan and Project Objectives. As indicated in Section III of this Report, the Village has established a planning process which guides economic development and land use activities throughout the Village. Consistent with the established planning process, the Village proposes to achieve economic development goals and objectives through the redevelopment of the Downtown TIF District, pursuit of projects within the RPA, and the promotion of private investment via public financing techniques (including but not limited to tax increment financing).

The project-specific objectives envisioned for the Downtown TIF are as follows:

- 1) Implementing a plan that provides for the attraction of users and tenants to redevelop underutilized land and buildings that are available within the RPA.
- 2) Constructing public improvements which may include (if necessary):
 - Street and sidewalk improvements (including new street construction and widening of current streets; any street widening would conform with Village standards for context-sensitive design);
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation);
 - Signalization, traffic control and lighting;
 - Off-street parking and public parking facilities; and
 - Landscaping, streetscaping, and beautification.
- 3) Entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of an interest rate subsidy as allowed under the Act.
- 4) Providing for site preparation, clearance, environmental remediation, and demolition, including grading and excavation (any demolition activities would conform to Village criteria for allowing demolition) as needed.
- 5) Providing for the rehabilitation of structures in order to improve the occupancy and appearance of the property within the RPA.
- 6) Exploration and review of job training programs in coordination with any Village, federal, state, and county programs.
- 7) Entering into agreements for the development and/or construction of public facilities and infrastructure.

Redevelopment Activities. Pursuant to the project objectives cited above, the Village will implement a coordinated program of actions. These include, but are not limited to, land acquisition, land disposition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, construction of new public facilities, and rehabilitation of structures, if necessary. Such activities conform to the provision of the TIF Act that define the scope of permissible redevelopment activities.

Site Preparation, Clearance, Relocation and Demolition

Property within the RPA may be improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment. Relocation may also be required under the TIF Act; the Village would conform to the provisions of the Act.

Land Assembly and Disposition

Certain properties or interests in properties in the RPA may be acquired by purchase or the exercise of eminent domain. Properties owned by or acquired by the Village may be assembled and reconfigured into appropriate redevelopment sites. If necessary, the Village would facilitate private acquisition through reimbursement of acquisition and related costs as well as through the write-down of its acquisition costs. Such land may be held or disposed of by the Village on terms appropriate for public or private development, including the acquisition of land needed for construction of public improvements.

Public Improvements

The Village may, but is not required to, provide public improvements in the RPA to enhance the immediate area and support the Plan. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems, roadways, and traffic-related improvements;
- Repair and/or rehabilitation of transit-related improvements, including enhancements for train, bike, and pedestrian uses;
- Parking facilities; and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation/Taxing District Capital Costs

The Village may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to Village code provisions. Improvements may include exterior and facade-related work as well as interior-related work.

The Village may construct or provide for the construction and reimbursement for new facilities to be owned or used by units of local government. The Village does not expect that locally designated landmarks or properties listed on or eligible for listing on the National Register of Historic Places (or properties significantly contributing to districts listed on the National Register of Historic Places) will be demolished or modified in connection with the Plan.

Interest Rate Write-Down

The Village may enter into agreements with for-profit or non-profit owners/developers whereby a portion of the interest cost for construction, renovation or rehabilitation projects are paid out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The Village may assist facilities and enterprises located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs; and
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

School and Library District Costs

The Village may provide for payment of school and library district costs as provided for in the Act relating to residential components assisted through TIF funding.

General Land Use Plan. As noted in Section I of this report, the proposed RPA currently contains primarily retail and mixed uses, in addition to a limited number of transportation-related uses.

Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates future land uses in the Redevelopment Project Area and includes retail and mixed uses. Future land uses will conform to the Zoning Ordinance and the *Comprehensive Plan* as either may be amended from time to time.

Additional Design and Control Standards. The appropriate design standards (including any Planned Unit Developments) as set forth in the Village's Zoning Ordinance and/or *Comprehensive Plan* shall apply to the RPA.

Eligible Redevelopment Project Costs. Under the TIF statute, redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred as well as any such costs incidental to the Plan. (Private investments, which supplement "Redevelopment Project Costs," are expected to substantially exceed such redevelopment project costs.) Eligible costs permitted by the Act and pertaining to this Plan include:

- (1) *Professional Service Costs* – 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 November 1, 1999 (the effective date of Public Act 91-478), 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. 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;
 - The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
 - Annual administrative costs shall *not* include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;

- In addition, redevelopment project costs shall *not* include lobbying expenses;
- (2) *Property Assembly Costs* – 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;
 - (3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, 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;
 - (4) *Public Works* – Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
 - (5) *Job Training* – Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
 - (6) *Financing Costs* – 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 (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;

- (7) *Capital Costs* – 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 and project;
- (8) *School-Related Costs* – For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually.¹ Certain library district costs may also be paid as provided for in the Act.
- (9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation

¹ The calculation is as follows: (A) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (B) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (C) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of the Act;

- (10) *Payment in lieu of taxes;*
- (11) *Other Job Training* – 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;
- (12) *Developer Interest Cost* – Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
- (A) Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - (B) 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;
 - (C) If there are not sufficient funds available in the special tax allocation fund to make the payment then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - (D) The total of such interest payments paid pursuant to the 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 the Act;
 - (E) The cost limits set forth in subparagraphs (B) and (D) of paragraph shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in

Section 3 of the Illinois Affordable Housing Act. The percentage of 75% shall be substituted for 30% in subparagraphs (B) and (D);

(F) Instead of the eligible costs provided by subparagraphs (B) and (D), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (F) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (F).²

The TIF Act prohibits certain costs. Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost. In addition, the statute prohibits costs related to retail development that results in the closing of nearby facilities of the same retailers. Specifically, none of the redevelopment project costs enumerated in the Act shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality.³

Projected Redevelopment Project Costs. Estimated project costs are shown in Exhibit 4 below. Adjustments to estimated line-item costs below are expected and may be made without amendment to the Redevelopment Plan.

² The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (11) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

³ Termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act.

Further, the projected cost of an individual line-item as set forth below is not intended to place a limit on the described line-item expenditure. Adjustments may be made in line-items, either increasing or decreasing line-item costs for redevelopment. The specific items listed below are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the *total amount* of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Exhibit 4) shall not exceed the amount set forth below, as adjusted pursuant to the Act.

Exhibit 4
RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition, Assembly, and Relocation	\$4,000,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	4,000,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, Burial of Overhead Lines, and Road Improvements)	17,000,000
Rehabilitation of Existing Structures; Taxing District Capital Improvements	5,000,000
Public Facilities (including Public Open Space, Parking Facilities and Streetscaping, and Other Public Amenities)	8,000,000
Interest Costs Pursuant to the Act	500,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	500,000
Job Training	500,000
Statutory School and Library District Payments	500,000
TOTAL ESTIMATED TIF BUDGET	40,000,000

Notes:

- (1) All project cost estimates are in 2012 dollars. Costs may be adjusted for inflation per the TIF Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The individual line-items set forth above are not intended to place an individual limit on the described expenditures – provided that the total amount of payments for eligible redevelopment project costs shall not exceed the “total estimated TIF budget” listed above.

As explained in the following sub-section, incremental property tax revenues from any contiguous RPA may be used to pay eligible costs for the Downtown TIF.

Sources of Funds to Pay Redevelopment Project Costs. Funds necessary to pay for public improvements and other project costs eligible under the Act are

to be derived principally from incremental property tax revenues, proceeds from municipal obligations to be retired primarily with such revenues, and interest earned on resources available but not immediately needed for the Plan. In addition, pursuant to the TIF Act and this Plan, the Village may utilize net incremental property tax revenues received from other contiguous RPAs to pay eligible redevelopment project costs or obligations issued to pay such costs in contiguous project areas. This would include contiguous TIFs that the Village may establish in the future. (Conversely, incremental revenues from the Downtown TIF may be allocated to any contiguous TIF Districts.)

Redevelopment project costs as identified in Exhibit 4 specifically authorize those eligible costs set forth in the Act and do not address the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed. TIF or other public sources are to be used, subject to approval by the Village Board, only to leverage and commit private redevelopment activity.

The incremental tax revenues which will be used to pay debt service on the municipal obligations (if any) and to directly pay redevelopment project costs shall be the incremental increase in property taxes. The property tax increment would be attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA – over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2011 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the Village may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued. The Village may issue obligations secured by the Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the Village by virtue of its power pursuant to the Illinois State Constitution.

Any and all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years after the date of adoption of the ordinance approving the RPA, or as such a later time permitted pursuant to the Act and to the extent such obligations are reliant upon the collection of incremental property tax revenues from the completion of the twenty-third year of the TIF, with taxes collected in the twenty-fourth year. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year. The total principal and interest may be payable from tax increment revenues (including tax increment revenues from current or future contiguous TIF Districts) and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

Certain revenues may be declared as surplus funds if not required for: principal and interest payments, required reserves, bond sinking funds, redevelopment project costs, early retirement of outstanding securities, or facilitating the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan. Such surplus funds shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds. Further, the securities may be offered on such terms as the Village may determine, with or without the following features: capitalized interest; deferred principal retirement; interest rate limits (except as limited by law); and redemption provisions. Additionally, such securities may be issued with either fixed rate or floating interest rates.

Most Recent Equalized Assessed Valuation for the RPA. It is anticipated the base EAV for establishment of the RPA will be the 2011 EAV, which is \$16,597,077.

Anticipated Equalized Assessed Valuation for the RPA. Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA would increase to approximately \$52,000,000-\$58,000,000, depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Redevelopment Project. The Village will implement a strategy with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses conform to Village zoning and planning requirements, or if the Village undertakes redevelopment activities pursuant to this Plan. Depending upon the scope of the development as well as the actual uses, the following activities may be undertaken by the Village:

- **Land Assembly and Relocation:** Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site, with relocation costs undertaken as provided by the Act. If necessary, the Village would facilitate private acquisition through reimbursement or write-down of related costs, including the acquisition of land needed for construction of public improvements.
- **Demolition and Site Preparation:** The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements including environmental remediation necessary to prepare sites for desired redevelopment projects.
- **Rehabilitation:** The Village may assist in the rehabilitation of buildings or site improvements located within the RPA.
- **Landscaping/Buffering/Streetscaping:** The Village may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.
- **Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements:** Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The Village may also undertake the provision of necessary detention or retention ponds.
- **Roadway/Street/Parking Improvements:** The Village may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be

available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.

- **Traffic Control/Signalization:** Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.
- **Public Safety-Related Infrastructure:** Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.
- **School and Library District Costs:** The payment of such costs may be provided pursuant to the requirements of the TIF Act.
- **Interest Costs Coverage:** The Village may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.
- **Professional Services:** The Village may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The Village may reimburse itself from annual tax increment revenue if available.

Commitment to Fair Employment Practices and Affirmative Action.

As part of any Redevelopment Agreement entered into by the Village and any private developers, both parties will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the Village. The program will conform to the most recent Village policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race, creed, or sexual orientation. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, sexual orientation, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs, and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and compliance with applicable state and federal regulations.

The Village and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities

will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs. This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) years after the adoption of an ordinance designating the Redevelopment Project Area. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the ordinance approving the RPA is adopted.

VIII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

This Plan may be amended pursuant to the provisions of the Act.

APPENDIX 1

Legal Description of Project Area

LEGAL DESCRIPTION

THAT PART OF THE EAST HALF OF SECTION 29, THE NORTH HALF OF SECTION 33 AND SECTION 28, TOWNSHIP 43 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN MCHENRY COUNTY ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 12 IN A.W. GARLIEB'S SUBDIVISION, ACCORDING TO THE PLAT THERE OF RECORDED JULY 3, 1957 AS DOCUMENT NO. 325052, BOOK 13 OF PLATS, PAGE 29;

THENCE EAST ALONG THE NORTH LOT LINE OF SAID LOT 12 AND ITS EASTERLY EXTENSION TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF VINE STREET;

THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF VINE STREET TO ITS INTERSECTION WITH THE NORTHWESTERLY RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 47, AS WIDENED;

THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE, AS WIDENED, TO A POINT OF INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE NORTHEASTERLY LINE OF LOT 2 IN BAKLEY'S 19TH ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 23, 2010 AS DOCUMENT NO. 2010R0059528;

THENCE SOUTHEASTERLY ALONG SAID NORTHWESTERLY EXTENSION AND NORTHEASTERLY LINE TO THE NORTHEAST CORNER OF SAID LOT 2;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 2 TO THE SOUTHEAST CORNER THEREOF, SAID SOUTHEAST CORNER OF LOT 2 ALSO BEING THE NORTHEAST CORNER OF LOT 22 IN BAKLEY'S 5TH ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 16, 1970 AS DOCUMENT NO. 520713;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 22 AND ITS SOUTHERLY EXTENSION TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF KENNETH AVENUE;

THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE OF KENNETH AVENUE TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 47;

THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO A POINT ON THE SOUTHERLY LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 24 OF BAKLEY'S 5TH ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED ON MAY 26, 1971 AS DOCUMENT NO. 543478;

THENCE EASTERLY, SOUTHERLY AND EASTERLY ALONG SAID SOUTHERLY LINE OF LOT 1 TO THE SOUTHEAST CORNER THEREOF;

THENCE CONTINUING EAST ALONG THE SOUTH LINES OF LOT 2 AND 3 IN SAID RESUBDIVISION OF LOT 24 TO THE SOUTHEAST CORNER OF SAID LOT 3, SAID SOUTHEAST CORNER ALSO BEING A POINT ON THE WEST LINE OF LOT 4 IN SAID RESUBDIVISION OF LOT 24;

THENCE SOUTH ALONG THE WEST LINE OF LOTS 4 THROUGH 8, INCLUSIVE, IN SAID RESUBDIVISION OF LOT 24, AND ITS SOUTHERLY EXTENSION TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF ALGONQUIN ROAD;

THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE OF ALGONQUIN ROAD TO THE NORTHWEST CORNER OF LOT 1 IN BAKLEY'S 1ST ADDITION TO THE VILLAGE OF HUNTLEY, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 22, 1956 AS DOCUMENT NO. 314593;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 AND THE WEST LINES OF LOTS 3 THROUGH 7, INCLUSIVE, TO A POINT OF INTERSECTION WITH THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 11 IN BLOCK 5 OF HUNTLEY STATION AND HUNTLEY'S ADDITIONS, ACCORDING TO THE PLAT THEREOF RECORDED MAY 20, 1875;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF SAID LOT 11 AND THE NORTH LINES OF LOTS 12 AND 13 IN SAID BLOCK 5 TO THE NORTHWEST CORNER OF SAID LOT 13;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 13 AND ITS SOUTHERLY EXTENSION TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF NORTH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF NORTH STREET TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE WEST 95 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 28;

THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 95 FEET TO A POINT ON THE SOUTH LINE OF THE NORTH 12 FEET OF LOT 21 IN BLOCK 1 OF THE ORIGINAL PLAT OF HUNTLEY'S STATION AS RECORDED IN THE RECORDER'S OFFICE OF MCHENRY COUNTY, ILLINOIS, IN BOOK 7 OF PLATS ON PAGE 43;

THENCE WEST ALONG SAID SOUTH LINE OF THE NORTH 12 FEET TO A POINT ON THE WEST LINE OF SAID LOT 21;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 21 AND CONTINUING ALONG THE WEST LINE OF LOT 20 TO THE SOUTHWEST CORNER OF SAID LOT 20;

THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 20 TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE WEST 100 FEET OF SAID EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 28;

THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 100 FEET TO A POINT OF INTERSECTION WITH THE SOUTH LINE OF LOT 19 IN SAID BLOCK 1;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 19 TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE WEST 93 FEET OF SAID EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 28;

THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 93 FEET TO A POINT OF INTERSECTION WITH THE SOUTH LINE OF LOT 18 IN SAID BLOCK 1;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 18 TO THE NORTHEAST CORNER OF LOT 1 IN KANAKARIS SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 20, 1998 AS DOCUMENT NO. 98R00055414;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 1, FIVE COURSES TO THE SOUTHEAST CORNER OF SAID LOT 1, SAID SOUTHEAST CORNER ALSO BEING THE NORTHWEST CORNER OF LOT 11 IN SAID BLOCK 1 OF THE ORIGINAL PLAT OF HUNTLEY'S STATION;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 11 AND THE WEST LINES OF LOT 10 THROUGH 5, INCLUSIVE, TO THE SOUTHWEST CORNER OF SAID LOT 5;

THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 5 TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF WOODSTOCK STREET;

THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH RIGHT-OF-WAY LINE OF 1ST STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND NORTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF CHURCH STREET;

THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE OF CHURCH STREET TO A POINT OPPOSITE AND ADJACENT TO A POINT WHICH IS ON THE EAST RIGHT-OF-WAY

LINE OF SAID CHURCH STREET, 161.4 FEET NORTH OF THE NORTHWEST CORNER OF LOT 4 IN BLOCK 11 OF SAID ORIGINAL PLAT OF HUNTLEY'S STATION;

THENCE EAST TO SAID POINT ON THE EAST RIGHT-OF-WAY LINE OF CHURCH STREET;

THENCE CONTINUING EAST TO A POINT ON THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 3 IN BLOCK 1 IN T.S. HUNTLEY JR'S ADDITION TO HUNTLEY, ACCORDING TO THE PLAT THEREOF RECORDED SEPTEMBER 22, 1905 AS DOCUMENT NO. 2444 IN BOOK 2 OF PLATS, PAGE 68, SAID POINT BEING SOUTH OF THE SOUTHEAST CORNER OF SAID LOT 3, A DISTANCE OF 63.60 FEET;

THENCE SOUTH ALONG SAID SOUTHERLY EXTENSION 35.4 FEET;

THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 3 TO A POINT OF INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 5 IN SAID BLOCK 1, SAID POINT BEING 99 FEET SOUTH OF THE SOUTHEAST CORNER OF LOT 5;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 5, A DISTANCE OF 66 FEET;

THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF LOTS 6, 7 AND 8 IN SAID BLOCK 1 TO A POINT OF INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE EAST LINE OF SAID LOT 8;

THENCE NORTHERLY ALONG SAID SOUTHERLY EXTENSION AND EAST LINE OF LOT 8 TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF 2ND STREET;

THENCE EAST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 28;

THENCE SOUTH ALONG SAID EAST LINE OF THE SOUTHWEST QUARTER, 180 FEET;

THENCE WESTERLY PARALLEL TO THE SOUTH LINE OF SAID T.S. HUNTLEY JR'S. ADDITION, 66 FEET;

THENCE SOUTH PARALLEL WITH SAID EAST LINE OF THE SOUTHWEST QUARTER TO A POINT ON THE WESTERLY EXTENSION OF THE SOUTH LINE OF ADRIAN'S ADDITION TO THE VILLAGE OF HUNTLEY, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 19, 1905 AS DOCUMENT NO. 2632;

THENCE EASTERLY ALONG SAID WESTERLY EXTENSION TO A POINT ON SAID EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 28;

THENCE SOUTH ALONG SAID EAST LINE, 85 FEET;

THENCE EAST PARALLEL TO THE SOUTH LINE OF SAID ADRIAN'S ADDITION TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF MYRTLE STREET, SAID POINT BEING 186.75 FEET NORTH OF THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28;

THENCE CONTINUING ALONG SAID PARALLEL LINE TO A POINT OF INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF MYRTLE STREET;

THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE OF MYRTLE STREET TO THE SOUTHWEST CORNER OF LOT 6 IN BLOCK 2 IN SAID ADRIAN'S ADDITION;

THENCE EAST TO THE SOUTHEAST CORNER OF SAID LOT 6, SAID SOUTHEAST CORNER ALSO BEING A POINT ON THE WEST LINE OF LOT 3 IN SAID BLOCK 2;

THENCE NORTH ALONG SAID WEST LINES OF LOT 3 TO THE NORTHWEST CORNER OF SAID LOT 3;

THENCE EAST ALONG THE NORTH LINE OF LOTS 3, 4 AND 5 IN SAID BLOCK 2 TO THE NORTHEAST CORNER OF SAID LOT 5;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 5 AND ITS SOUTHERLY EXTENSION TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF MAIN STREET;

THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE OF MAIN STREET TO A POINT OF INTERSECTION WITH A LINE THAT IS 124.21 FEET EAST OF AND PARALLEL TO THE EAST LINE OF WELTZIEN'S ADDITION TO THE VILLAGE OF HUNTLEY, ACCORDING TO THE PLAT THERE OF RECORDED JULY 13, 1896 AS DOCUMENT NO. 18045 IN BOOK 1 OF PLATS, PAGE 62;

THENCE SOUTH ALONG SAID PARALLEL LINE TO A POINT OF INTERSECTION WITH A LINE THAT IS 200 FEET SOUTH OF AND PARALLEL TO SAID SOUTH RIGHT-OF-WAY LINE OF MAIN STREET;

THENCE WEST ALONG SAID PARALLEL LINE TO A POINT ON SAID EAST LINE OF WELTZIEN'S ADDITION TO THE VILLAGE OF HUNTLEY;

THENCE NORTH ALONG SAID EAST LINE TO THE SOUTHEAST CORNER OF LOT 2 IN BLOCK 1 IN SAID WELTZIEN'S ADDITION;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 2 TO THE SOUTHWEST CORNER THEREOF;

THENCE WEST CROSSING MYRTLE STREET TO THE SOUTHEAST CORNER OF LOT 2 IN BLOCK 2 OF SAID WELTZIEN'S ADDITION;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 2 TO ITS SOUTHWEST CORNER, SAID SOUTHWEST CORNER ALSO BEING A POINT ON THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33;

THENCE NORTH ALONG SAID EAST LINE TO THE NORTHEAST CORNER OF LOT 6 IN BLOCK 10 OF THE AFORESAID ORIGINAL PLAT OF HUNTLEY'S STATION;

THENCE SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF SAID LOT 6 TO THE SOUTHEAST CORNER OF LOT 5 IN SAID BLOCK 10;

THENCE NORTH ALONG THE EAST LINE OF SAID LOT 5 AND CONTINUING ALONG THE LINE OF LOT 3 IN SAID BLOCK 10, A DISTANCE OF 14 FEET;

THENCE SOUTHWESTERLY TO A POINT ON THE WESTERLY LINE OF LOT 4 IN SAID BLOCK 10, SAID POINT IS 20 FEET NORTHERLY OF THE SOUTHWEST CORNER OF SAID LOT 4, SAID POINT IS ALSO ON THE EASTERLY RIGHT-OF-WAY LINE OF GROVE STREET;

THENCE CONTINUING SOUTHWESTERLY AT RIGHT ANGLES TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF SAID GROVE STREET, SAID POINT BEING OPPOSITE AND ADJACENT TO THE LAST DESCRIBED POINT;

THENCE NORTHWESTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE OF GROVE STREET TO THE SOUTHEAST CORNER OF LOT 1 IN BLOCK 8 IN SAID ORIGINAL PLAT OF HUNTLEY'S STATION;

THENCE SOUTHWESTERLY ALONG THE SOUTHERLY LINE OF LOT 1 AND LOT 2 TO THE SOUTHWEST CORNER OF SAID LOT 2;

THENCE NORTHERLY ALONG A LINE TO A POINT WHICH LIES 10 FEET NORTHEASTERLY OF THE NORTHEAST CORNER OF SAID LOT 5, SAID POINT ALSO BEING ON THE NORTHEASTERLY EXTENSION OF THE NORTH LINE OF SAID LOT 5;

THENCE SOUTHWESTERLY ON SAID NORTHEASTERLY EXTENSION AND NORTH LINE OF LOT 5, TO THE NORTHWEST CORNER OF SAID LOT 5, SAID CORNER ALSO BEING A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF CHURCH STREET;

THENCE SOUTHEASTERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE AND ITS SOUTHERLY EXTENSION TO A POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF MILL STREET;

THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTHEASTERLY RIGHT-OF-WAY LINE OF THE CHICAGO NORTHWESTERN RAILWAY COMPANY;

THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO THE NORTHWEST CORNER OF LOT 1 IN GROVE STREET SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED ON SEPTEMBER 7, 2007 AS DOCUMENT NO. 2007R0062941;

THENCE NORTHEASTERLY ALONG THE NORTH LINE OF SAID LOT 1 TO THE NORTHEAST CORNER OF SAID LOT 1;

THENCE EASTERLY AT RIGHT ANGLES TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF GROVE STREET, SAID POINT BEING OPPOSITE AND ADJACENT TO THE NORTHEAST CORNER OF SAID LOT 1;

THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO A POINT THAT IS OPPOSITE AND ADJACENT TO THE SOUTHEAST CORNER OF LOT 6 IN SAID GROVE STREET SUBDIVISION;

THENCE WEST TO SAID SOUTHEAST CORNER OF LOT 6;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 6 TO THE SOUTHWEST CORNER OF SAID LOT 6, SAID SOUTHWEST CORNER ALSO BEING A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID CHICAGO NORTHWESTERN RAILWAY COMPANY;

THENCE SOUTHWESTERLY AND SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF GROVE STREET;

THENCE SOUTH ALONG THE EAST RIGHT-OF-WAY LINE OF GROVE STREET TO A POINT OF INTERSECTION WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF MARTIN DRIVE;

THENCE NORTHWESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO A POINT THAT IS OPPOSITE AND ADJACENT TO A POINT OF THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID MARTIN DRIVE, SAID POINT BEING 165 FEET (10 RODS) SOUTHEASTERLY OF THE INTERSECTION WITH DEAN STREET;

THENCE NORTHERLY TO SAID POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF MARTIN DRIVE;

THENCE NORTHERLY PARALLEL TO THE EAST LINE OF DEAN STREET, 127.20 FEET TO THE LINE 4.22 FEET NORTH OF AND PARALLEL WITH THE NORTH FACE AND THE EXTENSIONS THEREOF OF THE RESIDENTIAL DWELLING LOCATED AT 11330 DEAN STREET;

THENCE WESTERLY ALONG SAID NORTH LINE 153.68 FEET TO THE EAST RIGHT-OF-WAY LINE OF DEAN STREET;

THENCE CONTINUING ALONG THE LAST DESCRIBED COURSE WESTERLY TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF SAID DEAN STREET;

THENCE NORTHERLY AND NORTHWESTERLY ALONG SAID WEST RIGHT-OF-WAY LINE AND ITS NORTHWESTERLY EXTENSION TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF SAID MILL STREET;

THENCE NORTHEASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE MOST SOUTHERLY CORNER OF LOT 9 IN BLOCK 11 IN SAID ORIGINAL PLAT OF HUNTLEY'S STATION;

THENCE NORTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF LOT 9 IN SAID BLOCK 11, A DISTANCE OF 129 FEET;

THENCE NORTHWESTERLY, A DISTANCE OF 203.63 FEET TO A POINT ON THE NORTHWESTERLY LINE OF LOT 5 IN SAID BLOCK 11, SAID POINT BEING 31 FEET SOUTHWESTERLY OF, MEASURED ALONG SAID NORTHWESTERLY LINE, THE NORTHEAST CORNER THEREOF;

THENCE CONTINUING ALONG THE LAST DESCRIBED COURSE APPROXIMATELY 72.5 FEET FURTHER TO A POINT OF INTERSECTION WITH THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF THE ELGIN AND BELVIDERE ELECTRIC RAILWAY COMPANY AND THE

SOUTHEASTERLY LINE OF THE PARCEL DESCRIBED IN DOCUMENT NO. 2006R0042082
RECORDED ON JUNE 9, 2006;

THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE, 102.47 FEET TO A
POINT ON THE EAST LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST
QUARTER OF SAID SECTION 33, SAID POINT BEING 548.91 FEET NORTH OF THE
SOUTHEAST CORNER OF SAID QUARTER QUARTER;

THENCE SOUTH ALONG SAID EAST LINE TO A POINT WHICH IS 145.9 FEET NORTH OF
SAID SOUTHEAST CORNER;

THENCE WEST PARALLEL WITH THE SOUTH LINE OF SAID QUARTER QUARTER, TO A
POINT ON THE WEST LINE OF THE EAST 150 FEET OF SAID QUARTER QUARTER;

THENCE SOUTH ALONG SAID WEST LINE EXTENDED SOUTHERLY TO A POINT ON THE
SOUTH RIGHT-OF-WAY LINE OF SAID MILL STREET;

THENCE WESTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE TO A POINT OF
INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF LINCOLN STREET;

THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE SOUTH LINE OF
GRIMLEY'S ADDITION, ACCORDING TO THE PLAT THEREOF RECORDED SEPTEMBER
24, 1906 AS DOCUMENT NO. 5510;

THENCE EAST ALONG SAID SOUTH LINE TO THE SOUTHEAST CORNER OF LOT 2 IN
BLOCK 3 OF SAID GRIMLEY'S ADDITION;

THENCE NORTH ALONG THE EAST LINE OF SAID LOT 2 AND AN EASTERLY LINE OF SAID GRIMLEY'S ADDITION TO THE NORTHEAST CORNER OF LOT 7 IN BLOCK 1 OF SAID GRIMLEY'S ADDITION;

THENCE EAST ALONG THE SOUTH LINE OF SAID BLOCK 1 TO THE SOUTHEAST CORNER OF LOT 1 IN SAID BLOCK 1;

THENCE NORTH ALONG THE EAST LINE OF SAID LOT 1 AND ITS NORTHERLY EXTENSION TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF SAID MAIN STREET;

THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE SOUTHEAST CORNER OF LOT 1 IN THE PLAT OF SURVEY OF PART OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 28, ACCORDING TO THE PLAT THEREOF RECORDED ON DECEMBER 2, 1954 AS DOCUMENT NO. 286432 IN BOOK 12 OF PLATS, PAGE 10;

THENCE NORTH ALONG TWO COURSES TO THE MOST NORTHERLY CORNER OF SAID LOT 1, SAID CORNER ALSO BEING A POINT ON THE WESTERLY LINE OF LOT 2 IN SAID PLAT OF SURVEY;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF LOT 2 TO THE MOST NORTHERLY CORNER THEREOF, SAID NORTHERLY CORNER OF LOT 2 ALSO BEING A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF THE CHICAGO AND NORTHWESTERN RAILWAY COMPANY;

THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE TO THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29;

THENCE NORTH ALONG SAID EAST LINE TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID CHICAGO NORTHWESTERN RAILWAY COMPANY;

THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE WEST LINE OF LOT 1 IN WOLF BUSINESS CENTER, ACCORDING TO THE PLAT THEREOF RECORDED ON DECEMBER 1, 1997 AS DOCUMENT NO. 97R058885;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION TO THE SOUTHWEST CORNER OF SAID LOT 1;

THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 1 TO ITS SOUTHEAST CORNER, SAID CORNER ALSO BEING A POINT ON THE WEST RIGHT-OF-WAY LINE OF WOLF DRIVE;

THENCE NORTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE AND ITS NORTHERLY EXTENSION TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF OAKCREST DRIVE;

THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF ALGONQUIN ROAD;

THENCE NORTHERLY AND NORTHWESTERLY ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE TO A POINT OPPOSITE AND ADJACENT TO THE SOUTHWEST CORNER OF LOT 1 IN GARLIEB AND HARDY UNIT TWO SUBDIVISION OF THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 28, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 11, 1993 AS DOCUMENT NO. 93R061021;

THENCE NORTHEASTERLY ALONG A LINE TO SAID SOUTHWEST CORNER OF LOT 1;

THENCE NORTH ALONG THE WEST LINE OF SAID LOT 1 AND EAST ALONG THE NORTH LINE OF SAID LOT 1 TO THE NORTHEAST CORNER OF SAID LOT 1, SAID NORTHEAST CORNER ALSO BEING A POINT ON THE WEST LINE OF AFORESAID LOT 12 IN A.W. GARLIEB'S SUBDIVISION;

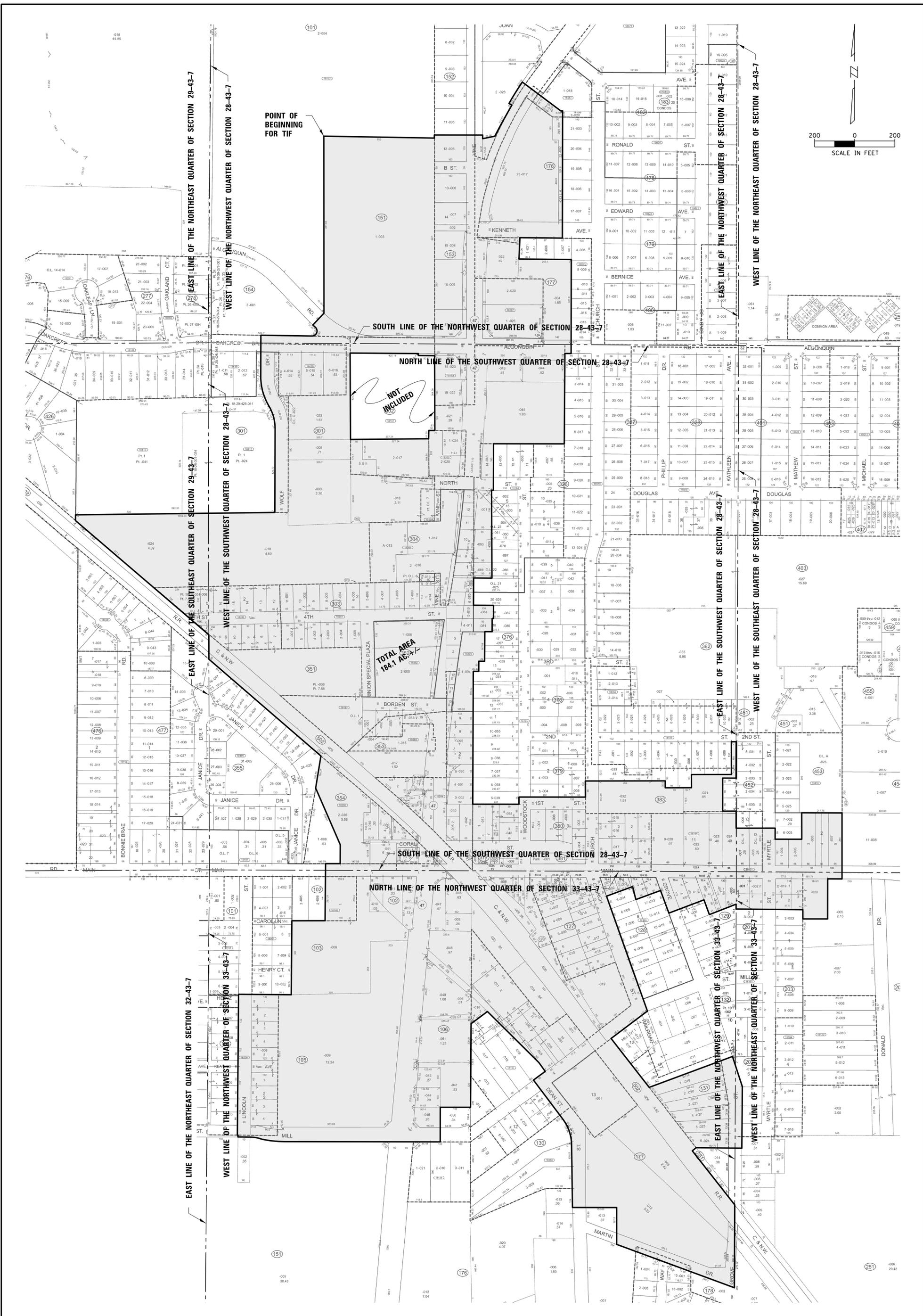
THENCE NORTH ALONG SAID WEST LINE OF LOT 12 TO THE POINT OF BEGINNING, ALL IN MCHENRY COUNTY, ILLINOIS.

EXCEPTING THEREFROM:

LOT 1 IN GARLIEB & HARDY SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED ON JULY 18, 1988 AS DOCUMENT NO. 88R21735 (NOT INCLUDING THAT PORTION OF LOT 1 TAKEN FOR HIGHWAY PURPOSES BY THE MCHENRY COUNTY DIVISION OF TRANSPORTATION, ACCORDING TO THE DOCUMENT DATED AUGUST 27, 2007 AS RECORD NO. 2007R0058184), ALL IN MCHENRY COUNTY, ILLINOIS.

APPENDIX 2

Boundary Map of RPA



CHRISTOPHER B. BURKE ENGINEERING, LTD.
 9575 West Higgins Road, Suite 600
 Rosemont, Illinois 60018
 (847) 823-0500

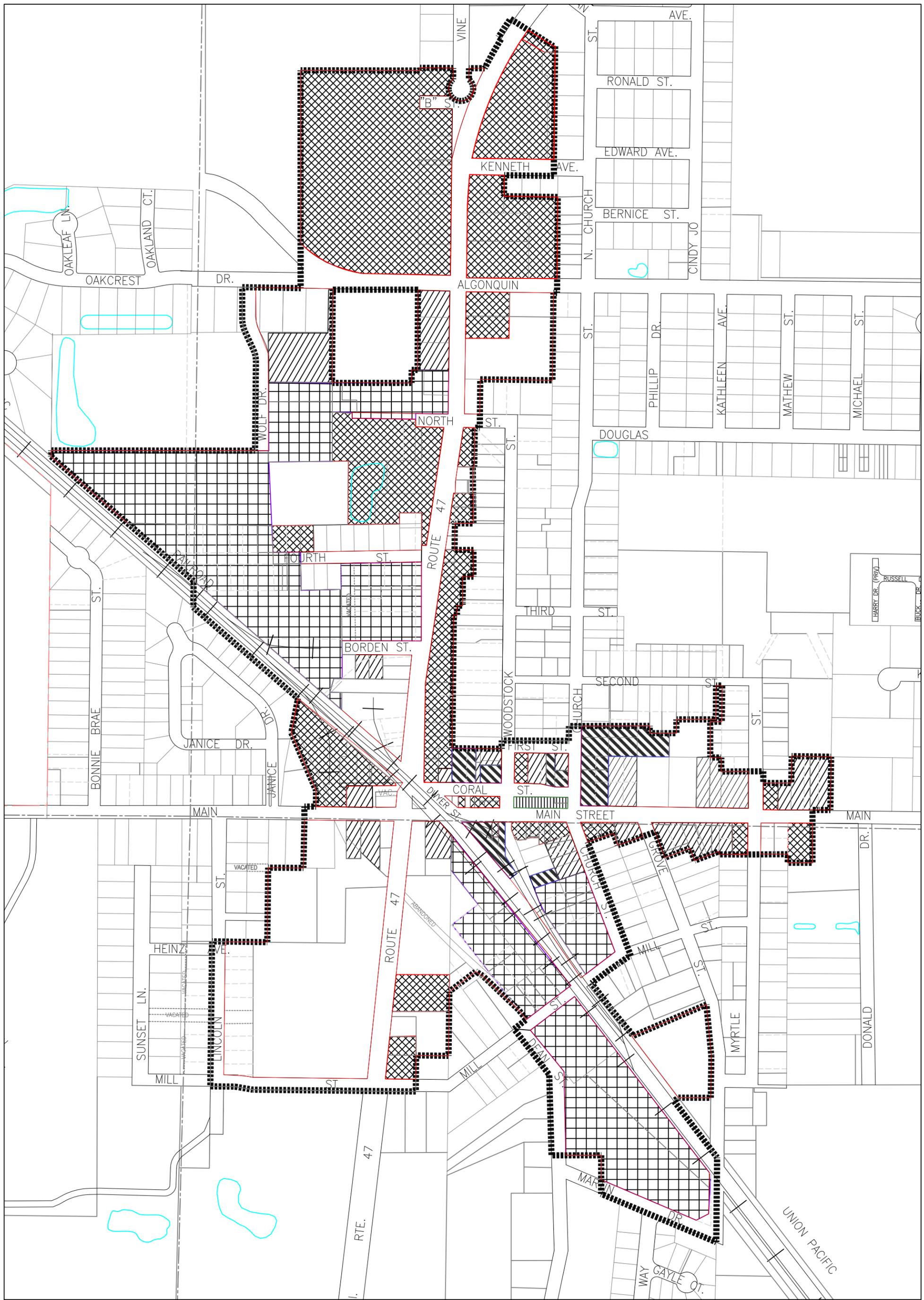
TIF EXHIBIT
 IN
 VILLAGE OF HUNTLEY, ILLINOIS
 PREPARED FOR
 VILLAGE OF HUNTLEY

CALC.	JRM	PROJECT NO.
DWN.	AJK	070103.00038
CHKD.	JRM	SHEET 1 OF 1
SCALE:	1"=200'	DRAWING NO.
DATE:	08-23-2012	TIFR47A

S:\HUNTLEY\RT47_TIF_EXHIBIT\SURVEY\TIFR47A.SUR

APPENDIX 3

Existing Land Use Map of RPA



LEGEND

- 

RESIDENTIAL
- 

MIXED-USE
Commercial /
Service / Retail
/ Office /
Residential
- 

MIXED-USE
Industrial /
Distribution /
Commercial
- 

PARKS and
OPEN SPACE
- 

GOVERNMENTAL
/ INSTITUTIONAL
- 

VACANT
- 

PROJECT
AREA

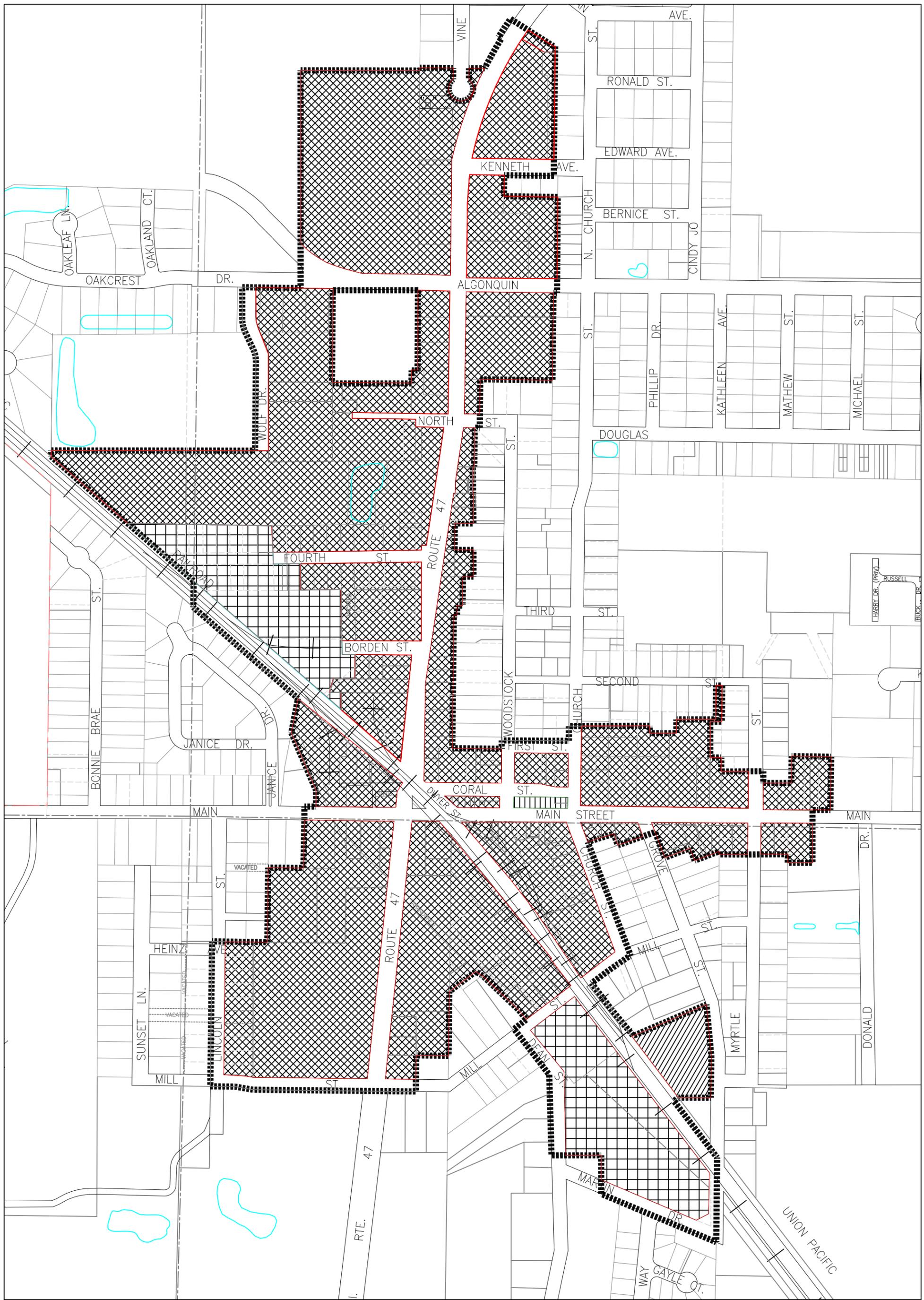
Updated 08.30.12



DOWNTOWN REDEVELOPMENT PROJECT AREA - Existing Land Use Plan Map

APPENDIX 4

Future Land Use Map of RPA



LEGEND

Updated 08.29.12

- 
RESIDENTIAL
- 
**MIXED-USE
Commercial /
Service / Retail
/ Residential**
- 
**MIXED-USE
Industrial /
Distribution /
Commercial**
- 
**PARKS and
OPEN SPACE**
- 
PROJECT AREA



DOWNTOWN REDEVELOPMENT PROJECT AREA - Future Land Use Plan Map

APPENDIX 5

TIF Qualification Report

Prepared by Kane, McKenna and Associates

VILLAGE OF HUNTLEY, ILLINOIS
PRELIMINARY TIF QUALIFICATION REPORT
DOWNTOWN REDEVELOPMENT PROJECT AREA

A study to determine whether certain properties within the Village of Huntley qualify in part as a conservation area and in part as a blighted-vacant area as defined in the Tax Increment Allocation Redevelopment Act of Chapter 65, 5/11-74.4-1, et. seq., as amended of the Illinois Compiled Statutes (the "TIF Act").

Prepared for: Village of Huntley, Illinois

**Prepared Jointly by: Kane, McKenna and Associates, Inc.
and
The Village of Huntley**

September 2012

**VILLAGE OF HUNTLEY
DOWNTOWN REDEVELOPMENT PROJECT AREA
PRELIMINARY TIF QUALIFICATION REPORT**

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IV.	Qualification Findings for Proposed RPA	8
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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (KMA) has been retained by the Village of Huntley, Illinois (the “Village”) to conduct an analysis of the potential qualification and designation of certain property located in the Village, to be referred herein as the proposed Redevelopment Project Area (the “RPA” or “TIF District”).

The Village is pursuing the RPA designation as part of its strategy to promote the revitalization of the property and thereby assist the Village in achieving its policy goal of promoting economic redevelopment. By undertaking the designation, the Village will help strengthen the RPA as a significant contributor to the Village’s overall economic base.

For purposes of this report, KMA has subdivided the study area into two sub-areas:

- Sub-Area 1/Improved land – This classification is for all land that is generally developed, with structures and/or other improvements in place; the area includes improved properties located along/adjacent to Route 47, Main Street, and Algonquin Road; and
- Sub-Area 2/Vacant land – This classification is for all the land within the proposed TIF District that is primarily vacant of structures; this property includes the approximately 17 acre tract located on the west side of Route 47, south of Main Street.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the potential qualification for the improved land and vacant land within the area as a Tax Increment Finance (“TIF”) District:

- 1) *Parcels within the proposed TIF District would qualify as a “Conservation Area,” as the term is defined under the TIF Act* – Overall, the parcels within the proposed TIF District either have declined, or are in danger of declining, toward a blighted condition. This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health. Because the majority of structures are over 35 years of age, the proposed TIF District is especially vulnerable to potential physical decline and would meet statutory criteria as a Conservation Area TIF.
- 2) *Vacant land within the proposed TIF District qualifies as a “blighted-vacant area” pursuant to the TIF Act.* Currently, the vacant land lacks economic viability for development due to certain adverse conditions identified in Section IV of this report. As a result, it prevents or threatens to prevent the beneficial economic and physical

development of properties the community deems essential to its overall economic health. In the opinion of KMA the subject vacant land meets the requirements for designation as a blighted-vacant area under the TIF Act.

3) *Current conditions impede redevelopment* – The conditions found within the proposed TIF District present a barrier to the area’s successful redevelopment. Without the use of Village planning and economic development resources to mitigate such conditions, potential redevelopment activities are not likely to be economically feasible.

4) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are parcels which potentially could be redeveloped or rehabilitated and thereby produce incremental property tax revenue. Such revenue, used in combination with other Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.

5) *Pursuit of TIF designation is recommended* – To mitigate the existing conditions (thereby promoting the improved physical condition of the proposed RPA) and to leverage the Village’s investment and redevelopment efforts, KMA recommends that the Village pursue the formal TIF designation process for the RPA.

Because the Village will not consider the redevelopment of residential parcels that would dislocate 10 or more residential units within the proposed TIF District, the Village will not conduct a housing impact study pursuant to the TIF Act.

I. BACKGROUND

In the context of planning for the proposed Redevelopment Project Area, the Village has initiated a study of the area to determine whether it would potentially qualify as a TIF District. Kane, McKenna and Associates, Inc. agreed to undertake the study of the proposed RPA or TIF District on the Village's behalf.

The Village of Huntley is a growing community situated approximately 50 miles northwest of Chicago. The community has 24,291 residents as of the 2010 U.S. Census, up from 5,730 in 2000.

Current Land Use. The proposed RPA is located at the intersection of Illinois Route 47 and Main Street, encompassing the Village of Huntley's historic downtown as well as nearby areas. As stated in the 2002 *Comprehensive Plan*, the downtown has been a "rural population center since its incorporation in 1872 and...it provides a familiar character that is important to preserve for the future."

The downtown has a number of retailers, commercial businesses, and restaurants as well as non-profit uses such as the local chamber of commerce. Given the piece-meal development over the past 100 years, a number of competing uses are now situated within the RPA including industrial, retail, commercial, and residential uses as well as open space/park uses. These historical development patterns have resulted in very intense land uses at one extreme (e.g., industrial) and low intensity at the other (e.g., parks, single family homes). In many instances, there is little land use coordination and little buffering between said uses, because of the historically unmanaged pattern of development.

Overall, the area faces a number of redevelopment impediments as described in Section IV of this report. Obsolescence, inadequate utilities, lack of community planning, and deleterious layout are the principal impediments that currently limit the competitiveness of the area.

General Redevelopment Objectives. The redevelopment of the proposed RPA would further the Village's overarching land use objectives, which are contained in its *Comprehensive Plan*, *Downtown Revitalization Plan*, zoning ordinance, and other land use planning elements. In the *Comprehensive Plan*, the Village has articulated a number of public policy objectives which would be supported by the Village's adoption of the proposed RPA as a TIF District (see exhibit below). The *Comprehensive Plan* defines its business and economic growth goal as providing "sufficient areas for business related development to occur which can be served by the regional and local roadway network, and which are compatible with proposed residential development in order to provide a sound and diverse tax base and employment opportunities." Additionally, this goal is supported by specific objectives as indicated in Exhibit 1.

Exhibit 1

Redevelopment Objectives in the Huntley Comprehensive Plan

Business and Economic Growth Objectives

- Improve property values and promote a sound economic base
- Assure that retail/service areas are of sufficient size to provide for adequate setbacks, pedestrian walkways, ample parking, bicycle parking, and landscaping
- Require new commercial developments to provide amenities (e.g., decorative lighting, landscaping, etc.) to contribute to the Village identity
- Require appropriate signage
- Follow site plan review procedures
- Promote certain visual standards (e.g., avoid windowless walls, use natural building materials, etc., particularly for building frontage, and minimize the visual impact of “sea of asphalt” parking)
- Encourage parking lot screening and landscaped buffers
- Provide safe pedestrian crossings

Source: 2002 Village of Huntley Comprehensive Plan

Given the gap between the Village’s goals for the area versus the conditions described in this report, the Village has determined that the redevelopment of the proposed RPA would be highly beneficial to the community. With a redevelopment strategy in place, the economic base associated with the RPA would be stabilized and increased – thereby benefiting the community as a whole. Without such a redevelopment strategy, the adverse conditions identified in this report would likely worsen.

General Scope and Methodology. KMA performed its analysis by conducting a series of meetings and discussions with Village staff, starting in December 2011 and continuing periodically up to the date of this report. The objective of the meetings was to gather data related to the qualification criteria for properties included in the study area. These meetings were complemented by a series of field surveys for the entire area to evaluate the condition of the proposed RPA, reviewing individual parcels as well as the RPA as a whole. The field surveys and data collected have been utilized to test the likelihood that the proposed RPA would qualify for TIF designation.

For the purpose of the study, properties within the proposed RPA are divided into two categories. The qualification factors discussed in this report qualify parts of the RPA as either a “conservation area” or a “blighted-vacant” area as such terms are defined pursuant to the TIF Act. The first tract includes those properties that contain improvements. The second tract includes those that are vacant land, generally along the southern boundary of the proposed TIF District.

For additional information about KMA’s data collection and evaluation methods, refer to Section III of this report.

II. QUALIFICATION CRITERIA

With the assistance of Village staff, Kane, McKenna and Associates, Inc. assessed the proposed RPA to determine the likelihood that qualifying factors listed in the TIF Act would be present. The relevant provisions of the TIF Act are cited below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area (RPA). By definition, a “redevelopment project area” is:

“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 a blighted area or a Conservation Area, or a combination of both blighted areas and Conservation Areas.”

Under the TIF Act, “blighted area” or “conservation area” means any improved or vacant area within the boundaries of a development project area located within the territorial limits of the municipality where certain conditions are met, as indicated below.

TIF Qualification Factors for a Conservation Area. In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed RPA qualified as a Conservation Area. First, KMA analyzed the threshold factor of age to determine if a majority of structures were 35 years of age or older.

Secondly, if a proposed Conservation Area meets the age threshold, then the following factors are to be examined to determine TIF qualification:

If a *Conservation Area*, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of three (3) 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 TIF 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 building 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 become ill-suited for the original use.

(C) Deterioration. With respect to buildings, defects include but are not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, 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 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, and 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 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 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. Any such remediation costs would 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) "Stagnant" EAV. The total equalized assessed value (EAV) of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, 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 three (3) of the last five (5) calendar years. The finding is based on the last 5 years for which information is available.

TIF Qualification Factors for a Vacant Area. In accordance with the TIF Act, KMA assessed the following factors to determine TIF qualification for the proposed RPA characterized as "blighted-vacant." Per the statute, such an area meets state standards provided that:

If vacant, the sound growth of the redevelopment project area is impaired by a combination of two (2) 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 TIF Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area:

- 1) Obsolete platting – 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.
- 2) Diversity of ownership – Ownership of parcels of vacant land is sufficiently diverse in number to retard or impede the ability to assemble the land for development.
- 3) Tax delinquencies – Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five (5) years.
- 4) Deterioration – Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- 5) Environmental remediation - 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.
- 6) Lagging EAV - The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (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 three (3) of the last five (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 three (3) of the last (5) calendar years prior to the year in which the redevelopment project area is designated.

III. EVALUATION METHODOLOGY

In evaluating the proposed RPA's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the RPA were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel of land within the proposed RPA.
- 2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as deterioration and obsolescence. Additionally, KMA reviewed the following data: 2005-2011 tax information from McHenry County, parcel tax maps ("Sidwell maps"), aerial photos, site data, local history (including discussions with Village staff), and an evaluation of area-wide factors that have affected the area's development (e.g., deleterious land-use and layout, etc.).
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to specific structures and site conditions of the parcels.
- 4) The RPA was examined to assess the applicability of the different factors required for qualification as a TIF district. Examination was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The RPA was evaluated to determine the applicability of the various factors, as defined under the TIF Act, which would qualify the area as either a Conservation Area or blighted-vacant area.

IV. QUALIFICATION FINDINGS FOR PROPOSED RPA

Based upon KMA’s preliminary evaluation of parcels in the proposed RPA and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the proposed RPA as a Conservation Area and as a blighted-vacant area under the TIF Act. These factors are summarized in the table below.

Exhibit 2
Summary of TIF-Qualifying Factors

Area within Proposed RPA	Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed RPA
Sub-Area 1 Conservation Area (Improved)	13	3	7 <ul style="list-style-type: none"> • Obsolescence • Deleterious Layout • Lack of Community Planning • Inadequate Utilities • Lagging EAV • Deterioration • Excessive Vacancies
Sub-Area 2 (Blighted-Vacant)	6	2	2 <ul style="list-style-type: none"> • Lagging EAV • Obsolete Platting

Findings for Sub-Area 1: Conservation Area Factors. The improved portion of the RPA (Sub-Area 1) would qualify as a Conservation Area under the statutory criteria set forth in the TIF Act. Sub-Area 1 accounts for 211 of the 214 parcels within the RPA.

As indicated in Section II, KMA performed a two-step assessment, first finding that a majority of buildings within the Conservation Area were over 35 years of age. Based upon McHenry County Assessor data, KMA determined that approximately 82 of the 102 structures (80%) within the RPA exceed the age threshold.

As a second step, KMA reviewed the criteria needed to qualify the area as a Conservation Area, determining that seven (7) factors were likely to be present: obsolescence, deleterious layout, lack of community planning, inadequate utilities, lagging EAV, deterioration, and excessive vacancies.

1. **Obsolescence.** The TIF Act states that obsolescence is the condition or process of falling into disuse or structures that have become ill-suited for their original use. Overall, the RPA exhibits both functional and economic obsolescence.

Economic obsolescence is reflected principally by the literal “falling into disuse” of certain vacant buildings cited below, particularly prominent buildings that are no longer in business. For example, one of the largest and most visible buildings east of Route 47, the Catty industrial facility, has been vacant for several years and exhibits obsolescence. West of Route 47, another large former industrial space is partially vacant and underutilized (the Union Special facility, which contains several interconnected buildings). The relative decline in property values (documented below as “lagging EAV”) also reflects the economic obsolescence within the TIF District.

Additionally, many buildings within the RPA (including the Union Special facility) have been retrofitted or converted to a new use; because the original use for/design of the buildings have become obsolete, the buildings have been converted to alternative uses. For example, certain single-family homes have been converted to multi-family residences or have been converted to mixed use buildings and the Union Special facility has been partially converted to general office space (other space within the Union Special facility is unoccupied). These new adapted uses, while certainly better than remaining as vacant space, reflect the fact that the buildings as originally designed are no longer viable and are outmoded.

On an area-wide basis, several factors contribute toward functional obsolescence such as overall building age (as mentioned, a majority are over 35 years in age), deleterious layout, and public utility deficiencies (see finding #4 below).

2. Deleterious Layout. As noted in Section II, a municipality can make a finding of deleterious layout or land use when there exists (a) incompatible land-use relationships, (b) buildings occupied by inappropriate mixed-uses or uses considered to be noxious, or (c) uses offensive or unsuitable for the surrounding area. Most of the problems in the area reflect incompatible land use relationships. The area reflects piece-meal, uncoordinated development, in which competing land uses abut each other – e.g., commercial and industrial uses are situated next to residential uses within the TIF District.

A primary example of deleterious layout is the siting of single-family homes on the same block or in the vicinity of the Dean dairy complex. The Dean complex represents one of the most intense land uses within the Village, with dairy food production, daily delivery of supplies, and shipment of finished products via trucks. The continuous activity and daily truck traffic occurs adjacent to several single-family homes with minimal or no buffering. The Village’s 2010 *Downtown Revitalization Plan* specifically states that an “issue and concern” is that Dean’s is “an active distribution facility, causing a significant amount of truck traffic to travel through the area and through residential neighborhoods” and the area therefore needs certain ingress/egress improvements (e.g., traffic light at the Mill Street/Route 47 intersection).

Similarly, there are multiple 4th Street residences (west of Route 47) as well as residences on high-traffic roads that have minimal buffering between non-residential uses, as well as having limited ingress/egress. Ingress/egress is especially problematic for homes with frontage on Main Street and Route 47, which have high daily traffic counts. Per the Illinois Department of Transportation, 8,500 vehicles travel daily on Main Street west of Route 47; 5,000 vehicles east of Route 47; and 20,500 vehicles on Route 47 in the vicinity of Main Street. Overall, the high-traffic levels exacerbate the land use inadequacies and lack of coordination.

3. Lack of Community Planning. According to the TIF Act, an area suffers from a lack of community planning if the area was developed prior to, or without the benefit of, a community plan. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, overcrowded parcels, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The Village did not have a comprehensive plan in place during the time period that the area was developed: the majority of structures were developed over 35 years ago (as noted above), in the absence of any municipal comprehensive planning process to guide development. By comparison, the first municipal comprehensive plan was adopted in 1990.

The area's lack of community planning is evidenced by the land use problems identified in the preceding sub-section. In particular, lack of buffering between residential and commercial areas and poor ingress/egress reflect the historically piece-meal, uncoordinated development that occurred along the Route 47 corridor as well as myriad land uses in the vicinity of the Dean facility.

The historical land use problems are cited as a priority for corrective action in both the 2002 *Comprehensive Plan* and the 2010 *Downtown Revitalization Plan*. For example, the *Comprehensive Plan* states that the parking lot at the north end of the downtown business district is "very visible from the roadway and should have additional landscaping." Additionally, the report states that businesses "along Route 47 have traffic and parking problems, and the shallow depth and small size of the lots typically do not allow for commercial buildings with the required amount of off-street parking and room for landscaped screening. The shallow lots back up to single family residential homes with only a fence for separation." The report recommends that new "commercial redevelopment along the east side of Route 47 in the downtown area...should respect the adjacent single family development to the east using landscaping/fencing. It should also be of a scale which allows an attractive streetscape element with safe ingress and egress as well as sufficient parking."

Like the 2002 *Comprehensive Plan*, the recent *Downtown Revitalization Plan* identifies certain incompatible land uses (e.g., residential adjacent to Dean's industrial uses) and a lack of buffers between residential and non-residential parcels along Church Street, south of Main Street. In general, the *Downtown Revitalization Plan* finds a lack of buffers between residential and non-residential uses throughout the downtown study area.

In addition to the historical land use inadequacies, there are certain impediments for future redevelopment. In particular, parcels are of inadequate shape and size to meet contemporary development standards. To attract modern retailers (e.g., similar in scope to a national drugstore) would necessitate the assembly of parcels to create a larger "footprint" for redevelopment, greater depth, and the requisite space for the efficient, safe routing of vehicular traffic. This would be consistent with one of the Village's *Comprehensive Plan* strategies, which calls for coordinated development and better traffic circulation.

In summary, modern development of the improved areas within the TIF District should discourage the mixing of conflicting land-uses without sufficient land platting, provide buffers between commercial and non-commercial zones, establish appropriate land development ratios, and set other restrictions to prevent problems that arise out of incompatible uses.

4. Inadequate Utilities. The TIF Act states that overhead or underground utilities that are deteriorated, antiquated, obsolete or in disrepair are considered inadequate. Also, those utilities that lack the capacity to meet future development demands are considered inadequate. Utilities include a range of assets: storm sewers, storm drainage, sanitary sewers, water lines and gas, telephone and electrical services.

Based on the Village Civil Engineer's March 2012 utilities analysis, the existing public utilities in the area are antiquated and obsolete. For example, the following findings are made by the Civil Engineer:

- Storm water and water detention facilities are inadequate – facilities particularly in the vicinity of Main Street and Church are obsolete, using outmoded material such as vitrified clay pipes (modern storm water systems use reinforced concrete pipes or PVC pipes); water detention capacity is insufficient and does not meet modern standards per county stormwater ordinances;
- Sanitary sewers are obsolete – Like storm sewers, vitrified clay pipes currently in place would need to be either replaced or relined with materials to extend useful life and/or improve functionality; and
- Water mains are undersized – Water mains would need to be increased in size/capacity to 8-10" size pipes to accommodate redevelopment.

5. Lagging EAV. The EAV of the TIF District’s Sub-Area 1 has grown at a rate slower than the Village EAV (net of EAV within Sub-Area 1) during three (3) of the last five (5) years (refer to chart below). Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 3
EAV Trend for Sub-Area 1

	2011	2010	2009	2008	2007	2006
Total EAV for Sub-Area 1	\$15,597,132	\$16,061,505	\$17,150,874	\$15,800,908	\$15,208,545	\$14,298,907
EAV Change (%)	-2.9%	-6.4%	8.5%	3.9%	6.4%	--
Village EAV (Excluding Sub-Area)	\$774,153,271	\$779,247,310	\$858,291,784	\$826,381,247	\$758,983,336	\$659,290,400
Village EAV Change (%)	-0.7%	-9.2%	3.9%	8.9%	15.1%	--
CPI	3.2%	1.6%	-0.4%	3.8%	2.8%	--

Notes:

Figures in **bold** for those years in which Sub-Area 1 EAV lagged Village-wide EAV growth.

Source: McHenry County and U.S. Bureau of Labor Statistics

6. Deterioration. As noted in Section II, deterioration is a qualification factor under the TIF Act, if it is observed in surface improvements and/or structures. Widespread deterioration was observed in the condition of surface improvements: parking lots, parking lot “aprons,” driveways, and sidewalks evidenced deterioration and physical decline. Off-street parking areas and driveways reflect deterioration in terms of surface cracking, potholes, depressions (where the surface pavement may be intact but the sub-base is compressed), and loose paving materials. Many asphalt parking lots require preventative maintenance such as resealing. Moreover, because parking lots constitute a significant portion of the “footprint” of the overall RPA, the poorly maintained lots, in combination with the lack of landscaping and screens discussed above, have a negative aesthetic impact on the area.

In addition to surface deterioration, the following indicators of deterioration were found among structures:

- Certain building components, especially those more exposed to the elements and precipitation – e.g., porches, stairs, fascia, and painted brick sidings – were deteriorated;
- Certain vacant or underutilized buildings reflected underinvestment and lack of maintenance, such as the Catty building and golfing range (many boarded up windows for example); and
- Metal storage buildings in the commercial areas were heavily rusted.

7. Excessive Vacancies. The TIF Act states that this finding is characterized by the presence of unoccupied or underutilized buildings that represent an adverse influence on the area. The proposed Downtown TIF District has numerous vacant or partially vacant structures, including:

- The former Catty manufacturing facility;
- Partial vacancy or underutilization of the Union Special complex; and
- Various retail and commercial uses along Main and Route 47 (e.g., units within the Century Square building).

Additionally, various single-family homes distributed throughout the RPA are vacant. Because of (a) the reduced economic activity associated with vacancies and (b) the large size and/or prominent location near the intersection of two major roadways, the vacant commercial structures represent an adverse influence on the overall TIF District.

Findings for Sub-Area 2: Blighted-Vacant Factors. The proposed RPA contains approximately three (3) tax parcels on vacant land. Within this area, KMA identified two blighted-vacant qualification factors. As previously defined in Section II, an area qualifies for blighted-vacant status with the presence of any two of six factors.

1. Lagging or Declining EAV. The EAV of the TIF District’s Sub-Area 2 has grown at a rate slower than the Village EAV (net of EAV within Sub-Area 2) during three (3) of the last five (5) years (refer to chart below). Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 4
EAV Trend for Sub-Area 2

	2011	2010	2009	2008	2007	2006
Total EAV for Sub-Area 2	\$999,945	\$965,479	\$1,021,711	\$1,021,711	\$998,497	\$935,073
EAV Change (%)	3.6%	-5.8%	0.0%	3.3%	5.4%	--
Village EAV (Excluding Sub-Area)	\$788,750,458	794,343,336	874,420,947	841,160,444	773,203,384	672,654,234
Village EAV Change (%)	-0.7%	-9.2%	4.0%	8.8%	14.9%	--
CPI	3.2%	1.6%	-0.4%	3.8%	2.8%	--

Notes:

Figures in **bold** for those years in which Sub-Area 2 EAV lagged Village-wide EAV growth.

Source: McHenry County and U.S. Bureau of Labor Statistics

2. Obsolete Platting. Obsolete platting can be defined as vacant land that has platting that fails to create right-of-ways for streets, alleys or other public right-of-ways or that omits easements for public utilities.

As indicated by Village staff, the proposed RPA reflects obsolete platting. Because the area was platted prior to either Village or County zoning or subdivision regulations (per the Village staff), there are a number of platting deficiencies. For example, the vacant sub-area lacks the appropriate right-of-ways for streets, alleys and public right-of-ways. Additionally, it lacks easements for public utilities required for the proposed redevelopment.

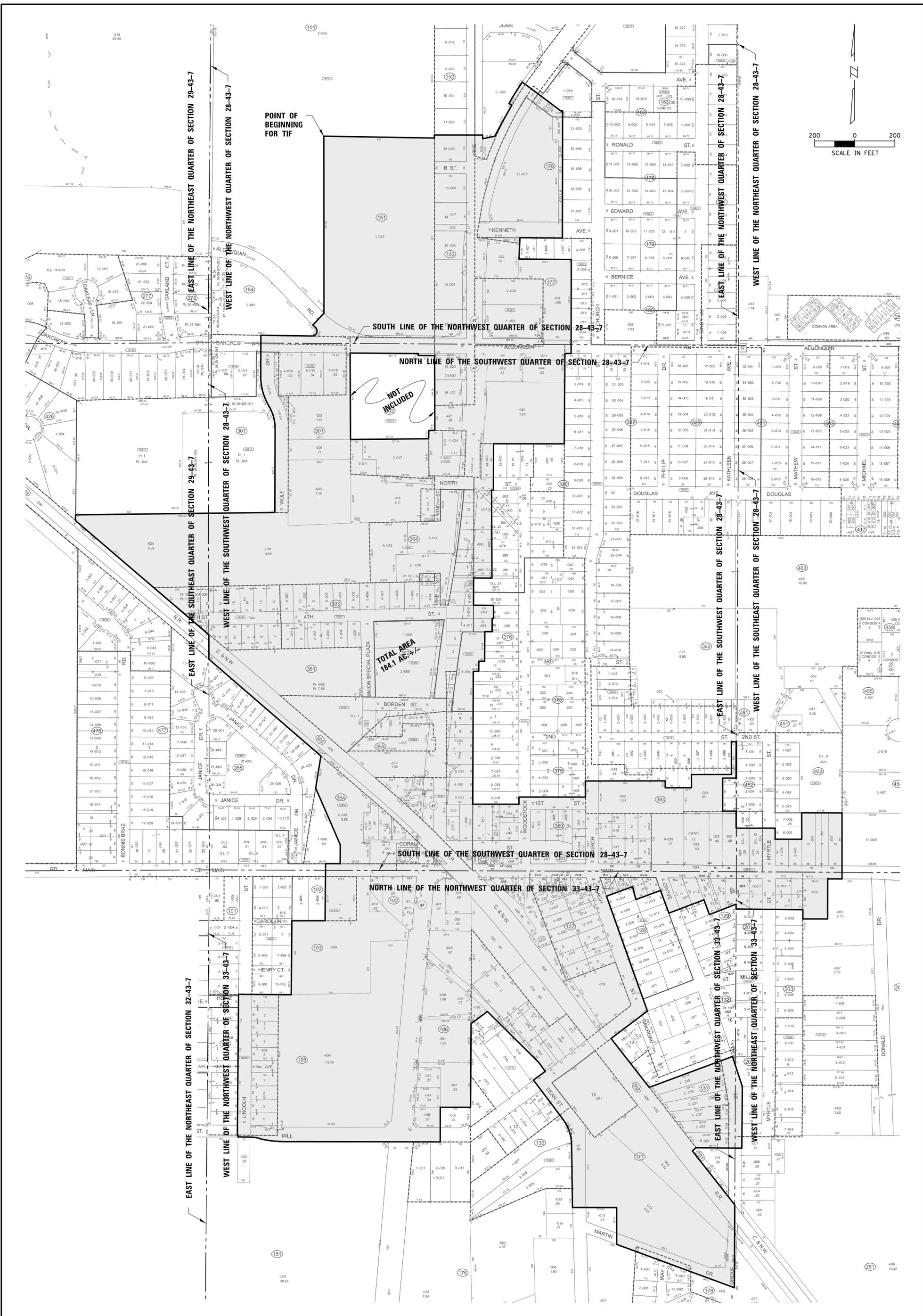
V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the Village potentially designating the study area as a TIF District.

- The area is contiguous and is greater than 1½ acres in size;
- Portions of the proposed RPA will qualify as a “conservation area” and portions will qualify as a “blighted-vacant” area. Further, the factors as documented herein are present to a meaningful extent and are distributed throughout the proposed RPA. (A more detailed analysis of the qualification findings is outlined in Section IV of this report.)
- All property in the area would substantially benefit by the proposed redevelopment project improvements;
- The sound growth of taxing districts applicable to the area, including the Village, has been impaired by the factors found present in the area; and
- The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these preliminary findings support the case for the Village to initiate a formal process to consider the proposed RPA as a TIF District.

Appendix I
TIF Boundary Map



CHRISTOPHER B. BURKE ENGINEERING, LTD.
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 Rosemont, Illinois 60018
 (847) 823-0500

TIF EXHIBIT
 IN
 VILLAGE OF HUNTLEY, ILLINOIS
 PREPARED FOR
 VILLAGE OF HUNTLEY

CALC.	JRM	PROJECT NO.
DWN.	AJK	070103.00038
CHKD.	JRM	SHEET 1 OF 1
SCALE:	1"=200'	DRAWING NO.
DATE:	08-23-2012	TIFRT47A