Tax Increment Financing
Redevelopment Plan & Project

N. 6th Street
Redevelopment Project Area

Prepared for
City of Monmouth, Illinois

Prepared by

January 2, 2018
CITY OF MONMOUTH, ILLINOIS

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Attachment A – Monmouth Council Resolution 17-003A
Attachment B – Boundary Description
Attachment C – Existing Conditions Photos
SECTION I
INTRODUCTION

On November 6, 2017, the Monmouth City Council passed Resolution 17-003A stating the City’s intent to designate a portion of the City as a tax increment finance (TIF) Redevelopment Project Area (the “Area”) and to induce development interest within such area (see Attachment A in the Appendix). The area being considered for designation as a TIF area is located at the northeast corner of N. 6th Street and U.S. Highway 34. The Area includes the former Kmart now used by Monmouth College. The area is referred to herein as the N. 6th Street Redevelopment Project Area. The boundaries of the Area are as shown on Exhibit A - Redevelopment Project Area Boundary. Refer also to the Boundary Description contained in the Appendix as Attachment B.

The Area contains approximately 5.3 acres, including street right-of-way (4.45 acres net of street right-of-way). There is one parcel of real property having built upon it building of approximately 39,900 square feet and associated parking areas and other site improvements. This building and related site improvements suffers from advanced age and physical deterioration.

The City may consider the use of tax increment financing, as well as other economic development resources as available, to facilitate private investment within the Area. It is the intent of the City to induce the investment of significant private capital in the Area, which will serve to redevelop this underperforming and obsolete real estate development that will ultimately enhance the tax base of the community. Furthermore, in accordance with Section 11-74.4-3(n)(5) of the Act, a housing impact study need not be performed since there are no inhabited housing units located within the Area.

The Act sets forth the requirements and procedures for establishing a Redevelopment Project Area and a Redevelopment Plan. The following sections of this report present the findings of eligibility and the Redevelopment Plan and Project for the Area, as well as other findings, evidence, and documentation required by the Act.
Exhibit A
N. 6th Street Redevelopment Project Area Boundary

City of Monmouth, Illinois
SECTION II

STATUTORY BASIS FOR TAX INCREMENT FINANCING
AND SUMMARY OF FINDINGS

A. **Introduction**

Tax increment financing (TIF) is a local funding mechanism created by the "Tax Increment Allocation Redevelopment Act" (the "Act"). The Act is found at 65 ILCS 5/11-74.4-1 et. seq.

As used, herein, the term **Redevelopment Project** means any public and private development project in furtherance of the objectives of a Redevelopment Plan. The term **Redevelopment Project Area** means an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions that cause the area to be classified as an industrial park conservation area, a blighted area or a conservation area, or a combination of both blighted areas and conservation areas. **Redevelopment Plan** means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions, the existence of which qualified the Redevelopment Project Area as a “blighted area” or “conservation area” or combination thereof or “industrial park conservation area,” and thereby to enhance the tax bases of the taxing districts which extend into the Redevelopment Project Area.

The concept behind the tax increment law is straightforward and allows a municipality to carry out redevelopment activities on a local basis. Redevelopment within a designated Redevelopment Project Area results in an increase in the equalized assessed valuation (EAV) of the property and, thus, generates increased real property tax revenues. This increase or "increment" can be used to finance "redevelopment project costs" such as land acquisition, site clearance, building rehabilitation, interest subsidy, construction of public infrastructure, and other redevelopment project costs as permitted by the Act.

The Illinois General Assembly made various findings in adopting the Act; among them were:

1. That there exists in many municipalities within the State blighted, conservation and industrial park conservation areas; and

2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest and welfare.
These findings were made on the basis that the presence of blight, or conditions that lead to blight, is detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act specifies certain requirements that must be met before a municipality can proceed with implementing a Redevelopment Plan. One of these requirements is that the municipality must demonstrate that a Redevelopment Project Area qualifies under the provisions of the Act. With the definitions set forth in the Act, a Redevelopment Project Area may qualify either as a blighted area, a conservation area, or a combination of both blighted area and conservation area, or an industrial park conservation area.

B. **Summary of Findings**

The following findings and evidentiary documentation is made with respect to the proposed Redevelopment Project Area:

1. The Area as a whole meets the statutory requirements as a *conservation area*. Furthermore, the factors necessary to make these findings exist to a meaningful extent and are distributed throughout the Area.

2. The Area exceeds the statutory minimum size of 1-1/2 acres.

3. The Area contains contiguous parcels of real property.

4. If this Plan is adopted and implemented by the City, it is reasonable to say that the property included in the Area would substantially benefit from being included in the Area.

5. The Redevelopment Project Area, as a whole, has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to occur without public assistance. Further evidence of this is presented in Section III and throughout this document.
SECTION III

BASIS FOR ELIGIBILITY OF THE AREA AND FINDINGS

A. Introduction

A Redevelopment Project Area, according to the Act, is that area designated by a municipality in which the finding is made that there exist conditions that cause the area to be classified as a blighted area, conservation area, or combination thereof, or an industrial park conservation area. The criteria and the individual factors defining each of these categories of eligibility are defined in the Act. This Section documents the relevant eligibility criteria and how the Area meets such criteria.

B. Statutory Qualifications

The Act defines the factors that must be present in order for an area to qualify for TIF. The following provides the statutory definitions of the qualifying factors relating to a blighted area and a conservation area:

1. Eligibility of a Blighted Area

   The Act states that a “...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:

   a. “If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of five (5) or more of the following factors, each of which is (i) present, with that presence documented to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the Act, and (ii) reasonably distributed throughout the improved part of the Redevelopment Project Area:”

   (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.

1 Emphasis added with bold or underlined text.
(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 underutilized 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 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: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.”

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

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

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

b. "If vacant, the sound growth of the Redevelopment Project Area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the 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-ways for streets or alleys, or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way, or that omitted easements for public utilities.”

(2) “Diversity of ownership 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 five (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 the 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 three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five
(5) calendar years for which information is available, or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated.

2. **Eligibility of a Conservation Area**

The Act further states that a “... “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 (3) or more of the [13 factors applicable to the improved area] is detrimental to the public safety, health, morals or welfare, and such an area may become a blighted area.” [Bracketed text replaces “following factors” from the Act.]

C. **Investigation and Analysis of Blighting Factors**

In determining whether or not the Area meets the eligibility requirements of the Act, research and field surveys were conducted by way of:

- Contacts with City of Monmouth officials and the current property owner who are knowledgeable of Area conditions and history.

- On-site field examination of conditions within the Area by experienced staff of PGAV.

- Use of definitions contained in the Act.

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

- Examination of Warren County real property tax assessment records.

To ensure that the exercise of these powers is proper and in the public interest, the Act specifies certain requirements that must be met before a municipality can proceed with implementing a redevelopment project. One of these is that the municipality must demonstrate that the Area qualifies. An analysis of the physical conditions and presence of blighting factors relating to the Area was commissioned by the City. The result and documentation of this effort are summarized below.
D. Analysis of Conditions in the Area

PGAV staff conducted a visual inspection of the property to document existing conditions in the Area on November 16, 2017. Photos of the deteriorated building and site conditions are located in Attachment C in the Appendix. Below are findings that are factors relating to improved land that are considered present to a meaningful extent within the Area:

1. Summary of Findings on Age of Structures: Age is a prerequisite factor in determining if all or a portion of a redevelopment project area qualifies as a "conservation area". As is set forth in the Act, 50% or more of the structures in the redevelopment project area must have an age of 35 years or greater in order to meet this criteria. The only building in the Area was determined to be over 35 years old. The fact that the building was constructed over 35 years ago was confirmed with the Warren County Assessor’s office and confirmed with confirmed from discussions with the current property owner and review of the 1982 U.S.G.S. 7.5 minute quadrangle map for Monmouth, IL.

2. Summary of Findings on Deterioration: Deteriorating conditions were found throughout the building. Major defects with the roofing system and the exterior sheet metal siding were found. Evidence of active water leaks were found a numerous locations throughout the building. Deteriorated site improvements were also found, particularly the asphalt parking and drive isles. Attachment C in the Appendix provides photographic evidence of the conditions found on the subject property.

3. Summary of Findings on Obsolete Buildings: An obsolete building is one that has become ill-suited for its original use. Thus, obsolescence is the condition or process of falling into disuse. In this instance, the initial discussion of this condition must be in the context of both the original reason for construction and use of the building and its current use that is planning to relocate.

According to data provided by the Warren County Assessor, the building, currently being used as a maintenance facility and development office by Monmouth College, was originally developed in 1974 for use as a Kmart store. The building is approximately 39,900 square feet and is a steel frame structure with corrugated steel exterior siding. This building type is sometimes referred to as a “butler” building after the name of the company that originally developed the pre-fabricated steel buildings of this type often used for commercial and industrial occupancy. Kmart was the 1977 renaming of the S.S. Kresge Company, one of the 20th century’s largest discount retail organizations, which started as the type of stores often described as “5 & 10¢” stores. By 1962, the company began opening Kmart stores that were some of the earliest discount department stores. In smaller communities, these stores
were often located in downtown areas but by the ’60s and ’70s and as part of the transformation to Kmart Corporation, they often occupied freestanding buildings such as this location in Monmouth.

The pre-fabricated type of building represented by this location was not typically the type of construction used by retailers and were quickly made obsolete by concrete block, later concrete “tilt-up” panel construction, and today architectural concrete block. As existing conditions photos contained in the Appendix show, these sheet metal clad buildings do not hold up well over time and were often considered unattractive at the time they were constructed. In addition, it is somewhat more difficult to make the interiors of these buildings attractive. In this instance, the loading doors on the front of the building represent a design that retailers have not allowed for many years. In PGAV experience, we cannot recall another instance where a Kmart store occupied a “butler building” type structure, although this building was constructed in the first decade of Kmart store expansion and there may be other examples.

According to the information that PGAV was able to glean from the Assessor’s office, the developer, and Monmouth College representatives, Kmart vacated this building in the mid-to late 1980s (1987 being the year recalled). By Kmart building standards of the 1980s, this store would have been obsolete both in appearance and size as their store footprints began to grow to about 60,000 square feet or larger by this time. The building remained vacant (although was sold in 1991) until Monmouth College acquired the building in 2010. Thus, the building remained vacant for more than 20 years. The fact that retail uses rejected this type of facility at this prime location for such a long period is further evidence of the obsolescence of this building.

Based on discussions with College administrative staff, the acquisition of this building was envisioned as an interim solution to their needs for other building and spaces at the main campus. Thus, the development office functions and maintenance facilities were moved to this building with the intent to relocate these functions back to the main campus at some future date. For example, the development office functions are often an initial interface between new and prospective students and therefore need to be at main campus location, and certainly, this building does not present a campus environment impression. In addition, this location as a maintenance facility is an inconvenience as well since it is nearly a mile from the central part of the campus further south on N. 6th Street. It is also functionally unsuitable for the current use.

Within this building, both office and classroom/training spaces coexist with storage for hazardous chemicals, vehicles, and other gasoline-powered equipment. The fact that the
College now wants to vacate this building and relocate these uses closer to campus operations in proper spaces is further indication of the property's obsolescence and is further reinforced by the proposed redevelopment project. The proposed project will demolish the existing structure for development of a new grocery store and other retail development.

4. **Summary of Findings Regarding Declining or Lagging Rate of Growth of Total Equalized Assessed Valuation:** The total equalized assessed valuation (EAV) for the Area has not kept pace with the balance of the City for three (3) out of the last five (5) years and has not kept pace with the Consumer Price Index for five (5) of the last five (5) calendar years. A comparison of EAV for the Area and the balance of the City are shown as **Exhibit B, Comparison of EAV Growth Rates (2011-2016)**.

### EXHIBIT B

**Comparison of EAV Growth Rates (2011-2016)**  
N. 6th Street Redevelopment Project Area  
City of Monmouth, Illinois

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E. **Summary of Eligibility Factors for the Area**

The study found that the Area contains conditions that qualify it as a **conservation area**. The following summarizes the existence of the predominant blighting/conservation factors existing within the Area:
• **Age** – The only building located in the Area is over 35 years old, which exceeds the statutory threshold of 50% of the buildings in a project area be 35 years old or older (prerequisite for a “conservation area”).

• **Deterioration** – The existing building exhibits signs of deterioration as defined in the Act. In addition, the parcel contains deteriorated site improvements such as including the parking areas and drive isles.

• **Obsolete Buildings** – The former Kmart store building represents obsolescence and it will be demolished to make way for new commercial development.

• **Sub-par EAV trends** – The Area’s EAV has not kept pace with the City for three (3) out of the last five (5) years and has not kept pace with the Consumer Price Index for five (5) of the last five (5) calendar years.

This study finds that the Redevelopment Project Area contains conditions that qualify it as a conservation area, as this term is defined in the Act, and that the Project Area will likely continue to exhibit blighted conditions or conditions that may lead to blight without a program to induce private and public investment for the redevelopment of the Area. These findings were made considering the qualifying factors that are present to a meaningful extent and distributed throughout the Area. The qualifying conditions that exist in the Redevelopment Project Area are detrimental to the Area, as a whole, and the long-term interests of the taxing districts. The redevelopment project contemplated in this tax increment program will eliminate these deficiencies and enhance the tax base of all overlapping taxing authorities.

Therefore, it is concluded that public intervention is necessary because of the conditions documented herein and the lack of private investment in the Area. The City Council should review this analysis and, if satisfied with the findings contained herein, proceed with the adoption of these findings in conjunction with the adoption of the Redevelopment Plan and establishment of the Redevelopment Project Area.
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SECTION IV
REDEVELOPMENT PLAN

A. Introduction

This section presents the Redevelopment Plan and Project for the N. 6th Street Redevelopment Project Area. Pursuant to the Tax Increment Allocation Redevelopment Act, when the finding is made that an area qualifies as a conservation area, blighted area, or a combination of conservation and blighted area, a redevelopment plan must be prepared. A Redevelopment Plan is defined in the Act as "the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a 'blighted area' or 'conservation area' or combination thereof and thereby to enhance the tax bases of the taxing districts which extend into the Redevelopment Project Area".

B. General Land Uses to Apply

The proposed general land uses to apply to the Area is commercial development, with a 20,000 to 21,000 square foot grocery store serving as the anchor. There is room for adding additional commercial building space and related site improvements.

C. Objectives

The objectives of the Redevelopment Plan are:

1. Eliminate those conditions that qualify the Area as eligible for tax increment financing by carrying out the Redevelopment Plan.
2. Prevent the recurrence of blighting conditions.
3. Enhance the real estate tax base for the City and all overlapping taxing districts through the implementation and completion of the activities identified herein.
4. Encourage and assist private investment in the redevelopment of the Area through the provision of financial assistance as permitted by the Act.
5. Provide for safe and efficient traffic circulation within and to and from the Area.
6. Complete all public and private actions required in this Redevelopment Plan in an expeditious manner.
D. Program Policies to Accomplish Objectives

The City has determined that it is appropriate to provide limited financial incentives for private investment within the Area. It has been determined, through redevelopment strategies previously utilized by the City and communications between the existing property owners and a prospective developer and the City, that tax increment financing constitutes a key component of leveraging private investment within the Area. The City will incorporate appropriate provisions in any redevelopment agreement between the City and the developer(s) to assure that redevelopment projects achieve the objectives stated herein and accomplish the various redevelopment projects described below.

E. Redevelopment Projects

To achieve the Plan objectives and the overall project proposed in the Plan, a number of public and private activities will need to be undertaken, including a combination of private and public investment. Improvements and activities necessary to implement the Plan will include the following:

1. Private Redevelopment Activities:
   
a. Land assembly and site preparation: In order to facilitate redevelopment, it will be necessary for TIF to help finance site preparation, building demolition, environmental remediation (if necessary), and other steps to prepare the Area for redevelopment.

   b. Construction of private buildings: Construction of new commercial buildings will take place in phases and in response to market demand. The initial phase will be the construction of a 20,000 to 21,000 square foot grocery store and related site improvements. Future phases may include retail, restaurants and service businesses.

2. Public Redevelopment Activities:

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

   a. Public works improvements: Improvements to N. 6th Street as necessary to provide efficient and safe access to the new commercial center.

   b. Marketing of properties and promoting development opportunities: The City will help to promote the development opportunities within the Area.
c. Other programs of financial assistance as may be provided by the City: The Act defines eligible redevelopment project costs that are summarized in Section F below. The City’s involvement with redevelopment activities may include all those authorized by the Act.

3. Land Assembly & Displacement Certificate:

To achieve the objectives of the Plan, the City may assist with land assembly. Since there are no housing units within the Area, no displacement of inhabited housing units will be involved with this Redevelopment Plan.

Displacement Certificate:

Pursuant to Sections 11-74.4-3 (n) (5) and 11-74.4-4.1 (b) of the Act, by adoption of this Redevelopment Plan by the City, the City hereby certifies that this Redevelopment Plan will not result in the displacement of inhabited residential units.

F. Estimated Redevelopment Project Costs

The estimated costs associated with the eligible public redevelopment activities are presented in Exhibit C, on the following page, entitled Estimated Redevelopment Project Costs. This estimate includes reasonable or necessary costs incurred, or estimated to be incurred, in the implementation of this Redevelopment Plan. These estimated costs are subject to refinement as specific plans and designs are finalized and experience is gained in implementing this Redevelopment Plan and do not include public financing costs or interest payments that may be incurred in conjunction with redevelopment projects.

In addition to the proposed TIF funding, the City may seek the assistance of various State of Illinois Departments (Department of Transportation, Department of Commerce and Economic Opportunity, etc.), or appropriate agencies of the Federal Government to assist in funding site preparation, infrastructure, or other required projects or improvements. To the extent additional funds can be secured from the State of Illinois, or any Federal program or other public or private sources, the City may use such funding sources in furtherance of the Redevelopment Plan and Project.
### EXHIBIT C

#### Estimated Redevelopment Project Costs

**N. 6th Street Redevelopment Project Area**  
**City of Monmouth, Illinois**

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Public Works or Improvements</strong></td>
<td>$250,000</td>
</tr>
<tr>
<td>(Improvement of public streets, curb and gutters, sidewalks, utilities, and other public improvements)</td>
<td></td>
</tr>
<tr>
<td><strong>B. Property Assembly Costs</strong></td>
<td>$900,000</td>
</tr>
<tr>
<td>(Property acquisition, building demolition and site preparation)</td>
<td></td>
</tr>
<tr>
<td><strong>C. Developer Incurred Interest Costs</strong></td>
<td>$500,000</td>
</tr>
<tr>
<td>(30% of annual interest cost incurred)</td>
<td></td>
</tr>
<tr>
<td><strong>D. Relocation Costs</strong></td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>E. Planning, Legal &amp; Professional Services</strong></td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>F. General Administration</strong></td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>G. Contingency (15%)</strong></td>
<td>$320,000</td>
</tr>
</tbody>
</table>

**Total Estimated TIF Eligible Project Costs**  
$2,470,000

**Notes:**
1. All costs shown are in 2017 dollars.
2. Adjustments may be made among line items within the budget to reflect program implementation experience.
3. Private redevelopment costs and investment are in addition to the above.
4. The total estimated redevelopment project costs shall not be increased by more than 5% after adjustment for inflation from the date of the Plan adoption, per subsection 11-74.4.5 (c) of the Act.

#### G. Description of Redevelopment Project Costs

Costs that may be incurred by the City in implementing the Redevelopment Plan may include project costs and expenses as itemized in Exhibit G, subject to the definition of “redevelopment project costs” as contained in the Act, and any other costs that are eligible under said definition included in the “Contingency” line item. Itemized below is the statutory listing of “redevelopment project costs” currently permitted by the Act. Note that some of the following narrative has been paraphrased (see full definitions in the Act).
1. Costs of studies, surveys, development of plans and specifications, wetland mitigation plans, implementation and administration of the Redevelopment Plan, including but not limited to staff and professional service costs for architectural, engineering, legal, environmental, financial, planning or other services, subject to certain limitations:

   a. There are limitations on contracts for certain professional services with respect to term, services, etc.

   b. Annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a Redevelopment Project Area or approved a Redevelopment Plan.

   c. Marketing costs are allowable if related to marketing sites within the Redevelopment Project Area to prospective businesses, developers and investors.

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

3. 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; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification.

4. Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification.

5. Cost of job training and retraining projects, including the cost of “welfare to work” programs implemented by businesses located within the Redevelopment Project Area.

6. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations by the City (see definition of “obligations” in the Act),
and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding thirty-six (36) months thereafter, and including reasonable reserves related thereto.

7. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a **taxing district’s capital costs** resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan and project.

8. **Relocation costs** to the extent that a municipality determines that relocation costs shall be paid or it is required to make payment of relocation costs by Federal or State law or in order to satisfy Subsection 11-74.4-3 (n) (7) of the Act (re: federal Uniform Relocation Assistance and Real Property Acquisition Policies Act requirements).

9. **Payments in lieu of taxes** (not common; see definition in Act).

10. **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:

    a. 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

    b. when incurred by a taxing district(s) other than the municipality, are set forth in a written agreement between the municipality and the taxing district or taxing districts, which agreement describes the programs 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 types of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the terms 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.

11. **Interest costs incurred by a redeveloper** related to the construction, renovation or rehabilitation of a redevelopment project provided that:
a. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;

b. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;

c. if there are not sufficient funds available in the special tax allocation fund to make the payment 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;

d. 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;

12. Unless explicitly stated in the Act, the cost of construction of new privately owned buildings shall not be an eligible redevelopment project cost.

13. None of the redevelopment project costs enumerated above shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the Redevelopment Project Area, while terminating operations at another Illinois location within 10 miles of the Redevelopment Project Area but outside the boundaries of the Redevelopment Project Area municipality. For purposes of this paragraph, termination means closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a Redevelopment Project Area; but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

14. No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008 (the effective date of Public Act 95-934), unless no prudent and feasible alternative exists. "Historic resource" for the purpose of this item (14) means

   a. place or structure that is included or eligible for inclusion on the National Register of Historic Places or

   b. contributing structure in a district on the National Register of Historic Places.
This item (14) does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.
SECTION V
OTHER FINDINGS AND REQUIREMENTS

A. Conformance with Comprehensive Plan

The proposed redevelopment project to be undertaken in implementing this Redevelopment Plan conforms to the City of Monmouth’s Comprehensive Plan, dated January 2007. The future land use in the Comprehensive Plan for the Area is commercial. In addition, all development in the Area will comply with applicable codes and ordinances.

B. Area, on the Whole, not Subject to Growth and Development

After Monmouth College acquired the property with the vacant former Kmart store in 2010, it invested money to retrofit the building into makeshift classroom space and a vehicle and equipment maintenance facility. According to a College facilities representative, they invested approximately $200,000 to retrofit the building (excluding furniture, fixtures and equipment). This equates to approximately $5.00 per square foot, which is not a significant amount of investment and reflects the College’s intentions to make this a temporary solution to maintenance and classroom needs.

Even with this investment by the College, the question is whether such investment represents “growth and development through investment by private enterprise”. Monmouth College is a private liberal arts college, is affiliated with the Presbyterian Church (USA), and as such, is tax exempt. PGAV is of the opinion that the meaning of “private enterprise” is that which relates to a company or business firm organized for commercial purposes. The commercial purpose would be to earn a profit for the owner(s) of such enterprise. Furthermore, private enterprises organized for commercial purposes would be taxable in various ways, including taxes on business income and ad valorem taxes on real property (tax based on the value of property) owned by the enterprise. In this case, Monmouth College is not a private enterprise and it pays no property tax on the subject property.

One way of measuring growth and development by private enterprise is to observe trends in property value. As stated above, the subject property is currently tax exempt and, therefore, has no assessed value or are any ad valorem taxes levied against it (see Exhibit D, EAV Trends (2011-2016). In contrast, the balance of the City has increased by an annualized rate of nearly 7% and the rate of inflation had increased by an annualized rate of 1.3% over this same period. In conclusion, the Area has not been subject to growth and development through investment of private enterprise by virtue of the real estate therein being owned by a tax exempt organization and, in any event, the investment to date by the College has been relatively small.
EXHIBIT D
EAV Trends (2011-2016)
N. 6th Street Redevelopment Project Area
City of Monmouth, Illinois

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2016</th>
<th>Change</th>
<th>Period % Change</th>
<th>Avg Annual % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redevelopment Project Area</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Balance of City</td>
<td>$ 62,652,738</td>
<td>$ 87,539,533</td>
<td>$ 24,886,795</td>
<td>39.72%</td>
<td>6.92%</td>
</tr>
<tr>
<td>CPI - All Urban Consumers</td>
<td>224.939</td>
<td>240.007</td>
<td>15.07</td>
<td>6.70%</td>
<td>1.31%</td>
</tr>
</tbody>
</table>

1Equalized Assessed Valuation (EAV) of the Redevelopment Project Area ("RPA").
2City wide EAV minus the EAV of the Redevelopment Project Area.

C. **Would Not be Developed “but for” Tax Increment Financing**

The City has found that the Area would not reasonably be developed without the use of tax increment revenues. The City further commits that such incremental revenues will be utilized for the redevelopment of the Area as provided in the Act. Underscoring the economic need for municipal financial assistance in the form of tax increment financing is the certainty that there will not be commitments for private redevelopment without the City’s commitment to provide such municipal financial assistance. Furthermore, the eligibility factors documented in this Plan contribute to the “but for” argument. In particular, it will be necessary to demolish the obsolete building to make way for new commercial development and such added extraordinary costs diminishes return on investment below acceptable levels for the local market.

This but for position has also been express by a developer who intends to purchase the property from Monmouth College and redevelop the property. The developer has made it clear that the project cannot take place without TIF to help recover the extraordinary costs of property assembly, building demolition, site preparation, and related costs.

D. **Assessment of Financial Impact**

The City finds that the Plan and Redevelopment Projects proposed by this Plan will not place significant additional demands on facilities or services for any local taxing body. Currently, police and fire services and facilities appear to be adequate for the foreseeable future.

The City and Joint Review Board will monitor the progress of the TIF program and its future impacts on all local taxing bodies. In the event significant adverse impacts are identified that increase
demands for facilities or services in the future, the City will consider utilizing tax increment proceeds or other appropriate actions, to the extent possible, to assist in addressing the needs.

E. **Estimated Date for Completion of the Redevelopment Projects**

The estimated date for completion of the Redevelopment Project or retirement of obligations issued shall not be later than December 31st of the year in which the payment to the City Treasurer, as provided in subsection (b) of Section 11-74.4-8 of the Act, is to be made with respect to ad valorem taxes levied in the 23rd calendar year after the year in which the ordinance approving the Area is adopted (December 31, 2042).

F. **Most Recent Equalized Assessed Valuation**

The most recent total EAV for the only property in the Area is zero (PIN 09-044-137-00).

G. **Redevelopment Valuation**

Contingent on the adoption of this Plan and commitment by the City to the redevelopment program described herein, the City anticipates that the private redevelopment investment in the Area will increase the EAV of the Area by approximately $750,000 to $800,000 (2017 dollars) upon completion of the redevelopment projects.

H. **Source of Funds**

The primary source of funds to pay for redevelopment project costs associated with implementing this Plan shall be funds collected pursuant to tax increment financing to be adopted by the City. Under such financing, tax increment revenue resulting from an increase in the EAV of property in the 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 and retire any obligations incurred to finance redevelopment project costs.

In order to expedite implementation of this Redevelopment Plan and construction of the public improvements, the City, pursuant to the authority granted to it under the Act, may issue bonds or other obligations to pay for the 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 economic development funding sources, public or private, may be utilized. These may include State and Federal programs, local retail sales tax, revenues from any adjoining tax increment redevelopment project areas, and land disposition proceeds from the sale of
land in the Area, as well as other revenues. The final decision concerning redistribution of yearly tax increment revenues may be made a part of a bond ordinance.

I. **Nature and Term of Obligations**

Without excluding other methods of City or private financing, the principal source of funding will be those deposits made into the Special Tax Allocation Fund of monies received from the taxes on the increased EAV (above the initial EAV) of real property in the Area. These monies may be used to reimburse private or public entities for the redevelopment project costs incurred or to amortize obligations issued pursuant to the Act 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 bonds and not needed for any other redevelopment project costs or early bond retirements shall be declared as surplus and become available for distribution to the taxing bodies to the extent that this distribution of surplus does not impair the financial viability of the any projects. One or more bond issues may be sold at any time in order to implement this Redevelopment Plan.

J. **Fair Employment Practices and Affirmative Action**

The City will ensure that all private and public redevelopment activities are constructed in accordance with fair employment practices and affirmative action by any recipients of TIF assistance.

K. **Reviewing and Amending the TIF Plan**

This Redevelopment Plan may be amended in accordance with the provisions of the Act. In addition, the City shall adhere to all reporting requirements and other statutory provisions.
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ATTACHMENT A

Monmouth City Council Resolution No. 17-003A
N. 6th Street Redevelopment Project Area
RESOLUTION PROVIDING FOR A FEASIBILITY STUDY ON THE 
DESIGNATION OF A PORTION OF THE CITY OF MONMOUTH AS A 
REDEVELOPMENT PROJECT AREA 
AND 
TO INDUCE DEVELOPMENT INTEREST 
WITHIN SUCH AREA

WHEREAS, the City of Monmouth (the “City”) is authorized under the 
provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 11-74.4-1, et 
seq. (the “Act”), to finance redevelopment project costs in connection with 
redevelopment project areas established in accordance with the conditions and 
requirements set forth in the Act; and

WHEREAS, pursuant to the Act, to implement tax increment financing (TIF), it 
is necessary for the City to adopt a redevelopment plan and redevelopment project, 
designate a redevelopment project area on the basis of finding that the area qualifies 
pursuant to statutory requirements, and make a finding that the redevelopment project 
area on the whole has not been subjected to growth and development through private 
enterprise and would not reasonably be anticipated to be developed without the adoption 
of a redevelopment plan, which plan contains a commitment to use public funds; and

WHEREAS, the City has been approached by an out of town business (the 
“Developer”) that is interested in acquiring the former K-Mart property, located at the 
northeast corner of N. 6th Street and U.S. Highway 34, and renovate/retrofit the building 
thereon into retail use (the “Project”); and

WHEREAS, the Developer has proclaimed that the construction of said Project is 
conditioned on receiving TIF financial incentives to help offset extraordinary redevelopment 
project costs; and

WHEREAS, the City desires to undertake a feasibility study to determine 
whether findings may be made with respect to the area referred to herein as the “N. 6th 
Street Redevelopment Project Area”, which may be designated as a redevelopment 
project area, to qualify the area as a blighted area as defined in the Act and applied to 
vacant land, and other research necessary to document the lack of growth and 
development through private enterprise; and

WHEREAS, the exact extent and boundaries of the redevelopment project area 
are not precisely defined at this time but the area being considered is generally delineated 
on Exhibit A attached hereto, and that the actual redevelopment project area to be 
established may contain more less land than that shown on Exhibit A; and

WHEREAS, the City will be expending certain funds to determine eligibility of 
the proposed redevelopment project area and to prepare the required redevelopment plan
if the City decides to implement tax increment financing for all or a portion of the proposed TIF area; and

WHEREAS, the Developer will be expending certain funds for professional services, legal services and other project costs in advance of the City officially approving a TIF Plan, establishing the TIF Area, and adopting tax increment financing (the “TIF Program”); and

WHEREAS, it is the intent of the City to allow the Developer and the City to recover these expenditures from proceeds of the TIF Program after it is established and incremental tax revenues are being generated by the Project; and

WHEREAS, the City wishes to encourage Developer to pursue its plans for the redevelopment/retrofit/renovation of the Property and make such expenditures as are reasonably necessary in that regard with confidence that TIF eligible expenditures, including building demolition and certain other costs will be allowable redevelopment project costs, provided that such costs are included in the Plan and meet the definition of “redevelopment project costs” as defined in the Act; and

WHEREAS, the implementation of the proposed Project would convert a tax-exempt property into taxable property and ultimately enhance the City’s tax base as well as the tax base of other affected taxing districts, provide new job opportunities for its residents, grow the commercial base of the City, and improve the general welfare and prosperity of the community; and

WHEREAS, tax increment allocation financing utilizes the increase in real estate taxes (“tax increment”) resulting from the increase in value of properties located in a redevelopment project area to pay for certain redevelopment projects costs as provided for in the Act; and

WHEREAS, given that the proposed TIF Plan or proposed Project will not result in the displacement of residents since there are no inhabited residential units within the proposed TIF Area, the feasibility study is not required to include the preparation of a housing impact study as described in Section 11-74.4-4.1 (b) of the Act; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Monmouth, Illinois as follows:

1. That the City Council has examined the proposed area and circumstances and at this time believe that it is reasonable to believe that a tax increment financing plan can be adopted for said area and expenditures of development costs in furtherance of the plan and potential development should be allowable project costs under the plan, provided that this resolution is not a guarantee that any such plan will be adopted, but rather an expression of the sense of the City at this time.

2. The person to contact for additional information about the proposed redevelopment project area and who should receive all comments and suggestions regarding the redevelopment of the area shall be:
Lew Steinbrecher  
City Administrator  
City of Monmouth  
100 E. Broadway St.  
Monmouth, IL 61462  
Telephone (309) 734-2141

3. The Mayor and appropriate City officials are hereby authorized and directed to negotiate the terms of a redevelopment agreement between the City and the Developer that is suitable to both parties and bring such agreement before the City Council for its consideration and approval, provided that any such agreement shall not be effective unless and until the TIF Program is officially established by the City.

4. That this resolution does not constitute a financial obligation of the City with respect to the Developer or the Project, but rather an expression of intent of the City at this time.

PASSED this 6th day of December 2017.

YEAS: 8  
NEAS: 0  
ABSENT: 0  
ABSTAIN: 0

Rod Davies, Mayor

ATTEST:

Susan Trevor, City Clerk

Exhibit A:  
Proposed TIF Redevelopment Project Area Boundary
ATTACHMENT B

Boundary Description
N. 6th Street Redevelopment Project Area
BOUNDARY DESCRIPTION
N. 6TH STREET REDEVELOPMENT PROJECT AREA
City of Monmouth, IL

Lots One (1) and Two (2) in DLO Plat, a part of the Southeast Quarter of Section Twenty (20), Township Eleven (11) North, Range Two (2) West of the Fourth Principal Meridian, Warren County, Illinois, as shown by a Plat of Survey dated June 9, 1997, prepared by Kenneth E. Schrader and Associates, Ltd., Surveyors and Engineers, and recorded in Book 650 at Page 478 as Document No. 453323 in the Recorder’s Office of Warren County, Illinois, situated in the County of Warren and the State of Illinois,

An also the North 6th Street right of way lying immediately west and adjacent to the above described real estate, being bounded on the north by an extension of the north boundary line of the above described real estate and being bounded on the south by the Northerly Right of Way of F.A. Route 9 (US Route 34) and all of the frontage road located north of the Northerly Right of Way of F.A. Route 9 (US Route 34) and south of the above described tract of real estate.
ATTACHMENT C

Existing Conditions Photos
PHOTOGRAPHS OF EXISTING CONDITIONS
Monmouth N. 6th Street Redevelopment Project Area
Monmouth, Illinois

On November 16th, 2017 PGAV PLANNERS staff conducted a field review of the properties and improvements located inside the N. 6th Street Redevelopment Project Area (the “Area”). The following pages contain photographs taken on this dates, which PGAV PLANNERS believes to be representative of the blighting factors found to exist in the Area.

**Building**
The following pages contain pictures of water damage located at the Monmouth College maintenance building.

Water leaking in where a rooftop HVAC unit was removed.  

Standing water on the floor of the maintenance building.  

Water leaks have stained the ceiling of the maintenance building.  

A wheel barrow catching water leaking from the roof.
PHOTOGRAPHS OF EXISTING CONDITIONS
Monmouth N. 6th Street Redevelopment Project Area

Building (cont’d)

Left: Standing water on the roof of the maintenance building.

Right: Water leaking from the ceiling onto interior contents.

Left: Mop bucket catching water leaking from the ceiling.

Right: Ceiling tiles that have been damaged by a water leak.

Left & Right: Water damage to interior ceiling tiles of the maintenance building.
PHOTOGRAPHS OF EXISTING CONDITIONS
Monmouth N. 6th Street Redevelopment Project Area

Building (cont’d)

Left: Damage to the interior insulation under the maintenance building ceiling.

Right: The exterior sheet metal walls around the maintenance building are damaged and deteriorated.

Left: Building materials that are being stored against the exterior of the maintenance building are damaging the siding.

Right: Wall ties being used to secure the deteriorated exterior wall of the maintenance building.

Left: One of several rusted downspouts located at the maintenance building.

PHOTOS TAKEN 11/16/2017
PHOTOGRAPHS OF EXISTING CONDITIONS
Monmouth, Illinois
Monmouth N. 6th Street Redevelopment Project Area

Site

Left: The parking lot for the maintenance building is severely deteriorated.

Right: The asphalt parking lot is severely deteriorated near the loading docks.

Left: Tires and other debris that is un-screened on the maintenance building site.

Right: Deteriorated asphalt in the maintenance building parking lot.

Left: The southern portion of the parking lot is severely deteriorated.
Site (cont’d)

Left: The north outer road, in the Redevelopment Area, is deteriorated

Right: Standing water and potholes in the maintenance building parking lot.