
**CITY OF AURORA
TIF REDEVELOPMENT PLAN
PROPOSED WEST FARNSWORTH TIF DISTRICT NO. 7**

"Redevelopment plan" means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

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in conjunction with
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L. INTRODUCTION

The City of Aurora (the "City") is located in portions of four (4) counties including Will, Kane, DuPage and Kendall County, Illinois. It is an established community which is bordered by Naperville, Montgomery, Sugar Grove, North Aurora and Batavia.

In this report, the City proposes a Tax Increment Financing Redevelopment Plan to assist an area in overcoming a number of redevelopment barriers. Kane, McKenna and Associates, Inc. (KMA) has been retained by the City of Aurora to conduct an analysis of the potential qualification and designation of the area as a Tax Increment Financing ("TIF") District, and to assist the City in drafting the TIF Redevelopment Plan.

TIF Plan Requirements. The City is completing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the "Act") 65 ILCS 5/11-74.4-3, et. seq., as amended. To establish a TIF district (otherwise known as the Redevelopment Project Area ("RPA")), Illinois municipalities must adopt several documents, including a TIF Redevelopment Plan and Eligibility Report.

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

By definition, a TIF "Redevelopment Plan" means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualify the redevelopment project area as a "blighted area," "conservation area" (or combination thereof), or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act.

Community Background. The City of Aurora was established in 1837. The municipality became a vibrant, fast growing suburban community, reaching a population of 197,899 according to the 2010 census data.

The City has a number of important assets that create an economically competitive environment for businesses and desirable location for residents. Because of its proximity to Chicago and nearby western suburbs, it has an excellent location and access to important amenities. The cities bordered by Naperville to the East, Montgomery to the South, Sugar Grove to the West and North Aurora to the North.

The City is accessible through five interchanges on the East/West Tollway Corridor. Corporate offices and commercial growth on the City's east and west sides continue to expand the City's boundaries. The boundary of the City stretches from Route 59 on the east to and beyond Orchard Road on the west. The Far East Side of the City includes the regional Westfield Shopping Center at Fox Valley (formerly known as Fox Valley Mall) and residential areas. According to the City the far east side is projected to house 60,000 people within the next twenty years. The City extends into four counties, Kane, DuPage, Kendall and Will including six school districts and seven townships within the city limits. There are historic districts and a large number of individual landmark designations for many of the City's buildings.

The City is easily accessible from the neighboring suburbs and the City of Chicago via Interstate 88.

Despite its potential advantages, many parcels in the area are underutilized. The proposed TIF District as a whole suffers from a variety of economic development impediments as identified in the TIF Act, such as lag in EAV, lack of community planning, inadequate utilities, and obsolescence. In comparison to the balance of City taxable value, the proposed TIF district property valuations have lagged behind the City's annual growth rates. The TIF Qualification Report (Section V) identifies other impediments to redevelopment.

The TIF area has the potential for redevelopment of certain underutilized properties. Such redevelopment would build upon locational advantages and established commercial uses. As such, the City has identified a number of objectives for redevelopment, with tax increment financing acting as a tool to achieve them. Please refer to Section III of this report for additional information about the goals, objectives and activities to support redevelopment.

The Proposed TIF District. The proposed RPA (the improved portion) consists of forty-six (46) tax parcels and adjacent right of ways and included within that area are seventeen (17) buildings. The vacant portion of the proposed RPA includes two tax parcels. The proposed TIF District is located adjacent to the City's TIF No. 2.

The proposed RPA includes retail, industrial commercial and limited residential uses. The RPA is generally bounded by Mitchell Road and Church Road to the west, Interstate-88 to the south, Farnsworth Avenue to the east, and Bilster Road and Corporate Boulevard to the north. Adjacent right of ways are also included. The proposed TIF District suffers from a variety of economic development impediments, as identified in the TIF Act. Section V of the *TIF Eligibility Report* (see Appendix 5) report identifies the following impediments to redevelopment for the improved portion:

- Age
- Lack of Community Planning
- Lagging growth in EAV, in comparison to the City as a whole
- Obsolescence
- Inadequate Utilities

- Deleterious Land Use or Layout
- Deterioration

Section V of the TIF Eligibility Report (see Appendix 5) report also identifies the following impediments to redevelopment of the vacant portion:

- Chronic flooding

The combination of these factors limits the opportunities for private reinvestment within and around the RPA. Such factors potentially suppress the value of future development and weaken the potential for business growth – limiting employment and contributing to the lack of sustained investment in the area.

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

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

The City does not anticipate that area as a whole would be developed in a coordinated manner without the adoption of the TIF Redevelopment Plan. The City, with the assistance of KMA, has therefore commissioned this Plan to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will lay the foundation for the redevelopment of the area with private capital. This in turn will set the stage for future retail, commercial and mixed use opportunities surrounding the area.

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

- Enhancing area appearance through improvements to landscape, streetscape and signage;
- Establishing a pattern of land-use activities that will increase efficiency and economic inter-relationships, especially as such uses complement adjacent mall uses and/or future commercial and institutional opportunities and City redevelopment projects within the RPA and/or surrounding area;
- Coordinating land assembly in order to provide sites for redevelopment;
- Providing infrastructure that supports subsequent redevelopment plans for the RPA; and
- Entering into redevelopment agreements in order to redevelop property and/or to induce new development to locate within the RPA.

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

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

- That the RPA as a whole has not been subject to growth and development through investment by private enterprise;
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken;
- To alleviate the adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas;
- That public/private partnerships are determined to be necessary in order to achieve development goals;
- That without the development focus and resources provided for under the Act and as set forth in this Plan, growth and development would not reasonably be expected to be achieved;
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing

districts, because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment; and

It is further found, and certified by the City, in connection to the process required for the adoption of this Plan pursuant to the Act, that the projected redevelopment of the RPA would not result in the displacement of ten (10) inhabited residential units or more, and that the RPA contains fewer than seventy-five (75) inhabited residential units. Therefore, *this Plan does not include a Housing Impact Study.*

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

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

II. RPA LEGAL DESCRIPTION

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

III. RPA GOALS AND OBJECTIVES

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

General Economic Development Goals of the City. Establishment of the proposed RPA supports the following City-wide objectives enunciated in the *Comprehensive Plan* that would directly determine future economic development activities and influence the parameters of future redevelopment projects.

Specific Objectives and Strategies for the RPA. The general goals for economic development cited above would be supported by specific objectives, strategies and performance measures that would "drive" the redevelopment activities undertaken within the proposed RPA.

TIF designation would allow the City to pursue the following objectives within the RPA:

- o Encourage mixed-use commercial, retail, and industrial development by facilitating the assembly, preparation and marketing of improved and vacant sites, and assisting private developers to assemble suitable sites for modern development needs;
- o Foster the replacement, repair, and/or improvement of infrastructure, where needed, including streets, curbs, gutters and underground water and sanitary systems in order to facilitate redevelopment;
- o Coordinate redevelopment along Farnsworth Avenue, Biller Road, and along Corporate Boulevard and Church Road;
- o Develop the area in relationship to the traffic system for improved accessibility to the area;
- o Coordinate redevelopment efforts with adjacent uses including the Premium Outlet Mall thus enhancing the redevelopment potentials..

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

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

- o Facilitating the preparation of improved and vacant sites, while assisting private developers who would assemble suitable sites for modern development needs;

- o Coordinate site preparation to provide additional land for new development, as appropriate;
- o Fostering the replacement, repair, and/or improvement of infrastructure, including (as needed) sidewalks, streets, curbs, gutters and underground water and sanitary systems to facilitate the construction of new development within the RPA;
- o Facilitating the provision of adequate on- and off-street parking within the RPA; and/or
- o Coordinating development in tandem with any transportation system upgrades to make the area more accessible.

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

Examples of TIF Performance Measures

Measure	Examples
Input	Public investment (\$) Private investment (\$) Acres of land assembled for TIF Bond proceeds
Output/Workload	Jobs created or retained Number of streetscaping fixtures installed Commercial space created (square feet)
Efficiency	Leverage ratio (private investment / public investment) Cost per square foot of commercial space Public subsidies per job created/retained
Effectiveness	% change in assessed value (AV) in TIF versus AV in rest of City % change in AV within TIF before and after TIF creation Municipal sales taxes before and after TIF creation
Risk	Debt coverage ratio Credit ratings of anchor tenants Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

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

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

Evidence of the Lack of Development and Growth within the RPA. As documented in Appendix 5 of this Plan, the RPA has suffered from the lack of development and would qualify as a conservation (improved portion) and blighted area (vacant portion). In recent years, the area has not benefited from sustained private investment and/or development. Absent intervention by the City, properties within the RPA would not be likely to gain in value.

The proposed RPA exhibits various conditions which, if not addressed by the City, would eventually result in blight. For example, property improvements reflect lagging EAV and obsolescence. These various conditions discourage private sector investment in business enterprises.

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

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

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

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

V. TIF QUALIFICATION FACTORS PRESENT IN THE RPA

Findings. The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district under the Act. Refer to the TIF Qualification Report, attached as Appendix 5 in this Plan.

Eligibility Survey. Representatives of KMA and City staff evaluated the RPA from November 2010 to the date of this Plan. Analysis was aided by certain reports obtained from the City, reports from City engineering consultants, Township Assessor, Kane County data, on-site due diligence, site surveys of the area and other sources. In KMA's evaluation, only information was recorded which would help assess the eligibility of the proposed area as a TIF District.

VI. REDEVELOPMENT PROJECT

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

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

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

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

Site Preparation, Clearance, and Demolition

Property within the RPA may be acquired and improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment.

Land Assembly

Certain properties in the RPA (or the entire RPA) may be acquired, assembled and reconfigured into appropriate redevelopment sites. It is expected that the City would facilitate private acquisition through reimbursement or write-down of related costs, or directly acquire land as needed for redevelopment activities. Relocation may also be required and the City would conform to the provisions of the Act.

Public Improvements

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

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems, roadways, and traffic-related improvements;
- Parking facilities (on grade and parking structures); and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation

The City may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to City code provisions. Improvements may include exterior and facade-related work as well as interior-related work. Certain taxing district capital costs if applicable, may also be funded pursuant to the Act, if necessary, and as provided for in the Act.

Interest Rate Write-Down

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

Job Training

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

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

School and Library District Costs

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

General Land Use Plan. As noted in Section 1 of this report, the proposed RPA currently contains primarily industrial, commercial, and retail uses.

Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates intended land uses in the Redevelopment Project Area. Future land uses would include retail, commercial, industrial, and mixed uses and would conform to the Zoning Ordinance and the City's Comprehensive Plan as either may be amended from time to time.

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

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

- (1) *Professional Service Costs* – Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and

after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;

- > The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
- > Annual administrative costs shall *not* include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
- > In addition, redevelopment project costs shall *not* include lobbying expenses;

(2) *Property Assembly Costs* – Costs including but not limited to acquisition of land and other property (real or personal) or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

(3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;

(4) *Public Works* – Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (g) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was

adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;

- (5) *Job Training* -- Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (6) *Financing Costs* -- Costs including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;
- (7) *Capital Costs* -- To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;

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

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

(9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (f) of the Act;

(10) *Payment in lieu of taxes;*

(11) *Other Job Training* – Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

(12) *Developer Interest Cost* – Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (A) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (B) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
- (C) if there are not sufficient funds available in the special tax allocation fund to make the payment then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (D) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;

boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the Act shall be available for the purposes of this subsection. (b) For any school district with a population in excess of 1,000,000, additional state aid as defined in Section 14.8-05 of the School Code attributable to these added new students subject to the 50% limitation on the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (c) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

(E) the cost limits set forth in subparagraphs (B) and (D) of paragraph shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act. The percentage of 75% shall be substituted for 30% in subparagraphs (B) and (D).

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

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

² The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (1) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of those units shall be the responsibility of the municipality. The municipality shall be responsible for ensuring that the current owner of the property, for ownership units, the guidelines will provide, at a minimum, for a reasonable number of units to be occupied by low-income households and very low-income households. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

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

Projected Redevelopment Project Costs. Estimated project costs are shown in Exhibit 4 below. Adjustments to estimated line-item costs below are expected and may be made without amendment to the Redevelopment Plan. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act.

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

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

RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition and Relocation	\$40,000,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	16,000,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements) and Parking/Facilities and Parking Structures	16,500,000
Rehabilitation of Existing Structures	5,000,000
Interest Costs Pursuant to the Act	5,000,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	10,500,000
Job Training	1,000,000
Statutory School and Library District Payments	500,000
TOTAL ESTIMATED TIF BUDGET	94,500,000

Notes:
 (1) All project cost estimates are in 2011 dollars. Costs may be adjusted for inflation per the TIF Act.
 (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
 (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of the line-items set forth above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA – provided the total amount of payment for eligible redevelopment project costs shall not exceed the overall budget amount outlined above.

Sources of Funds to Pay Redevelopment Project Costs. Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from incremental property tax revenues, proceeds from municipal obligations to be retired primarily with such revenues, and interest earned on resources available but not immediately needed for the Plan. In addition, pursuant to the TIF Act and this Plan, the City may utilize net incremental property tax revenues received from other contiguous RPAs to pay eligible redevelopment project costs or obligations issued to pay such costs in contiguous project areas (Contiguous RPAs include areas separated only by a public right of way or forest preserve property, all as set forth in the Act). This would include contiguous TIFs that the City may establish in the future. (Conversely, incremental revenues from the TIF may be allocated to any contiguous TIF Districts.)

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

The incremental tax revenues which will be used to pay debt service on the municipal obligations (if any) and to directly pay redevelopment project costs shall be the incremental increase in property taxes. The property tax increment would be attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA – over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2010 tax year for the RPA.

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

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

Any and all obligations issued by the City pursuant to this Plan and the Act shall be retired not later than December 31 of the year in which payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the 23rd calendar year after the year in which the ordinance approving the RPA is adopted. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

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

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

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

Most Recent Equalized Assessed Valuation for the RPA. It is anticipated the estimated Base EAV for establishment of the RPA will be the 2010 EAV and the 2010 EAV is estimated to be \$13,212,142.

Anticipated Equalized Assessed Valuation for the RPA. Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA would increase to approximately \$120,000,000 to \$125,000,000 depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

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

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

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

➤ **Public Safety-Related Infrastructure:** Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.

➤ **School District and Library District Costs:** Provide for the payment of such costs pursuant to the requirements of the TIF Act.

➤ **Interest Costs Coverage:** The City may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

➤ **Professional Services:** The City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City may reimburse itself from annual tax increment revenue if available.

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

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

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

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

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

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

VIII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

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

APPENDIX 1

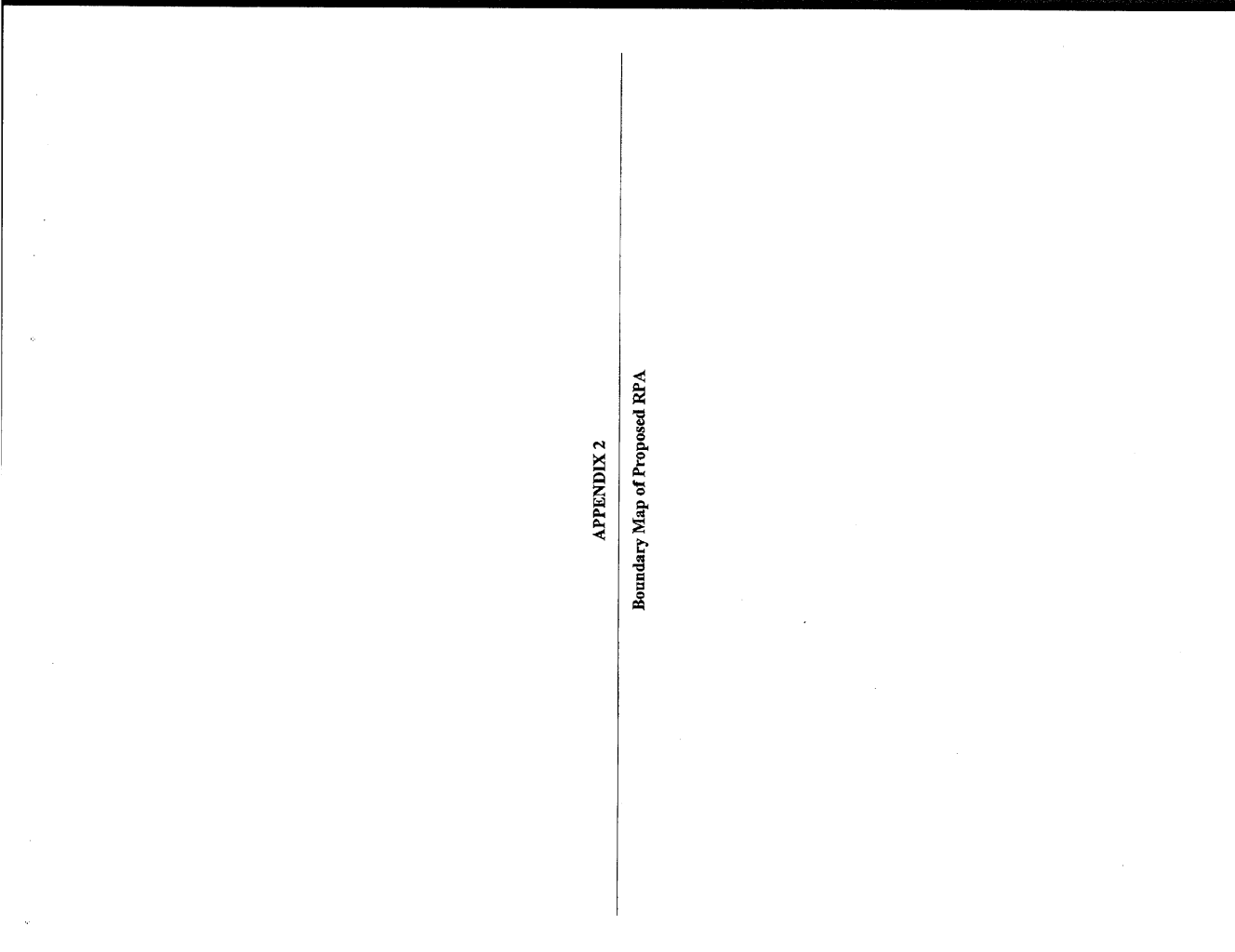
Legal Description of Project Area

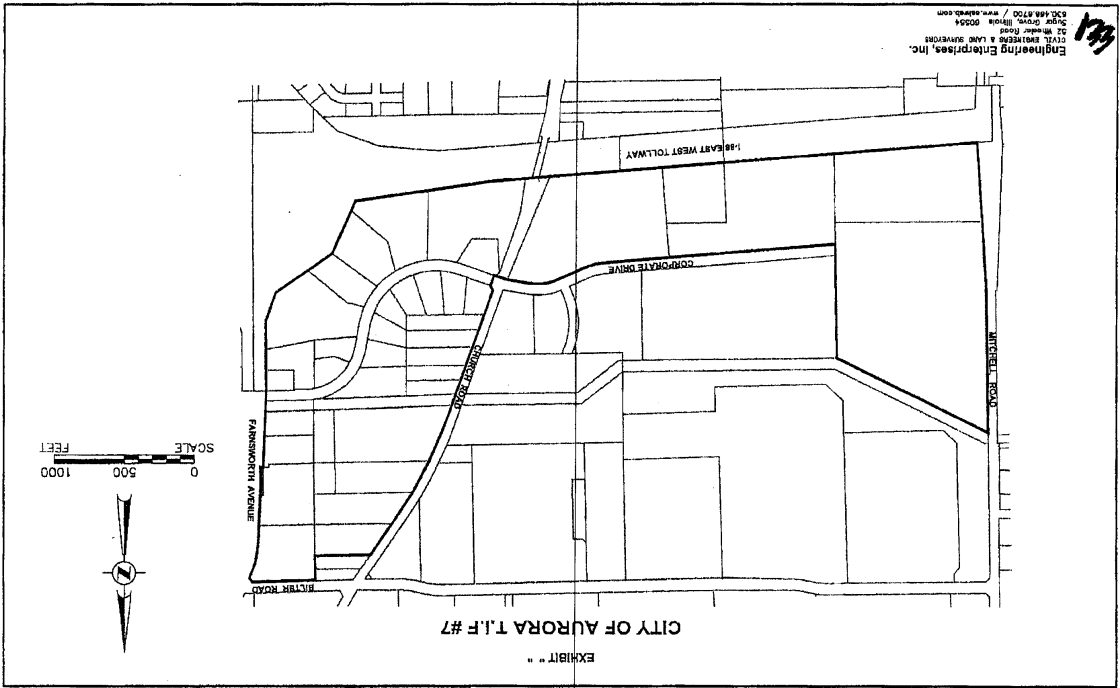
LEGAL DESCRIPTION

THAT PART OF SECTIONS 1 AND 2 IN TOWNSHIP 38 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF AURORA, KANE COUNTY, ILLINOIS DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHERLY MOST SOUTHEASTERLY CORNER OF LOT 7 IN FARNSWORTH CENTER FOR BUSINESS; THENCE NORTHERLY ALONG THE EAST LINE OF SAID FARNSWORTH CENTER FOR BUSINESS AND THE WESTERLY LINE OF FARNSWORTH AVENUE TO THE SOUTHWESTERLY CORNER OF FARNSWORTH AVENUE AND BILTER ROAD; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID CORNER, 36.44 FEET TO THE SOUTH LINE OF BILTER ROAD; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE WESTERLY LINE OF A PARCEL OF LAND HAVING A P.I.N. OF 15-02-200-044 AND DESCRIBED IN DOCUMENT 2008K091084; THENCE SOUTH ALONG SAID WEST LINE TO THE NORTH LINE OF A PARCEL OF LAND HAVING A P.I.N. OF 15-02-200-039 AND DESCRIBED AS PARCEL 2 IN DOCUMENT 2009K076817; THENCE WESTERLY ALONG SAID NORTH LINE TO THE EAST LINE OF CHURCH ROAD; THENCE SOUTHERLY ALONG SAID EAST LINE TO THE NORTHERLY MOST CORNER OF LOT 9 IN FARNSWORTH CENTER FOR BUSINESS; SAID POINT BEING ON THE SOUTHERLY LINE OF CORPORATE BOULEVARD; THENCE WESTERLY TO THE NORTHERLY MOST NORTHEAST CORNER OF LOT 2 IN CHURCH CORPORATE PARK RESUBDIVISION NUMBER 1; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID CORPORATE BOULEVARD TO THE SOUTHWEST CORNER OF SAID CORPORATE BOULEVARD, SAID CORNER ALSO BEING ON THE EAST LINE OF A PARCEL OF LAND DESCRIBED IN DOCUMENT 2004K044751; THENCE NORTH ALONG THE EAST LINE OF SAID PARCEL TO THE NORTHEAST CORNER OF SAID PARCEL; THENCE NORTHWESTERLY ALONG THE NORTHERLY LINE OF SAID PARCEL TO THE EASTERLY LINE OF MITCHELL ROAD; THENCE SOUTHERLY ALONG SAID EASTERLY LINE TO THE NORTHERLY LINE OF I-88 EAST-WEST TOLLWAY RIGHT OF WAY; THENCE EASTERLY ALONG SAID NORTHERLY LINE TO THE SOUTHERLY MOST SOUTHEASTERLY CORNER OF LOT 7 IN FARNSWORTH CENTER FOR BUSINESS; AND THE POINT OF BEGINNING. ALL IN THE CITY OF AURORA, KANE COUNTY, ILLINOIS.

APPENDIX 2

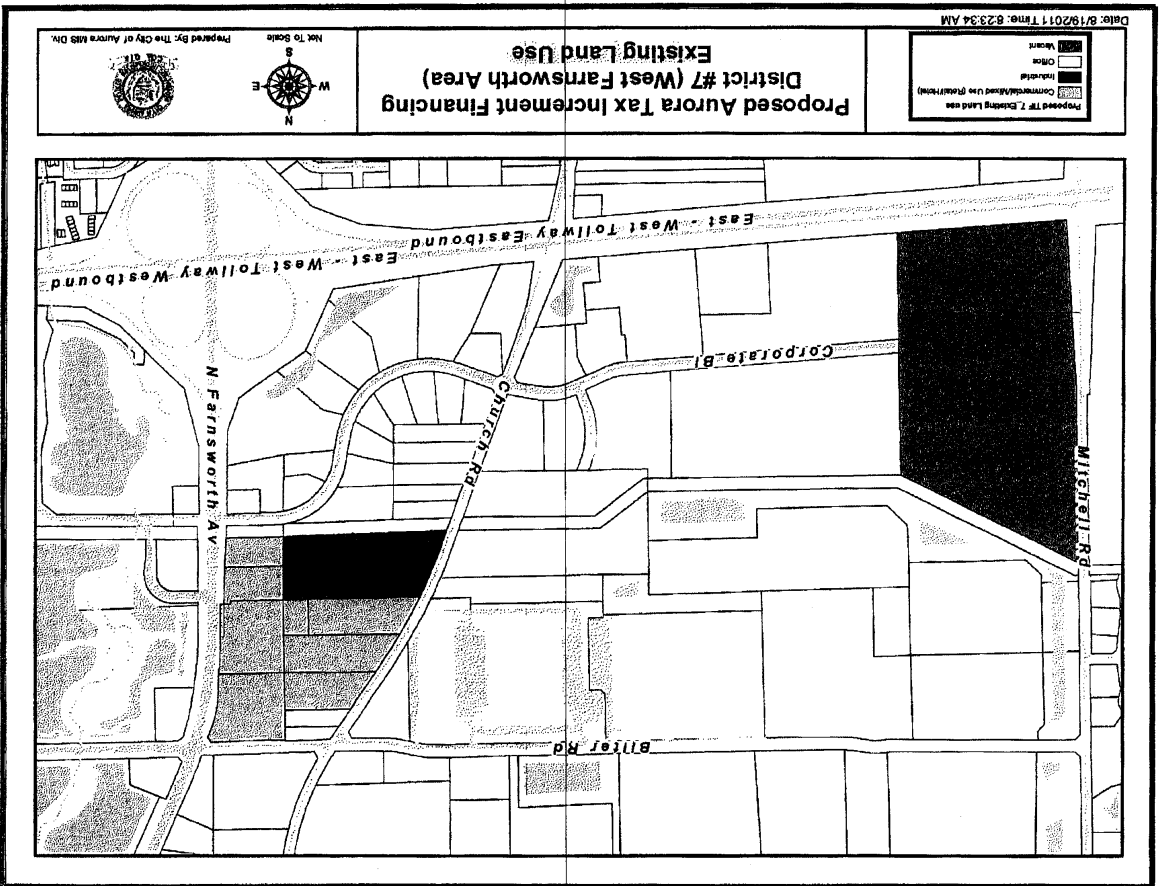
Boundary Map of Proposed RPA





APPENDIX 3

Existing Land Use Map of RPA



Date: 8/19/2011 Time: 8:23:34 AM

**Proposed Aurora Tax Increment Financing
District #7 (West Farnsworth Area)
Existing Land Use**

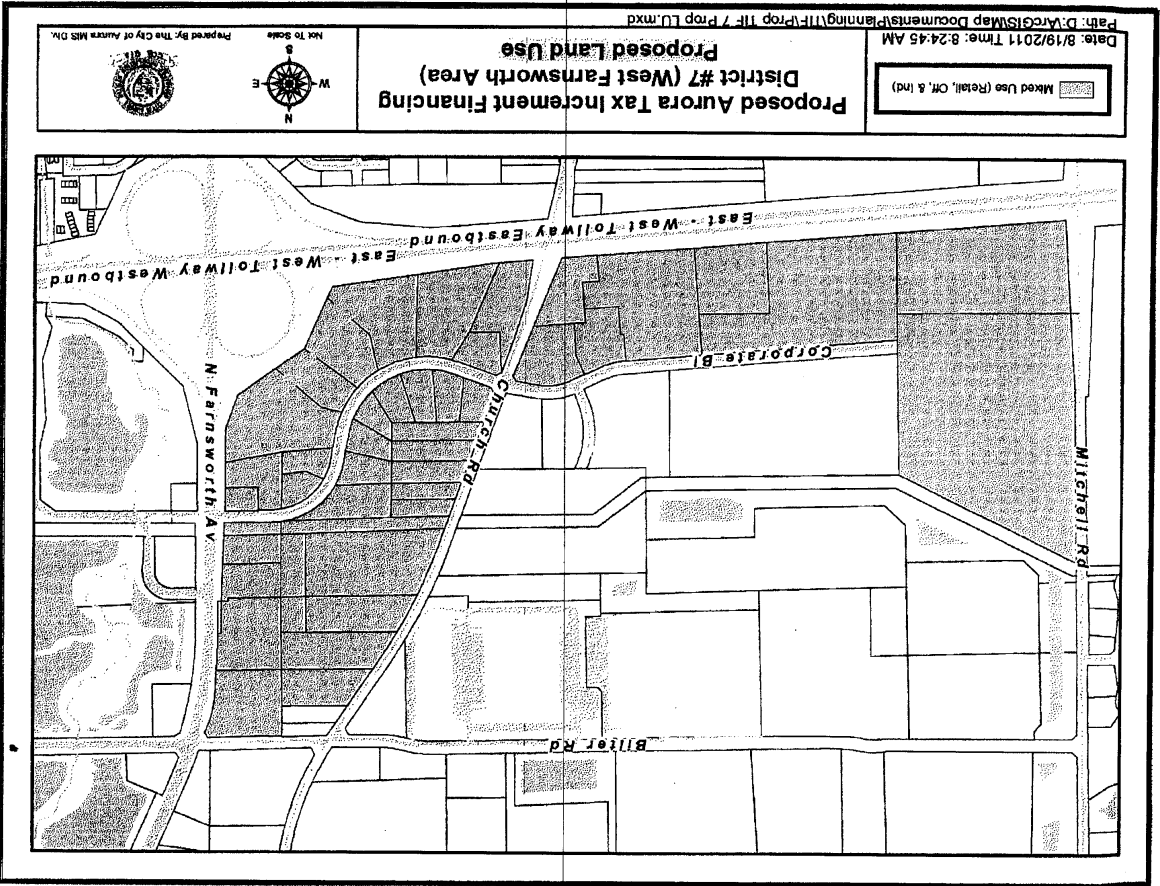
Prepared By: The City of Aurora GIS DIV.
Not To Scale



- Proposed TR 2 Existing Land use
- Commercial Use (Residential)
- Industrial
- Office
- Water

APPENDIX 4

Future Land Use Map of RPA



APPENDIX 5

TIF Qualification Report

Prepared by Kane, McKenna and Associates

**CITY OF AURORA
TIF QUALIFICATION/DESIGNATION REPORT
PROPOSED TIF DISTRICT: NO. 7 –
WEST FARNSWORTH AREA**

A study to determine whether a portion of an area located in the City of Aurora qualifies as a "blighted area" and a portion of the same area qualifies as a "conservation area" as set forth in the definitions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

Prepared For: City of Aurora, Illinois

Prepared By: Kane, McKenna and Associates, Inc.

November, 2011

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EXHIBIT 1: PARCEL INFORMATION
EXHIBIT 2: BOUNDARY MAP

I. INTRODUCTION AND BACKGROUND

The purpose of this Eligibility Report is to identify the criteria for establishing a Redevelopment Project Area ("RPA") by means of "blighted area" and "conservation area" qualification factors, as defined by the Tax Increment Allocation Redevelopment Act (the "Act") (65 ILCS 5/11-74.4-1, et seq).

The Act has been established to assist Illinois municipalities with the tools to "promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas". (65 ILCS 5/11-74.4-2(b)).

In the context of planning for the proposed RPA within the boundaries legally described in Exhibit 1 and in the map attached hereto as Exhibit 2 (the "RPA"), the City of Aurora (the "City") has authorized the study of the RPA within the boundaries described in the map attached hereto in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing District (the "TIF"). Kane, McKenna and Associates, Inc. ("KMA"), has agreed to undertake the study of the RPA.

The RPA is generally bounded by Mitchell Road to the west, Interstate-88 to the south, Farnsworth Avenue to the east, and Bilter Road and the boundaries of TIF No. 2 to the north. Adjacent right of ways are also included.

The qualification factors discussed within this Report qualify the vacant portion of the RPA as a "blighted area" and the improved portion of the RPA as a "conservation area", as those terms are hereinafter defined pursuant to 65 ILCS 5/11-74.4-3 et seq., as amended. The "vacant" portion includes property located east of Mitchell Road, and the "improved" portion includes the remainder of the properties as described in the previous paragraph.

The entire RPA also possesses the need for infrastructure improvements. In order to accommodate new or increased uses within the area, upgrades of sewer services may be needed. The area's roadways, walkways and ingress and egress also need improvement if new mixed-use commercial, retail, and industrial developments are to occur. The City believes that a TIF District designation will be essential as part of the strategy to address these issues.

OBJECTIVES

Several objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Encourage mixed-use commercial, retail, and industrial development by facilitating the assembly, preparation and marketing of improved and vacant sites, and assisting private developers to assemble suitable sites for modern development needs;
2. Foster the replacement, repair, and/or improvement of infrastructure, where needed, including streets, curbs, gutters and underground water and sanitary systems in order to facilitate redevelopment;
3. maximize redevelopment along Farnsworth Avenue and along Corporate Boulevard.
4. Develop the area in relationship to the traffic system for improved accessibility to the area.
5. Coordinate redevelopment efforts with adjacent uses including the Premium Outlet Mall thus enhancing the redevelopment potentials.

Given City goals for the Farnsworth area and the conditions briefly described above, the City has made a determination that it is highly desirable to promote the redevelopment of the RPA. Without an implementation plan for redevelopment, City officials and staff believe current properties will remain underutilized. The City intends to create and implement such a plan in order to increase tax revenues associated with the RPA and to increase the community's tax base.

Given the conditions of the RPA, the City is favorably disposed toward supporting redevelopment efforts. However, the City is determined that redevelopment take place through the benefit and guidance of comprehensive economic planning by the City. Through this coordinated effort, the area is expected to improve. Development barriers, inherent with current conditions, which impede economic growth under existing market standards, are expected to be eliminated.

The City has determined that redevelopment currently planned for the RPA may only be feasible with public financial assistance. The creation and utilization of a TIF District redevelopment plan is intended by the City to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the area.

The use of TIF relies upon induced private redevelopment in the RPA creating higher real estate value that would otherwise decline or stagnate without such investment, leading to increased property taxes compared to the previous land-use (or lack of use). In this way the existing tax base for all tax districts is protected and a portion of future increased taxes are pledged to attract the needed private investment.

II. QUALIFICATION CRITERIA USED

With the assistance of City staff, KMA examined the RPA from November, 2010 to the present and reviewed information collected for the area to determine the presence or absence of appropriate qualifying factors listed in the Act. The relevant sections of the Act, for this RPA, include in the following.

The Act sets out specific procedures, which must be adhered to in designating a redevelopment project area. By definition, a "Redevelopment Project Area" is: "an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted area and conservation area."

The Act defines a "conservation area" as follows:

"Conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors may be considered as a "conservation area":

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

(E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies: The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

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

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

(J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

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

(L) Lack of Community Planning: The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

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

The Act states that, "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

(1) If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area (65 ILCS 5/11-74.4-3(a));

(A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration: With respect to buildings, defects 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 limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies: The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

(G) Lack of Ventilation, Light or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

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

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of

the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

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

(L) Lack of Community Planning: The redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

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

(2) If vacant, the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

(B) Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

(C) Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.

(D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

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

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

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

- (A) The area consists of one or more unused quarries, mines, or strip mine ponds.
- (B) The area consists of unused railyards, rail tracks, or railroad rights-of-way.
- (C) The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.
- (D) The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.

(E) Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or City center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

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

The vacant portion of the RPA was examined as a "blighted area" by the definition of the Act. The detailed definition of a "blighted area" is located at the beginning of Section II. The improved portion of the RPA was examined as a "conservation area" by the definition of the Act.

III. THE PROPOSED RPA

The RPA is generally bounded by Mitchell Road to the west, Interstate-88 to the south, Farnsworth Avenue to the east, and Bilker Road and the boundaries of TIF No. 2 to the north. Adjacent right of ways are also included.

The RPA is located adjacent to the City's TIF No. 2.

The improved portion of the RPA includes approximately forty-six (46) tax parcels and adjacent right of ways. The area includes approximately seventeen (17) buildings.

The vacant portion of the RPA includes two (2) tax parcels and approximately 44 acres, not including right-of-ways.

IV. METHODOLOGY OF EVALUATION

In evaluating the RPA's potential qualification as a TIF District, KMA reviewed the area in its entirety and utilized the following methodology:

- 1) Site surveys of the RPA were undertaken by representatives from KMA. Site surveys were completed for each tract of land (based upon tax plat blocks), within the area.
- 2) Exterior evaluation of structures, noting such conditions as lack of community planning, obsolescence, deleterious layout and land-use was completed. Additionally, tax levy years 2004 through 2010 Equalized Assessed Valuation ("EAV") information from the Kane County Clerk's Office, site photographs, site data, local history (discussions with City staff), review with City consulting engineers, and an evaluation of area-wide factors that have affected the area's development (Refer to Section V.). City redevelopment goals and objectives for the area were also reviewed with City staff.
- 3) Existing site conditions were initially surveyed only in the context of checking to the best and most reasonable extent available, criteria factors of specific site conditions on the parcels. The area was studied in relation to review of available economic development planning reports, City ordinances, tax levy years 2004 through 2010 EAV information from the Aurora Township Assessor's Office and the Kane County Clerk's Office and City records, tax parcel tax maps, site photos, site data, local history (discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (Refer to Section V.).
- 4) The RPA was examined to assess the applicability required for qualification for TIF designation under the Act.

V. QUALIFICATION OF RPA FINDINGS OF ELIGIBILITY

As a result of KMA's evaluation of each parcel in the TIF District, an analysis of each of the eligibility factors summarized in Section II, it has been determined that the following factors are present to support qualification of the RPA as a "conservation area" for an improved property area and the vacant area or "blighted area".

Area Within Proposed RPA	Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualification Factors Present in Proposed RPA
Conservation area (Improved)	13	3	6* <ul style="list-style-type: none"> • Lag in EAV Growth • Inadequate Utilities • Lack of Community Planning • Deteriorous Land Use • Deterioration • Obsolescence
Blighted (Blighted-Vacant)	6	1	<ul style="list-style-type: none"> • Chronic Flooding (Stand Alone Factor)

IMPROVED AREA FACTORS – CONSERVATION AREA

The improved portion of the RPA is found to qualify as a "conservation area" for an improved property area in the Act. The improved area includes all parcels except for the tax parcels adjacent to Mitchell Road. The following factors apply to the improved tax parcels.

1) Age

"Conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors may be considered as a "conservation area":

Ten (10) of the seventeen (17) structures are 35 years old or greater based upon Aurora Township Assessor's data. Fifty nine percent (59%) of the structures are found to be 35-years of age or older.

2) Lack of Community Planning

Lack of Community Planning refers to "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".

The improvements were largely developed before the City's Comprehensive Plan was adopted and recently amended. Some of these are commercial buildings that include features that are inadequate in relation to contemporary development standards require coordination, as well as curb cuts and internal traffic circulation (including the motel parcels and adjacent commercial uses). Access will need to be coordinated as part of proposed redevelopment plans in relation to circulation and potential shared access points as part of any redevelopment including the extension of Corporate Boulevard and improvements to Church Road. Industrial parcels in the central portion of the RPA about commercial and residential uses, and provisions for coordinated truck traffic and access/egress need review.

The area as a whole demonstrate the results of the lack of community planning. The absence of coordinated parking for sites, the lack of buffering and the need for updated traffic planning, and the age of the structures all reinforce the fact that the area was developed without benefit of modern, comprehensive community planning.

Also lacking until recent years has been effective and sustained economic development plans and strategies intended to address the coordinated redevelopment of the entire Proposed RPA. This is not to necessarily say that improvements did not take place over the years, but that they were implemented without the guidance of a coordinated plan directed toward long-term benefit of the area including coordination with the adjacent outlet mall uses.

3) *Lag in Equalized Assessed Value*

"Lag in Equalized Assessed Valuation" growth refers to: "The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or 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 four (4) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated".

The total Equalized Assessed Value ("EAV") of the improved portion of the RPA increased at an annual rate that lagged behind the balance of the City's EAV for three (3) of the last five (5) years.

Year	TIF Improved Area EAV	Percent Increase	Balance of the City's EAV	Percent Increase
2010	\$13,212,142	-2.33%	\$3,925,929,598	-5.93%
2009	\$13,526,695	-8.01%	\$4,173,541,701	-0.78%
2008	\$14,704,254	13.24%	\$4,206,142,271	5.14%
2007	\$12,985,106	6.62%	\$4,000,586,163	8.19%
2006	\$12,178,756	-0.58%	\$3,697,820,255	7.51%
2005	\$12,249,858	0.67%	\$3,439,462,077	8.38%

Source: Kane County Clerk's Office and Aurora Township Assessor's Office.

4) *Obsolescence*

Obsolescence is defined as the condition or process of falling into disuse. This can also be defined as a structure(s) that has become ill-suited for its original use.

Functional obsolescence is present due to the RPA's poor layout and building orientation. Many of the buildings and the sites themselves contain characteristics, which limit the usefulness and marketability of the area and exhibit characteristics that are obsolete in relation to modern development standards. Portions of the area suffer from poor design and layout which is manifested in several instances, one of which being a lack of parking (or positioning of parking in relation to street traffic) and coordination of multiple (often different) uses that border each other. Many of the area's buildings lack adequate loading and buffering provisions. Because of these factors, the area's overall usefulness and desirability for redevelopment is significantly limited for modern day redevelopment. Approximately fifty nine (59%), of the buildings were found to be 35 years of age or older.

The area as a whole has demonstrated a growth rate that is less than the balance of the City over the last five (5) years in which data has been available.

5) *Inadequate Utilities*

Inadequate utilities can be defined as underground and overhead utilities such as storm sewers, storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: of insufficient capacity to serve the uses in the RPA, deteriorated, antiquated, obsolete or in disrepair or are lacking within the RPA.

Existing Corporate Boulevard west of Farnsworth is a 39 foot wide from back of curb to back of curb, approximately 5000 lineal feet and in good condition. The extension of Corporate Boulevard from the existing west terminus to Mitchell Road will be required as part of the development of the property. This extension will provide secondary emergency access as well as better traffic movement for the existing and future business parks.

Church Road is classified as a major collector, however, the existing roadway from about 200 feet south of Butterfield Road to L-88 is a two lane rural cross section. The City intends to improve Church Road to a 3 lane curb and gutter roadway. This would require right-of-way acquisition and full roadway improvements including storm sewer, stormwater management, landscaping, sidewalk and turn lanes and these additional costs have detained redevelopment to date.

The section of Mitchell Road along the western perimeter is under the jurisdiction of the Village of North Aurora per an existing Intergovernmental Agreement. The current road is a 2 lane rural cross section and is proposed as 3 lane roadway section.

Due to the heavy truck traffic and the close proximity to the intersection of Bilter Road and Farnsworth Avenue, the City has identified a need for traffic signals at Church Road and Bilter Road with an interconnect to the existing signal at Bilter Road and Farnsworth Avenue.

Depending on future development and extension of the Corporate Boulevard to Mitchell Road, there is a potential need for a traffic signal at this intersection of Corporate Boulevard and Mitchell Road of which 50% of the cost could be allocated to the developer of the property.

There is existing 12" and 16" watermain on Church, Bilter, Farnsworth and Mitchell; however developers will have to install internal watermain extensions or loops for fire protection and domestic water service. A watermain will need to be extended as part of the Corporate Boulevard extension to Mitchell Road and will provided better fire protection and water quality.

A watermain interconnection(s) between the existing warehouse distribution facilities on Bilter Road just north of the RPA and the 12th watermain on Corporate Road would provide better water circulation and increase water quality and increase fire protection.

Corporate Boulevard about 500 feet west of Farnsworth Avenue has a low area that has been subject to flooding and standing water during rain events. There are several factors that contribute to the drainage problems; however there are two main issues. The current storm sewer system is likely undersized for the offsite tributary area and therefore should be upgraded. Also, there is a relatively significant amount of runoff from the area north of Corporate Road and just west of Farnsworth Avenue that was developed prior to the adoption of modern stormwater regulations. Subsequently runoff drains from this area towards Corporate Boulevard and not only adds to the flooding issue in the low area identified above, but can also cause freezing/icing on the pavement during winter months. Ideally, the area generally bound by Bilter, Farnsworth, Corporate Road and Church Road should have a regional detention basin or storm sewer upgrades could be implemented to convey the runoff from this area.

There is an existing 4x6 box culvert under Church Road just north of the Nicor right-of-way, which generally drains the warehouse distribution centers to the north and west. The existing properties receiving this runoff do not currently have a good means of conveyance and is generally flowing above ground and in some cases causing erosion problems. In 2009, the City installed a temporary drain tile to help conveyance and minimize erosion issues and Farnsworth Corporate Center business association cleared debris from the downstream receiving channel within the business park. The conveyance system for this undeveloped area should be upgraded.

The roadway ditch on the west side of Farnsworth Avenue just south of Corporate Boulevard has poor drainage/standing water and could be improved by either re-grading the ditch or storm sewer improvements.

As redevelopment occurs within the RPA, water system upgrades may be necessary to supply adequate fire flow, which could include watermain upgrades at the water treatment plant.

6) Deleterious Land-Use or Layout

Deleterious Land-Use or Layout refers to "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".

Many of the commercial and industrial uses within the area have been developed in piecemeal fashion over the years. Commercial uses along Corporate Boulevard have not been fully developed and sites for redevelopment are available. As stated above, many of the area's commercial uses lack coordinated access/egress. Considerations of adequate building setbacks, landscape and streetscape treatment, buffering between uses, the need for adequate loading and unloading and sufficient parking were not considerations when these parcels were developed. Coordination to the outlet mall property also requires ongoing City review.

Portions of the RPA include residential uses interspersed along railroad right of ways, or adjacent to commercial institutional, and industrial uses.

7) *Deterioration*

Surface Improvements:

The TIF Act indicates that deterioration may be present: "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".

Cracked or damaged parking surfaces are found throughout the RPA. Parking spaces also require restriping. Other deteriorated improvements exhibit:

- potholes, cracked/damaged pavement in parking lots and parking areas
- repairs to exterior materials/facades

Approximately 40% of the parcels exhibit these conditions.

Portions of the roadways evidence deteriorated conditions due to truck traffic, and lacks curbs/gutters. Many of the roadways are narrow in relation to the requirements of industrial and commercial truck traffic (Church Road).

VACANT AREA FACTORS – BLIGHTED AREA

The northeast portion of the RPA is found to qualify as a "blighted area" for a vacant property as defined in the Act. This portion of the RPA includes two (2) tax parcels and approximately forty-four (44) acres, not including right of ways. The parcels qualify under "stand alone" factors included in the TIF Act.

The following factor is a single or "stand alone" factor as described in the Act.

Qualification Factor: Chronic Flooding

The vacant parcels (15-02-300-029 and 15-02-300-021) at the west end of Corporate Boulevard have about 34 feet of elevation drop from east to west from the existing end of Corporate Boulevard to Mitchell Road. This drop occurs over approximately 1100 feet. The grade differences will increase development costs due to increased grading effort, potential need for retaining walls and limitation of building placement and the installation of stepped foundations.

The vacant parcels location east of Mitchell Road and north of I-88 have several low areas at the west and north sides and several drainage swales that poorly drain and are subject to flooding/standing water. The existing institute soils are Beccher silt loam and Ashkum silty clay loam generally in the drainage pattern or low areas, which are classified as poorly draining hydric soils typically saturated or flooded during the growing season.

The total area for the vacant parcels is about 44 acres of which approximately 7 to 8 acres are classified as a Wetland Area based on the Kane County Advanced Wetland Inventory due to the chronic flooding and hydric soils. The FIRM map I7089C0341H does not show regulatory flood plain on the vacant parcels, however the USGS Quadrangle map identifies a blue water surface that generally correspond to wetland areas delineated previously.

V. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the establishment of a TIF District by the City:

1. The area is contiguous and is greater than 1½ acres in size.
2. Portions of the RPA qualify as a “blighted vacant area” and as an improved “conservation area”. Detailed analyses of the qualification findings are outlined in Section V.
3. All property in the area would substantially benefit by the redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area.
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

Conclusion

These findings, in the judgment of KMA, provide the City with sufficient justification to consider designation of the RPA as a TIF District.

The area has not benefitted from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to business attraction as well as the coordination of redevelopment efforts for modern uses. These efforts will be important to the area’s continued improvement and preservation of tax base.

The eligibility findings indicate that the area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well being of the City. Factors indicate the area has not been subject to sound growth and development through investment by private enterprise, and is not likely to be developed but for the assistance of TIF through the establishment of the proposed RPA.

These findings, in the judgment of KMA, provide the City with sufficient justification to consider designation of the subject area as a TIF District.

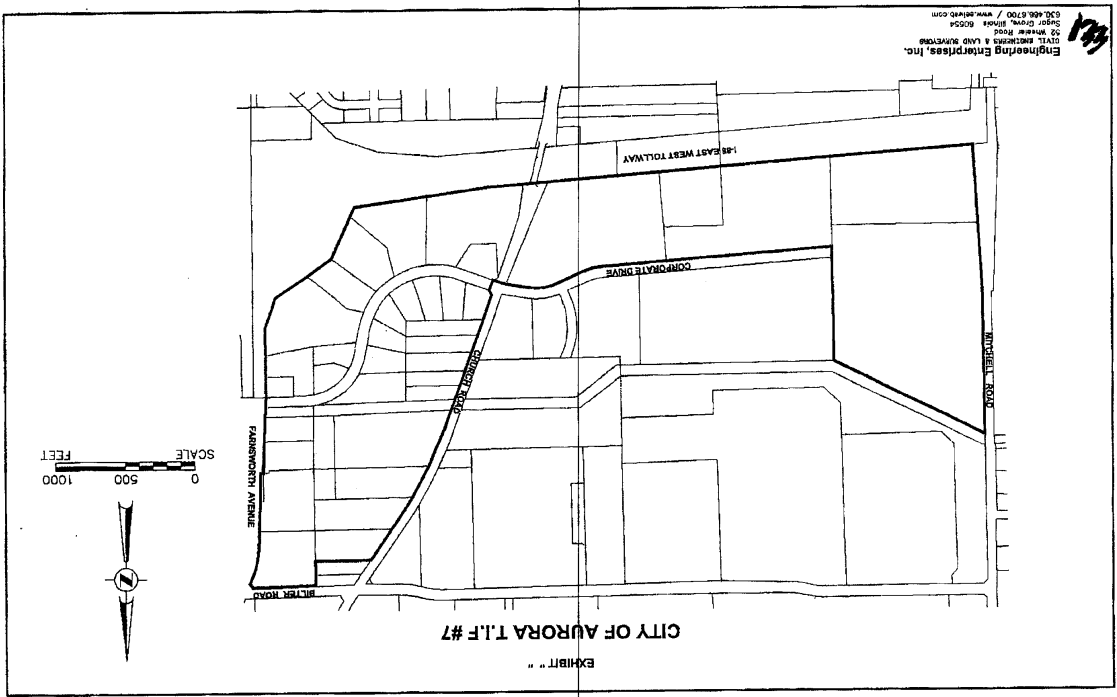
EXHIBIT 1:

Parcel Information

TRF 7 EAV #4494 07.25.11 13.46

PN	Tax Code	Class	2010 EAV	2009 EAV	2008 EAV	2007 EAV	2006 EAV	2005 EAV	2004 EAV
15-00-000-021	ALD-01		280	280	285	281	292	420	470
15-00-000-028	ALD-01		1,090	1,080	1,000	977	1,018	2,315	2,572
Total			1,370	1,360	1,285	1,258	1,310	2,735	3,042
percentage increase/decrease			10.2%	8.8%	6.0%	-2.1%	4.2%	-8.8%	2.6%
City of Aurora EAV			3,898,141,740	4,187,058,288	4,220,848,282	4,013,871,288	3,798,987,258	3,461,711,258	3,188,000,827
Balance of City EAV			3,828,141,740	4,187,057,007	4,220,848,282	4,013,870,121	3,798,987,258	3,461,708,187	3,188,000,288
percentage increase/decrease			-8.2%	-0.8%	8.1%	4.1%	7.4%	-8.3%	0.2%

EXHIBIT 2:
Boundary Map



CITY OF AURORA T.I.F. #7

EXHIBIT " "

Engineering Enterprises, Inc.
 22 Maple Road
 Sugar Grove, Illinois 60076
 630.466.8700 / www.eent.com