

FARMER CITY FORWARD TIF DISTRICT

TAX INCREMENT FINANCING REDEVELOPMENT PLAN & PROJECT

September 17, 2018

The City of
FARMER CITY, IL



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SECTION I. INTRODUCTION

On July 30, 2018, the Eligibility Study for the Tax Increment Financing (“TIF”) Area was presented to the City Council. The Eligibility Study outlined the qualifying factors found in the Area, and this information is referenced within this Redevelopment Plan (“Plan”). At their meeting on July 30, 2018, the City Council approved motions to continue the TIF process and to complete this document, the Redevelopment Plan for the Area.

The City of Farmer City intends to use tax increment financing, as well as other financing programs, if available, and development tools, to ameliorate the blighting conditions of the proposed Redevelopment Project Area and to stimulate private investment. The proposed Redevelopment Project Area as a whole has not been subject to economic growth and will not likely develop without the implementation of a tax increment financing program.

The Plan outlines the anticipated projects and includes the following activities:

- i. Major upgrades of utilities and infrastructure. Extension of infrastructure and utilities to sites which currently have none, particularly to those adjacent to the I-74 interchange. Repair/replace aging portions of water and sanitary sewer systems. Improve the storm water drainage system;
- ii. Development of retail and commercial businesses adjacent to the I-74 interchange, along IL-54, and in the downtown portion of the Area;
- iii. Land assembly and marketing of properties;
- iv. Implementation of a streetscape program and façade improvement program to improve downtown;
- v. Rehabilitation and restoration of the aging public and private buildings throughout the Area, particularly in the downtown portion;
- vi. Street, curb and sidewalk rehabilitation and construction;
- vii. Recruit new businesses to vacant buildings which are scattered throughout the Area;

Tax Increment Financing is permitted by the Illinois Tax Increment Allocation Redevelopment Act (the “Act” or the “TIF Act”), which is found at 65 ILCS 5/11-74.4-1 et. seq. The Act sets forth the requirements and procedures for establishing the Area and the Plan. The Area is identified on various exhibits and descriptions in the following sections. It also should be noted at this time that this Plan does not constitute a suggestion of every allocation of TIF Revenue, nor does it represent or constitute an inference as to the content of any “Redevelopment Agreements” that may be negotiated between the City and any developer.

SECTION II. ELIGIBILITY FINDINGS FOR THE AREA

A. Introduction

In order to establish tax increment financing properties slated for inclusion in the TIF Area must be found to be eligible. The following sections report on the eligibility of these parcels.

B. Statutory Requirements

According to the Act, in order for a municipality to qualify properties for tax increment financing, a finding must be made that conditions exist which allow the Area to be classified as a blighted area, a conservation area, a combination of both blighted and conservation areas, or an industrial park conservation area. A map of the area of study (the “Area” or the “Proposed Area”) has been attached as Exhibit A – Boundary Map. Moran Economic Development conducted an evaluation of the physical conditions in the Area, and the findings of this evaluation are outlined below.

The definitions used for qualifying this Area, as defined in the Act, 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 three or more of the following factors is detrimental to the public safety, health, morals or welfare, and such an area may become a blighted area:

1. Dilapidation - An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
2. Obsolescence - The condition or process of falling into disuse. Structures have become ill-suited for the original use.
3. Deterioration - With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.
4. 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.
5. 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.

6. Excessive vacancies - The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.
7. 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 or inadequacy 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.
8. 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.
9. 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: 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 the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.
10. 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.
11. 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 standards, or other evidence demonstrating an absence of effective community planning.
12. 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,

Legend
TIF District Boundary

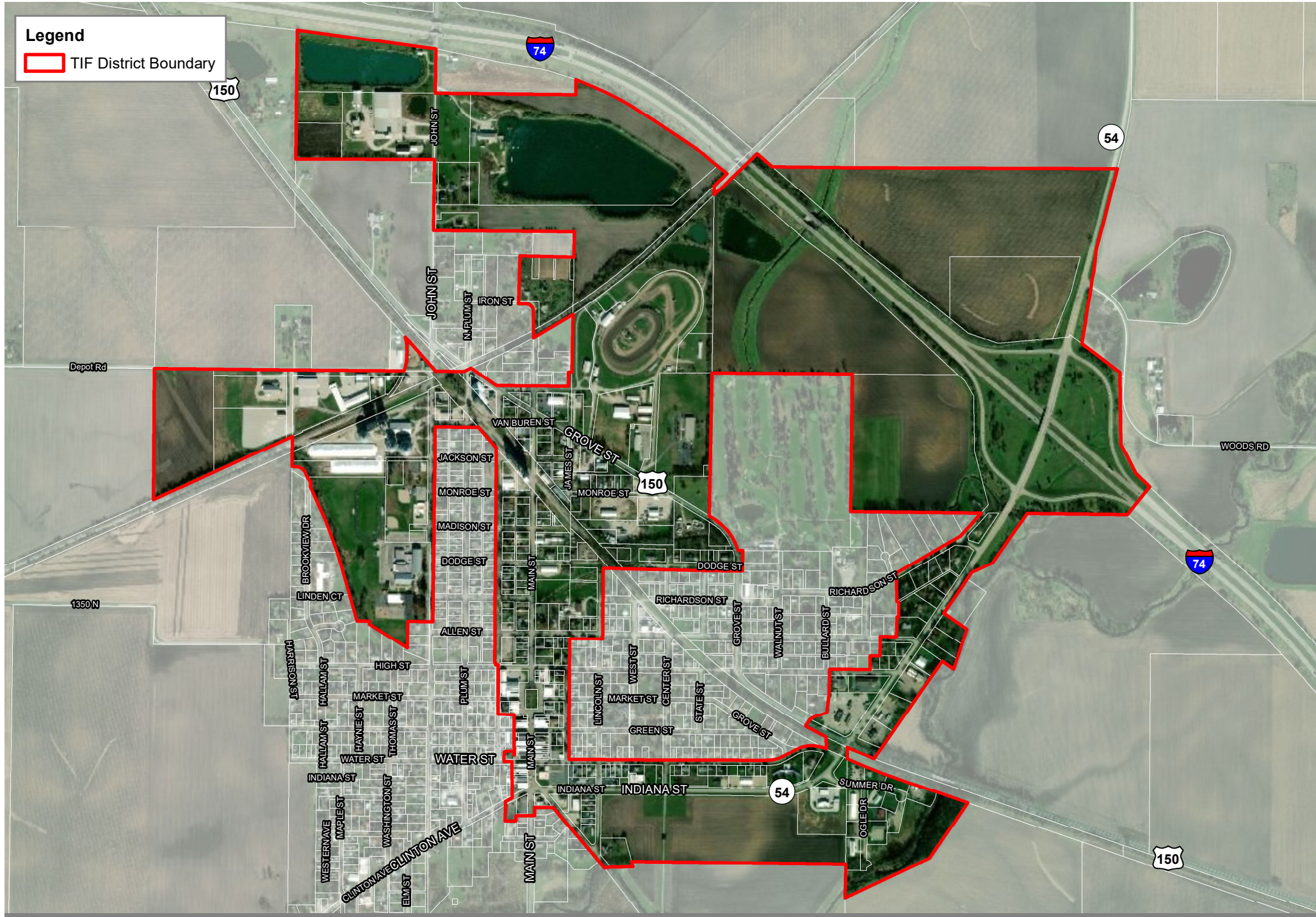


EXHIBIT A - BOUNDARY MAP
FARMER CITY FORWARD TIF DISTRICT
Farmer City, IL



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.

13. 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.

“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, 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:

1. 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-way for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.
2. Diversity of ownership - of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.
3. 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.
4. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
5. 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 remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
6. 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.

Or, if vacant, the sound growth of the redevelopment areas 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 with the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

1. The area consists of one or more unused quarries, mines, or strip mine ponds.
2. The area consists of an unused rail yards, rail tracks or railroad rights-of-way.
3. The area, prior to its designation, is subject to chronic flooding which adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.
4. 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.
5. 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.
6. The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

C. Methodology of Investigation

Various techniques and methods of research and field surveys were utilized in determining the eligibility of the properties in question, including:

- On-site field examination of the Proposed Area by experienced property inspectors on the staff of Moran Economic Development. These personnel are trained in techniques and procedures of determining conditions of properties, buildings, streets, utilities, etc. and the subsequent use and analysis of this research to determine TIF eligibility.
- Contacts with City officials and other individuals knowledgeable about conditions and history in and of the Proposed Area, the age and condition of buildings and site improvements, development patterns, real estate matters, and related items.
- Use of definitions contained in the Act.
- Examination of maps, aerial photographs, and historic data related to the Proposed Area including DeWitt County real property tax assessment records.

- Adherence to basic findings of need as established by the Illinois General Assembly in establishing tax increment financing, which became effective on January 10, 1977 and has been subsequently amended.

D. Eligibility Findings for the Area

In making the determination of eligibility for an Area, it is not required that each and every property and/or building individually qualify, but it is the Area as a whole that must be determined to be eligible. An analysis of the physical conditions and presence of qualifying factors within the Area was performed. In addition to the analysis an inventory of existing land use was determined and outlined on the attached Exhibit B – Existing Land Use Map.

The Area encompasses 314 parcels of property and rights-of-way in the City of Farmer City. Generally, this Area encompasses parcels from the interstate interchange through the downtown portion of the City, taking in the central commercial areas. Beginning at the I-74 interchange the Area takes in the surrounding properties within the corporate boundary, and continues southwest to take in properties adjacent to IL-54. Upon reaching Main St the Area turns north, taking in properties until reaching Grove St. Near Grove St and the railroad lines the Area extends west to the corporate boundary to take in properties south of Depot Rd, as well as taking in the Farmer City Raceway properties on the eastern side. Finally the area continues north to take in properties adjacent to Co Rd 22 before reaching I-74, which makes up the northern boundary of the Area.

The findings of this analysis, outlined and detailed below, demonstrate that the Area is found to be a combination “conservation area” and “blighted area” as defined within the Act. While the Area was reviewed for all of the factors listed above in Section B, the following summarizes only the factors that exist within the Area:

QUALIFICATIONS OF THE DEVELOPED PORTION OF THE AREA

▪ Age of Structures

Continuous use and exposure to the elements (varied temperatures, moisture, etc.) over an extended period of time adversely affects structures both aesthetically and structurally. Additionally, older buildings tend not to be ideal for modern-day uses as they often fail to meet contemporary development standards; a result of being constructed prior to the emergence of more rigorous guidelines.

As stated, 50% or more of the structures must have an age of 35 years or greater for a developed area to qualify as a “conservation area.” City and County records, County assessment and appraisal information, photographs, and aerials were all used to document the presence of this factor. Additionally, field investigations were performed by Moran Economic Development.

There are 430 structures in the Area, 391 of which are 35 years of age or greater (91%). According to County records the average year of construction of the structures in the Area is 1941. Thus, the developed portion of the Area may be reviewed for its compliance with the “conservation” criteria.

The qualifying factors for developed land found in the Act were researched to determine eligibility for these properties. The following is the review of existing factors in the Area that would qualify it as a “Conservation Area”:

- **Obsolescence**

The Act defines this eligibility criterion as the condition or process of falling into disuse, in that structures become functionally obsolete when they contain characteristics or deficiencies which limit the use and marketability of those buildings after the original intended use ceases. Buildings can also become economically obsolete, demonstrated by stagnant or declining assessed valuation and lack of viable tenants for commercial space. The economic disadvantage of these buildings can often be a result of their functional obsolescence, as the buildings cannot compete in the market without some intervention or correction of the factors which caused it to be obsolete.

It has been determined that 71 of the developed parcels (27%) exhibit some form of obsolescence. A portion of this obsolescence is functional or structural, in that those dilapidated structures discussed previously are no longer viable for use in their current state. However, the majority of these parcels exhibiting this factor are economically obsolete. Since 2012, these parcels combined have lost nearly \$1,500,000 in equalized assessed value (EAV).

Thus, it has been determined that obsolescence exists to a qualifying degree.

- **Deterioration**

Deteriorated conditions were present in 388 of the 430 structures in the Area (90%), and in 258 of the 264 developed parcels (98%). The field survey of main building conditions in the Area found 388 buildings to have notable defects in the secondary structural components, including roofs, windows, foundations, and fascia materials. These examples were evenly distributed throughout the Area both geographically and within the various land uses. This is not uncommon in areas with this many buildings over the age of thirty-five.

Nearly the entire developed portion of the Area exhibited some sort of surface deterioration. Common forms of this type of deterioration are cracking sidewalks, unkempt gravel areas, cracked and deteriorated roadway surfacing, and grass or weed growth in some of the surface improvements. In other portions of the proposed district parking lots, entry ways, and driveways lack proper pavement and exhibit clear signs of deterioration.







Overall, deteriorated conditions were present in 258 out of 264 developed parcels (98%) in the Area, thereby exhibiting this factor to a qualifying degree.

- **Inadequate Utilities**

There is a need for utility upgrades throughout the project area. The age of most of the utility lines, both water and sanitary sewer, will likely cause the need for upgrades or improvements in the near future.

City engineers indicated the older water system lines in the Area to date back prior to at least the 1950's. The age of the lines has caused issues with tuberculation on the interior of the piping, and as a result the City experiences problems related to the reduction of volume in lines that are already undersized. Some of these mains are four-inch water mains, which have a further reduction of flow due to the aforementioned tuberculation. These lines are cast iron, and breakages have occurred due to complete corrosion of the mains. The undersized lines also negatively impact the fire suppression systems (hydrants) which are also past their ideal usefulness. Ideally these lines would be replaced with larger, modern PVC lines, as cast iron is much more susceptible to breakage.

Legend

-  TIF District Boundary
-  Residential
-  Commercial
-  Industrial
-  Institutional
-  Undeveloped

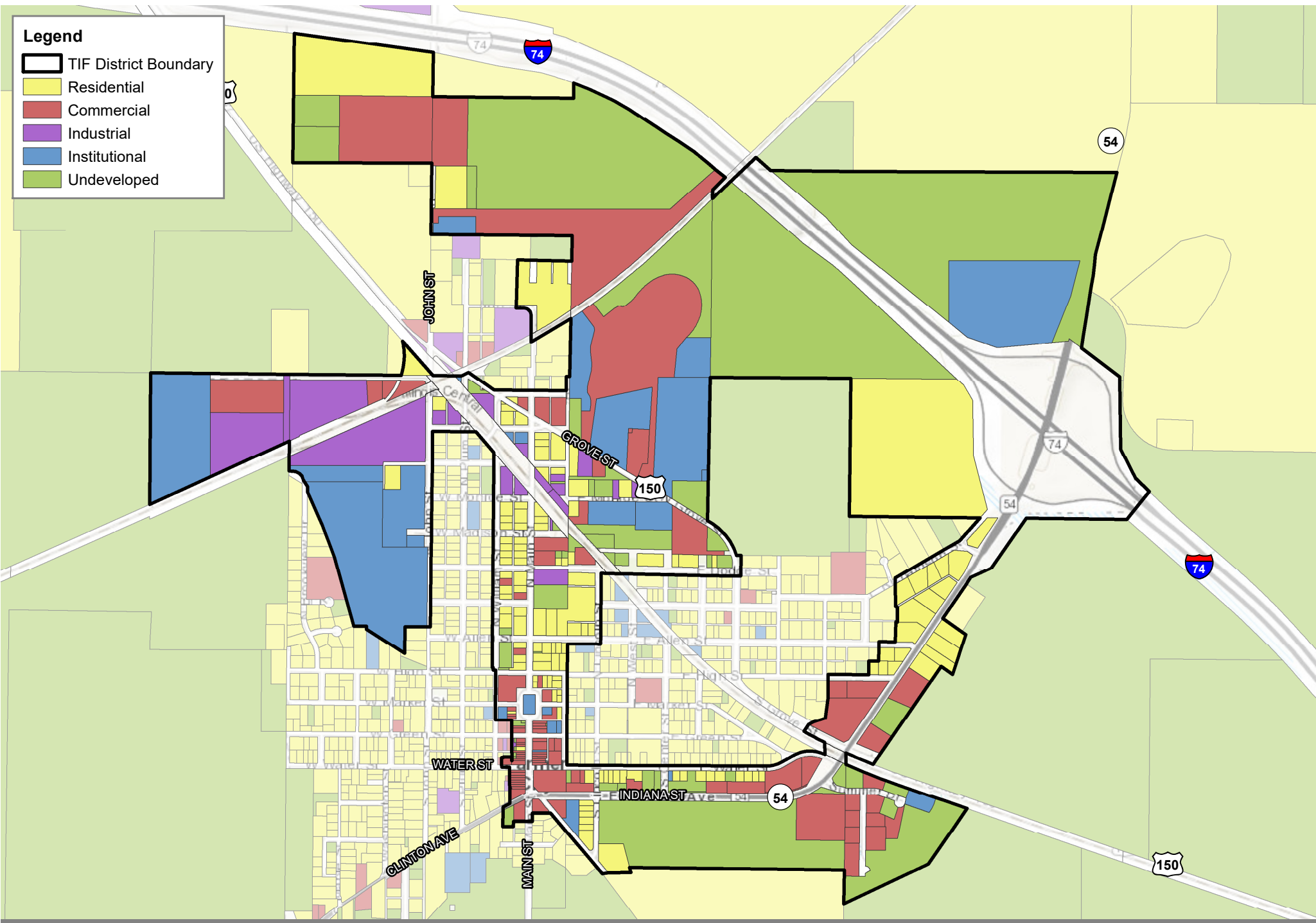


EXHIBIT B - EXISTING LAND USE
FARMER CITY FORWARD TIF DISTRICT
Farmer City, IL



The water tower is older as well, having been constructed in 1991. The tower is in adequate condition, however the exterior and especially the interior coatings are subject to corrosion and are in need of being sandblasted and painted.

The water treatment plant was originally constructed in 1996 is now starting to show its age. The treatment plant is in adequate condition; however, upgrades and maintenance to the plant are necessary to the softeners and valves. In the near future the plant will require improved aerators and either a new liner for the concrete reaction basin or a brand new basin which is a significant cost

The sewer system is aged as well, dating back to around the same period as the water system. The lines are made of clay pipe, which is highly susceptible to breakage. This is prevalent throughout the Area, and leads to infiltration and inflow issues in the system. The infiltration and inflow is a major problem during heavy rains. This has caused problems to the combined sewer outlet causing a heavy influx of rainwater to enter into the sanitary sewer treatment plant. This will require a significant expense to correct. The City anticipates many of the sewer mains will require replacement or relining to prevent infiltration.

The sewer treatment plant is in need of upgrades in order to adequately serve the City. The original plan was constructed in the 1940's or 1950's and was upgraded around 1986. Within the older portion of the plant, a significant upgrade to the valves and pumps is necessary as is the improvement of the tertiary filtration system. These improvements are expected to exceed \$100,000.

Most lift stations serving the Area have been improved and are in adequate condition although a few show some signs of corrosion and improvements are necessary.

There are minimal stormwater sewers within the City and the area itself.

Farmer City operates its own electrical system (Famer City Light & Power). In regards to the transmission lines within the Area, the City is in need of vastly improving some of the aging lines that date back to 1968. These aging lines are not suited to carry the electrical load and improvements to areas along Grove and Water streets are priority improvements that could cost upwards of \$500,000. Electric lines along Main Street/Downtown have been improved.

The Farmer City Light and Power Plant is capable of supplying enough power for the current entire city and surrounding areas. Farmer City benefits from this plant in several ways. One of which is that the city enjoys almost continuous power, 365 days a year. The "down-time" is limited to less than 1 hour. If at any time the main grid which carries the power to the cities substation is down, the cities power plant goes into action. In most cases, the power plant switches on and continues power to homes and businesses with anyone even noticing. Although from a generation standpoint the plant is in good condition, any significant customer that would consider this location would likely cause the plant to be upgraded to allow for more power generation. Thus between some aging lines and planning for future development, improvements to this system are necessary.

The vast majority of the developed parcels (91%) in the Area are affected by some form of the inadequate utilities detailed in the prior paragraphs. Thus, the Area qualifies for this factor.

- **Deleterious Land Use or Layout**

Incompatible land-use relationships typically occur when the function of one land use negatively impacts the adjacent land uses. Hours of operation, vehicular traffic, noise, security lighting, truck delivery traffic, and utilizing the public right-of-way as part of a loading zone or parking lot are all factors that can negatively impact adjacent lots of different land uses.

In many instances there are residential land uses in areas where the highest and best use of the property is for commercial purposes. This can be limiting for the City in terms of tax revenues, both in sales and property taxes. Additionally, the existing residential land uses in these areas could be experiencing some of the noxious effects from the neighboring commercial and industrial properties. The intermixing of these land uses can be seen in Exhibit B.

Ultimately, this factor was found in 157 (59%) of the developed parcels, and thus the Area does qualify for this criteria. Additionally, this factor contributes to a lack of community planning, an eligibility factor discussed below.

- **Lack of Community Planning**

Much of the Area (71%) suffers from a lack of community planning. Given the age of much of the developed portion of the Area, a community plan did not exist at the time the majority of the Area was originally developed. As such, the City developed through a general sense of order, and while the Area does not appear to be an amalgam of styles and/or architecture, there still was not one overall plan which guided development during the growth of the majority of the Area. One example of this factor is the deleterious land use or layout found in the Area. This is detailed previously, and is a result of the lack of community planning and guided development in the City.

Additional indications of a lack of community planning are the inadequate shape and size of parcels. There are numerous examples of large properties that were subdivided in irregular shapes and sizes, which is a reflection of the fact that no land use plan was followed in the formation of parcel lines. Property assembly and or parcel splits would likely be required for much of the Area to be developed to its highest and best use, which are additional barriers for development.

As a result, the Area qualifies for this factor.

- **Stagnant or Declining Property Values**

Equalized assessed valuation (EAV) information was reviewed by the staff of Moran Economic Development to determine whether or not the Area qualifies for this factor. Table A depicts annual growth rates both for the Redevelopment Project Area as a whole and the balance of the City, which is the total EAV of Farmer City minus the EAV of the parcels in the project Area, dating back to assessment year 2012.

TABLE A - PROJECT AREA EAV GROWTH RATES

YEAR	FARMER CITY ¹	PROJECT AREA ²	%	BALANCE ³	%
2017	\$22,407,555	\$8,720,462	1.81%	\$13,687,093	1.77%
2016	\$22,014,240	\$8,565,471	-1.48%	\$13,448,769	-1.17%
2015	\$22,301,850	\$8,694,299	-9.68%	\$13,607,551	7.44%
2014	\$22,291,799	\$9,626,430	0.31%	\$12,665,369	39.56%
2013	\$18,671,437	\$9,596,444	0.67%	\$9,074,993	-3.97%
2012	\$18,982,275	\$9,532,431	-	\$9,449,844	-

¹Total City Equalized Assessed Value (EAV). Source: DeWitt County Clerk

²Total EAV of the Parcels in the Project Area. Source: DeWitt County Supervisor of Assessments

³Total City EAV Minus the EAV of the Parcels in the Project Area

This analysis shows that the parcels in the Area had a lower annual EAV growth rate than the balance of the City for three of the last five years (those years shown in bold), thus meeting the qualification threshold for this eligibility factor.

QUALIFICATIONS OF THE VACANT PORTIONS OF THE AREA

In addition to the developed parcels, the qualifying factors for undeveloped land found in the Act were researched to determine eligibility for these properties.

The first step towards establishing eligibility in an undeveloped portion of a municipality is to determine whether or not such undeveloped property is considered vacant. "Vacant land" is defined in the Act (also Sec. 11-74.4-2) as follows:

...any parcel or combination of parcels of real property without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment area, unless the parcel is included in an industrial park conservation area or the parcel has been subdivided; provided that if the parcel was part of a larger tract that has been divided into 3 or more smaller tracts that were accepted for recording during the period from 1950-1990, then the parcel shall be deemed to have been subdivided, and all proceedings and actions of the municipality taken in that connection with respect to any previously approved or designed redevelopment project area or amended redevelopment project area are hereby validated and hereby declared to be legally sufficient for all purposes of this Act. For the purposes of this Section and only for land subject to the subdivision requirements of the Plat Act, land is subdivided when the original plat of the proposed Redevelopment Project Area or relevant portion thereof has been properly certified, acknowledged, approved, and recorded or filed in accordance with the Plat Act and a preliminary plat, if any, for any subsequent phases of the proposed Redevelopment Project Area or relevant portion thereof has been property approved and filed in accordance with the applicable ordinance of the municipality.

Once undeveloped property is found to be "vacant," such vacant area may be found to be a blighted area based on certain factors. Researching various records using the DeWitt County Assessment and Tax Information System, it has been determined that there are 50 parcels of land found to be vacant. Of the 50 vacant parcels, there are 44 parcels of real property without industrial, commercial, or residential buildings. Additionally, these parcels have not been used for commercial agricultural purposes within the five year period preceding this redevelopment plan. The remaining six parcels have been used for commercial agricultural purposes within the five year period prior to the creation of this Redevelopment Plan. These parcels have been

subdivided in accordance with the Plat Act, however, and as such can be considered vacant land.

Since the Area was found to be vacant, the qualifying factors for vacant land found in the Act were researched to determine eligibility for these properties. The following is the review of qualifying factors in this portion of the Area.

- **Diversity of Ownership**

The 50 undeveloped properties within the Eligibility Study Area have 26 different owners, making property assembly difficult. This very much limits the ability to both market and develop these properties without a plan for redevelopment.

The Area therefore qualifies for this factor.

- **Obsolete Platting**

Approximately 47% of the undeveloped parcels (and a larger percentage of the total vacant acreage) exhibit obsolete platting. These parcels are unlikely to be utilized properly due to their incompatibility with contemporary standards and requirements for development. In certain instances this issue can be overcome by property assembly, but this process is hindered by “Diversity of Ownership”, an eligibility factor detailed previously.

The Area therefore qualifies for this factor.

- **Deterioration of Structures or Site Improvements in Neighboring Areas**

Deterioration was evident during field investigations of the neighboring areas adjacent to the undeveloped properties in the proposed Area. The deteriorating building and surface conditions noted above (developed portion) affect the undeveloped portion of the Area as well, as many of the undeveloped parcels are adjacent to developed parcels exhibiting deterioration in some form. This condition affects 65% of the undeveloped portion of the Area.

As a result of these conditions, the Area would qualify for this blighting factor.

- **Stagnant or Declining Property Values**

The stagnant or declining property values, as described in the developed portion prior, applies to both developed and undeveloped properties in the Redevelopment Project Area. As such, the undeveloped portion of the Area also qualifies for this factor.




DETERMINATION OF STAND ALONE FACTORS IN VACANT PORTIONS OF THE AREA

In addition to the above qualifications for vacant property, the Act finds that if the redevelopment Area is impaired by a factor that is present and reasonably distributed throughout the vacant part of the redevelopment project Area it may qualify under an additional set of eligibility criteria. One of the factors is the presence of unused mines

- **The Area is Subject to Chronic Flooding**

Exhibit C illustrates the floodplain in the Redevelopment Project Area, per FEMA Flood Map data. In addition to those properties shown in the floodplain area, there are other portions of the Eligibility Study Area suffering from chronic flooding. Locations of note are at the intersection of US-150 and John St, and at Depot Rd. City and other local government officials are considering solutions in order to remediate some of the issues.

Legend

-  TIF District Boundary
-  Zone A
-  Zone AE

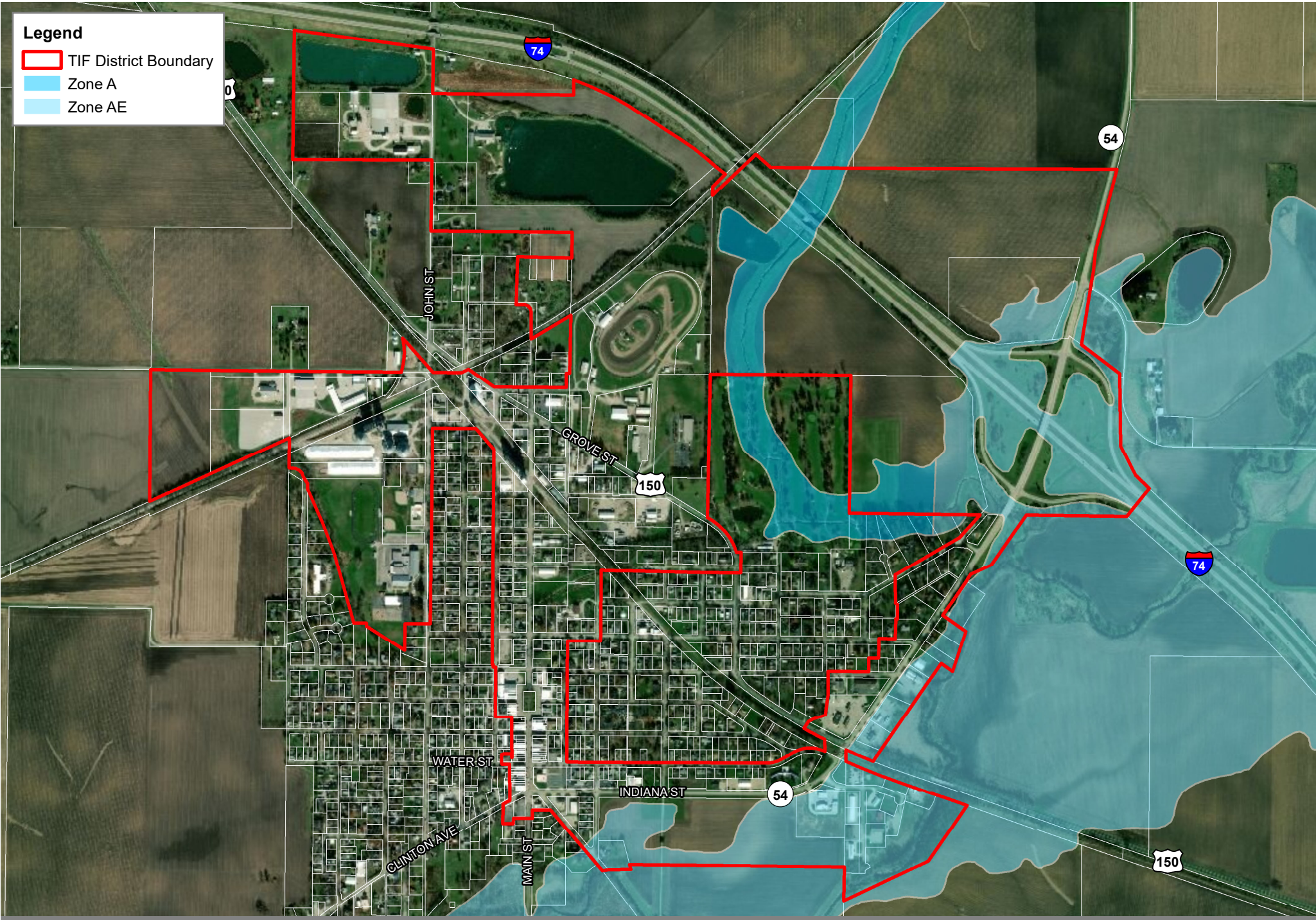


EXHIBIT C - FLOODPLAIN
FARMER CITY FORWARD TIF DISTRICT
Farmer City, IL



Any development opportunities on the properties within this floodplain area or in other locations experiencing issues with flooding could be extremely limited due to the risks associated with floodwater management.

As such, the Area qualifies for this factor.

▪ **The area consists of unused rail yards, rail tracks or railroad rights-of-way.**

There are sections of unused railroad rights-of-way and rail tracks in the Area. Per the Abandoned Rail database of Illinois (source: <http://a-r.us/p2o>), there are several rail sections that are in disuse. There is a stretch of connecting tracks to the Illinois Central mainline, a junction with Illinois Central, and a small transfer yard that are no longer being used. This rail infrastructure is all part of what was the Mansfield to Bloomington line, which included the following railroads: The Cleveland, Cincinnati, Chicago & Saint Louis Railroad, The Conrail System, The Danville, Urbana, Bloomington & Pekin Railroad, The Indianapolis, Bloomington & Western Railway, The New York Central System, and The Penn Central Railroad.

As such, the Area qualifies for this factor.

E. Summary of Factors

It is found that the developed portion of the Area contains conditions that qualify it as a Conservation Area; the number of buildings that are 35 years or older exceeds the statutory threshold of 50%, with 391 of the 430 structures (91%) being at least 35 years old; and the Area contains an incidence of at least ten qualifying factors, six of which are present to a qualifying degree. The factors which cause the Area to qualify are present to a meaningful extent and are distributed throughout the Area. The following summarizes those factors:

Obsolescence – 27% of the parcels are found to be obsolete in some form.

Deterioration – 98% of the parcels and 90% of the structures exhibit deterioration.

Inadequate Utilities – 91% of the parcels exhibit inadequate utilities in some form.

Deleterious Land Use – 59% of the parcels are found to exhibit deleterious land use.

Lack of Community Planning – 71% of the Area is affected by a lack of community planning.

Stagnant or Declining Property Values – The Project Area has grown at a lower rate than the balance of the City for three of the past five years.

It is found that the undeveloped portion of the Area contains conditions that qualify it as a Blighted Area. It exhibits a relatively high incidence of four qualifying factors. These qualifying factors are present to a meaningful extent and are distributed throughout the Area. The following summarizes those factors:

Diversity of Ownership – The undeveloped properties within the Area have a diversity of ownership, making any assembly of property difficult for redevelopment.

Obsolete Platting – 47% of the undeveloped parcels (and a larger percentage of the total undeveloped acreage) exhibit obsolete platting.

Deterioration of Adjacent Parcels – 65% of the undeveloped parcels are adjacent to parcels exhibiting deteriorated site improvements.

Stagnant or Declining Property Values – The Project Area has grown at a lower rate than the balance of the City for three of the past five years.

Additionally there were “stand-alone” factors found in the vacant portion of the Area. The following summarizes those factors:

- **The area, prior to its designation, is subject to chronic flooding.**
- **The area consists of unused rail yards, rail tracks or railroad rights-of-way.**

All of the qualifying factors are presented in Table B.

TABLE B - QUALIFCATION FACTORS MATRICES

TOTAL PARCELS IN TIF DISTRICT		314	
DEVELOPED PORTION OF THE AREA			
Number of Parcels	264		
Number of Structures	430		
Buildings Over 35 Years of Age	391	91%	
Dilapidation	37	9%	
Obsolescence	71	27%	
<i>Structure Deterioration</i>	388	90%	
<i>Surface Deterioration</i>	258	98%	
Total Deterioration	258	98%	
Structures Below Minimum Code	Not Determined		
Illegal Use of Structures	Not Determined		
Excessive Vacancies	15	6%	
Lack of Ventilation, Light, or Sanitary Facilities	42	16%	
Inadequate Utilities	240	91%	
Excessive Land Coverage	13	5%	
Deleterious Land Use or Layout	157	59%	
Lack of Community Planning	188	71%	
EPA Remediation Costs	Not Determined		
Low EAV Growth for 3 of the Last 5 Years	YES		
Total # of Factors Existing	10		
Factors Existing to a Qualifying Extent	6		
50% or More of Area has 3 or More Factors Plus Age	YES		
UNDEVELOPED PORTION OF THE AREA			
Number of Vacant Parcels	50		
Obsolete Platting	YES		
Diversity of Ownership	YES		
Tax Delinquent	NO		
Deterioration in Adjacent Areas	YES		
EPA Remediation Costs	NO		
Low EAV Growth for 3 of the Last 5 Years	YES		
2 of the 6 Preceding Factors	YES		
Stand Alone Factors			
Unused Quarries, Mines, or Strip Mine Ponds	NO		
Unused Rail Yards, Rail Tracks, or Railroad Rights-of-Way Area, Prior to its Designation, is Subject to Chronic Flooding	YES		
Illegal Disposal Site	NO		
Between 50-100 Acres Undeveloped for Designated Purpose	NO		
Qualified as Blighted Improved Area	NO		
1 of the 6 Preceding Factors	YES		

F. Conclusion

The developed portion of the Area is impacted by at least six blighting factors, plus age. All six of those factors are reasonably distributed and present to a meaningful extent. As such, the developed portion of the Area is found to exceed the threshold required to be a considered “conservation area”.

The undeveloped portion of the Area is impacted by four of six blighting factors. These factors are reasonably distributed and are present to a meaningful extent. As such, the undeveloped portion of the Area is found meet the threshold required to be considered a “blighted area”. Additionally the undeveloped portion of the Area exhibits “stand-alone” factors, causing it to qualify.

It is, therefore, found that the Area of Analysis contains conditions that qualify it as a combination of a “conservation area” and “blighted area,” and that these parcels will continue to exhibit conditions that will worsen without a program of intervention to induce private and public investment in the area. The conditions that exist are detrimental to the Area as a whole, to the long term interests of the City, and to the other taxing districts. This tax increment program should serve to reduce or eliminate the factors which cause the Area to qualify under the TIF Act.

Therefore, after a thorough review of the factors present, the conclusion of this report is that the Proposed Area qualifies for tax increment financing. The City Council should review this analysis and, if satisfied, proceed with the recognition of these findings, the adoption of the Redevelopment Plan, and the establishment of the Farmer City Forward TIF District Redevelopment Area.

SECTION III. FINDINGS OF NEED FOR TAX INCREMENT FINANCING

The above study determined that the Area qualifies for tax increment financing as a combination of both a “blighted area” and “conservation area.” In addition to this determination, the Act requires that additional criteria be met before adopting a Redevelopment Plan. These additional findings follow.

A. The Redevelopment Area Exceeds the Statutory Minimum Size

The Area proposed for tax increment financing encompasses 314 parcels of developed and undeveloped property, rights-of-way, and City and County property totaling approximately 690 acres. The City, therefore, meets this requirement, as the Area contains more than the required 1 ½-acre minimum as defined in the Act. The full description of the Area is written in Appendix A – Legal Description.

B. The Redevelopment Project Area is Contiguous

The Farmer City Forward TIF District Redevelopment Area is contiguous and contained within a single perimeter boundary. Therefore, the City meets this requirement. The Area as is fully described in the attached Legal Description – Appendix A.

C. All Properties Included will Substantially Benefit

The City believes that the implementation of tax increment financing will substantially benefit all properties included in the Redevelopment Project Area.

D. The Area, on the Whole, is not Subject to Growth

The Area has generated very little growth in real property taxes and there has been insignificant private investment in the Area, as a whole, to enhance the tax base of the City or of the other affected taxing districts. From 2012-2017 the balance in the City (the total City EAV minus the EAV of the Project Area) had an average annual growth rate of 7.19%, compared to -1.49% for the Redevelopment Project Area. These parcels cannot reasonably be anticipated to further redevelop without the adoption of tax increment financing. Therefore this requirement is met.

E. The TIF Plan and Project Conform with the City’s Community Plan

The City has determined that this Redevelopment Plan is consistent with the goals and objectives of the comprehensive plan. All future development in the Redevelopment Project Area will conform to applicable codes and ordinances as may be in effect at that time.

F. The Redevelopment Plan Meets the Statutory Timeframe

The estimated date for the completion of the Redevelopment Plan shall be no later than twenty-three (23) years after the year in which the adoption of the Redevelopment Project Area by the City occurs. If available and deemed appropriate by the City, obligations incurred to finance improvements in the Area will be repaid by incremental revenues, which may be supplemented with funds from other sources such as local taxes, State or Federal loans or grants.

G. The Area Would not be Developed But For Tax Increment Financing

The City finds that the Area has not currently, nor would reasonably be, developed without the use of tax increment revenues. The City pledges that such incremental revenues will be obligated for the development and revitalization of the Redevelopment Area as provided in the Act. The positions of those expressed in the private sector indicate that the activities outlined for the Area cannot be expected to occur “but for” assistance from tax increment financing.

H. The Assessment of Financial Impacts on Taxing Districts is Outlined

The City of Farmer City will find that the financial impact or increased demand for facilities or services resulting from the implementation of the Redevelopment Project on local taxing districts is minimal. Potential negative impact upon local taxing districts due to the proposed area is expected to be minimal since this Plan does not include high-service uses, and due to the fact that the Area is not now creating significant incremental revenue compared to the City. New Developments would, potentially, create jobs and sales tax and would contribute to the local economy in ways far beyond simple incremental increases.

Negative effects upon said districts will also be minimized through the inclusion of projects that will benefit them. Utility, roadway, and access improvements will be beneficial to emergency service providers, as well as the general public in and around the Redevelopment Project Area. Without development in the Area, which is currently minimal, local taxing districts fail to benefit from tax revenues generated by new development, or from any future redevelopment projects.

Once this Plan and related projects have been implemented, and the anticipated commercial development has occurred, the resulting EAV increases will generate a far higher level of property tax revenues to the local taxing districts than would otherwise have occurred.

The City, to the extent that surplus revenues become available, will distribute such revenues on a pro-rata basis to local taxing bodies whenever possible.

SECTION IV. REDEVELOPMENT PLAN

A. Introduction

This section presents the Redevelopment Plan for the Farmer City Forward TIF District Redevelopment Project Area. Pursuant to the Tax Increment Allocation Redevelopment Act, when the finding is made that an Area qualifies as either a conservation area, a blighted area, a combination of both conservation and blighted areas, or an industrial park conservation area, a Redevelopment Plan must be prepared. A Redevelopment Plan is defined in the Act in the following manner:

...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.

B. Future Land Use Plan

The Future Land Use Plan for the Redevelopment Project Area is shown in Exhibit D. All Redevelopment Projects shall be subject to the provisions of the City's ordinances and other applicable codes as may be in existence and may be amended from time to time.

C. Objectives

The objectives of the Redevelopment Plan are to:

1. Reduce or eliminate those conditions that qualify the Redevelopment Area as eligible for tax increment financing;
2. Prevent the recurrence of those qualifying conditions which exist within the Area;
3. Enhance the real estate tax base for the City of Farmer City and all other taxing districts which extend into the Area;
4. Encourage and assist private development within the Redevelopment Project Area through the provision of financial assistance for new development as permitted by the Act. This will provide for expanded employment opportunities that will strengthen the economic base of the City and surrounding areas;
5. Complete all public and private actions required in this Redevelopment Plan in an expeditious manner so as to maximize TIF opportunities.

D. Policies

Appropriate policies have been, or will be, developed by the City of Farmer City in regards to this Redevelopment Plan and Project. These policies include, but are not limited to, the following:

1. Use TIF-derived revenues to accomplish the specific public-side activities and actions outlined in the Implementation Strategy of the Plan.
2. Utilize City staff and consultants to undertake those actions necessary to accomplish the specific public-side activities as outlined in the Implementation Strategy of the Plan.

3. Actively market the Redevelopment Project Area to private-side developers.
4. Provide financial assistance, as permitted by the Act, to encourage private-side developers to complete those certain private actions and activities as outlined in this Plan.
5. Seek out additional sources of revenue to help “kick start” development and redevelopment activities in the Redevelopment Project Area.
6. Monitor the public and private actions and activities occurring within the Area.
7. Complete the specified actions and activities in an expeditious manner, striving to minimize the length of the existence of the Area.

These policies may be additionally amended from time to time as determined by the City.

E. Redevelopment Project

To achieve the objectives of the TIF redevelopment project, a number of activities will need to be undertaken. An essential element of the Redevelopment Plan is a combination of private developments in conjunction with public investments and infrastructure improvements. Improvements and activities necessary to implement the Redevelopment Plan may include, but are not limited to, the following:

1. Private Redevelopment Activities

The private activities proposed for the Farmer City Forward TIF District Redevelopment Project Area may include, but are not limited to:

- On-site infrastructure upgrades including streets and sidewalks and other utility upgrades;
- Recruitment of new development to the City; marketing of available properties to alleviate the vacancies throughout the Area, especially in the downtown portion of the Area, the Interstate 74 corridor and along IL Route 54;
- Recruitment of more retail; especially those involved in restaurants and grocery stores;
- Repairing, remodeling, and site improvements to existing buildings throughout the Redevelopment Project Area;
- Structural and façade improvements to buildings within the District boundaries;
- Restoration of historic structures within the Area;
- Demolition of unsafe buildings within the Area;
- Promotion of beautification efforts of area businesses;

Legend

- TIF District Boundary
- Residential
- Commercial
- Industrial
- Institutional
- Undeveloped

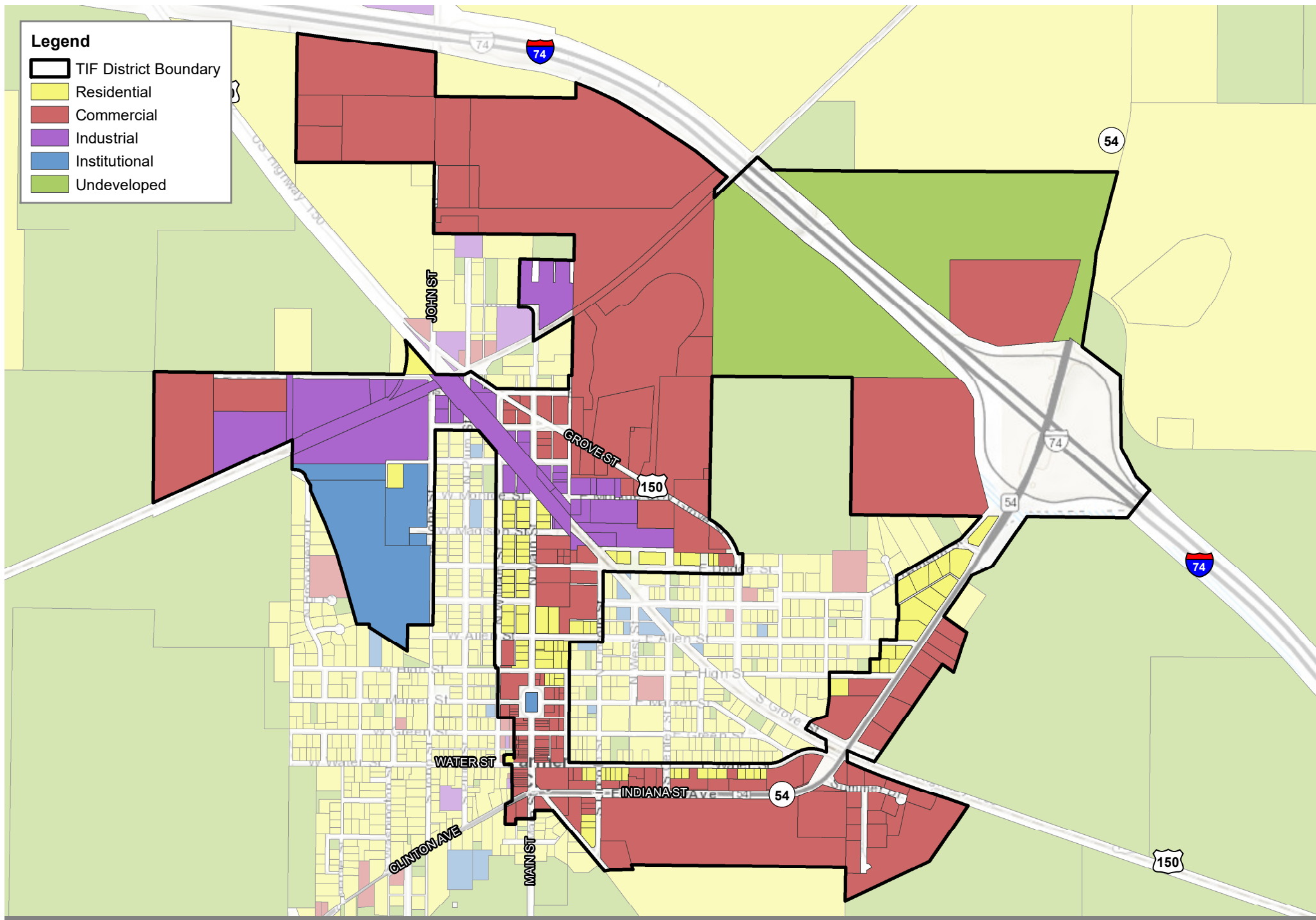


EXHIBIT D - FUTURE LAND USE
FARMER CITY FORWARD TIF DISTRICT
Farmer City, IL



2. Public Redevelopment Activities

Public improvements and support activities will be used to induce and complement private investment. These may include, but are not limited to:

- Costs of engineering, architectural, or professional studies related to economic development of the Area;
- General utility improvements, including repair/replacement of the aging portions of water and sanitary sewer systems;
- All utility extension necessary to make development along the I-74 corridor more viable.
- Land assembly, site preparation, building demolition, and, where and when necessary, environmental remediation;
- Electrical utility upgrades throughout the area;
- General street improvements, sidewalk and pedestrian walkway construction/repair/replacement; upgrades of the existing street network including the streetscape program downtown;
- Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings including the implementation of a Façade Improvement Program downtown;
- Costs of demolition of public or private buildings;
- Marketing of properties within the TIF District Area for recruitment of business purposes;
- Financing costs, including those related to the issuance of obligations; Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project;
- 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;

SECTION V. IMPLEMENTATION STRATEGY

A. Introduction

The development and follow-through of a well-devised implementation strategy is an essential element in the success of any Redevelopment Plan. In order to maximize program efficiency, take advantage of both current and future interest in the Area, and with full consideration of available funds, a phased implementation strategy will be employed. This will allow the City to better manage public expenditures used to spur development within the Area by addressing public concerns.

In order to maintain an appropriate balance between private investment and public improvements, the City will work to adopt the Redevelopment Plan. Once the Plan is adopted, the City will negotiate redevelopment agreements with private developers who will propose the use of tax increment funds to facilitate a Redevelopment Project.

B. Estimated Redevelopment Project Costs

Costs that may be incurred by the City as a result of implementing a Redevelopment Plan may include, without limitation, project costs and expenses and any other costs that are eligible under the Act. Such itemized costs include the following:

1. The 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.
2. The cost of marketing sites within the Redevelopment Project Area to prospective businesses, developers, and investors.
3. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, site preparations, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.
4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the 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.
5. Cost of construction of public works or improvements, not to include the cost of constructing a new municipal 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 unless 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.

6. Cost of job training and retraining projects, including the cost of “welfare to work” programs implemented by businesses located within the Redevelopment Project Area.
7. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include payment of interest on any obligations issued there under accruing during the estimated period of construction of any Redevelopment Project for which such obligations are issued and for not exceeding thirty-six (36) months thereafter, and including reasonable reserves related thereto.
8. To the extent the municipality by written agreement 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.
9. An elementary, secondary, or unit school district’s increased costs attributable to assisted housing units located within the 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.
10. 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.
11. Payments in lieu of taxes.
12. 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.
13. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a Redevelopment Project provided that:
 - i. Such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;

- ii. 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;
 - iii. If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - iv. The total of such interest payments paid pursuant to this Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the Redevelopment Project plus (ii) Redevelopment Project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act;
14. Unless explicitly stated within the Act, the cost of construction of new privately-owned buildings shall not be an eligible Redevelopment Project cost.
15. None of the Redevelopment Project costs enumerated above shall be eligible redevelopment 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.

C. Estimated Budget for Redevelopment Project Costs

The estimated costs associated with the eligible public redevelopment activities are presented in Table C. This estimate includes reasonable and necessary costs incurred or estimated to be incurred during the implementation of the Plan. The estimated costs are subject to change as specific plans and designs are themselves subject to change.

TABLE C - ESTIMATED BUDGET FOR REDEVELOPMENT PROJECT

DESCRIPTION	ESTIMATED COST
Costs of studies, surveys, development of plans and specifications, including staff and professional service costs for architectural, engineering, legal, environmental, marketing, or other services;	\$475,000
Property assembly costs; including acquisition of land and other property, real or personal; demolition of structures, site preparation, and the clearing and grading of land;	\$1,750,000
Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, or leasehold improvements;	\$2,350,000
Costs of the construction of public works or improvements (construction or reconstruction of rights of way, additional safety barriers, streets, roadways, curbs and gutters, street lighting, sidewalks, bicycle pathways, and public utilities, including storm and sanitary sewers, and lift stations), including the extension of utilities and infrastructure to properties which are currently not being served;	\$2,850,000
Financing costs; including those related to the issuance of obligations; interest cost incurred by a redeveloper related to the construction, renovation, or rehabilitation of a redevelopment project;	\$2,225,000
Relocation costs to the extent that the municipality determines that these costs shall be paid, or is required to make payment of relocation costs by federal or state law;	\$250,000
TOTAL ESTIMATED BUDGET	\$9,900,000

Expenditures in individual categories may differ from those shown above; however, the total amount of the Estimated Redevelopment Project Costs will not exceed \$9,900,000 plus any additional interest and financing costs as may be required.

D. Most Recent Equalized Assessed Valuation

The most recent total equalized assessed valuation for the Redevelopment Project Area is approximately \$8,720,462. The County Clerk of DeWitt County will verify the Base EAV amount upon the adoption of the City ordinances approving tax increment financing, creating the Redevelopment Project Area, and approving the Farmer City Forward TIF District Redevelopment Plan and Project. As mentioned prior, a list of all parcels within the Area is attached as Appendix B – Parcel ID Numbers.

E. Redevelopment Valuation

Contingent on the adoption of the Farmer City Forward TIF District Redevelopment Plan and Project, and commitment by the City to the Redevelopment Program, it is anticipated that private developments and/or improvements will occur within the Redevelopment Project Area.

After discussions with the City, it has been estimated that private investment will increase the equalized assessed valuation (EAV) by approximately \$7,300,000. This figure is in present day dollars, and takes into account only the investment driven valuation increase. Therefore, after redevelopment, the total estimated EAV, in present day dollars, will be approximately \$16,000,000.

F. Source of Funds

The primary source of funds to pay for Redevelopment Project costs associated with implementing the Redevelopment Plan shall be funds collected pursuant to tax increment allocation financing to be adopted by the City. Under such financing, tax increment revenue, in

the form of increases in the equalized assessed value (EAV) of property in the Redevelopment Project Area, shall be allocated to a special fund each year (the "Special Tax Allocation Fund"). The assets of the Special Tax Allocation Fund shall be used to pay Redevelopment Project Costs within the entire Area, and retire any obligations incurred to finance Redevelopment Project Costs.

In order to expedite the implementation of the Redevelopment Plan and construction of the public improvements, the City of Farmer City, pursuant to the authority granted to it under the Act, may issue bonds or other obligations to pay for eligible Redevelopment Project Costs. These obligations may be secured by future revenues to be collected and allocated to the Special Tax Allocation Fund.

If available, revenues from other public and private economic development funding sources will be utilized. These may include state and federal programs, local retail sales tax, land disposition proceeds from the sale of land in the Area, and applicable revenues from any abutting tax increment financing areas in the City. In turn, this tax increment financing Area may also provide monies to abutting tax increment financing areas in the City.

G. Nature and Term of Obligation

The principal source of funding for the Redevelopment Project will be the deposits into the Special Tax Allocation Fund of monies received from taxes on the increased value of real property in the Area.

In order to expedite the implementation of the Redevelopment Plan, the City of Farmer City, pursuant to the authority granted to it under the Act, may issue obligations to pay for the Redevelopment Project Costs. These obligations may be secured by future amounts to be collected and allocated to the Special Allocation Fund. Such obligations may take the form of any loan instruments authorized by the Act. Such loans or obligations may be issued pursuant to this Redevelopment Plan, for a term not to exceed 20 years, bearing an annual interest rate as permitted by law.

Revenues received in excess of 100% of funds necessary for the payment of principal and interest on the obligations, and not earmarked for other Redevelopment Project Costs or early retirement of such obligations, may be declared as surplus and become available for pro rata distribution annually to the taxing bodies to the extent that this distribution of surplus does not impair the financial viability of the Redevelopment Project.

H. Fair Employment Practices and Affirmative Action

The City of Farmer City will insure that all public and private redevelopment activities are constructed in accordance with fair employment practices and affirmative action. The City will additionally insure that all recipients of tax increment financing assistance adhere to these policies.

I. Certifications

The Illinois TIF statute declares that if a redevelopment project area contains 75 or more inhabited residential units then a municipality shall prepare a separate housing impact study. If, however, the municipality certifies that the redevelopment plan will not result in displacement of residents from 10 or more residential units then no housing impact study is required.

The City of Farmer City hereby certifies that the Farmer City Forward TIF District Redevelopment Plan and Project will not result in the displacement of residents from 10 or more

inhabited residential units. The City hereby certifies that this Plan will not result in the removal of inhabited housing units which contain households of low-income or very low-income persons as these terms are defined in the Illinois Affordable Housing Act. If the removal of inhabited housing units which contain households of low-income or very low-income persons were to occur, the City would first be required to prepare a separate housing impact study and provide affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970 and the regulations under the Act, including the eligibility criteria, as required by 65 ILCS 11-74.4-3(n)(7).

SECTION VI. AMENDING THE TIF PLAN

The Farmer City Forward TIF District Redevelopment Plan and Project may be additionally amended in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et. seq.

SECTION VII. REPORTING AND MEETING

The City shall adhere to all reporting and meeting requirements as provided for in the Act.

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APPENDIX A

LEGAL DESCRIPTION

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APPENDIX A – LEGAL DESCRIPTION

Part of Section 21, part of the Southwest Quarter of Section 22, part of Section 27, part of Section 28, and part of the Northeast Quarter of Section 29, all in Township 21 North, Range 5 East of the 3rd Principal Meridian, DeWitt County, Illinois described as follows:

Beginning at the intersection of the southerly right of way line of F.A.I. Route 74 and the west line of said Section 21; thence easterly along said southerly right of way line of F.A.I. Route 74, a distance of 1337 feet, more or less, to the east line of the Southwest Quarter of the Northwest Quarter of said Section 21; thence south along said east line 419 feet, more or less, to the southeast corner of said Southwest Quarter; thence east along the south line of said Northwest Quarter of Section 21, a distance of 1342 feet, more or less, to the southeast corner of said Northwest Quarter; thence north along the east line of said Northwest Quarter 144 feet, more or less, to the intersection of said east line and the southwesterly right of way line of F.A.I. Route 74; thence southeasterly along said northwesterly right of way line of F.A.I. Route 74, a distance of 1705 feet, more or less, to the intersection of said southwesterly right of way line and the northwesterly right of way line of the Canadian National Railway; thence southwesterly along said southwesterly right of way line 170 feet, more or less, to the intersection of said southwesterly right of way line and the east line of the West Half of the Southeast Quarter of said Section 21; thence south along said east line 87 feet, more or less, to the southeasterly right of way line of said Canadian National Railway; thence northeasterly along said southeasterly right of way line 571 feet, more or less, to the intersection of said southeasterly right of way line and the northerly right of way line of said F.A. Route 74; thence southeasterly along said northerly right of way line 190 feet, more or less, to a point on the north line of a parcel currently identified as PIN 05-22-300-006; thence east along said north line 3295 feet, more or less, to the easterly right of way line of IL Route 54; thence southerly along said easterly right of way line of IL Route 54, a distance of 1706 feet, more or less, to the intersection of said easterly right of way line and the easterly right of way line of F.A.I. Route 74; thence southeasterly along said easterly right of way line of F.A.I. Route 74, a distance of 1643 feet, more or less; thence southwesterly perpendicular across said F.A.I. Route 74, a distance of 340 feet, more or less, to a point on the southerly right of way line of said F.A.I. Route 74, said point also being the northeast corner of a parcel currently identified as PIN 05-27-200-004; thence west along said southerly right of way line of F.A.I. Route 74, a distance of 957 feet, more or less, to the intersection of said southerly right of way line and the southeasterly right of way line of IL Route 54; thence southwesterly along said southerly right of way line of IL Route 54, a distance of 1266 feet, more or less to the most northerly corner of a parcel currently identified as PIN 05-27-156-002; thence southeasterly along the northeasterly line of said parcel 268.75 feet, more or less to the northeast corner of said parcel; thence southwesterly along the easterly line of said parcel and continuing 401 feet, more or less to the southeast corner of a parcel currently identified as PIN 05-27-156-004; thence northwesterly along the southwesterly line of said parcel 133 feet, more or less to the northeast corner of a parcel of a parcel currently identified as PIN 05-27-303-001 thence southwesterly along the easterly line of said parcel and continuing 1137 feet, more or less, to the southwesterly right of way line of US 150 US 150 Grove Street, said southwesterly right of way line also being the northeasterly right of way line of the Conrail railroad; thence northwesterly along said southwesterly right of way line of US 150 Grove Street 278 feet, more or less, to the intersection of said southwesterly right of way line and the west line of said Section 27; thence south along said west line 109 feet, more or less, to the northwest corner of Lot 6 in Perhay Plaza, said corner also being on the southwesterly right of way line of the Conrail railroad; thence southeasterly along said southwesterly right of way line 1228 feet, more or less, to the northeast corner of Out Lot 17 in Perhay's First Addition; thence southwesterly along the southeasterly line of said Out Lot 17, a distance of 644.65 feet, more or less; thence southwesterly continuing along the southeasterly line of said Out Lot 17, a distance of 891.21 feet, more or less, to the southwest corner of said Out Lot 17, said corner also being on the west line of said Section 27; thence north along said west line 322 feet, more or less to the southeast corner of a parcel currently identified as PIN 05-28-476-003; thence west along the south line of said parcel 2045 feet, more or less to a point on the easterly line of a parcel currently identified as PIN 05-28-453-001; thence southerly along said easterly line 51 feet, more or less to the southeast corner of said parcel; thence west along the south line of said parcel 233.06 feet, more or less, to the southeast right of way corner of Woodward Street; thence westerly along the southerly right of way line of Woodward Street 59 feet, more or less, to the southwest right of way corner of Woodward Street; thence northwesterly along the southwesterly right of way line of Woodward Street 759 feet, more or less, to the northeast corner of Lot 7 in Block 1 of Moore Addition; thence west along the north line of said Lot 7, a distance of 175 feet, more or less, to the east right of way line of Main Street; thence south along said east right of way line of Main Street 77 feet, more or less, to the intersection of said west right of way line and the extension of the north line of Lot 10 in Block 2 of Moore Addition; thence west along said extension and said north line 179 feet, more or less, to the northeast corner of lot 18 in said Block 2 of Moore Addition; thence south along the east line of said Lot 18, a distance of 50 feet, more or less, to the southeast corner of said Lot 18; thence west along the south line of said Lot 18, a distance of 100 feet, more or less, to the southwest corner of said Lot 18; thence north along the west line of said Block 2 and the extension thereof 206 feet, more or less, to the northerly right of way line of IL Route 54; thence northeast along said northerly right of way line of IL Route 54, a distance of 67 feet, more or less, to the southeast corner of Lot 14 in Moore's Addition; thence north along the east lines of said Lot 14 and Lot 13 in said Moore's Addition and the extension thereof 348 feet, more or

less, to the north right of way line of Water Street; thence west along said north right of way line of Water Street 65 feet, more or less, to the southwest corner of a parcel currently identified as PIN 05-28-341-012; thence north along the west line of said parcel 70 feet, more or less, to the northwest corner of said parcel; thence east along the north line of said parcel 16 feet, more or less; thence north continuing along said north line 6 feet, more or less; thence east continuing along said north line 80 feet, more or less, to the east line of Lot 9 in Block 16 of the Original Town of Farmer City; thence south along said east line 37 feet, more or less; thence east 3 feet, more or less to the southwest corner of a parcel currently identified as PIN 05-28-341-035; thence north along the west line of said parcel and continuing 78 feet, more or less, to the north line of Lot 10 in said Block 16; thence west 3 feet, more or less, to the northeast corner of said Lot 9; thence north crossing an alley and continuing north along the east line of lot 4 in said Block 16 and crossing Green Street, and continuing along the east line of Lot 8 in Block 9 of the Original Town of Farmer City 309 feet, more or less, to the northeast corner of said Lot 8; thence west along the north lines of said Lot 8, Lot 7 and Lot 6 in said Block 9 and the extension thereof 182 feet, more or less, to the west right of way line of William Street; thence north along said west right of way line of William Street 504 feet, more or less, to the intersection of said west right of way line and the north right of way line of High Street; thence west 8 feet, more or less, to the west right of way line of William Street; thence north along said west right of way line of William Street 2051 feet, more or less, to the intersection of said west right of way line and the southwesterly right of way line of the Conrail railroad; thence northwesterly along said southwesterly right of way line 259 feet, more or less, to the intersection of said southwesterly right of way line and the south right of way line of Van Buren Street; thence west along said south right of way line of Van Buren Street 413 feet, more or less, to the intersection of said south right of way line and the east right of way line of John Street; thence south along said east right of way line of John Street 1860 feet, more or less, to the intersection of said east right of way line and the extension of the southerly line of the Farmer City School District 17A property; thence along said extension and along said southerly line 239 feet, more or less; thence south continuing along said southerly line 256 feet, more or less; thence northwest continuing along said southerly line 430 feet, more or less; thence north continuing along said southerly line 27 feet, more or less; thence west continuing along said southerly line 120 feet, more or less, to the westerly line of said Farmer City School District 17A property; thence northwesterly along said westerly line 1457 feet, more or less, to the northwest corner of said Farmer City School District 17A property, said corner also being the southwest corner of Blue Ridge School District 18 property; thence northwesterly along the westerly line of said School District 18 property 198 feet, more or less, to the west line of said Section 28; thence north along said west line 287 feet, more or less, to the intersection of said west line and the northwesterly right of way line of the Canadian National Railway; thence southwesterly along said northwesterly right of way line 1460 feet, more or less to the southwest corner of a parcel currently identified as PIN 05-29-200-012; thence north along the west side of said parcel 1245 feet, more or less, to the centerline of Depot Road; thence east along said centerline of Depot Road 2385 feet, more or less to the southeast corner of a parcel currently identified as PIN 05-21-351-002; thence northerly along the easterly line of said parcel and along a curve to the left 329 feet, more or less, to the southwesterly right of way line of Norfolk Southern; thence southeasterly along said southwesterly right of way line 438 feet, more or less, to the south line of said Section 21; thence east along said south line 271 feet, more or less, to the intersection of said south line and the west right of way line of Plum Street; thence northeasterly 73 feet, more or less, to the intersection of the southeasterly right of way line of the Canadian National Railway and the northeasterly right of way line of US 150 US 150 Grove Street; thence southeasterly along said northeasterly right of way line of US 150 Grove Street 297 feet, more or less, to the intersection of said northeasterly right of way line and the north right of way line of North Street; thence east along said north right of way line of North Street 685 feet, more or less, to the intersection of said north right of way line and the west right of way line of James Street; thence north along said west right of way line of James Street 132 feet, more or less, to the south line of said Section 21; thence east along said south line 33 feet, more or less, to the east line of the southwest quarter of said Section 21; thence north along said east line 549 feet, more or less, to the intersection of said east line and the southeasterly right of way line of the Canadian National Railway; thence southwesterly along said southeasterly right of way line 440 feet, more or less, to the intersection of said southeasterly right of way line and the westerly right of way line of Main Street; thence northerly and westerly along said westerly right of way line of Main Street and along the southerly right of way line of Iron Street 437 feet, more or less, to the intersection of said southerly right of way line and the extension of the west line of a parcel currently identified as PIN 05-21-378-004; thence north across said Iron Street and along said west line 462 feet, more or less, to the northwest corner of said parcel, said northwest corner also being the northwest corner of Lot 15 in McMurry's Addition; thence east along the north line of said McMurry's Addition 516 feet, more or less, to the east line of the Southwest Quarter of said Section 21; thence north along said east line 237.6 feet, more or less, to the northeast corner of the Southeast Quarter of said Southwest Quarter; thence west along the north line of said Southeast Quarter of the Southwest Quarter 1345 feet, more or less, to the northwest corner of said Southeast Quarter; thence north along the east line of the Northwest Quarter of the Southwest Quarter of said Section 21, a distance of 679 feet, more or less, to the southeast corner of the North Half of said Northwest Quarter of the Southwest Quarter; thence west along the south line of said North Half 1320 feet, more or less, to the west line of said Section 21; thence north along said west line 1237 feet, more or less, to the Point of Beginning.

EXCLUDING THEREFROM:

Beginning at the northeast corner of said Section 28; thence west along the north line of said Section 28, a distance of 1320 feet, more or less, to the northwest corner of the East Half of the Northwest Quarter of said Section 28; thence south along the west line of said East Half 1364 feet, more or less, to the intersection of said east line and the northeasterly right of way line of US 150 Grove Street; thence southeasterly along said northeasterly right of way line of US 150 Grove Street 683 feet, more or less, to the intersection of said northeasterly right of way line and the south right of way line of Dodge Street; thence west along said south right of way line of Dodge Street 1329 feet, more or less, to the intersection of said south right of way line and the east right of way line of Lincoln Street; thence south along said east right of way line of Lincoln Street 675 feet, more or less, to the intersection of said east right of way line and the south right of way line of Allen Street; thence west along said south right of way line of Allen Street 315 feet, more or less, to the intersection of said south right of way line and the east line of the West Half of said Section 28; thence south along said east line 254 feet, more or less, to the intersection of the north right of way line of High Street and the east right of way line of James Street; thence continuing south along said east right of way line of James Street 900 feet, more or less, to the intersection of said east right of way line and the northerly right of way line of Water Street; thence easterly along said northerly right of way line of Water Street 2493 feet, more or less, to the intersection of said northerly right of way line and the northwesterly right of way line of IL Route 54, and the southwesterly right of way line of the Conrail railroad; thence north 113 feet, more or less, to a point on the southwesterly right of way line of US 150 Grove Street; thence northwesterly 224 feet, more or less, along said southwesterly right of way line of US 150 Grove Street; thence northeasterly perpendicular to said right of way line 80 feet, more or less, to the northeasterly right of way line of US 150 Grove Street; thence northeasterly along said northeasterly right of way line of US 150 Grove Street 51 feet, more or less, to the most southerly corner of Lot 21 in Herrick's Second Addition; thence northeasterly along the southerly line of said Lot 21, a distance of 121 feet, more or less, to the southeast corner of said Lot 21; thence northerly along the easterly line of said Lot 21, a distance of 186.5 feet, more or less, to the southwest corner of Lot 20 in said Herrick's Second Addition; thence north along the west line of said Lot 20 and the extension thereof 225 feet, more or less, to the north right of way line of High Street; thence east along said north right of way line of High Street 386 feet, more or less, to the southwest corner of a parcel currently identified as PIN 05-27-301-001, said corner being 91.29 feet west of the southeast corner of Lot 16 in said Herrick's Second Addition; thence north along the west line of said parcel 129.25 feet, more or less, to the northwest corner of said parcel, said corner also being on the north line of said Lot 16; thence east along the north line of said Lot 16, a distance of 91.29 feet, more or less, to the northeast corner of said Lot 16; thence north along the east line of Lot 13 in said Herrick's Second Addition and the extension thereof 188 feet, more or less, to the north right of way line of Allen Street; thence east along said north right of way line of Allen Street 155 feet, more or less, to the southwest corner of Lot 11 in said Herrick's Second Addition; thence north along the west line of said Lot 11, a distance of 190 feet, more or less, to the northwest corner of said Lot 11; thence east along the north line of said Lot 11, a distance of 16.5 feet, more or less, to the southwest corner of Lot 10 in said Herrick's Second Addition; thence north along the west line of said Lot 10, a distance of 140.81 feet, more or less, to the northwest corner of said Lot 10; thence northwest 19 feet, more or less, to the southwest corner of Lot 3 in said Herrick's Second Addition; thence north along the west line of said Lot 3 a distance of 211 feet, more or less, to the northwest corner of said Lot 3, said corner lying on the southwesterly right of way line of Richardson Street; thence northwesterly perpendicular to said right of way line 50 feet, more or less, to the northwesterly right of way line of said Richardson Street; thence northeasterly along said northwesterly right of way line of Richardson Street 1035 feet, more or less, to the intersection of said northwesterly right of way line and the north line of the South Half of the Northwest Quarter of said Section 27; thence west along said north line 1245 feet, more or less, to the west line of said Section 27; thence north along the west line of said Section 27, a distance of 1316 feet, more or less, to the Point of Beginning.

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APPENDIX B

PARCEL ID LIST

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APPENDIX B - PARCEL ID LIST

0521100009	0527303003	0528139007	0528182002
0521301008	0527303004	0528140002	0528182003
0521301009	0527351001	0528140003	0528182004
0521301010	0527351002	0528140004	0528182005
0521326003	0527351003	0528140005	0528182006
0521326007	0527351006	0528143004	0528182007
0521326009	0527352001	0528144001	0528183001
0521326010	0527352002	0528144002	0528183002
0521326011	0527352003	0528144003	0528183003
0521351003	0527352004	0528144004	0528183004
0521378004	0527352006	0528144005	0528183006
0521400011	0527352007	0528144006	0528186001
0521400012	0527352011	0528144007	0528186002
0521502002	0527352016	0528147001	0528186003
0522300003	0527352017	0528147002	0528186004
0522300004	0527352018	0528147003	0528186005
0522300005	0528101004	0528147004	0528189001
0527101001	0528101005	0528147006	0528189002
0527152001	0528101006	0528147008	0528189003
0527154005	0528101008	0528148001	0528190001
0527154008	0528102001	0528148002	0528190002
0527154009	0528103001	0528148003	0528190003
0527154010	0528103002	0528148006	0528190004
0527154011	0528103004	0528148007	0528190005
0527154012	0528103005	0528153005	0528190006
0527154013	0528126001	0528178001	0528201001
0527154014	0528127001	0528178002	0528201006
0527154015	0528128001	0528178003	0528201012
0527155003	0528131001	0528178004	0528201013
0527155004	0528131004	0528178005	0528201014
0527156002	0528132001	0528178006	0528201015
0527156003	0528133001	0528178007	0528201016
0527156004	0528133003	0528178008	0528201017
0527301001	0528134001	0528179004	0528202001
0527301002	0528134002	0528179005	0528202003
0527301003	0528135001	0528179006	0528202004
0527302001	0528135002	0528179008	0528202007
0527302002	0528135005	0528179009	0528202008
0527303001	0528136001	0528179010	0528202009
0527303002	0528139006	0528182001	0528202010

APPENDIX B - PARCEL ID LIST (CONT.)

0528202011	0528333011	0528342010	0528436002
0528202012	0528336003	0528342011	0528436003
0528226003	0528336004	0528342012	0528436004
0528251001	0528336009	0528342013	0528436005
0528251002	0528336010	0528342014	0528436006
0528251007	0528336011	0528342015	0528436020
0528251008	0528336012	0528342016	0528436021
0528251009	0528336013	0528342018	0528436022
0528251011	0528336014	0528343019	0528436023
0528252003	0528336015	0528343020	0528436025
0528252004	0528337001	0528343021	0528436026
0528252005	0528338005	0528343022	0528436033
0528253001	0528338007	0528343023	0528436034
0528253002	0528338008	0528343024	0528436035
0528254001	0528338010	0528343025	0528436036
0528255001	0528338015	0528343027	0528436037
0528255002	0528338018	0528343028	0528436038
0528256003	0528338019	0528344001	0528451003
0528256004	0528338020	0528377010	0528451004
0528256005	0528338021	0528377012	0528451005
0528276001	0528338022	0528378001	0528451006
0528276002	0528341012	0528379001	0528451007
0528328001	0528341016	0528416001	0528451008
0528328004	0528341017	0528416002	0528451009
0528328006	0528341018	0528416003	0528453001
0528329001	0528341019	0528416004	0528476003
0528329002	0528341020	0528416007	0528476004
0528329003	0528341023	0528417001	0528476005
0528329004	0528341024	0528417002	0528476006
0528332004	0528341027	0528417003	0528501001
0528333001	0528341028	0528417004	0528502001
0528333002	0528341029	0528417005	0529200009
0528333003	0528341030	0528417008	0529200010
0528333004	0528341031	0528417009	0529200012
0528333005	0528341032	0528417015	0522300006
0528333006	0528341033	0528417016	
0528333007	0528341034	0528417017	
0528333008	0528342001	0528417018	
0528333009	0528342005	0528430010	
0528333010	0528342007	0528436001	