

VILLAGE OF VERNON HILLS

ORDINANCE 2017-002

AN ORDINANCE OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS,
APPROVING A TAX INCREMENT REDEVELOPMENT PLAN AND REDEVELOPMENT
PROJECT FOR THE MILWAUKEE AVENUE/TOWNLINE ROAD
REDEVELOPMENT PROJECT AREA

THE 10th DAY OF JANUARY 2016

Published in pamphlet form by the Authority of the
President and Board of Trustees of the Village of
Vernon Hills, Lake County, Illinois, this 12th Day of
January 2016

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WHEREAS, the Village is a municipal corporation organized and existing under the statutes of the State of Illinois and empowered by statutes and by Home Rule Authority; and

WHEREAS, this Ordinance is adopted pursuant to the Village's municipal and Home Rule authority; and

WHEREAS, it is desirable and in the best interest of the citizens of the Village of Vernon Hills, Lake County, Illinois (the "Village"), for the Village to implement tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code, as amended (the "Act"), for a proposed redevelopment and redevelopment project (the "Plan and Project") within the municipal boundaries of the Village within a proposed redevelopment project area (the "Area") described in Section 1(a) of this Ordinance, which Area constitutes in the aggregate more than one and one-half acres; and

WHEREAS, on February 5, 2016, pursuant to section 11-74.4-5(a) the Village caused the Redevelopment Plan and Project to be placed on file with the Village Clerk; and

WHEREAS, on February 16, 2016, pursuant to section 11-74.4-4.2 of the Act, the Village adopted Ordinance O-2016-013 and established an interested parties registry for development activities related to the Area; and

WHEREAS, pursuant to Section 11-74.4-5 of the Act, the Village President and Board of Trustees of the Village (the "Corporate Authorities") called a public hearing relative to the Plan and Project and the designation of the Area as a redevelopment project area under the Act for April 19, 2016; and

WHEREAS, due notice with respect to such hearing was given pursuant to Section 11-74.4-5 of the Act, said notice being given to taxing districts and to the Department of Commerce and Economic Opportunity of the State of Illinois by certified mail on February 17, 2016, by certified mail to taxpayers within the Area pursuant to 11-74.4-6 (a) and (b) of the Act and located outside the boundaries of the Area which are within 750 feet of the boundaries of the Area, and to all organizations and residents, if any, that had registered with the Village on February 18, 2016, and by publication on March 25, 2016, March 28, 2016, and March 31, 2016; and

WHEREAS, on March 9, 2016, the Village convened a joint review board as required by and in all respects in compliance with the provisions of the Act; and

WHEREAS, the joint review board performed its review of the public record, planning documents, and forms of the ordinances to approve the Plan and Project, designate the Area and approved TIF financing for the Area; and

WHEREAS, on March 9, 2016, the Joint Review Board adopted by a unanimous vote to recommend approval of the Plan and Project and to designate the Area as a redevelopment project area under the Act; and

WHEREAS, on April 19, 2016, the Village held the public hearing, at the time and place fixed in the ordinance calling for same, which hearing was continued from time to time, and closed on November 29, 2016, and at the public hearing, any interested persons and the Taxing

Districts were permitted to file with the Village Clerk written objections and were heard orally in respect to any issued embodied in the notice of said public hearing, but the Village heard no protests or objections at the public hearing; and

WHEREAS, the Corporate Authorities have reviewed the information concerning such factors presented at the public hearing and have reviewed other studies and are generally informed of the conditions in the proposed Area that caused the Area to be a "blighted area" as defined in the Act; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to lack of private investment in the proposed Area and determined that private development would not take place in the proposed Area as a whole without the adoption of the proposed Plan; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to real property in the proposed Area and determined that contiguous parcels of real property and improvements thereon in the proposed Area would be substantially benefited by the proposed Project improvements; and

WHEREAS, the Corporate Authorities have reviewed the proposed Plan and Project and also the existing comprehensive plan for development of the Village as a whole to determine that the proposed Plan and Project conform to the comprehensive plan of the Village; and

WHEREAS, the implementation of the proposed Plan and Project will not result in displacement of residents from inhabited residential units; and

WHEREAS, the Corporate Authorities hereby determines that the Village has in all respects complied with the requirements of the Act in such actions taken to date as above set forth.

NOW, THEREFORE, BE IT ORDAINED by the Village President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, as follows:

Section 1. Incorporation of Recitals. The foregoing recitals to this Ordinance are incorporated in this Ordinance as if set out fully by this reference, and the statements and findings contained therein are found to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. Findings. That the Corporate Authorities hereby make the following findings:

a. The Area is legally described in Exhibit A attached hereto and incorporated herein as if set out in full by this reference. The general street location for the Area is described in Exhibit B attached hereto and incorporated herein as if set out in full by this reference. The map of the Area is depicted on Exhibit C attached hereto and incorporated herein as if set out in full by this reference.

b. There exist conditions that cause the Area to be subject to designation as a redevelopment project area under the Act and to be classified as a blighted area as defined in Section 11-74.4-3(a) of the Act.

c. The proposed Area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the Plan.

d. The Plan and Project conform to the Comprehensive Plan for the development of the Village as a whole.

e. As set forth in the Plan it is anticipated that all obligations incurred to finance redevelopment project costs, if any, as defined in the Plan shall be retired within twenty-three (23) years after the Area is designated.

f. The parcels of real property in the proposed Area are contiguous, and only those contiguous parcels of real property and improvements thereon that will be substantially benefited by the proposed Project improvements are included in the proposed Area.

Section 3. Plan and Project Approved. That the Plan and Project, which were the subject matter of the public hearing held on April 19, 2016, and continued from time to time, are hereby adopted and approved. A copy of the Plan and Project is set forth in Exhibit D attached hereto and incorporated herein as if set out in full by this reference.

Section 4. Filing Plan with County Clerk. The Village Clerk is hereby directed to file a certified copy of this Ordinance with the County Clerk of Lake County, Illinois.

Section 5. Invalidity of Any Section. That if any section, paragraph, or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of this Ordinance.

Section 6. Superseder. All ordinances, resolutions, motions, or orders in conflict herewith shall be, and the same hereby are, repealed to the extent of such conflict.

Section 7. Effective Date. This Ordinance shall not be in full force and effect until January 10, 2017. On January 10, 2017 this Ordinance shall be in full force and effective immediately upon its passage by the Corporate Authorities and approval as provided by law.

ATTACHMENTS:

EXHIBIT A – Legal Description

EXHIBIT B – General Street Location

EXHIBIT C – Map of Redevelopment Project Area

EXHIBIT D – Redevelopment Plan and Project

PASSED this 10th day of January, 2017.

AYES: 5 – Grieb, Schultz, Marquardt, Williams, Hebda

NAYS: 1 - Koch

ABSENT AND NOT VOTING: 0 - None


Roger L. Byrne, Village President

PASSED: 01/10/2017

APPROVED: 01/10/2017

PUBLISHED IN PAMPHLET FORM: 01/12/2017

ATTEST:



John Kalmar, Village Clerk

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT A

**Redevelopment Project Area Description
(Legal Description, Permanent Tax Index Numbers
and Common Boundary Description)**

Village of Vernon Hills

Milwaukee Avenue/Townline Road

Redevelopment Project Area

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 33 AND THE SOUTHWEST QUARTER OF SECTION 34 IN TOWNSHIP 44 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THAT PART OF THE NORTHWEST QUARTER OF SECTION 3 AND NORTHEAST QUARTER OF SECTION 4 IN TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS AS DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 4 IN HAWTHORN HILLS FASHION SQUARE RECORDED AUGUST 1, 1986 AS DOCUMENT NUMBER 2467230; THENCE NORTHERLY, ALONG THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 (ALSO KNOWN AS MILWAUKEE AVENUE) AS SHOWN ON SAID HAWTHORN HILLS FASHION SQUARE, TO THE SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 (ALSO KNOWN AS TOWNLINE ROAD) AS SHOWN ON SAID HAWTHORN HILLS FASHION SQUARE; THENCE WESTERLY, ALONG SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 AS SHOWN ON SAID HAWTHORN HILLS FASHION SQUARE, TO THE SOUTHERLY EXTENSION OF THE WESTERLY LOT LINE OF LOT 8 IN HAWTHORN CENTER SUBDIVISION PLAT RECORDED SEPTEMBER 19, 1977 AS DOCUMENT NUMBER 1866654; THENCE NORTHERLY, ALONG SAID LINE, TO THE NORTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 AS SHOWN ON SAID HAWTHORN CENTER SUBDIVISION; THENCE EASTERLY, ALONG SAID NORTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60, TO THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON SAID HAWTHORN CENTER SUBDIVISION PLAT; THENCE NORTHERLY, ALONG SAID WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 TO THE NORTHEAST CORNER OF LOT 1 IN SAID HAWTHORN CENTER SUBDIVISION PLAT; THENCE WESTERLY, ALONG THE NORTH LINE OF SAID LOT 1, TO THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON PLAT OF HIGHWAY AND CONVEYED BY WARRANTY DEED RECORDED AS DOCUMENT NUMBER 4543137; THENCE NORTHERLY, ALONG SAID LINE, TO THE WESTERLY EXTENSION OF A LINE WHICH RUNS FROM A POINT 11.85 CHAINS SOUTH OF THE CENTER POST OF SAID SECTION 34 TO A POINT 9.09 CHAINS SOUTH OF THE CENTER OF POST OF SAID SECTION 33; THENCE EASTERLY, ALONG SAID WESTERLY EXTENSION AND SAID LINE, TO THE CENTER LINE OF DES PLAINS RIVER; THENCE SOUTHERLY, ALONG THE CENTER LINE OF DES PLAINS RIVER, TO THE CORPORATE LIMITS OF VILLAGE OF VERNON HILLS, SAID LINE BEING APPROXIMATELY THE CENTERLINE OF ILLINOIS ROUTE 60, THENCE WESTERLY, ALONG SAID LINE, TO THE WESTERLY CORPORATE LIMITS OF VILLAGE OF VERNON HILLS; THENCE SOUTHERLY, ALONG SAID LINE, TO THE SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 AS SHOWN PLAT OF HIGHWAYS RECORDED AS DOCUMENT NUMBER 2412463; THENCE WESTERLY, ALONG SAID SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60, TO THE EAST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON AMENDED AND RESTATED HAWTHORN II – RETAIL CENTER RECORDED AS DOCUMENT NUMBER 2641246; THENCE SOUTHERLY, ALONG SAID EAST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21, TO THE SOUTHWEST CORNER OF LOT 2 IN SAID AMENDED AND RESTATED HAWTHORN II – RETAIL CENTER; THENCE WESTERLY TO THE POINT OF BEGINNING.

Real Estate Property Tax Index Numbers of Property:

11-34-300-012 & 013

EXHIBIT B

GENERAL STREET LOCATION

The Area is generally bounded by Ring Road as extended on the north, Milwaukee Avenue on the west, the Des Plaines River to the east and Townline Road to the south. Adjacent rights of way are included.

EXHIBIT C

MAP OF REDEVELOPMENT PROJECT AREA

TIF Boundary Map

1/4/2016



0 300 Feet



TIF



Village Border

RING RD

HAWTHORN CTR

MILWAUKEE AVE

TOWNLINE RD

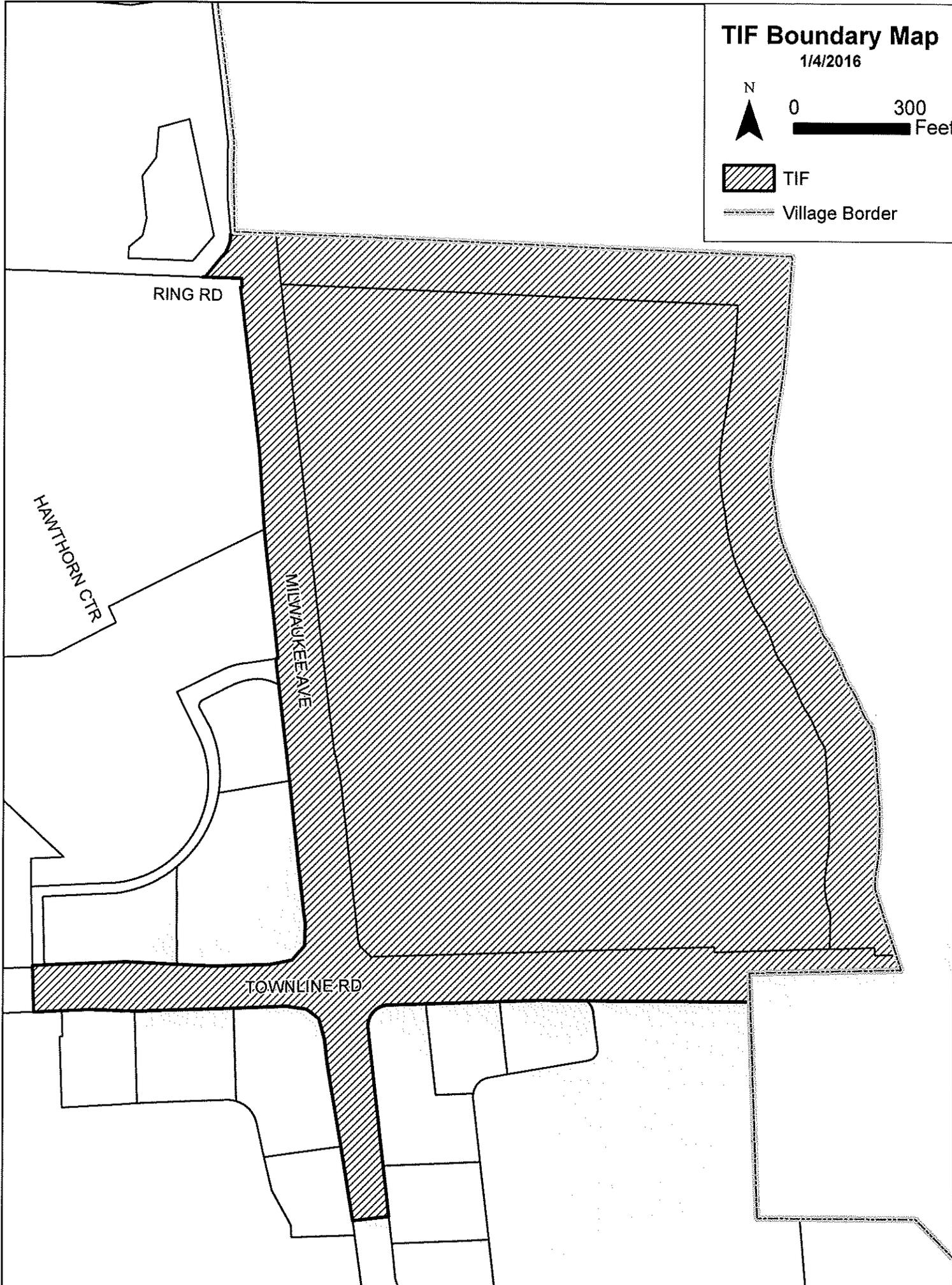


EXHIBIT D

REDEVELOPMENT PLAN AND PROJECT

**VILLAGE OF VERNON HILLS
TIF REDEVELOPMENT PLAN
MILWAUKEE AVENUE/TOWNLINER ROAD
REDEVELOPMENT PROJECT AREA**

Prepared by the Village of Vernon Hills, Illinois

in conjunction with

Kane, McKenna and Associates, Inc.

November, 2016

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I. INTRODUCTION

The Village of Vernon Hills (the "Village") is a suburban municipality located approximately 35 miles north of downtown Chicago with a population of 25,113 citizens (according to the 2010 U.S. Census). The Village has experienced significant growth in population between 1970 and 1980 and has experienced continued growth since such period although at a lower growth rate. In this Plan, the Village proposes a Tax Increment Financing Redevelopment Plan (the "Plan" or "Redevelopment Plan") to enable an area within the Village to overcome a number of redevelopment barriers.

Kane, McKenna and Associates, Inc. (KMA) has been retained by the Village to conduct an analysis of the potential qualification and designation of the area as a "redevelopment project area" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et. seq., as amended (the "Act" or "TIF Act"), and to assist the Village in drafting this Redevelopment Plan.

TIF Plan Requirements. The Act enables Illinois municipalities to establish redevelopment project areas, 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)).

The Village is preparing this Plan as required by the Act. Pursuant to the Act, a "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.

To establish a redevelopment project area, Illinois municipalities must adopt several documents, including a redevelopment plan and eligibility report.

Community Background. The Village was incorporated in 1958 and has developed from a rural community that included numerous country estates to a suburban residential community with significant retail development commencing in the 1970's. The most significant growth in population occurred between 1970 and 1980 when the population increased from 1,056 to 9,827 (830.5%) with an additional population increases to 15,319 by 1990 (55.9% since 1980), 20,120 by 2000 (31.3% since 1990) and 25,113 by 2010 (24.8% since 2000) as reported by the Bureau of the Census. The development of the Village was spurred by the construction of the Hawthorn Mall Shopping Center in 1973 which was followed by the development of residential housing, significant additional retail uses and various other office and industrial parks.

The Village is bordered by the municipalities of Libertyville to the north, Mundelein, Indian Creek and Long Grove to the west, Buffalo Grove to the south and Mettawa and Lincolnshire to the east.

The Village has a number of important assets that create an economically competitive environment for businesses and attracts residents to the community. The Village is well served by a grid of arterial roads and state highways, including Routes 21, 45, 60 and 83, and the nearby Tri-State Tollway (Interstate 94) with entrance ramps on both Routes 22 and 60. Additionally, the Chicago – O’Hare International Airport is located approximately 25 miles south of the Village and the General Mitchell International Airport is located approximately 60 miles north of the Village both located near the Tri-State Tollway. Also, METRA provides commuter rail service to a station located within the Village.

The RPA (as such term is hereinafter defined) has a number of important assets including the following:

- 1) Both Route 21 and Route 60 are major arterial roads and provide the traffic counts necessary to support commercial and retail uses;
- 2) The RPA is situated near many other retailers that would complement any new uses within the proposed redevelopment project area; and
- 3) The RPA is a gateway to the Village and as such presents a major opportunity for helping visitors to form a positive first impression and strengthen the view of the Village.

Despite the RPA strengths, the RPA is currently underutilized. The RPA as a whole suffers from a variety of economic development impediments as identified in the Act, such as chronic flooding and use of the site as a disposal site. The TIF Qualification Report (as such term is hereinafter defined) identifies other impediments to redevelopment.

The RPA has the potential for redevelopment of certain underutilized properties. Such redevelopment would build upon locational advantages and establish commercial uses. As such, the Village 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 Plan for additional information about goals, objectives and activities to support redevelopment.

The Proposed TIF District. The proposed redevelopment project area is located in the Village and consists of 2 tax parcels, consisting of approximately 50 acres located adjacent to Route 21 and Route 60 in the Village, and the adjacent right of ways (the “RPA” or “TIF District”). The proposed RPA is generally located north of Townline Road (Route 60), south of Ring Drive as extended (which is also part of the northern border of the Village), east of Milwaukee Avenue (Route 21) and west of the Des Plaines River and the Lake County Forest Preserve properties.

The RPA suffers from a variety of economic development impediments as defined in the TIF Act. Section V of the *TIF Qualification Report* (see Appendix 5) identifies the impediments to redevelopment:

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

The RPA would be suitable for new development if the Village is able to coordinate uses and redevelopment activity by the Village. Under this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the Village intends to attract and encourage residential, recreational, commercial and retail/mixed uses to locate, upgrade, expand and/or modernize their facilities. Through the establishment of the RPA, the Village would implement a program to redevelop key areas within the RPA through the provision of public improvements and coordination of redevelopment activities. In so doing, the Village would stabilize the area, extend benefits to the community, and assist affected taxing districts over the long run.

Rationale for Redevelopment Plan. The Village 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 development will play a decisive role in encouraging private development. Site conditions that have discouraged intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit both the Village and surrounding taxing districts, by virtue of the expected expansion of the tax base.

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

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment 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 residential, recreational, commercial and retail/mixed use opportunities surrounding the area.

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

- Attraction of new businesses to the Village;
- Providing infrastructure that supports subsequent redevelopment plans for the RPA;
- Assembling land in order to provide sites for redevelopment;
- 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 Village redevelopment projects within the RPA and/or surrounding area; and
- Enhancing area appearance through improvements to landscape, streetscape and signage.

Through this Plan, the Village 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 Village, (b) the taxing districts serving the RPA, and (c) existing and new businesses.

Village Findings. The Village, 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 Redevelopment Plan conforms to the Village of Vernon Hills Comprehensive Land Use Plan 2012 (the "Comprehensive Plan"), as detailed in Section III of this Plan.

It is further found, and certified by the Village, in connection to the process required for the adoption of this Plan pursuant to the Act, that the projected redevelopment of the RPA would not result in the displacement of ten (10) inhabited residential units or more. 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.

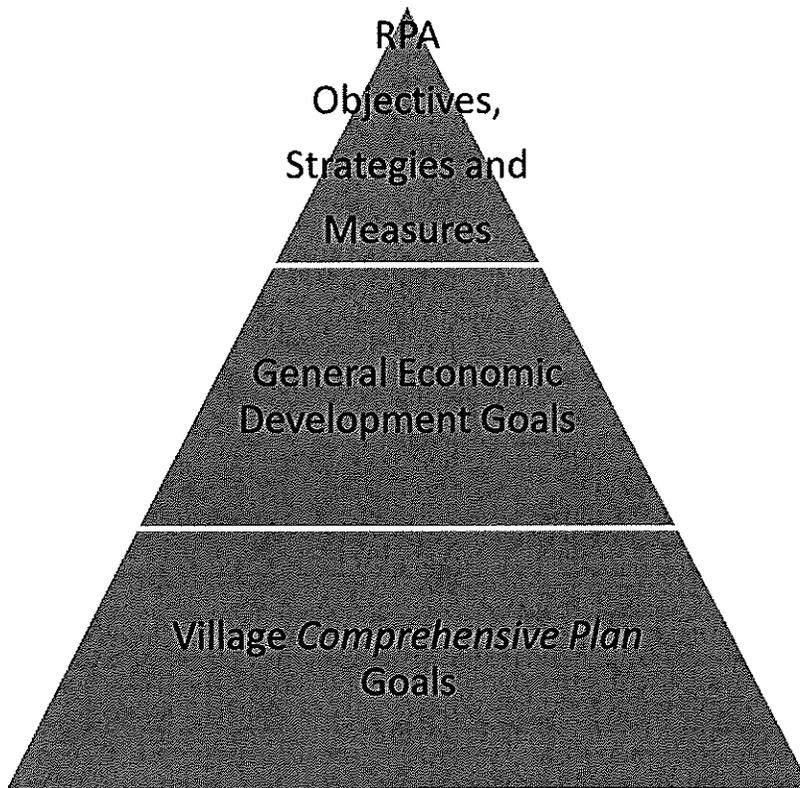
II. RPA LEGAL DESCRIPTION

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

III. RPA GOALS AND OBJECTIVES

The Village has established a number of economic development goals, objectives, and strategies which would determine the kinds of activities to be undertaken within the proposed TIF District. These efforts would conform to and promote the achievement of land use objectives in the comprehensive planning process (generally reflected in the Comprehensive Plan).

Exhibit 1
Relationship of Land Use and Economic Development Plans



As indicated in the Exhibit 1 above, an important underlying planning document is the Comprehensive Plan which, as an element of the comprehensive planning process, describes the overall vision for the Village and is the foundation for Village initiatives such as the RPA. This overarching planning document influences all other Village planning processes such as the TIF planning process.

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

Exhibit 2

Comprehensive Plan Community Goals and Objectives Applicable to the RPA

Goal	Objective
<p>LAND USE – Achieve the most effective, desirable and lasting relationship between people and land based on the development of areas in accordance with sound use objectives that will function more efficiently, permit a higher degree of both public and private benefits and maintain more lasting values.</p>	<ul style="list-style-type: none"> ▪ Arrange the development of land uses to produce an efficient, convenient and harmonious pattern without undue mixtures of incompatible uses. ▪ Locate and maintain development in accordance with the usability and adaptability of land to further the goals of the Village. ▪ Recognize the need for concentration of facilities and activities in strategic locations with access to open space, appropriate infrastructure and other such conditions ▪ Assure to the greatest extent possible that all future development of redevelopment enhances the quality of living within the community. ▪ Encourage the most intensive development at the Milwaukee Avenue/Route 60 intersection, which may include some residential uses when part of an overall mixed use development ▪ Encourage high quality retail commercial development surrounding the Milwaukee Avenue/Route 60 intersection which may include some mixed use development at the northeast corner of this intersection.
<p>HOUSING – Creation and maintenance of a superior residential environment which reflects the total needs of residents related to location, type and price of housing.</p>	<ul style="list-style-type: none"> ▪ A balance distribution of housing types throughout the community, approximating 50% single family and 50% two family and multiple family, insuring a variety of housing types and price ranges are available in the community as a whole ▪ Provide for multiple family developments only in areas, which are located in higher intensity of use areas ▪ Encourage the development of residential amenities, including parks, access to public services, open space and shopping/entertainment with non-motorized transportation linkages to help lessen traffic flow problems or conflicts.

Source: Village of Vernon Hills Comprehensive Plan 2012 adopted May 15, 2012.

Specific Objectives and Strategies for the RPA. The general goals for economic development cited above would be supported by specific objectives, strategies and performance measures that would guide the redevelopment activities undertaken within the RPA. The Comprehensive Plan reflects the intensification of commercial development near the intersections of Milwaukee Avenue and Route 60 and the impact the interchange at the Tri-State Tollway has had on the choice of land uses at the intersection. The focal point of the development at the intersection has been the construction of the Hawthorn Shopping Mall at the northwest corner together with additional development at two of the other corners with further development having occurred further along both Route 60 and Milwaukee Avenue. The Comprehensive Plan further identifies the potential for mixed use development as the Village considers the location of the RPA as the “crown jewel” of the community.

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

- Potential recruitment of new business establishments;
- Reduce or eliminate blight or other negative factors present within the area;
- Coordinate redevelopment activities within the RPA in order to provide a positive marketplace signal to private investors;
- Accomplish redevelopment over a reasonable time period;
- Create an attractive overall appearance for the area; and
- Further the goals and objectives of the Comprehensive Plan.

Ultimately, the implementation of the Redevelopment Project would contribute to the economic development of the area and provide new employment opportunities for Village 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 private developers to assemble suitable sites for modern development needs;
- Coordinating site preparation to provide additional land for new development, as appropriate;
- Fostering the construction, 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;
- Coordinating development in tandem with any transportation system upgrades to make the area more accessible; and/or
- Supporting streetscape improvements.

To track success in meeting RPA-specific objectives and strategies, the Village may wish to consider establishing certain performance measures that would help the Village 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 Village may consider to track the performance of projects within the RPA. (Section VI of this Plan discusses the types of projects that the Village 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	Public investment (\$) Private investment (\$) Acres of land assembled for TIF Bond proceeds
Output/Workload	Jobs created or retained Number of streetscaping fixtures installed Commercial space created (square feet)
Efficiency	Leverage ratio (private investment / public investment) Cost per square foot of commercial space Public subsidies per job created/retained
Effectiveness	% change in assessed value (AV) in TIF versus AV in rest of Village % change in AV within TIF before and after TIF creation Municipal sales taxes before and after TIF creation
Risk	Debt coverage ratio Credit ratings of anchor tenants Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*,
Government Finance Officers Association, 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 blighted-vacant area. In recent years, the area has not benefited from sustained private investment and/or development, instead suffering economic decline. Absent intervention by the Village, properties within the RPA would not be likely to gain in value.

The proposed RPA exhibits various conditions which, if not addressed by the Village, would continue to remain blighted. Those conditions include lack of public improvements, lagging EAV and chronic flooding. These various conditions discourage private sector investment in business enterprises.

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

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

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

An exception to the tax-sharing provision relates to the Village’s utilization of TIF funding to mitigate the impact of residential redevelopment upon school and library districts. In such cases, the Village will provide funds to offset the costs incurred by the eligible school and the library districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. (Refer to Section VI of this Plan, 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 Village staff evaluated the RPA from November, 2015 to the date of this Plan's issuance. Analysis was aided by certain reports obtained from the Village, on-site due diligence, and other sources. In KMA's evaluation, 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 Plan, the Village has established a planning process which guides economic development and land use activities throughout the Village. Consistent with the established planning process, the Village proposes to achieve economic development goals and objectives through the redevelopment of the RPA, pursuit of projects within the RPA, and the promotion of private investment via public financing techniques (including but not limited to tax increment financing).

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

- 1) Implementing a plan that provides for the attraction of users to redevelop underutilized land and buildings that are available within the RPA.
- 2) Constructing public improvements which may include (if necessary):
 - Street and sidewalk improvements (including new street construction and widening of current streets; any street widening would conform with Village standards);
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation);
 - Signalization, traffic control and lighting;
 - Off-street parking and public parking facilities; and
 - Landscaping, 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, grading and excavation as provided for under the Act.
- 5) Exploration and review of job training programs in coordination with any Village, federal, state, and county programs.
- 6) Entering into agreements with other public bodies for the development and/or construction of public facilities and infrastructure.

Redevelopment Activities. Pursuant to the project objectives cited above, the Village 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, 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.

Land Assembly and Disposition

Certain properties or interests in properties in the RPA (or the entire RPA) may be acquired, assembled and reconfigured into appropriate development sites including by purchase or the exercise of eminent domain. It is expected that the Village 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 Village on terms appropriate for public or private development, including the acquisition of land needed for construction of public improvements.

Public Improvements

The Village 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, detention facilities, roadways, and traffic-related improvements;
- Parking facilities (on grade and parking structures); and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation

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

The Village may construct or provide for the construction and reimbursement for new structures to be owned or used by units of local government.

Interest Rate Write-Down

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

Job Training

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

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

School and Library District Costs

The Village may provide for payment of school district and library district costs, as required under the Act for residential components (if any) assisted through TIF District funding.

General Land Use Plan. As noted in Section I of this Plan, the RPA is currently vacant. Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates future land uses in the RPA. 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 Village'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 including direct or indirect costs relating to Green Globes or LEED – certified construction elements or construction elements with an equivalent certification per the Act;

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

¹ 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.

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.²

Additionally, the TIF Act prohibits cost reimbursement for the demolition, removal, or substantially modification of a historic resource, unless no prudent and feasible alternative exists. "Historic resource" means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This paragraph does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government as designated by the National Park Service of the U.S. Department of the Interior.

² Termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

Projected Redevelopment Project Costs. Estimated project costs are shown in Exhibit 4 below.

Exhibit 4
RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs⁽¹⁾
Land Acquisition and Relocation	\$ 3,300,000
Site Preparation	2,600,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements)	15,200,000
Rehabilitation of Existing Structures	500,000
Interest Costs Pursuant to the Act	1,700,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	2,100,000
School Tuition and Library Costs as provided by the Act	10,000,000
Job Training	100,000
TOTAL ESTIMATED TIF BUDGET⁽²⁾⁽³⁾	\$35,500,000

Notes:

- (1) All project cost estimates are in 2016 dollars. Costs may be adjusted for inflation per the Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of the line-items set forth above are not intended to place a total limit on the described expenditures, as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection the redevelopment of the RPA – provided the total amount of payment for eligible redevelopment project costs shall not exceed the overall budget amount outlined above and all as provided for in the Act.

Adjustments to estimated line-item costs in Exhibit 4 are expected and may be made without amendment to this 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 in Exhibit 4 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 in Exhibit 4 are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the total amount of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Exhibit 4) shall not exceed the amount set forth in Exhibit 4, as adjusted pursuant to the Act.

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

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, funds provided by the Village pursuant to 65 ILCS 5/11-74.4-8(b), as amended (the "Village Contribution"), 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 Act and this Plan, the Village 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 redevelopment project areas that the Village may establish in the future. (Conversely, incremental revenues from the RPA may be allocated to any contiguous redevelopment project area.)

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 Village, 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 2014 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 Village may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued. The Village may issue obligations secured by the Special Tax Allocation Fund established for the RPA pursuant to the Act or such other funds as are available to the Village 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 from 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-third 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 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 Village may determine, with or without the following features: capitalized interest; deferred principal retirement; interest rate limits (except as limited by law); credit enhancement; 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 2014 EAV, and is estimated to be approximately \$263,115. It is anticipated the estimated base EAV for establishment of the RPA will be the 2014 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 \$30,000,000 to \$32,000,000, depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Redevelopment Project. The Village 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 Village zoning and planning requirements, or if the Village 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 Village:

- 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. The Village would be expected to 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 Village may assist in the rehabilitation of buildings, if any, or site improvements located within the RPA.
- Landscaping/Buffering/Streetscaping: The Village 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 Village may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: The Village may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.

- Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.
- Public Safety-Related Infrastructure: Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.
- School District and Library District Costs: The payment of such costs, if any, may be provided pursuant to the requirements of the Act.
- Interest Costs Coverage: The Village 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 Village may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The Village may reimburse itself from annual tax increment revenue and Village Contribution, if available.

Commitment to Fair Employment Practices and Affirmative Action. As part of any redevelopment agreement entered into by the Village 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 Village. The program will conform to the most recent Village 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 Village 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

LEGAL DESCRIPTION

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 33 AND THE SOUTHWEST QUARTER OF SECTION 34 IN TOWNSHIP 44 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THAT PART OF THE NORTHWEST QUARTER OF SECTION 3 AND NORTHEAST QUARTER OF SECTION 4 IN TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS AS DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF LOT 5 IN HAWTHORN HILLS FASHION SQUARE RECORDED AUGUST 1, 1986 AS DOCUMENT NUMBER 2467230; THENCE NORTHERLY, ALONG THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 (ALSO KNOWN AS MILWAUKEE AVENUE) AS SHOWN ON SAID HAWTHORN HILLS FASHION SQUARE, A DISTANCE OF 200.00 FEET TO THE POINT OF BEGINNING;

THENCE NORTHERLY, CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21, TO THE SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 (ALSO KNOWN AS TOWNLINE ROAD) AS SHOWN ON SAID HAWTHORN HILLS FASHION SQUARE; THENCE WESTERLY, ALONG SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 AS SHOWN ON SAID HAWTHORN HILLS FASHION SQUARE AND CONTINENTAL EXECUTIVE PARK RESUBDIVISION NUMBER 5 RECORDED AUGUST 16, 1989 AS DOCUMENT NUMBER 2821072, TO THE MOST NORTHERLY NORTHWEST CORNER OF LOT 1 IN SAID CONTINENTAL EXECUTIVE PARK RESUBDIVISION NUMBER 5; THENCE NORTHERLY, PERPENDICULAR TO THE LAST DESCRIBED LINE, TO THE NORTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 AS SHOWN ON HAWTHORN CENTER SUBDIVISION PLAT RECORDED SEPTEMBER 19, 1977 AS DOCUMENT NUMBER 1866654; THENCE EASTERLY, ALONG SAID NORTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60, TO THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON SAID HAWTHORN CENTER SUBDIVISION PLAT; THENCE NORTHERLY, ALONG SAID WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 TO THE NORTHEAST CORNER OF

LEGAL DESCRIPTION

LOT 1 IN SAID HAWTHORN CENTER SUBDIVISION PLAT; THENCE WESTERLY, ALONG THE NORTH LINE OF SAID LOT 1, TO THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON PLAT OF HIGHWAY AND CONVEYED BY WARRANTY DEED RECORDED AS DOCUMENT NUMBER 4543137; THENCE NORTHERLY, ALONG THE WEST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON PLAT OF HIGHWAY AND CONVEYED BY WARRANTY DEED RECORDED AS DOCUMENT NUMBER 4543137 AND 4543140, TO THE NORTH LINE OF SAID SOUTHEAST QUARTER OF SECTION 33; THENCE EASTERLY, ALONG SAID NORTH LINE, TO THE EAST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS DESCRIBED IN DEED RECORDED AS DOCUMENT NUMBER 2215105; THENCE SOUTHERLY, ALONG SAID EAST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21, TO A LINE WHICH RUNS FROM A POINT 11.85 CHAINS SOUTH OF THE CENTER POST OF SAID SECTION 34 TO A POINT 9.09 CHAINS SOUTH OF THE CENTER OF POST OF SAID SECTION 33; THENCE EASTERLY, ALONG SAID LINE, TO THE CENTER LINE OF DES PLAINS RIVER; THENCE SOUTHERLY, ALONG THE CENTER LINE OF DES PLAINS RIVER, TO THE SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60 AS SHOWN PLAT OF HIGHWAYS RECORDED AS DOCUMENT NUMBER 2412463; THENCE WESTERLY, ALONG SAID SOUTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 60, TO THE EAST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21 AS SHOWN ON AMENDED AND RESTATED HAWTHORN II – RETAIL CENTER RECORDED AS DOCUMENT NUMBER 2641246; THENCE SOUTHERLY, ALONG SAID EAST RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 21, TO A POINT 110.00 FEET SOUTH OF THE MOST WESTERLY SOUTHWEST CORNER OF LOT 1 IN SAID AMENDED AND RESTATED HAWTHORN II – RETAIL CENTER; THENCE WESTERLY TO THE POINT OF BEGINNING.

APPENDIX 2

Boundary Map of RPA

TIF Boundary Map

1/4/2016



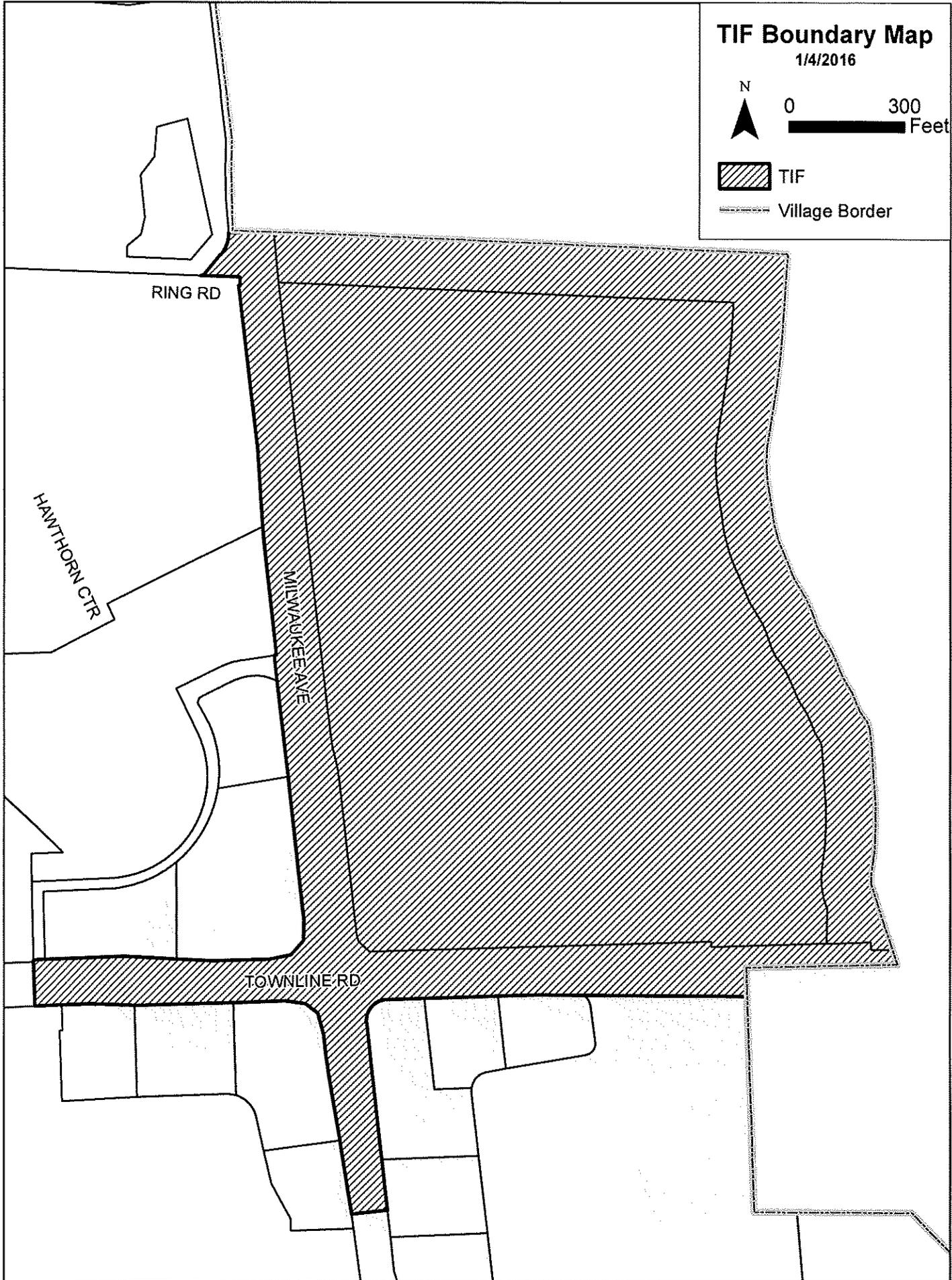
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TIF



Village Border



APPENDIX 3

Existing Land Use Map of RPA

Existing Land Use Map of RPA

1/25/2016

N



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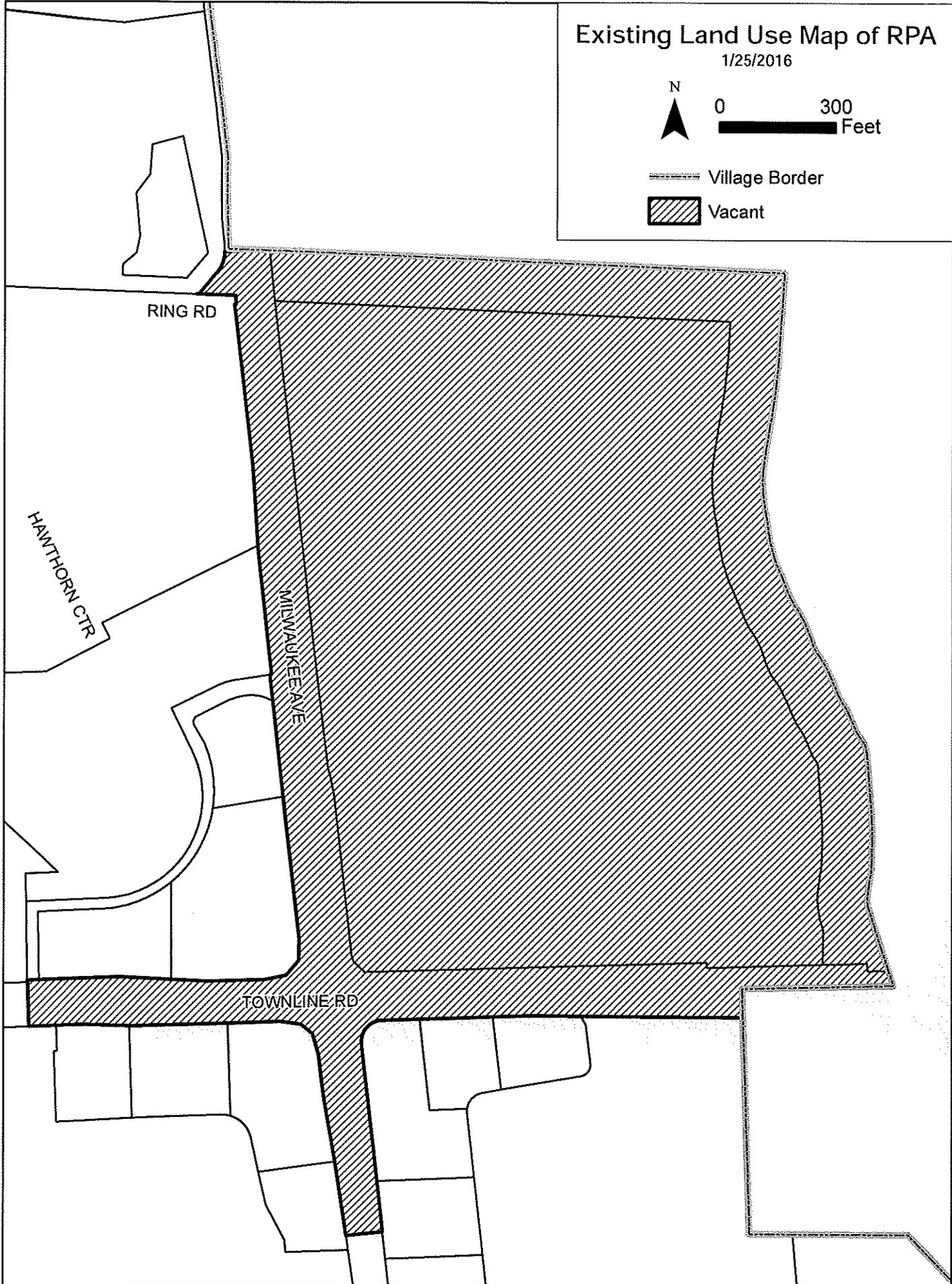
300

Feet

Village Border



Vacant



APPENDIX 4

Future Land Use Map of RPA

Future Land Use Map of RPA

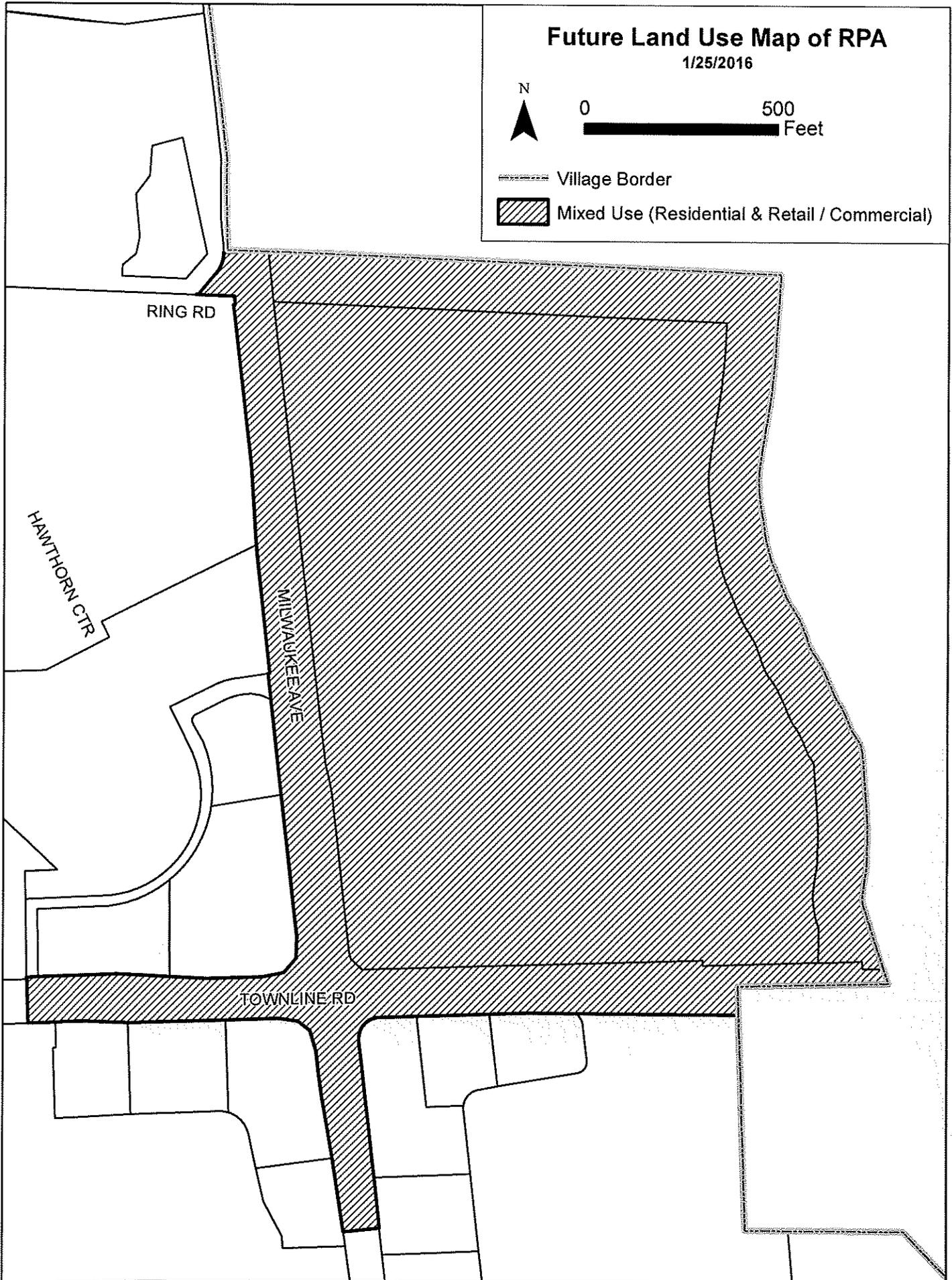
1/25/2016



0 500
Feet

Village Border

Mixed Use (Residential & Retail / Commercial)



APPENDIX 5
TIF Qualification Report

VILLAGE OF VERNON HILLS, ILLINOIS
TIF QUALIFICATION REPORT
MILWAUKEE AVENUE/TOWNLINE ROAD
REDEVELOPMENT PROJECT AREA

A study to determine whether certain properties within the Village of Vernon Hills qualify as a blighted-vacant area as defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS, 5/11-74.4-1, et. seq., as amended of the Illinois Compiled Statutes.

Prepared for: Village of Vernon Hills, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

November, 2016

**VILLAGE OF VERNON HILLS
MILWAUKEE AVENUE/TOWNLINER ROAD
TIF QUALIFICATION REPORT**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. ("KMA") has been retained by the Village of Vernon Hills, Illinois (the "Village") to conduct an analysis of the potential qualification and designation of certain property located in the Village and within the boundaries reflected in the map attached hereto as Appendix I as a "redevelopment project area" (the "RPA or "TIF District") pursuant to 65 ILCS 5/11-74.4-1 et.seq. (the "TIF Act").

The Village is pursuing the RPA designation as part of its strategy to promote the revitalization of the property and thereby assist the Village in achieving its policy goal of promoting economic redevelopment. By undertaking the designation, the Village will help strengthen the RPA as a significant contributor to the Village's overall economic base.

1) *Vacant land within the proposed TIF District qualifies as a "blighted-vacant area" pursuant to the TIF Act.* Currently, the vacant land lacks economic viability for development due to certain adverse conditions identified in Section IV of this report. As a result, it prevents or threatens to prevent the beneficial economic and physical developments of properties the community deems essential to its overall economic health. In the opinion of KMA, the subject vacant land meets the requirements for designation as a blighted-vacant area under the TIF Act.

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 Village 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 which potentially could be redeveloped and thereby produce incremental property tax revenue. Such revenue, used in combination with other Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.

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 the Village's investment and redevelopment efforts, KMA recommends that the Village pursue the formal TIF designation process for the RPA.

The Village will not consider the redevelopment of residential parcels that would dislocate 10 or more residential units within the proposed TIF District and therefore, the Village will not conduct a housing impact study pursuant to the TIF Act.

I. BACKGROUND

In the context of planning for the proposed redevelopment project area located within the boundaries reflected in the map provided in Appendix I hereto pursuant to the TIF Act, the Village 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 Village's behalf.

The Village is an established community located in Lake County, bounded on the north by the Village of Libertyville, on the west by the Villages of Mundelein and Indian Creek, on the east by the Village of Mettawa and Lake County Forest Preserve property, and on the south by the Villages of Lincolnshire and Buffalo Grove. Due to the Village's location and past development patterns, the amount of land available for new redevelopment is limited. The proposed RPA, consisting of approximately 50 acres and located adjacent to Route 21 and Route 60, offers an opportunity to improve the tax base, to provide new services and retail opportunities, and to provide jobs to area residents.

Current Land Use

The proposed RPA is located in the Village and generally located north of Townline Road (Route 60), south of Ring Drive as extended (which is also part of the northern border of the Village), east of Milwaukee Avenue (Route 21) and west of the Des Plaines River and the Lake County Forest Preserve properties.

The proposed RPA is currently vacant and is located east of the Hawthorne Shopping Mall. The RPA consists currently of agricultural land with (i) retail shopping centers/strip malls located to the south and west of the RPA; (ii) Lake County Forest Preserve properties located to the east; and (iii) the Village boundary located to the north. Approximately two thirds of the site is used as agricultural land and the balance consists of wetlands and conservation easements/wooded areas.

Overall, the area faces a number of redevelopment impediments as described in Section IV of this report. Lagging EAV, the need for environmental remediation, and chronic flooding are some of the principal impediments that currently limit the competitiveness of the area.

General Redevelopment Objectives

The redevelopment of the proposed RPA would further the Village's overarching land use objectives, which are contained in its *Comprehensive Plan*, zoning ordinance, and other land use planning elements.

Given the gap between the Village’s goals for the community and the area versus the conditions described in this report, the Village has determined that the redevelopment of the proposed RPA would be highly beneficial to the community. With a redevelopment strategy in place, the economic base associated with the RPA would be stabilized and increased – thereby benefiting the community as a whole. Without such a redevelopment strategy, the adverse conditions identified in this report would likely worsen. The following Table 1 is a summary of the community goals and objectives relating to the redevelopment of the property within the RPA.

Table 1
Comprehensive Plan Community Goals and Objectives Applicable to the RPA

Goal	Objective
<p>LAND USE – Achieve the most effective, desirable and lasting relationship between people and land based on the development of areas in accordance with sound use objectives that will function more efficiently, permit a higher degree of both public and private benefits and maintain more lasting values.</p>	<ul style="list-style-type: none"> ▪ Arrange the development of land uses to produce an efficient, convenient and harmonious pattern without undue mixtures of incompatible uses. ▪ Locate and maintain development in accordance with the usability and adaptability of land to further the goals of the Village. ▪ Recognize the need for concentration of facilities and activities in strategic locations with access to open space, appropriate infrastructure and other such conditions ▪ Assure to the greatest extent possible that all future development of redevelopment enhances the quality of living within the community. ▪ Encourage the most intensive development at the Milwaukee Avenue/Route 60 intersection, which may include some residential uses when part of an overall mixed use development ▪ Encourage high quality retail commercial development surrounding the Milwaukee Avenue/Route 60 intersection which may include some mixed use development at the northeast corner of this intersection.
<p>HOUSING – Creation and maintenance of a superior residential environment which reflects the total needs of residents related to location, type and price of housing.</p>	<ul style="list-style-type: none"> ▪ A balance distribution of housing types throughout the community, approximating 50% single family and 50% two family and multiple family, insuring a variety of housing types and price ranges are available in the community as a whole ▪ Provide for multiple family developments only in areas, which are located in higher intensity of use areas ▪ Encourage the development of residential amenities, including parks, access to public services, open space and shopping/entertainment with non-motorized transportation linkages to help lessen traffic flow problems or conflicts.

Source: Village of Vernon Hills Comprehensive Plan 2012 adopted May 15, 2012.

General Scope and Methodology

KMA performed its analysis by conducting a series of meetings and discussions with Village staff, starting in November, 2015 and continuing periodically up to the date of this report. The objective of the meetings 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, reviewing individual parcels as the RPA as a whole. The 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 qualify the RPA as a “blighted-vacant” area as such term 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 Village staff, Kane, McKenna and Associates, Inc. assessed the proposed RPA to determine the likelihood that qualifying factors listed in the TIF Act would be present. The relevant provisions of the TIF Act are cited below.

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

“An area designated by the municipality, which is not less in the aggregate than 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 TIF Act, a “blighted area” or “conservation area” means any improved or vacant area within the boundaries of a development project area located within the territorial limits of the municipality where certain conditions are met. Attached hereto as Appendix II is a description of the qualification factors required to designate a redevelopment project area as a “blighted area” or “conservation area” pursuant to the TIF Act.

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 KMA, 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 the sites in conjunction with data provided by other professionals including a Phase 1 Environmental Site Assessment dated August 28, 2015 prepared by the Apex Companies, LLC and a report dated January 18, 2016 of Manhard Consulting, Ltd. (the "Engineer") related to the chronic flooding that adversely impacts the property in the RPA as attached hereto as Appendix III. Additionally, KMA reviewed the following data: 2009-2014 tax information from Lake County, tax parcel maps, aerial photos, site data, local history (including discussions with Village staff), and an evaluation of area-wide factors that have affected the area's development.
- 3) Existing 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 proposed RPA was examined to assess the applicability of the different factors required for qualification as a redevelopment project area pursuant to the TIF Act. Examination was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The proposed RPA was evaluated to determine the applicability of the various factors, which would qualify the area as blighted-vacant area pursuant to the TIF Act.

IV. QUALIFICATION FINDINGS FOR PROPOSED RPA

Based upon KMA’s evaluation of parcels in the proposed RPA and analysis of each of the eligibility factors summarized in Section II and Appendix II, KMA has determined that of the six (6) factors that allow an area to be designated as “blighted vacant” pursuant to the TIF Act, the following two (2) were present.

- 1) Declining or Lagging EAV. The area’s EAV has grown at a rate slower than the Consumer Price Index for five (5) of the last five (5) years (refer to Table 2 below).

**Table 2
EAV Trends for Sub-Area 1**

	2014	2013	2012	2011	2010	2009
Total EAV for Area	\$263,115	\$264,747	\$262,322	\$259,807	\$257,735	\$254,385
Annual Change	0.62%	0.92%	0.97%	0.80%	1.32%	--
CPI	1.60%	1.50%	2.10%	3.20%	1.60%	-0.4%

- 2) Environmental Remediation

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

A Phase 1 Environmental Site Assessment dated August 28, 2015 prepared by the Apex Companies, LLC (“Apex”) identified several Recognized Environmental Conditions (REC) associated with certain portions of the RPA. The north central portion of the RPA was identified as a former dump site, where an above ground storage tank (AST), partially buried 55 gallon drums, a water heater tank, crushed drums, and other debris were reported present. A former household waste landfill was also identified on the property with possible chemical storage as well (associated with prior agricultural uses). The southeast portion of the RPA includes fill piles associated with the contribution of Route 22 fill (non-native and mixed concrete and asphalt fragments). In the opinion of Apex, former landfill uses and dumping found in the RPA pose RECs to the property. It is likely that any proposed redevelopment will need to address such RECs.

Furthermore, KMA has determined that of the six (6) “stand alone” factors that allow an area to be designated as “blighted vacant” pursuant to the TIF Act, the following two (2) were present.

- 1) **Chronic Flooding.** The area qualifies under the TIF Act using a single stand-alone factor in the TIF Act. The TIF Act provides that if an area, prior to its designation, is subject to “chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency” and “the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding,” then a finding of chronic flooding can be made.

According to the Engineer, the site often becomes inundated with standing water during rain events caused by various factors including large amounts of offsite flow from sewers draining onto and through the RPA, the slope of the property and soil conditions which combined with the presence of wetlands, renders certain parts of the site unsuitable for development. The Engineer concludes that the RPA experiences chronic flooding due the combination of flat to mild slopes throughout the majority of the RPA, poor to moderately drained soils and existence of a large amount of offsite flow which drains across the center of the RPA.

- 2) **Unused Disposal Site.** The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.

The presence of fill materials located at the southwest part of the RPA from the Route 22 construction serve to qualify this portion of the RPA.

The above described factors necessary to designate the RPA as a “blighted vacant” area under the TIF Act are summarized in the table below.

Table 3
Qualification Findings –Study Area

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed Study Area
6	2	2 (from 6 possible factors) <ul style="list-style-type: none"> • Environmental Remediation • Lag in EAV Growth
	1 (“Stand Alone”)	<ul style="list-style-type: none"> • Chronic flooding
	1 (“Stand Alone”)	<ul style="list-style-type: none"> • Unused Disposal Site

V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the Village potentially designating the study area as a TIF District.

- The area is contiguous and is greater than 1½ acres in size;
- The proposed RPA will qualify as a “blighted-vacant” area. Further, the factors as documented herein are present to a meaningful extent and are 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 Village, 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 Village to initiate a formal process to consider the proposed RPA as a TIF District.

Appendix I
TIF Boundary Map

TIF Boundary Map

1/4/2016



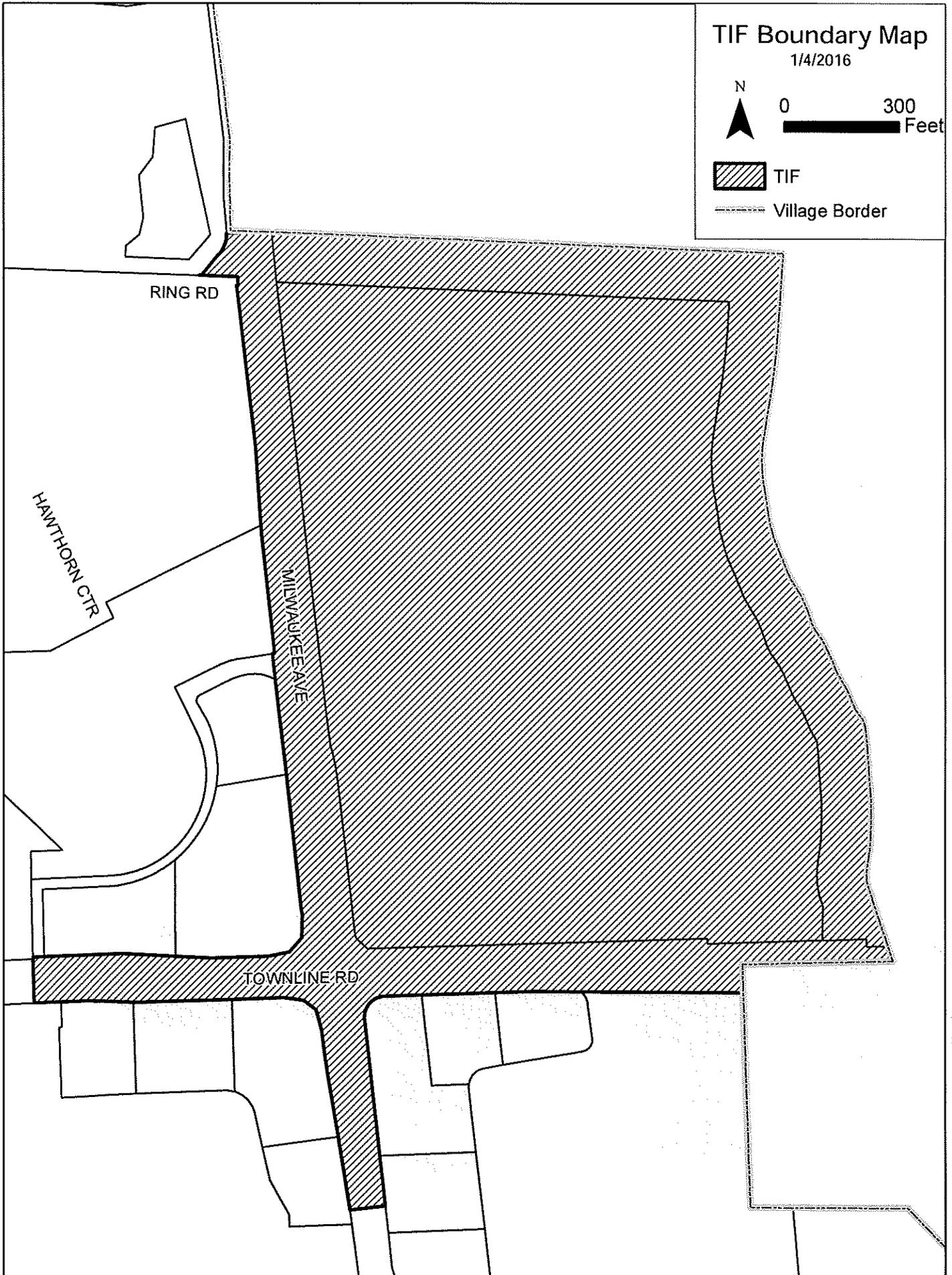
0 300 Feet



TIF



Village Border



Appendix II
Qualification Factors

TIF Qualification Factors for a Blighted Improved Area or a Conservation Area

A redevelopment project area is designated as a “*conservation area*” pursuant to the TIF Act if industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of three (3) or more of the following factors, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the TIF Act and (ii) reasonably distributed throughout the improved part of the redevelopment project 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 (EAV) 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.

TIF Qualification Factors for a Vacant Area

The following are the factors to determine qualification of a redevelopment project area to be characterized as "blighted-vacant." Pursuant to the TIF Act, such an area meets state standards provided that:

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

- (A) Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.
- (B) Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.
- (C) Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five (5) years.
- (D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

- (E) The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- (F) The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last (5) calendar years prior to the year in which the redevelopment project area is designated.

Additionally, one (1) or more of the following factors (“stand alone” factors) must be present in the area under study:

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

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

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

Appendix III

Engineer Report Re: Chronic Flooding



Civil Engineering

Surveying

Water Resources Management

Water & Wastewater Engineering

Construction Management

Environmental Sciences

Landscape Architecture

Land Planning

January 18, 2016

Mayor Roger Byrne
Village of Vernon Hills
290 Evergreen Drive
Vernon Hills, Illinois 60061

RE: MELLODY FARM SHOPS & RESTAURANTS
NEC ROUTE 21 AND ROUTE 60
VILLAGE OF VERNON HILLS, ILLINOIS

Dear Mayor Byrne:

On behalf of our client, Regency Centers, we are providing this document and the enclosed information to support designation of a tax increment financing ("TIF") district for the proposed Melody Farm development parcel (the "Property"), located at the northeast corner of the intersection of Rt. 21/Milwaukee Avenue and Route 60/Townline Road in Vernon Hills, Illinois.

In our professional opinion, chronic flooding which is reasonably distributed throughout the vacant portion of the Property impairs the sound growth of the development project. The Property is adversely impacted by chronic flooding from the Des Plaines River and runoff tributary to the property which drains overland through the subject parcel, as evidenced by the available information that is detailed within this report. These areas are prone to chronic flooding based upon evidence procured from various engineering studies, aerial topographic mapping, FEMA flood maps and jurisdictional wetland delineations of the site.

The following report presents the results from an investigation into the reasons behind chronic flooding issues within the 53.4 acre Melody Farm Development. This investigation was performed at the request of the Village. Enclosed within are the following documents:

1. Exhibit 1A-C: Aerial Maps
2. Exhibit 2: Location Map
3. Exhibit 3: USGS Topographic/Hydrologic Map
4. Exhibit 4: FEMA Firm Panel 17097C0252K
5. Exhibit 5: NRCS Soil Map
6. Exhibit 6: National Wetland Inventory Map
7. Exhibit 7: Existing Topography
8. Document 1: Preliminary Jurisdictional Determination

Property Description

The proposed development is a ±53 acre tract of land bound by Illinois Route 21 to the West, Illinois Route 60 to the South, a private property owned by Hollister Incorporated to the North, and the Des Plaines River to the East. The site is in Section 34, Township 44, Range 11E. The proposed site will include a mix of commercial and high density residential. Currently the site is idle farmland, open space, and woodlands. The site often becomes inundated with standing water during rain events, which combined with the presence of wetlands, renders certain parts of the site unsuitable for development. Further details about the existing conditions can be found below.

Background Information

An evaluation of the site characteristics was performed using available online resources. Those results are the following:

- An aerial photograph from Google Earth dated 2015 was reviewed and shows locations of farmland and woodland throughout the site. This aerial is labeled *Exhibit 1*.
- A location map showing the geospatial location of the site relative to surrounding roads and landmarks. This map is labeled *Exhibit 2*.
- A USGS hydrologic/topographic map was analyzed and shows general drainage patterns as well as the location of the northeast wetland, the southeast detention basin, and the Des Plaines River. This map is labeled *Exhibit 3*.
- FEMA Floodplain Map, Panel 17097C0252K effective September 18, 2013, shows approximately 14 acres of the project site located within Zone AE 100-year floodplain/floodway and approximately an additional 10.7 acres located within 500-year floodplain. Zone AE indicates that a base flood elevation has been determined for this area. The FEMA Firm is included as *Exhibit 4*. These areas on the site comprise approximately 24.7 acres, or 46% of the vacant Property.
- NRCS Web Soil Survey shows the following soil types on site. An exhibit, labeled Exhibit 5, has been included with this report which shows the locations of the soils. A more specific geotechnical investigation and report was completed by ECS Midwest, LLC. and can be provided upon request.

Pella Silty Clay Loam (153A) – This soil is classified as having a shallow slope (0-2%) and poor drainage. These soils are slow to drain after a rain event and have a high frequency of ponding but no frequency of flooding. The hydrologic soil group of this soil is Group D (undrained).

Mundelein Silt Loam (442A) – This soil is classified as having a shallow slope (0-2%) and somewhat poor drainage. These soils are slower to drain after a rain event but do not have a tendency to pond or flood. The hydrologic soil group of this soil is Group D (undrained).

Barrington Silt Loam (443A) – This soil is classified as having mild slope (2-4%) and being moderately well drained. These soils drain well after a rain event and do not have a tendency to pond or flood. The hydrologic soil group of this soil is Group C.

Markham Silt Loam (531B) – This soil is classified as having mild slope (2-4%) and being moderately well drained. These soils drain well after a rain event and do not have a tendency to pond or flood. The hydrologic soil group of this soil is Group C.

Zurich Silt Loam (696B) – This soil is classified as having shallow to moderate slopes (1-6%) and being moderately well drained. These soils drain well after a rain event and do not have a tendency to pond or flood. The hydrologic soil group of this soil is Group C.

Orthents, Clayey, Undulating (805B) – This soil is classified as having shallow slopes (0-2%) and being moderately well drained. These soils drain moderately well after a rain event and do not have a high frequency to pond or flood. The hydrologic soil group of this soil is Group D.

Sawmill Silt Clay Loam (1107A) – This soil is classified as having shallow slopes (0-2%) and being poorly drained. These soils drain poorly after a rain event and have a high frequency to pond and flood. The hydrologic soil group of this soil is Group D (undrained).

- U.S. Fish and Wildlife Service National Wetlands Inventory (NWI) shows a “Freshwater

Emergent Wetland" (labeled PEMC) located in the northeast corner of the site. In addition, a small portion of "Freshwater Forested/Shrub Wetland" is located in the southeast corner. This map is labeled *Exhibit 6*. Note that while this map does show some onsite wetlands, the preliminary jurisdictional determination done by Lake County SMC (see below) contains the field verified wetland locations and sizes.

- A preliminary jurisdictional determination (PJD) was submitted and completed by Lake County SMC (LCSMC) in December of 2015. That determination found there to be one 0.07 acre Waters of the United States (WOUS) wetland along the eastern edge of the property with direct connection to the Des Plaines River. There also exists two Isolated Waters of Lake County (IWLC) wetlands onsite, a 0.86 acres wetland in the middle of the site and also the existing detention basin. A copy of that LCSMC PJD letter has been included with this submittal and is labeled *Document 1*.

Site Investigation

As previously mentioned, the existing site is mainly farmland with low to mild slopes. In general, site runoff drains towards the middle of the site and east directly into the Des Plaines River. The southwest corner has the highest slopes onsite, which are generally between 3-5%. The north and northwestern portion of the site have slightly milder slopes around 1-2%. The flattest portion of the site is the middle, which experiences the highest degree of flooding, and has slopes mostly around and below 1%.

The primary cause of ponding and flooding onsite, other than shallow slopes towards the middle of the site, is the existence of three I.D.O.T. sewers which outlet along the western edge of the property. While exact incoming drainage areas and discharges are unknown, it is believed that portions of Milwaukee Avenue and the neighboring Hawthorne Mall discharge at this point. Currently those three incoming pipes outlet and are partially picked up by a drain tile which connects directly to the Des Plaines River. Excess runoff flows overland along the natural drainage course of the site. A copy of the existing topography has been included with this submittal and is labeled *Exhibit 7*.

Due to a combination of the aforementioned items, the site experiences chronic flooding throughout the property and becomes inaccessible. The flat slopes of the site do not properly convey the stormwater runoff that is tributary to the site through the multiple storm sewers that discharge at the property line. This in combination with the poor draining soils found on the property creates the chronic flooding issue on the subject property.

Conclusion

The proposed development on the Melody Farm property of Vernon Hills is a 53.4 acres development of currently idle farmland. Initial investigations show that there is approximately 2 acres of wetland (including the existing detention basin) and 14 acres of 100-year floodplain located on the property. The site currently experiences chronic flooding which is caused by a combination of flat to mild slopes throughout the majority of the site, poor-to-moderately drained soils and the existence of a large amount of offsite flow which drains across the center of the subject property.

Yours truly,
MANHARD CONSULTING, LTD.


Jesse G. Conrad, P.E.
Project Manager

Enclosure

Cc:

- Matt Hendy, Regency Centers
- Alisa Madigan, Regency Centers
- Nick Wibbenmeyer, Regency Centers
- Joe Carey, Village of Vernon Hills

Trustee Schultz moved and Trustee Williams seconded the motion that said ordinance as presented and read by the Village Clerk be adopted.

After a full discussion thereof including a public recital of the nature of the matter being considered and such other information as would inform the public of the nature of the business being conducted, the Village President directed that the roll be called for a vote upon the motion to adopt said ordinance as read.

Upon the roll being called, the following Trustee voted AYE: Grieb, Schultz, Williams, Marquardt, Hebda

The following Trustee voted NAY: Koch

Whereupon the Village President declared the motion carried and said ordinance adopted, approved and signed the same in open meeting and directed the Village Clerk to record the same in full in the records of the Village President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, which was done.

Other business not pertinent to the adoption of said ordinance was duly transacted at the meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.



Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATION OF ORDINANCE AND MINUTES

I, the undersigned, do hereby certify that I am the duly qualified Village Clerk of the Village of Vernon Hills, Lake County, Illinois (the "*Village*"), and that as such official I am the keeper of the records and files of the Village President and Board of Trustees of the Village (the "*Corporate Authorities*").

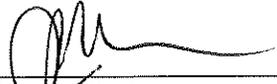
I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Corporate Authorities held on the 10th day of January, 2017, insofar as same relates to the adoption of an ordinance entitled:

AN ORDINANCE of the Village of Vernon Hills, Lake County, Illinois, Approving a Tax Increment Redevelopment Plan and Redevelopment Project for Milwaukee Avenue/Townline Road Redevelopment Project Area.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Corporate Authorities on the adoption of said ordinance were conducted openly, that the vote on the adoption of said ordinance was taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice; that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Corporate Authorities at least 48 hours in advance of the holding of said meeting; that said agenda described or made specific reference to said ordinance; that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Corporate Authorities have complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Corporate Authorities.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Village, this 12 day of January, 2017.



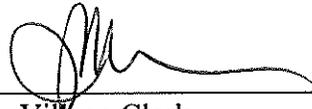
Village Clerk

(SEAL)

AFFIDAVIT OF SERVICE

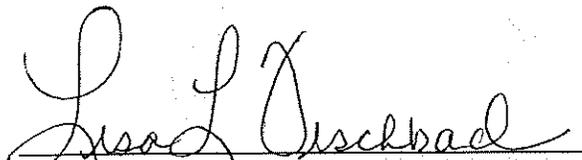
STATE OF ILLINOIS)
)
COUNTY OF LAKE)

I, JOHN M. KALMAR, BEING FIRST DULY APPOINTED, DEPOSES AND SAYS ON OATH THAT AS VILLAGE CLERK OF THE VILLAGE OF VERNON HILLS, HE DID CAUSE THE FOREGOING CERTIFICATE FOR ORDINANCE 2017-002, AN ORDINANCE OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS, APPROVING A TAX INCREMENT REDEVELOPMENT PLAN AND REDEVELOPMENT PROJECT FOR THE MILWAUKEE AVENUE/TOWNLIN ROAD. TO BE POSTED IN THE VILLAGE HALL AS REQUIRED BY LAW FROM JANUARY 12, 2017 TO JANUARY 22, 2017.



John M. Kalmar, Village Clerk

SUBSCRIBED AND SWORN TO BEFORE
THIS 12th DAY OF JANUARY 2017



Notary Public