

STATE OF ILLINOIS)
) SS
COUNTY OF WINNEBAGO)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

I, the undersigned, do hereby certify that I am the duly qualified and acting Legal Director and ex officio Keeper of the Records and Seal of the City of Rockford, Winnebago and Ogle Counties, Illinois (the "City"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the City and of the City Council (the "City Council") thereof.

I do further certify that on the 18th day of October 2017, there was published in pamphlet form, by authority of the City Council, a true, correct and complete copy of Ordinance No. **2017-173-O** and said resolution was so published on said date readily available for public inspection and distribution, in sufficient number, at my office as Legal Director and ex officio Keeper of the Records and Seal located in the City.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the City, this 18th day of October 2017.

[SEAL]



LEGAL DIRECTOR AND *EX OFFICIO*
KEEPER OF THE RECORDS AND SEAL

**AN ORDINANCE OF THE CITY OF ROCKFORD, WINNEBAGO AND OGLE
COUNTIES, ILLINOIS, APPROVING THE CITY OF ROCKFORD
AMEROCK HOTEL
TAX INCREMENT FINANCING DISTRICT
REDEVELOPMENT PROJECT AREA
REDEVELOPMENT PLAN AND PROJECT
(AMEROCK HOTEL TIF DISTRICT)**

WHEREAS, the City of Rockford, Winnebago and Ogle Counties, Illinois (the “*City*”), is a duly organized and existing municipal corporation created under the provisions of the laws of the State of Illinois and under the provisions of the Illinois Municipal Code, as from time to time supplemented and amended; and

WHEREAS, it is desirable and in the best interest of the citizens of the City of Rockford, Winnebago and Ogle Counties, Illinois to implement tax increment financing pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (hereinafter referred to as the “TIF Act”) for the proposed Amerock Hotel Tax Increment Financing District (hereinafter referred to as “Amerock Hotel TIF District”) redevelopment plan and project (hereinafter referred to as the “TIF Plan”), and designate the tax increment redevelopment project area (hereinafter referred to as the “Redevelopment Project Area”) relative to Amerock Hotel TIF District; and

WHEREAS, the City authorized a study in regard to the designation of the Redevelopment Project Area for Amerock Hotel TIF District and the preparation of the TIF Plan in relation thereto; and

WHEREAS, on July 12, 2017, the City made available for public inspection the TIF Plan, with said TIF Plan containing an eligibility study (or qualifications report) for Amerock Hotel TIF District, addressing the tax increment financing eligibility of the Redevelopment Project Area (hereinafter referred to as the “Eligibility Study”); and

WHEREAS, the City Council of the City desires to implement tax increment financing pursuant to the TIF Act for the TIF Plan within the municipal boundaries of the City and within the Redevelopment Project Area described and depicted in EXHIBIT A, EXHIBIT B and EXHIBIT C, both being attached hereto and made part hereof; and

WHEREAS, the City has complied with the specific notice, public meeting, Joint Review Board meeting and public hearing requirements provided for in the TIF Act, specifically Section 11-74.4-5, as a prerequisite to approving the TIF Plan in relation to Amerock Hotel TIF District, in that the City has taken the following actions:

	<u>ACTION</u>	<u>DATE TAKEN</u>
1.	Approved the contract with Kane McKenna, for the preparation of the Eligibility Study and the TIF Plan	May 1, 2017
2.	Published the TIF Interested Parties Registry Notice in the local newspaper	June 12, 2017
3.	Provided for the availability of the Eligibility Study and TIF Plan at offices of the City's Legal Department	July 12, 2017
4.	Approved Resolution No. 2017-182-R calling for a Joint Review Board meeting and a public hearing relative to the proposed approval of the Redevelopment Project Area and the TIF Plan in relation thereto	July 31, 2017
5.	Mailed a copy of TIF Plan (including the Eligibility Study), along with a notice of the Joint Review Board meeting and the public hearing: <ul style="list-style-type: none"> to all taxing districts and the Illinois Department of Commerce and Economic Opportunity (by Certified Mail, return receipt requested) 	August 1, 2017
6.	Mailed notices relative to the availability of the Eligibility Study and TIF Plan: <ul style="list-style-type: none"> to all residential addresses within 750 feet of the boundaries of the Redevelopment Project Area (by First Class U.S. Mail); and to all parties who was registered on the City's TIF Interested Parties Registry (by First Class U.S. Mail) 	August 3, 2017
7.	Held the Joint Review Board meeting	August 18, 2017

8.	Mailed notices of the public hearing: <ul style="list-style-type: none"> to each taxpayer of record within the Redevelopment Project Area (by Certified Mail, return receipt requested); and to each person on the City's TIF Interested Parties Registry (by First Class U.S. Mail) 	September 7, 2017
9.	Published notice of the public hearing in the local newspaper twice	August 29, 2017 and September 7, 2017
10.	Held a public hearing	September 25, 2017

; and

WHEREAS, the Joint Review Board met on August 18, 2017, to review the public record, planning documents and proposed ordinances approving the TIF Plan And Redevelopment Project Area and consider whether the TIF Plan and Redevelopment Project Area satisfy the requirements of the Act; and

WHEREAS, on August 18, 2017, the Joint Review Board considered and approved a resolution recommending approval of the TIF Plan and Redevelopment Project Area and the designation of the Redevelopment Project Area (the "Resolution"); and

WHEREAS, pursuant to the TIF Act, the City has waited at least fourteen (14) days, but not more than ninety (90) days, from the public hearing date to introduce this Ordinance to the City Council of the City; with said introduction taking place at the regular City Council meeting held on [October 16 , 2017]; and

WHEREAS, the TIF Plan sets forth the conditions in the Redevelopment Project Area qualifying the Redevelopment Project Area as a "conservation area"; and the Planning and Development Committee of the City Council of the City has reviewed testimony concerning said conditions presented at the public hearing and is generally informed of the conditions causing the

Redevelopment Project Area to qualify as a "conservation area", as said term is defined in Section 5/11-74.4-3 of the TIF Act (65 ILCS 5/11-74.4-3); and

WHEREAS, the City Council has reviewed the conditions pertaining to the lack of private investment in the Redevelopment Project Area to determine whether private development would take place in the Redevelopment Project Area as a whole without the adoption of the TIF Plan; and

WHEREAS, it is the intent of the City Council to utilize the tax increment from all sources authorized by law; with such revenues to be exclusively utilized for the development of the TIF Plan within the Redevelopment Project Area (except as provided in 65 ILCS 5/11-74.4-4(q); and

WHEREAS, the Redevelopment Project Area would not reasonably be redeveloped without the use of such incremental revenues; and

WHEREAS, the City Council has reviewed the conditions pertaining to real property in the Redevelopment Project Area to determine whether contiguous parcels of real property and improvements thereon in the Redevelopment Project Area would be substantially benefited by the TIF Plan improvements.

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and City Council of the City of Rockford, Winnebago and Ogle Counties, Illinois, as follows:

SECTION 1: That the above recitals and findings are found to be true and correct and are hereby incorporated herein and made a part hereof, as if fully set forth in their entirety.

SECTION 2: That the City Council hereby makes the following findings:

- A. The Area constituting the Redevelopment Project Area is described and depicted as set forth in EXHIBIT A, EXHIBIT B and EXHIBIT C, attached hereto and made part hereof.
- B. There exist conditions which cause the area proposed to be designated as the Redevelopment Project Area to be classified as a "conservation area", as said term is defined in Section 5/11-74.4-3 of the TIF Act (65 ILCS 5/11-74.4-3).
- C. The Redevelopment Project Area on the whole has not been subject to growth and redevelopment through investment by private enterprise and would not be reasonably anticipated to be redeveloped without the adoption of the TIF Plan.
- D. The Redevelopment Project Area would not reasonably be redeveloped without the tax increment derived from real property tax incremental revenues, and the increment from such revenues will be exclusively utilized for the redevelopment as outlined in the TIF Plan within the Redevelopment Project Area (except as provided in 65 ILCS 5/11-74.4-4(q)).
- E. The TIF Plan conforms to the City's 2020 Plan (or Comprehensive Plan) for the development of the City as a whole;
- F. The parcels of real property in the Redevelopment Project Area are contiguous and only those contiguous parcels of real property and improvements thereon which will be substantially benefited by the TIF Plan are included in the Redevelopment Project Area.
- G. The acquisition of all parcels in the proposed area by the City is necessary to the implementation of the Plan and Project.

- H. The estimated date for final completion of the TIF Plan is December 31st of the year in which the payment to the City Treasurer is made with respect to *ad valorem* taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the Redevelopment Project Area is adopted, which, as to Amerock Hotel TIF District, is December 31, 2041.
- I. The estimated date for retirement of obligations incurred to finance TIF Plan costs is not later than December 31st of the year in which the payment to the City Treasurer is made with respect to *ad valorem* taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the Redevelopment Project Area is adopted, which, as to Amerock Hotel TIF District, is December 31, 2041.

SECTION 3: That the TIF Plan, which was the subject matter of the public hearing held on September 25, 2017, is hereby adopted and approved. A copy of said TIF Plan is attached hereto as **EXHIBIT D** and made a part hereof.

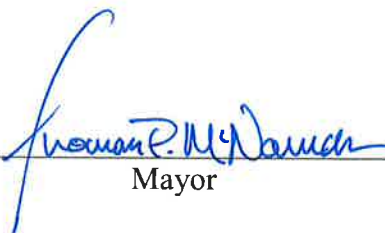
SECTION 4: That if any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity thereof shall not affect any of the other provisions of this Ordinance.

SECTION 5: That all ordinances or parts of ordinances in conflict herewith are hereby repealed insofar as such conflict exists, and this Ordinance shall be in full force and effect upon its passage, approval, and publication, as provided by law.

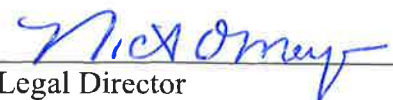
PASSED BY THE MAYOR AND THE CITY COUNCIL of the City of Rockford, Illinois, at a regular meeting thereof on the 16th day of October, 2017, and approved by me as Mayor on the same day.

Alderman	Ayes:	Nays:	Absent/abstain:
<u>DURKEE</u>	<u>X</u>	<u> </u>	<u> </u>
<u>LOGEMANN</u>	<u>X</u>	<u> </u>	<u> </u>
<u>TUNEBERG</u>	<u>X</u>	<u> </u>	<u> </u>
<u>FROST</u>	<u> </u>	<u>X</u>	<u> </u>
<u>HERVEY</u>	<u>X</u>	<u> </u>	<u> </u>
<u>ERVINS</u>	<u>X</u>	<u> </u>	<u> </u>
<u>THOMPSON-KELLY</u>	<u>X</u>	<u> </u>	<u> </u>
<u>HOFFMAN</u>	<u> </u>	<u>X</u>	<u> </u>
<u>ROSE</u>	<u>X</u>	<u> </u>	<u> </u>
<u>BEACH</u>	<u> </u>	<u>X</u>	<u> </u>
<u>QUINONEZ</u>	<u>X</u>	<u> </u>	<u> </u>
<u>MCNEELY</u>	<u>X</u>	<u> </u>	<u> </u>
<u>CHIARELLI</u>	<u> </u>	<u> </u>	<u>X</u>
<u>BECK</u>	<u>X</u>	<u> </u>	<u> </u>

APPROVED:

By:  Date: 10/18/17
Mayor

ATTEST:

By: 
Legal Director

Presented and reading having been waived, at a duly convened meeting of the Corporate Authorities on October 16, 2017.

I hereby certify that the above Ordinance was published in pamphlet form on October 18, 2017, as provided by law.


Legal Director

EXHIBIT A

**City of Rockford
Amerock Hotel Tax Increment Financing District
(Amerock Hotel TIF District)**

Redevelopment Project Area Legal Description

Amerock Hotel Redevelopment Project Area Boundaries:

Part of Blocks 4, 5 and 16 as designated upon the Map of that part of the Town (now City) of Rockford on the West side of Rock River, laid out in part of the Southeast Quarter of Section 22 and part of the Southwest Quarter of Section 23, Township 44 North, Range 1 East of the Third Principal Meridian, the Plat of which is recorded in Book E of Deeds on page 224 in the Recorder's Office of Winnebago County, Illinois, bounded and described as follows:

Part of West Rockford as follows to wit: Lots 10, 11 and 12 in Block 16; Lots 1-6 in Block 4; the vacated alley lying between Lots 3 and 4 in Block 4 (as originally platted); vacated Green Street between Block 4 and Block 5; Lots 1-5 in Block 5 (as originally platted); all of Wyman Street lying between Cedar Street and Chestnut Street (excepting therefrom the Easterly 15 feet of the Southerly 331.14 feet, said exception lying adjacent to the West of Lots 7-12 in Block 4); all of the Wyman Street Crossover lying in Block 4 and Block 5; All as recorded in the Recorder's Office of Winnebago County, situated in the County of Winnebago and the State of Illinois;

Said Amerock Hotel Redevelopment Project Area is alternatively described as follows;

Commencing on the centerline of Chestnut Street at its point of intersection with the centerline of the north-south alley in said Block 16, extended north,, thence southerly to the centerline of

the east-west alley in Block 16,; thence easterly to the centerline of South Main Street; thence Southerly along said centerline to the centerline of Cedar Street; thence Easterly along said centerline to the centerline of South Wyman Street; thence northerly along said centerline to the northerly line of Cedar Street; thence easterly along the northerly line of Cedar Street to a point 15 feet westerly of the easterly line of Wyman Street; thence northerly along a line parallel to the Easterly line of said Wyman Street to the northerly line of Block 4; thence easterly along the northerly line of Block 4 a distance of 15 feet to the easterly line of Wyman Street; thence northerly along the Easterly line of Wyman Street 383.38 feet; thence North $76^{\circ} 12' 42''$ East, 11.41 feet; thence South $80^{\circ} 54' 07''$ East, 19.89 feet; thence northerly parallel with the westerly line of Wyman Street to the centerline of Chestnut Street; thence westerly along said centerline to the point of beginning.

EXHIBIT B

City of Rockford Amerock Hotel Tax Increment Financing District (Amerock Hotel TIF District)

Redevelopment Project Area Common Boundary Description

Chestnut Street on the north, South Wyman Street on the east, Cedar Street on the south, and alternatively South Main Street and a certain alleyway (situated at a point west of the west lot line of the former Hanley Building site) on the west.

EXHIBIT C

**City of Rockford
Amerock Hotel Tax Increment Financing District
(Amerock Hotel TIF District)**

**Redevelopment Project Area
Street Location Map**

City of Rockford Proposed Amerock Hotel TIF District



EXHIBIT D

**Redevelopment Plan and Project for the
City of Rockford
Amerock Hotel Tax Increment Financing District
(Amerock Hotel TIF District)**



TIF REDEVELOPMENT PLAN AMEROCK HOTEL TIF DISTRICT

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

Prepared by the City of Rockford, Illinois

in conjunction with

Kane, McKenna and Associates, Inc.

October 2017

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I. INTRODUCTION

The City of Rockford (the “City”) is a mature community located in Winnebago County, Illinois, approximately ninety (90) miles northwest of the City of Chicago. The City lies adjacent to the municipalities of Belvidere and Cherry Valley on the east, Loves Park and Machesney Park on the north, and Winnebago and Pecatonica to the east. It is only 50 miles from major employment centers located in the northwestern Chicago suburbs. Increasingly, the City’s economy and real estate market is intertwined with the metropolitan Chicago economy, as the path of regional growth moves northwest of Chicago.

The City has an array of community assets that enhance its competitiveness. In particular, it has excellent transportation infrastructure, with connections to Interstate 90, and Interstate 39/U.S. 51, as well as U.S. 20. Interstate 90 is the primary linkage to the Chicago area, and Interstate 39 takes travelers south to Rochelle and other communities. Additionally, a continued area of focus for the City is its ongoing effort to make its historic Downtown area a strong core strength of the Rockford community.

In this report, the City proposes the designation of the Amerock Hotel Redevelopment Project Area (the “RPA” or the “TIF District”) through the adoption of this Tax Increment Financing Redevelopment Plan (the “Redevelopment Plan” or “Plan”) to promote the strategic revitalization (and historic) properties commonly known as the Amerock Building and the former Hanley Building site, which are located within the City’s central Downtown area (“Downtown”) and thereby assist the City in achieving its policy goal of promoting economic development in general and the continued revitalization of Downtown in particular.

By undertaking the proposed designation, the City will help strengthen the RPA as a significant contributor to the City’s overall economic base through the promotion of the redevelopment of the Amerock Building and certain parcels north of that building into a hotel/conference center complex, and ongoing encouragement for residential/commercial reuse of the Hanley site (as well as the continued redevelopment of the buildings located north of the former Hanley Building site that currently house Magpie restaurant and J-Bears’ Place, respectively). As of the date of this report, the Hanley Building had recently been fire damaged and made subject to demolition for public safety reasons. However, the City intends to continue to promote the site for mixed-use redevelopment as a means to revitalize the proposed RPA.

The parcels that are subject to the proposed designation of the TIF District are currently located within the City’s Westside #2 TIF District (the “Westside #2 TIF”) that was established in 2007. However, because the Westside #2 TIF was established during a period that coincided with the Great Recession, the City has determined that the proposed efforts to redevelop the RDA were effectively delayed for such an extended period of time to render any remaining benefit

undermined available through the remaining life of the Westside #2 TIF insufficient to promote their successful redevelopment. For that reason, the City has determined that these key parcels should be designated as a new TIF District to help restore their economic development potential. Accordingly, the parcels that comprise the proposed TIF District are also proposed for removal by the City from the Westside #2 District.

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

The City has two fundamental goals in pursuing the potential TIF District. The first is to promote redevelopment of an area that has experienced long-term vacancies and secure new, economically productive uses for the key parcels located within the critical core of the City's Downtown. The second goal is to further the City's overall economic development program and thereby diversify its tax base.

TIF Plan Requirements. The City is preparing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the "Act") 65 ILCS 5/11-74.4-3, et. seq., as amended. To establish a TIF district (also known as a Redevelopment Project Area ("RPA")), Illinois municipalities must adopt several documents, including a TIF Redevelopment Plan and Eligibility Report. Additionally, in the case of the proposed establishment of this TIF District the City must also take formal action to FIRST remove the proposed RPA from the existing Westside #2 TIF.

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

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

Community Background. The City of Rockford is one of the oldest communities in the State of Illinois, incorporated in 1839 prior to the Civil War (incorporated as a village, and then chartered as a city in 1852). After a long period of growth during the late 19th and early 20th century, population stabilized around its current level in the post-war era. As of the 2010 Census, the City population is 152,871 (150,115 in the 2000 Census), making it one of the largest communities in the state.

The City has a number of important assets that make it desirable location for residents and that fosters a competitive environment for businesses. First, the City has an educated workforce, with over 80% of the adult population (over age 25) having obtained a high school degree and about 21% either a bachelor's degree or an advanced degree (master's degree or other advanced degree). Rockford University is located near the proposed TIF District, and both Northern Illinois University (which also maintains a Rockford campus) and Beloit College are located within close driving distance. Additionally, a number of other higher educational institutions maintain services within the Rockford community.

Secondly, the City possesses a variety of transportation assets, including proximity to multiple Interstate highways, state highways, and an airport. Interstate 90 is the primary linkage to the Chicago area, and Interstate 39 takes travelers south to Rochelle, DeKalb, and other communities. Thirdly, the area is increasingly intertwined with the growing suburban areas northwest of Chicago.

Finally, the City has made a concerted effort under the current leadership to foster economic development. The City has put in place multiple economic development programs and incentives to expedite redevelopment as the Rockford region continues to transition from a historically industrial-based economy to a diversified, 21st century economy.

The Proposed TIF District. The proposed RPA is anchored by the former Amerock Building on the south and the former Hanley Building (recently destroyed by fire) on the north, located in the City in an area approximately bounded by (Appendix 1 and Appendix 2):

Chestnut Street on the north, South Wyman Street on the east, Cedar Street on the south, and alternatively South Main Street and a certain alleyway (situated at a point west of the west lot line of the former Hanley Building site) on the west.

The City's general economic development objectives are to enhance residential as well as commercial and mixed use opportunities within the City as well as within the proposed RPA. To achieve this overarching objective, the City has proposed the following guidelines in its 2020 Plan ("Comprehensive Plan"), and certain strategic Downtown development plans as discussed within Section III below.

One of the primary purposes of the proposed RPA as a new TIF District is to allow the City to meet its obligation under the terms of certain public/private partnership agreements with Gorman & Company, Inc. ("Gorman") to put into place tax increment finance for a much longer term resources that are essential to the ability of Gorman to successfully cause the development of the 13- story and approximately 240,000 square foot Amerock Building (and its adjacent parcel) into a hotel/conference center complex. A narrative for the proposed Gorman hotel/conference center project, as of the date of this Plan, is attached as Appendix 3.

The City had similar goals in working with developer interests to promote the redevelopment of the former 5-story and approximately 50,000 square foot Hanley Building into a mixed-use residential/commercial project. The overall goal of the City is to continue its ongoing effort to promote the revitalization of the entire Downtown. Exhibit 1 below provides an overview of key City goals and objectives related to Downtown redevelopment.

Section IV of this report describes a number of redevelopment impediments facing the City. Obsolescence, excessive vacancies, lagging equalized assessed values (EAV), and deterioration are some of the key impediments that reduce the competitiveness of the area.

On balance, the TIF area has the potential for redevelopment of certain underutilized properties. As such, the City has identified a number of objectives for redevelopment, with tax increment financing acting as a tool to achieve them. Please refer to Section III of this report for additional information about the goals, objectives and activities to support redevelopment.

The RPA would be suitable for new development if there is coordination of uses and redevelopment activity by the City. Through this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the City intends to attract and encourage commercial and retail/mixed uses for the underutilized sites located within the RPA. Through the establishment of the RPA, the City would implement a program to redevelop key areas within the new TIF District and in so doing, it would revitalize the area, extend benefits to the entire community.

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

The City has determined that the area as a whole would not be developed in a coordinated manner unless the adoption of the TIF Redevelopment Plan occurs. The City, with the assistance of KMA, has therefore prepared this Plan to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

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

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

- Providing infrastructure that supports subsequent redevelopment plans for the RPA;
- Improvements to targeted sites in preparation for redevelopment (“site prep”) and improvements to existing structures in order to accommodate new mixed use developments, as well as existing and new commercial tenants;
- Entering into redevelopment agreements in order to redevelop property and/or to induce new development to locate within the RPA;
- Establishing a pattern of land-use activities that will increase efficiency and economic inter-relationships, especially as such uses complement adjacent current and/or future commercial opportunities and City redevelopment projects within the RPA and/or surrounding area; and
- Enhancing area appearance through improvements to landscape, streetscape and signage.

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

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

- That the RPA as a whole has not been subject to growth and development through investment by private enterprise;
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken;
- To alleviate the adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas;
- That public/private partnerships are determined to be necessary in order to achieve development goals;
- That without the development focus and resources provided for under the Act and as set forth in this Plan, growth and redevelopment would not reasonably be expected to be achieved;
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing districts, because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment; and
- That the TIF Redevelopment Plan conforms to the Rockford (2020) Comprehensive Plan, as detailed in Section III of this report.

Additionally, the City finds that it is useful, desirable, and necessary for the City to assemble land into parcels of sufficient size to encourage development consistent with current standards.

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

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

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

II. RPA LEGAL DESCRIPTION

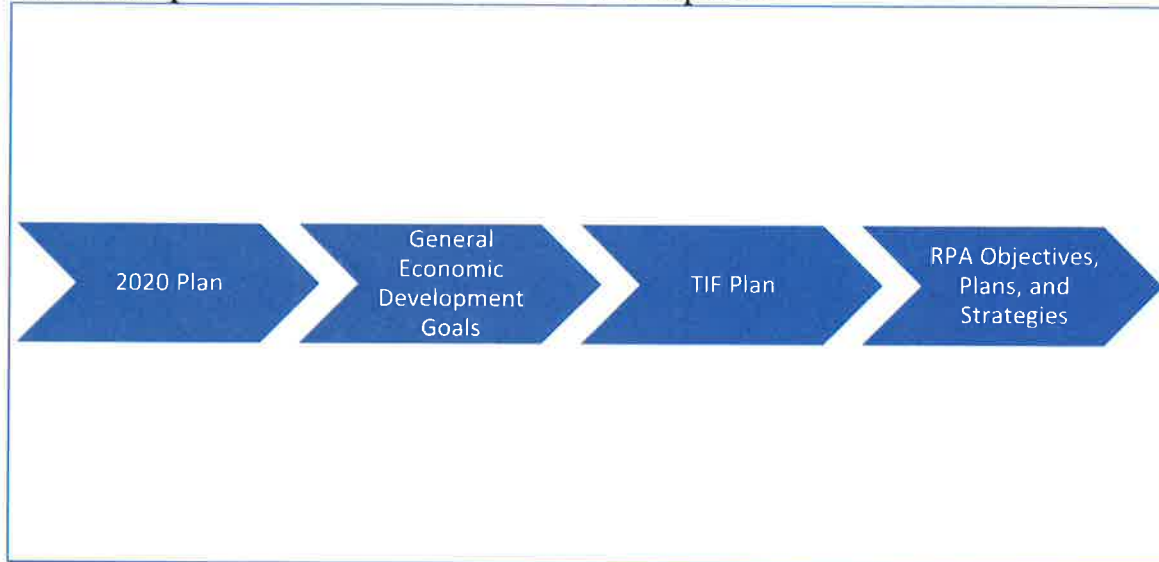
The Redevelopment Project Area legal description is attached in Appendix 1.

III. RPA GOALS AND OBJECTIVES

The City has established a number of economic development goals, objectives, and strategies which would determine the types of activities to be undertaken within the proposed Amerock Hotel TIF District. These efforts would conform to and promote the achievement of land use objectives in the City's (2020) *Comprehensive Plan*.

Exhibit 1

Relationship of Land Use and Economic Development Plans



As indicated in the exhibit above, the City's primary planning document is the *Comprehensive Plan* (also referred to as the *2020 Plan*) which describes the overall vision for the City and is the foundation for City initiatives such as the proposed Amerock Hotel TIF District. This overarching planning document determines future land uses and influences all other City planning efforts such as the TIF planning process.

General Economic Development Goals of the City. Establishment of the proposed Amerock Hotel TIF supports the following City-wide objectives.

- Strengthening the property tax base of the City and overlapping tax districts;
- Creating new jobs and retain existing jobs for City and area residents;
- Providing for implementation of economic development and redevelopment strategies that benefits the City and its residents;

- Providing public infrastructure improvements within the City to promote growth;
- Encouraging positive and feasible redevelopment of vacant sites and/or underutilized facilities;
- Coordinating all redevelopment within the City in a comprehensive manner, avoiding land use conflicts and negative community impacts with attracted users; and
- Creating a cooperative partnership between the City and other Downtown stakeholders.

Specific Objectives for the RPA. The general goals for economic development cited above would be supported by specific objectives, strategies and performance measures that would “drive” the redevelopment activities undertaken within the proposed RPA. RPA designation would allow the City to pursue the following objectives:

- Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal to private investors;
- Reduce, eliminate or prevent the onset of blight or other negative factors present within the area;
- Accomplish redevelopment over a reasonable time period;
- Provide for high quality development within the RPA;
- Create an attractive overall appearance for the area; and
- Further the goals and objectives of the *2020 Plan*.

Exhibit 2 identifies certain *2020 Plan* and the Downtown Strategic Action Plan goals that pertain to the proposed Amerock Hotel TIF District.

Exhibit 2

Comprehensive Plan Goals and Objectives for City’s 2020 Plan and Downtown Strategic Action Plan

Goal	Objective	Action
Implement TIFs	Work to overcome land assembly challenges and land use conflicts	<ul style="list-style-type: none"> • Work with developers to assemble property in conjunction with TIF creation
Work to integrate Smart Growth principles into the City of Rockford	Mixed use development	<ul style="list-style-type: none"> • Assist with the financing of mixed-use developments • Incorporate planned mixed uses into neighborhood/sub-area plans • Provide incentives for mixed uses in new development and

		redevelopment areas
Preserve culturally, historically, and architecturally significant sites, buildings, and districts	Adaptive reuse of historic and underutilized buildings	<ul style="list-style-type: none"> • Incentivized the rehabilitation and reuse of locally designated resources within neighborhoods and commercial corridors • Ensure new development is compatible with historic districts • Encourage new mixed-use developments on underutilized sites
Make Downtown Rockford a commercial, entertainment, and cultural center that residents take pride and consumers visit often	Promote uses that create a 24-hour community (Downtown)	<ul style="list-style-type: none"> • Support development already underway that can be leveraged (Gorman Hotel, Downtown Sports Complex, Prairie Street, etc.) • Improve parking Downtown • Increase retail activity

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

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

- Facilitating the preparation of improved and vacant sites, by assisting any private developer(s) to assemble suitable sites for modern development needs;
- Coordinating site preparation and rehabilitation of structures to provide additional land for new development, as appropriate;
- Fostering the replacement, repair, and/or improvement of infrastructure, including (as needed) sidewalks, streets, curbs, gutters and underground water and sanitary systems to facilitate the construction of new development within the RPA;
- Facilitating the provision of adequate on- and off-street parking within the RPA; and/or
- Coordinating development in tandem with any transportation system upgrades to make the area more accessible.

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

performance of projects within the RPA. (Section VI of this report discusses the types of projects that the City may pursue within the RPA, with the caveat that specific projects at this point are only conceptual in nature.)

Exhibit 3

Examples of TIF Performance Measures

Measure	Examples
Input	<ul style="list-style-type: none"> • Public investment (\$) • Private investment (\$) • Acres of land assembled for TIF • Bond proceeds
Output/Workload	<ul style="list-style-type: none"> • Jobs created or retained • Number of streetscaping fixtures installed • Commercial space created (square feet)
Efficiency	<ul style="list-style-type: none"> • Leverage ratio (private investment / public investment) • Cost per square foot of commercial space • Public subsidies per job created/retained
Effectiveness	<ul style="list-style-type: none"> • % change in assessed value (AV) in TIF versus AV in rest of City • % change in AV within TIF before and after TIF creation • Municipal sales taxes before and after TIF creation
Risk	<ul style="list-style-type: none"> • Debt coverage ratio • Credit ratings of anchor tenants • Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*, Government Finance Officers Association, 2005.

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

Evidence of the Lack of Development and Growth within the RPA. As documented in Appendix 5 of this Plan, the RPA has suffered from the lack of development and would qualify as a conservation area. In past years, the area overall has not benefited from sustained private investment and/or development, instead suffering economic decline. Absent intervention by the City, properties within the RPA would not be likely to gain in value.

The proposed RPA exhibits various conditions which, if not addressed by the City, would eventually result in blight. Those conditions include structures and public improvements reflecting obsolescence as well as other deficiencies. These various conditions work to discourage private sector investment in business enterprises.

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

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

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

An exception to the tax-sharing provision relates to the City’s utilization of TIF funding to mitigate the impact of residential redevelopment upon school districts. In such cases, the City will provide funds to offset the costs incurred by the eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. It should be noted that new residential uses that generate new students are not expected as part of future redevelopment

activities. (Refer to Section VI of this Report, which describes allowable TIF project costs.)

V. TIF QUALIFICATION FACTORS PRESENT IN THE RPA

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

Eligibility Survey. Representatives of KMA and City staff evaluated the RPA from April 2017 to the date of the publication of this Plan. Analysis was aided by certain reports obtained from the City, reports from City engineering/planning staff, on-site due diligence, and other sources. In KMA's evaluation, only information was recorded which would help assess the eligibility of the proposed area as a TIF District.

VI. REDEVELOPMENT PROJECT

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

The project-specific objectives envisioned for the Amerock Hotel TIF are as follows:

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

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

Site Preparation, Clearance, Relocation and Demolition

Property within the RPA may be improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment. Relocation may also be required under the TIF Act; the City would conform to the provisions of the Act.

Land Assembly and Disposition

Certain properties or interests in properties in the RPA may be acquired by purchase or the exercise of eminent domain. Properties owned by or acquired by the City may be assembled and reconfigured into appropriate redevelopment sites. If necessary, the City would facilitate private acquisition through reimbursement of acquisition and related costs as well as through the write-down of its acquisition costs. Such land may be held or disposed of by the City on terms appropriate for public or private development, including the acquisition of land needed for construction of public improvements.

Public Improvements

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

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

Rehabilitation/Taxing District Capital Costs

The City may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to City code provisions. Improvements may include exterior and facade-related work as well as interior-related work.

The City may construct or provide for the construction and reimbursement for new facilities to be owned or used by units of local government. The City does not expect that locally designated landmarks or properties listed on or eligible for listing on the National Register of Historic Places (or properties significantly contributing to districts listed on the National Register of Historic Places) will be demolished or modified in connection with the Plan.

Interest Rate Write-Down

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

Job Training

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

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

School District Costs

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

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

Both existing and future land uses are shown in Appendix 4 attached hereto and made a part of this Plan. Appendix 4 shows existing and future land uses in the Redevelopment Project Area and includes Downtown Mixed-uses (or RH-CBD, Central Business Overlay). Future land uses will conform to the Zoning Ordinance and the *Comprehensive Plan* as either may be amended from time to time.

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

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

- (1) *Professional Service Costs* – Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;
 - The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
 - Annual administrative costs shall *not* include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
 - In addition, redevelopment project costs shall *not* include lobbying expenses;
- (2) *Property Assembly Costs* – Costs including but not limited to acquisition of land and other property (real or personal) or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as

an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

- (3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- (4) *Public Works* – Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- (5) *Job Training* – Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (6) *Financing Costs* – Costs including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;
- (7) *Capital Costs* – To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;

- (8) *School-Related Costs* – For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually;¹
- (9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of the Act;
- (10) *Payment in lieu of taxes;*
- (11) *Other Job Training* – Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly

¹ The calculation is as follows: (A) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (B) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (C) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

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

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

(A) Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;

(B) Such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;

(C) If there are not sufficient funds available in the special tax allocation fund to make the payment then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;

(D) The total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;

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

(F) Instead of the eligible costs provided by subparagraphs (B) and (D), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under

the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (F) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (F).²

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

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

Further, the projected cost of an individual line-item as set forth below is not intended to place a limit on the described line-item expenditure. Adjustments may be made in line-items, either increasing or decreasing line-item costs for redevelopment. The specific items listed below are not intended to preclude payment of other eligible redevelopment project costs in connection with the

² The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (11) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

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

redevelopment of the RPA, provided the *total amount* of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Exhibit 4) shall not exceed the amount set forth below, as adjusted pursuant to the Act.

Exhibit 4
RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition, Assembly, and Relocation	2,200,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	2,750,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements)	3,850,000
Rehabilitation of Existing Structures; Taxing District Capital Improvements	11,550,000
Public Facilities (including Parking Facilities and Streetscaping)	1,650,000
Interest Costs Pursuant to the Act	750,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	750,000
Job Training	125,000
Statutory School District Payments	125,000
TOTAL ESTIMATED TIF BUDGET	23,750,000

Notes:

- (1) All project cost estimates are in 2017 dollars. Costs may be adjusted for inflation per the TIF Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The individual line-items set forth above are not intended to place an individual limit on the described expenditures – provided that the total amount of payments for eligible redevelopment project costs shall not exceed the “total estimated TIF budget” listed above.

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

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

Redevelopment project costs as identified in Exhibit 4 specifically authorize those eligible costs set forth in the Act and do not address the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed. TIF or other public sources are to be used, subject to approval by the City Council, only to leverage and commit private redevelopment activity.

The incremental tax revenues which will be used to pay debt service on the municipal obligations (if any) and to directly pay redevelopment project costs shall be the incremental increase in property taxes. The property tax increment would be attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA – over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2016 tax year for the RPA.

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

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

Any and all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years after the date of adoption of the ordinance approving the RPA, or as such a later time permitted pursuant to the Act and to the extent such obligations are reliant upon the collection of incremental property tax revenues from the completion of the twenty-3rd year of the TIF, with taxes collected in the twenty-fourth year. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

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

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

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

Most Recent Equalized Assessed Valuation for the RPA. The most recent equalized assessed valuation for the RPA is based on the 2016 EAV, and is estimated to be approximately \$154,853. It is anticipated the estimated base EAV for establishment of the RPA will be the 2016 EAV.

Anticipated Equalized Assessed Valuation for the RPA. Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA would increase to approximately \$13,800,000 depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

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

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

- Land Assembly and Relocation: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site, with relocation costs undertaken as provided by the Act. If necessary, the City would facilitate private acquisition through reimbursement or write-down of related costs, including without limitation the acquisition of land needed for construction of public improvements.
- Demolition and Site Preparation: The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements including environmental remediation necessary to prepare the site for desired redevelopment projects.
- Rehabilitation: The City may assist in the rehabilitation of buildings or site improvements located within the RPA.
- Landscaping/Buffering/Streetscaping: The City may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.
- Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The City may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: The City may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.

- Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.
- Public Safety-Related Infrastructure: Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.
- School District Costs: The payment of such costs may be provided pursuant to the requirements of the TIF Act.
- Interest Costs Coverage: The City may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.
- Professional Services: The City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City may reimburse itself from annual tax increment revenue if available.

Commitment to Fair Employment Practices and Affirmative Action.

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

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

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

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees

are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

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

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

VIII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

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

APPENDIX 1

Legal Description of Project Area

Amerock Hotel Redevelopment Project Area Boundaries

Part of West Rockford as follows to wit: Lots 10, 11 and 12 in Block 16; Lots 1-6 and the vacated alley lying between Lots 3 and 4 in Block 4 (as originally platted); vacated Green Street between Block 4 and Block 5 and Lots 1-5 in Block 5 (as originally platted); All as recorded in the Recorder's Office of Winnebago County, situated in the County of Winnebago and the State of Illinois;

Said Amerock/Hanley Redevelopment Project Area is alternatively described as follows; Commencing on the centerline of Chestnut Street at its point of intersection with the centerline of the north-south alley in said Block 16, extended north;; thence southerly to the centerline of the east-west alley in said Block 16;; thence easterly to the centerline of South Main Street; thence southerly along said centerline to the centerline of Cedar Street; thence easterly along said centerline to the centerline of South Wyman Street; thence northerly along said centerline to the centerline of Chestnut Street; thence westerly along said centerline of Chestnut Street to the point of beginning.

APPENDIX 2

Boundary Map of RPA

City of Rockford Proposed Amerock Hotel TIF District



APPENDIX 3

Amerock (Gorman) Hotel Project Narrative

Rockford Embassy Suites by Hilton Hotel



ROCKFORD, ILLINOIS



PROJECT SUMMARY

Project: Gorman & Company, Inc. proposes to develop, construct, and operate a 160-unit Embassy Suites by Hilton in downtown Rockford, Illinois.

The Embassy Suites will be built as a 13-story hotel and conference center, restaurant, rooftop bar, pool, exercise facility and spa, business center, and game room.

The City of Rockford will own a 40,000 square foot conference center which will be physically connected to the hotel as well as extensive improvements to Davis Park. The conference center will be operated by Gorman & Company, Inc. in coordination with the Hilton Embassy Suites. The conference center has a budget of approximately \$13,000,000.

Location: The site is located on the Rock River in downtown Rockford at 416 S. Main Street, in close proximity to dining, museums, entertainment venues, corporate businesses, and most importantly UW Sports Factory, an amateur sports facility. This site is 77 miles from downtown Chicago, the largest city in the Midwest and the third most populous in the United States, via US Interstate Highway 90.

Estimated Cost: \$67,669,369

Construction Start: July 15, 2017

Construction Completion: July 2019

PROJECT DESCRIPTION

The Embassy Suites by Hilton Rockford Hotel is the renovation of an existing 13 story historic building to include 160 hotel suites and retail space consisting of 233,000 square feet. The hotel will be constructed simultaneously with a 40,000 square foot conference center to be financed and owned by the City of Rockford or its affiliate. The Hotel and Conference Center will transform Rockford's downtown riverfront and is one part of a large investment in a new master-planned downtown business, recreation, and transportation hub. Other key projects funded by the City of Rockford included in the Master Plan: development of the adjacent riverfront park and event space ("Davis Park"), newly-constructed indoor sports and recreation complex ("SportsCore"), as well as road improvements and other upgrades. A number of the downtown investments are either complete or near completion in anticipation of City's new and only downtown full service hotel and conference center.

Financing for the development is comprised of subordinate EB-5 debt, a first mortgage in the amount of \$22,500,000 as well as federal historic tax credit equity. The City of Rockford is providing property tax abatement through a tax incremental financing (TIF) district, a rebate of hotel room tax, and will fund and own the conference center. Construction financing is currently comprised of EB-5 bridge financing, as well as conventional debt which will be provided by Citibank.

Project Features and Amenities

- Historic renovation of existing 233,000 square foot building on the riverfront
- Franchise Agreement executed with Embassy Suites - Hilton
- Indoor pool, spa, business center, gift shop, fitness center, game room, and retail leased space
- Rooftop patio and lounge on 12th floor with private meeting rooms and spectacular city views
- Conference Center
- Restaurant and bar with outdoor patio
- Adjacent park will provide space for outdoor events

Local Support and Investments

- City approval of more than \$25,000,000 dollars of property and room tax rebates through 2030
- Approved TIF plan by the City of Rockford
- Local Room Tax Rebate to further fund and support marketing

- City to construct the conference center and parking
- Additional park improvements and permitted use of the Park as needed to accommodate weddings, and other outdoor events.
- Premium UW Sports Factory complex located directly across the river; Projected to generate additional demand for 28,000 annual room nights
- Major infrastructure and road improvements to enhance access to downtown riverfront

Gorman & Company

Gorman & Company, established in 1984, works closely with local governments and community groups to help communities meet their development, planning, economic and social goals.

Gorman's staff, over 250 people in five states, brings a broad range of development, design, construction, and real life experience to the development process and applies those skills to solve problems and help communities bring their plans to reality.

Gorman & Company brings a wide range of development experience to its communities with having developed over \$900 million in projects. Its neighborhoods range from upscale condominium communities to mixed-use developments in downtown redevelopment areas. Gorman's unique affordable housing communities offer high quality amenities that serve the creative class, seniors, accessibility-challenged, entrepreneurs, families, and individuals.

APPENDIX 4

Existing and Future Land Use Map of RPA

City of Rockford

Proposed Amerock Hotel TIF District

Existing and Future Land Use



APPENDIX 5

TIF Qualification Report

Prepared by Kane, McKenna and Associates



PRELIMINARY TIF QUALIFICATION REPORT

PROPOSED AMEROCK HOTEL REDEVELOPMENT PROJECT AREA

A preliminary analysis to assess the likelihood that all or a portion of an area located in the City of Rockford would qualify as a conservation area as defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for: City of Rockford, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

October 2017

**PROPOSED AMEROCK HOTEL REDEVELOPMENT PROJECT AREA
PRELIMINARY TIF QUALIFICATION REPORT**

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EXECUTIVE SUMMARY

On behalf of the City of Rockford, Illinois (the “City”), Kane, McKenna and Associates, Inc. (KMA) has been retained to conduct an analysis of the potential qualification and designation of certain property, anchored by the former Amerock Building on the south and the former Hanley Building (recently destroyed by fire) on the north, located in the City in an area approximately bounded by (see map attached as an Appendix to this report):

Chestnut Street on the north, South Wyman Street on the east, Cedar Street on the south, and alternatively South Main Street and a certain alleyway (situated at a point west of the west lot line of the Hanley Building) on the west.

This designated area is to be addressed herein as the proposed Amerock Hotel Redevelopment Project Area (the proposed “RPA” or proposed “TIF District”).

The City is pursuing the proposed RPA designation as part of its strategy to promote the revitalization of the strategic (and historic) properties commonly known as the Amerock Building and the former Hanley Building site, which are located within the City’s central Downtown area (“Downtown”) and thereby assist the City in achieving its policy goal of promoting economic development in general and the continued revitalization of Downtown in particular. By undertaking the proposed designation, the City will help strengthen the RPA as a significant contributor to the City’s overall economic base through the promotion of the redevelopment of the Amerock Building and certain parcels north of that building into a hotel/conference center complex, and ongoing encouragement for residential/commercial reuse of the Hanley site (as well as the continued redevelopment of the buildings located south of the former Hanley Building site that currently house Magpie restaurant and J-Bears’ Place, respectively). As of the date of this report, the Hanley Building had recently been fire damaged and made subject to demolition for public safety reasons. However, the City intends to continue to promote the site for mixed-use redevelopment as a means to revitalize the proposed RPA.

The parcels that are subject to the proposed designation of the TIF District are currently located within the City’s Westside #2 TIF District (the “Westside #2 TIF”) that was established in 2007. However, because the Westside #2 TIF was established during a period that coincided with the Great Recession, the City has determined that the proposed efforts to redevelop the RDA were effectively delayed. The long delay has worked to undermine any available benefit through the remaining life of the Westside #2 TIF, leaving insufficient time to promote the successful redevelopment of the targeted parcels. For that reason, the City has determined that these key parcels should be designated as a new TIF District to help restore their economic development potential. Accordingly, the parcels that comprise the proposed TIF District are also proposed for removal by the City from the Westside #2 District.

Based upon the preliminary analysis completed to date, KMA has reached the following conclusions regarding the potential qualification of the RPA as a TIF District:

- 1) *The proposed TIF District meets the criteria for a “conservation area,” as the term is defined under the TIF Act* – Overall, the parcels within the proposed TIF District have declined toward a blighted condition. This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health.
- 2) *Current conditions impede redevelopment* – The conditions found within the proposed TIF District present a barrier to the area’s successful redevelopment. Without the use of City planning and economic development resources to mitigate such conditions, potential redevelopment activities are not likely to be economically feasible.
- 3) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are parcels over a longer period of time that potentially could be redeveloped or rehabilitated and thereby produce incremental property tax revenue or other additional revenues to the City to help fuel substantial redevelopment and reuse of both the Amerock Building and the Hanley site (plus also enhancing continued redevelopment of the buildings immediately adjacent to the Hanley site). Such revenue, used in combination with other City resources for redevelopment incentives or public improvements, would likely stimulate substantial private investment and reinvestment in these properties, which will ultimately benefit the Downtown, as well as the City as a whole.
- 4) *Pursuit of TIF designation is recommended* – To mitigate the existing conditions (thereby promoting the improved physical condition of the proposed RPA) and to leverage private sector investment with the City’s investment and redevelopment efforts, KMA recommends that the City pursue the formal TIF designation process for the proposed RPA. Further, it is believed that such leverage of much needed private sector investment for the proposed RPA would not be possible without the proposed TIF designation.

Because the City will not pursue the redevelopment of residential parcels that could potentially dislocate 10 or more residential units within the proposed TIF district, the City will not conduct a housing impact study pursuant to the TIF Act.

I. BACKGROUND

In the context of planning for the proposed RPA, the City has initiated a study of the area to determine whether it would potentially qualify as a TIF District. Kane, McKenna and Associates, Inc. agreed to undertake the study of the proposed RPA or TIF District on the City's behalf. As of the date of this report the proposed RPA was located within the City's Westside #2 TIF. Prior to the designation of the RPA the City will take the required actions to remove the parcels represented by the RPA from the Westside #2 TIF.

Current Land Use. The principal parcels within the proposed RPA are occupied by the former Amerock Building, which has been 100% vacant since at least 1995, and the former Hanley Building, which had been vacant since approximately 2007. The remaining two structures have as primary uses a restaurant and a bar operation, respectively, reflecting commercial land uses.

General Redevelopment Objectives. The City's general economic development objectives are to enhance residential as well as commercial and mixed use opportunities within the City as well as within the proposed RPA. To achieve this overarching objective, the City has proposed the following guidelines in its 2020 Plan ("Comprehensive Plan") as identified in Exhibit 1 below.

One of the primary purpose of the proposed RPA as a new TIF District is to allow the City to meet its obligation under the terms of certain public/private partnership agreements with Gorman & Company, Inc. ("Gorman") to put into place tax increment finance for a much longer term resources that are essential to the ability of Gorman to successfully cause the development of the 13- story and approximately 240,000 square foot Amerock Building (and its adjacent parcel) into a hotel/conference center complex. The City had similar goals in working with developer interests to promote the redevelopment of the former 5-story and approximately 50,000 square foot Hanley Building into a mixed-use residential/commercial project. The overall goal of the City is to continue its ongoing effort to promote the revitalization of the entire Downtown. Exhibit 1 below provides an overview of key City goals and objectives related to Downtown redevelopment.

Section IV of this report describes a number of redevelopment impediments facing the City. Obsolescence, excessive vacancies, lagging equalized assessed values (EAV), and deterioration are some of the key impediments that have hindered the desired redevelopment of the area in spite of past efforts.

Exhibit 1

Comprehensive Plan Goals and Objectives for City's 2020 Plan and Downtown Strategic Action Plan

Goal	Objective	Action
Implement TIFs	Work to overcome land assembly challenges and land use conflicts	<ul style="list-style-type: none"> • Work with developers to assemble property in conjunction with TIF creation
Work to integrate Smart Growth principles into the City of Rockford	Mixed use development	<ul style="list-style-type: none"> • Assist with the financing of mixed-use developments • Incorporate planned mixed uses into neighborhood/sub-area plans • Provide incentives for mixed uses in new development and redevelopment areas
Preserve culturally, historically, and architecturally significant sites, buildings, and districts	Adaptive reuse of historic and underutilized buildings	<ul style="list-style-type: none"> • Incentivized the rehabilitation and reuse of locally designated resources within neighborhoods and commercial corridors • Ensure new development is compatible with historic districts • Encourage new mixed-use developments on underutilized sites
Make Downtown Rockford a commercial, entertainment, and cultural center that residents take pride and consumers visit often	Promote uses that create a 24-hour community (Downtown)	<ul style="list-style-type: none"> • Support development already underway that can be leveraged (Gorman Hotel, Downtown Sports Complex, Prairie Street, etc.) • Improve parking Downtown • Increase retail activity

Ultimately, as the Downtown Strategic Plan states, the goal is to create “Climax development” so that the end goal: “...In the case of Rockford...(Climax) might look something like a four-story mixed-use building, a new apartment building, or even the permanent adjustment of street sections. This type of development takes a great amount of time, planning, and secure financing. Climax projects often require many partnerships, need greater assurances on return on investment, and more time and thorough planning when it comes to design and engineering....” The City’s goals and objectives in pursuing redevelopment of the proposed RPA are consistent with the many goals and objectives of the City’s 2020 Plan and its Downtown Strategic Action Plan.

General Scope and Methodology. KMA performed its analysis by conducting a series of meetings and discussions with City staff and Gorman starting in April 2017 and continuing up to the date of this report. The purpose of the discussions was to gather data related to the qualification criteria for properties included in the study area. These meetings were complemented by a series of field surveys for the entire area to evaluate the condition of the proposed RPA, on a parcel-by-parcel basis. The field surveys and data collected have been utilized to test the likelihood that the proposed RPA would qualify for TIF designation.

The qualification factors discussed in this report would qualify the proposed RPA as a conservation area, as the term is defined pursuant to the TIF Act.

For additional information about KMA's data collection and evaluation methods, refer to Section III of this report.

II. QUALIFICATION CRITERIA

With the assistance of City staff, Kane, McKenna and Associates, Inc. assessed the proposed RPA to determine the likelihood that qualifying factors listed in the Act would be present. The relevant provisions of the Act are cited below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area (RPA). By definition, a “redevelopment project area” is:

“An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, a “conservation area” means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Conservation Area. In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed RPA qualified as a conservation area. First, KMA analyzed the threshold factor of age to determine if a majority of structures were 35 years of age or older.

Secondly, the area was examined to determine if a combination of three (3) or more of the following factors were present, 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. Per the TIF Act, such an area is not yet a blighted area but because of a combination of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

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

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

(C) Deterioration. With respect to buildings, defects include but are not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but

limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

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

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

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

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

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

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

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

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

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

(M) "Stagnant" EAV. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, 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, 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. The finding is based on the last 5 years for which information is available.

III. EVALUATION METHODOLOGY

In evaluating the proposed RPA's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the RPA were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel of land within the proposed RPA.
- 2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as overcrowding and obsolescence. Additionally, KMA reviewed the following data: 2010-2016 tax information from Winnebago County, parcel tax maps, aerial photos, site data, references from Sanborn maps, local history (including discussions with City staff), environmental reports, and an evaluation of area-wide factors that have affected the area's lack of development (e.g., lack of community planning, deleterious land-use and layout, etc.).
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to specific structures and site conditions of the parcels.
- 4) The RPA was examined to assess the applicability of the different factors required for qualification as a TIF district. KMA reviewed information on specific parcels and area-wide factors and compared it with the relevant statutory factors. Specifically, the RPA was evaluated to determine the applicability of the thirteen (13) different factors, as defined under the Act, which would qualify the area as a TIF district.

IV. QUALIFICATION FINDINGS FOR PROPOSED RPA

Based upon KMA's preliminary evaluation of parcels in the proposed RPA and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the proposed RPA as a conservation area under the TIF Act. These factors are summarized in the table below.

Exhibit 2

Summary of TIF-Qualifying Factors

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed RPA
13	3	8 <ul style="list-style-type: none">• Lagging EAV• Obsolescence• Excessive Vacancies• Excessive Land Coverage/Overcrowding• Deleterious Layout/Land Use• Lack of Community Planning• Deterioration• Presence of Structures Below Minimum Code Standards

Findings for RPA. The TIF District is found to qualify as a conservation area under the statutory criteria set forth in the TIF Act. As a first step, KMA determined that all 4 structures located within the proposed RPA were 35 years in age or older, based upon City data (as further discussed below). Secondly, KMA reviewed the 13 aforementioned criteria needed to qualify the area as a conservation area, determining that 8 factors were present as outlined below.

1. Lagging or Declining EAV. The EAV of the TIF District had absolute declines in EAV valuations for four of the past 5 years. Additionally, it also has grown at a rate slower than the Consumer Price Index (CPI) for four out of the past five years (refer to chart below). Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 3
EAV Trends for Proposed TIF District

PIN	2016	2015	2014	2013	2012	2011
Total TIF EAV	\$154,853	\$125,041	\$125,055	\$176,444	\$187,128	\$197,204
	23.8%	-0.1%	-29.1%	-5.7%	-5.1%	
Balance of City EAV	1,443,146	1,438,375	1,451,899	1,551,665	1,708,989	1,891,355
	0.3%	-0.9%	-6.4%	-9.2%	-9.6%	
CPI	1.30%	0.10%	1.60%	1.50%	2.10%	

Notes:

(1) Figures in **bold** for those years in which the TIF EAV declined. RPA's increase in tax year 2016 due totally to Amerock being placed back on tax rolls as result of Gorman purchase from the City.

(2) City EAV figures in thousands (000).

Source: Winnebago County Clerk, Rockford Township Assessor, WINGIS, Ogle County Clerk and U.S. Bureau of Labor Statistics

2. Obsolescence. The Act states that obsolescence is the condition or process of falling into disuse or structures that have become "ill-suited" for their original use. Overall, the RPA exhibits both functional and economic obsolescence.

Apart from the evidence of deterioration, as discussed in subsection 7 below (also a sign of functional obsolescence), the fact that both the Amerock and Hanley buildings have remained in a long-term vacant status help to demonstrate that the buildings are economically obsolete. Both buildings have literally, as the Act states, "falling into disuse."

More specifically, the Amerock Building has reached the end of its useful life – this building was constructed in 3 stages between 1913 and 1950. The original building was constructed in 1913 with additions in 1920 and again in 1950. The entire structure has been vacant for the last 25+ years. (The maximum useful life of a typical commercial structure is generally considered to being the range of 75 to 100 years of age.).

Thus, this finding of obsolescence is primarily based both upon the poor physical condition of the Amerock structure, as well as the advanced the age of the structure in excess of 100 years of age with respect to the original building, and age of nearly 100 years for the 1920 addition

At the time of this report, the Hanley Building was even older in that it was constructed in 1895 meaning that it has an age in excess of 120 years. It had been totally vacant for approximately 10 years, although the upper four floors had been vacant longer.

Following is a summary that provides an outline demonstrating the extreme ageing of all four structures located within the proposed RPA:

Exhibit 4

Year(s) Constructed	Structure
1913; 1920; 1950	Amerock- 416 S. Main
1895 (Recently demolished due to fire damage)	Hanley- 301 S. Main
1911	307-309 S. Main (Magpie)
1930	3011-315 S. Main (J-Bear)

Source: City of Rockford

As additional support for this finding of obsolescence, it is noted that in the case of the Amerock Building, the Mayor's Downtown Task Force in 2004 had recommended the demolition of both the Amerock Building and the former Tapco Building (demolished during 2012) because of their vacant and advanced deteriorated condition. In the case of the former Hanley Building, the last entity to at least partially occupy the building was a restaurant called the Spaghetti Factory, which closed over 10 years ago.

Other conditions associated with this obsolescence for existing and former structures are further exhibited by other blighting factors such as factors outlined below, for deleterious layout, excessive vacancies, lack of minimum (Building/Fire) code standards and excessive land coverage. Additionally, four of the buildings located within the proposed RPA suffered from the lack of minimum setbacks, and lack sufficient lot depth to provide space for adequate onsite parking and other amenities consistent with the need of modern business operations. .

Overall, the strong influence of economic and functional obsolescence that have been associated with these ageing structures has made them unattractive for continued private sector investments without substantial assistance from the public sector through assistance such as tax increment financing.

3. Excessive Vacancies. The Act states that this finding is characterized by the presence of unoccupied or "under-utilized" buildings that represent an adverse influence on the area. The former Amerock and Hanley Buildings were each 100% unoccupied at the time of the KMA site visit, and according to the City had been unoccupied and vacant for periods of plus 25-years and plus 10-years, respectively. Furthermore, the complete vacancy of the buildings in conjunction with serious deteriorating condition and obsolescence (as discussed above) created an adverse influence on the overall area and helped to retard redevelopment.

The prolonged and complete vacancy of the Amerock Building and the former Hanley Building have contributed to blighted conditions that are potentially noxious, offensive and unsuitable for the balance of the Downtown area. .

4. Excessive Land Coverage/Overcrowding of Structures. Pursuant to the Act, a finding of overcrowding can be made if parcels are not adequate in size or shape or multiple buildings are on a single parcel, in conjunction with such indicators as lack of parking.

The existing and former structures within the Proposed Amerock Hotel TIF area have had greater land coverage than would be suitable or acceptable for today's development standards. There existed a very high proportion of the zero lot line parcels more common in the decades prior to construction of modern commercial/retail developments. This condition is manifested most significantly in the lack of on-site parking facilities for many of the existing and former vacant and commercial structures. The lack of on-site parking acts as a detriment to healthy private sector redevelopment efforts.

Any future businesses that would operate out of these existing buildings, or the on the site of any former buildings, would be reliant on restricted and very limited on-street parking, or off-street municipal facilities to serve the needs of patrons. This would place them at a competitive disadvantage with their counterparts unless the City exercises extraordinary countermeasures to assist proposed developers for the buildings and sites via resources such as tax increment financing to cure such land development problems.

Additionally, the general lack of land area associated with all of the building occupied structures located within the proposed RPA reduces the viability of economic re-use of those sites with virtually no room for additional on-site facilities that would otherwise make the parcels more suitable redevelopment targets. The results are that current land uses in the area are over-intensive when compared with modern zoning and building standards (For example, overall there are considerably more structures in the Downtown area compared to the number of parcels with appropriate setbacks, which indicates a high ratio of buildings to available land).

In the case of the Hanley block, the three existing and/or former buildings covered virtually 100% (with the modest exception of the 307-309 South Main structure that has a space for a few parking spaces in the rear) of the parcels on which they occupy. Further, the structures were located adjacent to each other resulting in an observation of excessive land coverage and overcrowding of structures associated with that location. Such construction and proximity of structures in relation to each other would not be permitted under modern development standards without very precise compliance with present day building and fire code requirements. Additionally, the excessive coverage of existing and former buildings did not permit sufficient accommodations for off-street parking, and the lack of building setbacks on each of the parcels left inadequate provision of loading and service requirements of many modern commercial-related operations. The direct proximity of the existing and former buildings crowded next to each other also resulted in inadequate provision of light and air within and around the

buildings which resulted in a realized threat of spread of fire from one to the other after a major fire outburst at the former Hanley Building.

5. Deleterious Layout and Land Use. Deleterious land use (or layout) is defined as the existence of incompatible land use relationships, buildings occupied by inappropriate mixed-uses, or uses unsuitable for the surrounding area. *Each building and/or former buildings occupied parcels proposed to be included within the proposed TIF District had several conditions that contributed to the deleterious layout and create functional and logistical problems for affected businesses and/or potential business patrons. These conditions, as reviewed and supported by City planning staff, were as follows:*

A. Zero setback development: *At the time these parcels were developed, starting from the 1890's to the first part of the 20th Century, automobiles were very uncommon and streetcars, buses and walking were the most common forms of transportation in the Downtown. Although the zero-setback development layout was efficient access for people using the available transportation at that time, it is not conducive to modern day land uses where nearby parking is required. In response, because remedies are not economically feasible for the building owners and/or potential developers of existing buildings and/or former building sites, municipal parking decks or surface lots, normally at a considerable cost to the City, are often required to support reuse of existing and often underused structures or sites in this type of area where zero setback development is prevalent. In the case of the City, these conditions have mandated major public expenses to repurpose similar obsolete buildings to create parking and other amenities required for the successful reuse of these older structures.*

B. One-way pairs: *The one –way pair system created in Downtown during the 1960's is not conducive for access to businesses or to mixed-use commercial/residential land uses. That system was designed to move through traffic through the Downtown with little regard for the needs of businesses and their customers. Such systems are particularly difficult for those motorists who are not familiar with the street pattern and are severely compounded by special events in the Downtown with partial or full street closings. In the past, prospective developers of major vacant buildings or former building sites downtown have demanded the elimination of some of the one way streets and have requested the elimination of others. For example, the elimination of the blocks of the north bound Wyman Street crossover has already taken place (at a considerable cost to the City) but the nearby one-way pair system still impacts the subject area.*

C. Way finding: *In addition to the one way pairs there are one-way streets that become two-way streets and vice-versa making way finding particularly difficult; way finding is even more difficult during special events.*

D. Asbestos: *Asbestos was prevalent in commercial building construction to provide fire-proofing and insulation until about 35 years ago. Thus, all of the buildings located on the parcels within the proposed RPA date to the late 1800's and early 1900's and so would have been impacted by such construction practices. Asbestos removal is almost*

always required as part of the building renovation process (most recently confirmed as a major requirement for the redevelopment of the Amerock Building).

E. Deliveries: *Most deliveries for the active businesses take place on street, some take place by double-parking for a period of time. There are few, if any, designated off-street loading areas for the existing buildings within the proposed RPA. In particular, considering that the Amerock Building is proposed for largescale hotel and retail uses, with the addition of a conference center to the north, the logistics for delivery of goods and services as well as automobile access/parking by customers and patrons, must be provided for in the redevelopment process meaning that tax increment financing resources will be an essential component to making that proposed development economically feasible. Similar conditions and need for public sector investment exist for the potential mixed-use commercial/residential redevelopment of the former Hanley site, which also had been hindered via zero setbacks on all sides, does have a public alley for deliveries on the west, but not on its south due to the adjacent buildings on South Main Street.*

6. Lack of Community Planning. According to the Act, an area suffers from a lack of community planning if the area was developed prior to, or without the benefit of, a community plan. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, overcrowded parcels, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The City did not have a comprehensive plan in place during the time period that the Amerock, Hanley and other buildings within the proposed RPA were developed. Even the City's first plan, the Roper Plan in 1918, did not address land use issues with respect to land development patterns and land uses. As a result of the lack of community planning, the area represented by the proposed RPA exhibits lingering indication of land uses that both lacks many of the modern hallmarks of current community planning, and one that has also experienced prior development in absence of community planning, where appropriate building setbacks, off-street loading areas and adequate off-street parking, previously non-existing, would today be required.

Significantly, effective and sustained economic development plans and strategies intended to address the coordinated redevelopment of Downtown have only been developed since the 1960s/1970s. These efforts, long after the construction of the subject buildings, have eventually led to the evolution of the City 2020 Plan, which now guides appropriate land uses for the City in general and Downtown in particular. The various conditions that exist as described within this report have evolved due to the lack of the area being allowed to develop over the decades without such a plan in place. The result has been the creation of a number of barriers to the successful redevelopment of the existing building that can only be overcome by the City's use of programs such as tax increment financing.

7. Deterioration. Various degrees of deterioration were observed throughout the proposed TIF District. A serious degree of deterioration was identified for the 13 story 240,000 square foot Amerock Building and, at the time of KMA's site visit, the five – story Hanley Building, the buildings adjacent to the former Hanley Building, with defects ranging from severe to extremely severe defects, especially windows and window frames and deteriorating building façade (the subsequent removal of the Hanley Building does not significantly diminish this finding of deterioration throughout the proposed RPA). With respect to surface improvements, deterioration was found along roadways, curbs/gutters, alley ways, sidewalk areas, and parking areas including, but not limited to, surface cracking, potholes, depressions, weed growth and loose paving materials. These indicators of deterioration were found on the streets within and adjacent to the site except for South Main Street on the west edge of the site which had been fully reconstructed during 2016.

It was determined that the structures within the proposed RPA had various combinations of the following signs of deterioration:

- Leaking Roofs, as evidenced by reported standing water in the Amerock Building (the reported Hanley Building had a collapsed roof/floor in 2015)
- Rusted, damaged or missing fascia
- Damaged masonry components
- Deteriorated and damaged concrete sections
- Water-damaged or missing brick
- Rusted window frames and lighting fixtures/standards
- Rotting wood window/door frames
- Broken windows, missing window panes and damaged doors.

8. Presence of Structures Below Minimum Code Standards. As noted, the TIF Act defines “below code standards” as structures not meeting the requirements of zoning, subdivision, building, fire and other governmental codes, excluding housing and property maintenance codes (which cover infractions such as weed nuisances or graffiti). The City has in the past documented various indicators of building code and fire safety violations, in which both the Amerock and the former Hanley buildings facilities failed to meet City building and fire safety regulations. Both of these large structures have been closed to access in part due to public safety reasons.

As previously note, the overall state of the Amerock Building was such that, before it became a target for potential redevelopment, it had been designated for demolition, which would have eliminated numerous public safety concerns associated with the failed and deteriorated building. The Building currently remains in an advanced state of deterioration related to minimum code standards and even KMA's recent request for access into the structures for inspection purposes had to be denied due to health and safety concerns.

In the case of the Hanley Building, as recently as 2015 an instance of a collapsing floor caused the Fire Department to designate the building under its “Red X Program” though

the identification of life safety hazards present for the structure. Pursuant to City codes: “...Any vacant or abandoned buildings or structures determined to be unsafe pursuant to Section 110 of [2015 International Fire Code] relating to structural or interior hazards shall be marked as required....”

The hazards cited as part of the program include:

- Long term vacancy
- Previous fires
- Structural hazards
- Significant health issues
- Multiple significant Building Code Violations
- Other situation that poses an unnecessary risk to firefighters and other responders

V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the City potentially designating the proposed RPA as a TIF District.

- The area is contiguous and is greater than 1½ acres in size;
- The proposed RPA meets the criteria for a conservation area TIF District, if the City pursues this course of action. The qualifying factors found in the proposed RPA are present to a meaningful extent and are evenly distributed throughout the proposed RPA. A more detailed analysis of the qualification findings is outlined in Section IV of this report;
- All property in the area would substantially benefit by the proposed redevelopment project improvements;
- The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area; and
- The area would not be subject to redevelopment without the investment of public funds, including property tax increment.

In the judgment of KMA, these preliminary findings support the case for the City to initiate a formal process to consider the area as a TIF District.

APPENDIX

Propose TIF Boundary Map

FILED - CO. CLERK *TM*

NOV 28 2017

MARGIE M. MULLINS

STATE OF ILLINOIS)
COUNTY OF WINNEBAGO)
CITY OF ROCKFORD) SS

I, **NICHOLAS O. MEYER**, Legal Director and ex officio Keeper of the Records and Seal of the City of Rockford, County of Winnebago, State of Illinois, do hereby certify that the foregoing is a true and correct copy of the *Amerock Hotel Tax Increment Financing (TIF) Redevelopment Plan and Project Area Ordinance, Ordinance No: 2017-173-O*, passed by the City Council of the City of Rockford at its meeting held on *October 16, 2017*.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Corporate Seal of the City of Rockford, Illinois this 27th day of November, 2017.



NICHOLAS O. MEYER, Legal Director and
ex officio Keeper of the Records and Seal

(S E A L)