NORTHEAST AIRPORT
TAX INCREMENT FINANCING DISTRICT #2

REDEVELOPMENT PLAN

Village of Sugar Grove, Illinois

DRAFT

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I - INTRODUCTION

This report documents the Tax Increment Redevelopment Plan and Program (the "Redevelopment Plan") for the Northeast Airport Area TIF #2 Project Area (the "Project Area"). The Redevelopment Plan has been prepared for the use of the Village of Sugar Grove (the "Village") by Teska Associates, Inc. The proposed Redevelopment Plan seeks to respond to a number of problems and needs within the Project Area, and is indicative of a strong commitment and desire on the part of the Village to improve and revitalize the Project Area. This document is intended to provide a framework for improvements and reinvestment within the Project Area over the next 23 years. **The goal of the Redevelopment Plan is to spur business development that will generate local jobs and expand the tax base.**

The Village of Sugar Grove is uniquely situated to take advantage of access to multiple transportation options that benefit current and potential businesses in the area, including major regional thoroughfares, highways, rail and airport access. However, due to the limited availability of infrastructure within this portion of the Village industrial development has been very limited over the past 20 years. TIF can be used to make the area attractive for redevelopment by eliminating the conditions which inhibit private investment, weaken the Village's tax base, affect the safety of community residents, and hinder the Village's ability to promote a cohesive development of compatible land uses.

Village officials have determined that, without direct municipal involvement and financial assistance, planning objectives for this area cannot be met. To encourage new investment in the Industrial District area, the Village has proposed Tax Increment Financing (TIF) as a financial tool to facilitate redevelopment.

In 2011 the Village retained the planning consulting firm of TESKA to assist the Village in the creation of a tax increment financing program for areas surrounding the Aurora Airport. After much deliberation, the project area was split in two, and the Sugar Grove Industrial Tax Increment Financing District #1 (located south and west of the airport) was approved in January 2012. The Village has now retained TESKA to evaluate the area north and east of the airport for designation as a separate TIF district. In December, 2014, TESKA and its project team members conducted field surveys, performed site evaluations, and identified redevelopment opportunities and necessary public improvements in the Project Area**. The consultant team documented the Project Area as a "blighted area" based on the criteria established for vacant land and improved land, thus qualifying the Project Area as eligible for TIF designation.** The consultant team documented the presence of obsolete platting, deterioration, and decline in EAV for the vacant portion of the Project Area; and dilapidation, deterioration, below minimum code standards, excessive vacancies, inadequate utilities, and decline in EAV, for the improved portion of the Project Area. Therefore, the Northeast Airport Area TIF #2 Project Area may be designated as a tax increment financing district under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act").

The Redevelopment Plan summarizes the analyses and findings of the consultants' work. The Village is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Project Area as a redevelopment project area under the "Act". TESKA has prepared this Redevelopment Plan and the related eligibility study with the understanding that the Village would rely on: (a) the findings and conclusions of the Redevelopment Plan and the related eligibility study in proceeding with the designation of the Project Area and the adoption and implementation of the Redevelopment Plan; and (b) the fact that TESKA has obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act.

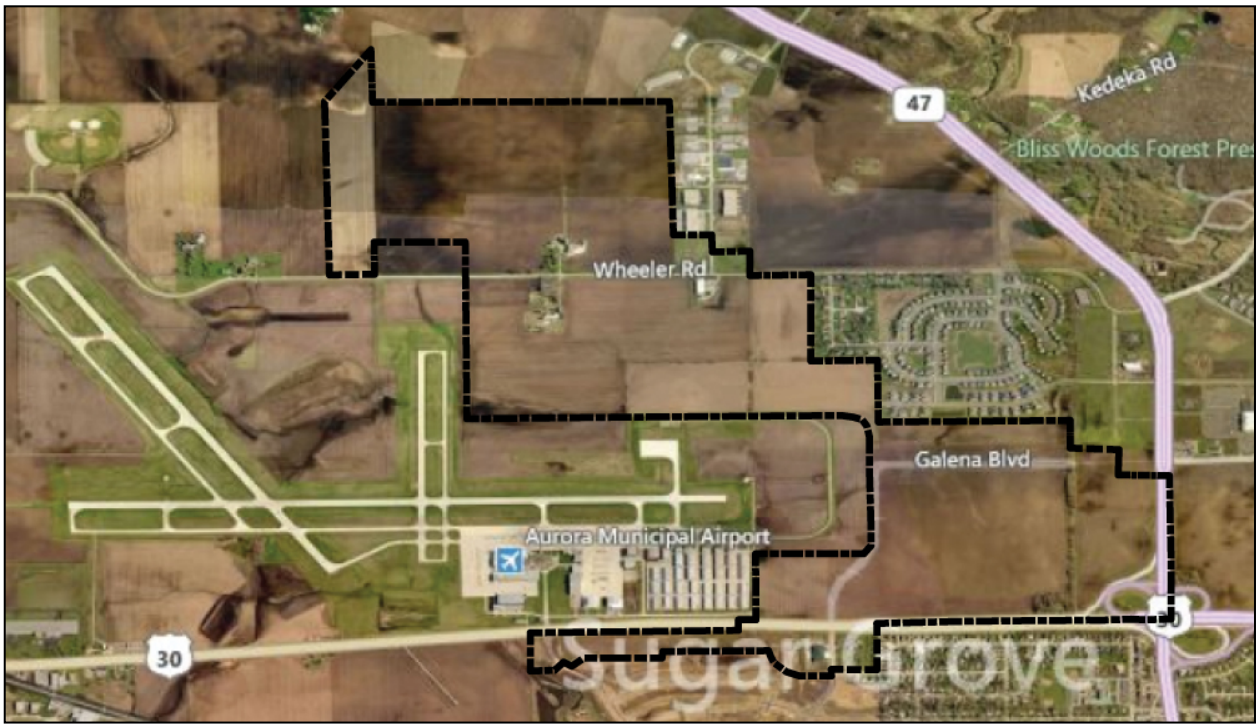


Exhibit A – Aerial Map

PROJECT AREA DESCRIPTION

The boundaries of the Project Area #2 (the Project Area) were carefully established in adherence to the eligibility criteria and include those parcels which would benefit by the proposed Redevelopment Plan and Program. The Project Area currently has multiple zoning districts that apply including:

- B2 (Business) along Route 30
- B3 (Business) along Route 47
- A1 (Agricultural) south of Galena Road – to be zoned for business park use
- M1 south of Wheeler Road
- B3- PUD north of Wheeler Road (with the PUD ordinance calling for primarily light industrial uses)
- B3-PUD south of Route 30 (and planned for commercial uses as a part of the PUD) listed as the primary permitted uses within the PUD).
- R2 (Municipal uses including fire station and village hall)

The area is vacant land, with the exception of three parcels as noted in the Eligibility Study. The Project Area contains fifteen (15) structures on thirty-eight (38) parcels. The majority of these structures are farm-related. The total Project Area is approximately seven hundred (700) acres in size. Exhibit A – Aerial Map and Exhibit B – Project Area Boundary Map illustrate the boundaries of the Project Area.

The Project Area is characterized by convenient access to multiple transportation options. Several major arterials are in close proximity to the Project Area, including Illinois Route 47 to the north and U.S. Highway 30 to the south of the airport. Interstate 88 is less than four (4) miles to the north. The Aurora Municipal Airport is adjacent to the Project Area, and provides opportunities for corporate jets and general aviation.

Despite this advantageous and well-connected location, the Project Area is characterized by significant underutilized or vacant property. As Section VII, Findings of Need for Tax Increment Financing, and the Eligibility Study in Appendix A demonstrate, the Project Area has not been subject to appropriate growth and development through investment by private enterprise, and is not reasonably expected to be developed without the direct intervention and leadership of the Village. The Village believes that tax increment financing will be of substantial benefit in the redevelopment of the Project Area. Tax increment financing will induce private investment that will arrest and reverse the blighting conditions that currently exist.

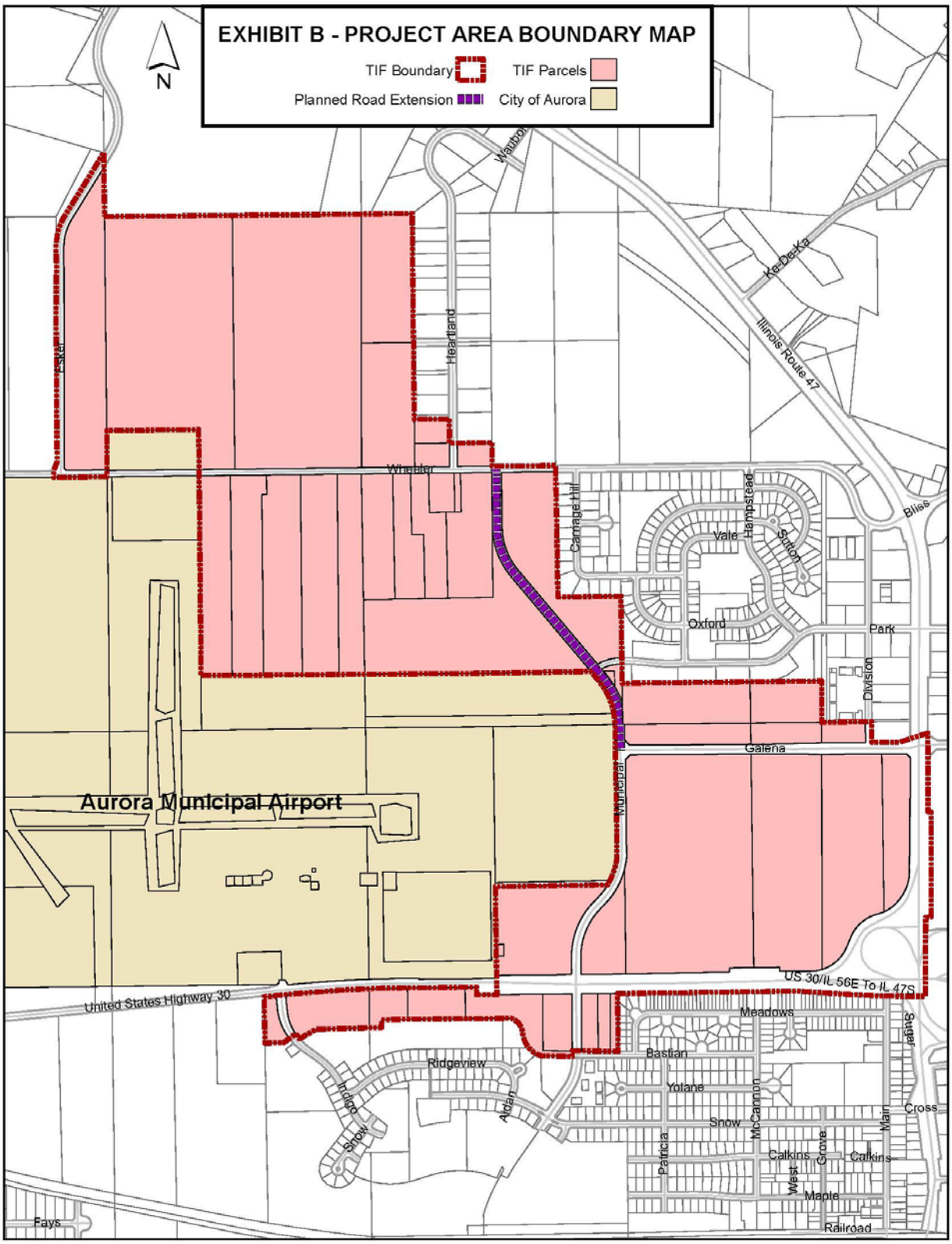


EXHIBIT B - PROJECT AREA BOUNDARY MAP
TIF Boundary
TIF Parcels
Planned Road Extension
City of Aurora
N
Aurora Municipal Airport
Ke-De-Ka
Illinois Route 47
Heartland
Eaker
Wheeler
Carriage Hill
Vale
Hampstead
Sutton
Oxford
Bliss
Park
Division
Galena
Municipal
US 30/IL 56E To IL 47S
United States Highway 30
Meadows
Sugar
Bastian
Ridgeview
Yolane
Indigo
Snow
McCannon
Cross
Main
Patricia
Calkins
Grove
West
Maple
Railroad
Fays

TAX INCREMENT FINANCING

The Act permits municipalities to use tax increment financing to improve eligible "blighted" or "conservation" areas in accordance with an adopted redevelopment plan over a period not to exceed 23 years. The municipal cost of certain public improvements and programs can be paid with the revenues generated by increased equalized assessed values of private taxable real estate within a designated project area ("incremental property taxes"). The key to this financing tool is that it allows for the public to make capital investments that are paid by property taxes from private development investment induced by those public capital investments. Incremental property taxes are taken from the increase in equalized assessed valuation (principally from new private development) generated within the designated project area during the limited term of the redevelopment project. Thus, the project can pay for itself without the need for additional taxes to be levied Village-wide, outside the boundaries of the particular project area.

The successful implementation of the Redevelopment Plan requires that the Village take full advantage of the real estate tax increment attributed to the Project Area as provided for by the Act. The Project Area would not reasonably be developed and improved without the use of such incremental revenues.

Public and private reinvestment is possible only if Tax Increment Financing ("TIF") is used as authorized by the Act. The revenue generated by the development activity will play a major and decisive role in encouraging private development. Through this Redevelopment Plan, the Village will serve as a catalyst for assembling the assets and energies of the private sector in a unified, cooperative public-private redevelopment effort. Implementation of the Redevelopment Plan and Redevelopment Program (as defined below) will benefit the Village, its residents, and all taxing districts in the form of improved economic well-being and the improvement of the community living, working, and learning environment.

THE REDEVELOPMENT PLAN

As evidenced in the Redevelopment Plan Section VII "Findings of Need of Tax Increment Financing," the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is not reasonable to expect that the Project Area as a whole will be redeveloped without the use of TIF.

The Redevelopment Plan has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the Village, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized through a coordinated public and private enterprise effort of reinvestment, and development of uses compatible with a strong, stable community, and that such revitalization occurs:

- On a coordinated, rather than piecemeal basis, to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards; and

- On a reasonable, comprehensive, and integrated basis to ensure that the factors leading to the lack of industrial development are eliminated; and

- Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the Village.

This Redevelopment Plan specifically describes the Project Area and summarizes the factors which qualify the Project Area as a “blighted area” as defined in the Act.

The success of this redevelopment effort will depend on cooperation between the public and private sectors. By means of public investment, the Project Area will become a stable environment for area-wide development by the private sector. The Village will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall “Redevelopment Program” to be undertaken to accomplish the Village's goals. During implementation of the Redevelopment Program, the Village may, from time to time: (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements or intergovernmental agreements with private entities or public entities, respectively, in order to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as “Redevelopment Projects”).

Successful implementation of this Redevelopment Plan requires that the Village utilize incremental property taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the existing and threatened conditions which may lead to blight and which have precluded development of the Project Area by the private sector.

The use of incremental property taxes will permit the Village to direct, implement, and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities, and investments will benefit the Village, its residents, and all taxing districts having jurisdiction over the Project Area. These benefits are anticipated to include:

- A strengthening of the economic vitality of the community, arising from new commercial and industrial development;

- An increase in construction and long-term employment opportunities for residents of the Village and the region;

- The construction of public improvements which may include new road surfaces, utilities, sewers, water lines, sidewalks, street lights, landscaping, etc., intended to make the Project Area more attractive to investment.

II – LEGAL DESCRIPTION

The legal description of the Project Area can be found in Appendix B.

III – ELIGIBILITY OF THE PROPOSED TIF DISTRICT

During December, 2014, a study was undertaken, consistent with the Act and related procedural guidelines, to determine the eligibility of the proposed TIF district. The results of the study indicate that the Project Area meets the Act's requirements for vacant property and is eligible to be designated by the Sugar Grove Village Board as a "Tax Increment Financing Redevelopment Project Area." The detailed findings of this study are described in Appendix A of this report.

An area adjacent to vacant industrial properties within the Project Area also qualifies as a "blighted area" under the Act based on the predominance and extent of parcels exhibiting the following characteristics:

Vacant Land
1. Obsolete platting;
2. Deterioration; and
3. Decline in EAV.

Improved Land
1. Dilapidation;
2. Deterioration of buildings and surface improvements;
3. Below Minimum Code Standards;
4. Excessive vacancies;
5. Inadequate utilities; and
6. Decline in EAV.

Each of these factors contributes to the eligibility of the Project Area as a "blighted area." This evaluation is further documented in the Eligibility Study, Appendix A.

IV – REDEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES

In order to establish a workable Redevelopment Plan for the Project Area, it is important to establish both the overall goals and specific objectives of the Redevelopment Plan, and to present strategies for meeting these goals and objectives.

GOALS

The Village's Comprehensive Plan (page 24) notes the following goal: ***Develop a business park and corporate campus base, in campus-like settings, that ensure a diversified economy; complements other types of local development; strengthens the Village's tax base; and provides employment opportunities for Village residents.*** Through development spurred by the financial partnership created through the financial assistance provided through TIF, the Village hopes to achieve this goal.

The overall goals that are specifically directed to this Redevelopment Plan are:

- Reduction or elimination of those conditions that qualify the Project Area as a blighted area;
- Provision of sound economic redevelopment in the Project Area;
- Contribution to the economic well being of the Village;
- Creation of strong public and private partnerships to capitalize upon and coordinate all available resources and assets;
- Improvement of the quality of life in the Village by reducing incidences of both physical and economic deterioration within the Project Area;
- Improvement of existing utilities and roadways to enhance the potential for development and accessibility of redevelopment sites;
- Employment of Sugar Grove residents in jobs in the Project Area;
- Creation of an environment within the Project Area that will contribute to the health, safety, and general welfare of the Village, that will maintain or enhance the value of properties in and adjacent to the Project Area, and that will stimulate private investment in new construction, expansion, and rehabilitation; and
- Assemble and prepare sites that are conducive to modern development.

STRATEGIES

Based on an analysis of the existing conditions of the Project Area and the overall goals stated above, the strategies for redevelopment should be to:

- Install needed infrastructure, including water and sanitary sewer service and local fiber optic services to attract new investment;
- Assemble and prepare property necessary to attract new investment;
- Market and promote the area as an ideal location for light industrial and commercial/business;
- Repair and replace the infrastructure where needed, including, but not limited to: roads, sidewalks, public utilities, and other public infrastructure.

V – FUTURE LAND USE AND DEVELOPMENT ACTIVITIES

FUTURE LAND USE

A variety of commercial and industrial uses are anticipated within the Project Area, as allowable in the M1 Limited Manufacturing, B-P Business Park and B-3 Regional Business zoning districts. Additional industrial development is expected for currently vacant parcels. In addition, retail, restaurants or other commercial uses needed to support the industrial development area are also appropriate. Office uses are also appropriate anywhere within the Project Area.

DEVELOPMENT ACTIVITIES

The development of the Project Area will be driven by private investment induced through public assistance and support. **In the absence of assistance from the Village as provided by the Redevelopment Plan, the private sector is not expected to pursue these opportunities.**

Key activities within the Project Area will be focused on attraction of new industrial/business private development and the accompanying infrastructure improvements needed to support such development.

New development within the Project Area will be consistent with the Village's Comprehensive Plan. This plan notes: "*New business parks around the airport should be guided by an overall site development plan to ensure the coordination of building sites, traffic access and circulation, and open space amenities. The business parks should be screened and buffered from nearby neighborhoods, and should be attractive when viewed from adjacent streets. The environmental corridors, wooded areas, and other natural features shown on the Land-Use Plan should be preserved and protected as the business park areas area developed in the future*."

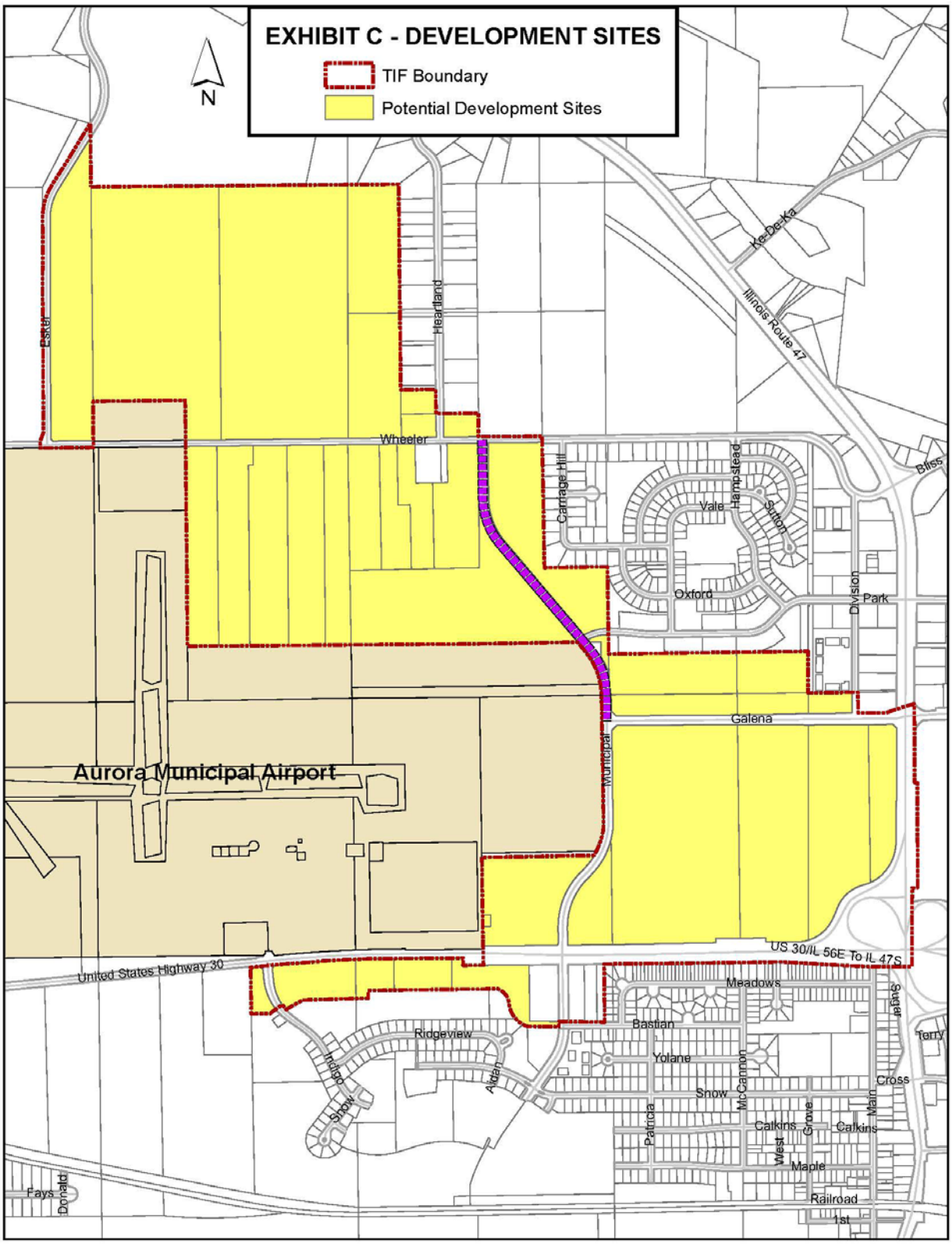


EXHIBIT C - DEVELOPMENT SITES
TIF Boundary
Potential Development Sites
N
Eola
Heartland
Wheeler
Ke-De-Ka
Illinois Route 47
Bliss
Carriage Hill
Hampstead
Vale
Sutton
Oxford
Division
Park
Galena
Municipal
Aurora Municipal Airport
US 30/IL 56E To IL 47S
United States Highway 30
Meadows
Sugar
Terry
Bastian
Ridgeview
Yolane
Indigo
Show
Aldan
Snow
McCannon
Cross
Main
Patricia
Calkins
Grove
West
Maple
Railroad
1st
Fays
Donald

VI – REDEVELOPMENT PROGRAM

This section describes the public and private improvements and activities anticipated to be made and undertaken to implement the Redevelopment Plan.

PURPOSE OF THE REDEVELOPMENT PLAN

The Act defines the Redevelopment Plan as: "…*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*" (65 ILCS 5/11-74.4-3(n), as amended).

Further, the Act states that for such areas, "*It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas. The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas by redevelopment projects is hereby declared to be essential to the public interest*" (65 ILCS 5/11-74.4-2(b), as amended).

The Future Land Use Plan (Exhibit "D") illustrates proposed land uses. Ultimately, the Redevelopment Plan should help to better integrate the Project Area with adjacent uses, becoming an asset to the community and reversing decay.

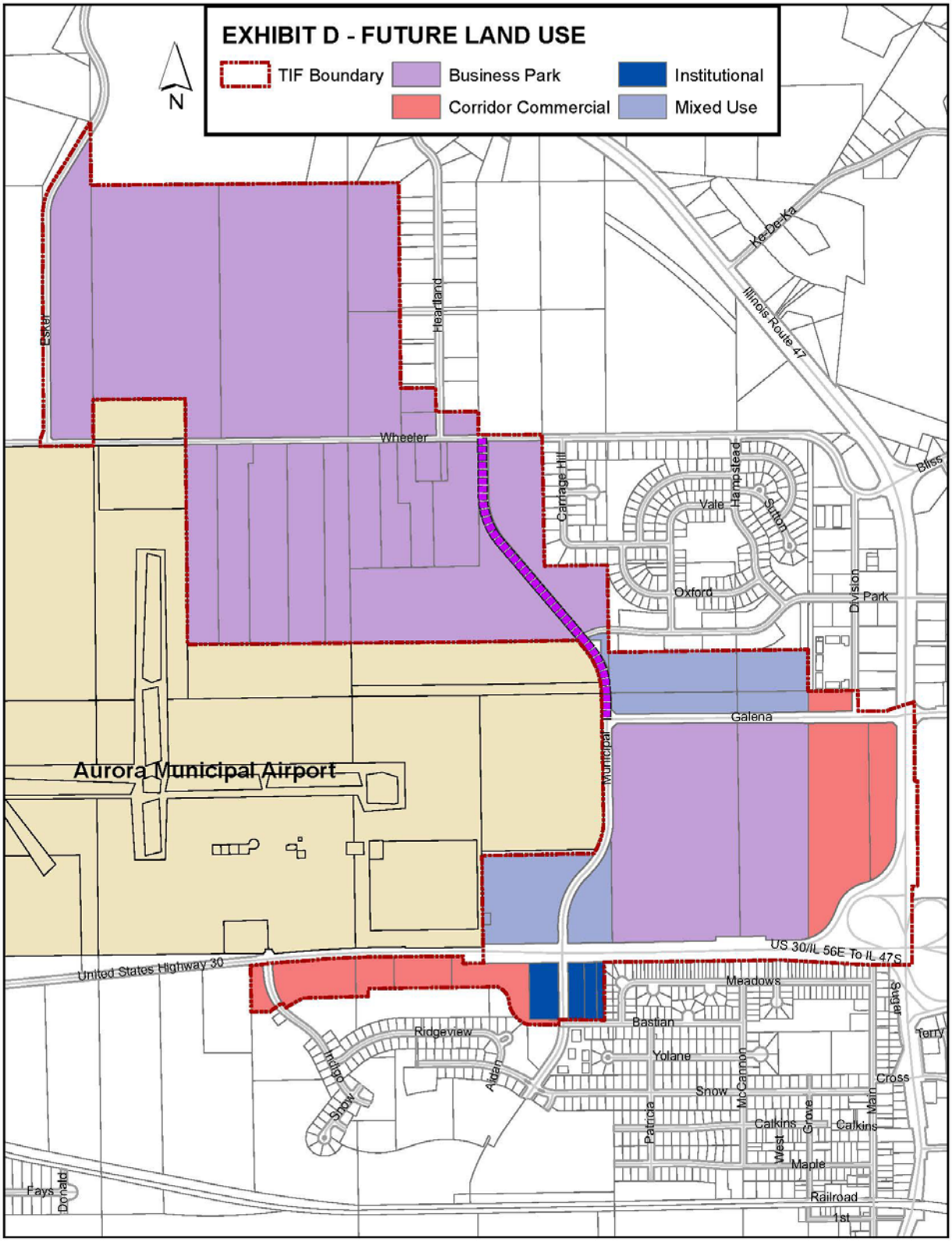


EXHIBIT D - FUTURE LAND USE
TIF Boundary
Business Park
Institutional
Corridor Commercial
Mixed Use
N
Eola
Heartland
Wheeler
Ke-De-Ka
Illinois Route 47
Bliss
Carriage Hill
Hampstead
Vale
Sutton
Oxford
Division
Park
Galena
Municipal
Aurora Municipal Airport
US 30/IL 56E To IL 47S
United States Highway 30
Meadows
Sugar
Terry
Bastian
Ridgeview
Yolane
Indigo
Shoak
Aidan
Snow
McCannon
Cross
Main
Patricia
Calkins
Grove
Calkins
West
Maple
Railroad
1st
Fays
Donald

ELIGIBLE REDEVELOPMENT PROJECT COSTS

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Plan (the "Redevelopment Project Costs.")

In the event the Act is amended after the date of the approval of this Plan by the Village Board of Sugar Grove to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the Village may add any new eligible redevelopment project costs as a line item in Table 3 or otherwise adjust the line items in Table 3 without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Plan.

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Plan pursuant to the Act. Such costs may include, without limitation, the following:

a) Costs of studies, surveys, development of plans, and specifications, implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;

b) The cost of marketing sites within the Project Area to prospective businesses, developers, and investors;

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

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

e) Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;

f) Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;

g) Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued there under including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;

h) To the extent the Village 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;

i) Relocation costs to the extent that the Village determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or state law or by Section 74.4-3(n)(7) of the Act (see "Relocation" section);

j) Payment in lieu of taxes as defined in the Act;

k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs; (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the Village, are set forth in a written agreement by or among the Village and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;

l) Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total:
   (i) cost paid or incurred by the redeveloper for such redevelopment project;
   (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the Village pursuant to the Act;

m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;

n) The cost of daycare services for children of employees from low-income families working for businesses located within the Project Area and all or portion of the cost of operation of day care centers established by Project Area businesses to serve employees from low-income families working in businesses located in the Project Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the Village, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

PROPERTY ASSEMBLY

To meet the goals and objectives of this Redevelopment Plan, the Village may acquire and assemble property throughout the Project Area. Land assemblage by the Village may be by purchase, exchange, donation, lease, eminent domain or other programs and may be for the purpose of (a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the Village may require written redevelopment agreements with developers regarding any property acquisition. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.

In connection with the Village exercising its power to acquire real property not currently identified herein, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the Village will follow its customary procedures of having each site acquisition authorized by the Village Board. Acquisition of such real property as may be authorized by the Village Board does not constitute a change in the nature of this Redevelopment Plan.

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Project Area, and to meet other Village objectives. Businesses legally occupying properties to be acquired by the Village may be provided with relocation advisory and financial assistance as determined by the Village.

PROPERTY DISPOSITION

Property to be acquired by the Village as part of the Redevelopment Program may be assembled into appropriate redevelopment sites. As part of the redevelopment process the Village may: (i) sell, lease or convey such property for private redevelopment; or (ii) sell, lease or dedicate such property for construction of public improvements or facilities. Terms of conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in the Redevelopment Plan or in other municipal codes and ordinances governing the use of land or the construction of improvements.

PUBLIC IMPROVEMENTS

The Village has already made a significant investment in the redevelopment of this area through the extension of Galena Boulevard and the extension of Municipal Drive between Route 30 and Galena Boulevard. This ten million dollar investment (funded by both the Village and a grant from the State of Illinois) led to the development of Walgreens and was needed to stimulate interest in future development within the Project Area. However, significant additional public improvements are needed.

The Village of Sugar Grove may install public improvements to enhance the Project Area as a whole, to support the Redevelopment Program, and to serve the needs of Project Area businesses. Lack of public improvements within the Project Area is one of the primary reasons why industrial development has been very limited to date within the Project Area. In particular, the lack of a looped water system and the lack of sanitary sewer service have significantly limited development. Drainage problems and poor pavement condition are also concerns that may be addressed through the TIF.

Given the undeveloped nature of the Project Area, a number of new roadways and improvements will be needed. Appropriate public improvements may include, but are not limited to the following. Specific cost estimates are provided for known items only.

- Extension of Municipal Drive from Galena Boulevard to Wheeler Road - $5,642,000;
- Business Park public improvements (streets, utilities, earthwork) - $5,487,000;
- Extension of Cardinal Drive;
- Provision of fiber optic/high speed internet network;
- Vacation, removal, resurfacing, widening, reconstruction, construction, and other improvements to streets, alleys, pedestrian ways, and pathways;
- Installation of traffic improvements, viaduct improvements, street lighting and other safety and accessibility improvements;
- Installation, reconstruction, improvement or burial of public or private utilities;
- Beautification, lighting and signage of public properties, particularly enhancement to the Route 47 corridor which serves as a gateway to the Village and the Project Area;
- Maintenance of rights-of-way in privately owned properties;
- Demolition of obsolete or hazardous structures; and
- Improvements to publicly owned land or buildings to be sold or leased.

The Village may determine at a later date that certain listed improvements are no longer needed or appropriate and may remove them from the list, or may add new improvements to the list.

CAPITAL COSTS OF TAXING DISTRICTS

The Village may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

RELOCATION

The Village may reimburse all or a portion of the costs incurred for relocation resulting from redevelopment within the Project Area.

JOB TRAINING

Separate or combined programs designed to increase the skills of the labor force to meet employers' hiring needs and to take advantage of the employment opportunities within the Project Area may be implemented.

DEVELOPER INTEREST COSTS

Funds may be provided to developers for a portion of interest costs incurred by a developer related to the construction, renovation, or rehabilitation of a redevelopment project provided that:

1. Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
2. Such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year.

ESTIMATED PROJECT COSTS

Table 1 outlines the estimated costs of the Redevelopment Program.

Table 1: Estimated Redevelopment Project Costs

ELIGIBLE EXPENSE	ESTIMATED COST
Administration, Studies, Surveys, Legal, Marketing, Etc.	$4,590,000
Property Assembly including Acquisition, Site Preparation and Demolition, Environmental Remediation	$4,590,000
Rehabilitation, reconstruction, repair or remodeling	$1,836,000
Public Works or Improvements and Capital cost of taxing districts(1)	$34,425,000
Job Training and Retraining	$413,100
Relocation Costs	$45,900
Total Redevelopment Costs (2) (3) (4)	**$45,900,000**

Notes:

1. Public improvements may also include capital costs of taxing districts. Specifically, public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the Village or other public entities. As provided in the Act, to the extent the Village 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.

2. The total Estimated Redevelopment Project Costs provides an upper limit on expenditures and adjustments may be made in line items without amendment to this Redevelopment Plan.

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

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

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

SOURCES OF FUNDS

The Act provides methods by which municipalities can finance eligible redevelopment project costs with incremental real estate tax revenues. Incremental tax revenue is derived from the increase in the current equalized assessed valuation (EAV) of real property within the Project Area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in the tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, federal, state, county, or local grants, investment income, private financing and other legally permissible funds the Village may deem appropriate. The Village may incur redevelopment project costs which are paid for from funds of the Village other than incremental taxes, and the Village may then be reimbursed from such costs from incremental taxes. Also, the Village may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The Village may utilize net incremental property taxes received from the Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or other project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 2 of this Redevelopment Plan.

In the event that adequate funds are not available as anticipated from aforementioned sources, the Village may utilize its taxing power to sustain the Redevelopment Project or repay obligations issued in connection therewith, to be reimbursed over time, if possible, from tax increment revenues.

NATURE AND TERM OF OBLIGATIONS TO BE ISSUED

The Village may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the Village may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the Village may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the Village Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area was originally adopted, assuming the ordinance is adopted in 2015, December 31, 2038. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their

respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Project Area in the manner provided by the Act.

One or more issues of obligations may be sold at one or more times in order to implement the Redevelopment Plan, as amended, and as it may be amended in the future. Obligations may be issued on a parity or subordinate basis.

The Village may, by ordinance, in addition to obligations secured by the tax allocation fund, pledge for a period not greater than the term of the obligations any part or any combination of the following:

- Net revenues of all or part of any redevelopment project;
- Taxes levied and collected on any or all property in the Village;
- The full faith and credit of the Village;
- A mortgage on part or all of a redevelopment project; and
- Any other taxes or anticipated receipts that the Village may lawfully pledge.

EQUALIZED ASSESSED VALUATION

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV, which the Kane County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The most recent (2013) equalized assessed valuation (EAV) of all the taxable parcels in the Project Area is **$851,922**. This total EAV amount, by PIN, is summarized in Appendix D. This EAV is subject to verification by the Kane County Clerk. After verification, the final figure shall be certified by the County Clerk of Kane County, Illinois. This certified amount shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by the County.

Upon completion of anticipated private development of the Project Area, it is anticipated that the equalized assessed valuation will be approximately **$63,323,381**. The calculation assumes that assessments appreciate at a rate of 1% every year. Other new projects, rehabilitation of existing buildings, and appreciation of real estate values may result in substantial additional increases in equalized assessed valuation.

VII – FINDINGS OF NEED FOR TAX INCREMENT FINANCING

Pursuant to the Act, the Village of Sugar Grove makes the following findings:

PROJECT AREA NOT SUBJECT TO GROWTH

The Project Area has not been subject to appropriate growth and redevelopment through investment by private enterprise, and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan. The lack of growth in the Project Area is supported by the following:

Presence of Blighting Factors

Lack of investment is evidenced by the extent and distribution of blighting factors, as elaborated upon in the Eligibility Study (Appendix A). The presence of these factors illustrates that appropriate private investment has not been undertaken in the Project Area.

Lack of Infrastructure

While the Project Area has excellent air and regional highway access, it lacks the local infrastructure (roads, utilities) to support desired business development.

VIII – FINANCIAL IMPACT OF REDEVELOPMENT

Without the adoption of the Redevelopment Plan and Program, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of Village-sponsored redevelopment, there is a prospect that blighting factors will continue to exist and spread, and the Project Area on the whole, in addition to adjacent properties, will become less attractive for the maintenance and improvement of existing buildings and sites. Erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Implementation of the Redevelopment Project is expected to have significant short and long term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short term, the Village's effective use of tax increment financing can be expected to stabilize existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long term, after the completion of all redevelopment improvements and activities, the completion of redevelopment projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from any enhanced tax base which results from the increase in EAV caused by the Redevelopment Program.

The Act requires an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The Village intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

The replacement of vacant and underutilized property with non-residential development may cause increased demand for services and/or capital improvements to be provided by the following taxing districts. The estimated nature of these increased demands for services on these taxing districts, and the activities to address increased demand, are described below.

Sugar Grove Township

The development of vacant parcels or redevelopment of existing structures within the Project area is not anticipated to increase the demands of current services that the Township offers. Any increased demand for any Township provided services resultant from the Redevelopment Plan set forth in this document will be incidental in relation to the total operations of the Township. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Sugar Grove Township Road District

The Sugar Grove Township Road and Bridge District maintains township roads and bridges. No new township roads or bridges are anticipated as a result of the Redevelopment Plan. While traffic will increase as a result of development within the Project Area, this traffic will be directed via municipal streets to the adjacent State and Federal Routes (IL Route 47 and US Route 30) Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Sugar Grove Public Library District

As no new residents will be added as a result of this Redevelopment Plan, it is anticipated that the impact on the Public Library District will be minimal given the current size of its service area. As the redevelopment plan does not anticipate new residential development, no significant impact on the library district is anticipated and no program is set forth in the redevelopment plan.

Sugar Grove Park District

The industrial nature of anticipated development and/or redevelopment within the Project Area is anticipated to have minimal impact on the Park District, and any increase resulting from additional employees in the Project Area would only account for a small percentage of the total demands required of the District. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Village of Sugar Grove

As a result of new development and/or redevelopment in the Project Area, the Village of Sugar Grove may experience increased demand for services such as police protection or maintenance of an expanded public infrastructure (water lines, roadways, etc.). No specific redevelopment projects or direct mitigations are set forth in the Redevelopment Plan. However, based on actual growth and development within the Project Area, certain eligible expenses may arise during the life of the TIF District.

Sugar Grove Water Authority

The Sugar Grove Water Authority is the regional authority for approval of new water wells. The Village of Sugar Grove potable water wells currently have capacity to service this area and therefore the Sugar Grove Water Authority should not be directly impacted by the planned industrial development within the TIF. However, this demand will be dependent on actual development, and is difficult to predict at this time. Should eligible expenses for directly attributable costs occur, they may be appropriate for funding through the TIF District for additional water resources.

Sugar Grove Community Building

The Sugar Grove Community House provides indoor rental meeting space for Park District and other community programs. The facility is primarily designed for use by Sugar Grove residents, and therefore should not be directly impacted by the planned industrial development within the TIF. If is possible that businesses within the TIF may seek to rent the facility for certain events, but it is assumed that the rental fee would cover any costs associated with the rental. As such, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Sugar Grove Fire District

The Sugar Grove Fire District's main fire station is within the project area at the intersection of Municipal Drive and U.S. Route 30. This location should facilitate access to properties within the Project Area. Additional demand for staffing and equipment may be needed to provide adequate protection for development. However, this demand will be dependent on actual development, and is difficult to predict at this time. Should eligible expenses for directly attributable costs occur, they may be appropriate for funding through the TIF District.

Kane County

The industrial nature of anticipated development and/or redevelopment within the Project Area is anticipated to have minimal to no impact on demand for County Services. Any increase in demand should not be so substantial as to warrant the hiring of additional staff or the need to increase services. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Kane County Forest Preserve District

The industrial nature of anticipated development and/or redevelopment within the Project Area is anticipated to have minimal impact on the Forest Preserve District, and any increase resulting from additional employees in the Project Area would only account for a small percentage of the total demands required of the District. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Kaneland C.U.S.D. #302

The Project Area lies within the Kaneland C.U.S.D. #302 school district. As no new residents will be added as a result of this Redevelopment Plan, no new school age children will be added to the school district. Since development and/or redevelopment activities will have no direct increase on the services of the school district, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Waubonsee College District #516

As no new residents will be added as a result of this Redevelopment Plan, no residents seeking educational opportunities will be directly added to the College District. While employees of the anticipated industrial developments may seek additional educational opportunities, such increase will be minimal and should not have a significant effect on the District. It is also possible that businesses may seek assistance from the District regarding job training or assistance through the College's Small Business Development Center. Funding has been allocated for potential job training within the TIF budget.

This proposed program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Program occurring as anticipated in the Redevelopment Plan, (ii) the Redevelopment Program resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs, and (iii) the generation of sufficient incremental property taxes to pay for the Redevelopment Project Costs listed above. In the event that the Redevelopment Program fails to materialize, or involves a different scale of development than that currently anticipated, the Village may revise this proposed program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

APPENDIX "A"

NORTHEAST AIRPORT
TAX INCREMENT FINANCING DISTRICT #2

ELIGIBILITY FINDINGS

Village of Sugar Grove, Illinois

DRAFT

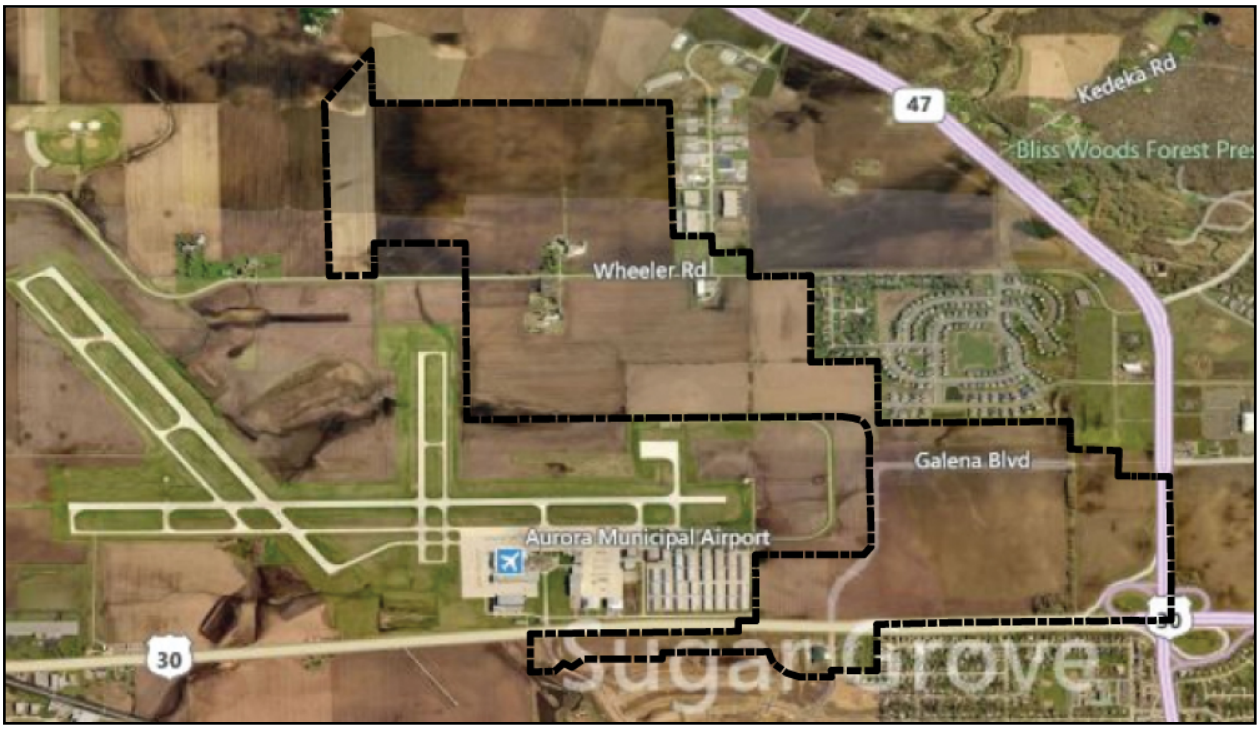
February 9, 2015

Prepared by:
Teska Associates, Inc.

INTRODUCTION

Since the founding of the municipality, the Village of Sugar Grove has planned for a large area of business park development near the Aurora Municipal Airport. The area has the regional transportation access required by modern industrial and business uses. A strong connection to the regional roadway network is provided by immediate access to IL Route 47 and nearby access to Interstate 88, U.S. Route 30, and IL Route 56. The Aurora Municipal Airport, which features tower control, also is a major asset for location of corporate facilities. However, while some limited development has occurred over the past 20 or so years, development has been very slow due to limited access to key infrastructure such as good water flow (no looped system) and lack of sanitary sewer. In addition, several of the local roads need to be extended and/or improved. Industrial users are looking for property that is fully served by utilities and ready for quick development, and this area is not currently in such a position. With the funding assistance that can be provided through TIF, the Village hopes to provide the needed infrastructure and spur new development and resulting jobs.

The report that follows is an assessment of the eligibility of the Sugar Grove Northeast Airport Industrial Tax Increment Financing District Study Area.



Aerial view of Northeast Airport Industrial TIF boundary

TAX INCREMENT FINANCING

The Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11 - 74.4 - 1, et seq., as amended (the "Act"), stipulates specific procedures, which must be adhered to in designating a Project Area and amendments thereto. A **Redevelopment Project Area** is defined as:

"..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 an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas" (65 ILCS 5/11-74.4-3(p)).

Section 5/11-74.4-3(a) defines a "**blighted area**" as:

> *"… 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: (A) dilapidation; (B) obsolescence; (C) deterioration; (D) presence of structures below minimum code standards; (E) illegal use of individual structures; (F) excessive vacancies; (G) lack of ventilation, light, or sanitary facilities; (H) inadequate utilities; (I) excessive land coverage and overcrowding of structures and community facilities; (J) deleterious land use or layout; (K) lack of community planning; (L) need for environmental remediation; or (M) declining total equalized assessed value.*
>
> *(2) If vacant, the sound growth of the redevelopment project area is impaired by a combination of two or more of the following factors, each of which is (i) present, with the presence documents, 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 (B) Diversity of ownership, (C) Tax and special assessment delinquencies, (D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, (E) Need for environmental remediation, (F) Declining total equalized assessed value."*

Determination of eligibility of the Sugar Grove Northeast Airport Industrial TIF Redevelopment Project Area for tax increment financing is based on a comparison of data gathered through field observations by Teska Associates, Inc. (Teska), document and archival research, and information provided by the Village of Sugar Grove against the eligibility criteria set forth in the Act.

This report summarizes the analyses and findings of the Village's planning consultant, Teska Associates, Inc. Teska has prepared this report with the understanding that the Village would rely on: (1) the findings and conclusions of this report in proceeding with the designation of the Study Area as a Redevelopment Project Area under the Act; and (2) the fact that Teska has obtained the necessary information to conclude that the Study Area can be designated as a Redevelopment Project Area in compliance with the Act.

The Sugar Grove Northeast Airport Industrial TIF Redevelopment Project Area is eligible for designation as a "blighted area" based on the presence of vacant parcels that exhibit: (1) obsolete platting; (2) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land; and (3) declining total equalized assessed value, as well as the presence of improved parcels that exhibit: (1) dilapidation; (2) deterioration; (3) presence of structures below minimum code standards; (4) excessive vacancies; (5) inadequate utilities; and (6) declining total equalized assessed value, as defined in the Act.

Description of the Redevelopment Project Area

The Project Area includes a total of thirty-eight (38) parcels, containing fifteen (15) structures. The total area of the Project Area is approximately seven hundred (700) acres. The boundary of the Project Area is shown on Exhibit A – Project Area Boundary Map.

Existing Conditions

The present condition of the Project Area inhibits development potential. This report elaborates further on the specific conditions which have contributed to this decline.

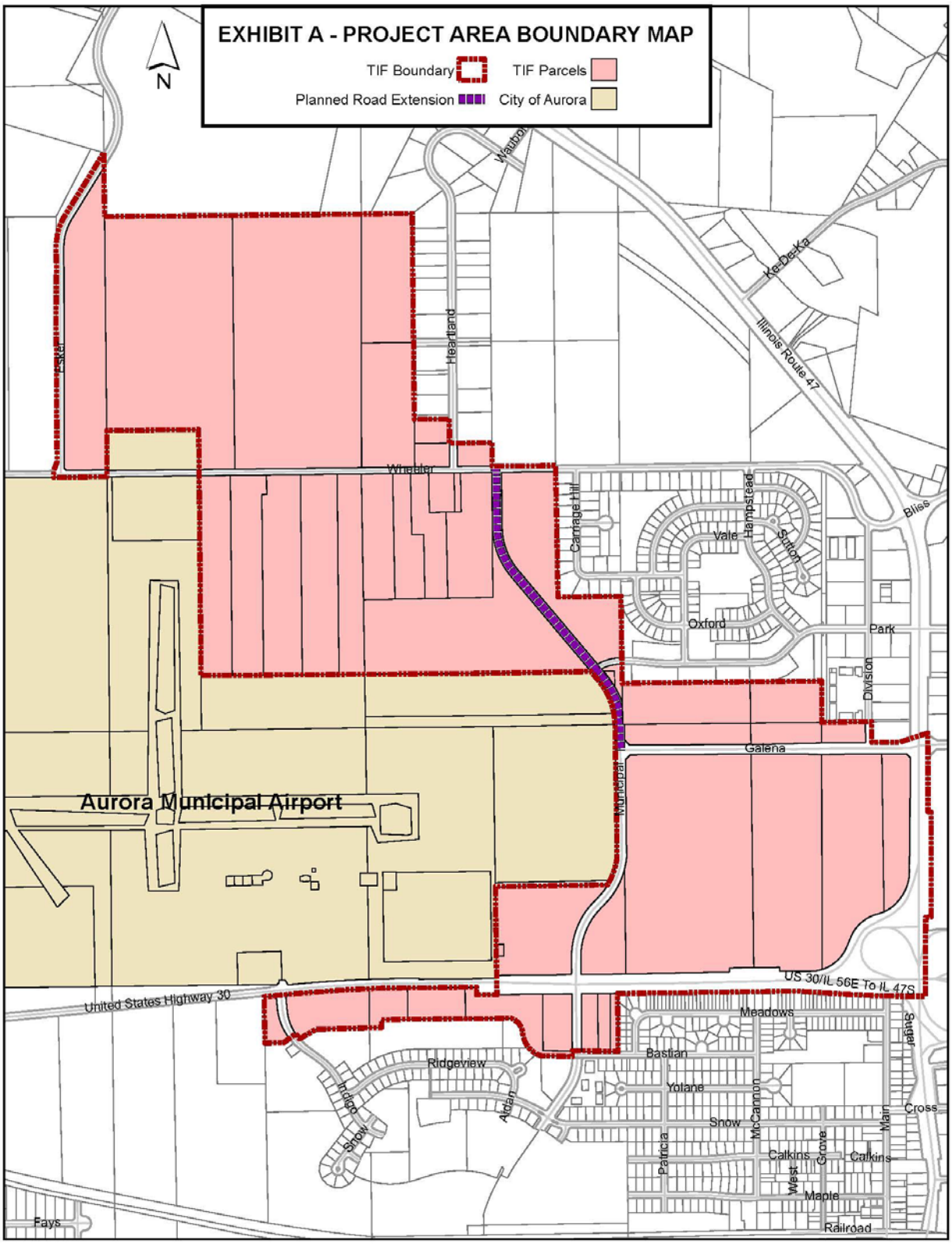


EXHIBIT A - PROJECT AREA BOUNDARY MAP
TIF Boundary
TIF Parcels
Planned Road Extension
City of Aurora
N
Mauboy
Ke-De-Ka
Illinois Route 47
Eaker
Heartland
Wheeler
Carriage Hill
Hampstead
Vale
Sutton
Oxford
Bliss
Park
Division
Galena
Municipal
Aurora Municipal Airport
US 30/IL 56E To IL 47S
United States Highway 30
Meadows
Sauder
Bastian
Ridgeview
Yolane
Indigo
Snow
Aldan
McCannon
Snow
Cross
Main
Patricia
Calkins
Grove
Calkins
West
Maple
Fays
Railroad

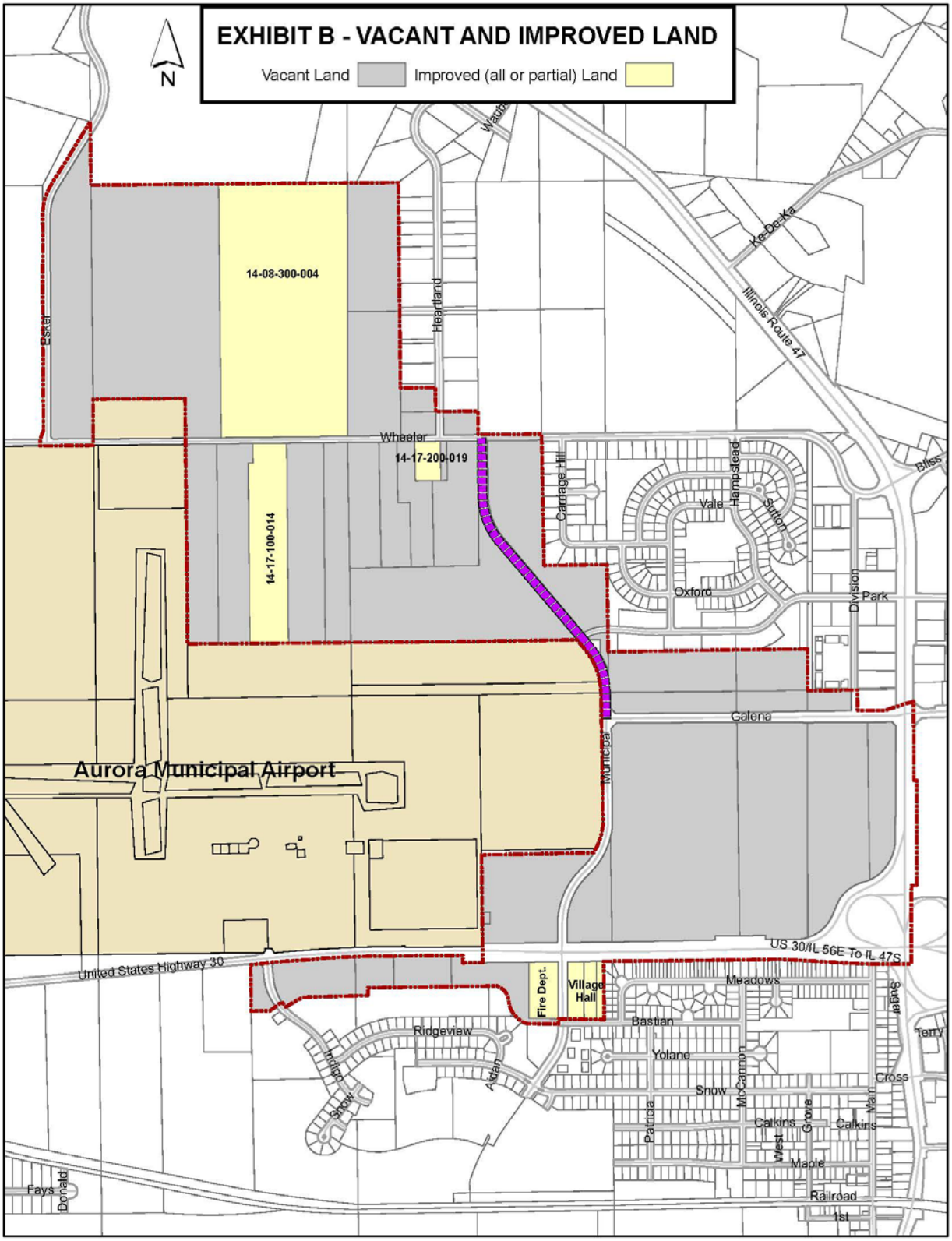


EXHIBIT B - VACANT AND IMPROVED LAND
Vacant Land
Improved (all or partial) Land
N
14-08-300-004
14-17-100-014
14-17-200-019
Estel
Heartland
Wheeler
Ke-Da-Ka
Illinois Route 47
Bliss
Carriage Hill
Vale
Hampstead
Sutton
Oxford
Division
Park
Galena
Municipal
Aurora Municipal Airport
US 30/IL 56E To IL 47S
United States Highway 30
Fire Dept.
Village Hall
Meadows
Bastian
Ridgeview
Yolane
Snow
McCannon
Cross
Terry
Sugar
Main
Grove
Calkins
West
Maple
Railroad
1st
Patricia
Aldan
Show
Indigo
Fays
Donald

ELIGIBILITY FINDINGS - VACANT LAND

Teska Associates, Inc. conducted a field survey of every property in the Project Area and surrounding adjacent parcels. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each parcel. These surveys occurred in December, 2014.

In order to be designated as a blighted area, a combination of at least two (2) of the blighting factors must be present to a meaningful extent and reasonably distributed throughout the Project Area (or in this case, reasonably distributed throughout the vacant portion of the Project Area as shown on Exhibit B – Vacant and Improved Land).

Obsolete Platting

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

Multiple examples of obsolete platting are present within the Project Area. Parcels of irregular size and shape are located along Wheeler Road, and parcels with no roadway access are located north of Galena Road (see Exhibit C – Obsolete Platting). Due to the presence and distribution of parcels exhibiting obsolete platting, this factor contributes to the designation of the Project Area as a blighted area.

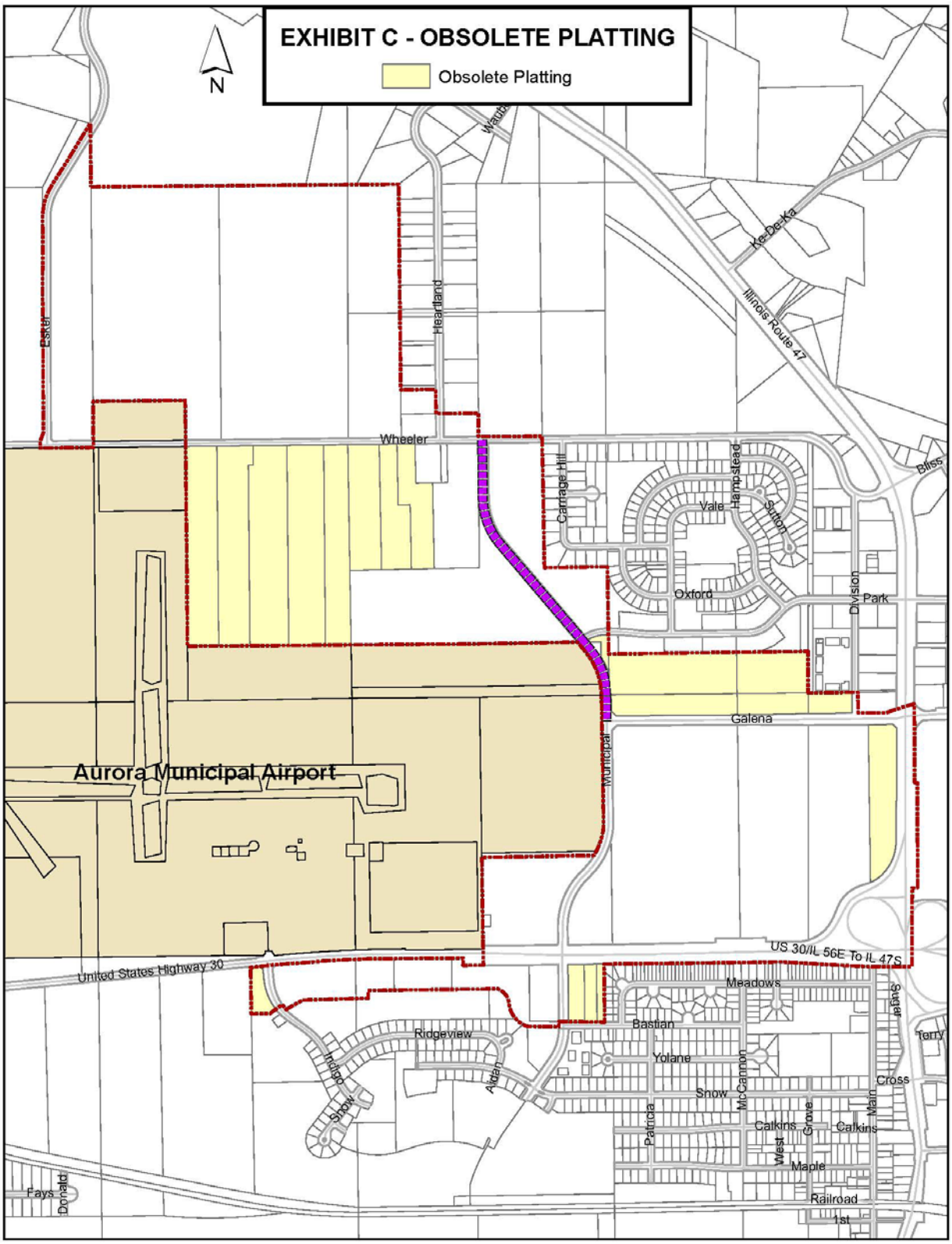


EXHIBIT C - OBSOLETE PLATTING
Obsolete Platting
N
Eola
Heartland
Wheeler
Ke-De-Ka
Illinois Route 47
Bliss
Carriage Hill
Hampstead
Vale
Sutton
Oxford
Division
Park
Galena
Municipal
Aurora Municipal Airport
US 30/IL 56E To IL 47S
United States Highway 30
Meadows
Sugar
Terry
Bastian
Ridgeview
Yolane
Indigo
Show
Aldan
Snow
McCannon
Cross
Main
Patricia
Calkins
Grove
West
Maple
Fays
Donald
Railroad
1st

Deterioration

Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, refers to physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. Examples of deterioration of buildings and surface improvements on improved parcels (and adjacent to vacant parcels) within the Project Area are outlined in the following section of this report, ELIGIBILITY FINDINGS – IMPROVED LAND. Due to the presence of structures and site improvements demonstrating deterioration in neighboring areas adjacent to vacant parcels within the Project Area, deterioration is a contributing factor towards designation of the Project Area as a blighted area.

Decline or Minimal Marginal Increase in the Equalized Assessed Value

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.

The most recent data available from the Kane County Assessor's Office was gathered in December 2014. Based on information obtained from the Assessor's Office regarding the growth rate of equalized assessed value (EAV) for the whole Village over the last 5 years (years 2010 through 2014) and information from the U.S. Department of Labor regarding the growth rate of the Consumer Price Index for All Urban Consumers (CPI):

	2014*	2013	2012	2011	2010	2009
Vacant Parcels	$427,524	$247,387	$250,815	$286,710	$262,272	$293,111
	72.82%	-1.37%	-12.52%	9.32%	-10.52%	
Village of Sugar Grove	n/a	$249,311,240	$271,487,143	$292,112,557	$314,692,543	$334,115,957
	n/a	-8.17%	-7.06%	-7.18%	-5.81%	
CPI	228.817	224.545	222.005	218.684	212.870	209.995
	1.90%	1.14%	1.52%	2.73%	1.37%	

** 2014 values not yet certified by Kane County Board of Review*

As shown in the table above, the total EAV of the improved parcels within the Project Area did decrease in 3 of the past 5 years. In addition, the EAV of the improved parcels increased at a lesser rate than that of the Village of Sugar Grove as a whole in 2 of the past 5 years, and increased at a lesser rate than the CPI in 3 of the past 5 years. Therefore, decline or minimal marginal increase in the equalized assessed value for the improved parcels does contribute to the designation of the Project Area as a blighted area.

ELIGIBILITY FINDINGS – IMPROVED LAND

Teska Associates, Inc. conducted a field survey of every property in the Project Area and surrounding adjacent parcels. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each parcel. These surveys occurred in December, 2014.

In order to be designated as a blighted area, a combination of at least five (5) of the blighting factors must be present to a meaningful extent and reasonably distributed throughout the Project Area (or in this case, reasonably distributed throughout the improved portion of the Project Area as shown on Exhibit B – Vacant and Improved Land).

Dilapidation

Dilapidation refers to an advanced state of disrepair of buildings or improvements or the neglect of necessary repairs, causing the building or improvement to fall into a state of decay. At a minimum, dilapidated buildings should be those with critical defects in primary structural components (roof, bearing walls, floor structure, and foundation), building systems (heating, ventilation, lighting, and plumbing), and secondary structural components in such combination and extent that (i) major repair is required or, (ii) the defects are so serious and so extensive that the buildings must be removed.

Example of Dilapidated structures within the Project Area

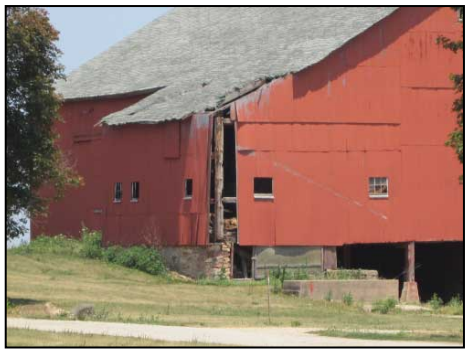
The exterior field survey conducted by Teska Associates, Inc. found that all 4 of the structures on PIN 14-17-100-014-0000 have been abandoned and are in a severe state of disrepair and display this type of extreme physical state. This high percentage (27%) of the total buildings in the Conservation Area (4 out of 15) is significant. Therefore, this factor significantly contributes to the designation of the Project Area as a blighted area.

Deterioration

Deterioration refers to physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair.

Deterioration of Buildings

Buildings in a state of deterioration exhibit defects, which are not easily correctable in the course of normal maintenance. Such buildings may be classified as deteriorating or in an advanced stage of deterioration, depending upon the degree or extent of defects. This would include buildings with major defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and major defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.



Deterioration of occupied farm buildings PIN 14-08-300-004-0000

Deterioration of structures occurs, to one extent or another, on 12 out of 15 of the buildings in the Project Area (80%). Examples of problematic conditions include broken windows and doors, loose gutters, deteriorated brickwork/masonry, cracks in foundations, deteriorating roofs, etc. Deterioration is obviously present to a much higher degree on the abandoned property south of Wheeler Rd., but is also present to a lesser degree on the occupied property north of Wheeler Rd. This concentration and widespread distribution of deterioration causes it to be a major contributing factor towards designation as a conservation area due to the impact on marketability and viability.

Deterioration of Surface Improvements

The conditions of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas may also evidence deterioration through surface cracking, crumbling, potholes, depressions, loose paving materials, and weeds protruding through the surface. The condition of roadways (Wheeler Rd.) is generally poor and in need of resurfacing and driveways are gravel and not paved. As noted previously, significantly more surface deterioration occurs on the abandoned property south of Wheeler Rd. Deterioration of Surface Improvements occurs on 2 out of 7 improved parcels (29%). The concentration and widespread distribution of deterioration (building and surface) causes it to be a contributing factor towards designation as a conservation area due to the impact on marketability and viability.

There is significant deterioration of both buildings and surface improvements on improved parcels in the Project Area, causing these characteristics to be a contributing factor towards designation as a blighted area.

Presence of Structures Below Minimum Code Standards

Structures below minimum code standards include all structures, which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed in such a way as to sustain safety of loads expected from this type of occupancy, to be safe for occupancy against fire and similar hazards, and/or establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies, which presume to threaten health and safety.

The exterior field survey conducted by Teska Associates, Inc. identified structures on 2 out of 7 improved parcels (29%) that appeared to be below code. The 4 structures on PIN 14-17-100-004 are abandoned and dilapidated, and should be demolished. Structural issues appear on buildings on PIN 14-08-300-004 as well. A review of the Village's building permit files and discussion with the Village's Building Commissioner confirmed this conclusion. Therefore, presence of structures below minimum code standards does contribute to the designation of the Project Area as a blighted area.

Excessive Vacancies

Establishing the presence of this factor requires the identification, documentation, and mapping of the presence of vacant buildings and vacant portions of buildings. Excessive vacancy refers to the presence of buildings which are unoccupied or underutilized and which represent an adverse influence on the area because of the frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy or utilization and vacancies within buildings.

As previously noted, the southern parcel contains 4 abandoned and vacant buildings. The northern parcel contains 8 buildings that appear fully occupied. The Fire Station and Village Hall are also fully occupied. Therefore, 4 out of the 15 total buildings on the seven improved parcels is vacant (27%), and 1 out of 7 parcels is fully vacant (14%). This is a significant vacancy rate, and is therefore a contributing factor to the designation as a conservation area.

Inadequate Utilities

This factor relates to all underground and overhead utilities, including, but not limited to, storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone and electric service, which may be shown to be inadequate. Inadequate utilities would include those which are (i) of insufficient capacity to serve the uses in the redevelopment project and surrounding areas, (ii) deteriorated, antiquated, obsolete, or in disrepair or are lacking.

According to the Village's Department of Public Works, storm sewer, sanitary sewer and water main are not adequately sized or designed for future redevelopment. Existing power lines are overhead and in need of repair. Wheeler Rd. is deteriorating and contains significant pothole damage, and lacks curb and gutter. In addition, much of the area does not have direct access to local roadways. Extension of Municipal Drive from Galena Boulevard to Wheeler Road and a western extension of Cardinal Drive are two examples. Therefore, inadequate utilities does contribute to the designation of the Project Area as a blighted area.

Decline or Minimal Marginal Increase in the Equalized Assessed Value

This factor can be cited if the total equalized assessed value of the Project Area has declined for 3 of the last 5 calendar years in which information is available, 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 for which information is available.

The most recent data available from the Kane County Assessor's Office was gathered in December 2014. Based on information obtained from the Assessor's Office regarding the growth rate of equalized assessed value (EAV) for the whole Village over the last 5 years (years 2010 through 2014) and information from the U.S. Department of Labor regarding the growth rate of the Consumer Price Index for All Urban Consumers (CPI):

	2014*	2013	2012	2011	2010	2009
Improved Parcels	$424,398	$426,857	$478,790	$515,913	$473,104	$451,810
	-0.58%	-10.85%	-7.20%	9.05%	4.71%	
Village of Sugar Grove	n/a	$249,311,240	$271,487,143	$292,112,557	$314,692,543	$334,115,957
	n/a	-8.17%	-7.06%	-7.18%	-5.81%	
CPI	228.817	224.545	222.005	218.684	212.870	209.995
	1.90%	1.14%	1.52%	2.73%	1.37%	

** 2014 values not yet certified by Kane County Board of Review*

As shown in the table above, the total EAV of the improved parcels within the Project Area did decrease in 3 of the past 5 years. In addition, the EAV of the improved parcels increased at a lesser rate than that of the Village of Sugar Grove as a whole in 2 of the past 5 years, and increased at a lesser rate than the CPI in 3 of the past 5 years. Therefore, decline or minimal marginal increase in the equalized assessed value for the improved parcels does contribute to the designation of the Project Area as a blighted area.

Conclusion

The Sugar Grove Northeast Airport Industrial TIF Redevelopment Project Area is eligible for designation as a "blighted area" based on the criteria established for vacant and improved land by the Act, including the predominance and extent of parcels exhibiting the following characteristics:

Vacant Land
1. Obsolete Platting;
2. Deterioration; and
3. Decline in EAV.

Improved Land
1. Dilapidation;
2. Deterioration of buildings and surface improvements;
3. Below Minimum Code Standards;
4. Excessive vacancies;
5. Inadequate utilities; and
6. Decline in EAV.

Each of these factors contributes to the eligibility of the area as a blighted area.

APPENDIX B – LEGAL DESCRIPTION

THAT PART OF SECTIONS 7, 8, 16, 17, 20 and 21 IN TOWNSHIP 38 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOT 35 IN HEARTLAND DEVELOPMENTS RESUBDIVISION OF LOT 21; THENCE SOUTH ALONG THE WEST LINE OF SAID HEARTLAND DEVELOPMENTS RESUBDIVISION OF LOT 21 AND THE WEST LINE OF SUGAR GROVE RESEARCH PARK SUBDIVISION TO THE NORTHWEST CORNER OF LOT 29 IN SAID SUGAR GROVE RESEARCH PARK SUBDIVISION; THENCE EAST ALONG THE NORTH LINE OF SAID LOT 29 TO THE NORTHEAST CORNER OF SAID LOT 29; THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 29 TO THE SOUTHEAST CORNER OF SAID LOT 29; THENCE EAST TO THE NORTHWEST CORNER OF LOT 1 IN SAID SUGAR GROVE RESEARCH PARK SUBDIVISION; THENCE EAST ALONG THE NORTH LINE OF SAID LOT 1 TO THE EAST LINE OF SAID LOT 1; THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF WHEELER ROAD; THENCE EAST ALONG SAID NORTH LINE TO THE WEST LINE OF HILLSIDE COUNTY SUBDIVISION WEST, UNIT 2 EXTENDED NORTH; THENCE SOUTH ALONG SAID WEST LINE TO THE NORTH LINE OF HILLSIDE COUNTRY SUBDIVISION WEST, UNIT 3; THENCE WEST ALONG SAID NORTH LINE TO THE WEST LINE OF SAID HILLSIDE COUNTRY SUBDIVISION WEST, UNIT 3; THENCE SOUTH ALONG SAID WEST LINE TO THE SOUTH LINE OF SAID HILLSIDE COUNTRY SUBDIVISION WEST, UNIT 3; THENCE EAST ALONG SAID SOUTH LINE TO THE WEST LINE OF WINDSOR WEST, UNIT 1; THENCE SOUTH ALONG SAID WEST LINE AND THE WEST LINE OF WINDSOR WEST UNIT 2 TO THE NORTH LINE OF WIEDNER'S LEGACY SUBDIVISION; THENCE EAST, ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED EAST, TO THE WEST LINE OF THE RESUBDIVISION OF LOT 8 OF THE LANDINGS RESUBDIVISION; THENCE SOUTH ALONG SAID WEST LINE TO THE SOUTH LINE OF SAID RESUBDIVISION OF LOT 8 OF THE LANDINGS RESUBDIVISION; THENCE EAST ALONG SAID SOUTH LINE AND SAID SOUTH LINE EXTENDED TO THE EAST LINE OF DIVISION DRIVE; THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF GALENA BOULEVARD; THENCE EAST ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF STATE ROUTE 47; THENCE SOUTH ALONG SAID EAST LINE AND SAID EAST LINE EXTENDED, TO THE SOUTH LINE OF U.S. ROUTE 30 EXTENDED EAST; THENCE WEST ALONG SAID SOUTH LINE EXTENDED AND THE SOUTH LINE OF SAID U.S. ROUTE 30 TO THE EAST LINE OF LOT 235 IN SUGAR CREEK SUBDIVISION, UNIT 1, PHASE 2; THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF BASTIAN DRIVE; THENCE WEST ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED WEST, TO THE WEST LINE OF MUNICIPAL DRIVE; THENCE SOUTH ALONG SAID WEST LINE TO THE NORTH LINE OF SUGAR GROVE LIBRARY RESUBDIVISION; THENCE WESTERLY ALONG SAID NORTH LINE TO THE NORTH LINE OF PRAIRIE GLENN SUBDIVISION, UNIT 1; THENCE WESTERLY ALONG SAID NORTH LINE TO THE EAST LINE OF INDIGO DRIVE; THENCE NORTHERLY ALONG SAID EAST LINE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF PARCEL 1 IN PRAIRIE GLENN SUBDIVISION, UNIT 1; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND SAID NORTH LINE TO THE EAST LINE OF THE WEST 1576.10 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 20; THENCE NORTH ALONG SAID EAST LINE, TO THE SOUTH LINE OF U.S. ROUTE 30; THENCE EASTERLY ALONG SAID SOUTH LINE, TO THE EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 20; THENCE NORTH ALONG SAID EAST LINE TO THE SOUTHEAST CORNER OF WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 17; THENCE NORTH ALONG

SAID EAST LINE, TO THE SOUTH LINE OF THE NORTH 1608.36 FEET OF THE SOUTHEAST QUARTER OF SAID SECTION 17; THENCE EAST ALONG SAID SOUTH LINE TO THE WEST LINE OF MUNICIPAL DRIVE. THENCE NORTHERLY ALONG SAID WEST LINE TO THE NORTH LINE OF THE SOUTHERLY 550.00 FEET OF THE NORTH HALF OF SAID SECTION 17; THENCE WESTERLY ALONG SAID NORTH LINE TO A LINE DRAWN PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, THAT IS 950.00 FEET, EASTERLY OF (MEASURED ALONG THE NORTH LINE OF SAID SECTION 17) THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 17; THENCE NORTH ALONG SAID PARALLEL LINE TO THE NORTH LINE OF SAID SECTION 17; THENCE NORTH ALONG THE EAST LINE OF THE WEST 950.00 FEET OF SAID SECTION 8, TO THE NORTH LINE OF THE SOUTH 370.00 FEET OF SAID SECTION 8; THENCE WEST ALONG SAID NORTH LINE TO THE WEST LINE OF SAID SECTION 8; THENCE SOUTH ALONG SAID WEST LINE AND THE WEST LINE OF SAID SECTION 17 TO THE SOUTH LINE OF WHEELER ROAD; THENCE WEST ALONG THE SOUTH LINE OF SAID WHEELER ROAD TO THE WEST LINE OF ESKER DRIVE EXTENDED SOUTH; THENCE NORTH ALONG SAID WEST LINE EXTENDED SOUTH AND THE WEST LINE OF SAID ESKER DRIVE TO A LINE DRAWN PERPENDICULAR TO THE EAST LINE OF SAID ESKER DRIVE, THENCE SOUTHEASTERLY ALONG SAID PERPENDICULAR LINE, TO THE POINT WHERE THE EAST LINE OF ESKER DRIVE INTERSECTS THE WEST LINE OF SAID SECTION 8; THENCE SOUTH ALONG SAID WEST LINE TO THE NORTH LINE OF THE SOUTH HALF OF SAID SECTION 8; THENCE EAST ALONG SAID NORTH LINE TO THE POINT OF BEGINNING.

APPENDIX C – PIN LIST

1407499001	1417100012	1417400014	1420200054
1408300004	1417100014	1417400017	1420200035
1408300005	1417100016	1417400021	1420200053
1408400009	1417100018	1416179008	1420226009
1408400010	1417200019	1416300010	1420226010
1408451004	1417200026	1416300011	
1408451005	1417200027	1416400016	
1408452007	1417200028	1420100024	
1416153010	1417200046	1420100025	
1416300012	1417200051	1420200036	
1417100010	1417200052	1420200049	

APPENDIX D – EQUALIZED ASSESSED VALUE

1407499001	$13,312
1408300004	$99,703
1408300005	$22,225
1408400009	$2,696
1408400010	$2,642
1408451004	$59,376
1408451005	$57,764
1408452007	$0
1416153010	$1
1416300012	$10,597
1417100010	$4,783
1417100012	$4,709
1417100014	$50,378
1417100016	$5,524
1417100018	$4,202
1417200019	$274,317
1417200026	$3,330
1417200027	$3,247
1417200028	$3,069
1417200046	$13,431
1417200051	$3,957
1417200052	$3,107
1417400014	$0
1417400017	$2,134
1417400021	$0
1416179008	$1
1416300010	$15,867
1416300011	$29,468
1416400016	$4,341
1420100024	$12,403
1420100025	$50,865
1420200035	$0
1420200036	$20,913
1420200049	$29,028
1420200053	$0
1420200054	$44,532
1420226009	$0
1420226010	$0
	$851,922