APPENDIX A

ORCHARD ROAD
TAX INCREMENT FINANCING DISTRICT

ELIGIBILITY REPORT

Village of Montgomery, Illinois

January 2013

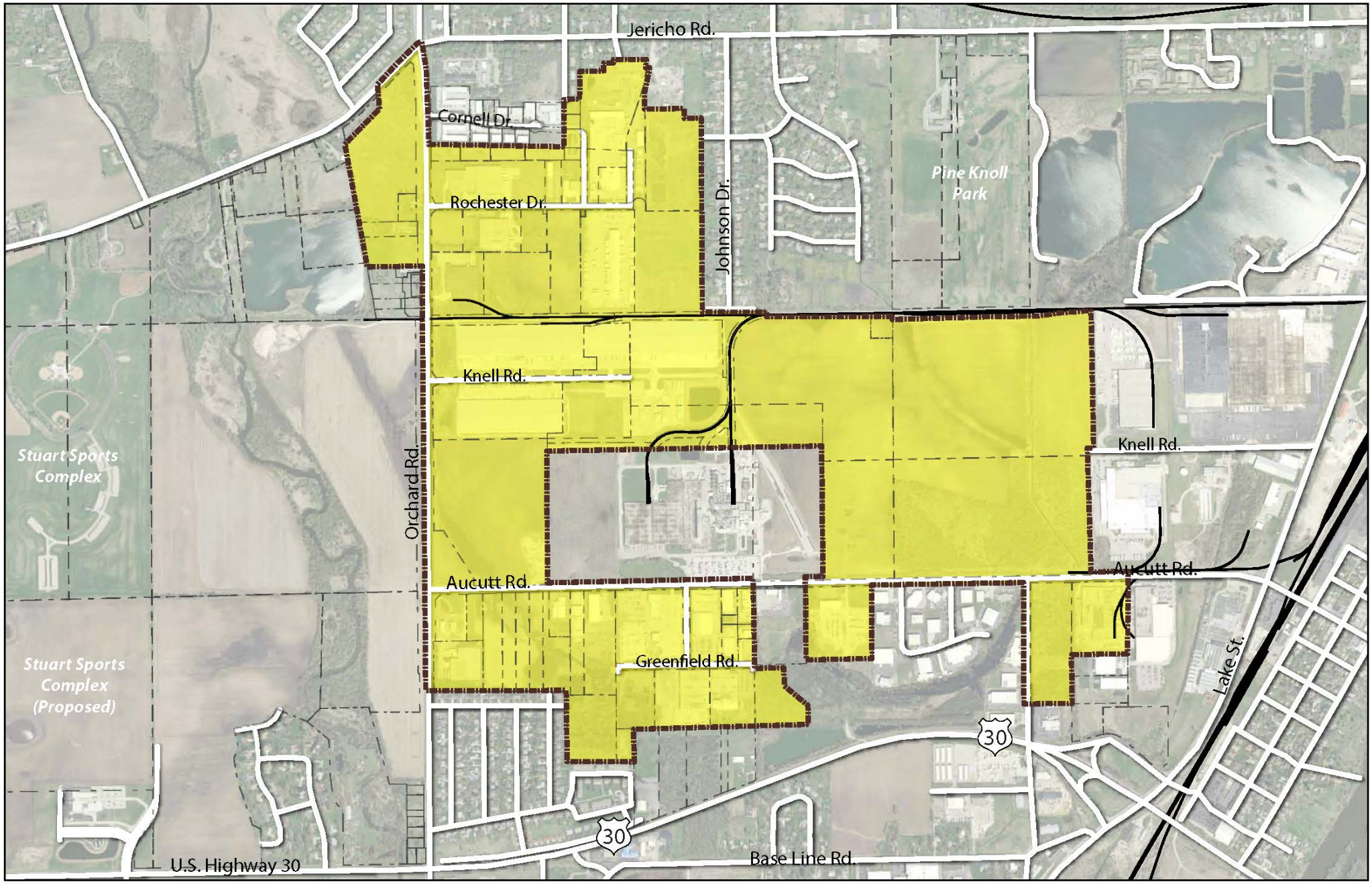
Prepared by:
Teska Associates, Inc.

I. INTRODUCTION

The Orchard Road Corridor occupies a strategic location within the western suburbs of Chicago. Although situated on the boundary of two of the fastest growing counties in the region, significant amounts of vacant land exist within the Orchard Road planning area. The relatively undeveloped state of most of the study area combined with low and declining equalized assessed values (EAV), provides significant opportunity for new tax revenue to support public improvements and financial incentives that will be required to achieve development as envisioned in Village plans.

The history of corridor planning policies for the Orchard Road area reveals that the Village of Montgomery's desire and vision for the study area is to become the economic development center of the Village, providing for substantial expansion of commercial and industrial businesses, and expanding the Village's tax base and employment opportunities. The most significant influence on the success of significant expansion of Montgomery's tax base within the Orchard Road planning area is the presence of extensive floodplain and wetlands associated with Blackberry Creek.

The Village of Montgomery desires to determine the eligibility of the Orchard Road corridor area (Project area) for Tax Increment Financing (TIF) to address conditions that have limited or have been barriers to the viability of this area for economic development and job growth. It is the purpose of this study to determine if the proposed TIF area meets the criteria for creation of a TIF District under State Statutes.



Redevelopment Project Area

Map revised on 1.17.14 by Teska Associates, Inc.

Orchard Road TIF | Montgomery, IL.

Source: US Census Bureau, Village of Montgomery, IL.

□ = 100'

0 500' 1000' 2000' 4000'

NORTH

: TIF Boundary

: Parcels

: Roads

: Railroads

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II. TAX INCREMENT FINANCING

The Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11 - 74.4 - 1, et seq., as amended (the "Act"), stipulates specific procedures which must be adhered to in determining the eligibility of a "Redevelopment Project Area." The Act outlines three principal types of districts under which an area can qualify for TIF. Furthermore, one TIF district can be eligible under one or more qualifying categories:

1. Blighted Areas - defined as either a Conservation Area; or Blighted Area
2. Industrial Park Conservation Area
3. Vacant Land – subject to Chronic Flooding

A **Redevelopment Project Area** is defined as:

> *"..an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas" (65 ILCS 5/11-74.4-3(p)).*

Section 5/11-74.4-3(a) defines a "**blighted area**" as:

> *"any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where: (1) If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area: (A) dilapidation; (B) obsolescence; (C) deterioration; (D) presence of structures below minimum code standards; (E) illegal use of individual structures; (F) excessive vacancies; (G) lack of ventilation, light, or sanitary facilities; (H) inadequate utilities; (I) excessive land coverage and overcrowding of structures and community facilities; (J) deleterious land use or layout; (K) lack of community planning; (L) need for environmental remediation; or (M) declining total equalized assessed value."*

Section 5/11-74.4-3(b) defines a "**conservation area**" as:

> *"...any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors is detrimental to the public safety, health, morals, or welfare and such an area may become a blighted area: (1) dilapidation; (2) obsolescence; (3) deterioration; (4) presence of structures below minimum code standards; (5) illegal use of individual structures; (6) excessive vacancies; (7) lack of ventilation, light, or sanitary facilities; (8) inadequate utilities; (9) excessive land coverage and overcrowding of structures and community facilities; (10) deleterious land use or layout; (11) lack of community planning; (12) need for environmental remediation; or (13) declining total equalized assessed value."*

The Act defines "**vacant land**" as:

> *"…any parcel or combination of parcels of real property without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, unless the parcel is included in an industrial park conservation area or the parcel has been subdivided; provided that if the parcel was part of a larger tract that has been divided into 3 or more smaller tracts that were accepted for recording during the period from 1950 to 1990, then the parcel is deemed to have been subdivided, and all proceedings and actions of the municipality taken in that connection with respect to any previously approved or designated redevelopment project area or amended redevelopment project area are considered to be legally sufficient for all purposes of the Act. For the purposes of this definition of vacant land within the Act and only for land subject to the subdivision requirements of the Illinois Plat Act, land is subdivided when the original plat of the proposed redevelopment project area or relevant portion thereof has been properly certified, acknowledged, approved, and recorded or filed in accordance with the Illinois Plat Act and a preliminary plat, if any, for any subsequent phases of the proposed redevelopment project area or relevant portion thereof has been properly approved and filed in accordance with the applicable ordinance of the municipality."*

If the area is vacant, it may be found to be eligible as a blighted area if the project area is impaired by one 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 Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains.

1. The area consists of an unused quarry or unused quarries;
2. The area consists of unused rail yards, rail tracks or railroad rights-of-way;
3. The area, prior to the area's 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;
4. The area consists of an unused or illegal disposal site, containing earth, stone, building debris or similar material, that were removed from construction, demolition, excavation or dredge sites;
5. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets certain other qualifying criteria; or
6. The area immediately prior to becoming vacant qualified as a blighted improved area, unless there has been substantial private investment in the immediately surrounding area.

Also per the Act, an "**industrial park conservation area**" means:

> *"an area within the boundaries of a redevelopment project area located within the territorial limits of a municipality that is a labor surplus municipality or within 1 1/2 miles of the territorial limits of a municipality that is a labor surplus municipality if the area is annexed to the municipality; which area is zoned as industrial no later than at the time the municipality by ordinance designates the redevelopment project area, and which area includes both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land."*

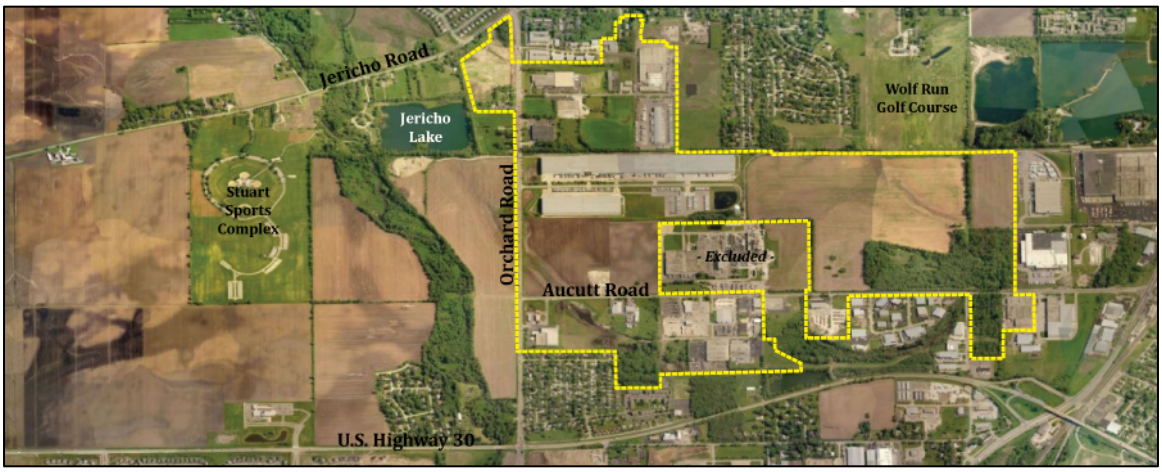
And finally, per the Act a "**labor surplus municipality**" means:

> *"A municipality in which, at any time during the 6 months before the municipality by ordinance designates an industrial park conservation area, the unemployment rate was over 6% and was also 100% or more of the national average unemployment rate for that same time as published in the United States Department of Labor Bureau of Labor Statistics publication entitled "The Employment Situation" or its successor publication. For the purpose of this subsection, if unemployment rate statistics for the municipality are not available, the unemployment rate in the municipality shall be deemed to be the same as the unemployment rate in the principal county in which the municipality is located."*

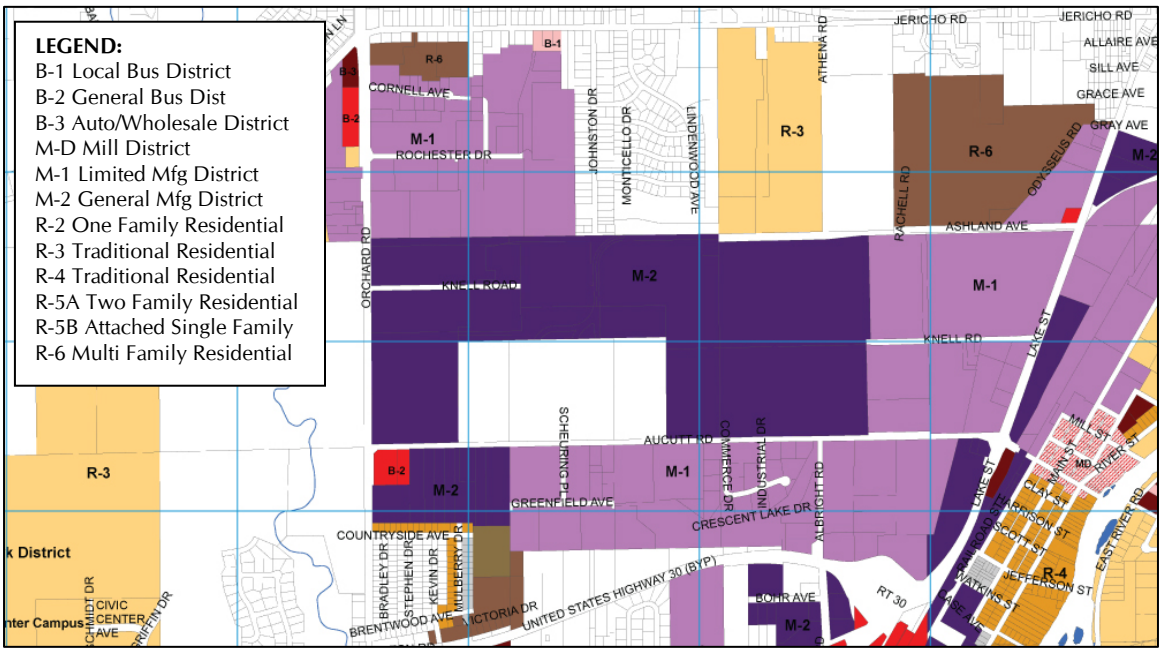
III. DESCRIPTION OF THE REDEVELOPMENT PROJECT AREA

The Orchard Road Redevelopment Project Area consists of 79 parcels, containing 31 principal structures. The total land area of the Project Area is approximately 571 acres, more or less.

The Project Area does qualify as a whole under the criteria for an Industrial Park Conservation Area TIF. The Project Area contains primarily industrial parcels and industrial zoned vacant land. This area also includes a few vacant and improved parcels on the west side of Orchard Road near Jericho Rd. As proposed, it will qualify as an "industrial park conservation area" TIF based on unemployment rates as provided in the Act.



Project Area Aerial Location Map



Project Area Zoning Map

IV. ELIGIBILITY FINDINGS – INDUSTRIAL PARK CONSERVATION AREA

The area east of Orchard Road contains primarily industrial development, and industrial zoned vacant land. As noted in the preceding definitions, qualification of the area as an "industrial park conservation area" is based on unemployment rates. As of **October 2013** (the most recent data available for Kane County), the following unemployment rates were reported by the U.S. Bureau of Labor Statistics (www.bls.gov).

2013 Unemployment Rate

	Kane County	Illinois	National
January	10.6	9.0	7.9
February	11.0	9.5	7.7
March	10.3	9.5	7.6
April	9.5	9.3	7.5
May	8.7	9.1	7.6
June	9.8	9.1	7.6
July	9.0	9.2	7.4
August	8.2	9.2	7.3
September	7.4	9.1	7.2
October	7.4	8.9	7.3
November	not avail	8.7	7.0
December	not avail	not avail	6.7

Based on the criteria set forth in the TIF Act, the Project Area qualifies as an "industrial park conservation area" based on the following facts:

- With a population of approximately 18,688 (U.S. Census Bureau, 2011), the U.S. Bureau of Labor Statistics does not provide a separate unemployment rate for the Village of Montgomery.
- Per the Act, in cases where a municipal unemployment rate is not available, the applicable county rate (in this case Kane County) is used to determine TIF eligibility.
- Montgomery, per the Act, is a "labor surplus municipality". The Kane County unemployment rate in October 2013 was 7.4%, which is higher than the minimum 6% outlined in the Act and 0.1% higher than the national unemployment rate.
- The majority of the property in the Project Area is industrial development or zoned for industrial use (see Zoning Map above). M-1 Limited Manufacturing District and M-2 General Manufacturing District are the primary zoning categories. This area contains predominantly industrial development and vacant land suitable for use as an industrial park, and includes within and is contiguous to an area eligible as a conservation area as documented in the following section – Eligibility Findings (Conservation Area).

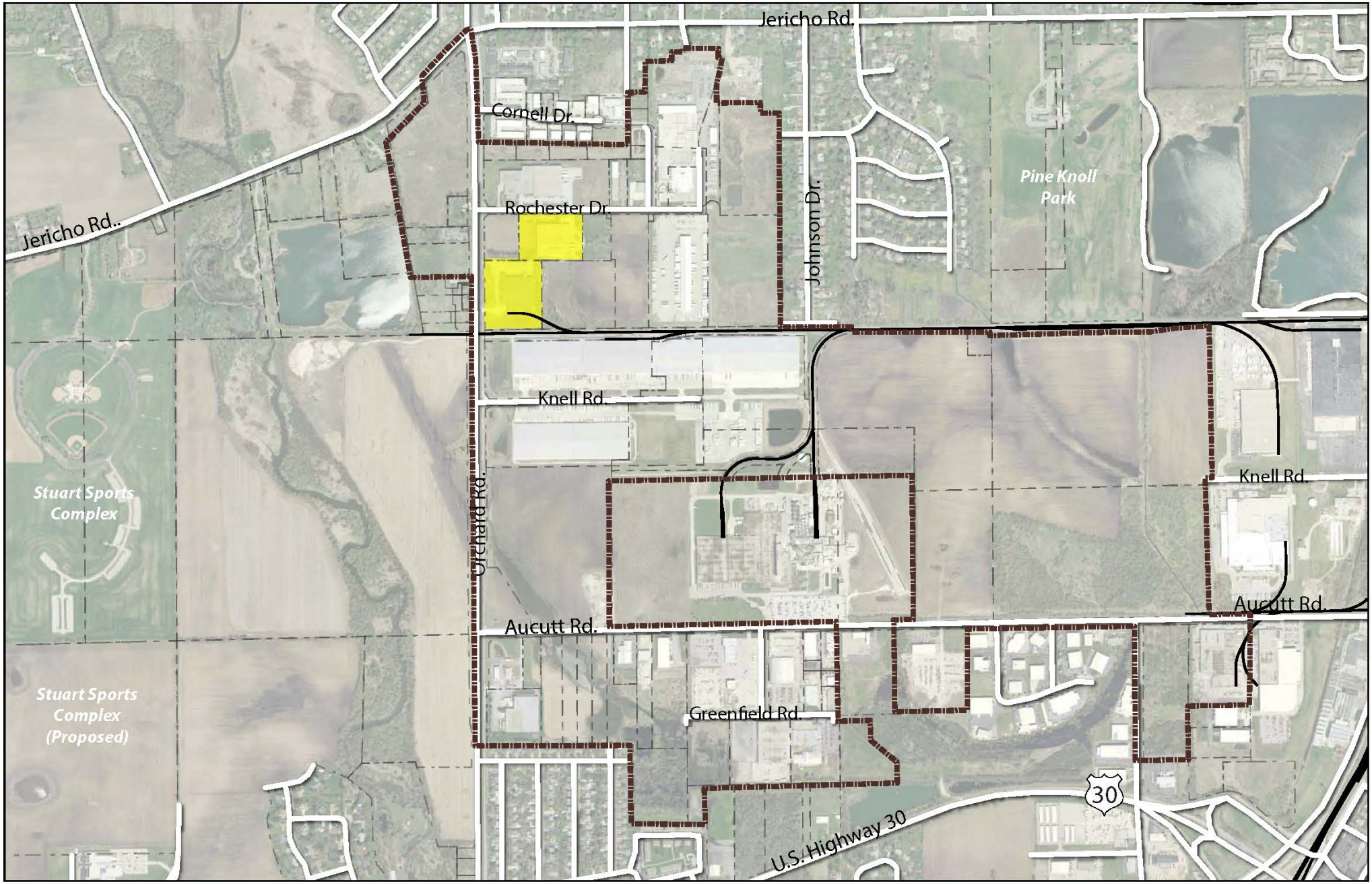
V. ELIGIBILITY FINDINGS – CONSERVATION AREA

As outlined in Section IV – Eligibility Findings (Industrial Park Conservation Area), in order for Project Area to qualify as an "industrial park conservation area", the area must have an unemployment rate higher than 6%, and exceed the national unemployment rate, as documented above. In addition, the area must include within and be contiguous to an area eligible as a "conservation area".

Teska Associates, Inc. conducted a field survey of every property within the Project Area. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each parcel. This survey originally occurred on October 16, 2012, and then again on September 23, 2013.

The area identified as an eligible conservation area within the industrial park conservation area contains two (2) parcels. Although a majority of the Project Area would also qualify as a conservation area, this smaller area was identified to demonstrate that such an area qualifies and to fulfill the requirements of the Act. This area meets the minimum 1.5 acres size requirement (12 acres), as well the following eligibility criteria:

i. Age of buildings;
ii. Deterioration of buildings and site improvements;
iii. Excessive vacancies;
iv. Inadequate utilities;
v. Decline or minimal marginal growth in EAV.



Conservation Area

Map prepared on 1.17.14 by Teska Associates, Inc.

Orchard Road TIF | Montgomery, IL.

Source: US Census Bureau, Village of Montgomery, IL.

□ = 100'

0 500' 1000' 2000' 4000'

NORTH

: Conservation Area

: TIF Boundary

: Parcels

: Roads

: Railroads

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A summary of the TIF qualifying factors for the required eligible "conservation area" within the "industrial park conservation area", as documented in the field survey, is outlined below:

1. Age of Buildings

   The characteristic of age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. As a rule, older structures typically exhibit more problems than structures constructed in later years because of longer periods of active usage (wear and tear) and the impact of time, temperature and moisture. Additionally, older structures tend not to be well suited for modern-day uses because of contemporary space and development standards.

   - Number of buildings = 2
   - Number of buildings over 35 years old = 2
     (building construction dates = 1920 and 1976)
   - 100% of buildings are over 35 years old

   At least 50% of the buildings within the designated conservation area are 35 years of age or older. The designated area is eligible for qualification under the "conservation area" criteria as outlined in the Act.

2. Dilapidation

   Section 5/11-74.4-3(a) of the Act defines "dilapidation" as:

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

   Dilapidation refers to an advanced state of disrepair of structures or improvements or the neglect of necessary repairs, causing the building or improvement to fall into a state of decay. At a minimum, dilapidated structures should be those with critical defects in primary structural components (roof, bearing walls, floor structure, and foundation), building systems (heating, ventilation, lighting, and plumbing), and secondary structural components in such combination and extent that major repair is required or, the defects are so serious and so extensive that the structures must be removed.

   None of the buildings (0%) within the designated conservation area can be classified as exhibiting dilapidation; therefore dilapidation within the designated conservation area is not present.

3. Obsolescence

Section 5/11-74.4-3(a) of the Act defines "obsolescence" as:

"The condition or process of falling into disuse. Structures have become ill-suited for the original use."

Structures are typically built for certain uses or purposes with design, location, height and space arrangement each intended for a specific occupancy at a given time. Structures are obsolete when they are designed for uses no longer desirable or consistent with current development trends; contain characteristics or deficiencies that limit the re-use and marketability of such structures for their original intended or contemporary purposes. These characteristics may include an inherent deficiency existing from poor or outdated design or layout, improper orientation of building on site, inability to accommodate contemporary amenities or facilities, etc., which detract from the overall usefulness or desirability of a property. Obsolescence in such structures is typically not easily corrected or economically feasible.

A significant distribution of obsolete buildings and/or site improvements must be present for qualification under the obsolescence factor. Based on information obtained to date, this factor is not present to a meaningful extent.

4. Deterioration

Section 5/11-74.4-3(a) of the Act defines "deterioration" as:

"With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces."

Deterioration of Structures

Structures in a state of deterioration exhibit defects which are not easily correctable in the course of normal maintenance. Such structures may be classified as deteriorating or in an advanced stage of deterioration, depending upon the degree or extent of defects. This would include structures with major defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and major defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.

Deterioration of Surface Improvements

The conditions of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas may also evidence deterioration through surface cracking, crumbling, potholes, depressions, flooding, loose paving materials, and weeds protruding through the surface. Broken and cracked sidewalks and deterioration of surface improvements occurs on individual properties, particularly in parking lots with degraded pavement and drainage systems.

- Total number of parcels = 2
- Number of parcels exhibiting site deterioration = 2 (100%)

- Total number of buildings = 2
- Number of buildings exhibiting deterioration = 1 (50%)

There are a significant percentage of buildings and site improvements exhibiting deterioration, and this deterioration is widely distributed throughout the entire TIF Project Area, as well as the designated conservation area. Specific examples of deterioration within the applicable designated conservation area include cracks and potholes in roadways, cracks in sidewalks and curbs and parking areas, defects in windows and doors/loading bay doors, gutters and downspouts bent and detached from buildings, etc. Building deterioration is evident primarily on the vacant building (1266 Orchard Road), and site deterioration is evident on both parcels. Therefore, the designated area does qualify for deterioration of buildings and site improvements.

5. Presence of Structures Below Minimum Code Standards

   Section 5/11-74.4-3(a) of the Act defines "presence of structures below minimum code standards" as:

   "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."

   The principal purposes of such codes are to require structures to be constructed in such a way as to sustain safety of loads expected from this type of occupancy, to be safe for occupancy against fire and similar hazards, and/or establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which presume to threaten health and safety.

   Based on information obtained to date, this factor is not present to a meaningful extent.

6. Illegal Use of Individual Structures

   Section 5/11-74.4-3(a) of the Act defines "illegal use of individual structures" as:

   "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."

   This factor applies to the use of structures in violation of applicable national, state, or local laws, exclusive of those applicable to the presence of structures below minimum code standards. Examples of illegal uses may include, but not be limited to the following:

   - Illegal home occupations;
   - Conduct of any illegal vice activities such as gambling, drug manufacture or dealing, prostitution, sale and/or consumption of alcohol by minors;
   - Uses not in conformance with local zoning codes and not previously grandfathered in as legal nonconforming uses;
   - Uses in violation of national, state or local environmental and occupational safety and health regulations;
   - Uses involving manufacture, sale, storage or use of dangerous explosives and firearms.

   Based on information obtained to date, this factor is not present to a meaningful extent.

7. Excessive Vacancies

Section 5/11-74.4-3(a) of the Act defines "excessive vacancies" as:

"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."

Establishing the presence of this factor requires the identification, documentation, and mapping of the presence of vacant structures and vacant portions of structures. Excessive vacancy refers to the presence of structures which are unoccupied or underutilized and which represent an adverse influence on the area because of the frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy or utilization and vacancies within structures.

- Total number of buildings = 2
- Vacant or partial vacant buildings = 1 (50%)

The designated area does qualify for excessive vacancies based on a significant distribution of vacant and partially vacant buildings.

8. Lack of Ventilation, Light, or Sanitary Facilities

Section 5/11-74.4-3(a) of the Act defines "lack of ventilation, light, or sanitary facilities" as:

"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 or inadequacy 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."

Many older structures fail to provide adequate ventilation, light or sanitary facilities as required by local building or housing codes. This is also a characteristic often found in illegal or improper building conversions. The criterion used for determining the presence of this factor can be found in local codes and ordinances, or in locally adopted national codes such as the Uniform Building Code, International Code Council, and the Model Housing Code of the American Public Health Association (APHA). Lack of ventilation, light, or sanitary facilities is presumed to adversely affect the health of building occupants, e.g., residents, employees, or visitors.

Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in spaces/rooms without windows, i.e., bathrooms, and dust, odor or smoke-producing activity areas;

- Adequate natural light and ventilation by means of skylights or windows for interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios;

- Adequate sanitary facilities, i.e., garbage storage/enclosure, bathroom facilities, hot water, and kitchens; and

- Adequate ingress and egress to and from all rooms and units.

Based on information obtained to date, this factor is not present to a meaningful extent.

9. Inadequate Utilities

Section 5/11-74.4-3(a) of the Act defines "inadequate utilities" as:

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

This factor relates to all underground and overhead utilities, including, but not limited to, storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electric service which may be shown to be inadequate. Inadequate utilities would include those which are: (1) of insufficient capacity to serve the uses in the redevelopment project and surrounding areas, (2) deteriorated, antiquated, obsolete, or are in disrepair or are lacking.

Documentation provided by EEI, Village Engineer, indicates that several public utility improvements will be necessary to adequately serve existing and new uses within the entire Project Area, both east and west of Orchard Road. Specifically, extensive stormwater improvements are necessary to reduce and eliminate flooding conditions associated with Blackberry Creek and the Montgomery overflow. Stormwater improvements include floodplain grading and wetland mitigation to improve storage capacity of the floodway, storm sewer improvements within the Montgomery overflow area, detention facility improvements to increase storage capacity, and off-site drainage improvements to improve the capacity of downstream flow, including larger storm sewers under Route 30 and new railroad bridges, will benefit all properties within the entire Project Area, both east and west of Orchard Road. Furthermore, several areas are lacking water service, particularly west of Orchard Road, and large vacant properties east of Orchard Road, including the relocation of existing water mains serving large vacant areas north of Aucutt Road. The list of all planned public improvements is provided below, and a map describing the general location of these improvements is attached as Exhibit A.

Project No.	Project Name
1	Floodplain Grading and Wetland Mitigation
2	Flood Plain Crossing at Knell Road
3	Utility Extensions Various Locations
4	Storm Sewer Improvements - Montgomery Overflow
5	Rochester Drive Intersection Improvements
6	Knell Road Intersection Improvements
7	Extension of Rochester Drive
8	Extension of Knell Road
9	Water Main Relocations
10	Detention Facility Improvements
11	Off Site Drainage Improvements
12	Bike Paths

Based on the extensive and widely distributed utility and infrastructure needs outlined above, throughout the entire Project Area as well as the designated conservation area, the designated area does qualify for inadequate utilities.

10. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

Section 5/11-74.4-3(a) of the Act defines "excessive land coverage and overcrowding of structures and community facilities" as:

"The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: 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 the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service."

This factor may be documented by showing all instances where building coverage is excessive. Zoning ordinances commonly contain standards for residential, commercial, and industrial properties which relate floor area to lot area. In residential districts a lower ratio is usually required. Excessive land coverage and overcrowding refers to the over-intensive use of property and the crowding of structures and accessory facilities onto a site. Problem conditions include structures either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and multiple structures on a single parcel.

The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby structures, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage and overcrowding conditions are presumed to have an adverse or blighting effect on nearby development. This characteristic is viewed relative to its urban context, common practice, and contemporary development standards.

Based on information obtained to date, this factor is not present to a meaningful extent.

11. Deleterious Land Use or layout

Section 5/11-74.4-3(a) of the Act defines "deleterious land use or layout" as:

"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."

Deleterious land uses include all instances of incompatible land-use relationships, structures occupied by inappropriate mixed-uses, or uses which may be considered noxious, offensive or environmentally unsuitable.

Most of the TIF study area is vacant, therefore only a few instances of industrial areas in close proximity to adjacent residential areas exist. The designated area does not qualify for deleterious land use or layout.

12. Lack of Community Planning

Section 5/11-74.4-3(a) of the Act defines "deleterious land use or layout" as:

"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."

Lack of community planning may be a significant factor if the proposed Project Area developed prior to or without the benefit or guidance of a community plan. This means that no community plan existed or it was considered inadequate, and/or was virtually ignored during the time of the area's development. This may be documented by establishing the date of adoption of the Village's master plan (or other plans which may be relevant) and determining whether the area developed before or after that date. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including cross-referencing other factors cited in the blight finding. This may include, but is not limited to, adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

The Village's first comprehensive plan was adopted in 2002. Of the 2 total buildings in the designated area, neither (0%) were developed subsequent to and in compliance with the adoption of the Village's first plan. However, although instances of varied, ill-regular configured properties, many of which are not adequately sized to support modern uses, the lack of adequate access to several parcels, the lack of adequate utilities and roads, and the age of many buildings further indicates that a large portion of the overall TIF area has been developed without the benefit of the adoption of a formal comprehensive plan, the designated conservation area is not significantly affected.

Therefore, the designated area does not qualify for lack of community planning.

13. Environmental Remediation Costs Impeding Development

Section 5/11-74.4-3(a) of the Act defines "environmental clean-up" as:

"The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by

State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area."

This factor may be documented by determining if any requirements by the Illinois Environmental Protection Agency (IEPA), the United States Environmental Protection Agency (EPA), or any study conducted by a recognized independent expert consultant has resulted in the need to incur remediation costs for a site that have resulted in impeding further site redevelopment. Such remediation costs may be related to the need for the clean-up of hazardous waste, hazardous substances, or underground storage tanks as required by State or Federal law.

Based on information obtained to date, this factor is not present to a meaningful extent.

14. Decline or Minimal Marginal Increase in the Equalized Assessed Value

Section 5/11-74.4-3(a) of the Act defines "decline or minimal marginal increase in the equalized assessed value" as:

"The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 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 3 of the last 5 calendar years for which information is available."

- Designated conservation area EAV decline = 2009, 2010 and 2011
- Designated conservation area growth less than the total Village (minus the designated conservation area parcels) = 2008, 2009, 2010 and 2011
- Designated conservation area growth less than CPI = 2009, 2010 and 2011

Designated Conservation Area EAV

2007	2008	2009	2010	2011	2012
$2,030,535	$2,190,740	$2,101,667	$1,372,714	$1,076,399	$1,127,701
	7.31%	-4.24%	-53.10%	-27.53%	4.55%
	no	yes	yes	yes	no

Total Village EAV (minus Designated Conservation Area)

2007	2008	2009	2010	2011	2012
$469,043,129	$506,126,864	$510,007,768	$468,874,064	$420,175,398	$387,083,168
	7.91%	0.77%	-8.07%	-10.39%	-7.88%
	yes	yes	yes	yes	no

Consumer Price Index (U.S. All Urban Consumers)

2007	2008	2009	2010	2011	2012
207.342	215.303	214.537	218.056	224.939	229.594
	3.84%	-0.36%	1.64%	3.16%	2.07%
	no	yes	yes	yes	no

The designated conservation area EAV has declined in 3 of the past 5 years, and therefore the designated conservation area does qualify for decline or minimal marginal increase in the equalized assessed value.

V. ELIGIBILITY SUMMARY

As outlined above, the Project Area does qualify for designation as an Industrial Park Conservation Area under the criteria set forth in the Act. The applicable qualifying eligibility factors for the Project Area include:

a. The Project Area contains primarily industrial developed and vacant land, as well as limited commercial zoned vacant property. The remainder of this area contains large vacant parcels currently zoned and suitable for industrial development. The Project Area contains 31 buildings on 79 parcels, and currently qualifies both as an "Industrial Park Conservation Area" due to the following factors, and therefore as a "blighted area."

b. The Village of Montgomery is a "labor surplus municipality" defined in the Act as a municipality which, at any time during the 6 months before the municipality by ordinance designates an Industrial Park Conservation Area, the unemployment rate was over 6% and was also 100% or more of the national average unemployment rate for that same time as published in the United States Department of Labor Bureau of Labor Statistics publication entitles "The Employment Situation" or its successor publication.

    1. The Kane County unemployment rate in October 2013 (the most recent available) was 7.4%, which is clearly higher than the minimum 6% outlined in the Act and 0.1% higher than the national unemployment rate (7.5%).

    2. In addition to unemployment rates, an "industrial park conservation area" also requires that the area must include within and be contiguous to an area eligible as a "conservation area". As detailed in this report, there is an eligible "conservation area" within the TIF Area, that qualifies under the following eligibility criteria:

        i. Age of buildings;
        ii. Deterioration of buildings and site improvements;
        iii. Excessive vacancies;
        iv. Inadequate utilities;
        v. Decline or minimal marginal growth in EAV.

In summary, the Project Area qualifies for designation as a "blighted area" under the Industrial Park Conservation Area criteria for a Tax Increment Financing District, based on high unemployment.

EXHIBIT A

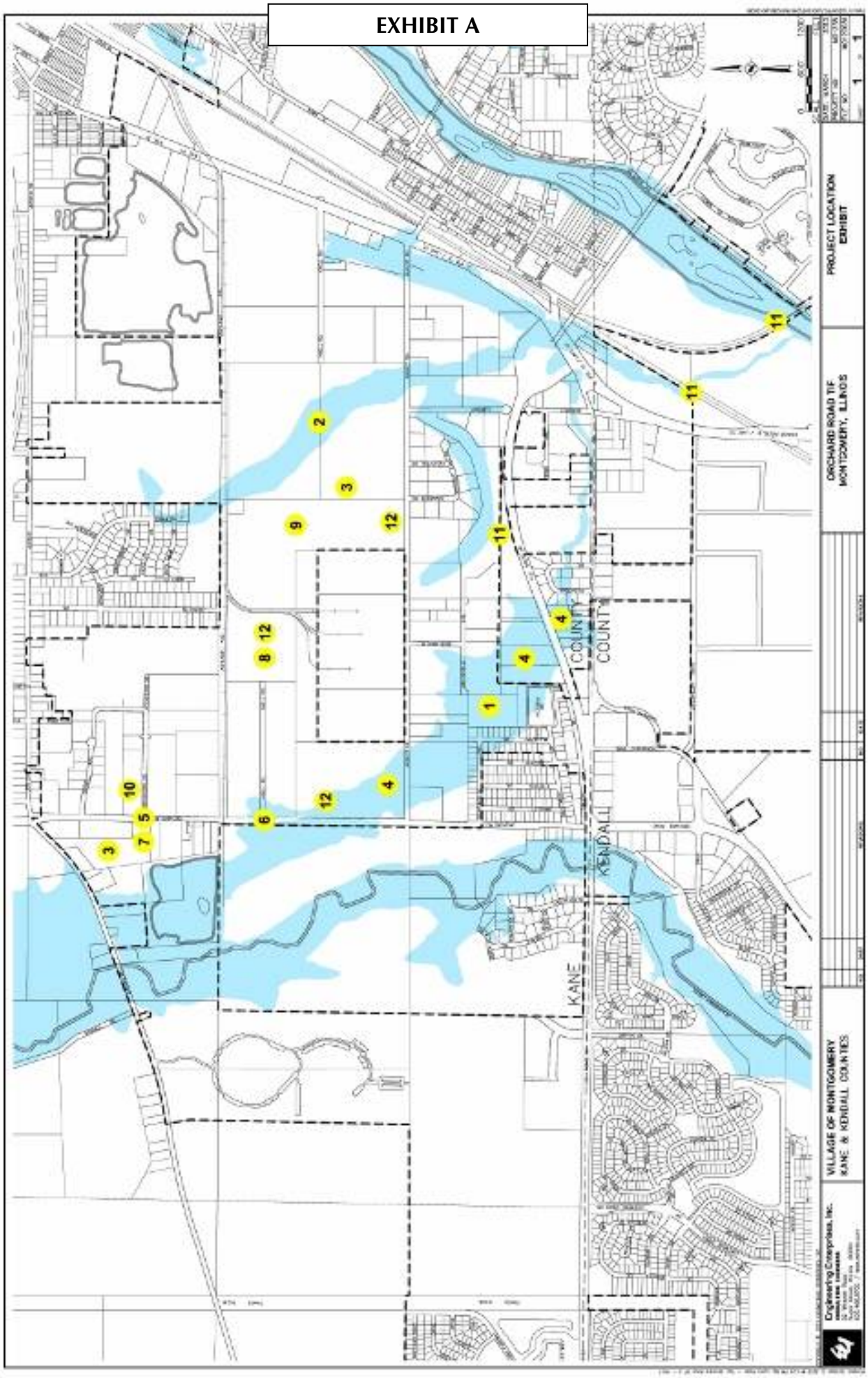
PROJECT LOCATION EXHIBIT
ORCHARD ROAD TIF
MONTGOMERY, ILLINOIS
VILLAGE OF MONTGOMERY
KANE & KENDALL COUNTIES
KANE
COUNTY
KENDALL
COUNTY
Engineering Enterprises, Inc.
consulting engineers
1
2
3
4
5
6
7
8
9
10
11
12

EXHIBIT B

PIN	2012 EAV
1425400039	$40,261
1425400040	$62,518
1425400041	$59,445
1425400044	$226,418
1530326029	$2,727
1530326030	$289,596
1530326031	$2,539
1530326051	$167,150
1530326052	$137,266
1530326056	$1,487,344
1530327008	$0
1530327009	$0
1530327010	$0
1530328005	$0
1530328006	$0
1530328007	$0
1530328008	$0
1530329002	$0
1530376002	$806,846
1530376003	$58,188
1530376004	$343
1530377001	$619,567
1530377002	$32,480
1530401011	$0
1530401023	$3,807
1530401024	$3,175
1530401025	$0

PIN	2012 EAV
1530401028	$0
1530401029	$0
1530401030	$0
1531100011	$44,824
1531100014	$146,269
1531100014	$146,269
1531100015	$2,681,194
1531100016	$6,476,979
1531100017	$8,996
1531200002	$0
1531200003	$0
1531200010	$26,625
1531200013	$2,057
1531200014	$8,529
1531200015	$9,998
1531200016	$31,118
1531200017	$34,265
1531200018	$192,553
1531200019	$3,026
1531200021	$103
1531200022	$9,437
1531200023	$17,413
1531326006	$388,526
1531326007	$100,854
1531326022	$1,571
1531326023	$268,793
1531326025	$880

PIN	2012 EAV
1531326027	$858
1531326029	$869
1531326032	$1,324,606
1531326036	$432,852
1531326037	$18,199
1531326038	$922
1531401013	$444,717
1531401017	$318,031
1531401018	$826,251
1531401025	$57,653
1531401027	$206,653
1531401028	$170,751
1531401029	$158,258
1531401030	$41,680
1531401034	$233,704
1531401035	$24,976
1531401036	$10,470
1531401037	$398,769
1531401039	$57,182
1531401040	$312,165
1532100008	$23,933
1532100009	$2,906
1532100010	$22,745
1532300039	$23,771
1532335001	$524,473

TOTAL **$20,237,343**