
**CITY OF St. CHARLES
PHEASANT RUN TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROJECT**

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The City of St. Charles, Illinois

August, 2022

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I. INTRODUCTION

The City of St. Charles (the “City”) is a home rule municipality located approximately thirty-five (35) miles west of Chicago and straddles both Kane and DuPage Counties. The City lies adjacent to the municipalities of Wayne to the north, West Chicago to the east, Geneva to the south, and Campton Hills to the west. St. Charles has three commercial centers and numerous residential neighborhoods surrounding them. The City is situated approximately equidistant to the major arterials I-88, I-90, and I-355, and is bisected by IL Route 64 (North Avenue/Main Street) St. Charles is located approximately 36 miles from Chicago O’Hare International Airport. The City is served by the Metra rail service station (Union Pacific West commuter line) located in neighboring Geneva.

The City was founded under the name “Charleston” in 1834 and later incorporated as “St. Charles” in 1839. The City has a population of almost 33,000 according to the Census in 2020. The City continues to focus attention on redevelopment that can maintain and increase the local tax base and non-residential revenues (including sales taxes) for the community. The City currently utilizes its Comprehensive Plan, adopted in 2013 (“Comprehensive Plan”) to guide the City’s economic development efforts. The Comprehensive Plan sets forth long-range recommendations for the future growth and development within the community and for the maintenance of and enhancement to the existing image and character of the City.

Among “Commercial and Office Area” goals within the Comprehensive Plan are: “Develop attractive and highly functional retail and commercial areas that are market responsive, create a diverse tax base, and serve the needs of the city’s residents, and in some areas, a larger regional market.”, and “Enhance the economic viability, productivity, appearance, and function of the City’s commercial corridors, including Randall Road, Main Street, Lincoln Highway, and Kirk Road. The Comprehensive Plan’s “Economic Development” goals include: “Prioritize improvements to existing areas and developments including adaptive reuse and redevelopment” Pursuant to this goal, one of its objectives is to “. . . consider using incentives such as Tax Increment Financing as a means of fostering redevelopment in Downtown, the Charlestown Mall site, and other areas of the City identified as priority investment locations.” In addition, the Comprehensive Plan’s goals include “Continue to support a diversified light industrial /business park/commercial service economic base that provides employment opportunities within the community.”

Source: Comprehensive Plan

The City intends to encourage retail, commercial, and industrial uses to locate, upgrade, or expand and/or modernize their facilities within the City as part of its ongoing economic development planning. In pursuing these uses, a necessary strategy for the City will be to eliminate certain existing adverse conditions within some portions of the community, and to find new means to preserve and strengthen the City’s tax base.

The area discussed in this Pheasant Run Redevelopment Plan and Project (the “**Plan**” or the “**Redevelopment Plan and Project**”) is the proposed Pheasant Run Project Area (the “**Redevelopment Project Area**”, the “**RPA**” or the “**TIF District**”). The RPA consists primarily

of the former Pheasant Run Resort and Golf Course properties located along the south side Main Street (North Avenue/IL Route 64) between Keil Road to the east and Kautz Road to the west. The RPA includes five (5) tax parcels. A boundary map of the RPA is attached as Exhibit A. The RPA is legally described in Exhibit B.

A significant proportion of the Pheasant Run buildings was completely destroyed by fire in May 2022 (the Fire”). This fire exacerbated already existing building and site improvement conditions within the RPA that contributed to the emergence of certain qualification factors as defined by the Tax Increment Allocation Redevelopment Act of Chapter 65 ILCS Section 5/11-74.4 *et seq.*, as amended (the “**TIF Act**” or the “**Act**”) such as obsolescence, excessive vacancies, deterioration, dilapidation, code violations, inadequate utilities. In addition, the EAV of the RPA has lagged behind the EAV for the rest of the City for three (3) of the last five (5) years.

On balance, the combination of factors described above, now aggravated the Fire, may not only inhibit potential for private reinvestment within and around the RPA but may also serve to provoke further economic decline of RPA and areas adjacent thereto. This is because these conditions negatively impact the possibility for coordinated and substantial private sector reinvestment in the overall RPA. Without the use of City planning and economic development resources to address certain issues, potential redevelopment activities are not likely to be economically feasible. These factors potentially weaken the likelihood for redevelopment opportunities, limiting employment and contributing to a lack of future investment in the area. To address these conditions the City seeks to adopt the Pheasant Run TIF, in order to enhance future opportunities for viable redevelopment.

Coordinated redevelopment efforts by the City using the TIF Act, will put the City in a better position to take advantage of redevelopment opportunities that meet new market conditions and trends. Accordingly, under this Redevelopment Plan and Project, and as part of its comprehensive economic development planning, the City intends to attract and encourage retail, commercial, light industrial/warehouse developers and tenants to locate, upgrade, expand and/or modernize their facilities within the City. Through the establishment of the RPA, the City will implement a program to redevelop RPA; in so doing, it intends to stabilize the area, extend benefits to the entire community, and assist affected taxing districts over the long term.

A. The Redevelopment Plan

The City recognizes the need for implementation of a strategy to reposition and revitalize existing properties within the boundaries of the RPA, as well as to stimulate and enhance redevelopment. The permanent closure of the Pheasant Run Resort and Golf Course, along with the resort's physical demise and partial destruction by the Fire, and the resulting impacts in this strategically critical area of the City, especially in light of the decline of the Charlestowne Mall across the street, requires the City to be proactive in encouraging its redevelopment. The City's ability to respond to marketplace demands is a key component of the City's strategy to promote private redevelopment within key parts of the City. The RPA will likely attract the necessary private investment only if tax increment financing (TIF) is adopted pursuant to the TIF Act. Incremental property tax revenue generated by the redevelopment will play a decisive role in encouraging private redevelopment. Existing conditions, such as those associated with properties and site improvements located within the RPA, that may have precluded intensive private reinvestment in the past, will be eliminated. Ultimately, the implementation of the Redevelopment Plan and Project detailed herein will benefit the City and all the associated taxing districts, in the form of a stabilized and significantly expanded tax base.

The designation of the area as a Redevelopment Project Area will allow the City to address deficiencies within the RPA, by taking the following steps:

- Establishing a pattern of up-to-date retail, commercial, and light industrial/warehouse land-uses that will increase valuation and address evolving market trends, especially as such uses complement adjacent uses;
- Providing efficient vehicular access and connections to regional transportation networks
- Entering into redevelopment agreements in order to facilitate and guide the redevelopment and adaptive re-use of underutilized and obsolete properties;
- Improving area appearance through removal, reconstruction, and renovation of obsolete structures and deleterious conditions, and undertaking state-of-the-art industry landscape, streetscape and signage programs;
- Coordinating land assembly to provide sites for more modern redevelopment plans; and
- Providing infrastructure that is adequate in relation to redevelopment plans.

The area, on the whole, would not reasonably be anticipated to be redeveloped in a coordinated manner without the adoption of this Redevelopment Plan and Project. The City has prepared the Redevelopment Plan and Project to utilize tax increment financing to address area needs and to meet the City's redevelopment goals and objectives.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the RPA. By means of public investment, the City will strengthen the RPA, thus setting the stage for attracting private capital for redevelopment. This, in turn, will lead to the retention, expansion and attraction of commercial, retail and mixed residential use development into the City in general, and the RPA in particular.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements, thereon, substantially benefited by the redevelopment project. Also pursuant to the Act, the area is not less in the aggregate than 1½ acres.

Through this Redevelopment Plan and Project, the City will serve as the central force for marshaling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts, which encompass the RPA in the form of a stabilized and expanded tax base, the retention of existing businesses, and the creation of new businesses and employment opportunities within the City, because of induced private sector investment within the area.

B. Summary

The City, through legislative actions as required by the Act, finds:

- That the RPA, as a whole, has not been subject to growth and development through investment by private enterprise.
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of the RPA must be undertaken;
- To alleviate the adverse conditions, it is necessary to encourage private reinvestment and stabilize and enhance the tax base in the RPA for the benefit of the taxing districts through redevelopment of the RPA;
- That public/private partnerships are determined to be necessary in order to achieve development goals;
- That the Redevelopment Plan and Project conforms to the City's Comprehensive Plan (2013);

- That without the development focus and resources provided for under the Act, and as set forth in this Plan, redevelopment and growth is not reasonably expected to be achieved; and
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing districts because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

It is further found, and certified by the City, in connection with the process required for the adoption of this Plan pursuant to the Act, that the projected redevelopment of the RPA will not result in the displacement of ten (10) inhabited residential units or more, and that the RPA contains less than seventy-five (75) inhabited residential units. Therefore, this Plan does not include a Housing Impact Study as would otherwise be required.

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA. Redevelopment of the RPA area is tenable only if a portion of the improvements and other costs are funded by TIF.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Exhibit B.

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's Comprehensive Plan, which is considered the City's comprehensive planning process, and other relevant planning efforts (any amendments thereto).

The RPA, as redeveloped, is expected to achieve a balance of commercial and light industrial redevelopment that is responsive to market trends. A large, obsolete and deteriorating former resort and golf course, located along a key commercial corridor, will be adaptively repositioned to thrive in ever evolving economic climate. It will be redeveloped in a manner consistent with current market development trends and surrounding land uses.

Lacking specific direction in relation to market changes, redevelopment in the RPA is currently stalled. The RPA will provide better guidance for future development and improve coordination between the City, developers, investors, and business owners.

A. General Goals of the City

- 1) Develop attractive and highly functional retail and commercial areas that are market responsive, create a diverse tax base, and serve the needs of the city's residents, and in some areas, a larger regional market.
- 2) Enhance the economic viability, productivity, appearance, and function of the City's commercial corridors, including Main Street (North Avenue/IL Route 64).
- 3) Continue to support a diversified light industrial/business park, commercial service economic base that provides employment opportunities within the community.
- 4) Prioritize improvements to existing areas and developments including adaptive reuse and redevelopment.
- 5) Maintain high quality, environmentally friendly, and efficient infrastructure systems and networks through regular investment and maintenance to meet the changing needs of the City today and in the future

B. Specific Objectives for the RPA

- 1) Maintain a range of retail and service activities throughout the City.
- 2) Build upon the existing commercial zoning district structure to design and designate more specific functional roles for the various commercial areas with their the City distinguished by developments with local, community, and/or regional service markets

- 3) Continue to evaluate the costs and benefits of using incentives and other techniques to initiate redevelopment of key opportunity sites
- 4) Initiate programs to encourage the improvement and rehabilitation of older commercial buildings and areas which are, or are becoming, functionally obsolete, including improvements to infrastructure, technology, functionality, access, and operational footprints.
- 5) Promote a healthy and mutually reinforcing mix of commercial, retail, and service uses along key corridors within the City, including Main Street (North Avenue/IL Route 64)
- 6) Utilize a “character node” approach by requiring high quality development along Randall Road and Main Street (North Avenue/IL Route 64) at key intersections with other arterial or collector streets that serve as the “front door” into the primary commercial areas.
- 7) Establish design and improvement standards for commercial areas to guide the scale, appearance, orientation, and overall character of new development.
- 8) Require all industrial development to meet specific applicable performance standards for noise, air, odor, and any other forms of environmental pollution
- 9) Utilize appropriate setbacks, screening, buffering, and site design to minimize the negative impacts of industrial uses on adjacent areas, such as noise, vibration, air pollutants, odor, truck traffic, large shadows, etc
- 10) Build on and continue to implement the 2007 Economic Development Plan as a for strengthening retail, retail, service, and industrial uses throughout St. Charles.
- 11) Where appropriate, consider using incentives such as Tax Increment Financing as a means of fostering redevelopment in Downtown, the Charlestowne Mall site, and other areas of the City identified as priority investment locations.
- 12) Renovate or redevelop aging commercial areas in order to maximize their contribution to the City’s tax base.

C. Redevelopment Objectives

The purpose of the RPA designation will allow the City to:

- 1) Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal and to conform to City planning efforts;
- 2) Reduce or eliminate the negative factors present within the area;
- 3) Accomplish redevelopment over a reasonable time period;
- 4) Provide for high quality public improvement projects within the RPA; and
- 5) Provide for an attractive overall appearance of the area.

The implementation of the Redevelopment Plan and Project will serve to improve the overall quality of life within the RPA and contribute to the economic development of the City as a whole.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH WITHIN THE RPA AND ASSESSMENT OF FISCAL IMPACT ON AFFECTED TAXING DISTRICTS

A. Evidence of the Lack of Development and Growth Within the RPA

As documented in Exhibit C of this Plan, the RPA would qualify as a “blighted improved” area. Properties within the RPA would not likely experience coordinated redevelopment without the designation of the RPA.

The proposed RPA exhibits various conditions which, if not addressed by the City, would eventually worsen. For example, structures and site improvements within the RPA reflect obsolescence, excessive vacancies, deterioration, dilapidation, code violations, inadequate utilities, lag in EAV, deleterious land use, and lack of ventilation, light or sanitary facilities. These various conditions discourage private sector investment in business enterprises or in redevelopment sites.

B. Assessment of Fiscal Impact on Affected Taxing Districts

It is anticipated that the implementation of this Redevelopment Plan and Project will have a minimal financial impact on most of the affected taxing districts. In fact, the action taken by the City to stabilize and encourage growth of its tax base through the implementation of this Redevelopment Plan and Project is expected to have a positive impact on the affected taxing districts by arresting and avoiding potential declines in assessed valuations.

Since there is no residential development with the RPA, the City has made no allowances in this Redevelopment Plan and Project to provide for distributions to school taxing districts. In the unlikely event of any unforeseen residential development, the City will follow the guidelines provided by the Act to compensate the school taxing districts at levels dictated by any actual increase in students caused by residential redevelopment, as provided by the Act.

To the extent any surplus exists, any resulting surplus Special Tax Allocation Funds will be proportionately shared with the various taxing districts, including the City, based on their respective tax rates for a given year, after all TIF eligible costs either expended or incurred as an obligation by the City have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act. The exception to this provision will be the very unlikely event that the City utilizes TIF funding to assist in the redevelopment of residential units with the impact described above to the school district and library district. In such cases, the City will provide funds to offset the costs incurred as prescribed by the Act.

V. **TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT PROJECT AREA**

A. **Findings**

The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/Art. 11 Div. 74.4, the “*TIF Act*”). It was determined that the area, as a whole, qualifies as a TIF District under Illinois law based upon “blighted improved area” factors. Refer to the Qualification Report, (Exhibit C) which is attached as part of this Plan.

B. **Eligibility Survey**

The RPA was evaluated, from time to time, over a period from December 2021 through the date of this Redevelopment Plan and Project. Analysis was aided by certain reports and information obtained from the City and from other sources, including DuPage County and Wayne Township.

VI. HOUSING IMPACT STUDY FINDINGS IN THE REDEVELOPMENT PROJECT AREA

Findings

The RPA was studied to determine if a housing impact study would need to be conducted pursuant to the TIF Act. The City has found that the plan will not displace ten (10) or more residents and that the RPA contains less than seventy-five (75) inhabited residential units, thus a housing impact study is not required to be completed.

VII. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

The City proposes to realize its goals and objectives of encouraging the redevelopment of the RPA and encouraging private investment through public finance techniques including, but not limited to, Tax Increment Financing:

- 1) By implementing a plan that provides for the retention and expansion of existing businesses and bolsters the attraction of users to redevelop existing or new structures, as well as vacant or underutilized parcels that are, or may become available, within the RPA.
- 2) By constructing public improvements which may include (if necessary):
 - i. Street and sidewalk improvements (including new street construction, widening of current streets, and multi-use pedestrian and bicycle paths);
 - ii. Utility improvements (including, but not limited to, electric, water, storm water management, flood control and sanitary sewer projects consisting of construction and rehabilitation);
 - iii. Signalization, traffic control, and lighting;
 - iv. Off-street parking (structured and/or grade);
 - v. Landscaping, streetscape, and beautification; and
 - vi. Improve public facilities and institutional uses.
- 3) By entering into redevelopment agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of an interest rate subsidy as allowed under the Act.
- 4) By providing for land assembly, site preparation, environmental remediation (if necessary), clearance, and demolition, including grading and excavation.
- 5) By the redevelopment of certain buildings or sites through necessary rehabilitation and improvement of structures.
- 6) By exploring and reviewing job training programs in coordination with any City, federal, state, and county programs.
- 7) By entering into agreements with other public bodies for the development or construction of public facilities and infrastructure.

B. Redevelopment Activities

Pursuant to the foregoing objectives, the City will implement a coordinated program of actions, including, but not limited to, site preparation, clearance, acquisition, demolition, construction of public infrastructure and related public improvements, and rehabilitation of existing structures and improvements, if necessary.

Site Preparation, Clearance, and Demolition

Property within the RPA may be acquired and improved using site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment.

Land Assembly and Relocation

Certain properties or interests in properties in the RPA may be acquired or purchased by private entities. These properties may be assembled and reconfigured into appropriate redevelopment sites. The City may facilitate private acquisition through reimbursement of acquisition and related costs through the write-down of acquisition costs. Relocation activities may also be undertaken by the City.

Public Improvements

The City may provide public improvements in the RPA to enhance the immediate area and support the Redevelopment Plan and Project. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including the improvement of water mains as well as flood control, sanitary, storm sewer, and electric distribution systems;
- Beautification, identification markers, landscaping, lighting, and signage of public rights-of-way; and
- Construction of new (or rehabilitation of existing) public facilities to allow for the redevelopment of the existing sites for retail/commercial and light industrial uses, including parking facilities.

Rehabilitation

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

Interest Rate Write-Down

The City may enter into agreements with owners/developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on an annual basis out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

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

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

School District Tuition Costs

The City will provide for the payment of eligible tuition costs as provided for in the TIF Act.

C. General Land Use Plan

Existing land use generally consists of commercial/retail and recreational uses. Future land use would include light industrial, retail and commercial uses. Existing and future land uses are shown in Exhibits D and E attached hereto and made a part of this Plan.

D. Additional Design and Control Standards for Development in the City

The appropriate design controls, as set forth in the City’s Comprehensive Plan, Zoning Ordinance, or other relevant codes shall apply to the RPA.

E. Estimated Redevelopment Project Costs

“*Redevelopment Project Costs*” mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, as provided in the Act, and any such costs incidental to the Redevelopment Plan and Project. Private investments, which supplement Redevelopment Project Costs, are expected to substantially exceed the Redevelopment Project Costs. Eligible costs permitted under the Act which may be pertinent to this Redevelopment Plan and Project include:

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, or other special services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected; except that after November 1, 1999, no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of three (3) years. In addition, “redevelopment project costs” shall not include lobbying expenses;
 - 1.1 After July 1, 1999, annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment area or approved a redevelopment plan;
2. The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to, parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;
5. Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, except that on and after November, 1, 1999 redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to the effective date of this amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provided that basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
6. Costs of job training and retraining projects including the costs of ‘welfare to work’ programs implemented by businesses located within the redevelopment project area;
7. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued pursuant to the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
8. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district’s capital (and additional student tuition) costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;

9. For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999 an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually as follows:
 - a) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:
 - (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.

- b) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:
 - (i) for unit school district, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school district, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act.
- c) Any school district in a municipality with a population of 1,000,000, additional restrictions apply.

Any school district seeking payment shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by the Act. By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects.

10. For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after January 1, 2005, a public library district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act shall be paid to the library district by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units. This paragraph applies only if (i) the library is located in a county that is subject to the Property Tax Extension Limitation Law or (ii) the library district is not located in a county that is subject to the Property Tax Extension Limitation Law but the district is prohibited by any other law from increasing its tax levy rate without a prior voter referendum.

The amount paid to a library district under this paragraph shall be calculated by multiplying (i) the net increase in the number of persons eligible to obtain a library card in that district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the redevelopment project area by (ii) the per-patron cost of providing library services so long as it does not exceed \$120. The per-patron cost shall be the Total Operating Expenditures Per Capita as stated in the most recent Illinois Public Library Statistics produced by the Library Research Center at the University of Illinois. The municipality may deduct from the amount that it must pay to a library district under this paragraph any amount that it has voluntarily paid to the library district from the tax increment revenue. The amount paid to a library district under this paragraph shall be no more than 2% of the amount produced by the assisted housing units and deposited into the Special Allocation Fund.

A library district is not eligible for any payment under this paragraph unless the library district has experienced an increase in the number of patrons from the municipality that created the tax-increment-financing district since the designation of the redevelopment project area.

Any library district seeking payment under this paragraph shall, after July 1 and before September 30 of each year, provide the municipality with convincing evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the library district. If the library district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. Library districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by this

paragraph. By acceptance of such reimbursement, the library district shall forfeit any right to directly or indirectly set aside, modify, or contest in any manner whatsoever the establishment of the redevelopment project area or projects;

11. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
12. Payment in lieu of taxes;
13. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code;
14. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a) such costs are to be paid directly from the Special Tax Allocation Fund established pursuant to the Act;
 - b) such payments in any one-year may not exceed 30% of the annual interest costs incurred by the developer with regard to the redevelopment project during that year;
 - c) if there are not sufficient funds available in the Special Tax Allocation Fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund;
 - d) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any

property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;

- e) the cost limits set forth in subparagraphs (b) and (d) shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act and the percentage of 75% shall be substituted for 30% in subparagraphs (b) and (d);
- f) Instead of the eligible costs provided by subparagraphs (b) and (d), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (f) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (f).

The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (f) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated

with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later;

15. If the redevelopment project area is located within a municipality with a population of more than 100,000, the cost of day care services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, “low-income families” means families whose annual income does not exceed 80% of the municipal, county, or regional median income, adjusted for family size, as the annual income and municipal, county or regional median income are determined from time to time by the United States Department of Housing and Urban Development.
16. Unless explicitly stated herein the costs of construction of new privately owned buildings shall not be an eligible redevelopment project cost;
17. After November 1, 1999, none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, has become economically obsolete, or was no longer a viable location for the retailer or serviceman;
18. No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008, unless no prudent and feasible alternative exists. “Historic Resource” means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This restriction does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

If a special service area has been established pursuant to the Special Service Area Tax Act or Special Service Area Tax Law, then any tax incremental revenues derived from the tax imposed pursuant to Special Service Area Tax Act or Special Service Area Tax Law may be used within the redevelopment project area for the purposes permitted by that Act or Law as well as the purposes permitted by the TIF Act.

Estimated costs are shown on the next page. Adjustments to these cost items may be made without amendment to the Redevelopment Plan and Project.

**CITY OF ST. CHARLES
PHEASANT RUN REDEVELOPMENT PROJECT
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>
1. Land Acquisition, Assembly Costs	\$ 9,000,000
2. Demolition, Site Preparation, Environmental Cleanup and Related Costs	\$ 16,500,000
3. Infrastructure/Public Facilities Improvements	\$ 3,000,000
4. Rehabilitation Costs	\$ 1,500,000
5. Interest Costs Pursuant to the Act	\$ 5,500,000
6. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$ 1,000,000
7. Job Training	\$ 100,000
8. Statutory School District Payments	\$ 6,000,000
TOTAL ESTIMATED PROJECT COSTS	\$ 42,600,000

(A) All project cost estimates are in year 2022 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of such obligations as well as to provide for annual interest costs, capitalized interest and reasonably required reserves. Adjustments to the estimated line-item costs above are expected. Each individual project cost will be reevaluated considering the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The line-item amounts set forth above are not intended to place a not to exceed limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the amount of payments for the Total Estimated Project Costs shall not exceed the combined overall budget amount shown above. Adjustments may be made in line items within the total, either increasing or decreasing line-item costs for redevelopment.

Pursuant to the Act, the City may utilize net incremental property tax revenues received from other existing or future contiguous redevelopment project areas to pay eligible redevelopment project costs or obligations issued to pay such costs in the proposed RPA, and vice versa.

F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois TIF Act

Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from property tax increment revenues, proceeds from municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Plan and Project.

“Redevelopment Project Costs” specifically contemplate those eligible costs set forth in the Act and do not contemplate the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed, and TIF or other public sources are to be used, subject to approval by the City’s corporate authorities, only to leverage and commit private redevelopment activity.

The tax increment revenues, which will be used to pay debt service on the municipal obligations, if any, and to directly pay redevelopment project costs, shall be the incremental increase in property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2021 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the City may from time to time deem appropriate.

The Redevelopment Project Area would not reasonably be expected to be developed in a coordinated manner without the use of the incremental revenues provided by the Act.

The City may also direct incremental revenues from the Redevelopment Project Area to any existing or future contiguous redevelopment project areas for redevelopment activities in conformance with the provisions of the Act and it may also receive incremental revenues from any existing or future contiguous redevelopment project areas in order to further the redevelopment activities described in this Plan.

G. Nature and Term of Obligations to be Issued

The City may issue obligations secured by the Special Tax Allocation Fund established for the Redevelopment Plan and Project Area pursuant to the Act or such other funds as are available to the City by virtue of its home rule powers pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall be retired not more than twenty-three (23) years after the year of adoption of the ordinance approving the Redevelopment Project Area. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year, may be payable from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, for required reserves, for bond sinking funds, for redevelopment project costs, for early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan and Project, may be declared surplus and shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds, with either fixed rate or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits except as limited by law; and with or without redemption provisions, and on such other terms, all as the City may determine.

H. Most Recent Equalized Assessed Valuation (EAV) of Properties in the Redevelopment Project Area

The most recent estimate of equalized assessed valuation (EAV) for tax year 2021 of the property within the RPA is approximately \$3,440,470.¹

I. Anticipated Equalized Assessed Valuation (EAV)

Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the equalized assessed valuation (EAV) of the property within the RPA will be within a range of approximately \$50,000,000 to \$75,000,000.

¹ Pending verification from the Kane County Assessor's Divisions Department.

VIII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

A. Redevelopment Project

An implementation strategy will be employed with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing and other necessary approvals for appropriate projects. Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

Land Assembly: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site.

Demolition and Site Preparation: The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain structures and grading of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements necessary to prepare the site for desired redevelopment projects.

Rehabilitation: The City may assist in the rehabilitation of private or public facilities, buildings or site improvements located within the RPA.

Landscaping/Buffering/Streetscaping: The City may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.

Water, Sanitary Sewer, Storm Sewer, Electric and Other Utility Improvements: Certain public and private utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The provision of necessary detention or retention ponds may also be undertaken by the City. Public and private utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

Public Infrastructure/Facility Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the City. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Public facilities including parking may be constructed that would be available to the general public.

Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.

Public Safety Related Infrastructure: Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.

Interest Costs Coverage: The City may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as permitted by the Act.

Professional Services: The City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City may reimburse itself from annual tax increment revenue if available.

Tuition Payments to School and Library Districts: The City may fund payments to the school district pursuant to the provisions of the Act.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the City and any private developers, both will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices, which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance with this policy and the compliance requirements of applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

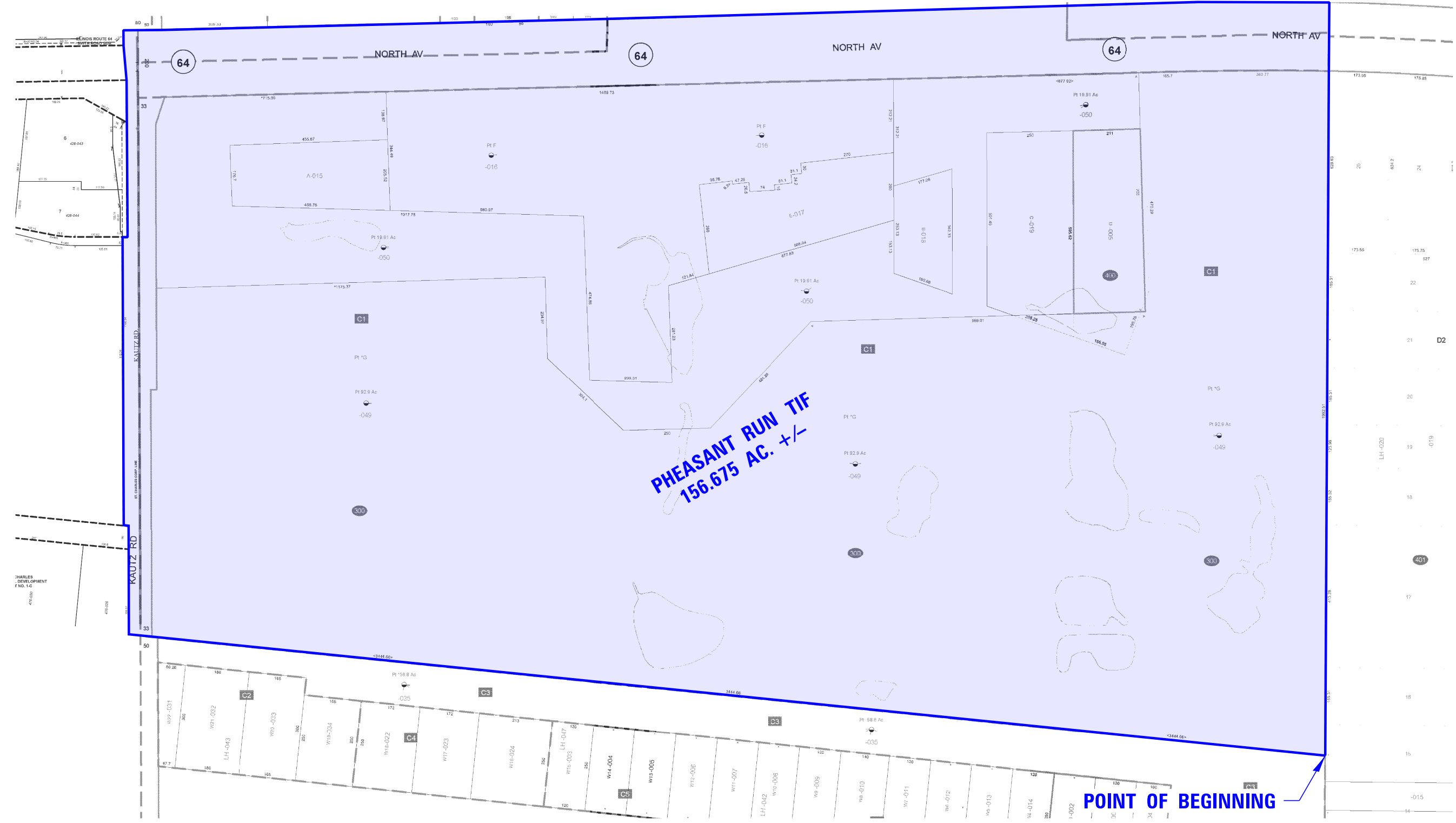
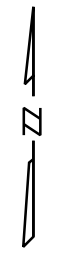
C. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment costs

This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) calendar years after the year of adoption of an ordinance designating the RPA. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year of the initial adoption of the ordinance approving the RPA.

IX. PROVISIONS FOR AMENDING THE TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT

This Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

EXHIBIT A
BOUNDARY MAP



PHEASANT RUN TIF
156.675 AC. +/-

POINT OF BEGINNING



CHRISTOPHER B. BURKE
ENGINEERING, LTD.
9575 West Higgins Road
Suite 600, Rosemont, Illinois 60018
(847) 823-0500

PHEASANT RUN TIF
IN
CITY OF ST. CHARLES, ILLINOIS
PREPARED FOR
KANE, MCKENNA AND ASSOCIATES, INC.

CALC.	JRM	PROJECT NO.
DWN.	AJK	220195
CHKD.	KJR	SHEET 1 OF 1
SCALE:	1" = 300'	DRAWING NO.
DATE:	03-25-2022	TIF220195

EXHIBIT B
LEGAL DESCRIPTION

LEGAL DESCRIPTION (Pheasant Run TIF – St. Charles):

THAT PART OF THE EAST HALF OF SECTION 25, TOWNSHIP 40 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN IN KANE COUNTY, ILLINOIS ALONG WITH THAT PART OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN IN DUPAGE COUNTY, ILLINOIS BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF PHEASANT RUN RESORT ASSESSMENT PLAT #2, AS RECORDED APRIL 6, 2021 AS DOCUMENT NO. R2021-054229;

THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SAID PHEASANT RUN RESORT ASSESSMENT PLAT #2 AND THE WESTERLY EXTENSION THEREOF TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF KAUTZ ROAD;

THENCE NORTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE OF KAUTZ ROAD AND THE NORTHERLY EXTENSION THEREOF TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 64 (AKA MAIN STREET);

THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 64 (AKA MAIN STREET) TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION OF THE EASTERLY LINE OF SAID PHEASANT RUN RESORT ASSESSMENT PLAT #2;

THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION AND THE EASTERLY LINE OF SAID PHEASANT RUN RESORT ASSESSMENT PLAT #2 TO THE POINT OF BEGINNING.

EXHIBIT C
TIF QUALIFICATION REPORT

**CITY OF ST. CHARLES, ILLINOIS
PHEASANT RUN TIF QUALIFICATION REPORT
REDEVELOPMENT PROJECT AREA**

A preliminary analysis to assess the likelihood that all or a portion of an area located in the City of St. Charles could qualify as a “blighted improved area” as defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for: City of St. Charles, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

August, 2022

**PROPOSED PHEASANT RUN
REDEVELOPMENT PROJECT AREA
TIF QUALIFICATION REPORT**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (KMA) has been retained by the City of St. Charles, Illinois (the “City”) to conduct an analysis of the potential qualification and designation of certain property located in the City, to be addressed herein as the proposed Redevelopment Project Area (the “RPA” or “Study Area”) and included in the map attached as Exhibit A. Essentially the Study Area includes the former Pheasant Run Resort and Golf Course properties generally bordered by Main Street (Route 64) to the north, Kautz Road to the west, Keil Road to the east, and Tower Road to the south. The qualification review is being carried out pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended (the “TIF Act”).

The City is pursuing the Study Area designation as part of its ongoing review of the former, vacant, and now partially destroyed (by fire) Pheasant Run Resort and Golf Course, in order to assist in the redevelopment of the Study Area. By undertaking the designation, the City will help restore the Study Area as a significant contributor to the City’s overall economic base.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the qualification of the Study Area as a TIF District:

- 1) *Improved land within the proposed TIF District qualifies as a blighted-improved area under the Act.* Overall, all land within the proposed TIF District is found to be “improved” pursuant to the Act and to be in a “blighted condition” as defined in the Act that prevents, or threatens to prevent, the economic and physical development of properties in a manner that the community deems essential to its overall economic health.

- 2) *The blighting conditions found within the proposed TIF District present impediments to the area’s successful redevelopment.* The blighting factors negatively impact coordinated and substantial private sector investment in the proposed TIF District. Without Village planning and use of economic development resources to eliminate such factors, potential redevelopment projects, along with other activities that require private sector investment, would not be economically feasible.

- 3) *The redevelopment of the proposed TIF District will provide the potential to produce incremental property tax revenue.* Said revenue, if used in combination with public resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF district.

- 4) *Formal designation is recommended.* To eliminate the existing blighting conditions, to promote the economic viability of the proposed TIF District, and to foster private sector investment and redevelopment, KMA recommends that the Village proceed with the formal TIF designation process.

Because the City will not consider the redevelopment of residential parcels that would dislocate ten (10) or more residential units within the proposed TIF District, the City will not conduct a housing impact study pursuant to the TIF Act.

I. INTRODUCTION AND BACKGROUND

Current Land Use. The Study Area is generally bounded by Main Street (Route 64) to the north, Kautz Road to the west, Keil Road to the east, and Tower Road to the south. The uses consist primarily of the former, and now partially destroyed, Pheasant Run Resort/Convention Center and Golf Course, which served as an iconic suburban entertainment destination for decades that helped put St. Charles on the map. Pheasant Run had been woven into the fabric of St. Charles’s identity since 1956, as it drew vacationers and business professionals from across the Chicago area and beyond for decades. The resort and convention center brought many conferences and other large events to the City, generating significant economic activity for the City. In 2011, the resort fell into foreclosure partly due to the economic downturn. Three years later, the resort was purchased by an investment group. In 2016, the DuPage County Airport Authority filed a condemnation suit against the golf course portion of the resort to block a proposed residential development at the time, a use deemed incompatible by the Airport Authority. The resort continued to operate the golf course until the resort’s closure. Resort management later restructured its operations and cut its staff by 75% until the resort’s closure in March, 2020. Shortly thereafter, the resort was listed for sale and put up for auction, unsuccessfully. In May, 2022, a significant proportion of the resort’s buildings were completely destroyed by fire (the “Fire”) “. The cause of this Fire is still under investigation.

The Study Area consists of approximately 156 acres and, before the Fire, was improved with the nine (9) buildings which comprised the former Pheasant Run Resort and convention center and golf course. The nine (9) buildings consisted of the main resort building, built in 1963, five (5) two-story buildings containing the original guest rooms, also built in 1963, the convention center built in the early 1970s, a meeting hall (Gallery Hall) built in the 1970s, and one (1) maintenance/storage building. The golf course also contains one ancillary building consisting of likely a caddy or snack shack. The main resort building included, among others, the original lobby, a 15-story tower containing 202 guest rooms (added to the main building in 1982), the country’s very first indoor/outdoor pool, a second indoor pool and spa, seven restaurants and bars, banquet and meeting facilities, a fitness center, golf shop, comedy club, and theatre added to main building in 1985. The Fire destroyed three of the five two-story guest room buildings, the lobby, the “Bourbon Street” entertainment area, and indoor pool sections of the main resort building, leaving the rest of the main resort building, convention center, Gallery Hall, the resort tower, and the maintenance/storage building some of which incurred ancillary damage from the Fire or are severely damaged from vandalism.

General Redevelopment Objectives

The redevelopment of the proposed RPA would further the City’s overarching land use objectives, which are contained in its *City of St. Charles 2013 Comprehensive Plan* (the “2013 Plan”). In the 2013 Plan the City has articulated a number of public policy goals and objectives, and related strategies, which would be supported by the City’s adoption of the proposed RPA as a TIF District (see Table 1 below).

As part of its vision through 2028, the 2013 Plan noted the City’s intention that the Pheasant Run Resort continue as a revenue generator for the City when it said “the east side of the community

has benefitted from the redevelopment of the Charlestowne Mall, the continued presence of Pheasant Run, and the strong employment base provided by industrial development.” The 2013 Plan further states that, “Collectively, they act as an attractive ‘front door’ to St. Charles . . .”. Based on these observations in the 2013 Plan, Pheasant Run’s subsequent closure and the Fire, the impacts of which have been exacerbated by the decline of the Charlestowne Mall since the adoption of the 2013 Plan, are detrimental to the east side of the St. Charles Community. Given the gap between the City’s goals for the area and the conditions described in this report, the City has determined that the redevelopment of the proposed RPA is necessary to the community. With a redevelopment strategy in place, the economic base associated with the RPA would be restored – thereby benefiting the community as a whole. Without such a redevelopment strategy, the adverse conditions identified in this report would likely worsen.

Table 1
Redevelopment Policy Goals – St. Charles Comprehensive Plan (2013) (Excerpt)

Policy Goals	Objectives and Strategies
<ul style="list-style-type: none"> • Develop attractive and highly functional retail and commercial areas that are market responsive, create a diverse tax base, and serve the needs of the City’s residents, and in some areas, a larger regional market. • Enhance the economic viability, productivity, appearance, and function of the City’s commercial corridors, including Randall Road, Main Street, Lincoln Highway, and Kirk Road 	<ul style="list-style-type: none"> • Maintain a range of retail and service activities throughout the City. • Build upon the existing commercial zoning district structure to design and designate more specific functional roles for the various commercial areas within the City distinguished by developments with local, community, and/or regional service markets. • Continue to evaluate the costs and benefits of using incentives and other techniques to initiate redevelopment of key opportunity sites • Initiate programs to encourage the improvement and rehabilitation of older commercial buildings and areas which are, or are becoming, functionally obsolete, including improvements to infrastructure, technology, functionality, access, and operational footprints. • Promote a healthy and mutually reinforcing mix of commercial, retail, and service uses along key corridors within the City, including Randall Road, Main Street, Lincoln Highway, and Kirk Road. • Utilize a “character node” approach by requiring high quality development along Randall Road and Main Street at key intersections with other arterial or collector

<ul style="list-style-type: none"> • Continue to support a diversified light industrial/business park, commercial service economic base that provides employment opportunities within the community. • Prioritize improvements to existing areas and developments including adaptive reuse and redevelopment. 	<p>streets that serve as the “front door” into the primary commercial areas.</p> <ul style="list-style-type: none"> • Establish design and improvement standards for commercial areas to guide the scale, appearance, orientation, and overall character of new development. • Identify underperforming and underutilized parcels and sites, such as the southeast corner of Main Street and Kirk Road, and work with property owners and development to promote their redevelopment, encouraging parcel assembly where appropriate. • Promote the modernization of and/or redevelopment of the Charlestowne Mall and other outdated commercial sites. • Require all industrial development to meet specific applicable performance standards for noise, air, odor, and any other forms of environmental pollution • Utilize appropriate setbacks, screening, buffering, and site design to minimize the negative impacts of industrial uses on adjacent areas, such as noise, vibration, air pollutants, odor, truck traffic, large shadows, etc. • Build on and continue to implement the 2007 Economic Development Plan as a basis for strengthening retail, service, and industrial uses throughout St. Charles. • Where appropriate, consider using incentives such as Tax Increment Financing as a means of fostering redevelopment in Downtown, the Charlestowne Mall site, and other areas of the City identified as priority investment locations. • Renovate or redevelop aging commercial areas in order to maximize their contribution to the City’s tax base.
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Overall, the area faces a number of potential redevelopment impediments as described in Section IV of this report. Additionally, while the area has certain beneficial locational assets, the current state of the local and national economy, characteristics of parcel sizes, existing uses, and redevelopment challenges associated with older buildings and destroyed buildings contribute to constraints related to redevelopment. The City has determined that the redevelopment of the proposed Study Area would be beneficial to the community. With a redevelopment strategy in place, the economic base of the Study Area would be increased, thereby benefiting the community as a whole.

General Scope and Methodology. KMA performed its analysis by conducting a series of discussions with City staff, starting in December, 2021 and continuing periodically up to the date of this report. The purpose of the review was to gather data related to the preliminary qualification criteria for properties included in the Study Area. These discussions were complemented by a series of field surveys (pre- and post-Fire) for the entire area to evaluate the condition of the Study Area. The field surveys and data collected have been utilized to determine that the Study Area could qualify for TIF designation. The qualification factors discussed in this report would assist in the qualification of the Study Area as a blighted improved area, as the term is defined pursuant to the TIF Act. For additional information about KMA’s data collection and evaluation methods, refer to Section III of this report.

II. QUALIFICATION CRITERIA

With the assistance of City staff, Kane, McKenna and Associates, Inc. assessed the proposed Study Area to determine the likelihood that qualifying factors listed in the Act would be present. The relevant provisions of the Act are cited below.

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

“An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, “blighted area” means any improved or vacant area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Blighted Improved Area. In accordance with the TIF Act, KMA assessed the following factors to determine TIF qualification for the proposed RPA characterized as blighted-improved. Per the statute, such an area meets state standards provided that:

If *improved*, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of five (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. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required, or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence. The condition or process of falling into disuse. Structures become ill-suited for the original use.

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

(D) Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies. The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

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

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up. The proposed Redevelopment Project Area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for (or a study conducted by an independent consultant

recognized as having expertise in environmental remediation has determined a need for) the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law. Any such remediation costs would constitute a material impediment to the development or redevelopment of the Redevelopment Project Area.

(L) Lack of Community Planning. The proposed Redevelopment Project Area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) Lagging EAV. The total equalized assessed value (EAV) of the proposed Redevelopment Project Area has declined for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated.

III. EVALUATION METHODOLOGY

In evaluating the proposed Study Area's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the Study Area were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Preliminary surveys were completed of properties located within the Study Area.
- 2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as dilapidation and obsolescence. Additionally, KMA reviewed the following data: 2015-2021 tax information from DuPage County, Wayne Township Assessor, tax maps, aerial photos, site data, local history (including discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (e.g., obsolescence, deleterious land-use and layout, etc.).
- 3) KMA also obtained documentation and data from the City regarding building and site conditions within the Study Area, including code violations data.
- 4) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to specific structures and site conditions of the parcels.
- 5) The Study Area was examined to assess the applicability of the different factors required for qualification as a TIF District. Examination was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The Study Area was evaluated to determine the applicability of the thirteen (13) different factors, as defined under the Act, which would qualify the area as a TIF District.

IV. QUALIFICATION FINDINGS FOR PROPOSED STUDY AREA

Based upon KMA’s evaluation of parcels in the proposed Study Area and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support preliminary qualification of the proposed Study Area as a blighted area under the TIF Act – to be supplemented by additional data, if the City decides to proceed with the designation. These factors are summarized in the table below.

Exhibit 1
Summary of TIF-Qualifying Factors

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed Study Area
13	3	9 <ul style="list-style-type: none"> • Lag in EAV • Obsolescence • Deterioration • Dilapidation • Excessive Vacancies • Code Violations • Inadequate Utilities • Deleterious Land Use • Lack of Ventilation, Light, or Sanitary Facilities

Findings for Study Area. The proposed Study Area meets the qualifications for a “blighted improved” area under the statutory criteria set forth in the TIF Act. KMA reviewed the 13 aforementioned criteria needed to qualify the area as a blighted improved area, determining that nine (9) factors were present:

1. Lagging or Declining EAV. The Act states that if the total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than either the balance of the municipality for three (3) of the last five (5) calendar years or the annual Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years. The finding is based on the last five (5) tax years for which information is available. The EAV of the Study Area has lagged behind the balance of the City’s EAV for three (3) of the last five (5) years. Therefore, a finding of declining or lagging EAV is made pursuant to the TIF Act.

Exhibit 2
EAV Trends for Proposed Study Area

	2021	2020	2019	2018	2017	2016
Total EAV for TIF District	3,440,470	3,142,400	5,197,610	5,026,160	5,045,910	4,474,490
EAV Change (%)	9.49%	-39.54%	3.41%	-0.57%	12.97%	5.75%
City-wide EAV (Excluding TIF)	1,607,875,299	1,577,108,442	1,540,036,585	1,483,332,684	1,424,433,052	1,370,503,442
City EAV Change (%)	2.15%	2.81%	3.82%	4.15%	3.91%	3.32%
CPI	7.0%	1.20%	1.80%	2.40%	1.30%	0.10%

Source: DuPage County and Kane County Clerks, Wayne Township Assessor, and U.S. Bureau of Labor Statistics

2. Obsolescence – The Study Area includes both functional and economic obsolescence. Obsolescence is defined as the condition or process of falling into disuse. Structures have become ill suited for the original use.

The Study Area consists primarily of the Pheasant Run Resort property and golf course which was opened in 1963 as an entertainment resort for leisure and business guests to conveniently unwind in a quiet rural setting just a short distance from Chicago. Since that time, the market appeal of Pheasant Run slowly declined over the years, as its rural ambiance had given way to surrounding shopping malls, subdivisions, and heavy traffic on nearby roads. The property went into bank foreclosure for five years, during which time the property’s operations suffered, despite a \$24 million renovation to the tower guest rooms, theatre, and expo center. In addition, the reduced market appeal of the golf industry nationally, along with the acquisition of the golf course by the DuPage County Airport in 2016 also contributed to the Study Area’s loss in market position. The resort property eventually closed in 2020 and has remained closed since, and the golf course has been sold for an alternate use. Even prior to the Fire, destruction of a significant portion of the building improvements, the Study Area no longer met today’s modern market demands for hotels, resorts, or conference centers. The remaining structures have been severely damaged by chronic vandalism, requiring the City, at one point, to install temporary police security 24 hours per, day seven days per week.

Functional obsolescence is present due to age, physical condition (including partial destruction by the Fire), poor layout and building orientation that makes them unsalvageable for rehabilitation. The main building at Pheasant Run is 59 years old and is severely damaged partially by the Fire and partially by vandalism, and the “patchwork” nature of additions made over the last 59 years had resulted in awkward and uninviting experiences for guests. Before the Fire, guest room wing buildings were also 59 years old, obsolete, did not have elevators, and had fire sprinkler systems dating back to 1963. Two of the five guest room wings had been permanently closed due to defective fire sprinkler systems while the resort was still open. Gallery Hall and the storage/maintenance building were and remain in poor condition and Gallery Hall had been kept

closed prior to the closure of the resort, except for one specific meeting event each year, because half of the HVAC system was not functional, and it had no sprinkler system. The 16-story guest tower is 40 years old and was in need of complete renovation to bring it up to today's hotel standards and has been severely damaged by chronic vandalism.

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

Prior to the closure of the resort buildings, the buildings suffered from significant deferred maintenance/replacement, which resulted in major defects in secondary building components. These conditions had worsened since that time, and have now been significantly exacerbated by the Fire, broken window seals and deteriorating windowsills were found throughout the common areas, such as at the indoor pools, as well as in guest rooms, resulting in building up of excessive condensation. Ceiling damage from roof leaks were found throughout the buildings, along with drywall damage either from water penetration caused by defective sprinkler heads, or wear and tear. Wall coverings were torn, frayed, or scratched at various locations in the buildings. Broken terra cotta kitchen floor tiles had been replaced with floor patch material. Pool deck stone tiles had been haphazardly re-patched where grout had failed, and the outdoor pool deck had shown signs of settlement and uneven tile paving. The hardwood flooring in the Terrace Café had been severely worn, stained and discolored. Most of the wall-to-wall carpeting throughout the buildings had either been worn, frayed, wrinkled from stretching, or dated. Some Herculite door frames had been corroded, and wood veneer guest room doors had been delaminating. The pool mechanical systems had been outdated and were in need of replacement.

At building exteriors throughout the RPA, window openings buildings had been and remain boarded up partly due to chronic vandalism. Exterior masonry at certain buildings needed tuckpointing. Fascia and soffit, along with gutters and downspouts, exhibited peeling and faded paint, and exterior metal flashings were deteriorated and rusted. The front face of the monument sign at the main entrance to the property was rusted and discolored and faded, with prior repairs to the concrete base obvious to any observer.

Deterioration of the surface improvements was and remains widespread among all of the various parking lots, and storage areas. Nearly all of the asphalt paving exhibits surface cracking and crumbling, and loose paving material. Weeds protruding through the paving can be seen in various locations. Parking space striping is either cracked, corroded or faded throughout all of the parking lots. Some curbs are crumbling, and caution paint on curbs is also cracked and faded. Exterior wood fencing is falling apart or discolored at some locations.

Deterioration of site improvements is also found at the golf course. Since the golf course was closed in 2020, it has not been maintained. Accordingly, all of the greens, fairways, and other vegetation are overgrown, weed growth is extensive, and the paved golf cart roads are deteriorated with weed growth in them.

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

The recent Fire destroyed a significant portion of the improvements in the Study Area. Prior to the Fire, some of the structural components of some of the Pheasant Run Resort buildings were already in an advanced state of disrepair and neglect, requiring major repair or building removal. As an example, the roof of one of the west storage/maintenance building was previously partially collapsed. Two of the guest room wings buildings had been shut down before the resort was permanently closed because the water system had been shut off since various sprinkler shut off valves were rusted, making it impossible to shut off the sprinklers when they were activated. Except for one limited use, the Gallery Building had also been shut down before the resort was permanently closed because half of the HVAC system was no longer working and it had no sprinkler system at all.

Following the closure of the resort properties in May 2020 and prior to the Fire, deterioration throughout the RPA accelerated. For example, the canopy/porte cochere at the main entrance had collapsed in a heavy rainfall, damaging the front entrance of the building. The collapsed canopy was demolished in August 2020. In addition, in the Fall of 2020, Nicor gas had shut off its gas service to the property due to gas leaks within the building, making the fire suppression system unusable in freezing weather. This resulted in the City's imposition on the owners of a requirement for 24/7 fire watch. In addition, deterioration within the resort complex had led to the electric service through the site being shut off due to safety issues as portions of the system were no longer safe to energize. In January 2021, the City's building and code enforcement department had posted a notice that the building is unsafe for occupancy. In January 2022, windows in the tower building were boarded up due to windows broken by vandalism. The vandalism to the windows has continued.

All of the above issues are identified in a report prepared by the City of St. Charles and provided to KMA on March 25, 2022.

5. Excessive Vacancies - There is a presence of buildings that are unoccupied or under-utilized that represents an adverse influence on the area because of the frequency, extent or duration of the vacancies.

The Pheasant Run Resort and golf course are both permanently closed, and most of the resort recently destroyed by the Fire. Prior to its permanent closure, the Pheasant Run Resort had been operating at occupancy rates well below industry standards for success for several years. This was partly due to the fact that all corporate bookings had been lost for several years, because of the resort's declining buildings' and grounds' physical condition and obsolescence. In addition, the resort bookings associated with the golf course had also declined, since the golf course lost much of its market appeal, especially for dedicated golfers who had better options elsewhere.

Wedding bookings had also fallen below industry standards for resorts like this, again, due to the deteriorating conditions of the property. Also contributing to low occupancy rates was the permanent closure of two of the two-story guest wings. The resort had originally operated with 474 guest rooms, and now none are in operation, and most are destroyed. Prior to the resort's permanent closure, the resort's four restaurants had been open only sporadically throughout the year, depending on room occupancy and utilization.

6. Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

A significant portion of the structures within the Study Area has been destroyed by the Fire. Prior to that time, in May, 2020, the City's Building and Code Enforcement Division had found numerous violations including, but not limited to:

- Front canopy partially collapsed due to roof leaks which led to rotting wood trusses.
- Possible structural deficiencies with the roof due to extensive water damage and leaks over the kitchen.
- Multiple holes in the roof in the kitchen and pool area, actively leaking during rain events.
- Due to the roof leaks there are multiple areas of standing water on the floor.
- Underside of metal roof in kitchen showing signs of rust and possible structural issues.
- Entire facility has electrical issues from open boxes with wiring hanging out and outlets missing cover plates.
- Pump in main lodge does operate but the electrical feed is not correct. Ownership stated this would not be repaired due to cost.
- Fire alarm is operational but has multiple trouble alarms for smoke detectors, fire pump, sprinkler system flow switch.
- Fire alarm panel does not send notification to Tri-Comm to provide alert of fire alarm activation.
- Some doors do not allow Fire Department access because they are chained and padlocked. Fire Department is working with maintenance to address this issue.
- A fire watch advised by the Fire Department due to fire alarm issue.

Since May 2020, the City has continued to monitor the conditions of the buildings in the Study Area. As described previously, in the Fall of 2020, Nicor had shut off its gas service to the property due to gas leaks within the building, making the fire suppression system unusable in freezing weather. This resulted in the City's imposition on the owners of a requirement for 24/7 fire watch. In addition, deterioration within the resort complex had led to the electric service through the site being shut off due to safety issues as portions of the system were no longer safe to energize. In January 2021, the City's building and code enforcement department posted a notice that the building is unsafe for occupancy. In January 2022, windows in the tower building were boarded

up due to windows broken by vandalism. According to the City, this vandalism to the windows has continued.

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

The Pheasant Run Resort property's underground utilities are either deteriorated, antiquated, obsolete, insufficient, or in disrepair based on prior reports by management when the resort was still open. In addition, the RPA is located at the far east end of the City's utility systems and modernizing these services will require significant extension of main lines and all utilities to service the property. Compounding these conditions is the fact that the Study Area is served by its own private utility systems which is not sized for sufficient capacity to serve redevelopment of the Study Area.

Water Service

No public water infrastructure exists for the Study Area. The water supply for the former Pheasant Run resort and golf course came from three original proprietary on-site deep-water wells. One of those wells was dedicated to the golf course. Of the remaining two, according to former management, one had failed, so that only one well eventually served the entire resort. Offsite public water service will need to be extended and improved comprehensively as the site is redeveloped. Specifically, water main will need to be extended into the property and looped to provide adequate water pressure for the Study Area. This existing water main infrastructure on the west side of Kautz Road will need to be upgraded to a high capacity main (from a 12" to a 16" main) to feed the main distribution points into the Study Area.

Sanitary Sewer

No public sanitary sewer infrastructure exists for the Study Area. A private sanitary sewer lift station system previously served the Study Area. According to City officials, this system is deteriorated, and the lift station does not appear to be in working order. Public sanitary sewer service exists offsite and will need to be extended and improved comprehensively as the site is redeveloped. Specifically, due to the topography of the Study Area relative to the depth of the public sewer on Kautz Road, sanitary sewer lift stations will be necessary to provide sewer service to the Study Area. The Study Area is served by the City's main Fox River Treatment plant. Trunk sewer mains serving the far east side of St. Charles, which extend east to Kautz Road and then north along Kautz, along the frontage of the property, are undersized to accommodate future development in the area and require replacement with larger mains. Some of this additional capacity is needed to serve the Study Area.

Storm Sewer

There is no stormwater management system specifically designed for the Study Area. Rather, the pond system that exists through the golf course has been adapted to provide drainage and some volume to store stormwater that enters the system. This system does not meet current standards for

design and would need to be reengineered and or replaced upon any redevelopment of the property, since the topography of the golf course will no longer be able to be relied upon to control storm water. In addition, the resort's storm water management system is connected to the now abandoned outdoor pool, which is an outmoded method for managing storm water.

Electrical Service

The City of St. Charles has its own municipal electric utility that is the exclusive service provider within its corporate limits. City codes and policies require that all costs to provide service to a property are the responsibility of the customer, to be paid upfront, including costs to design and install the service up to where the service is connected to a building. For larger development projects, this includes network extensions to provide service to an area or subdivision or to complete a loop to connect two locations for redundant service, such as for the redevelopment of the Study Area. As a municipal utility, the City is not able to share costs or defer costs based on future customer usage.

The electric system that had served the RPA is antiquated. The properties are served from a single feed at the corner of Kautz & Rt. 64, and power is fed through the site through a system of private infrastructure. While the City has limited information about how this private infrastructure was designed or maintained, its age/condition is similar to the Pheasant Run resort buildings. Deterioration within the resort complex had recently led to the electric service through the site being shut off as safety issues and portions of the system are no longer safe to energize. Eventual redevelopment of the Study Area will require a significant service size increase due to the high electric demands associated with any future development. Because the site has existed as golf course, no new system capacity has been planned or allocated for the development of the Study Area. This substantial upgrade to provide service to the RPA is an extraordinary cost for any development project. Without this service upgrade, the site cannot be redeveloped. In order to extend an adequately sized service to the Study Area, new, large capacity cables will need to be extended from two different off-site substations.

8. Deleterious Land-Use or Layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

The recent destruction of a significant portion of the Study Area by the Fire, and the resulting debris which remains in place, as well as the chronic vandalism that preceded the Fire and continues to occur makes the Study Area noxious, offensive and unsuitable for the surrounding area. In addition, the absence of maintenance of the golf course grounds since its closure also contributes to the Study Area's deleterious land use.

9. Lack of Ventilation, Light, or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the

absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

The recent destruction of a significant portion of the Study Area by the Fire, and the resulting debris which remains in place, as well as the chronic vandalism that preceded the Fire and continues to occur has created an absence of adequate ventilation for light or air circulation and requires the removal of all of the debris related to the Fire and vandalism. The Fire and vandalism has also created inadequate sanitary facilities including inadequate garbage storage, inadequate bathroom facilities, inadequate hot water, and structural inadequacies that prevent ingress and egress to and from all rooms and units within the buildings.

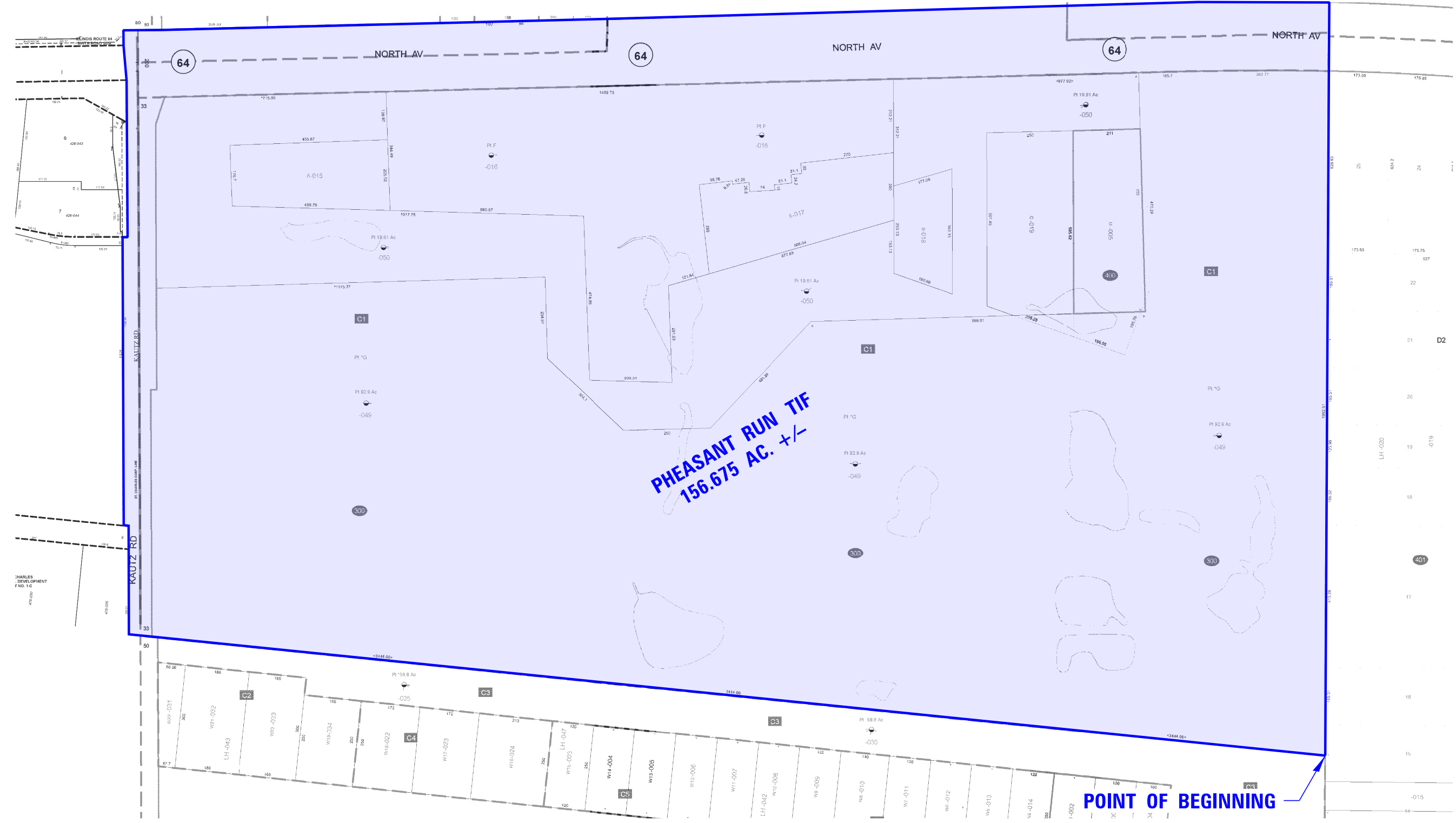
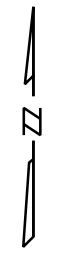
V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the City's potential designation of the proposed TIF District.

1. The area is contiguous and is greater than 1½ acres in size;
2. The proposed TIF District will qualify as a Blighted Improved Area. Further, the Blighted Improved Area factors found in the RPA are present to a meaningful extent and are reasonably distributed throughout the area. A more detailed analysis of the qualification findings is outlined in Section IV. of this report;
3. All property in the area would substantially benefit by the proposed redevelopment project improvements;
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area; and
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these findings provide the City with sufficient justification to consider designation of the property as a TIF District.

Exhibit A
Boundary Map



PHEASANT RUN TIF
156.675 AC. +/-

POINT OF BEGINNING



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ENGINEERING, LTD.
9575 West Higgins Road
Suite 600, Rosemont, Illinois 60018
(847) 823-0500

PHEASANT RUN TIF
IN
CITY OF ST. CHARLES, ILLINOIS
PREPARED FOR
KANE, MCKENNA AND ASSOCIATES, INC.

CALC.	JRM	PROJECT NO.
DWN.	AJK	220195
CHKD.	KJR	SHEET 1 OF 1
SCALE:	1" = 300'	DRAWING NO.
DATE:	03-25-2022	TIF220195

Exhibit B

Tax Parcel List

**PHEASANT RUN TIF
CITY OF ST. CHARLES
PARCELS**

01-30-300-015

01-30-300-016

01-30-300-017

01-30-300-018

01-30-300-019

01-30-300-048

01-30-300-049

01-30-300-050

01-30-300-051

01-30-300-052

01-30-300-053

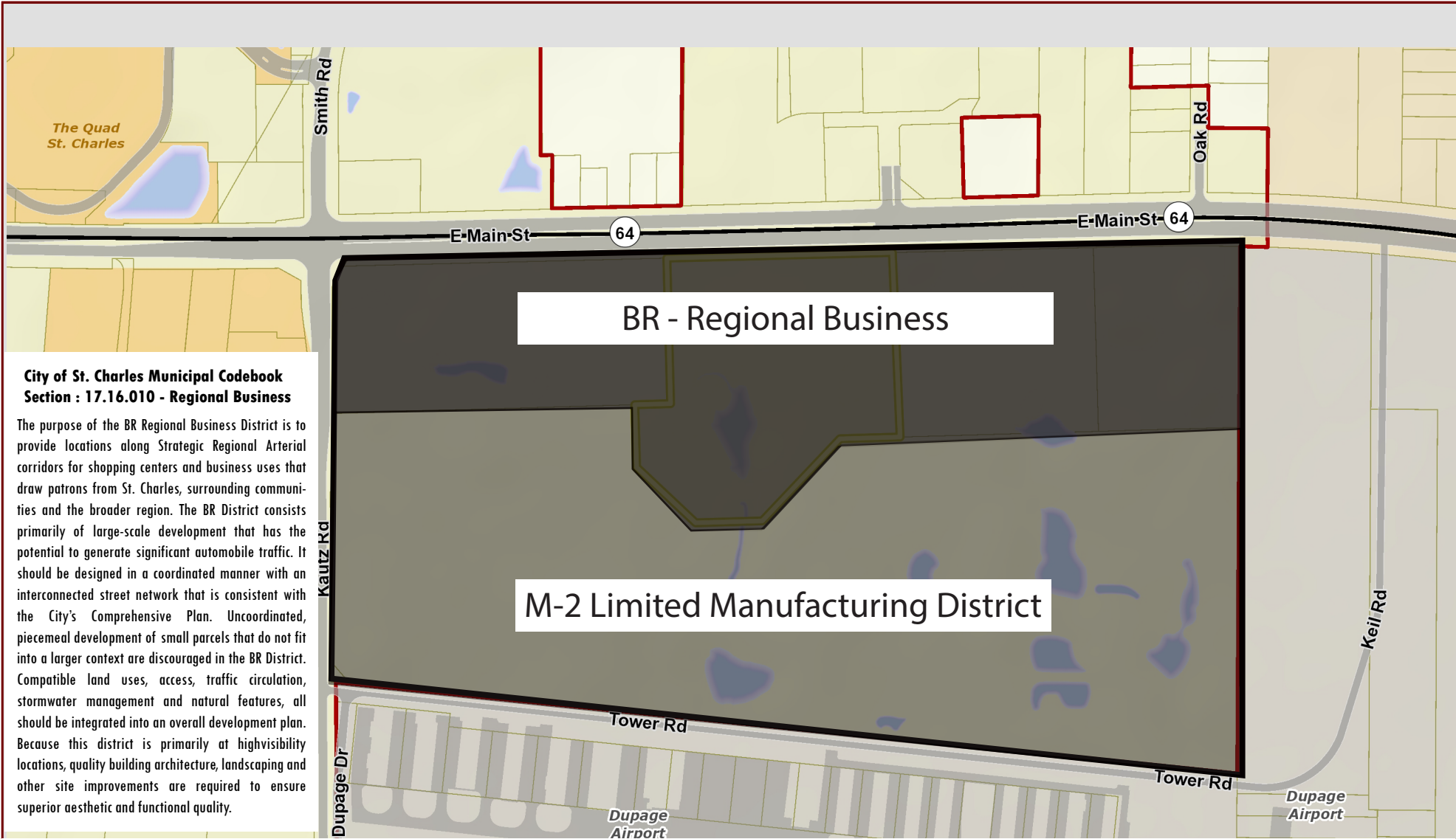
01-30-300-055

01-30-300-056

01-30-400-005

EXHIBIT D
EXISTING LAND USE MAP

Current Land Use Map



BR - Regional Business

M-2 Limited Manufacturing District

**City of St. Charles Municipal Codebook
Section : 17.16.010 - Regional Business**

The purpose of the BR Regional Business District is to provide locations along Strategic Regional Arterial corridors for shopping centers and business uses that draw patrons from St. Charles, surrounding communities and the broader region. The BR District consists primarily of large-scale development that has the potential to generate significant automobile traffic. It should be designed in a coordinated manner with an interconnected street network that is consistent with the City's Comprehensive Plan. Uncoordinated, piecemeal development of small parcels that do not fit into a larger context are discouraged in the BR District. Compatible land uses, access, traffic circulation, stormwater management and natural features, all should be integrated into an overall development plan. Because this district is primarily at highvisibility locations, quality building architecture, landscaping and other site improvements are required to ensure superior aesthetic and functional quality.

City of St. Charles Municipal Codebook - Section : 17.16.010 - Limited Manufacturing

The purpose of the M-2 Limited Manufacturing District is to accommodate a wide range of manufacturing, assembly, processing, warehousing and office/research activities, both as individual users and in a business park setting. New development and redevelopment in this District shall focus on providing sufficient setbacks, and adequate landscaping and buffering from adjacent nonindustrial uses and public rights-of-way. Outdoor storage and loading, and other outdoor activities, shall be adequately screened.



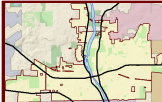
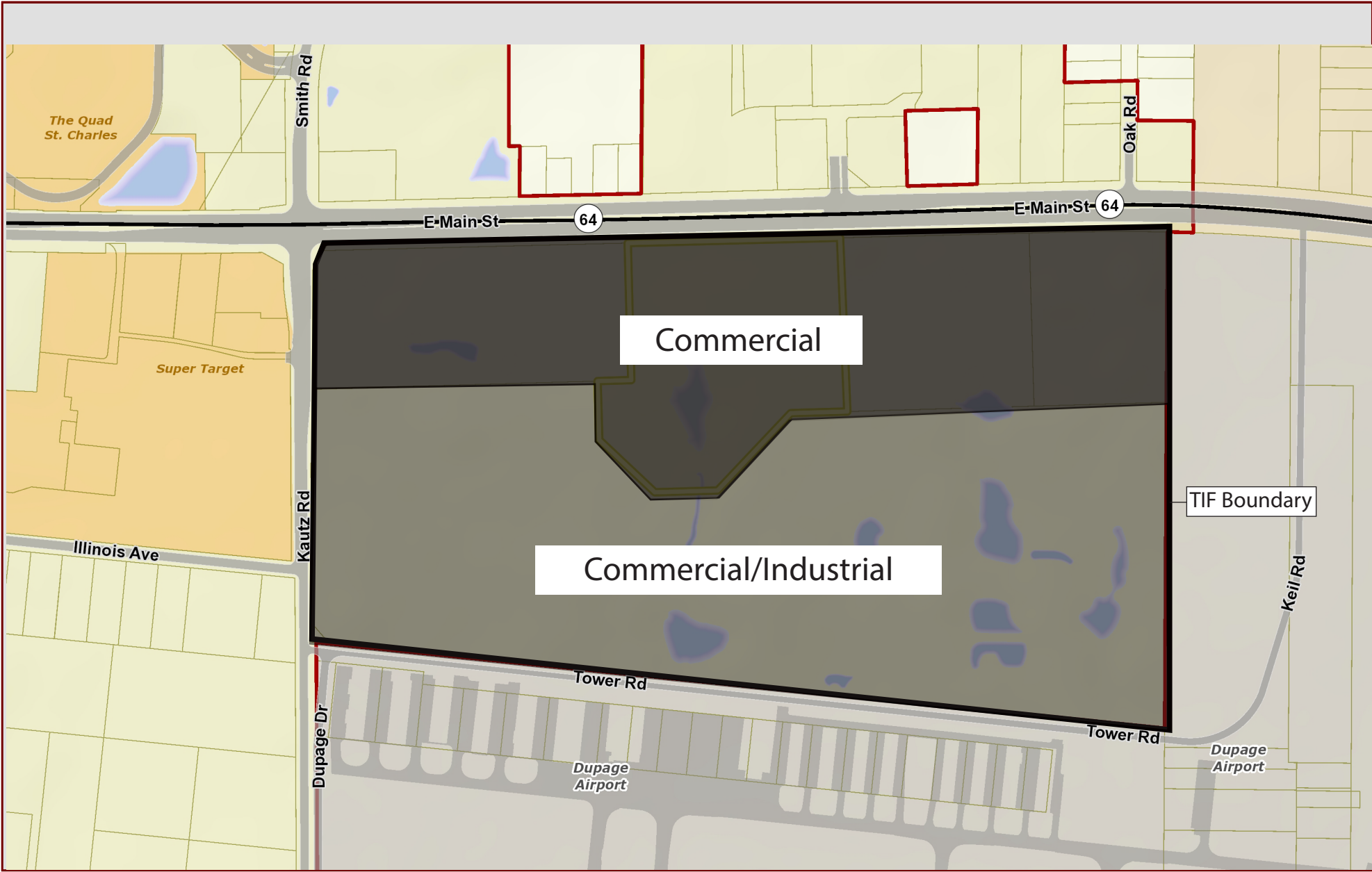
Data Source:
City of St. Charles, Illinois
Kane County, Illinois
DuPage County, Illinois
Projection: Transverse Mercator
Coordinate System: Illinois State Plane East
North American Datum 1983
Printed on: August 24, 2022 08:18 AM



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EXHIBIT E
FUTURE LAND USE MAP

Future Land Use Map



Data Source:
City of St. Charles, Illinois
Kane County, Illinois
DuPage County, Illinois
Projection: Transverse Mercator
Coordinate System: Illinois State Plane East
North American Datum 1983
Printed on: August 24, 2022 08:18 AM



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