



TO: Mayor McNamara
City Council Members

FROM: Carrie Eklund, Finance Director

RE: 2016 Tax Increment Financing (TIF) Funds

DATE: December 2017

TIF Background. TIF is an economic development tool used by municipalities to help attract private development and new business to a specified area. The program allocates future increases in property taxes from a designated area to pay for improvements within that area. The program lasts for 23 years from the date the district is created but may be extended for 12 additional years.

Under TIF, the property taxes due to increased value from new development, increases in assessment due to rehabilitation or improvement, or rate changes are allocated to the city. This includes property taxes that would have otherwise been due to other taxing bodies, such as a park district or school district. Other taxing bodies continue to receive property taxes generated by the base value of properties in the district.

In 2014, City Council appointed the Ad Hoc TIF Committee to evaluate the city's existing TIF districts. The committee completed their review of the existing TIF's, past development agreements and best practices from other communities. As a result of those efforts, City Council adopted a TIF Policy Statement and Guideline Scoring System to evaluate the utilizations of tax increment financing and TIF districts.

The City Council and the Ad Hoc TIF Committee recognized that Tax Increment Financing (TIF) and TIF districts are an appropriate and effective tool to assist the local government in its economic development plans. TIF can be a powerful economic development tool, but when tax revenues from the TIF increment is diverted, other local governments will be affected by not receiving these revenues, which can constrain a government over the duration of the TIF.

TIF Funds Summary. The city currently has 30 TIF districts. As shown in the first attachment, three districts expired in 2015 with final expenses incurring in 2016, the vast majority of the remaining districts expire after 2027. The combined property tax increment revenue for all districts increased 4.2% from 2014 to 2015.

The aggregate property tax increment for all districts has decreased significantly over the last five years. As shown in the second attachment, the combined increment for all districts changed from

\$4,773,730 in 2010 to \$4,041,381 this year, a decrease of \$731,899 (15.2%). The percentage decreases varied considerably by district. The primary reasons for the reduced property tax increment are declines in EAV in the districts that are often greater than the declines in EAV experienced citywide combined with efforts of taxing districts limit the increase or decrease their total tax levies. The lower revenue limits funds available for new projects and increases deficits in underperforming districts.

It is a typical practice for municipalities to fund TIF district improvements with bond issues that are to be repaid with property tax increment revenue. The city currently has outstanding debt service on bonds in 14 TIF districts. In several districts, property tax increment revenue has not been sufficient to cover debt services payments. This has resulted in negative or deficit balances in seven TIF funds.

Several districts will also likely end with a negative fund balance. As a result, the city must continue to adhere to the practice that unless a project can generate the necessary debt service each year, long-term financing should not be used for TIF districts. In addition, future development agreements should not commit annual payments or reimbursements exceeding the amount of property tax increment.

Group One – Global Trade Park

Global Trade Park TIF District #1. (Ends 2027) The fund has a negative balance of \$639,218 at the end of 2016. Debt service totaling \$1.935 million will be paid on three bond issues through 2023. The TIF's excess funds are committed to the Rockford Airport Authority for the maintenance facility project. Commitments for the project are not yet included in this analysis because the city's annual debt service for the project has not been finalized. The TIF was created as part of the Global Trade Park Industrial Redevelopment Planning Area to serve as a mechanism for redevelopment pursuant to the Industrial Jobs Recovery Law. The Redevelopment Planning Area was initiated by the city.

Projects Include:

- UPS Heavy Air Freight Facility: New 70,000 square foot heavy air cargo facility. Total investment of \$7.4 million, proposed 60 new jobs, and \$1.3 million in city funds.
- UPS upgrade of existing parcel sorting facility. Total investment of \$25 million, 200 new jobs, 1500 retained jobs, and \$100,000 in city funds.

Anderson Packaging Expansion (Now PCI): New 260,000 square foot manufacturing and warehouse facility. Total investment \$14+ million, 250 new jobs, and \$1.1 million in city funds.
- Tandem Air Cargo Facility: New 72,000 square foot air cargo facility. Total investment \$7 million, proposed 75-125 new jobs, and \$960,000 in city funds. Property conveyed to the Airport.
- Rock Valley College job training services with up to \$150,000 in city funding (years 2006-2008).
- Wanxiang Solar Plant AmCorp: New 40,000 square foot solar panel manufacturing facility. Total investment \$12.5 million, proposed 60 new jobs, and \$1.2 million in city funds. (Wanxiang Facility proposed to expand to 160,000 square foot & 200+ jobs over time)
- Wanxiang Solar Farm: Construction of 3 MW solar farm on 15 acres. city leases 70 acres from Airport Authority and pays taxes on the property from Solar Farm.
- B/E Aero Space: New 38,000 square foot facility. Total investment \$4 million, proposed minimum of 20 new jobs, and city commitment of 50% of increment annually on a pay as you go basis.
- PCI (formerly Anderson Packaging): New 85,000 square foot Clinical Trial Facility. Total investment \$8 million, 79 jobs retained, 25 new jobs proposed, and city commitment of 80% of increment annually on a pay as you go basis.
-) Rocknell Fastner: Phased expansion of existing business and facility, Phase I is 35,000 sq. ft. addition with a total investment of \$7.7 million and the creation of 10 full time

positions. Phase II to be determined at a future point. Agreement directs increment towards future construction of Logistics Parkway south of Sameulson.

- J ARR Corporation: New 200,000 square-foot maintenance, repair and overhaul (MRO) services within the airport grounds. The new facility will create 500 new jobs over a five year period. The facility is expected to operate 24 hours a day. The facility will expand the airport's current infrastructure to allow for scheduled and unscheduled service, modification, overhaul and all other support services for military and commercial Boeing aircraft. With the active cooperation of AAR, Rock Valley College plans an on-Project-site expansion of its aircraft mechanic training program, which will employ 22 people, with 14 of those being new jobs, and with its expanded educational program at all locations being able to handle 100 new students each year. According to the terms of the city's intergovernmental agreement with the airport authority, \$5 million in bonds will repaid by revenues pledged by the city. Based on the bonds being a 20-year term with a 4.05% rate, the debt service will be approximately \$368,000 annually or \$7,358,160 over the life of the bonds from GTP 1, 2 &3.

Global Trade Park TIF District #2. (Ends 2030) The fund has a balance of \$202,424 at the end of 2016. The TIF's excess funds are committed to the Rockford Airport Authority for the maintenance facility project.

The TIF was created as part of the Global Trade Park Industrial Redevelopment Planning Area to serve as a mechanism for redevelopment pursuant to the Industrial Jobs Recovery Law. The Redevelopment Planning Area was initiated by the city. Projects Include:

- DeKalb Implement: New 28,000 square foot sales and service facility for farm implement and machinery. Total investment \$2.7 million, proposed 14 new jobs, estimated \$12 million in annual sales, and city commitment of 30% increment on an annual pay as you go basis.
- Ingenium Technology Expansion: New 24,000 square foot research lab addition. Total investment of \$11.3 million, with 67 new jobs, and \$547,000 in city funds.
- Harrison Industrial: Rehab of 362,000 square foot warehouse and light manufacturing building. Total investment \$2.97 million, proposed 100-200 new jobs, 30 retained jobs, and city commitment of 100% of increment on an annual pay as you go basis not to exceed \$1.1 million.

Global Trade Park TIF District #3. (Ends 2031) The fund has a balance of \$114,623 at the end of 2016. The district does not have debt service. The TIF's excess funds are committed to the Rockford Airport Authority for the maintenance facility project.

The TIF was created as part of the Global Trade Park Industrial Redevelopment Planning Area to serve as a mechanism for redevelopment pursuant to the Industrial Jobs Recovery Law. The Redevelopment Planning Area was initiated by the city. Projects include:

- J Freeway Rockford: 12,000 sq. ft. addition to existing business. Total private investment of \$1.2 million, the creation of 10 jobs, and city commitment of 30% increment on an annual pay as you go basis.

Global Trade Park South. (Ends 2036) The fund has a balance of \$49,553 at the end of 2016. The city has yet to provide TIF funding for infrastructure or economic development projects in the district. The Redevelopment Project Area and TIF were initiated by the city as an extension of Global Trade Park Industrial Redevelopment Planning Area under the Jobs Recovery Law. There are no existing redevelopment agreements, the property is being prepared for future development.

Group Two – West Side

Springfield Corners TIF District. (Ends 2025) The fund has a negative balance of \$2,425,135 at the end of 2016. Debt service, running through 2023 for three bond issues, totals \$2.84 million. Transfers from State and Central TIF are planned to occur from 2020 through 2024 and total \$450,000. With the continuation of these transfers, the fund should be projected to have an ending deficit of \$3.23 million. Springfield Corners Redevelopment Plan and TIF were created at the request of Oliver Emerson Development to encourage west side residential and commercial development. Projects include:

- Emerson Development Phase 1: New 27-home subdivision and subdivision infrastructure improvements. Total investment \$3.4 million and \$1.3 million from city bond sale.
- Emerson Development Phase 2: New 41-home subdivision (84 total homes), 9,180 square foot retail commercial site. Total investment of \$7.1 million with \$1.7 million from city bond sale.
- Rockford Renaissance Development LLC: New commercial development and related facilities. Total investment \$5.4 million and city reimbursement of public and private redevelopment costs, from bonds sold.

State Central TIF District. (Ends 2029) The fund has a negative balance of \$188,683 at the end of 2016. The district does not have debt service. TIF could be successful. The Redevelopment Project Area and TIF were initiated by the city to support the redevelopment efforts of the West State Street Corridor Plan. There are no existing agreements within the TIF.

- West State Street Grocery: New 15,000 square foot grocery store with IFF for a Save-a-Lot. Total investment of \$2.5 million with \$300,000 from fund balance at issuance of certificate of occupancy in 2015 and \$200,000 payable over 5 years.

Group Three – Central city

East Side TIF District. (Ends 2016) The fund has a zero balance at the end of 2016. In 2015 and 2016, funds are used for Coronado Theatre debt service. East Side Redevelopment Plan and TIF

were created in 1979 as a guide for the redevelopment and reinvestment of portions of the downtown area and historically have been used to support community projects including Coronado and BMO Centre, other projects include:

- Carlyle Brewery Expansion: Remodel for brew pub and removal of Hideway Gentlemen Club. Total investment of \$120,000 and city commitment of \$25,000.
- Rockford Register Star Addition: 12,000 square foot addition for printing press, retain jobs, and city commitment to vacation of water street, and 100% of increase in increment on an annual pay as you go basis not to exceed \$850,000.
- Commercial Office/Social Security Building: New 12,000 square foot office building and city commitment of 100% annual increment not to exceed 30% of total costs of improvements.

West Side TIF District #1. (Ends 2016) The fund has a zero balance at the end of 2016. In 2015 and 2016, funds are used for Coronado Theatre debt service. West Side Redevelopment Plan and TIF were created in 1979 as a guide for the redevelopment and reinvestment of portions of the downtown area and historically have been used to support Community projects such as Coronado and BMO Centre, other projects include:

- Williams and McCarthy Relocation & Business Expansion: Rehabilitation of office space at 120 W. State - National city Bank. Total investment \$750,000 with a city commitment of \$187,000.
- Water Works LLC: New 36,000 square foot three-story professional office building. Total investment of \$4.6 million with a city commitment of 100% of increment on a pay as you go basis not to exceed 30% of total costs of improvements.
- Roly Poly remodel in Stewart Square: Rehabilitation and signage for Roly Poly Restaurant. Total investment \$70,000 with city commitment of \$10,000.
- Morrissey Redevelopment Group: Mixed-use rehabilitation project of commercial space and market-rate housing. Total investment \$797,000 with city commitment of 100% of the increased taxes on a pay as you go basis not to exceed \$128,000.
- Joseph James Partnership: Rehabilitate existing office building (Gas & Electric Building). Total investment \$11.8 million with city commitment of 100% increment on an annual pay as you go basis not to exceed a total of \$750,000.
- River city Center (Four Squires): Rehabilitation and renovation of property located at 203-207 W. State Street. Total investment \$550,000 and city commitment of 100% increment on a pay as you go basis not to exceed 30% of the total redevelopment costs.
- Brown Building Development: Rehabilitation of mixed use property for commercial and 28 market rate housing units. Total investment \$4 million and city commitment of \$960,000 over first 5 years of agreement + 100% of the increase in increment on annual pay as you go basis.

- Bever and Bissel: Rehabilitation of 201 West State Street with city commitment of \$14,500 loan payable over 5 years.

7th Street TIF District. (Ends 2016) The fund has a zero balance at the end of 2016. The Redevelopment Project Area and TIF were created in 1979 as a redevelopment guide for 7th Street. Projects include:

- 201 7th Street: Mixed use (commercial & residential) rehabilitation. Total investment \$300,000 with city commitment of 100% increment on an annual basis not to exceed a total amount of \$20,000.
- Zion Development Katie's Cup: Rehabilitation of 502 7th Street as commercial office, retail and 7 condominium units. Total investment \$5.7 million for entire building redevelopment, \$157,000 for Katie's Cup, and city commitment of \$150,000 from bond sale.
- Zion Development - 528 7th Street: Rehabilitation of mixed use development. Total investment \$800,000 with city commitment of 100% increment on a pay as you go basis not to exceed 30% of total costs of improvements.
- Zion Development - 1055 7th Street: Rehabilitation of Longwood Plaza. Total investment \$4.5 million with city commitment of 100% increment on a pay as you go basis not to exceed 30% of total costs of improvements.

South Rockford TIF District. (Ends 2023) The fund has a balance of \$110,004 at the end of 2016. Debt service totaling approximately \$306,750 will be paid on three bond issues through 2017. The district is expected to close out successfully. The Redevelopment Plan Area and TIF were created in 1999 to facilitate redevelopment of the South Main Corridor and Barber Coleman Site, projects include the following:

- South Main Shopping Center/Grocery Store: 10 acre redevelopment of shopping center with minimum 30,000 square foot grocery store. Total investment \$5.8 million and city commitment of \$4 million through bond sale.
- Emerson Retail: 9,600 square foot Family Dollar and 4,600 square feet Medical Clinic within the Grocery Store Center. Total investment \$1.9 million, 20 full time jobs (11 Low to Moderate Income Individuals), and city commitment of 100% increment on pay as you go not to exceed a total of \$457,000.

Jackson School TIF District. (Ends 2029) The fund has a negative balance of \$132,985 at the end of 2016. Debt service totaling \$26,000 will be paid through 2017. Projects include:

- Medical Office Building: Dialysis Facility with total investment \$2.2 million and city commitment of 100% increment on an annual pay as you go basis not to exceed a total amount of \$218,000.

- Swedish American Foundation: Acquisition and rehabilitation of 15 homes with city commitment of \$200,000 paid in May of 2008.

West Side TIF District #2. (Ends 2030) The fund has a balance of \$11,143 at the end of 2016. There are no existing redevelopment agreements within the TIF.

Amerock / Ziock: Redevelopment of existing Amerock Building, a 13 story structure into a 150 room hotel with approximately 20,000 square foot conference center. The conference center will be connected to the Amerock Building and the proposed Parking Structure. The Project also includes the construction of a surface parking lot on the Tapco Site which will be used for parking for employees of the Hotel. \$60 million investment, the creation of 162 jobs and city commitment of 100% increment on pay as you.

East River TIF District. (Ends 2032) The fund has a balance of \$8,750 at the end of 2016. Debt service totaling \$279,661 will be paid through 2023. The Redevelopment Project Area and TIF were created by the city at the request of Gautam Gupta for the redevelopment of 400 block of East State Street. The TIF was created but the redevelopment of the 400 block of East State Street did not take place under Gupta, projects include the following:

- Proform Development: Mixed use redevelopment of 409 Madison Street with 3 residential and 3 commercial units. Total investment \$1.4 million with city commitment of \$396,000 increment issued as a result of bond sale.
- JMZ Urban Properties: Mixed use redevelopment of 110 N 1st Street. Total investment \$258,000 and city commitment of 50% increment created over the life of the TIF on a pay as you go basis not to exceed a total amount of \$47,000.
- Brewhouse Redevelopment: Mixed use rehabilitation of six story 82,000 square foot brewery building. Total investment \$12.3 million with city commitment of 100% increment on a pay as you go basis.
- Johnson and Tillman Building: Rehabilitation of 202 Madison into six condominium units. Total investment \$1.3 million with city commitment of \$345,000 through bond issuance & \$50,000 through capital improvement funds.
- Metro Hall: 320-324 East State Street mixed use redevelopment of 6,400 square feet retail with 8 residential units. Total investment \$2.9 million and city commitment of 100% increment on an annual pay as you go basis for 10 years not to exceed a total of \$180,000.
- Metro Hall: 408-414 East State Street of 7,200 square foot retail with 8 residential units. Total investment of \$2.5 million and city commitment of 100% of increment on an annual pay as you go basis for 10 years not to exceed a total of \$223,000.
- Maccabee Capital: Redevelopment of 134 North First Street as a commercial project. Total investment of \$1.1 million and city commitment of \$249,000 fund balance through construction with final payment at issuance of certificate of occupancy.

- J 214 E State St, LLC: Redevelopment of 214 E State St for a retail/multi-level banquet space with total investment of \$2,396,000.00 and a city commitment of 75% of increment not to exceed a total of \$488,886.
- J Madison Street Properties LLC – Redevelopment of 220 S Madison Street into a hotel complex representing an estimated Developer investment of \$4,847,500. The City's commitment of 75% of the increment not to exceed the sum of \$768,846 over the life of the TIF.

River North TIF District. (Ends 2032) The fund has a balance of \$43,734 at the end of 2016. Debt service payments, which continue through 2028, total \$402,175. The Redevelopment Project Area and TIF were created at the request of the developer of the Valencia to assist in the redevelopment of the property and surrounding properties. Projects in the TIF include the following:

- Valencia Apartments: Rehabilitation of four Jesse Barloga designed buildings with 36 units. Total investment \$3.5 million investment with city commitment of \$250,000 from bond sales and 100% increment on a pay as you go basis.

The developer had not completed the redevelopment and the property fell into disrepair, including a fire which damaged one of the four (4) buildings located on the property. The property was obtained by the City of Rockford by deed in lieu of foreclosure.

- J UEP Valencia, LLC – in 2016: New developer and redevelopment agreement of the Valencia apartments, converting 48 units into a total of 32 units (16 one bedroom & 16 two bedroom) within the existing four buildings. The Developer proposes to complete the Project within the guidelines of the National Park Service for historic rehabilitation. The building is located within a National Historic District and National Register of Historic Places. The Developer will utilize both state and federal historic tax credits to augment the City's and Developer's financial participation. The total investment in the building, including soft costs for rehabilitation, is approximately \$2,850,000 dollars by completion. The City agrees to provide to the Developer reimbursement of 100% of the annual incremental taxes generated by the improvement to the Property, on a pay-as-you-go bases through 2031 for TIF eligible Redevelopment Project Costs

- Morgan Management: Rehabilitation of 202 West State Street. Total investment \$12.4 million investment with city commitment of 100% of the annual increment not to exceed \$3.7 million.

- J Boutique Hotel: The Project consists of the redevelopment 134 N. Main with a proposed seventy six (76) room hotel on the upper floors, (including construction of four (4) additional floors), with a restaurant and retail service uses on the ground floor. \$15 million investment with city commitment of 100% increment on a pay as you go basis.

Midtown TIF District. (Ends 2032) The fund has a balance of \$88,307 at the end of 2016. District does not have debt service. Projects in the TIF include the following:

- Mid-Town Lofts: Mixed use redevelopment of commercial and residential property in the 400 block of 7th Street. Total investment \$4.9 million dollar investment with city commitment of \$850,000 + 100% of the increment created on the residential units on annual pay as you go basis.
- Northwest Quarterly: Rehabilitation of a 7900 sq. ft. vacant structure at 222 7th Street. Total investment \$180,000 with city commitment of 70% of the increment created on annual pay as you go basis with a not to exceed amount of \$108,086.

Broadway TIF District. (Ends 2032) The fund has a balance of \$160,271 at the end of 2016. District does not have debt service. Projects in the TIF include the following:

- Former Tokyo Health Spa Demolition: city and County have agreed to share the cost of demolition of the structure at the northwest corner of Broadway and 11th Street. Estimated use of TIF funds at approximately \$35,000.
- J South Main Shopping Center – 1410 Broadway. Acquisition and redevelopment of the Former Turner School property to be leased for a District Police Station. Estimated investment by the Developer is \$9,000,000. The City's commitment is 100% of the increment for reimbursement of TIF eligible expenses.

Jefferson/Third. (Ends 2036) The fund has a negative balance of \$1,288 at the end of 2016. Developer reimbursements for initial project are limited to \$1.01 million and payments cannot exceed the increment produced each year. The redevelopment project area and TIF were created at the request of developer for the retail shopping center located at 526 East Jefferson Street.

- New Retail Strip Center: Build 15,000 square foot retail center. Total investment \$1.8 million, 15 to 19 full time equivalent jobs, and city commitment of 100% increment on a pay as you go basis for the life of the TIF not to exceed \$1 million.

Group Four

Lincolnwood TIF District #1. (Ends 2023) The fund has a balance of \$73,805 at the end of 2016. Debt service payments, which ends in 2017, total \$112,156. Projects in the TIF include the following:

- Comprehensive Community Solutions: 26 single family home subdivision, include 50% low income. Total investment \$3.4 million with city commitment of \$563,000 from bond sale.

North Main TIF District. (End 2026) The fund has a negative balance of \$1,090,634 at the end of 2016. Debt service payments, which end in 2022, total \$882,164. The fund is projected to have an ending deficit of \$1.79 million. A general fund or redevelopment fund transfer for fund at its closeout may be necessary. The Redevelopment Project Area and TIF were created as part of the redevelopment of the vacant Kmart facility, redevelopment agreements include:

- Rockford Local Development Corporation: New commercial retail development and 24 townhome units. Total investment \$5.9 million with city commitment of \$1.6 million through bond sale.

Lincolnwood TIF District #2. (Ends 2027) The fund has a negative balance of \$32,574 at the end of 2015. Debt service payments totaling \$333,770 end in 2021. Projects in the TIF include the following:

- Comprehensive Community Solutions: 18 single family home subdivision, including 50% low income. Total investment \$2.9 million and city commitment of \$546,000 from bond sale.

Kishwaukee Harrison TIF District #1. (Ends 2027) The fund has a balance of \$103,400 at the end of 2016. The district does not have debt service. Projects in the TIF include the following:

- Bourn & Koch: New 48,000 square foot office and warehouse addition. Total investment \$3 million, 30 new jobs, 65 retained jobs, and city commitment of 50% increment on a pay as you go basis over the life of the TIF estimated not to exceed \$695,000.

Hope Six TIF District. (Ends 2028) The fund has a negative balance of \$676,669 at the end of 2016. The fund balance is expected to remain negative throughout the life of the district. Debt service payments, which end in 2023, total \$1.81 million. District is projected to close out with a deficit of \$937,755, which will require a transfer from the redevelopment fund or general fund. The redevelopment project area and TIF were created to assist in the Winnebago County Housing Authority Hope VI grant.

- Champion Park: Redevelopment and stabilization of single family neighborhood with the addition of 104 new single family homes, property demolition and infrastructure replacement. Total investment \$35 million and city commitment of \$2.5 million from bond sales for reimbursement of public infrastructure.

River Oaks TIF District. (Ends 2028) The fund has a negative balance of \$2,285,750 at the end of 2016 and is expected to remain negative throughout the life of the district. Debt service payments, which end in 2019, total \$927,325. This project is not built out as planned. Under the worst case scenario, which is the project not being build out any further, the TIF will end with a deficit of approximately \$3.48 million. This will require a transfer from the redevelopment fund or general fund to offset the deficit when the TIF district expires. The redevelopment project area and TIF were created at the request of the developer for development of the River Oaks residential development. The only redevelopment agreement in the TIF is as follows:

- Infill Development: Removal of dilapidated trailer park adjacent Klehm Arboretum with a residential housing development (63 market rate condominiums) along the river. Total investment \$11 million and city commitment of \$2.4 million through bond sales.

Garrison TIF District. (Ends 2028) The fund has a negative balance of \$593,139 at the end of 2016 and is expected to remain negative throughout the life of the district. Debt service payments total \$1.24 million and end in 2023. The fund is expected to end with a deficit of \$653,493. The

redevelopment project area and TIF were created at the request of the developer for the redevelopment of Garrison School. The only redevelopment agreement in the TIF is as follows:

- Garrison Agreement: Rehabilitation of 15 units in the existing school and gym, and new construction of 19 townhome units. Total investment \$5.7 million with city commitment of \$1.5 million through issuance of bond sale.

State Kilburn TIF District. (Ends 2029) The fund has a balance of \$102,678 at the end of 2016. The district does not have debt service. There are currently no agreements within this TIF.

Main Auburn TIF District. (Ends 2029) The fund has a negative balance of \$16,148 at the end of 2016. The district does not have debt service. The redevelopment project area and TIF were created by the city to further intersection in redevelopment and establish development around North Main and Auburn Street conjunction with roundabout intersection improvements, agreements include:

- Rathskeller: Patio Expansion with total investment \$210,000 and city commitment up to \$30,000 on an annual 100% pay as you go basis should increment be created.

Preston Central TIF District. (Ends 2029) The fund has a negative balance of \$1,523,252 at the end of 2016. Annual debt service payments, which end in 2026, total \$901,103. Under current assumptions, fund balance will not turn positive and is projected to be a negative \$1.7 million when the TIF district expires. Leibovich will take possession of building that was formerly owned by the city, which will generate some additional increment. Future expansion of the project, which is planned, would also increase revenue. The redevelopment project area and TIF were created to support the expansion and retention of Liebovich and environmental clean-up of the former J.I. Case Plant (currently City Yards), redevelopment agreements include:

- Liebovich Bros. Inc: Phase 1 of new 80,000 square foot industrial building, 12 new jobs, and city commitment on transfer of property upon demolition of existing buildings and completion of environmental cleanup funded by bond sale.

State Alpine TIF District. (Ends 2029) The fund has a balance of \$425,354 at the end of 2016. The district does not have debt service. Financial commitments to existing projects are \$550,000 through 2029. The redevelopment project area and TIF were created to stabilize the East State Street Corridor between Fairview and Alpine Road.

- Olson Enterprises: Exterior improvements to building facade of 4010 East State Street. Total investment \$200,000 and city of commitment of a one-time payment of \$25,000.
- Whitehouse Shopping Plaza: Rehabilitation of 60,000 square feet commercial building at 300-320 North Alpine Road. Total investment \$3 million with city commitment of 100% increment on a pay as you go basis not to exceed \$200,000.
- Don Carter Lanes: Rehabilitation of bowling alley and establishment of Off Track Betting Facility. Total investment \$1 million with city commitment of \$480,000 over five years.
- Alpine Inn: Rehabilitation and redevelopment of motel. Total investment \$590,000 with city commitment of \$200,000 over 5 years.
- Auto Clinic of Rockford: Flood damage repairs with the city commitment of \$11,300 one-time payment.

- Mary's Market: Redevelopment of commercial property. Total investment \$1.5 million with city commitment of \$200,000 over five years.
- Sugar Jones: Redevelopment of commercial tenant space for retail location and regional commissary. Total investment of \$100,000 with city commitment of \$10,000 of fund balance at issuance of certificate of occupancy.

Kishwaukee Harrison TIF District #2. (Ends 2031) The fund has a balance of \$621 at the end of 2016. District does not have debt service.

- Harrison Industrial: Rehabilitation of 362,000 square foot industrial building at 2020 Harrison Avenue. Total investment \$2.9 million investment with city commitment of 100% increment on a pay as you go basis.

Assisted Living TIF District. (Ends 2031) The fund has a balance of \$236 at the end of 2016. The redevelopment project area and TIF were created at the request of developer pursuing the development of an Assisted Living project. The project did not proceed and there are currently no existing redevelopment agreements for the TIF.

Main Whitman TIF District. (Ends 2031) The fund has a negative balance of \$589,360 at the end of 2016 and is expected to remain negative throughout the life of the district. Debt service payments, which end in 2028, total \$1.28 million. The redevelopment project area and TIF were created at the request of the developer of Rock River Towers to assist in the redevelopment of the property.

- Rock River Tower: Rehabilitation of 108 residential units. Total investment \$3.2 million with city commitment of \$1.3 million from the sale of bonds.

Mulford/State TIF District. (Ends 2036) The fund balance at the end of 2016 is \$272,398. The redevelopment project area and TIF were created at the request of OSF Saint Anthony Medical Center. Projects in the TIF area include the following:

 Taxing bodies: The creation of the TIF includes provisions that direct 15% of the TIF increment to the taxing bodies.

- Lyons Consulting Group LLC: Rehabilitation of 5,678 sq. ft. located at 4940 East State Street. Total investment \$250,000 with city commitment of \$13,115 per year for up to five years.
-) Portillo's & Retail: The Project consists of the demolition and the redevelopment of the property located at 6122 Mulford Village Drive with a 15,000 square foot retail center and Portillo's. Total investment \$4.7 million with city commitment of 100% increment on a pay as you go basis not to exceed \$453,000.
-) Servicom Redevelopment: Redevelopment of former K's Merchandise for mixed commercial and office. Minimum investment of \$1.8 million, creation of 275 new jobs and city commitment of 100% increment on a pay as you go basis and \$150,000 of fund balance for parking lot improvements.

Auburn Street TIF District. (Ends 2037) The fund balance at the end of 2016 is \$20,770.

- Emerson Retail Development: Demolition of existing retail center and construction of New Retail center anchored with Family Dollar. Total investment of \$3.4 million with city commitment of 70% of increment on a pay as you go basis. Project did not proceed.

TIF Deficit Projections

Six districts are projected to end with deficit positions. These forecasts are subject to change and could be affected by several variables, including future development, changes in existing values, and refinancing existing debt. The following table provides the information on each TIF districts' projected ending deficit:

<u>TIF</u>	<u>Ending Year</u>	<u>Est. Ending Bal.</u>
1 Springfield Corners	2025	(\$3,018,849)
2 North Main	2026	(1,790,180)
3 Hope 6	2028	(937,755)
4 River Oaks	2028	(3,485,323)
5 Garrison	2028	(653,493)
6 Preston/Central	2030	(1,696,686)
Total		(\$11,582,286)

Transfers from either the general fund or redevelopment fund in an amount equal to the deficits will be necessary when a TIF district expires.