

CITY OF LEXINGTON

MEMORANDUM

DATE: August 25, 2011

TO: City of Lexington Taxpayers and Residents

FROM: City of Lexington

SUBJECT: Second Amendment to Lexington Tax Increment Financing (TIF) District

Dear Taxpayers and Residents:

As part of a long range planning process for community and economic development, the City of Lexington is proposing a Second Amendment to the Lexington Tax Increment Financing (TIF) District. A Notice of the Public Hearing, a brief Summary of the proposed Second Amendment to the Redevelopment Plan, and a Boundary Map and Legal Description of the Amended Redevelopment Project Area are enclosed. Please note the following:

- A TIF District **does not** create a new taxing district.
- A TIF District **does not** create a new tax, or change the tax rates. Residing within a TIF District does not raise or lower the amount of real estate taxes you pay.
- **The creation or amendment of a TIF District will not cause an increase in your property taxes.** Only an increase in your property's assessed valuation or an overall increase in tax rates affect the amount of real estate tax you are billed each year.
- On August 8, 2011, the Mayor and City Council approved an Ordinance establishing the time and place for a Public Hearing to be held at **7:00 p.m. Central Daylight Saving Time on Tuesday, October 4, 2011**, at the Lexington City Hall, 329 West Main Street, Lexington, Illinois.
- As a person in whose name the general taxes for the last preceding year were paid on one or more lot, block, tract, or parcel of land lying within the project redevelopment area or a resident of the area, the City of Lexington cordially invites you to attend the Public Hearing to learn more about the proposed Second Amendment to the City's Redevelopment Project Area, Plan and Projects.

City of Lexington
Mayor John Mohr

2600 North Rd

Areas to Be Amended Into Lexington TIF District

= Parker Kemp

Roselands Inc.

Rose-lands Inc.

Edwin Kemp Trust

Edwin Kemp Trust

Hansen Family Trust

William Freed Trust

D. Vandolah / Chuck Wright

Charles Wilder

James E. Mohr

Illinois Central Railroad

2350 East Rd

2550 East Rd

2555 North Rd

23

2450 East Rd

Isabella Dr

Oak St

Elm St

South St

2500 North Rd

P-J Keller

Killian Dr

Spartan St

Main St

2450 North Rd

08

Pelzer Dr

West St

Pleasant Hill Rd

2600 East Rd

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NOTICE OF PUBLIC HEARING
CITY OF LEXINGTON, ILLINOIS
SECOND AMENDMENT TO THE
LEXINGTON TAX INCREMENT FINANCING DISTRICT

The City of Lexington, McLean County, Illinois, an Illinois Municipal Corporation, hereby gives Notice of a Public Hearing to be held at 7:00 p.m., Central Daylight Saving Time on Tuesday, October 4, 2011, at the Lexington City Hall, 329 West Main Street, Lexington, Illinois, to consider its proposed Second Amendment to the Lexington Tax Increment Financing District Redevelopment Project Area, Plan and Projects.

All interested persons, including all taxing districts of which taxable property is included in the Area and the Illinois Department of Commerce and Economic Opportunity (DCEO), will be given an opportunity to be heard at said Public Hearing and to file with the City Clerk written comments, prior to the date of the Hearing, to the City at the following address:

City of Lexington
City Clerk
329 W. Main Street
Lexington, Illinois 61753

Amended Redevelopment Project Area:

A Proposed Boundary Map and Legal Description of the Amended Redevelopment Project Area is enclosed.

Second Amendment to the Redevelopment Plan and Projects:

A Summary of the Second Amendment to the Redevelopment Plan and Projects is enclosed.

The Amended Redevelopment Plan and Projects complies with the provisions of the "Tax Increment Allocation Redevelopment Act".

A copy of the proposed Second Amendment to the Redevelopment Plan and Projects is available at the Lexington City Hall, 329 West Main Street, Lexington, Illinois, for examination during regular office hours. City office hours are Monday through Friday, 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:30 p.m.

For further information, please feel free to contact Mayor John Mohr at (309) 365-3331.

Melanie Kunkel
City Clerk

CITY OF LEXINGTON, ILLINOIS
SUMMARY OF PROPOSED SECOND AMENDMENT TO THE
LEXINGTON TAX INCREMENT FINANCING DISTRICT
REDEVELOPMENT PROJECT AREA, PLAN & PROJECTS

Proposed Amendment to Redevelopment Project Area, Plan and Projects

The City of Lexington proposes to amend the Lexington Tax Increment Financing (TIF) District Redevelopment Project Area (the "Area"), Redevelopment Plan and Projects (the "Plan"). Since the adoption of the TIF I Plan in 1996, the City of Lexington (the "City") has made significant commitments of time and money to address several of its goals and to encourage conservation and redevelopment of the TIF District Redevelopment Project Area. The proposed Second Amendment to the Lexington TIF District will enable the City to make additional public improvements to further enhance redevelopment of the Area as Amended.

The overall purpose of the Second Amendment to Lexington TIF District I is to: (1) include additional tracts of land in the Redevelopment Project Area for anticipated future public and private projects and a new sewage treatment plant; (2) extend the terms of the Redevelopment Plan and estimated Redevelopment Project Costs and itemize the estimated Redevelopment Project Costs; (3) add public and private project costs to the original Redevelopment Plan and Projects which are anticipated to be incurred during the extended life of the TIF District; and (4) ratify, confirm and incorporate all private redevelopment agreements, public projects, intergovernmental agreements, administrative costs and other eligible redevelopment projects and costs into the TIF Plan and Projects.

The Second Amendment proposes to add additional tracts of land for anticipated future private projects, public infrastructure extensions and improvements, and a new sewage treatment plant. The Areas to be added to the TIF District include thirty-six (36) vacant and improved parcels, 100% of which qualify as a combination of blighted and conservation areas, as defined in the TIF Act. Evidence of a lag in Equalized Assessed Valuation (EAV) growth is apparent for the parcels to be added to the TIF District and has been documented pursuant to data made available by the McLean County Assessment Office.

Pursuant to the Tax Increment Allocation Redevelopment Act (the "Act"), the Amended Redevelopment Project Area includes only those contiguous parcels of real property and improvements thereon which would be substantially benefitted by a redevelopment project. The Area as Amended remains larger in the aggregate than 1½ acres.

Lexington TIF District I was extended for an additional twelve (12) years beyond the original date of termination until tax year 2031, payable 2032, as authorized by the Illinois Legislature and the Governor of Illinois on May 31, 2003 and approved by City Ordinance on September 12, 2005. Consequently, the Second Amendment to the Lexington TIF District includes additional public and private project costs anticipated to be incurred during the extended life of the TIF District. The proposed Second Amendment also includes public and private project costs included in the original TIF Redevelopment Plan after adjusting for annual inflation, plus 5%, as permitted by Section 74.4-5(c) of the Act.

The proposed Second Amendment to Lexington TIF District I does not substantially affect the general land uses proposed in the original Redevelopment Plan; substantially change the nature of the Redevelopment Projects; or result in the displacement of residents from ten or more inhabited residential units in the Area, as measured from the time the original Redevelopment Project Area was established.

Long Term Goals and Objectives

The Redevelopment Project Area as Amended will require improvements throughout the extended life of the Lexington TIF District I Redevelopment Plan. The City expects that the implementation of the public projects provided for in the Second Amendment to the TIF Area and Plan will help address current needs and attract new private investment within the Redevelopment Project Area as Amended. The Second Amendment will allow the City

to alleviate and/or remove blighted conditions which currently exist within the Area.

The Lexington TIF District Redevelopment Plan as Amended is expected to include, but is not limited to, the following general long-term goals and objectives:

1. To extend and maintain public infrastructure and complete public improvements within the City, including extending and replacing storm and sanitary sewer lines, storm drains and public facilities and improve the City's ability to provide public services.
2. To expand the capacity of the existing sewage treatment plant.
3. To encourage new commercial/retail, residential and light industrial development within the Redevelopment Project Area as amended.
4. To further preserve the existing commercial/retail, residential and light industrial redevelopment occurring within the existing Lexington TIF District I.
5. To diversify employment and further promote the stabilization and growth of the existing employment base by encouraging redevelopment projects within the Area.
6. To reimburse all TIF-related professional fees, City staff and other related public costs.
7. To provide community beautification enhancements throughout the Lexington TIF I Redevelopment Project Area and improve the quality of life for the community.

Description of Tax Increment Financing

A TIF District establishes a geographic boundary (a redevelopment project area) in which new private investment is encouraged. A municipality may also issue obligations to finance improvements that will enable the redevelopment of deteriorated, blighted, or other key conservation areas within its corporate limits. By making public improvements, the municipality may invite new private investment so that the expected increase in property tax revenues can be captured, temporarily, to amortize the public improvements. A municipality may also choose to use TIF funds on a *pay-as-you-go* basis whereby revenue is spent as it is collected. In either case, it is expected that new investment in a designated redevelopment area will stimulate a resurgence of population, employment, and assessed valuation throughout the entire community.

It should be noted that TIF **DOES NOT** raise property taxes and it **IS NOT** a new tax or a new taxing district. Only an increased assessment or an overall increase in tax rates can raise taxes. TIF is merely used to reallocate increased property tax revenues created by increased assessed valuation that is realized after a TIF District is established. A TIF District may last for 23 years or 35 years, if extended by Act of the Illinois General Assembly. The Area as Amended will be limited in time pursuant to the legislative extension of TIF District I. With Tax Increment Financing, a property tax base is preserved during the life of the TIF District that will continue to pay for the basic public services the proposed redevelopment area already receives. New incremental property tax revenue in the City of Lexington will be used to help pay for the infrastructure necessary for stimulating additional private-sector investment.

misleading

In 1977, the Illinois Legislature passed the "Tax Increment Allocation Redevelopment Act", (TIF Act) now recorded as 65 ILCS 5/11-74.4 *et. seq.* The TIF Act recognizes that in many municipalities of the State, blighted areas and conservation areas exist which need to be developed or redeveloped to eliminate those conditions or prevent them from occurring. The Act further declares that prevention or eradication of these conditions by private and public redevelopment projects is essential to the public interest. In *City of Canton v. Crouch*, 79 Ill. 2d 356 (1980) the Illinois Supreme Court, approving the use of TIF, stated: "*Stimulation of economic growth and removal of economic stagnation are also objectives which enhance the public [good].*"

Specific inquiries about the Second Amendment to the Lexington TIF District should be directed to: Mayor John Mohr, City of Lexington, 329 West Main Street, Lexington, Illinois 61753 (Ph: 309-365-3331).

LEXINGTON TIF DISTRICT I SECOND AMENDMENT

PROPOSED LEGAL DESCRIPTION AS AMENDED

Parts of Sections 1 and 12 in Township 25 North, Range 3 East of the Third Principal Meridian, McLean County, Illinois and parts of Sections 5, 6, 7 and 8 in Township 25 North, Range 4 East of the Third Principal Meridian, McLean County, Illinois described as follows:

Beginning at the center of said Section 7 being the intersection of the West Line of Spencer Street with the South Line of South Street in Fell's Second Addition to Lexington, Illinois. From said Point of Beginning, thence Southwest along the West Line of Spencer Street to the Northeast Corner of a tract described as the South 65 feet of Lot 3 and Lot 4 in Claudon's 1st Addition to the City of Lexington; thence northwest along said tract to the Northwest Corner of said tract; thence Southwest along the West Line of said tract to the Southwest Corner of said Lot 4; thence West along the North Line of Lot 37 in Meadow Ridge Subdivision 2nd Addition in the City of Lexington; thence Southwest to the South Right-of-Way of Anvil Drive; thence Southeast along said South Right-of-Way to the Northeast Corner of Lot 1 of Claudon's Resubdivision of Part of Claudon's 6th Addition to the City of Lexington; thence Northeast to the West Right-of-Way Line of Spencer Street; thence Southeast to the East Right-of-Way Line of Grove Street; thence Northeast along said East Right-of-Way to the South Right-of-Way Line of South Street; thence Southeast 128.34 feet; thence Northeast 123.31 feet to the South Right-of-Way Line of South Street; thence East along said South Right-of-Way to the Southeast Right-of-Way Line of the C. M. & W. Railroad; thence Northeast along said Southeast Right-of-Way to the South Right-of-Way Line of Chestnut Street in Fell's Addition to Lexington, Illinois; thence East along said South Right-of-Way to the East Right-of-Way Line of Oak Street in the Original Town of Lexington; thence North along said East Right-of-Way to the South Right-of-Way Line of Bowery Street in the Northern Addition to Lexington; thence East along said South Right-of-Way to the Southeast Corner of Lots 8 & 9 of John J Kemp Estates Subdivision in Lexington; thence North along the East Line of said Lots 8 & 9 to the Northeast Corner of said Lots 8 & 9; thence West to the West Line of Lots 4 & 5 Kemp Estates Subdivision in the City of Lexington; thence North 2,737.63 feet, more or less; thence Southwest 525.06 feet, more or less to the East Line of the C. M. & W. Railroad; thence Southwest along said East Line to the West Right-of-Way Line of Orange Street; thence South along said West Right-of-Way to the Northeast Corner of Lot 10 in Northpark Subdivision in the City of Lexington; thence West along the North Line of said Lot 10 and the South Lines Lots 12 through 20 in Northpark Subdivision, inclusive, to the Southwest Corner of said Lot 20; thence North along the West Line of said Lot 20, the West Line of Kenneth Drive in said Northpark Subdivision and the West Lines of Lots 57 through 67, inclusive, in the First Addition to Northpark Subdivision in the City of Lexington, to the Northwest Corner of said Lot 67 being a point on the Southeast Right-of-Way Line of said C. M. & W. Railroad; thence Southwesterly along the Southeast Right-of-Way Line of said C. M. & W. Railroad to a point being 1,753.4 feet southeast of the Northwest Corner of the Southwest Quarter of Section 5; thence Northwest to the East Line of U.S. Route 66; thence Southwest along the East Line of U.S. Route 66 to a point lying 65 feet, more or less, North of the Northwest Corner of Lot 1 of Section 7; thence South 65 feet, more or less, to the Northwest Corner of said Lot 1; thence East to the Northeast Corner of said Lot 1; thence North, East, North, Northeast, Southeast, South, East and South along the South Line of Lot 3 of Scrogin Estates Subdivision to the South Right-of-Way Line of Parade Road; thence Northeast along said South Right-of-Way to the South Right-of-Way Line of Bowery Street; thence East to the West Right-of-Way Line of Center Street; thence South along said West Right-of-Way to the North Right-of-Way

Line of Walnut Street; thence West along said North Right-of-Way to the East Right-of-Way Line of Grove Street; thence North along said East Right-of-Way to the South Right-of-Way of U.S. Route 66; thence West to the North Right-of-Way Line of North Street; thence West along said North Right-of-Way to the East Right-of-Way Line of Spencer Street; thence North along said East Right-of-Way to the Easterly Extension of the North Line of Lot 4 in the Subdivision of Lot 1 in the Northwest Quarter of said Section 7; thence West along said Easterly Extension and the North Line of said Lot 4 and the Westerly Extension of the North Line of said Lot 4 to the West Line of Lot 3 in Wick's Subdivision of part of said Sections 6 and 7, said West Line also being the East Line of Lot 2 in the Subdivision of Lot 9 in the Subdivision of the Northwest Quarter of said Section 7; thence South along the East Line of said Lot 2 to a point lying 600 feet south of the Northeast Corner thereof; thence Northwest to a point on the West Line of the East 2.10 acres off Lot 1 in Van Dolah's Subdivision of part of said Section 7 lying 630 feet South of the North Line of Lot 1 in said Van Dolah's Subdivision; thence North along the West Line of said East 2.10 acres to a point lying 500 feet normally distant South of the North Line of Lot 1 in said Van Dolah's Subdivision; thence North to the Northeast Corner of a tract described as 33 1/3 acres of the entire West side of Lot 2 in the Southwest Quarter of Section 6 and 62 hundredths of an acre off the entire West side of the East Half of the West 66 1/2 acres of Lot 2 in the Southwest Quarter of Section 6; thence West 2,031.58 feet, more or less, to the Northwest Corner of said tract; thence South to the North Right-of-Way Line of F.A.I. Route 55; thence South along said North Right-of-Way to the Easterly Extension of a Line parallel to the North Line of Lot 1 in Van Dolah's Subdivision; thence West along said Easterly Extension to the West Line of Lot 1 in the Subdivision of Sections 1 and 12; thence South along said West Line of Lot 1 and the West Line of Lot 2 in said Subdivision of Sections 1 and 12 to the North Line of Highpoint Hill Subdivision in the Northeast Quarter of said Section 12; thence West along the North Line of said Highpoint Hill Subdivision to the West Line of said Highpoint Hill Subdivision; thence South along the West Line of said Highpoint Hill Subdivision and the Southerly Extension thereof to the South Right-of-Way Line of F.A.S. Route 473, Section 1G (known as McLean County Highway 8); thence Southeasterly, North and Southwesterly along said South Right-of-Way Line of County Highway 8, as shown on the Right-of-Way Plat for said F.A.I. Route 55, Section 57-2, to a point lying 150 feet right of Station 42+35 on the Survey Centerline for said County Highway 8; thence Southeasterly to a point lying 160 feet right of Station 58+00 on said Centerline; thence Southeasterly along the South Right-of-Way Line of said County Highway 8 as shown on said F.A.I. Route 55 Right-of-Way Plat to the West Line of Lot 1 in Claudon's Fourth Addition in the Northwest Quarter of said Section 7; thence South along the West Line of Lot 1 in said Claudon's Fourth Addition and the West Line of Lot 2 in Van Dolah Heir's Subdivision to the South Line of said Lot 2; thence East along the South Line of said Lot 2; thence North, East and North along the East Line of said Lot 2 in Van Dolah Heir's Subdivision and the East Line of Lot 3 in Claudon's Fourth Addition to the South Right-of-Way Line of County Highway 8; thence Southeast along said South Right-of-Way to the West Line of a parcel of land conveyed by Document No. 85-16589; thence South, East and South along the West Lines of parcels of land conveyed by said Document No. 85-16589 and Document No. 93-30829 to the South Line of said parcel conveyed by Document No. 93-30829; thence east along the South Line of said parcel conveyed by Document No. 93-30829 to the East Line of the Northwest Quarter of said Section 7; thence South along the East Line of the Northwest Quarter of Section 7 to the Point of Beginning.