

ORDINANCE NO. 963

AN ORDINANCE ESTABLISHING THE FARMER CITY BUSINESS DISTRICT II; APPROVING A BUSINESS DISTRICT PLAN; AUTHORIZING THE IMPOSITION AND COLLECTION OF A SALES TAX WITHIN SUCH BUSINESS DISTRICT; AND APPROVING CERTAIN ACTIONS IN CONNECTION WITH THE ESTABLISHMENT OF SUCH BUSINESS DISTRICT.

WHEREAS, the City of Farmer City, Illinois (the "City") is authorized pursuant to the provisions of the Illinois Business District Development and Redevelopment Law, 65 ILCS 5/11-74.3-1 et seq. as amended (the "Business District Law") to designate an area within its boundaries as a business district for purposes of carrying out the development or redevelopment of such area pursuant to a specific plan; and

WHEREAS, the City's exercise of the powers granted in the Business District Law is dedicated to the promotion of the public interest, the enhancement of the tax base within the City, the creation of employment and the eradication of blight, and the use of such powers for the creation, development, improvement, maintenance and redevelopment of business districts is hereby declared to be for the public safety, benefit and welfare of the residents of the City and the State of Illinois, essential to the public interest and for public purposes; and

WHEREAS, a business district plan has been prepared by the consulting firm of Moran Economic Development, dated February 17, 2016, entitled "*Farmer City Business District II Plan*" (the "Business District Plan"), which sets forth a plan for the development and redevelopment of an area which encompasses 79 parcels of property and rights-of-way in the City of Farmer City. Generally, the Area encompasses parcels in the downtown portion of the City. The Area is bounded on the west by William St, to the East by James St, to the north by High St, and to the south by IL-54 (the "Business District"); and

WHEREAS, the City on February 25, 2016 and March 3, 2016 published a notice of public hearing to be held with respect to the approval of the Business District Plan and the designation of the Business District, and the City held a public hearing as provided in such notice on March 16, 2016, at which members of the public were allowed to comment with respect to the provisions of the Business District Plan; and

WHEREAS, the City now desires to form the Business District, to authorize the imposition within the Business District of certain taxes, and to make such other findings as necessary pursuant to the Business District Law.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF FARMER CITY, ILLINOIS, AS FOLLOWS:

Section 1. Incorporation of Recitals. The City Council hereby finds that the recitals to this Ordinance are true, complete and correct and hereby incorporates them into this Ordinance.

Section 2. Findings. The City hereby makes the following findings as supported by the Business District Plan:

- (a) The Business District, on the whole, has not been subject to growth and development through investment by private enterprise or would not reasonably be

anticipated to be developed without the adoption of the Business District Development Plan;

(b) The Business District Plan conforms to the comprehensive plan for the development of the City as a whole; and

(c) The Business District is a blighted area due to the presence, individually and in combination, of several conditions representative of those outlined in the Act.

These include:

- Deterioration of site improvements;
- Existence of conditions which endanger property;

The factors exhibited within the District in its present condition combine to make it an economic liability to the City and the associated taxing districts;

The area is economically underutilized;

Thus, the District is found to be eligible, as it represents a blighted portion of the City of Farmer City by reason of the predominance of deterioration of site improvements and conditions which endanger property. Additionally, these factors, taken in combination, demonstrate conditions which constitute an economic liability and an economic underutilization of the area within the District in its present condition and use. Moreover, the parcels in the District have seen a lack of property value growth, and would not be reasonably anticipated to be developed or redeveloped without the establishment of the Farmer City Business District II and adoption of the Farmer City Business District II Plan.

Section 3. Approval of the District Plan. The Business District Plan, a copy of which is attached hereto as **Exhibit A** and incorporated herein by this reference, is hereby approved.

Section 4. Establishment of the Business District. The Business District is hereby established pursuant to the Business District Plan and the Business District Law. The boundaries of the Business District are legally described in Appendix A of the Business District Plan and depicted in Exhibit A of the Business District Plan, which legal description and depiction are incorporated herein by this reference. The Business District includes 79 parcels of real property and such parcels are directly and substantially benefitted by the Business District Plan. The City Council shall have and possess, without limitation, such powers with respect to the Business District as authorized under the Business District Law and the Business District Plan.

Section 5. Imposition of Business District Taxes.

(a) A Business District Retailers' Occupation Tax is hereby imposed upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of the State of Illinois, at retail within the Business District at the rate of 0.0% of the gross receipts from such sales made in the

course of such business; and a Business District Service Occupation Tax is hereby imposed at the rate of 0.0% upon all persons engaged, in the Business District, in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property within the Business District, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service. This "Business District Retailers' Occupation Tax" and this "Business District Service Occupation Tax" shall not be applicable to the sale of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes and needles used by diabetics, for human use.

(b) An occupation tax is hereby imposed upon all persons engaged in the business of renting, leasing, or letting rooms in a hotel, as defined in the Hotel Operators' Occupation Tax Act, at a rate of 0.0% of the gross rental receipts from the renting, leasing, or letting of hotel rooms within the Business District, excluding, however, from gross rental receipts the proceeds of renting, leasing, or letting to permanent residents of a hotel, as defined in the Hotel Operators' Occupation Tax Act, and proceeds from the tax imposed under subsection (c) of Section 13 of the Metropolitan Pier and Exposition Authority Act.

(c) The taxes imposed pursuant to (a) and (b) above shall be for the planning, execution and implementation of the Business District Plan and to pay for business district project costs as set forth in the Business District Plan, including payment of bonds, notes or other obligations (the "Obligations") issued to finance such business district project costs. These taxes shall be in full force and effect until the earlier of (i) payment of all Obligations in accordance with the Business District Plan, or (ii) the Dissolution date (as such term is defined in the Business District Law) of the Business District.

(d) The imposition of these Business District taxes is in accordance with the provisions of subsections (b), (c) and (d), respectively, of Section 11-74.3-6 of the Business District Law.

(e) The taxes imposed pursuant to (a) above and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department of Revenue of the State of Illinois. The Department of Revenue shall have full power to administer and enforce such provisions of this Ordinance. The taxes imposed pursuant to (b) above and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the City. The City shall have full power to administer and enforce such provisions of this Ordinance.

Section 6. Business District Tax Allocation Fund. The City hereby establishes the Farmer City Business District II Tax Allocation Fund in the custody of the City Treasurer and each distribution of taxes imposed by this Ordinance to the City from the Department of Revenue shall be deposited in such fund for the purpose of paying or reimbursing business district project costs and obligations incurred in the payment of the costs.

Section 7. Filing of Ordinance. The City Clerk is hereby directed to file a certified copy of this Ordinance with the Department of Revenue on or before the 29th day of March, 2016.

Section 8. Severability. It is hereby declared to be the intention of the City Council that each and every part, section and subsection of this Ordinance shall be separate and severable from each and every other part, section and subsection hereof, and that the City Council intends to adopt each said part, section and subsection separately and independently of any other part, section and subsection. If any part, section or subsection of this Ordinance shall be determined to be or to have been unlawful or unconstitutional, the remaining parts, sections and subsections shall be and remain in full force and effect, unless the court making such finding shall determine that the valid portions standing alone are incomplete and are incapable of being executed in accord with the legislative intent.

Section 9. Governing Law. This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Illinois.

Section 10. Further Authorization. The Mayor is hereby authorized and directed to execute and deliver for and on behalf of the City, and the City Clerk is hereby authorized and directed where appropriate to attest, all certificates, documents, agreements or other instruments, and the Mayor or his designated representative is hereby authorized and directed to take any and all actions, as may be necessary, desirable, convenient or proper to carry out and comply with the provisions of all agreements or contracts, necessary or reasonably incidental to the implementation of this Ordinance.

Section 11. Repealer. All ordinances, resolutions and parts of ordinances and resolutions in conflict with this Ordinance are hereby repealed.

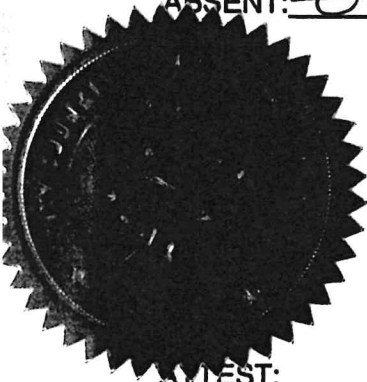
Section 12. Adoption. This Ordinance shall be in full force and effect from and after its passage, approval and publication, if required, as provided by law. The Business District shall take effect on the first day of July 2016.

Passed by the City Council of the City of Farmer City, Illinois on this 28th day of March, 2016 on the following vote:

YEAS: Jenkins, Hawn, Harden, Kelley, Testory

NAYS: 0

ABSENT: 0



Michael Jenkins
Michael Jenkins, Mayor

Sandy Shaw
Sandy Shaw, City Clerk

EXHIBIT A
BUSINESS DISTRICT PLAN

SECTION II. STATUTORY BASIS FOR BUSINESS DISTRICT DEVELOPMENT AND REDEVELOPMENT

Business Districts are authorized by the Illinois Municipal Code, specifically in 65 ILCS 5/11-74.3 "the Act". The Act finds and declares that:

- It is essential to the economic and social welfare of each municipality that business districts be developed, redeveloped, improved, maintained and revitalized, that jobs and opportunity for employment be created within the municipality, and that, if blighting conditions are present, blighting conditions be eradicated by assuring opportunities for development, or redevelopment, encouraging private investment, and attracting sound and stable business and commercial growth;
- It is further found and determined that as a result of economic conditions unfavorable to the creation, development, improvement, maintenance, and redevelopment of certain business and commercial areas within municipalities opportunities for private investment and sound and stable commercial growth have been and will continue to be negatively impacted and business and commercial areas within many municipalities have deteriorated and will continue to deteriorate, thereby causing a serious menace to the health, safety, morals, and general welfare of the people of the entire State, unemployment, a decline in tax revenues, excessive and disproportionate expenditure of public funds, inadequate public and private investment, the unmarketability of property, and the growth of delinquencies of crime.
- In order to reduce threats to and to promote and protect the health, safety, morals, and welfare of the public and to provide incentives which will create employment and job opportunities, will retain commercial businesses in the State and related job opportunities and will eradicate blighting conditions if blighting conditions are present, and for the relief of unemployment and the maintenance of existing levels of employment, it is essential that plans for business districts be created and implemented and that business districts be created, developed, improved, maintained, and redeveloped.
- The creation, development, improvement, maintenance, and redevelopment of business districts will stimulate economic activity in the State, create and maintain jobs, increase tax revenues, encourage the creation of new and lasting infrastructure, other improvements, and facilities, and cause the attraction and retention of businesses and commercial enterprises which generate economic activity and services and increase the general tax base, including, but not limited to, increased retail sales, hotel or restaurant sales, manufacturing sales, or entertainment industry sales, thereby increasing employment and economic growth.
- It is hereby declared to be the policy of the State, in the interest of promoting the health, safety, morals, and general welfare of all the people of the State, to provide incentives which will create new job opportunities and retain existing commercial businesses within the State and related job opportunities, and it is further determined and declared that the relief of conditions of unemployment, the maintenance of existing levels of employment, the creation of new job opportunities, the retention of existing commercial businesses, the increase of industry and commerce within the State, the reduction of the evils attendant upon unemployment, and the increase and maintenance of the tax base of the

State and its political subdivisions are public purposes and for the public safety, benefit, and welfare of the residents of this State.

- The exercise of the powers provided in this Law is dedicated to the promotion of the public interest, to the enhancement of the tax base within business districts, municipalities, and throughout the State and its political subdivisions, the creation of employment, and the eradication of blight, if present within the business district, and the use of such powers for the creation, development, improvement, maintenance, and redevelopment of business districts of a municipality is hereby declared to be for the public safety, benefit, and welfare of the residents of the State and essential to the public interest and declared to be for public purposes.
- The Act is intended to be used by municipalities to address and eradicate problems that cause areas to qualify as "blighted", and to carry out development and redevelopment projects that serve the public interest.

The Act allows a municipality to accomplish development and redevelopment activities on a locally-controlled basis. Development and redevelopment within a designated District will generate new taxes from sales within the District and, thus, create new tax revenues which will be used to improve the District. These tax revenues can be used to finance certain "Business District costs" as identified within the Act.

The statute allows the corporate authorities to designate an area of the municipality as a business district after a public hearing. Powers extended to the corporate authorities in a designated business district include the following:

- To make and enter into all contracts necessary or incidental to the implementation and furtherance of a business district plan. A contract by and between the municipality and any developer or other nongovernmental person to pay or reimburse said developer or other nongovernmental person for business district project costs incurred or to be incurred by said developer or other nongovernmental person shall not be deemed an economic incentive agreement under Section 8-11-20, notwithstanding the fact that such contract provides for the sharing, rebate, or payment of retailers' occupation taxes or service occupation taxes (including, without limitation, taxes imposed pursuant to subsection (11)) the municipality receives from the development or redevelopment of properties in the business district. Contracts entered into pursuant to this subsection shall be binding upon successor corporate authorities of the municipality and any party to such contract may seek to enforce and compel performance of the contract by civil action, mandamus, injunction, or other proceeding.
- Within a business district, to acquire by purchase, donation, or lease, and to own, convey, lease, mortgage, or dispose of land and other real or personal property or rights or interests therein; and to grant or acquire licenses, easements, and options with respect thereto, all in the manner and at such price authorized by law. No conveyance, lease, mortgage, disposition of land or other property acquired by the municipality or agreement relating to the development of property, shall be made or executed except pursuant to prior official action of the municipality. No conveyance, lease, mortgage, or other disposition of land and owned by the municipality, and no agreement relating to the development of property, within a business district shall be made without making public disclosure of the terms and disposition of all bids and proposals submitted to the

municipality in connection therewith. To acquire property by eminent domain in accordance with the Eminent Domain Act.

- To clear any area within a business district by demolition or removal of any existing buildings, structures, fixtures, utilities, or improvements, and to clear and grade land.
- To install, repair, construct, reconstruct, or relocate public streets, public utilities, and other public site improvements within or without a business district which are essential to the preparation of a business district for use in accordance with a business district plan.
- To renovate, rehabilitate, reconstruct, relocate, repair, or remodel any existing buildings, structures, works, utilities, or fixtures within any business district.
- To construct public improvements, including but not limited to buildings, structures, works, utilities, or fixtures within any business district.
- To fix, charge, and collect fees, rents, and charges for the use of any building, facility, or property or any portion thereof owned or leased by the municipality within a business district.
- To pay or cause to be paid business district project costs. Any payments to be made by the municipality to developers or other nongovernmental persons for business district project costs incurred by such developer or other nongovernmental person shall be made only pursuant to the prior official action of the municipality evidencing an intent to pay or cause to be paid such business district project costs. A municipality is not required to obtain any right, title, or interest in any real or personal property in order to pay business district project costs associated with such property. The municipality shall adopt such accounting procedures as shall be necessary to determine that such business district project costs are properly paid.
- To apply for and accept grants, guarantees, donations of property or labor or any other thing of value for use in connection with a business district project.
- If the municipality has by ordinance found and determined that the business District is a blighted area under this Law, to impose a retailers' occupation tax and a service occupation tax in the business district for the planning, execution, and implementation of business district plans and to pay for business district project costs as set forth in the business district plan approved by the municipality.
- If the municipality has by ordinance found and determined that the business District is a blighted area under this Law, to impose a hotel operators' occupation tax in the business district for the planning, execution, and implementation of business district plans and to pay for the business district project costs as set forth in the business district plan approved by the municipality.

The Act specifies that before a municipality can designate a District which imposes a retailers' occupation tax and create a Plan for such a District, the municipality must find that the District is "blighted", as that term is defined in the Act.

The Act also requires that any Plan adopted by a municipality include:

- A specific description of the District boundaries and map;
- A general description of each project proposed to be undertaken within the district including a description of the approximate location of each project and a description of any developer, user, or tenant of any property to be located or improved within the proposed business district;
- The name of the proposed District;
- The estimated business district project costs;
- Anticipated source of funds to pay District project costs;
- Anticipated type and terms of any obligations to be issued; and
- The retailers' occupation tax and service occupation tax, if any, and the rate of such taxes and the period of time for which the tax shall be imposed.

SECTION III. BLIGHT ANALYSIS

A. Introduction

Municipalities are authorized to create business districts by the Illinois Municipal Code (65 ILCS 5/11-74.3 et seq. - the "Act"). The Act sets forth the requirements and procedures for establishing a business district and a business district plan. The City of Farmer City ("City") has deemed such action desirable as part of a continuous effort to maximize the potential of the City while working to remedy existing conditions detrimental to development in this portion of the City.

The criteria and individual factors that were utilized in conducting the evaluation of the conditions in the proposed business district (the "District") are outlined on the following pages.

B. Statutory Qualifications

The definitions for qualifying the District as "blighted" are defined in the Act as follows:

"Blighted area" means an area that is a blighted area which, by reason of the predominance of defective, non-existent, or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability, an economic underutilization of the area, or a menace to the public health, safety, morals, or welfare.

C. Investigation and Analysis of Blighting Conditions

In determining whether or not the District meets the eligibility requirements of the Act, various methods of research and field surveys were utilized. These included:

- On-site field examination of conditions in the District by experienced staff of Moran Economic Development. These personnel are trained in techniques and procedures of determining conditions of local properties, utilities, streets, etc., and determination of eligibility of areas for business district designation.
- Contacts with individuals knowledgeable as to conditions and history of and within the City, age of buildings, public infrastructure and site improvements, development patterns, real estate matters and related items. Existing information related to public utilities in the District was reviewed, as was information regarding the City on file with Effingham County.
- Review of the findings and determinations established by the Act in creating business districts. These findings include:
 - That it may be considered essential to the economic or social welfare of the municipality that business districts be maintained and revitalized by assuring opportunities for development or redevelopment and attracting sound and stable business and commercial growth.
 - That such a result should conform to the comprehensive plan of the municipality and a specific plan for business districts officially approved by the corporate authorities of the municipality after the public hearing.

- That the exercise of the powers provided in Section 11 74.3 1 (of the Act) is dedicated to the promotion of the public interest and to the enhancement of the tax base of business districts, and the use of such powers for the development and redevelopment of business districts of a municipality is hereby declared to be a public use essential to the public interest.

The Act specifies that certain requirements must be met before a municipality can proceed with implementing business district development and redevelopment projects and imposing the retailers' occupation tax, service occupation tax, and hotel operators' occupation tax. One of these is that the municipality must demonstrate that the District qualifies as eligible for business district designation.

D. The Proposed District

The proposed Business District encompasses 79 parcels of property and rights-of-way in the City of Farmer City. Generally, the Area encompasses parcels in the downtown portion of the City. The Area is bounded on the west by William St, to the East by James St, to the north by High St, and to the south by IL-54. The boundary map for the Area has been attached as Exhibit A. The legal description of the District is attached as Appendix A.

E. Review of Findings & Qualifications of the District

In order to impose the retailers' occupation tax and service occupation tax, the corporate authorities of the municipality shall make a formal finding that the Area is a "Blighted Area", as defined in Section III-B. The following is a review of the findings:

- **Deterioration of Site Improvements**

Deterioration of site improvements was prevalent throughout the Area. In terms of structural deterioration, 77 of the 84 structures in the Area (92%) exhibited some form of deterioration. The area proposed as the Business District II Area is the older downtown of the City, and according to County records nearly all (98%) of the structures are least 35 years old. With the average year of construction for the buildings in the Area being 1913, it is not surprising that the vast majority of the structures exhibit some form of deterioration. Most of this is due to the effects of age, through exposure to the elements and general wear. And while some structures might have seen façade improvements over the years, the back and sides (where applicable) often do not receive the same treatment and show age and deterioration.

Deterioration of surface improvements, in the form of cracked sidewalks, areas lacking proper paving, unkempt gravel areas, cracked and deteriorated roadway surfacing, etc., was found in 77 of the 79 parcels (97%). Again, much of this deterioration can be attributed to exposure to the elements and general use due to the age of the site improvements.

Overall, deteriorated conditions were present in 77 out of 79 parcels (97%) in the Area, thereby exhibiting this factor to a qualifying degree.

- **Existence of Conditions Which Endanger Property**

City engineers indicated the older water system lines in the Area to date back prior to at least the 1950's. The age of the lines has caused issues with tuberculation on the interior of the piping, and as a result the City experiences problems related to the reduction of volume in lines that are already undersized. Some of these mains are four-

inch water mains, which have a further reduction of flow due to the aforementioned tuberculation. These lines are cast iron, and breakages have occurred due to complete corrosion of the mains. The undersized lines impact the fire suppression systems (hydrants), which are also past their ideal usefulness. Additionally, there is an increased threat of the spread of fire due to the close proximity of the structures.

In its current condition the water system is a liability in terms of fire suppression, and as such poses as a condition which endangers property.

Such factors discussed above, in combination, constitute an economic liability for the City, as well as contribute to the economic underutilization of the Area.

When analyzing the Area as an economic liability to the City, the equalized assessed value ("EAV") of those properties in the Area are compared to the balance of the City, which is the total City EAV minus the EAV of those properties in the Business District II Area. Since 2009 the balance of the City has averaged 4.17% growth annually, compared to 0.16% for the parcels in the Area. Over this same time period the balance grew by 20.73%, compared to 0.81% in the Area. Additionally, the parcels in the Area have lost EAV in two of the past five years. Those properties in the Area are clearly lagging behind the rest of the properties in the City in terms of EAV growth, which is evidence that the area constitutes an economic liability to the City.

The blighting factors discussed contribute to an economic underutilization in the Area as well. In particular, the "Deterioration of Site Improvements" is a reflection that the Area has not been flourishing economically, as little new investment has occurred to remediate the deteriorated conditions. These factors, combined, undermine the City's goals of economic development and growth as they contribute to the Area's economic underutilization, in addition to the Area being an economic liability.

If the barriers to development, addressed in the previous sections of this blight analysis, are not overcome the properties will continue to be economically underutilized and continue to be an economic liability to the City of Farmer City.

F. Qualification Summary & Findings

The District is found to be eligible as "blighted" due to the presence, individually and in combination, of several conditions representative of those outlined in the Act. These include:

- Deterioration of site improvements;
- Existence of conditions which endanger property;

The factors exhibited within the District in its present condition combine to make it an economic liability to the City and the associated taxing districts;

The area is economically underutilized;

Thus, the District is found to be eligible, as it represents a blighted portion of the City of Farmer City by reason of the predominance of deterioration of site improvements and conditions which endanger property. Additionally, these factors, taken in combination, demonstrate conditions which constitute an economic liability and an economic underutilization of the area within the District in its present condition and use. Moreover, the parcels in the District have seen a lack of property value growth, and would not be reasonably anticipated to be developed or

redeveloped without the establishment of the Farmer City Business District II and adoption of the Farmer City Business District II Plan.

SECTION IV. BUSINESS DISTRICT REDEVELOPMENT PLAN

The City of Farmer City, Illinois is considering the approval of the Farmer City Business District II Plan (The "Plan" or the "Business District Plan") in order to provide an important tool for the development of a blighted area of the community. In looking to achieve this end, the City will seek to adhere to certain objectives and policies.

A. Objectives

The objectives of the Plan are to:

- Make necessary repairs and upgrades to infrastructure within the District.
- Assure opportunities for development and attraction of sound and stable commercial growth.
- Enhance the tax base of the District.
- Ameliorate the blighting conditions within the District.
- Encourage and assist private investment and development within the District, in a manner that is compatible with the Farmer City Comprehensive Plan.

B. Policies

The City of Farmer City will follow certain policies to achieve the objectives outlined above.

These policies include:

- Use Business District-derived revenues to implement the Plan.
- Utilize City staff and consultants to undertake those actions necessary to accomplish the specific public-side actions and activities outlined in the Business District Plan.
- Provide financial assistance, as permitted by the Act, to encourage private developers to complete those certain private actions and activities as outlined in the Business District Plan.
- Use Business District-derived revenues to address site development issues.
- Use Business District-derived revenues to carry out public infrastructure improvements including off-site roadwork, parking lot improvements, utility lines and other infrastructure.
- Utilize the powers extended to the corporate authorities in a designated District.

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

C. Components of the Business District Plan

1. Boundary Delineation

A number of factors were taken into consideration in establishing the boundary of the District. Established planning guidelines and standards have been followed in delineating the boundary and preparing the Plan.

Field investigators employed by Moran Economic Development conducted research of the area and environs in order to ascertain the existence and prevalence of blighting factors. Moran Economic Development was assisted by information obtained from Effingham County and the City of Farmer City. Based upon these investigations, the eligibility requirements for establishing and enabling taxes, the determination of redevelopment needs within the City, and the location of the blighting factors found, the boundaries of the District were determined.

The proposed Business District encompasses 79 parcels of property and rights-of-way in the City of Farmer City. Generally, the Area encompasses parcels in the downtown portion of the City. The Area is bounded on the west by William St, to the East by James St, to the north by High St, and to the south by IL-54. The boundary map for the Area has been attached as Exhibit A. The legal description of the District is attached as Appendix A.

2. The Development Project

The development goals of the City of Farmer City for the Farmer City Business District II envision a redevelopment program resulting in private investment in the Area. The ingredients for the ultimate success of the program are financial assistance and the improvement of the infrastructure and site improvements that exist today. The satisfaction of these needs will lead to redevelopment in the Area that will generate revenue to support the Business District.

Key Projects for the Plan include:

- Structural and façade improvements to buildings within the District boundaries;
- Improvements to infrastructure including improvement of the interior and exterior street network within the area;
- Utility trunk lines (e.g. water, sanitary sewer, telephone, etc.) constructed or reconstructed in road right-of-way or other public easements;
- Marketing the City of Farmer City to outside investors;
- The development of additional commercial or retail stores within the District; and
- The facilitation of private investment for existing building expansion.

3. Name of Business District

The name of the District is the Farmer City Business District II.

4. Estimated Business District Project Costs

The cost estimate associated with development activities to be funded from available revenues of the City (the "Pledged Revenues") as discussed below, is presented in Table A - Estimated Business District Project Costs. The estimate includes reasonable and necessary costs incurred, or estimated to be incurred, during the implementation of the Business District Plan. The estimated costs in Table A are subject to refinement as specific plans and designs are finalized and experience is gained in implementing the Plan and do not include financing costs and the retail sales tax which will be applied to pay the portion of such costs which are eligible to be funded under the Act. As such, debt service and expenses associated with issuance bonds, or other obligations, are in addition to costs stated in Table A.

TABLE A - ESTIMATED BUSINESS DISTRICT PROJECT COSTS

DESCRIPTION	ESTIMATED COSTS
Costs of studies, surveys development of plans, and specifications, implementation and administration of the District including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning and other services;	\$100,000
Property assembly costs, including but not limited to acquisition of land and other property, demolition of buildings, site preparations, site improvements that serve as an engineered barrier addressing ground level and the grading and clearing of land;	\$500,000
Financing costs including but not limited to all necessary and incidental expenses related to the issuance of obligations including payment of interest on obligations;	\$500,000
Cost of construction of public works or improvements;	\$2,000,000
Total Estimated Budget	\$3,100,000

Expenditures in individual categories may differ from those shown above; however, the total amount of the Estimated Redevelopment Project Costs will not exceed \$3,100,000 plus any additional interest and financing costs as may be required. Adjustments may be made among budget categories to reflect implementation of the Plan.

5. Anticipated Source of Funds to Pay Business District Project Costs

The anticipated source of funds to pay District project costs are those tax revenues raised by the retailers' occupation tax to be imposed by the Business District (the "Business District Tax") which will be applied to pay eligible costs under the Act. In addition, the District's costs and obligations may be paid for, in whole or in part, by revenues from other funding sources. These may include state and federal programs, municipal sales tax revenue and tax increment financing revenues in those portions of the Business District which overlap with the Farmer City Business District II Redevelopment Area (collectively, the "Pledged Revenues").

6. Anticipated Type and Terms of Any Obligations to be issued

In order to expedite the implementation of the Business District Plan, The City of Farmer City, pursuant to the authority granted to it under the Act, may issue obligations to pay for the Business District Costs. These obligations may be secured by future amounts to be collected and allocated to the Business District Tax Allocation Fund. Such obligations may take the form of any loan instruments authorized by the Act.

Such loans or obligations may be issued pursuant to the Business District Plan. The City anticipates that notes, bonds, or similar obligations may be issued secured by revenues in the Business District Tax Allocation Fund to fund eligible District costs.

When District costs, including all municipal obligations financing Business District project costs incurred under Section 11-74.3-3 have been paid, any surplus funds then remaining in the Business District Tax Allocation Fund shall then be distributed to the municipal treasurer for deposit into the municipal general corporate fund.

7. The rate of Any Tax to be Imposed pursuant to Subsection (12) and (13) of Section 11-74.3-3 of the Act

Within the District, a rate of tax of up to 1.0% may be imposed as a retailer's occupation tax and service occupation tax. Such tax shall be imposed for up to, but no more than, 23 years.

SECTION V. FINDINGS AND COMPLETION OF OBLIGATIONS

A. Formal Findings

The City of Farmer City makes the following formal findings with respect to establishing the Farmer City Business District II Plan:

The area to be designated as a business district is contiguous and includes only parcels of real property directly and substantially benefited by the Business District Plan.

The Business District, in its entirety, is located within the City limits of Farmer City, Illinois.

The Business District is a blighted area; that, by reason of the deterioration of site improvements and conditions which endanger property. Additionally, these factors, taken in combination, demonstrate conditions which constitute an economic liability and an economic underutilization of the area within the District in its present condition and use.

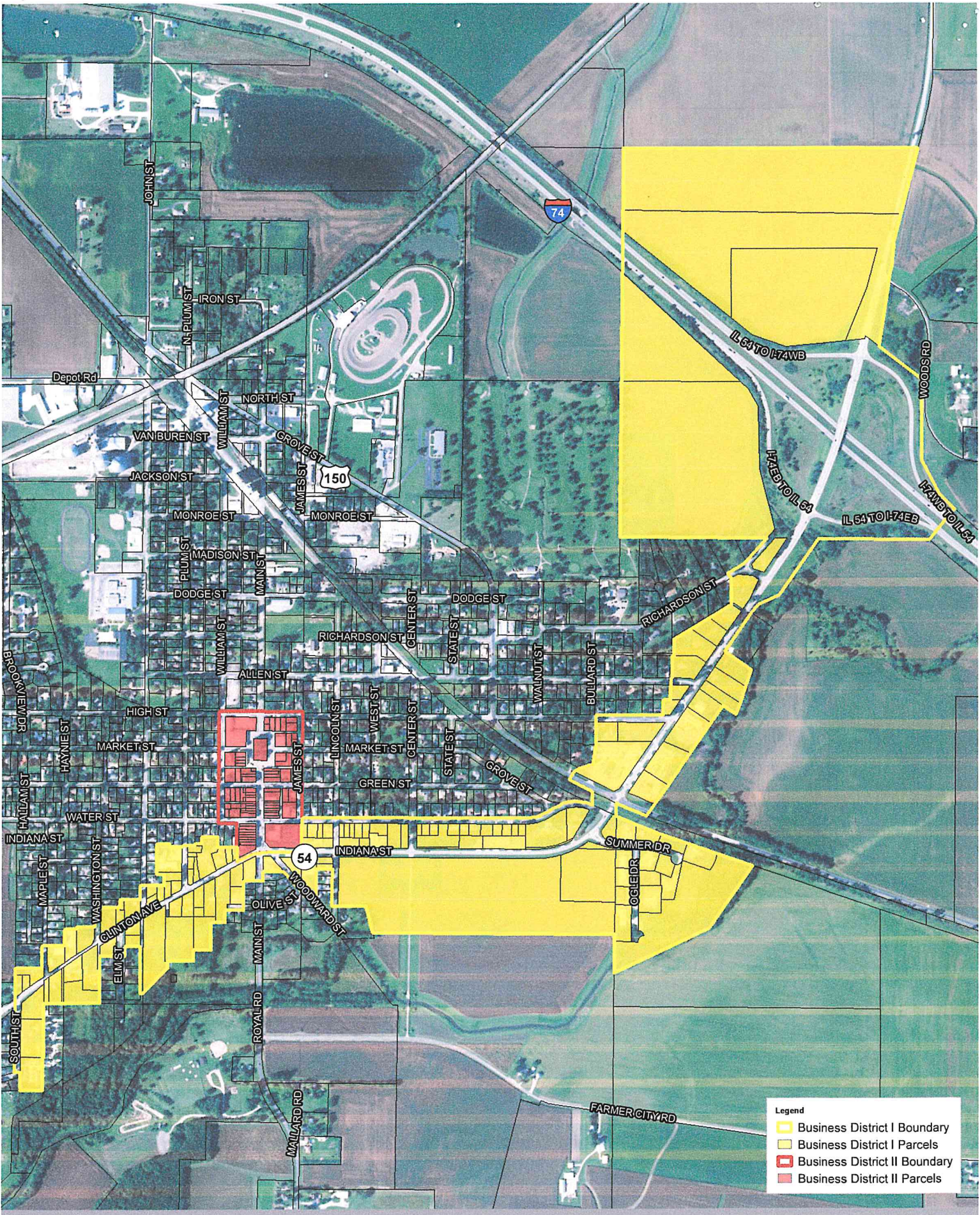
The Business District, on the whole, has not been subject to growth and development through investment by private enterprise or would not reasonably be anticipated to be developed without the adoption of the Business District Development Plan.

The Business District Development Plan conforms to the Comprehensive Plan for the development of the municipality as a whole, as determined by the City Council.

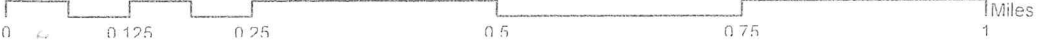
B. Completion of Business District Projects / Retirement of Obligations

Upon payment of all Business District project costs and retirement of outstanding obligations, but in no event more than 23 years after the date of adoption of the ordinance approving the Farmer City Business District II Plan, the municipality shall adopt an ordinance immediately rescinding the taxes imposed pursuant to subsections of (12) and (13) of Section 11-74.3-3.

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**BOUNDARY AREAS
BUSINESS DISTRICT I & II**
Farmer City, IL



Legend

- Business District I Boundary
- Business District I Parcels
- Business District II Boundary
- Business District II Parcels

