

Joint Review Board
Tax Increment Financing Redevelopment Plan & Project
Proposed Hunterstown Redevelopment Project Area

Phil Roggio convened the meeting of the Joint Review Board at 6:33 P.M., on December 2, 2009, at Alton City Hall, 101 E. Third Street, Alton, Illinois.

Members Present: Lizabeth Miles-Drainer (Lewis & Clark College #536), David Elson (Alton CUSD #11), Don Huber (Alton Township), Sue Williams (Public Member), and Phil Roggio (City of Alton)

Members Absent: Madison County Representative and Hayner Library District Representative

Staff and Guests: Greg Caffey (City of Alton), Matt Asselmeier (City of Alton), and Mike Weber (PGAV)

David Elson made a motion that Matt Asselmeier should take the minutes of the meeting, seconded by Lizabeth Miles-Drainer. Motion carried unanimously.

David Elson made a motion appointing Sue Williams as the Public Member of the Board, seconded by Lizabeth Miles-Drainer. Motion carried unanimously.

David Elson made a motion appointing Phil Roggio Chairperson of the Board, seconded by Lizabeth Miles-Drainer. Motion carried unanimously.

Chairman Roggio asked Mike Weber of PGAV to review the responsibilities of the Board. Mike Weber stated the Board is an advisory body which reviews the Redevelopment Plan and Project and makes a recommendation to the City Council. The Board has 30 days from the initial meeting to make a recommendation. The Board does not have to make a recommendation at this meeting; the Board can meet again. However, failure to submit a written report to the City Council shall be interpreted as a recommendation of approval. The Board shall issue a written report describing why the Redevelopment Plan and Project meets or fails to meet one or more objectives of the TIF Act and both the plan requirements and the eligibility criteria defined in the TIF Act. The Board is required to meet at least once per year. Mike Weber asked if anyone had any questions regarding the overview of the Board; none were forthcoming.

Mike Weber presented the TIF Plan in general terms. He explained the statutory basis for TIF, the eligibility analysis, and the Redevelopment Plan. Section V of the report presented other required findings including the area, on the whole, has not been subject to growth and the area would not be developed but for the establishment of the TIF District; the "but for" test is met.

Mike Weber proceeded to review the TIF Plan. A map was presented showing the boundaries of the Redevelopment Project Area. The Area is approximately 184 acres, which exceeds the statutory minimum of 1.5 acres. The TIF Plan described the eligibility of the Area and made several findings. These findings include that the TIF Act defines a Redevelopment Project Area as an area designated by a municipality in which the finding

is made that conditions exist which cause the area to be classified as a blighted area, conservation area, combination of blighted and conservation area, or an industrial park conservation area. The City has found that the area on the whole qualifies as a combination blighted area and conservation area. The qualification analysis begins on page 12, with a summary on page 15. With regards to improved land, 96% of buildings are over 35 years of age, deteriorated buildings (55%) and deterioration prevalent in ROW (95% of the blocks within the Area), a large number of vacancies exist (15% of the buildings, but probably understated based on square footage because several large commercial buildings are entirely or mostly vacant), inadequate utilities exist in 100% of the blocks within the Area because of combined sewers, and sub-par EAV growth for 4 of the last 5 years. With regards to vacant land, 93 vacant parcels are subject to Type A factors (2 of 6 factors are required to qualify). These two factors are 85% of the vacant parcels exhibit obsolete platting and 98% having deteriorated structures or site improvements in the neighboring areas. Twenty-five (25) vacant parcels are subject to Type B factors (1 out of 4 factors are required to qualify). All 25 parcels were blighted before becoming vacant; the structures are the properties were condemned. In summary, the improved land has more than 50% of the buildings thereon aged 35 years or older and at least 3 factors present to a meaningful extent. Thus, it meets the conservation area definition. Also, the vacant land meets either type of vacant land factors as defined under the definition of blight.

Mike Weber explained the Redevelopment Plan starting with the proposed General Land Use Plan (Exhibit H). The Plan proposes a mix of residential, commercial, and institutional uses for the Project Area based on the land use recommendations contained in the City's current Comprehensive Plan and land use designations presented in the Hunterstown Neighborhood Revitalization Plan, adopted in 1996. The proposed public development activities include assistance to induce private investment include site assembly and site preparation, streetscape improvements (upgrade of utilities), building rehabilitation, and interest cost write downs. The estimated project cost that may be funded with TIF funds (Exhibit I on page 34) creates a total budget amount of \$28.4 million. Unless otherwise funded from other sources, payment of any project costs will be limited to that which can be funded by the incremental revenues generated by a development project. Also, the amount committed will be predicated on the terms of a redevelopment agreement with developers or property owners.

David Elson asked what is the lifespan of the TIF. Mike Weber responded that the TIF will last 23 years.

David Elson asked why is the lifespan 23 years. Mike Weber stated that any bond financing will need a certain amount of cash flow.

David Elson asked if the lifespan of the TIF could be shortened. Chairman Roggio stated that issue could arise and that the Board could review the lifespan annually, but it will probably take more than 23 years to fully redevelop the area. The TIF would have to be abolished if surpluses existed for a period of time.

David Elson asked how the issue of obsolete platting would be resolved. Mike Weber responded that the lots could be consolidated and re-subdivided in the future.

David Elson asked how the property could be acquired from bad owners. Chairman Roggio stated that the City can use CDBG funds to purchase property. Chairman Roggio provided an example of how the City and a local hospital had acquired land. Mike Weber added that the City has incentives to entice developers and an eminent domain provision existed in the TIF Act. Chairman Roggio stated that tools for acquiring property existed.

David Elson asked about the Paducah type of development that had previously been suggested for Hunterstown. Chairman Roggio stated that he has not recently met with all parties. Mike Weber added that incentives for redevelopment existed and the Plan should not be bound to specific developments. Discussion occurred regarding the revitalization of the Jefferson Smurfit Building. Don Huber added that single-family densities would be desirable for the area.

David Elson asked if the TIF could generate more than \$28 million. Mike Weber stated that he hoped the \$28 million could leverage \$100 million in additional investment. Chairman Roggio stated that it is possible to retire the TIF earlier than planned. Mike Weber said early retirement could be possible if another Jefferson Smurfit type of investment occurred.

David Elson expressed concerned about subsidizing the area. Chairman Roggio stated that the area was already being subsidized. David Elson said that he agreed that a TIF was necessary to protect the existing EAV of the area. Mike Weber said that TIF should be focused on areas of need. David Elson stated that somebody is paying for the tax levy. Chairman Roggio stated that the area is not a high growth area and the taxing districts were losing money because of declining EAV. David Elson stated that he was concerned that property owners may ask for reductions in value after the TIF expires.

Don Huber said the Hunterstown TIF is different from the existing TIF because development is occurring on the front end of the TIF lifespan.

David Elson said that he is not opposed to the TIF, but he does not want the TIF to last longer than needed. Mike Weber stated that the Board will do an annual review of the TIF and can serve as a watch dog.

Mike Weber discussed the findings of need for TIF and other findings. While the area qualifies as a combination blighted area and conservation area, the Plan must also make additional findings. These findings include the TIF Plan conforms with the Alton Comprehensive Plan and the Hunterstown Plan, the area on the whole is not and has not been subject to growth and investment as evidenced by the deteriorated condition of property in the Area, the Area on the whole has been lagging in growth in property values (Exhibit J) with only 5% increase in five years (1% annually) while the Consumer Price Index increased 3.2% annual during this period, and the balance of Alton has increased about 4.4% annually. Thus, the Area as a whole has not been subjected to growth and investment. The Area would not development but for the establishment of the TIF. Without the City's commitment to provide TIF assistance, there will be no additional commitments for private development. This but for TIF position has been evidenced by the eligibility factors documented in the report contributing to the but for argument; these conditions are a discouragement to private investment because the costs and risks to

redevelop the Area simply do not make economic sense. The current redeveloper of the the former Alton Boxboard Office Building is seeking TIF assistance from the City in order to move forward with the project (Giant City Properties). The cost to deal with inadequate utilities and deteriorated streets is beyond the City's resources to finance. The City intends to use TIF to help leverage other grant money from the state and federal governments. It is the intent of the Redevelopment Plan to overcome these economic disincentives.

Mike Weber discussed the financial impact mentioned in the Plan. The City finds that the financial impact from increased demand for facilities or services from any taxing district affected by the Plan will not be significant. Fire and other municipal services are considered adequate. In the event that significant impacts on facilities or services occur in the future, the City will consider utilizing TIF proceeds to assist in addressing those needs as stated in the Plan on page 42. Also, a line item exists to handle the increase cost of the School District. The financing will be pay as you go per redevelopment agreements with private parties. If cash flows justify, the City may issue debt supported by future tax increment. The source of funds will be the property tax increment, although the City is encouraged to use TIF to leverage other state and/or federal funding. The current taxable value is approximately \$12.7 million. The value after redevelopment is anticipated to increase by \$15 to \$25 million. The estimated date of retirement of the obligations (the TIF) is not longer than 23 years from the date of adoption.

David Elson asked where provisions related to school district costs and enrollment were in the Plan. Mike Weber stated they could be found on page 37 and that the language was taken from the TIF Act.

Mike Weber asked the Board to review three ordinances which the City Council are required to adopt. The first ordinance is Approving the Tax Increment Redevelopment Plan. The second ordinance is Designating the Redevelopment Project Area. The third ordinance is Adopting Tax Increment Financing.

David Elson asked if the boundaries could be altered in regards to Haskell House. Chairman Roggio stated a boundary change would slow down the redevelopment of the Jefferson Smurfit Building.

David Elson made a motion to approve the Recommendation of the Joint Review Board Regarding the TIF Redevelopment Plan and Project for the Hunterstown Redevelopment Project Area, seconded by Lizabeth Miles-Drainer (please see Attachment A for the full text of the motion).

Yeas: Miles-Drainer, Huber, Elson, Williams, and Roggio

Nays: None

Absent: Madison County Representative and Hayner Library Representative

Motion passed with 5 yeas, 0 nays, and 2 absent.

Chairman Roggio asked if there was any additional business to come before the Board. David Elson asked if a copy of the Plan and associated maps were online. Matt Asselmeier stated that they were on the City's website, <http://www.alton-il.com>.

There being no additional questions or business before the Board, Don Huber made a motion to adjourn, seconded Liz Miles-Drainer. Motion passed unanimously.

The meeting adjourned at 7:20 P.M.

Respectfully Submitted,

Matthew H. Asselmeier, MPA

**RECOMMENDATION OF THE JOINT REVIEW BOARD
REGARDING THE TIF
REDEVELOPMENT PLAN AND PROJECT
FOR THE
HUNTERSTOWN REDEVELOPMENT PROJECT AREA**

This Joint Review Board (JRB) has been established to consider the Tax Increment Financing Redevelopment Plan and Project, dated October 28, 2009 (the "Plan"), for the Hunterstown Redevelopment Project Area (the "Project Area"). This Plan also contains an eligibility analysis that documents the conditions in the Project Area that causes it to qualify under the Tax Increment Allocation Redevelopment Act (the "Act"). On December 2, 2009 the JRB convened at the Alton City Hall to review the Plan and other documents as required under the Act.

The JRB recommends to the City Council of the City of Alton that the Redevelopment Plan and Project be approved. The JRB recommendation is made on the basis that:

1. The Area qualifies under the definition of "blighted area" and "conservation area". As documented in the Plan, more than 50 percent of the buildings in the area are over 35 years of age and there are 3 or more qualifying factors that exist with respect to the improved land within the Project Area and, therefore, qualify as a conservation area. The vacant parcels in the Project Area qualify under the definition of blighted area as this term is applied to vacant land.
2. The Plan sets forth in writing the program to be undertaken including the appropriate documentation on estimated redevelopment project costs, satisfactory evidence that the Project Area, as a whole, has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without adoption of the Redevelopment Plan.
3. The implementation of the Plan will satisfy the objectives of the Act by removing the conditions of blight and conditions that may lead to blight through the implementation of the redevelopment plan, and thereby enhance the tax bases of the taxing districts that extend into the Hunterstown Redevelopment Project Area.

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