

**AGENDA
CITY OF ST. CHARLES
PUBLIC HEARING
DONALD P. DEWITTE, MAYOR**

**MONDAY, FEBRUARY 6, 2012 – 7:00 P.M.
CITY COUNCIL CHAMBERS
2 E. MAIN STREET**

1. Call to Order.
2. Roll Call.
3. Public Hearing concerning proposed Lexington Club Tax Increment Financing District
4. Close of Public Hearing



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title: Proposed Lexington Club Tax Increment Financing District Public Hearing

Presenter: Chris Aiston, Director, Economic Development

Please check appropriate box:

<input type="checkbox"/>	Government Operations	<input type="checkbox"/>	Government Services
<input type="checkbox"/>	Planning & Development	X	City Council
X	Public Hearing (2/6/12)		

Estimated Cost:	Part of TIF Consulting Fees, paid by Developer	Budgeted:	YES	X	NO	
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If NO, please explain how item will be funded:

Executive Summary:

Pursuant to State Statute, the City is required to hold a Public Hearing before considering the question of whether or not a Tax Increment Financing (TIF) District should be established for a designated area. This subject area is approximately 45 acres in total area and is comprised of the Lexington Club property (PUD approval pending), and adjacent parcels owned by the City (Electric Utility Sub-Station), the Union Pacific Rail Road (UP Spur Line), St. Charles Park District, Olcott Plastics, Inc. and The State of Geneva.

Consultant SB Friedman has completed the "Lexington Club Redevelopment Project Area Eligibility Study, Redevelopment Plan, and Project Report" and will be represented by Senior Project Manager Geoff Dickinson in presenting the report at the Public Hearing. Since the Report has been completed, a Joint Review Board was convened on January 5, 2012, also in accordance with State Statute, and unanimously recommended that the proposed TIF District be designated as presented in the Report.

Attachments: *(please list)*

"Lexington Club Redevelopment Project Area Eligibility Study, Redevelopment Plan and Project Report"; Minutes of the January 5th Joint Review Board

Recommendation / Suggested Action *(briefly explain):*

Conduct and Close Public Hearing

For office use only:

Agenda Item Number:

Minutes
Joint Review Board Meeting
Council Chambers
Lexington Club RPA

January 5, 2012

The meeting was called to order at 5:00 p.m. Don DeWitte opened by explaining the purpose of the joint review board meeting, which is for potentially affected taxing bodies to make a recommendation to City Council whether or not to approve the proposed TIF. He explained the approval process for a proposed TIF district and clarified that a public hearing would be held on February 6, 2012. He also noted that there would be a section of this meeting open for public questions and comments. However, this would be limited to discussion of the proposed TIF and not of the proposed housing development itself.

Michael Mertes, Recording Secretary, then conducted roll call. JRB members present were:

Don DeWitte	City of St. Charles
Charles Brown	St. Charles Resident - Public Member
Diana Brown	St. Charles Public Library
Karin Schindel	St. Charles Park District
Julie Wons	Elgin Community College - School District 509

Mr. DeWitte made a motion, seconded by Diana Brown that Charles Brown be elected the “Public Member” for this review board. All were in favor. Motion passed.

Karin Schindel made a motion, seconded by Mr. Brown for Mr. DeWitte to be named Chairperson. All were in favor. Motion passed.

Geoff Dickinson of S.B. Friedman & Company, gave a summary of the TIF eligibility study. He stated that eligibility of the TIF is determined via three perspectives of the parcels within the proposed district: vacant land, once-improved land, and still improved land. The determinations were made from personal inspections of the properties, as well as data and records collected from numerous sources.

For the five improved parcels, the following factors were determined: deterioration (all five parcels exhibited deterioration); the buildings not being up to current code standards (3 of 5); inadequate utilities (4 of 5); deleterious layout (3 of 5); a lack of community planning (5 of 5); and a lack of growth in equalized assessed value (found to be present within all parcels, underperforming compared to both the rest of the City and inflation for similarly sized Midwest cities). Two of the three buildings on these parcels are over 35 years old, so the improved parcels meet the criteria for a conservation area, which is an area that is in decline and at risk of becoming blighted.

The once-improved land parcels refer to those that once had buildings that have since been demolished; these parcels were found to be blighted because there has been no substantial private investment in the immediately surrounding area and ten eligibility factors were found. All six such parcels demonstrated ten factors of blight: obsolescence; deterioration; excessive vacancy; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; needed environmental clean-up; lack of community planning; and lack of growth in equalized assessed value.

The remaining seven vacant parcels of land were found to be blighted based on three factors: obsolete platting (all seven parcels); adjacency to deterioration (6 of 7); and needed environmental clean-up (one parcel which makes up 61% of the land area of all vacant parcels).

A lack of substantial private investment in the area is also a criteria for the entire TIF district. Mr. Dickinson stated that without a TIF, it is unlikely that any substantial private investment would occur in the district, and that the Lexington Club RPA was found to meet all qualifications of being designated a TIF.

The budget for the TIF plan allows for professional service costs and administration, environmental remediation, demolition and leveling of land. Mr. Dickinson feels that this proposed TIF is more narrow in scope and more defined than most TIFs. There were no questions or comments.

Mr. DeWitte opened the floor to questions and comments from the public. Brian Lavolpe (1219 Dean St.) asked who Mr. Charles Brown was and how he was selected to be the public member. Mr. DeWitte clarified that Mr. Brown was a lifelong resident of St. Charles. Mr. Lavolpe asked if Mr. Brown lived near the site, and Mr. Brown said that he did not. Mr. Lavolpe asked if the public member should be someone who lives near the site. Mr. DeWitte replied that he lives near the proposed TIF and that the joint review board is legally constituted the way it is formed. Mr. Lavolpe also stated it was his understanding that TIF money wouldn't be given to the developer for clean-up, and that clean-up would

be done by the developer before being granted the TIF. Chris Aiston, Economic Development Director, replied that what is part of the redevelopment agreement between the City and the developer was not germane to the JRB meeting's discussion, and that the agreement is still a work in progress. Also, that the appropriate forum for such a question is the upcoming public hearing. Ms. Robin Jones, City Attorney, added that the public member need not reside in or near the TIF district unless there are residences being displaced by the TIF. There were no other questions or comments from the public or members of the JRB.

Mr. DeWitte read a letter, signed by Dr. Donald Schlomann, the Superintendent of St. Charles School District 303. The letter confirmed the school district's support of the proposed TIF district as long as the TIF funding to the developer was limited to demolition, leveling, and environmental clean-up.

Mr. DeWitte then requested a motion to vote for recommendation on the proposed TIF district. Ms. Brown motioned to recommend, seconded by Mr. Brown. The motion passed 5-0. Mr. Aiston then made note that the JRB recommendation will be forwarded to City Council for their approval. This will also be read into the record at the public hearing on February 6, 2012.

Mr. DeWitte requested a motion to adjourn. Mr. Brown motioned to adjourn, seconded by Mr. Schindel. All were in favor. The meeting was adjourned at 5:30 p.m.

Don DeWitte, Chairman

Respectfully submitted,
Michael Mertes

CITY OF ST. CHARLES

Lexington Club Redevelopment Project Area

Tax Increment Financing District Eligibility Study, Redevelopment Plan and Project

January 10, 2012



VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

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S. B. Friedman & Company
221 North LaSalle Street, Suite 820
Chicago, Illinois 60601-1317
Phone: (312) 424-4250
Email: info@friedmanco.com

1. Executive Summary

In July of 2011, *S. B. Friedman & Company* (“*SB Friedman*”) was engaged by the City of St. Charles (the “City”) to conduct a Tax Increment Financing Eligibility Study and prepare a Redevelopment Plan and Project (the “Redevelopment Plan”). This report details the eligibility factors found within the Lexington Club Redevelopment Project Area Tax Increment Financing District (the “Lexington Club RPA” or the “RPA”) in support of its designation as a “conservation area” for improved parcels and a “blighted area” for vacant parcels within the definitions set forth in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the “Act”). This report also contains the Redevelopment Plan and Project for the Lexington Club RPA.

The Lexington Club RPA consists of approximately 18 tax parcels. Thirteen of these parcels are vacant, park land or railroad right-of-way and contain no permanent buildings, and five parcels are improved and contain buildings, public utility infrastructure or ancillary improvements. The study area comprises approximately 45 acres of land, of which approximately 30 acres are vacant, 6 acres are improved, and 10 acres are road or railroad right of way. The majority of the RPA formerly held the Applied Composites industrial facility. The boundary of the RPA roughly includes the Union Pacific Railroad tracks and parcels to the south, between 12th Street to the west and 5th Street to the east. The RPA boundary extends to just north of Dean Street and State Street, excluding residential properties.

Determination of Eligibility

This report concludes that the Lexington Club RPA is eligible for Tax Increment Financing (“TIF”) designation as a “conservation area” for improved parcels and a “blighted area” for vacant parcels under the Act due to three findings:

- The improved parcels qualify as a “conservation area” because building age plus the following six (6) eligibility factors were found to be present to a meaningful extent and reasonably distributed throughout the improved portions of the RPA:
 1. Deterioration
 2. Presence of Structures Below Minimum Code Standards
 3. Inadequate Utilities
 4. Deleterious Land Use or Layout
 5. Lack of Community Planning
 6. Lack of Growth in Equalized Assessed Value

- The currently vacant parcels that formerly held the Applied Composites facility qualify as “blighted improved area” immediately prior to becoming vacant. *SB Friedman* conducted a TIF eligibility study in 2008 that found ten (10) eligibility factors for improved land present to a meaningful extent and reasonably distributed throughout the RPA:
 1. Obsolescence
 2. Deterioration
 3. Excessive Vacancy
 4. Lack of Ventilation, Light, or Sanitary Facilities
 5. Inadequate Utilities

6. Excessive Land Coverage and Overcrowding of Structures
 7. Deleterious Land Use or Layout
 8. Environmental Clean-Up
 9. Lack of Community Planning
 10. Lack of Growth in Equalized Assessed Value
- The vacant, not formerly improved, parcels were found to be blighted under the Act due to the presence of the following three (3) eligibility factors present to a meaningful extent and reasonably distributed throughout the RPA:
 1. Obsolete Platting
 2. Adjacent to Deterioration
 3. Environmental Clean-Up

The factors are defined under the Act at 65 ILCS 5/11-74.4-3 (a) and (b) and are more fully described herein.

Redevelopment Plan Goal, Objectives and Strategies

The overall goal of this TIF Eligibility Study and Redevelopment Plan is to reduce or eliminate conditions that qualify the Lexington Club RPA as a conservation area for improved parcels and a blighted area for vacant parcels and to provide the direction and mechanisms necessary to establish the RPA as a vibrant residential area through new residential and other development and stimulate the redevelopment of vacant and underutilized parcels. Redevelopment of the RPA will strengthen the economic base and enhance the quality of life of the City as a whole through the rehabilitation of a contaminated site.

Rehabilitation and redevelopment of the RPA is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage new private investment.

Objectives. Four (4) objectives support the overall goal of area-wide revitalization of the Lexington Club RPA. These objectives include:

1. Facilitate the assembly, preparation, and marketing of available sites in the RPA for new residential, civic/cultural, governmental uses as allowed by the Act, and recreational development including corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
2. Facilitate and encourage the construction of new residential, recreational and civic/cultural development where appropriate;
3. Support the goals and objectives of other overlapping plans, including the City's comprehensive plan and other TIF redevelopment plans, and coordinate available federal, state, and local resources to further the goals of this Redevelopment Plan;

4. Increase employment opportunities for City residents.

Strategies. These objectives will be implemented through two (2) specific and integrated strategies:

- 1. Facilitate Site Preparation.** The City may support redevelopment in the RPA by conducting or providing financial assistance for site preparation. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate.
- 2. Encourage Private Sector Activities.** Through the creation and support of public-private partnerships or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.

Required Findings and Tests

The required conditions for the adoption of this Redevelopment Plan and Project are found to be present within the Lexington Club RPA.

First, the City is required to evaluate whether or not the RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district. Supporting this finding, the RPA is primarily comprised of vacant land, with three buildings and ancillary improvements, and no new building activity has occurred in the RPA in recent years. Two of the buildings were constructed more than 40 years ago, and the third is a public utility structure constructed over 15 years ago. The industrial buildings that formerly existed in the RPA were vacant from 2005 until demolition, which occurred in phases between 2008 and 2011.

Second, the City is required to find that, but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the Lexington Club RPA.

Without the support of public resources, the redevelopment objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the Lexington Club RPA as a vibrant residential area are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. Significant environmental contamination throughout the RPA exists due to much of the area's use for industrial purposes throughout the 20th century. Multiple environmental studies have identified soil and groundwater contamination from various sources, with remediation required before development of the area can progress.

Public resources to assist site preparation and environmental remediation are needed to leverage private investment and facilitate area-wide redevelopment consistent with the City's comprehensive plan. The City's general fund does not have the financial capacity to make these improvements. TIF funds can be used to fund environmental remediation, site assembly and preparation and other related costs. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Third, the Lexington Club RPA includes only those contiguous parcels of real property that are expected to benefit substantially from the proposed Redevelopment Plan improvements.

Finally, the proposed land uses described in this Redevelopment Plan are consistent with the comprehensive plan of the City. The redevelopment opportunities identified in this Redevelopment Plan will be substantially supported and their implementation facilitated through the creation of the Lexington Club RPA.

2. Introduction

The Study Area

This document serves as the eligibility study (“Eligibility Study”) and Redevelopment Plan and Project for the Lexington Club RPA. The Lexington Club RPA is located within the City of St. Charles, in Kane County (the “County”). In July 2011, *S. B. Friedman & Company* was engaged by the City to conduct a study of the properties in the RPA to determine whether said properties qualify for status as a “blighted area” and/or “conservation area” under the Act. *SB Friedman* had previously completed a TIF Eligibility Reconnaissance Study in September 2008 for the former Applied Composites improved parcels in the RPA.

The location of the Lexington Club RPA is shown on **Map 1** on page 7. The Lexington Club RPA consists of approximately 18 tax parcels and adjacent rights of way. Thirteen parcels are vacant land or open space and five parcels are currently improved. Approximately 30 acres are vacant, 6 acres improved, and 10 acres are rights-of way. The boundary of the RPA includes the Union Pacific Railroad tracks and parcels to the south, from 12th Street on the west to 5th Street on the east. The RPA boundary extends to just north of Dean Street and State Street, excluding all residential properties. **Map 2** on page 8 details the boundaries of the Lexington Club RPA, including only those contiguous parcels of real property that are expected to benefit substantially by the redevelopment improvements discussed herein.

The Lexington Club RPA boundary encloses an area that was used for various industrial and manufacturing purposes from the late 1800’s through 2005. A wide range of conditions were identified that hinder the potential to redevelop the area, including environmental contamination, deterioration of infrastructure, inadequate utilities, lack of community planning, stagnating or declining property values, and deleterious land use. Without infrastructure upgrades and remediation of environmental conditions on the former Applied Composites site, potential development opportunities in the RPA will likely not be realized.

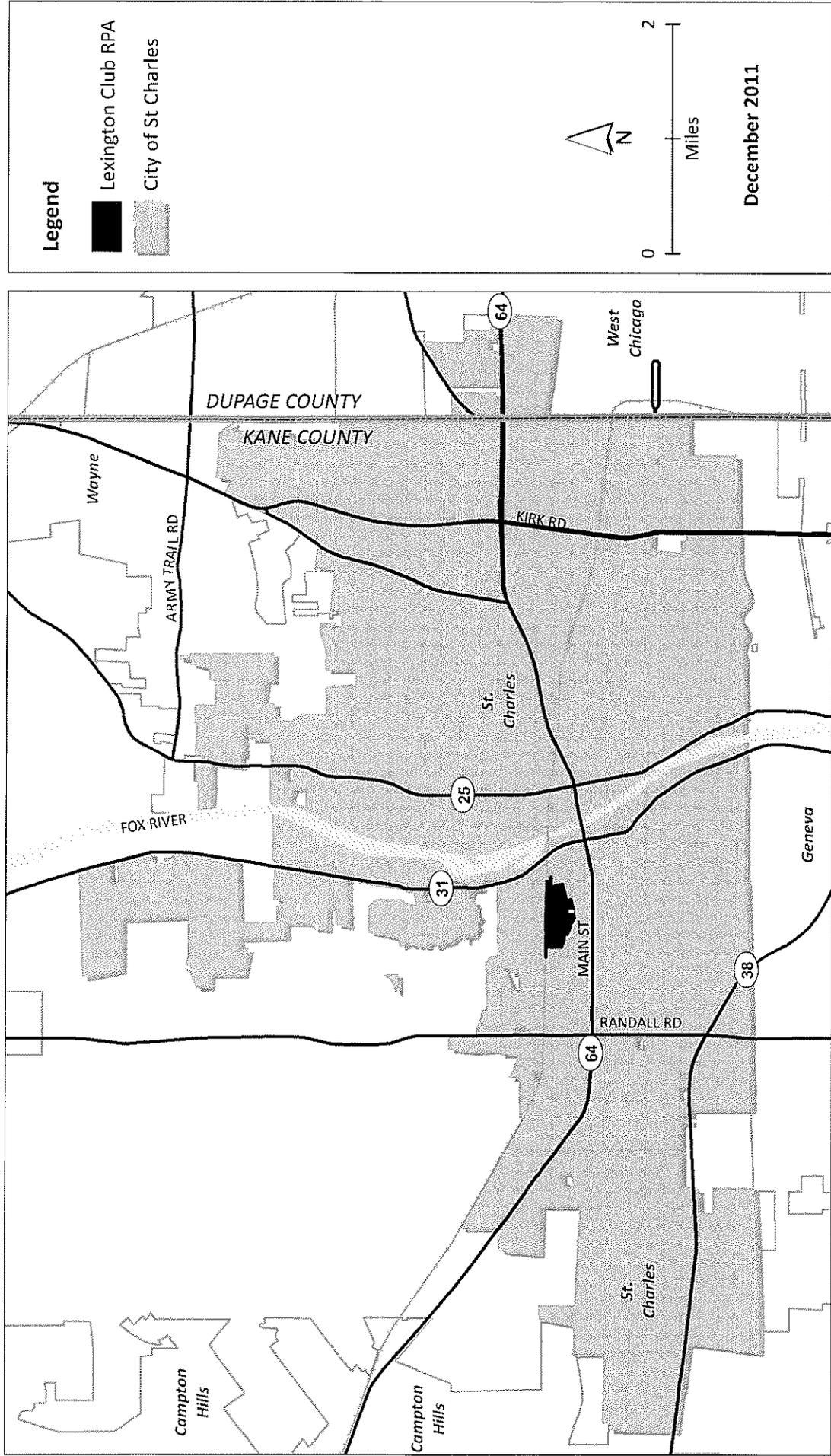
The Eligibility Study covers events and conditions that exist and that were determined to support the designation of the Lexington Club RPA as a “conservation area” for improved parcels and a “blighted area” for vacant land under the Act at the completion of our research in November 2011, and conditions of the Applied Composites improvements prior to demolition, as memorialized in September of 2008, and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.

This Eligibility Study and Redevelopment Plan summarize the analysis and findings of the consultant’s work, which, unless otherwise noted, is solely the responsibility of *SB Friedman*. The City is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Lexington Club RPA as a redevelopment project area under the Act. *SB Friedman* has prepared this Redevelopment Plan with the understanding that the City would rely (1) on the findings and conclusions of this Redevelopment Plan in proceeding with the designation of the Lexington Club RPA and the adoption and implementation of this Redevelopment Plan, and (2) on the fact that *SB Friedman* has obtained the necessary information including, without limitation, information relating to the equalized assessed value of parcels comprising the Lexington Club RPA, so that this Redevelopment Plan will comply with the Act and that the Lexington Club RPA can be designated as a redevelopment project area in compliance with the Act.

History of the Study Area

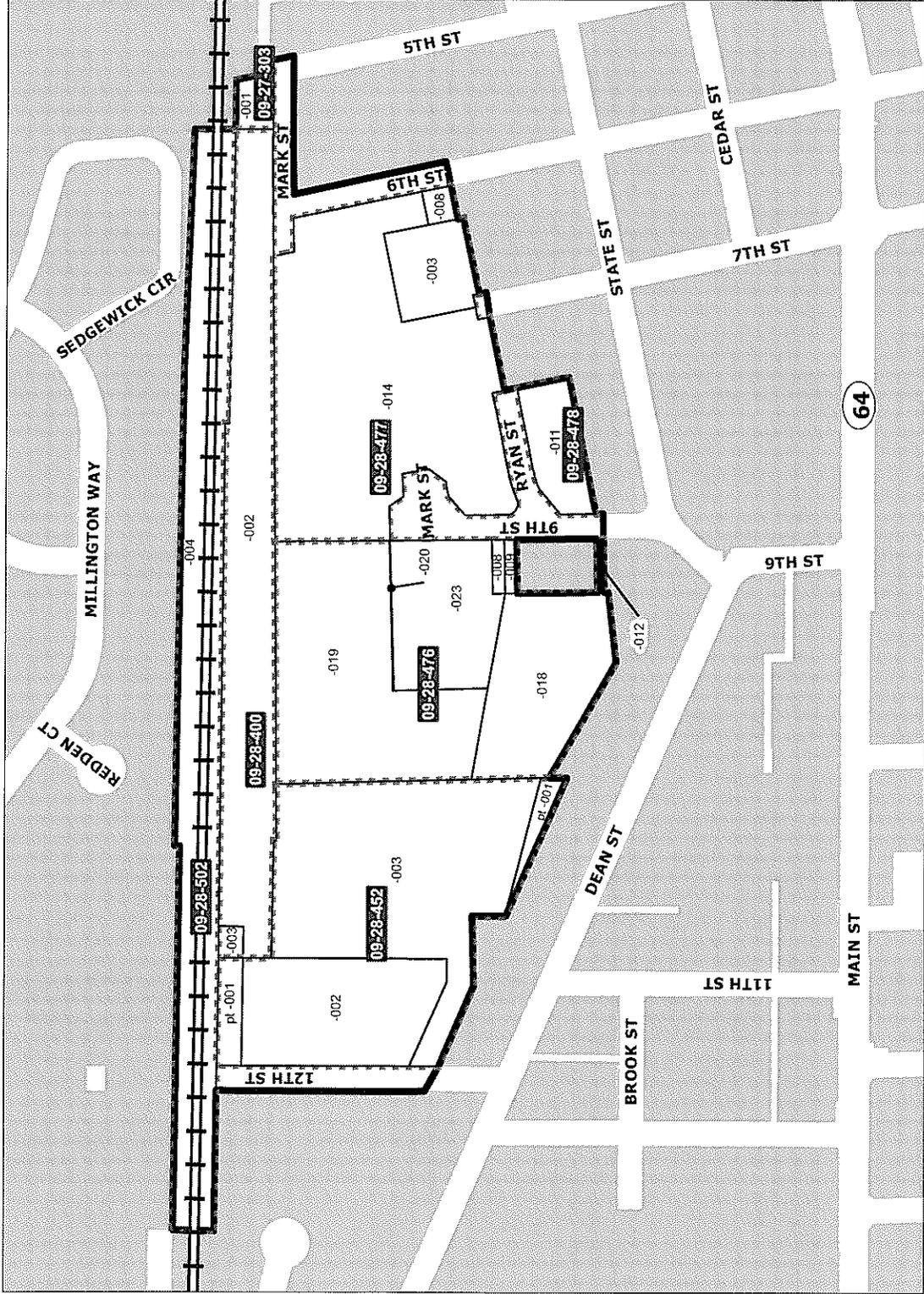
The Lexington Club RPA boundaries enclose an area that was used for various industrial and manufacturing purposes from the late 1800's through 2005. Most recently, the site housed the Applied Composites industrial facility. Beginning in the early 1900's, rope nets and hammocks were produced on the site, followed by pressed wood and other fibrous composite products from the 1920's to 2005. Before demolition began, the Applied Composites facility consisted of 27 attached buildings enclosing approximately 336,000 square feet of industrial space.

During the time that Applied Composites and other companies manufactured products on the site over the past century, portions of the land in RPA were also used for dumping activities and settling lagoons for manufacturing byproducts. At least eleven recognized environmental conditions (RECs) have been identified throughout the RPA from the manufacturing operations undertaken. RECs include the former settling lagoons, mounds of buried materials, underground storage tanks, among other contamination. Significant environmental remediation, additional testing and monitoring is needed to ensure the area is safe for future development.



Map 1: Community Context

Lexington Club Tax Increment Financing District
 CITY OF ST CHARLES, IL



Legend

- RPA Boundary
- Assessment Block
- Parcels

* denotes assessment block (first 7 digits of parcel ID)

* -xxx identifies parcel

0 600
Feet

December 2011

Map 2: RPA Boundary

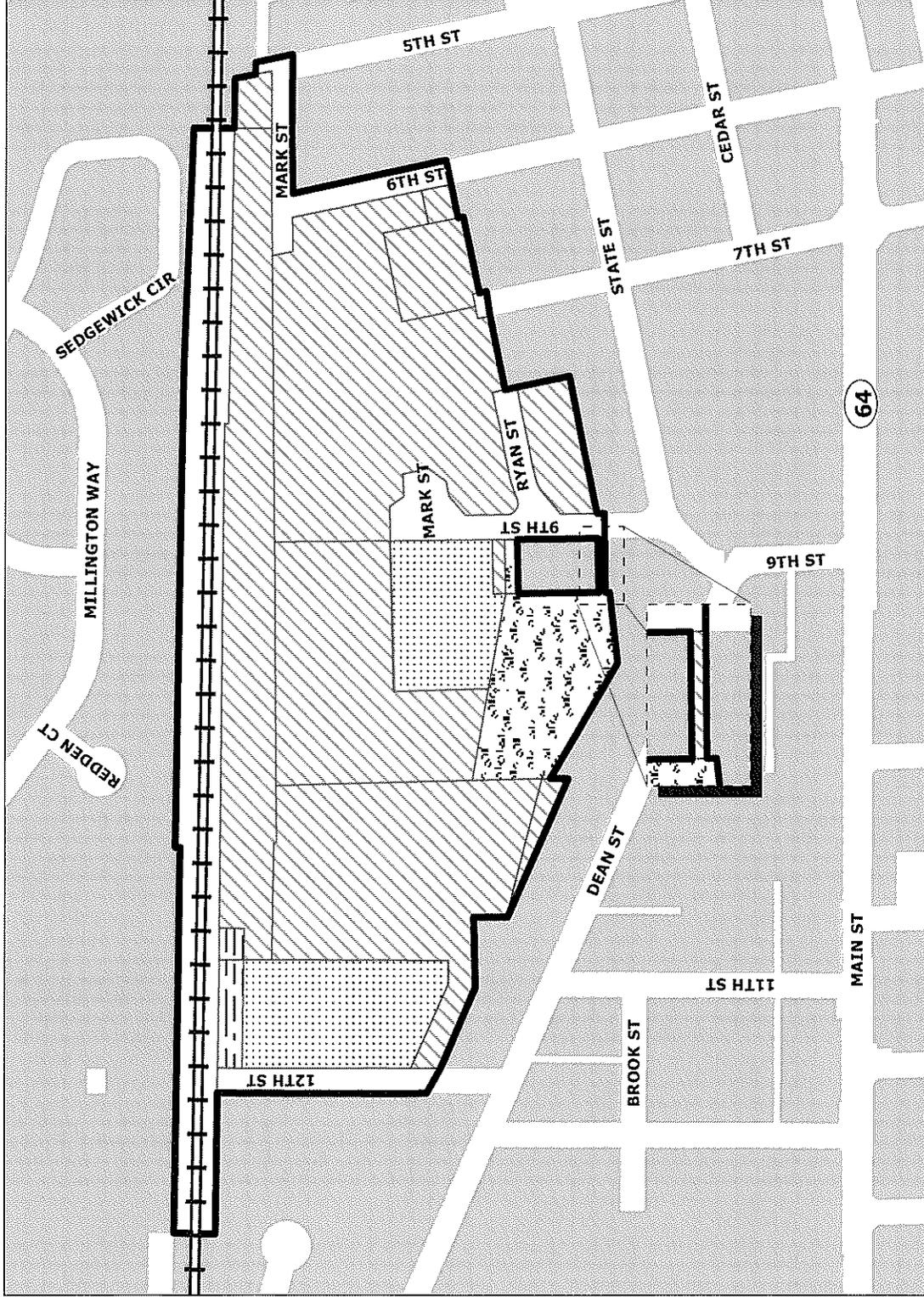
Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

Existing Land Use

Based upon *SB Friedman's* research, six (6) primary land uses have been identified within the Lexington Club RPA:

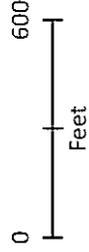
- Vacant Land
- Park and Open Space
- Road Right-of-Way
- Railroad Right-of-Way
- Public Works Facility
- Industrial

The existing land use in the Lexington Club RPA is shown in **Map 3** on the following page.



Legend

- RPA Boundary
- Existing Land Use
- Industrial
- Vacant Land
- Park/Open Space
- Public Works Facility
- Road or Railroad Right-of-Way



December 2011

Map 3: Existing Land Use

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the Lexington Club RPA at the completion of *S. B. Friedman & Company's* research, it has been determined that the Lexington Club RPA meets the eligibility requirements of the Act as a conservation area for improved land and a blighted area for vacant land. The following outlines the provisions of the Act to establish eligibility.

Under the Act, two (2) primary avenues exist to establish eligibility for an area to permit the use of tax increment financing for area redevelopment: declaring an area as a "blighted area" and/or a "conservation area."

"Blighted areas" are those improved or vacant areas with blighting influences that are impacting the public safety, health, morals, or welfare of the community and are substantially impairing the growth of the tax base in the area. "Conservation areas" are those improved areas which are deteriorating and declining and soon may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a "conservation area" and/or "blighted area" district based upon an evidentiary finding of certain eligibility factors for improved properties listed in the Act. According to the Act, "blighted areas" for improved land must have a combination of five (5) or more of these eligibility factors acting in concert which threaten the health, safety or welfare of the proposed district. "Conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more additional eligibility factors which are detrimental to the public safety, health, morals or welfare and which could result in such an area becoming a blighted area. The eligibility factors are identical for each designation.

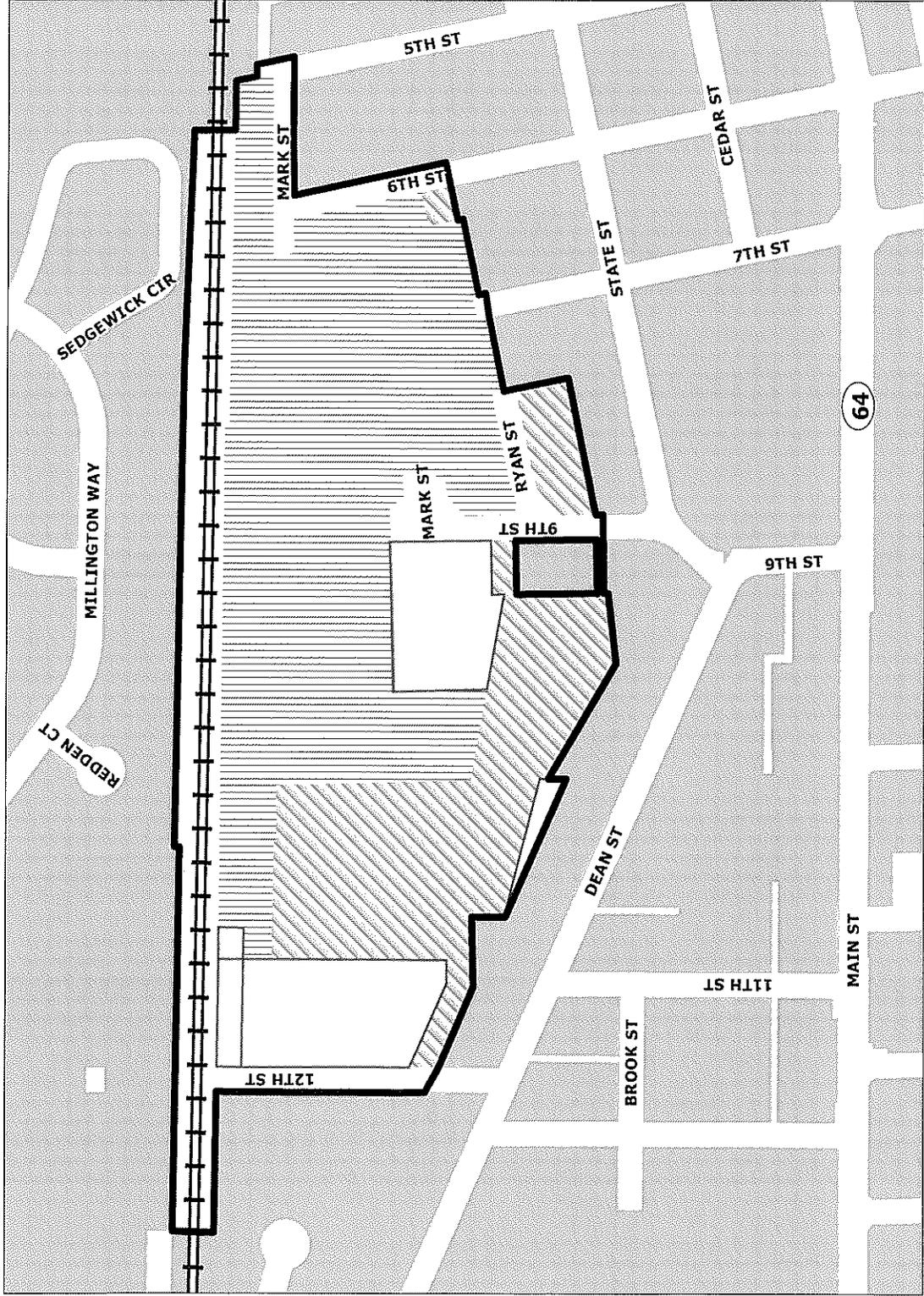
A separate set of factors exists for the designation of vacant land as a "blighted area", as described in the Factors for Vacant Land section later in this chapter. There is no provision for designating vacant land as a conservation area.

Map 4 on the following page depicts the improved and vacant parcels within the RPA.

Factors for Improved Areas

As explained, "blighted areas" must have a combination of five (5) or more of these eligibility factors and "conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more of the eligibility factors listed below. These factors must be present to a meaningful extent so that the municipality may reasonably find the factors clearly present, and must be reasonably distributed throughout the improved part of the redevelopment project area.

Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition



Map 4: Improved and Vacant Land

Lexington Club Tax Increment Financing District
 CITY OF ST CHARLES, IL

analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.

Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration including but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

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.

Illegal use of individual structures. The use of structures in violation of the applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

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.

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.

Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

Excessive land coverage and overcrowding of structures and community facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

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.

Environmental clean-up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

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.

Lack of growth in equalized assessed value. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) or more 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) or more 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) or more of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

Factors for Vacant Land

According to the Act, there are two ways by which vacant land can be designated as "blighted." One way is to find that at least one (1) of the six (6) factors discussed under "One Factor Test" is present to a meaningful extent and reasonably distributed throughout the study area. The second way is to find that at least two (2) of six (6) factors from the list discussed below under "Two Factor Test" are present to a meaningful extent and reasonably distributed throughout the study area.

ONE FACTOR TEST

Under the provisions of the "blighted area" section of the Act, if the land is vacant, an area qualifies as "blighted" if one (1) or more of the following factors which impairs the sound growth of the redevelopment project area is found.

- Contains unused quarries, mines or strip mine ponds
- Contains unused rail yards, rail track or railroad rights-of-way
- Is subject to or contributes to chronic flooding
- Contains unused or illegal dumping sites

- Was designated as a town center prior to January 1, 1982, is between 50 and 100 acres and is 75 percent vacant land
- Qualified as a blighted improved area prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area

TWO FACTOR TEST

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as “blighted” if a combination of two (2) or more of the following factors may be identified which combine to impair the sound growth of the redevelopment project area.

Obsolete Platting of Vacant Land. 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.

Diversity of Ownership. Diversity of ownership is when adjacent properties are owned by multiple parties. When diversity of ownership of parcels of vacant land is sufficient in number to retard or impede the ability to assemble the land for development, this factor applies.

Tax and Special Assessment 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.

Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land. Evidence of structural deterioration and area disinvestment in blocks adjacent to the vacant land may substantiate why new development had not previously occurred on the vacant parcels.

Environmental Contamination. 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.

Lack of Growth in Equalized Assessed Value. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) or more 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) or more 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) or more of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

Methodology Overview and Determination of Eligibility

Analysis of the eligibility factors was conducted through research involving an extensive exterior survey of all properties within the Lexington Club RPA in 2008 and again in 2011, as well as a review of building and property records, including building permit data and property assessment information. Our survey of the area established that there are 18 tax parcels within the Lexington Club RPA.

All properties were examined for qualification factors consistent with either “blighted area” or “conservation area” definitions of the Act. Based upon these criteria, the properties within the Lexington Club RPA exhibit the necessary eligibility factors to qualify for a designation as a TIF Redevelopment Project Area as a “conservation area” for improved parcels and a “blighted area” for vacant parcels, as defined by the Act.

SB Friedman conducted field work and property data analysis in Fall 2011 to determine the eligibility of the currently improved parcels in the RPA and of vacant parcels which did not formerly contain Applied Composites buildings. Under the Act, the improved parcels were found to meet the criteria of a “conservation area”.

In 2008, *SB Friedman* conducted comprehensive TIF eligibility field work and property data analysis to determine whether the improved Applied Composites property at the time met requirements to qualify as a “blighted area” or “conservation area” under the Act. The five improved parcels that contained the Applied Composites factory in the RPA at the time were found to exhibit sufficient eligibility factors to qualify as a blighted improved area. The blighted buildings in the RPA have since been demolished and the land is currently vacant, so the parcels within the Lexington Club RPA now qualify as a “blighted area” for vacant land, as defined by the Act, based on being a “blighted area for improved land immediately prior to becoming vacant”.

The vacant parcels which were not previously improved were found to be a “blighted area” under the two-factor eligibility criteria under the Act.

To arrive at these findings, *SB Friedman* calculated the number of eligibility factors present on a building-by-building or parcel-by-parcel basis and analyzed the spatial distribution of the eligibility factors. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were correlated to parcels using aerial photographs, property files created from field observations and record searches. The information was then graphically plotted on a parcel map of the Lexington Club RPA to establish the distribution of eligibility factors, and to determine which factors were present to a major extent and reasonably distributed throughout the study area.

Conservation Area Findings

IMPROVED PARCELS

As required by the Act, in order to be designated as a “conservation area,” 50% or more of the structures in the Lexington Club RPA must be 35 years old or older and at least three (3) of the improved land eligibility factors must be found to be present to a major extent within the study area.

Taking into account information obtained from the Kane County Assessor and St. Charles Township Assessor, we have established that two (2) of the three (3) buildings within the Lexington Club RPA (67%) are 35 years of age or older. **Map 5** on the next page illustrates the spatial distribution of parcels on which buildings 35 years or old were identified.

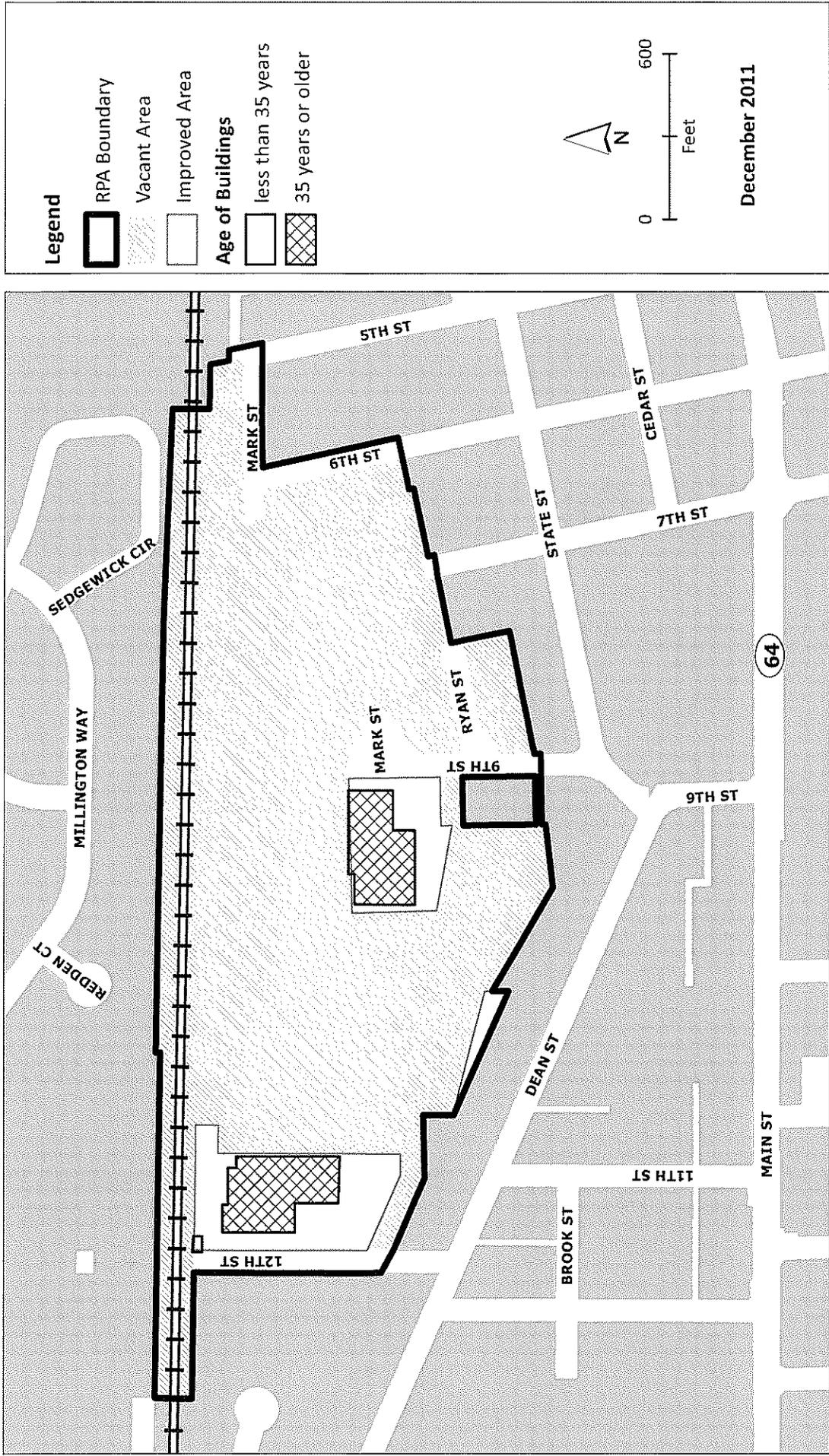
Additionally, our research has revealed that the following six (6) factors are present to a major extent and reasonably distributed throughout the RPA:

1. Deterioration
2. Presence of Structures Below Minimum Code Standards
3. Inadequate Utilities
4. Deleterious Land Use or Layout
5. Lack of Community Planning
6. Lack of Growth in Equalized Assessed Value

Based on the presence of these factors, the RPA meets the requirements of a “conservation area” under the Act.

Maps 6A through **6F** on the following pages illustrate the conservation area eligibility factors found to be present to a major extent within the RPA by indicating each parcel where the respective factors were found to be present to a meaningful degree. The following sections summarize our field research as it pertains to each of the identified eligibility factors found to be present within the Lexington Club RPA.

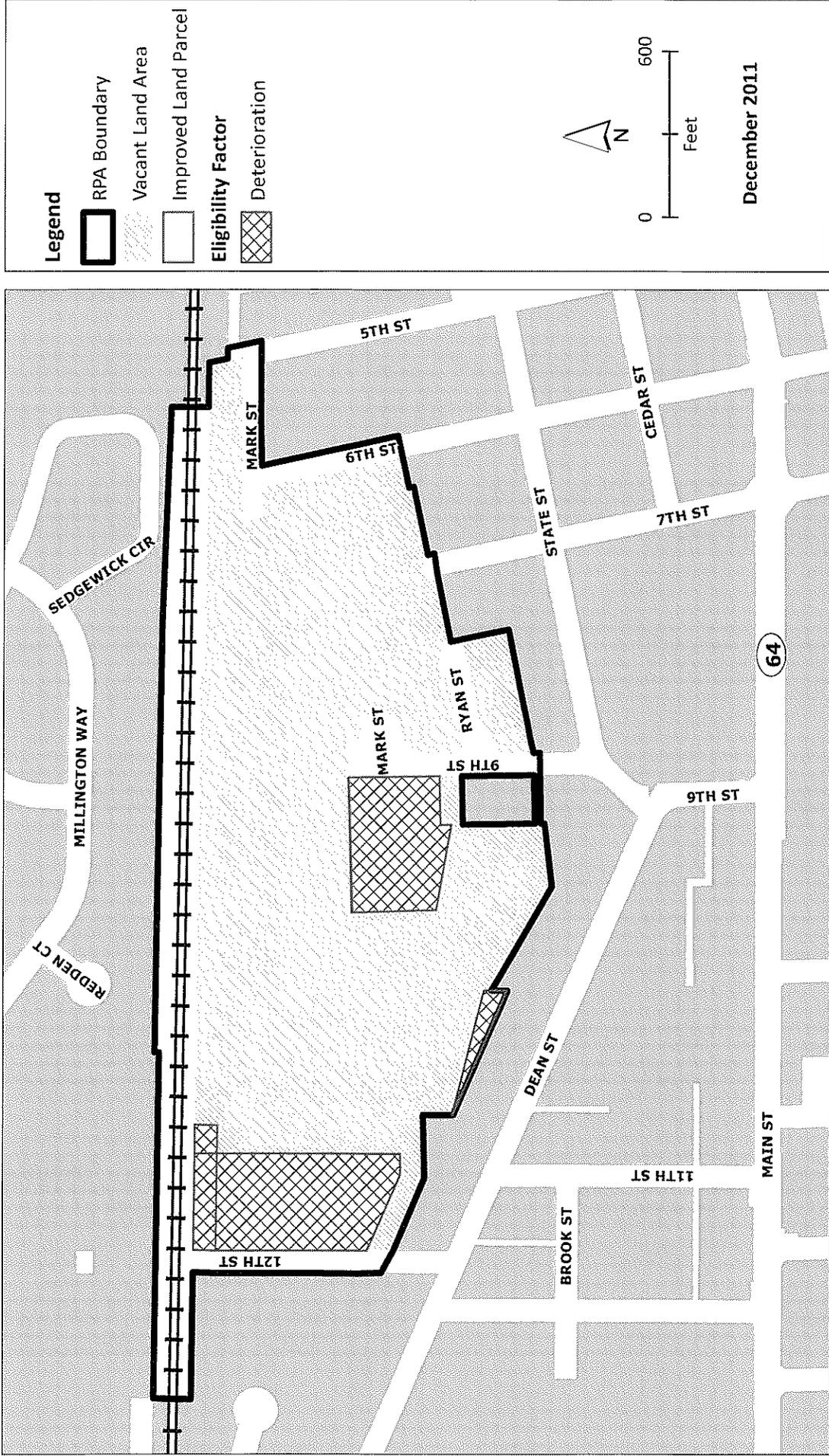
Eligibility Study



Map 5: Age of Buildings
IMPROVED AREA - CONSERVATION AREA FACTOR

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

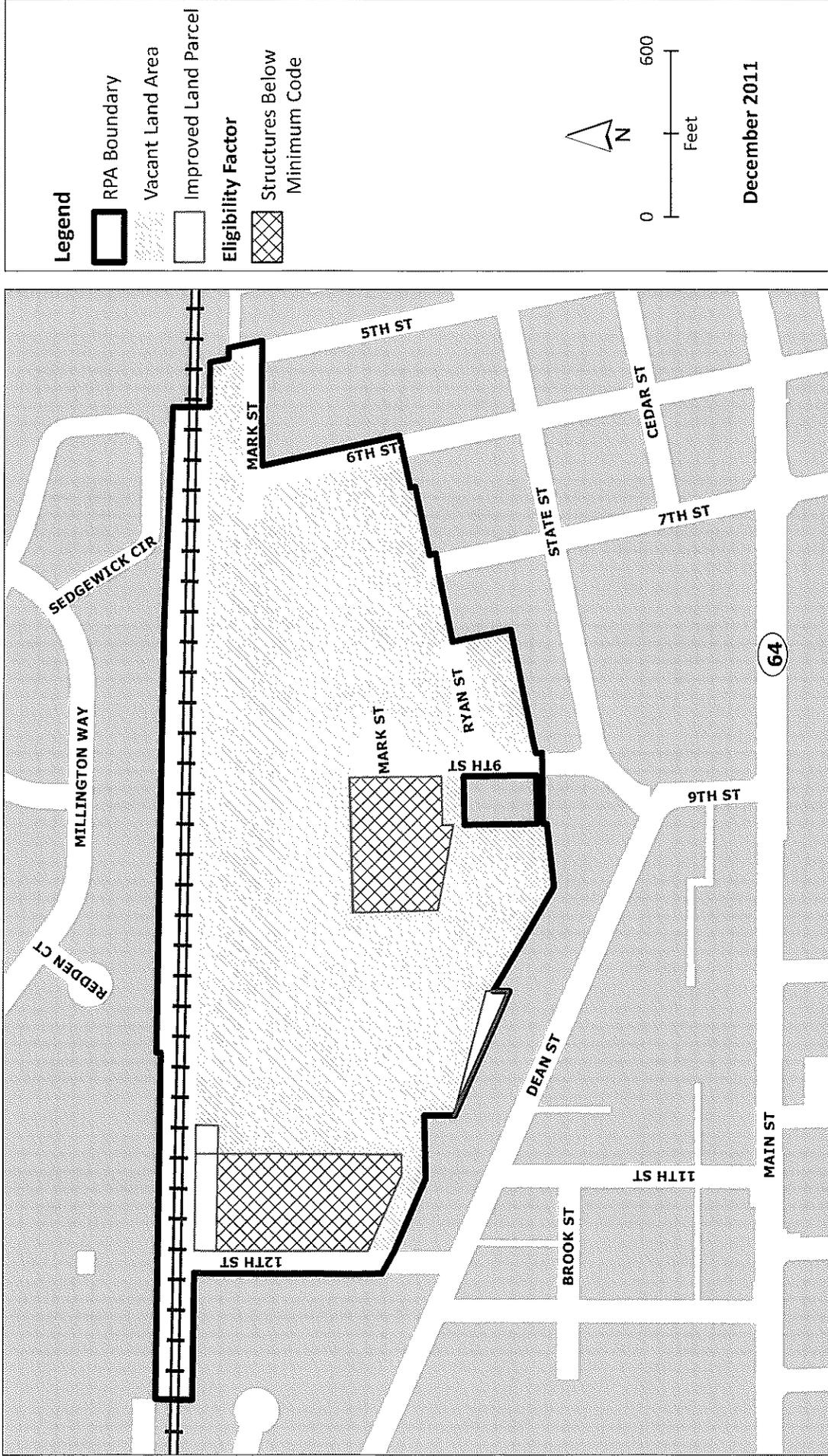
Eligibility Study



**Map 6A: Deterioration
IMPROVED LAND - CONSERVATION AREA FACTOR**

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

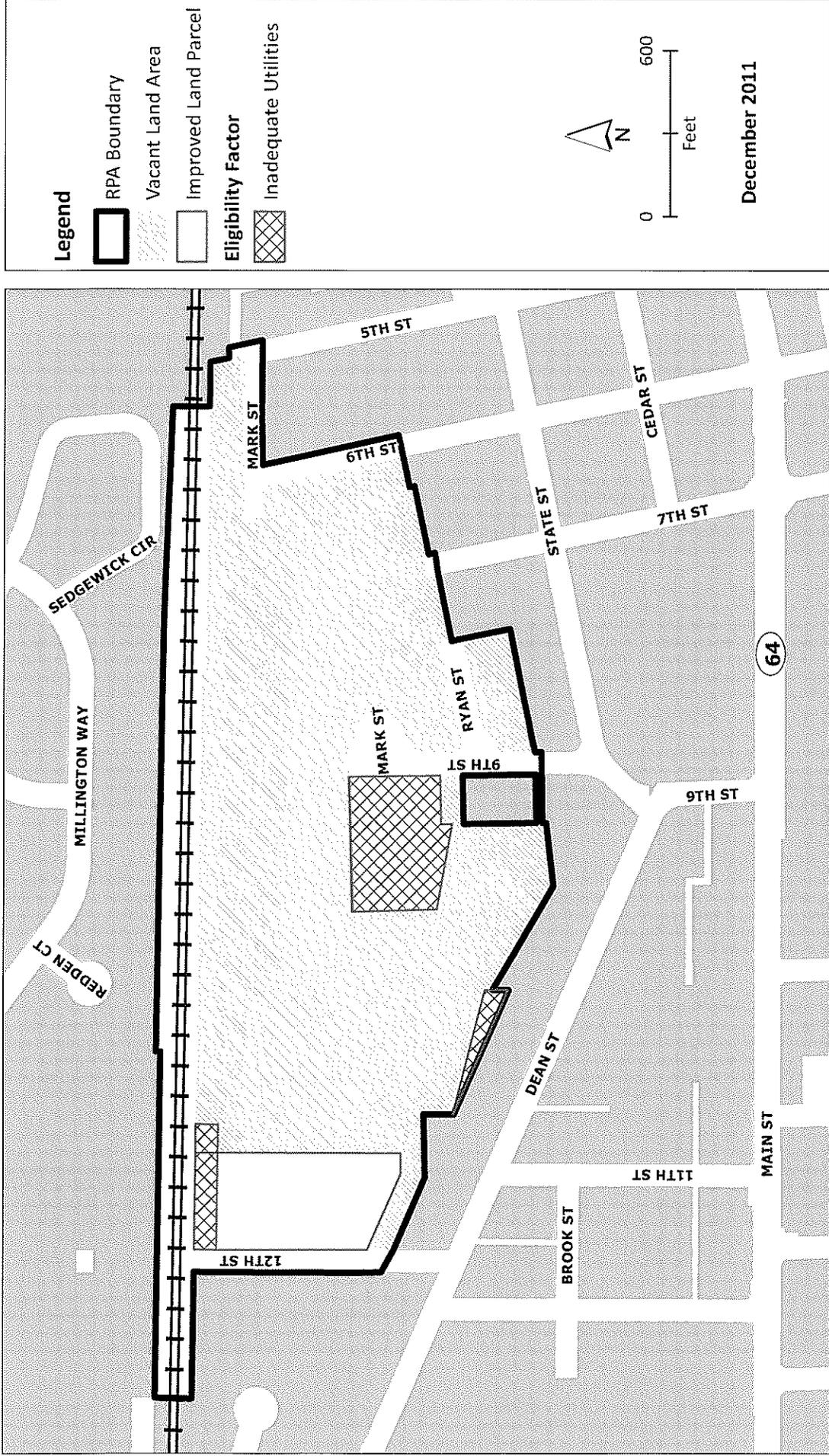
Eligibility Study



Map 6B: Structures Below Minimum Code IMPROVED PARCELS - CONSERVATION AREA FACTOR

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

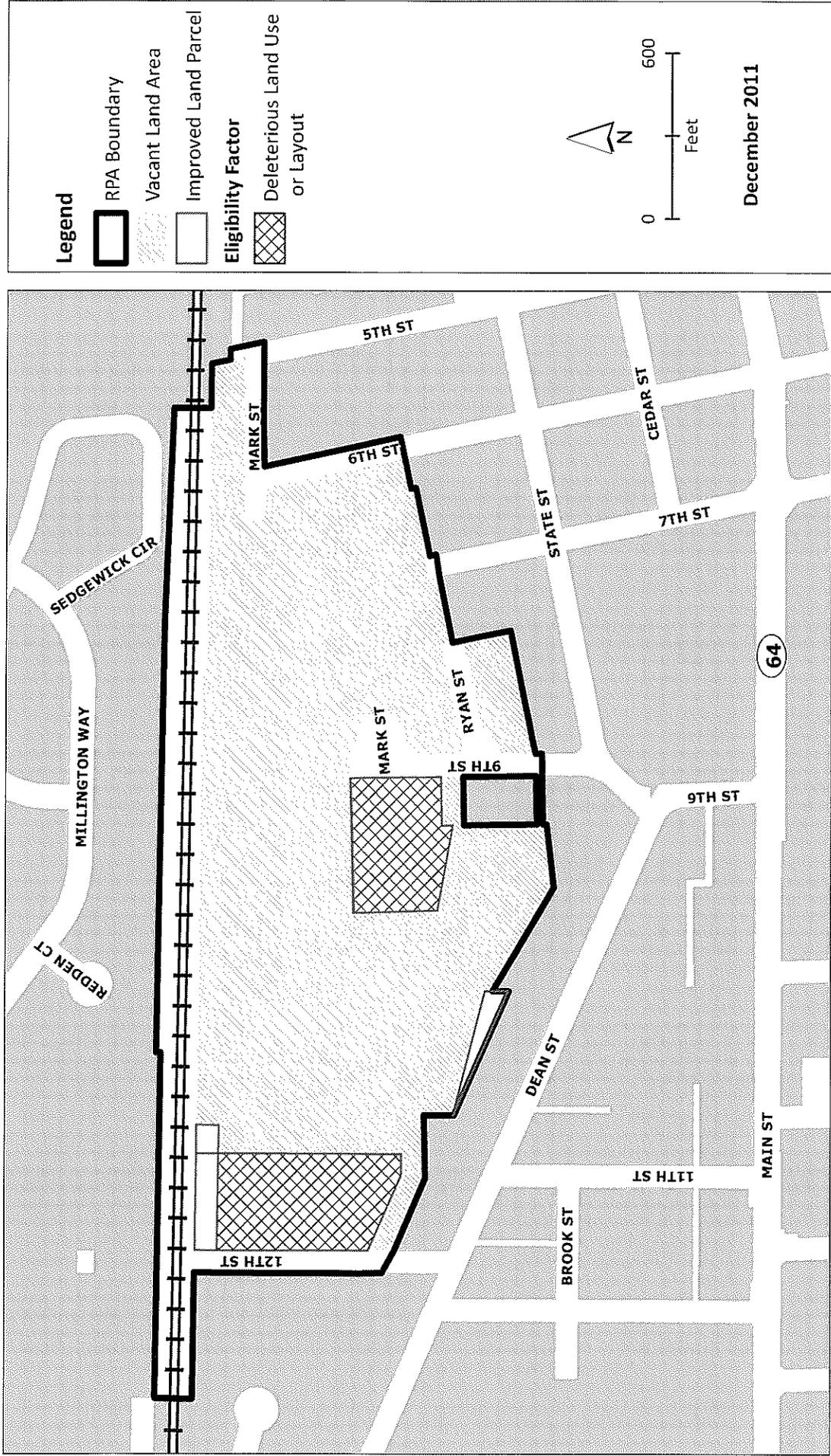
Eligibility Study



Map 6C: Inadequate Utilities
IMPROVED LAND - CONSERVATION AREA FACTOR

Lexington Club Tax Increment Financing District
 CITY OF ST CHARLES, IL

Eligibility Study



**Map 6D: Deleterious Land Use or Layout
IMPROVED PARCELS - CONSERVATION AREA FACTOR**

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

1. Deterioration

All (5 of 5, 100%) of the improved parcels in the Lexington Club RPA were found to exhibit deterioration. Catalogued deterioration included building, parking lot and infrastructure deterioration. Missing tuckpointing and spalling brick were identified, indicating deterioration of a masonry building. Rusting and damaged fascia due to a missing gutter was found on another building in the RPA. Deterioration of parking lots included crumbling asphalt, potholes, depressions, alligating of concrete, and weeds growing in parking lots. In addition, infrastructure throughout the RPA was found to be deteriorated, with depressions, alligating, crumbling, potholes, and weeds found growing through concrete and/or asphalt.

2. Presence of Structures Below Minimum Code Standards

Per the Act, structures below minimum code standards are those that do not meet applicable standards of zoning, subdivision, building, fire and other governmental codes. The principal purpose of such codes is to protect the health and safety of the public. As such, structures below minimum code standards may jeopardize the health and safety of building occupants, pedestrians, or occupants of neighboring structures. According to City staff, the majority (3 of 5, 60%) of improved parcels do not meet current zoning and stormwater detention requirements. The buildings in the study area that do not meet current development standards may present a health or safety hazard, and will need to be upgraded to meet current codes during redevelopment, modification of existing structures, or new construction.¹ The failure of the majority of buildings to meet current zoning and stormwater codes is reasonably distributed and present to a meaningful extent throughout the RPA.

3. Inadequate Utilities

Based on our field work and a review of utility maps provided by the City, we have found utilities serving the improved parcels within the RPA to be lacking. Storm sewers and storm drainage utilities are missing throughout the Lexington Club RPA. Storm sewers are shown to serve the south portion of 12th Street, but do not extend to the improved parcels at the northern boundary of the RPA. No storm sewers or storm drainage is found on 9th Street. Stormwater runs off into open gutters along the side of the street in this area. This lack of basic municipal infrastructure could be a disincentive for new investment in the RPA. Furthermore, the lack of sanitary sewer, water and utility infrastructure throughout the RPA are inadequate for the planned residential development.

The inadequate utilities eligibility factor was found to be present for four of the five (80%) improved parcels and reasonably distributed throughout the RPA.

4. Deleterious Land Use or Layout

Deleterious land use is characterized by inappropriate mixed uses or uses that are considered unsuitable for the surrounding area. The Lexington Club RPA is situated in the middle of a largely residential neighborhood, though the majority of improved parcels in the RPA are currently used for industrial purposes. The proximity of residential and industrial uses is inappropriate by modern standards. Furthermore, the industrial properties in the RPA were developed in conflict with the City's original

¹ These buildings are considered legal non-conforming as they exist today, but would need to meet current development standards if structures were substantially modified.

planning for single-family residential uses in the area, and industrial uses are incompatible with the City's current comprehensive plan for the area, which calls for medium-density residential development throughout the RPA.

Deleterious land use was found to be present to a meaningful extent for three of five (60%) currently improved parcels and reasonably distributed throughout the RPA.

5. Lack of Community Planning

Lack of community planning is an area-wide factor not necessarily isolated to or analyzed at the level of any one parcel. The presence of this factor is indicated by evidence of adverse or incompatible land-use relationships, inadequate street layout, and parcels of inadequate shape and size to meet contemporary development standards. Development that occurred prior to the development of a comprehensive plan or in conflict with the comprehensive plan demonstrates a lack of community planning.

There is evidence that the development of the RPA displays an absence of effective community planning. Two of the three existing buildings in the RPA were developed prior to the establishment of St. Charles' first comprehensive plan in 1974, and the RPA overall was developed prior to the 1974 plan. As was discussed earlier, the improved parcels contain industrial uses, which is inappropriate for a largely residential neighborhood. The street network requires that industrial trucks drive through residential area, and industrial parcels have limited ingress and egress. Additional evidence demonstrating ineffective community planning includes a lack of sidewalks, curbs, and stormwater drains, all of which are required in modern residential developments.

Lack of community planning was found to be present on all (5 of 5, 100%) of the currently improved parcels and reasonably distributed throughout the RPA.

6. Lack of Growth in Equalized Assessed Value

The equalized assessed value (EAV) is a measure of the property value of the improved parcels in the Lexington Club RPA. The EAV of the currently improved parcels in the RPA has grown more slowly or declined more quickly than property in the balance of the City of St. Charles for three of the last five periods for which information is available. In addition, the EAV of the currently improved parcels has grown more slowly or declined more quickly than the Consumer Price Index (CPI; inflation) for three of the last five periods, as is shown in **Table 1** on the next page. The lack of growth in equalized assessed value is one of the strongest indicators that an area is falling into decline.

This eligibility factor was considered to be present to a meaningful extent for the currently improved parcels within the Lexington Club RPA.

Table 1: Percent Change in Equalized Assessed Value

EAV Growth Rate	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010
Lexington Club PINs	5.6%	1.4%	-12.3%	0.6%	-5.6%
City of St. Charles (less RPA PINs)	8.1%	8.3%	4.7%	-0.6%	-5.6%
Growth Rate -- CPI [1]	2.7%	2.9%	4.2%	-0.7%	2.3%
Qualifying Period – Versus City EAV Growth	Yes	Yes	Yes	No	No
Qualifying Period – Versus CPI Growth	No	Yes	Yes	No	Yes

Source: Kane County Assessor, Clerk and Tax Extension; U.S. Bureau of Labor Statistics

[1] CPI is the Consumer Price Index - All Urban Consumers, All Items, Not Seasonally Adjusted, for Midwest Class D (population under 50,000).

Shaded periods are qualifying periods.

Blighted Area Findings

To qualify as a “blighted area” under the Act, one of the one-factor vacant land eligibility factors or two of the two-factor eligibility factors must be found present to a major extent on the vacant parcels within the Lexington Club RPA. Many of the currently vacant parcels in the RPA were formerly improved with the Applied Composites industrial buildings and qualify under the one-factor eligibility test, and the remainder of the vacant parcels qualify under the two-factor eligibility requirements.

VACANT PARCELS – ONE FACTOR TEST

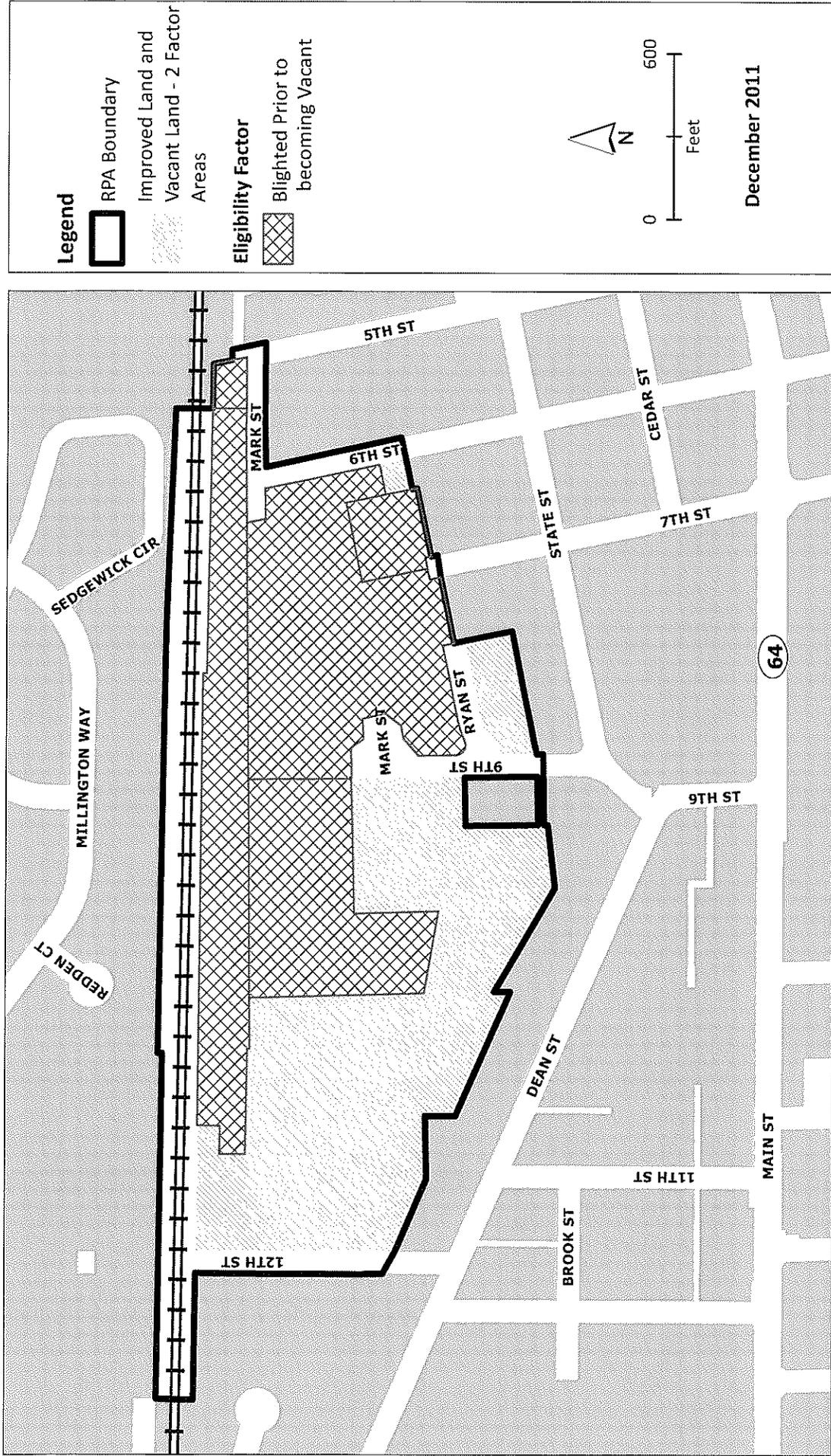
As required by the Act, one of the one-factor vacant land eligibility factors must be found present to a major extent on the vacant parcels within the Lexington Club RPA.

Based on research conducted by *SB Friedman* in 2008, the RPA at that time qualified as blighted improved under the Act. The buildings were subsequently demolished and, therefore, the vacant land that formerly held the Applied Composites buildings meets the one-factor test of being blighted improved immediately prior to being vacant. This one-factor test requires a secondary finding that there has been no substantial private investment in the immediately surrounding area. Some private investment in the immediately surrounding area occurred in and immediately adjacent to the Foundry Business TIF. This development is unlikely to have occurred but for the TIF district and associated public investment. In addition, Auto Machine made a 6,300 square foot addition to their warehouse in 2009. Based on the limited and unique nature of these improvements, we have concluded that there has not been substantial private investment immediately surrounding the Lexington Club RPA since 2008. Thus the RPA satisfies the secondary requirement there has not been substantial private investment in the immediately surrounding area recently.

Map 7 on the following page illustrates the blighting eligibility factors found to be present to a major extent within the RPA. All (5 of 5, 100%) of the formerly improved parcels were blighted prior to becoming vacant, and the previously improved blighted parcels were found to be reasonably distributed throughout the RPA.

The following sections summarize our field research as it pertains to each of the identified eligibility factors for blight that were found to be present for improved parcels in the Lexington Club RPA immediately prior to the parcels becoming vacant.

Eligibility Study



Map 7: Blighted Prior to becoming Vacant VACANT LAND - BLIGHTED AREA ONE FACTOR TEST

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

Eligibility Factors for Formerly Improved Parcels

As noted above, the finding of the Lexington Club RPA as a blighted area for vacant parcels is dependent on prior research conducted when the RPA largely comprised improved parcels. As required by the Act, in order to be designated as a “blighted area” for improved parcels, at least five (5) of the improved land eligibility factors must be found to be present to a major extent within the Lexington Club RPA.

Taking into account information obtained from the Kane County Assessor and St. Charles Township Assessor, building characteristics and configurations, environmental reports and the historic development patterns within the community, we have established that the following ten (10) factors were present to a major extent and reasonably distributed throughout the RPA:

1. Obsolescence
2. Deterioration
3. Excessive Vacancy
4. Lack of Ventilation, Light or Sanitary Facilities
5. Inadequate Utilities
6. Excessive Land Coverage
7. Deleterious Land Use Layout
8. Environmental Cleanup
9. Lack of Community Planning
10. Lack of Growth in Equalized Assessed Value

Based on the presence of these factors, and the subsequent demolition of the buildings, the RPA meets the requirements of a “blighted area” for vacant parcels under the Act. The relevant findings for each eligibility factor for improved parcels are described below.

1. Obsolescence

Obsolescence is defined in the Act as the condition or process of falling into disuse or the presence of structures that have become ill-suited for the original use. A building is functionally obsolete when it contains characteristics or deficiencies which limit the use and marketability of that building after the original intended use ceases. Often, the economic disadvantage of an area’s buildings is a direct result of their functional obsolescence. In addition to functional obsolescence, the economic obsolescence of properties is demonstrated by stagnant – or in some cases, declining – assessed valuation (other than routine increases attributable to inflation) and lack of viable tenants. Many such buildings cannot compete in the market without some intervention or correction of obsolete factors. Obsolete buildings can have an adverse effect on nearby properties and detract from the physical, functional and economic vitality of the surrounding community.

The Applied Composites buildings in the RPA fell into disuse in 2005, when the previous owners relocated operations, abandoning the structures and interior mechanical equipment. When field work was conducted in August 2008, the buildings and mechanical equipment continued to stand unused, and inactive transformers were present on site. The entire complex of structures in the RPA was considered functionally obsolete. The Applied Composites manufacturing complex was composed of 27 attached buildings constructed in turn throughout the 20th century. These buildings were of dimensions and

configurations that were unsuitable for modern manufacturing needs. All (100%) of the former buildings in the RPA were found to exhibit obsolescence.

2. Deterioration

All (100%) of the buildings within the Lexington Club RPA demonstrated a significant level of deterioration when site work was completed in 2008. Catalogued deterioration included major defects in building components, including crumbling concrete and brick walls and floors; warped wood floors; substantial roof damage, including holes, depressions and leaking sections; and leaning interior walls. These are structural conditions that are not readily correctable through normal maintenance. Additional deterioration in the buildings included cracked and broken windows and doors; floating floor tiles; exposed insulation on walls and ceiling; mold and mildew throughout from roof leaks; deteriorated mechanical equipment, including rusted and corroded fans, wells, and boilers; and deteriorated utilities, including stripped copper finishes on pipes and wiring.

In addition, deterioration was documented on accessory buildings and ancillary property within the RPA. Accessory buildings and ancillary property include a small garage and surface parking lots. Such deterioration included roof leaks; rusted and hanging gutters; cracked, broken and missing doors and windows; and potholed, crumbling and alligatored concrete.

3. Excessive Vacancy

The Act defines excessive vacancy as the presence of buildings that are unoccupied or underutilized and represent an adverse influence on the RPA due to the frequency, extent, or duration of the vacancies. All (100%) of the buildings in the Lexington Club RPA had been unoccupied since they were vacated in 2005 until demolition of the buildings began in late 2008; demolition has continued in phases through 2011, and no building has been occupied since 2005.

The buildings in the RPA were found to have had an adverse influence on the area due to the extent and duration of the vacancy and public safety issues associated with the vacant structures. The RPA consists of approximately 45 acres of land situated in a predominantly residential neighborhood. The complete vacancy of the approximately 336,000 square feet of buildings in the RPA affected the potential redevelopment of the area and the City as a whole. Furthermore, numerous incidents reported by the City Police and Fire Departments indicate that the vacancy of the property is affecting public safety in the RPA and surrounding area. Extensive graffiti and documented criminal activities, despite the hiring of private security staff for the site, are evidence that the vacancy of the structures was adversely affecting the RPA.

4. Lack of Ventilation, Light or Sanitary Facilities

A lack of proper ventilation, light or sanitary facilities in buildings is a contributing factor to a blighted finding under the Act. During a site visit to the existing structures in the RPA in 2008, *SB Friedman* documented a lack of windows and skylights in many interior spaces, including second floor office space. The lack of or inadequacy of natural light occurred throughout the buildings. An estimated 99% of the area of the former buildings lacked proper ventilation, light or sanitary facilities.

5. Inadequate Utilities

Inadequate utilities are those public utilities such as stormwater management, water and sanitary sewer mains, and gas, phone and electricity lines that are lacking, of insufficient capacity to serve the uses in the RPA, or are deteriorated, antiquated or in disrepair. The infrastructure that existed at the time of *SB Friedman's* initial work in 2008 served only the previous industrial user on the site, according to City documentation of existing utilities. The water system, stormwater, sanitary sewer and utility infrastructure was found to be inadequate for residential development as originally platted for the site and for planned redevelopment of the RPA into a residential subdivision.

According to the City, no significant infrastructure improvements have been made subsequent to *SB Friedman's* 2008 study. Thus, substantial upgrades to existing utility systems will be necessary for redevelopment of the RPA. The lack of adequate utilities was found to be present to a meaningful extent for all (100%) of the formerly improved parcels in the Lexington Club RPA.

6. Excessive Land Coverage

Excessive land coverage is defined in the Act as the over-intensive use of property and the crowding of building and accessory facilities onto a site. Such use must result in one or more conditions, including insufficient provision for light and air within or around buildings or the increased threat of spread of fire due to close proximity of structures. The buildings in the Lexington Club RPA were found to meet the eligibility requirements for excessive land coverage. The Applied Composites complex consisted of 27 individual attached buildings, which were constructed over a span of approximately 60 years. These buildings were situated somewhat haphazardly, with multiple buildings on a single parcel and individual buildings spanning multiple parcels which were originally platted for residential use. The crowding of the buildings and the nature of construction, with 27 buildings constructed over time with abutting walls, prevented sufficient light and air from reaching all interior spaces. The high number of attached buildings increased the potential for fire to spread quickly throughout the complex. This factor was found to be present for the buildings in the Applied Composites complex (100% of formerly improved parcels in the RPA).

7. Deleterious Land Use or Layout

The presence of incompatible land uses or uses considered to be unsuitable for the surrounding area constitutes deleterious land use or layout under the Act. The Applied Composites industrial complex in the RPA was developed in conflict with the original platting of the area for single family residential lots, and the City's current comprehensive plan for the area calls for medium-density residential use. Much of the RPA is surrounded by single family homes, so the large industrial facility was long incompatible with the adjacent neighborhoods. This factor was found to be present throughout the entire formerly improved portion of the RPA.

8. Environmental Cleanup

Under the Act, the environmental cleanup eligibility requirements are met when an RPA has been recognized by an independent environmental consultant as having a need for the cleanup of hazardous substances, hazardous waste, or underground storage tanks, and that the remediation costs present a material impediment to redevelopment of the RPA. Multiple environmental investigations of the site

have found contamination and the need for removal or remediation of hazardous substances, contaminated soils and underground storage tanks. Two studies conducted in 2006 by LFR Inc. and Huff & Huff, Inc. identified significant contamination throughout the RPA, including a number of underground storage tanks and leaking underground storage tanks, buried drums and debris, settling lagoons, and associated soil and groundwater contamination. A separate 2008 report by GSG Consultants, Inc. identified the presence of asbestos contamination in the Applied Composites structures that existed at that time in the RPA.

A follow-up environmental summary by Huff & Huff, Inc. in 2011 following demolition of the majority of the structures in the RPA identified additional delineation and remediation of contaminated soil and potentially contaminated groundwater that will need to be undertaken. The need for environmental cleanup was identified in all (100%) of the formerly improved parcels of the RPA.

9. Lack of Community Planning

Lack of community planning is a generally applicable area-wide factor not necessarily individually attributable to any one parcel. Development that occurred prior to the adoption of a comprehensive plan or that did not follow an existing comprehensive plan exemplify a lack of community planning. The presence of this factor is indicated by evidence of adverse or incompatible land use relationships, inadequate street lay-out, and parcels of inadequate shape and size to meet contemporary development standards.

There is evidence that the development of the RPA can be characterized by an absence of effective community planning. As described earlier, the industrial land use within the RPA was incompatible with adjacent residential areas. The use of the land for industrial purposes is also in conflict with the City's most recent comprehensive plan for the area, which was adopted in 2007. That plan calls for medium-density residential uses so that the RPA can be better integrated into the surrounding area when redevelopment occurs. According to the City, the first comprehensive plan for St. Charles was adopted in 1974. Many of the structures in the RPA predated that plan, with the first industrial building constructed in 1924. Furthermore, the platting of parcels in the RPA was inappropriate for the building sizes and configurations that existed in 2008 when *SB Friedman* conducted the eligibility site work. The street grid of the surrounding area does not extend through the RPA and much of the RPA is inaccessible from public rights-of-way, providing further evidence of a lack of community planning.

In light of this evidence, lack of community planning was found to be present to a major extent on an area-wide basis throughout the Lexington Club RPA.

10. Lack of Growth in Equalized Assessed Value

The total equalized assessed value (EAV) is a measure of the property value in the Lexington Club RPA. The lack of growth in equalized assessed value within an area is one of the strongest indicators that the area as a whole is declining. A lack of growth in EAV was found for the RPA in that the rate of growth in property values (as measured by EAV) of the RPA was less than that of the balance of the City and less than the Consumer Price Index for five (5) out of five (5) periods (six years – 2002 to 2007) preceding *SB Friedman's* analysis of improved parcels in the RPA in 2008. The annual change in EAV for the Lexington Club RPA compared to the balance of the City of St. Charles is shown in **Table 2** on the next page.

Table 2: Percent Change in Equalized Assessed Value (2002 to 2007)

EAV Growth Rate	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Applied Composites Site Improved in 2008	1.2%	-3.3%	3.7%	1.1%	-14.8%
City of St. Charles (less Applied Composites parcels)	9.9%	6.4%	8.7%	8.1%	8.3%
Growth Rate – Consumer Price Index [1]	1.9%	2.2%	4.1%	2.7%	2.9%
Qualifying Period – Versus City EAV Growth	Yes	Yes	Yes	Yes	Yes
Qualifying Period – Versus CPI	Yes	Yes	Yes	Yes	Yes

Source: Kane County Assessor, Clerk and Tax Extension; U.S. Bureau of Labor Statistics.

[1] CPI - All Urban Consumers, All Items, Not Seasonally Adjusted, for Midwest Class D (population under 50,000).

Shaded periods are qualifying periods.

A lack of growth in EAV was also found for the period preceding designation of the Lexington Club RPA, in that the rate of growth in property values for the formerly improved parcels in the RPA was less than that of the balance of the City for three (3) out of the previous five (5) periods (six years – 2005 to 2010). The rate of growth of property values for the formerly improved parcels was less than that of the Consumer Price Index for four (4) out of five (5) of the periods preceding designation, as is shown in **Table 3** below.

Table 3: Percent Change in Equalized Assessed Value (2005 to 2010)

EAV Growth Rate	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Applied Composites Site Improved in 2008	1.1%	-14.8%	0.0%	0.0%	-1.3%
City of St. Charles (less Applied Composites parcels)	8.1%	8.3%	4.7%	-0.6%	-5.6%
Growth Rate -- Consumer Price Index [1]	2.7%	2.9%	4.2%	-0.7%	2.3%
Qualifying Period – Versus City EAV Growth	Yes	Yes	Yes	No	No
Qualifying Period - Versus CPI	Yes	Yes	Yes	No	Yes

Source: Kane County Assessor, Clerk and Tax Extension; U.S. Bureau of Labor Statistics.

[1] CPI - All Urban Consumers, All Items, Not Seasonally Adjusted, for Midwest Class D (population under 50,000).

Shaded periods are qualifying periods.

A lack of growth in equalized assessed value was considered to be present to a meaningful extent for all (100%) of the formerly improved vacant parcels in the RPA.

The documented presence of these 10 eligibility factors for blighted improved parcels were found to be present and distributed throughout the Lexington Club RPA to a meaningful extent when *SB Friedman* conducted its eligibility reconnaissance work in 2008. The structures that existed at the time were found to be blighted under the Act and have since been demolished.

Finding of No Substantial Private Investment

As described above, the blighted improved immediately prior to becoming vacant eligibility test requires that the RPA qualified as blighted improved under the Act and that substantial private investment has not occurred in the immediately surrounding area subsequent to the blighted finding.

Some private investment in the immediately surrounding area occurred in and immediately adjacent to the Foundry Business TIF since 2008. This development is unlikely to have occurred but for the TIF district and associated public investment. In addition, Auto Machine made a 6,300 square foot addition to their warehouse in 2009. Based on the limited and unique nature of these improvements, we have concluded that there has not been substantial private investment immediately surrounding the Lexington Club RPA since 2008.

The Lexington Club RPA thus meets the two-part test for blighted vacant land under the one-factor test of “blighted improved immediately prior to becoming vacant.” The structures found to have been blighted in the RPA in 2008 have since been demolished, and substantial private investment has not occurred in the area immediately surrounding the Lexington Club RPA.

VACANT PARCELS – TWO FACTOR TEST

We have found three (3) of the eligibility requirements under the two-factor test to be present to a major extent on those vacant parcels throughout the RPA that did not formerly contain improvements from the Applied Composites industrial complex:

1. Obsolete Platting
2. Adjacent to Deterioration
3. Environmental Clean-Up

Based on the presence of these factors, the vacant parcels that were not formerly improved with the Applied Composites buildings in the RPA meet the requirements of a “blighted area” under the Act.

Maps 8A to 8C on the following pages illustrate the blighted eligibility factors for vacant land under the two-factor eligibility test present to a meaningful extent and distributed throughout the RPA by indicating each parcel where the respective factors were found to be present to a meaningful degree. The following sections summarize our field research as it pertains to each of the identified eligibility factors found to be present for vacant parcels within the Lexington Club RPA.

1. Obsolete Platting

As was discussed in the previous section, the majority of the RPA was developed and/or platted prior to the development of the City’s comprehensive plan in 1974. The platting and development resulted in a number of parcels of limited or narrow size and irregular size or shape that would be difficult to develop on a planned basis. Vacant parcels along 9th Street and 6th Street in the RPA are of limited size, or consist primarily of land along the creek, and thus would be difficult to develop according to contemporary development standards and flood plain requirements.

Furthermore, in the platting of the RPA, there was a failure to plat adequate rights of way for streets and/or alleys. Two large vacant parcels adjacent to the formerly improved Applied Composites parcels are not accessible via any public rights-of-way, but must be accessed through private property. The obsolete platting in the Lexington Club RPA can be considered an impediment to private investment and redevelopment of currently vacant sites. This factor was exhibited on all (100%) of the vacant parcels that did not formerly contain Applied Composites improvements and was reasonably distributed throughout the RPA.

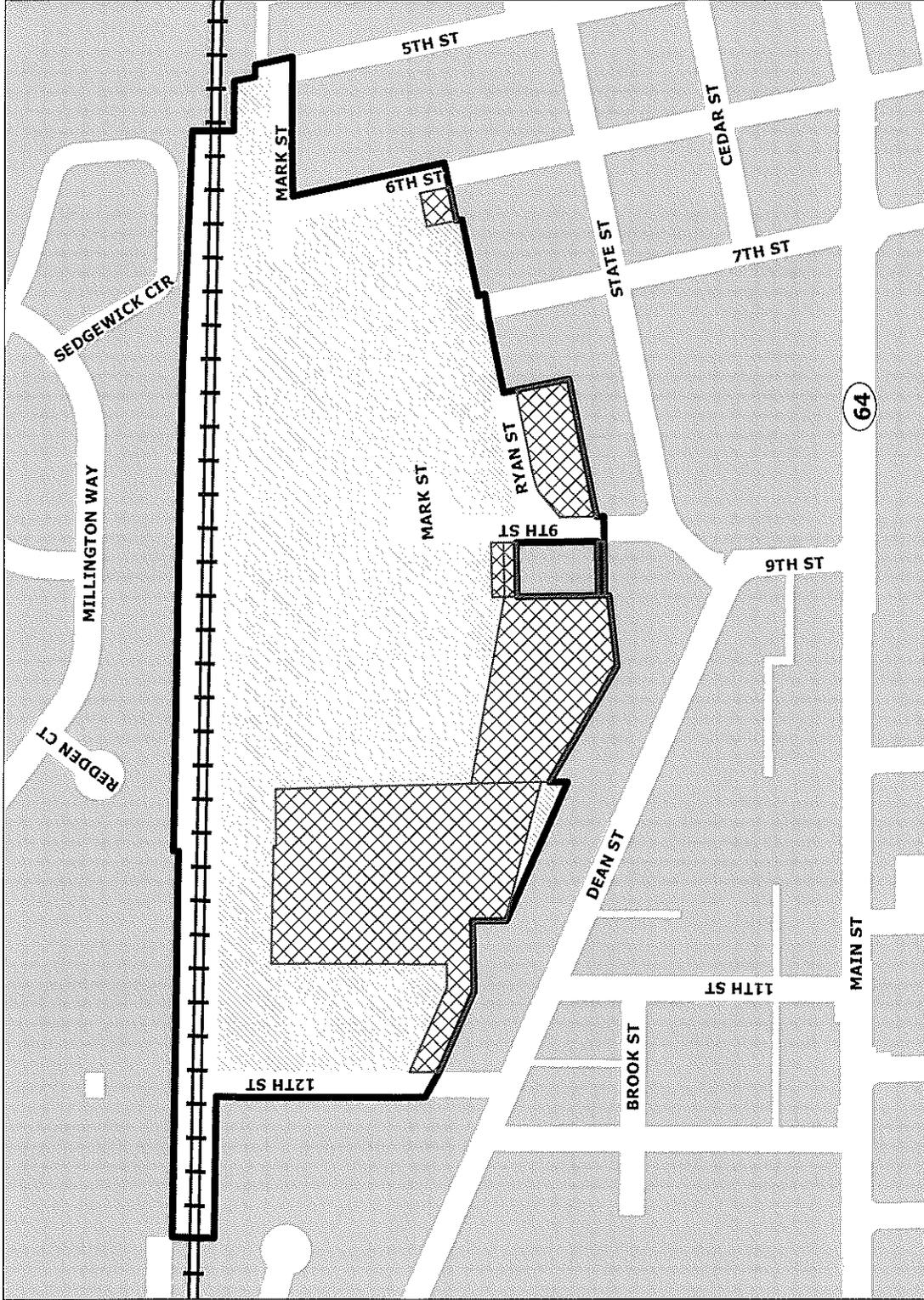
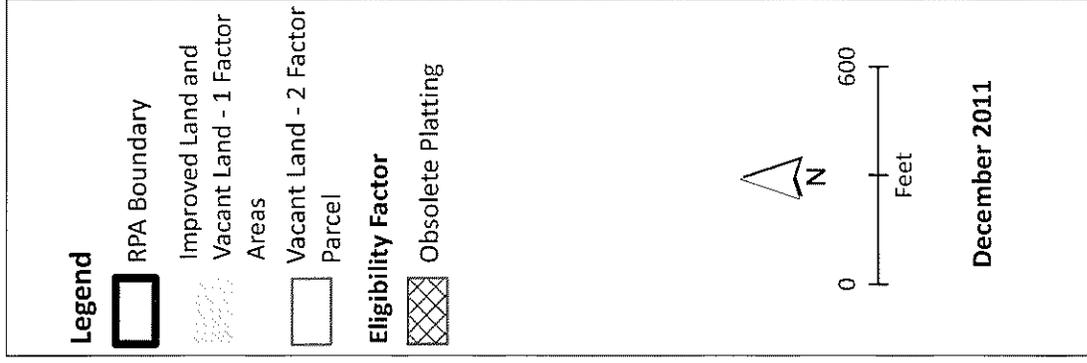
2. Adjacent to Deterioration

Six of the seven (86%) vacant parcels were identified as being adjacent to deterioration of structures or site improvements in neighboring areas. Deterioration found in areas adjacent to these parcels included missing tuckpointing and spalling brick on an existing improvement, deterioration of parking lots and rights-of-way, including crumbling asphalt, potholes, depressions, alligating of concrete, and weeds growing through concrete and/or asphalt. Former structures and site improvements on the Applied Composites parcels were demolished, but demolition materials have not been removed, so large piles of concrete and building materials remain, often on deteriorated surface improvements. Based on these documented instances of deterioration and their distribution throughout the RPA and adjacency to vacant land, vacant parcels were found to be adjacent to deterioration to a meaningful extent and reasonably distributed throughout the Lexington Club RPA.

3. Environmental Clean-Up

Under the Act, the environmental cleanup eligibility requirements are met when an RPA has been recognized by an independent environmental consultant as having a need for the cleanup of hazardous substances, hazardous waste, or underground storage tanks, and that the remediation costs present a material impediment to redevelopment of the RPA. Multiple environmental investigations of the Applied Composites site have found contamination and the need for removal or remediation of hazardous substances, contaminated soils and underground storage tanks. Two studies conducted in 2006 by LFR Inc. and Huff & Huff, Inc. identified significant contamination throughout the RPA, including buried drums and debris and associated soil contamination in the western portion of the site, which did not contain buildings. The parcel that requires environmental cleanup comprises 61% of the area of the vacant parcels that were not formerly improved, and is present to a meaningful extent and reasonably distributed throughout the RPA.

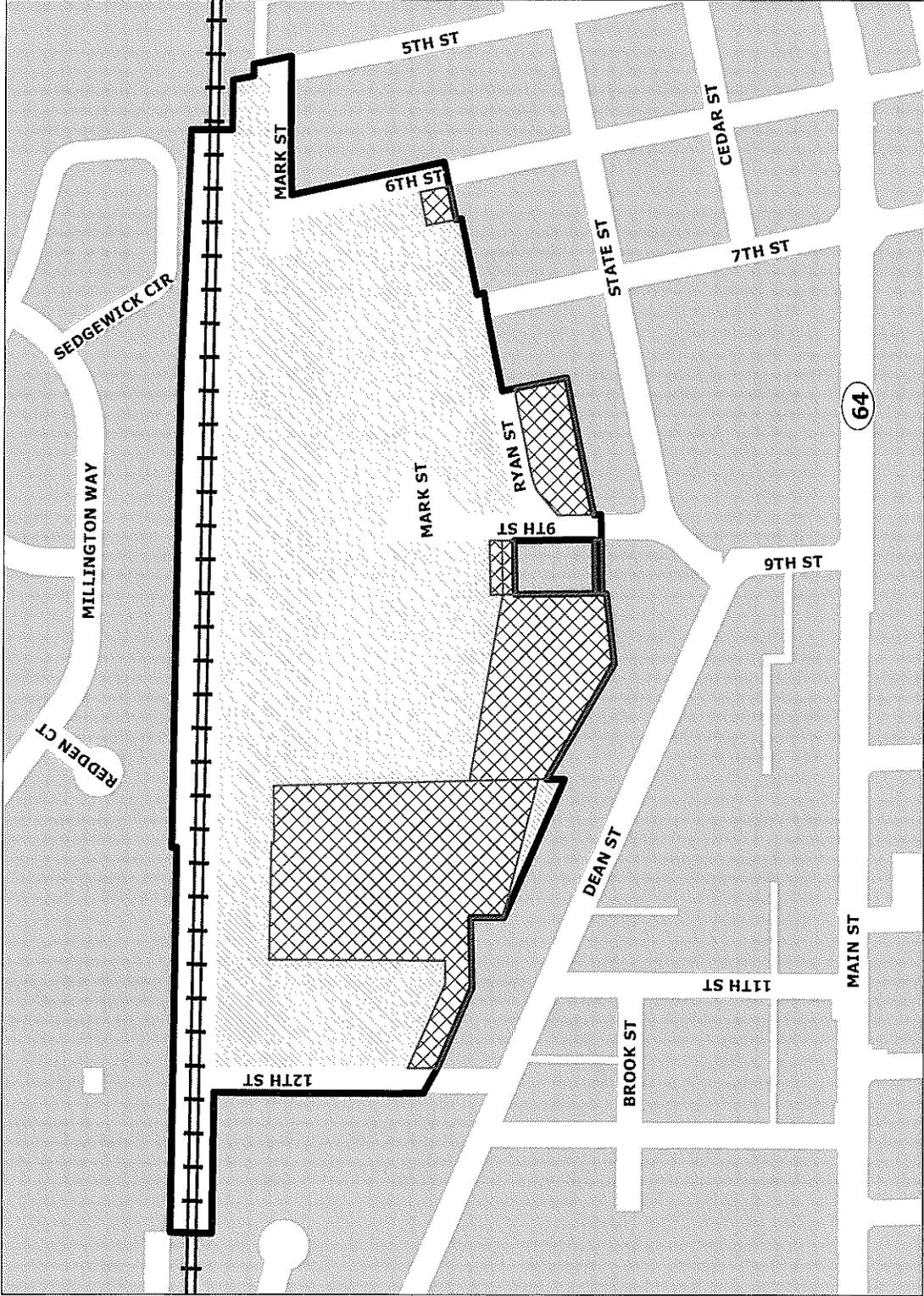
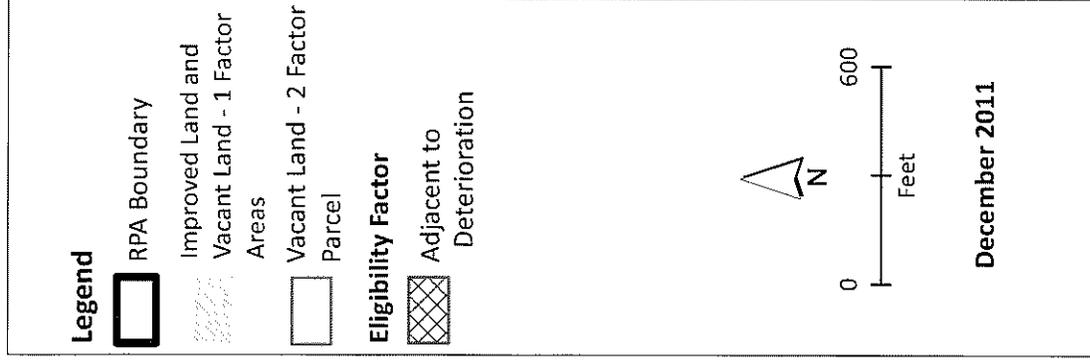
Eligibility Study



**Map 8A: Obsolete Platting
VACANT LAND - BLIGHTED AREA TWO FACTOR TEST**

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

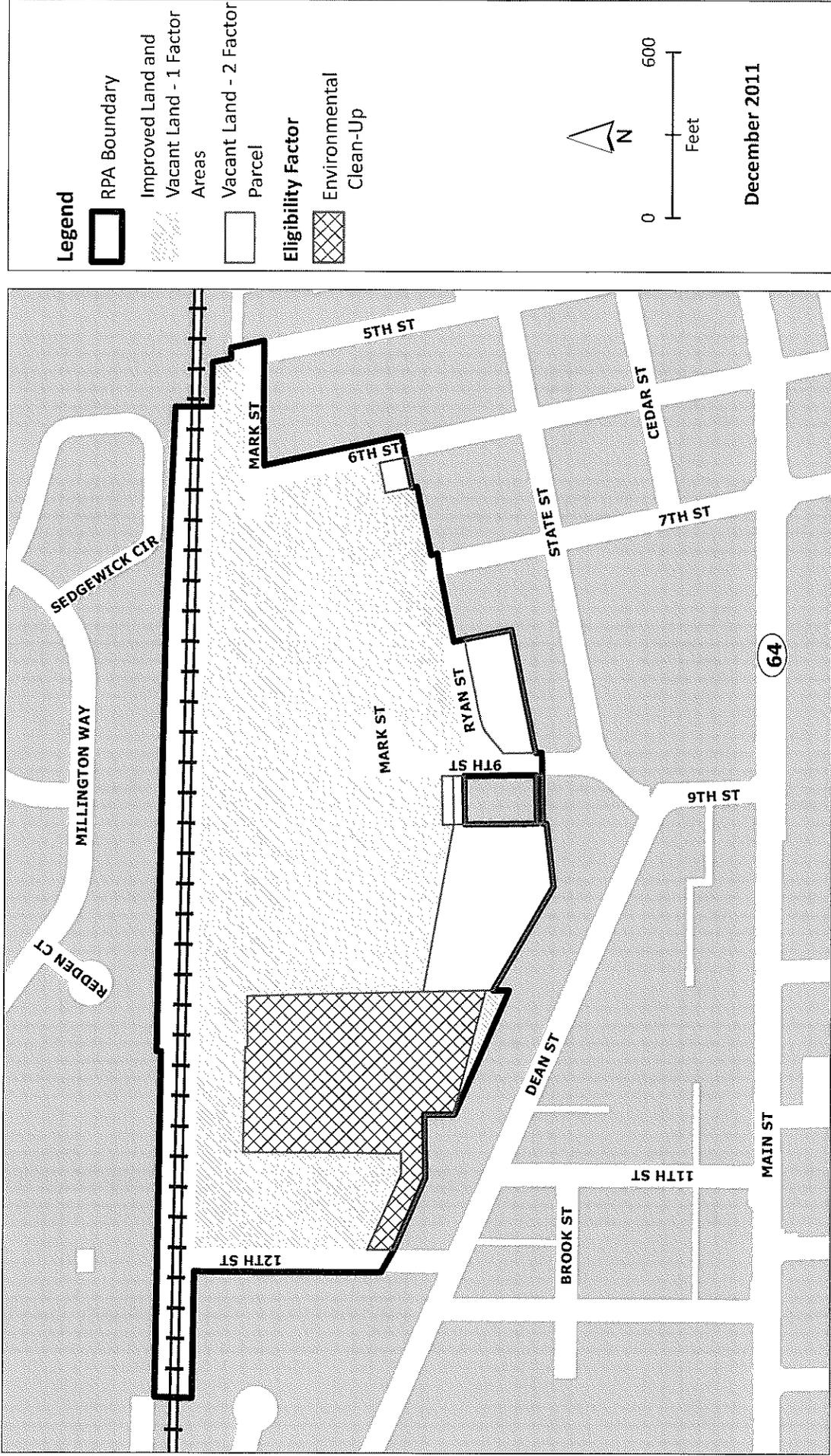
Eligibility Study



**Map 8B: Adjacent to Deterioration
VACANT LAND - BLIGHTED AREA TWO FACTOR TEST**

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

Eligibility Study



**Map 8C: Environmental Clean-Up
VACANT LAND - BLIGHTED AREA TWO FACTOR TEST**

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

4. Redevelopment Plan and Project

Redevelopment Needs of the Lexington Club RPA

The land use and existing conditions for the RPA suggest three (3) major redevelopment needs for the Lexington Club RPA:

1. Demolition of buildings, site preparation, environmental remediation, stormwater management and private sector site assembly
2. Capital improvements that further the objectives set forth in this Redevelopment Plan
3. Resources for residential and recreational development

This Redevelopment Plan identifies tools for the City to support the establishment and improvement of the RPA as a residential district that serves the best interests of the City.

The Lexington Club RPA was characterized by a number of blighting factors for improved properties for many years, and continues to exhibit evidence of blight, even with the Applied Composites structures demolished. Long-term use of much of the RPA as an industrial site has resulted in environmental contamination throughout, inadequate utilities and infrastructure unsuitable for residential development, a lack of community planning and a lack of growth in property values. These conditions are minimizing the potential for private investment and redevelopment of the RPA.

The public investments outlined in this Redevelopment Plan will create an environment conducive to private investment and redevelopment within the Lexington Club RPA. The goals, objectives and strategies discussed below have been developed to address these needs and facilitate the sustainable redevelopment of the Lexington Club RPA. To support specific projects and encourage future investment in the RPA, public resources including tax increment financing may be used to facilitate demolition of buildings and site assembly, provide for environmental remediation and prepare sites for future private sector redevelopment activities. The private sector often seeks to assemble and prepare property to create redevelopment sites appropriate for modern development needs. Property assembly, demolition and site preparation by the private sector to meet the goals and objectives of this Redevelopment Plan can be assisted using tax increment revenues.

Goals, Objectives and Strategies

The overall goal of this Redevelopment Plan is to reduce or eliminate conditions that qualify the Lexington Club RPA as a conservation area for improved parcels and a blighted area for vacant parcels and to provide the direction and mechanisms necessary to establish the RPA as a vibrant residential district through the environmental remediation and redevelopment of vacant parcels. Redevelopment of the RPA will strengthen the economic base and enhance the quality of life of the City as a whole while removing a long blighted use in a predominantly residential area.

Rehabilitation and redevelopment of the RPA is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

Objectives. Four (4) objectives support the overall goal of area-wide revitalization of the Lexington Club RPA. These objectives include:

1. Facilitate the assembly, preparation, and marketing of available sites for new residential, civic/cultural, governmental uses, as allowed by the Act, and recreational development including corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
2. Encourage the construction of new residential, recreational, and civic/cultural development where appropriate;
3. Support the goals and objectives of other overlapping plans, including the City's comprehensive plan and other TIF redevelopment plans, and coordinate available federal, state, and local resources to further the goals of this Redevelopment Plan;
4. Increase employment opportunities for City residents.

Strategies. These objectives will be implemented through two (2) specific and integrated strategies. These include:

1. **Facilitate Site Preparation.** The City may support redevelopment in the RPA by conducting or providing financial assistance for site preparation. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate.
2. **Encourage Private Sector Activities.** Through the creation and support of public-private partnerships or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.

Proposed Future Land Use

The future land use of the Lexington Club RPA reflects the objectives of this Redevelopment Plan, which are to support the improvement of the RPA as an active residential district and to support other improvements that serve the redevelopment interests of the local community, business owners and the City. The proposed objectives are compatible with historic land use patterns in adjacent communities and support current development trends and the comprehensive plan for the area.

The proposed land use for the Lexington Club RPA is neighborhood mixed-use. While the proposed development is primarily residential, the mixed-use designation will allow for the future development of parks/open space and other uses complementary to residential development. The proposed land use is shown in **Map 9** on the following page.

This neighborhood mixed use designation allows for the following land uses:

- Residential

- Parks/Open Space
- Public Utilities
- Road Right-of-Way

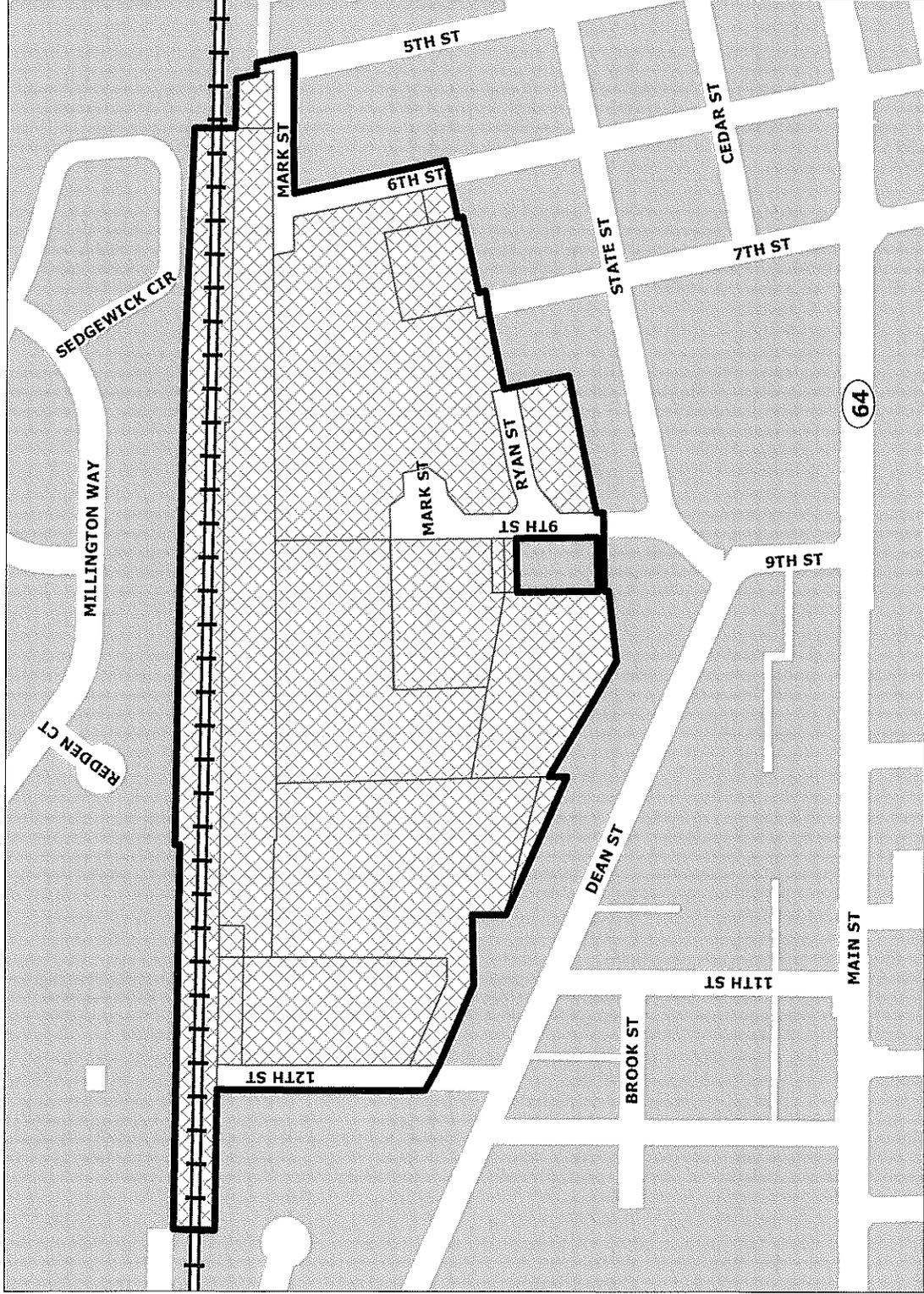
The uses listed are to be predominant uses for the area indicated, and are not exclusive of any other uses.

Housing Impact and Related Matters

As set forth in the Act, if the redevelopment plan for the redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan.

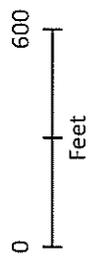
The project area contains no residential units, so no housing impact study is required. The City of St. Charles hereby certifies that no displacement will occur as a result of activities pursuant to this Redevelopment Plan.

Redevelopment Plan and Project



Legend

-  RPA Boundary
-  Proposed Future Land Use:
- Residential
- Park/Open Space
- Public Utilities
- Road Right-of-Way



December 2011

Map 9: Proposed Future Land Use

Lexington Club Tax Increment Financing District
CITY OF ST CHARLES, IL

5. Financial Plan

Eligible Costs

The Act outlines several categories of expenditures that can be funded using tax increment revenues. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this plan pursuant to the Act. The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including, but not limited to, tax increment financing, and by undertaking certain activities and incurring certain costs. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, implementation and administration of the Redevelopment Plan and Project including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
2. The costs of marketing sites within the RPA to prospective businesses, developers and investors;
3. Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs 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;
5. Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
6. Costs of job training and retraining projects including the costs of “welfare to work” programs implemented by businesses located within the RPA;
7. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including 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 following completion and including reasonable reserves related thereto;
8. To the extent the City 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 this Redevelopment Plan;

9. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or by Section 74.4-3(n)(7) of the Act;
10. Payment in lieu of taxes as defined in the Act;
11. 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 the RPA; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City 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, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;
12. Interest costs 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 thirty percent (30%) of the annual interest costs incurred by the redeveloper with regard to the development project during that year;
 - c. If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, 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 thirty percent (30%) of the total of (i) cost paid or incurred by the redeveloper for the redevelopment project; (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act;
 - e. For the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, the percentage of seventy-five percent (75%) shall be substituted for thirty percent (30%) in subparagraphs 12b and 12d above;

13. Unless explicitly provided for in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
14. An elementary, secondary, or unit school district's increased per pupil tuition costs attributable to net new pupils added to the district living in assisted housing units will be reimbursed as further defined in the Act;
15. Instead of the eligible costs provided for in 12b, 12d, and 12e above, the City may pay up to 50 percent (50%) of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the 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 the Act; and
16. A library district's increased per patron costs attributable to net new persons eligible to obtain a library card living in assisted housing units as further defined in the Act.

If a special service area is established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

Estimated Redevelopment Project Costs

The estimated eligible costs of this Redevelopment Plan are shown in **Table 4** on the next page. The total eligible cost provides an upper limit on expenditures that are to be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest and other financing costs. Within this limit, adjustments may be made to specific line items without amendment to this Redevelopment Plan. Additional funding in the form of State and Federal grants, private developers contributions and other outside sources may be pursued by the City as a means of financing improvements and facilities which are of benefit to the general community.

Table 4: Estimated TIF Eligible Costs	
Project/Improvements	Estimated Project Costs
Professional Services (including analysis, administration, studies, surveys, legal, etc.)	\$290,000
Marketing of Sites	\$0
Property Assembly (including acquisition, site preparation, demolition, and environmental remediation)	\$4,960,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements	\$0
Public Works or Improvements (including streets and utilities, parks and open space, public facilities including schools & institutions)	\$0
Eligible Construction Costs (affordable housing construction costs)	\$0
Job Training, Retraining, Welfare-to-Work	\$0
Financing and Capital Costs	\$0
Relocation Costs	\$0
Payment in Lieu of Taxes	\$0
Interest Subsidy	\$0
TOTAL REDEVELOPMENT PROJECT COSTS [1]	\$5,250,000 [2] [3] [4]

[1] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs.

[2] Increases in estimated Total Redevelopment Project Costs of more than five percent (5%), after adjustment for inflation from the date of this Redevelopment Plan adoption, are subject to the Redevelopment Plan amendment procedures as provided under the Act.

[3] The amount of the Total Redevelopment Project Costs that can be incurred in the RPA will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the RPA only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the RPA, but will not be reduced by the amount of redevelopment project costs incurred in the RPA which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the RPA by a public right-of-way.

[4] The City may be required to pay increased school district and library costs pursuant to Section 65 ILCS 5/11-74.4-3(q)(7.5) of the Act, which may amount to \$6.5 million, per preliminary estimates. Increased school district and library costs are not included in Total Redevelopment Project Costs.

Adjustments to the estimated line item costs in **Table 4** are expected and may be made by the City without amendment to this Redevelopment Plan. Each individual project cost will be reevaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs because of changed redevelopment costs and needs.

Phasing and Scheduling of the Redevelopment

Each private project receiving tax increment revenue financing within the Lexington Club RPA shall be governed by the terms of a written redevelopment agreement entered into by a designated developer and the City and approved by the City Council. Where tax increment funds are used to pay eligible redevelopment project costs, to the extent funds are available for such purposes, expenditures by the City shall be coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). This Redevelopment Plan shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this redevelopment project area is adopted (by December 31, 2036, if the ordinances establishing the RPA are adopted during 2012).

Sources of Funds to Pay Costs

Funds necessary to pay for redevelopment project costs and/or municipal obligations which may be issued or incurred to pay for such costs are to be derived principally from tax increment revenues and/or proceeds from municipal obligations which have as a repayment source tax increment revenue. To secure the issuance of these obligations and the developer's performance of redevelopment agreement obligations, the City may require the utilization of guarantees, deposits, reserves, and/or other forms of security made available by private sector developers. The City may incur redevelopment project costs that are paid from the funds of the City other than incremental taxes, and the City then may be reimbursed for such costs from incremental taxes.

The tax increment revenue which will be used to fund tax increment obligations and eligible redevelopment project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase of the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the RPA over and above the certified initial equalized assessed value of each such property. Without the use of such incremental revenues, the RPA is not likely to redevelop.

Other sources of funds which may be used to pay for development costs and associated obligations issued or incurred include land disposition proceeds, state and federal grants, investment income, private investor and financial institution funds, and other sources of funds and revenues as the municipality and developer from time to time may deem appropriate.

The Lexington Club RPA may be or become contiguous to, or be separated only by a public right-of-way from, other redevelopment areas created under the Act (65 ILCS 5/11-74.4-4 et. seq.). The City may utilize net incremental property tax revenues received from the Lexington Club RPA to pay eligible

redevelopment project costs or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Lexington Club RPA made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Lexington Club RPA, shall not at any time exceed the total Redevelopment Project Costs described in **Table 4** of this Redevelopment Plan.

If necessary, the redevelopment plans for other contiguous redevelopment project areas that may be or already have been created under the Act may be drafted or amended as applicable to add appropriate and parallel language to allow for sharing of revenues between such districts.

Issuance of Obligations

To finance project costs, the City may issue bonds or obligations secured by the anticipated tax increment revenue generated within the Lexington Club RPA, or such other bonds or obligations as the City may deem as appropriate. The City may require the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligations. In addition, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within the time frame described under “Phasing and Scheduling of the Redevelopment” above. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City shall not exceed the amounts available from tax increment revenues, or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

In addition to paying redevelopment project costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs. To the extent that real property tax increment is not required for such purposes, revenues shall be declared surplus and become available for distribution annually to area taxing districts in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The purpose of identifying the most recent equalized assessed valuation (“EAV”) of the Lexington Club RPA is to provide an estimate of the initial EAV which the Kane County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Lexington Club RPA. The 2010 EAV (the most recent year in which assessed values and the equalizer were available) of all taxable parcels in the Lexington Club RPA is approximately \$2.06 million. This total EAV amount by PIN is summarized in **Appendix 2**. The EAV is subject to verification by the Kane County Clerk. After verification, the final figure shall be certified by the Kane County Clerk, and shall become the Certified

Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Kane County.

Anticipated Equalized Assessed Valuation

By tax year 2035 (collection year 2036), the EAV for the Lexington Club RPA is projected to be approximately \$25.0 million. This estimate is based on construction of a new moderate-density residential development on certain parcels in the Lexington Club RPA.

6. Required Findings and Tests

Lack of Growth and Private Investment

The City is required to evaluate whether the Lexington Club RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district.

The growth of property value in the Lexington Club RPA, as measured by the equalized assessed value, has lagged that of the balance of the City for seven of the last eight periods from 2002 through 2010. Furthermore, almost no new private investment has occurred in the Lexington Club RPA in the past five years; the only investment was the demolition of the blighted structures, undertaken between 2008 and 2011. The costs of demolition were estimated at approximately \$120,000, according to building permits provided by the City. This demolition and initial environmental remediation were undertaken by a private developer under the expectation that tax incremental financing would be available in the future to aid in the extraordinary costs of environmental remediation in the RPA. Without TIF assistance, redevelopment of the site is unlikely to occur, given the blighted conditions outlined in the Eligibility Analysis.

Finding: The Redevelopment Project Area (Lexington Club RPA) on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan.

But For...

The City is required to find that, but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the Lexington Club RPA.

Without the support of public resources, the redevelopment objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the Lexington Club RPA as a vibrant residential area are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. Major hazards due to significant environmental contamination throughout the RPA severely impact the redevelopment potential of the RPA.

Public resources to assist with environmental remediation and site preparation are needed to leverage private investment and facilitate area-wide redevelopment consistent with the City's comprehensive plan. The City's general fund does not have the financial capacity to make these improvements. TIF funds can be used to fund infrastructure improvements, environmental remediation, site assembly and preparation, building rehabilitation, and other related costs. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Finding: But for the adoption of this Redevelopment Plan, critical resources will be lacking that would otherwise support the redevelopment of the Lexington Club RPA and the Lexington Club RPA would not reasonably be anticipated to be developed.

Conformance to the Plans of the City

The Lexington Club RPA and Redevelopment Plan must conform to the comprehensive plan for the City, conform to the strategic economic development plans, or include land uses that have been approved by the City Council.

The 2007 Applied Composites Area Plan update to the City's 1996 comprehensive plan proposes medium-density residential development throughout the Lexington Club RPA, in addition to open space and park land. The Redevelopment Plan anticipates medium-density residential development and open space, thus conforming to the City's vision for the former Applied Composites site and greater Lexington Club RPA.

Dates of Completion

The dates of completion of the project and retirement of obligations are described in "Phasing and Scheduling of the Redevelopment" in Section 5 above.

Financial Impact of the Redevelopment Project

As explained above, without the adoption of this Redevelopment Plan and tax increment financing, the Lexington Club RPA is not expected to be redeveloped by private enterprise. Additionally, there is a genuine threat that conservation area and blighting conditions will continue to exist and spread, and that the entire area will become a less attractive place to maintain and improve existing buildings and sites. The lagging growth of property values also may lead to a decline of property values in surrounding areas and could lead to a reduction of real estate tax revenue to all taxing districts.

This document describes the comprehensive redevelopment program proposed to be undertaken in the Lexington Club RPA by the City to create an environment in which private investment can reasonably occur. The redevelopment program will assist in alleviating blighting conditions, creating new jobs, and promoting rehabilitation and redevelopment.

This Redevelopment Plan is expected to have short- and long-term financial impacts on the affected taxing districts. During the period when tax increment financing is utilized, real estate tax increment revenues from the increases in EAV over and above the certified initial EAV (established at the time of adoption of this document) may be used to pay eligible redevelopment project costs for the Lexington Club RPA. At the time when the Lexington Club RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the RPA will be distributed to all taxing district levying taxes against property located in the RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services and Program to Address Financial and Service Impact

In 1994, the Act was amended to require an assessment of any financial impact of a redevelopment project area on, or any increased demand for service from, any taxing district affected by the

redevelopment plan, and a description of any program to address such financial impacts or increased demand.

The City intends to monitor development in the area and, with the cooperation of the affected taxing districts, work to address any increased needs in connection with any particular development.

Given the preliminary nature of this Redevelopment Plan, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot accurately be assessed within the scope of this plan. The following major taxing districts presently levy taxes on properties within the Lexington Club RPA:

- Elgin College 509
- Kane County
- Kane County Forest Preserve
- St. Charles Cemetery
- St. Charles City
- St. Charles Library
- St. Charles Park District
- St. Charles School District 303
- St. Charles Township
- St. Charles Township Road District

Replacement of vacant sites with active and more intensive uses may result in additional demands on services and facilities provided by the taxing districts. At this time, no special programs are proposed for these districts. Should demand increase, the City will work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

7. Provisions for Amending Plan

This Redevelopment Plan and Project document may be amended pursuant to the provisions of the Act.

8. Commitment to Fair Employment Practices and Affirmative Action Plan

The City of St. Charles is an equal opportunity employer. As part of this Redevelopment Project and Plan, the City will work with any developers who assist in the redevelopment of the RPA to implement an effective affirmative action program that conforms to City policies and practices.

This program will ensure equal opportunity for all personnel regardless of race, color, religion, sex, age, marital status, order of protection status, military status, citizenship status, military discharge status, physical or mental disability unrelated to ability, nation of origin, sexual preference, creed or ancestry. This program will also meet standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees. All entities involved are responsible for conformance to the policy that is put in place.

Appendix 1: Boundary and Legal Description

Part of the Southwest Quarter of Section 27 and the Southeast Quarter of Section 28, Township 40 North, Range 8 East of the Third Principle Meridian, Kane County, Illinois, more particularly described as follows:

Beginning at the intersection of the centerline of Fifth Street as platted in the City of St. Charles with the South Line of a tract of land described in a warranty deed recorded June 4, 1886, in Book 243, Page 17; thence North 89°41'25" East 30.60 feet to the East Right of Way line of said street; thence South 11°41'01" East along said East Right of Way line 51.00 feet to the extended South Right of Way line of Mark Street; thence South 89°41'25" West along said South Right of Way line 331.48 feet to the intersection of said South Right of Way line and the East Right of Way line of Sixth Street; thence South 11°43'06" East along said East Right of Way line 383.57 feet; thence South 78°28'06" West 140.00 feet; thence South 11°43'06" East 19.85 feet, thence South 78°39'16" West 185.05 feet to the East Right of Way line of Seventh Street; thence South 11°33'41" East along said East Right of Way line 5.99 feet to the extended centerline of vacated Ryan Street recorded October 11, 1983 as Document 1648957; thence South 78°23'42" West along said extended centerline 242.00 feet to the West line of said vacated Ryan Street; thence South 11°33'41" East along said West line extended 160.00 feet; thence South 78°26'50" West 337.57 feet to the East Right of Way line of Ninth Street; thence South 00°55'11" East along said East Right of Way line 24.93 feet to the extended South line of Lot 16 of Millington's Third Addition to St. Charles recorded May 4, 1926 as Document 272865; thence South 89°41'25" West along said South line 192.01 feet to the Southwest corner of said Lot 16; thence South 00°55'11" East 8.82 feet, thence South 82°45'00" West 164.06 feet; thence North 60°19'00" West 332.49 feet; thence South 01°31'00" East 42.00 feet; thence North 64°34'00" West 370.90 feet; thence North 00°00'00" West 67.19 feet; thence South 90°00'00" West 175.00 feet; thence North 66°13'00" West 274.27 feet to the West Right of Way line of Twelfth Street; thence North 00°00'28" East along said West Right of Way line 512.12 feet to the South Right of Way line of the Chicago and Northwest Transportation Company, said line being coincident with the North line of Fox Meadow Estates recorded December 14, 1993 as Document 93K100653; thence North 89°11'00" West along said South Right of Way line 336.06 feet to the West line of said Southeast Quarter; thence North 00°00'28" East along said West line 100.01 feet to the North Right of Way line of the Chicago and Northwest Transportation Company, said line being coincident with the South line of Porter Business Park recorded September 25, 2006 as Document 2006K104660; thence South 89°11'00" East along said North Right of Way line 931.85 feet, thence North 01°07'05" West along said North Right of Way line 15.01 feet to a line coincident with Said North Right of Way line and the South line of Unit Number 1 Timbers recorded June 4, 1986 as Document 1774209; thence South 89°11'00" East along said North Right of Way line to the East line of Said Southeast Quarter; thence southerly along said East line to said South Right of Way line of the Chicago and Northwest Transportation Company said South Right of Way line being coincident with the North line of said tract; thence South 89°11'00" East along said South Right of Way line to the intersection of said South Right of Way line and the extended centerline of Fifth Street; thence South 11°41'01" East along said extended centerline 93.59 feet to the Point of Beginning.

Excepting therefrom the following described parcels:

Lots 12, 13, 14, and 15 of Block 5 of Millington's Third Addition to St. Charles, recorded May 4, 1926 as Document 272865, a subdivision being part of the Southwest Quarter of Section 27 and the Southeast

Quarter of Section 28, Township 40 North, Range 8 East of the Third Principle Meridian, in the City of St. Charles, Kane County, Il.

Said excepted parcels contain 0.636 acres, more or less.

Said parcel without the excepted 0.636 acres contains 44.965 acres, more or less.

**Appendix 2:
Summary of EAV (by PIN)**

Record	PIN	Final 2010 EAV
1	09-27-303-001	\$20,063
2	09-28-400-002	\$258,796
3	09-28-400-003	\$0
4	09-28-452-001	\$0
5	09-28-452-002	\$519,636
6	09-28-452-003	\$268,326
7	09-28-476-008	\$4,560
8	09-28-476-009	\$987
9	09-28-476-012	\$0
10	09-28-476-018	\$0
11	09-28-476-019	\$188,079
12	09-28-476-020	\$987
13	09-28-476-023	\$293,059
14	09-28-477-003	\$43,635
15	09-28-477-008	\$7,369
16	09-28-477-014	\$405,748
17	09-28-478-011	\$50,610
18	09-28-502-004	\$0