
**STEPHENSON COUNTY
MILL RACE CROSSING
ECONOMIC DEVELOPMENT PROJECT AREA**

Prepared For: Stephenson County, Illinois

Prepared By: Kane, McKenna and Associates, Inc.

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I. INTRODUCTION

Stephenson County, Illinois (the "County") is located approximately thirty (30) miles west of downtown Rockford, Illinois in Winnebago County and one-hundred fifteen (115) miles northwest from Chicago's "Loop".

For purposes of establishing the Economic Development Project Area ("EDPA") the County is completing this Development Plan (the "Plan") as required by the County Economic Development Project Area Property Tax Allocation Act (the "County Act") 55 ILCS 85/1, et. seq., as amended. Preparation of this Plan is in accordance with the County Act and may reflect certain documentation as required by the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

For this Plan, an EDPA is defined as any "improved or vacant area which is located within the corporate limits of the County and which (1) is within the unincorporated area of such County, or, with the consent of any affected municipality, is located partially within the unincorporated area of such County and partially within one or more municipalities, (2) is contiguous, (3) is not less in the aggregate than 100 acres, (4) is suitable for siting by any commercial, manufacturing, industrial, research or transportation enterprise facilities to include but not be limited to commercial businesses, offices, factories, mills, processing plants, assembly plants, packing plants, fabricating plants, industrial or commercial distribution centers, warehouses, repair overhaul or service facilities, freight terminals, research facilities, test facilities or transportation facilities, whether or not such area has been used at any time for such facilities and whether or not the area has been used or is suitable for such facilities and whether or not the area has been used or is suitable for other uses, including commercial agricultural purposes, and (5) which has been certified by the Department (*Illinois Department of Commerce and Economic Opportunity*) pursuant to this Act". 55 ILCS 85/3(d).

The County Act has been established to promote "the health, safety, morals and general welfare of all the people of the State, to provide incentives which will create new job opportunities and retain existing commercial businesses and industrial and manufacturing facilities within the State and related job opportunities, and it is further determined and declared that the relief of conditions of unemployment, the maintenance of existing levels of employment, the creation of new job opportunities, the retention of existing commercial businesses and industrial and manufacturing facilities within the State and related job opportunities, the increase of industry and commerce with the State, the reduction of the evils attendant upon unemployment, and the increase and the maintenance of the tax base of the State and its political subdivisions are public purposes and for the public safety, benefit, and welfare of the residents of this State." 55 ILCS 85/2.

An "economic development plan" means the written plan of the County, which sets forth an economic development program for an EDPA. Each economic development plan shall include but not be limited to (1) estimated economic development project costs, (2) the sources of funds to pay such costs, (3) the nature and term of any obligations to be issued by the County to pay such costs, (4) the most recent equalized assessed valuation of the EDPA, (5) an estimate of the equalized assessed valuation of the EDPA after completion of the economic development plan, (6) the estimated date of completion of any economic development project proposed to be undertaken, (7) a general description of any proposed developer, user, or tenant of any property to be located or improved within the EDPA, (8) a description of the type, structure and general character of the facilities to be developed or improved in the EDPA, (9) a description of the general land uses to apply in the EDPA, (10) a description of the type, class and number of employees to be employed in the operation of the facilities to be developed or improved in the

EDPA and (11) a commitment by the County to fair employment practices and an affirmative action plan with respect to any economic development program to be undertaken by the County. 55 ILCS 85/3(b).

In the context of planning for the EDPA within the boundaries, as described, the County has authorized the study of the Plan within the proposed boundaries to determine whether County actions may qualify the EDPA. Kane, McKenna and Associates, Inc. ("KMA"), has agreed to undertake a review of the EDPA and the qualifications needed for the establishment of an EDPA, as required by the County Act, which will need to be supplemented by review and approval of County Board, staff and officials.

The County must certify the following, prior to the adoption of the Plan, "any ordinance adopted by Stephenson County that approves an economic development plan shall contain findings that (i) the economic development project is reasonably expected to create or retain not less than 500 full-time equivalent jobs; (ii) private investment in an amount not less than \$10,000,000 is reasonably expected to occur in the economic development area; (iii) the economic development project will encourage the increase of commerce and industry within the State, thereby reducing the evils attendant upon unemployment and increasing opportunities for personal income; and (iv) the economic development project will increase or maintain the property, sales, and income tax bases of the County and of the State. Before the EDPA is established by Stephenson County, the following additional conditions must be included in an intergovernmental agreement approved by both the Stephenson County Board and the corporate authorities of the City of Freeport: (i) the corporate authorities of the City of Freeport must concur by resolution with the findings of Stephenson County; (ii) both the corporate authorities of the City of Freeport and the Stephenson County Board shall approve any and all economic or redevelopment agreements and incentives for any economic development project within the economic development area; (iii) any economic development project that receives funds under this Act, except for any economic development project specifically excluded from annexation in the provisions of the intergovernmental agreement, shall agree to and must enter into an annexation agreement with the City of Freeport to annex property included in the EDPA to the City of Freeport at the first point in time that the property becomes contiguous to the City of Freeport; (iv) the local share of all State occupation and use taxes allocable to the City of Freeport and Stephenson County and derived from commercial projects within the EDPA shall be equally shared by and between the City of Freeport and Stephenson County for the duration of the economic development project; and (v) any development in the EDPA shall be built in accordance with the building and related codes of both the City of Freeport and Stephenson County and the City of Freeport shall approve all provisions for water and sewer service". 55 ILCS 85/4(f).

Given limited opportunities for new development, the County is focusing attention on areas that may provide increases to the local property tax base with the ability to provide non-residential revenues, including but not limited to, sales taxes, water and sewer fees, etc. to the overall community.

Overall, the County intends to attract and encourage commercial and industrial users to locate, upgrade, expand and/or modernize their facilities within the County as part of its ongoing economic development planning. Currently, the EDPA is a proposed site for new commercial and industrial development, which is mostly vacant and without sufficient utilities or infrastructure requirements to allow new development to begin immediately. Because utilities and other infrastructure requirements have not been brought to the site in the past, the site area may have negatively impacted the potential for commercial and industrial development; thereby,

limiting employment and growth opportunities and contributing to the lack of new investment in the area.

Other sources of potential concern regarding the EDPA include ingress and egress coordination in certain areas of the EDPA, visible interior/exterior deterioration of the existing improvements and underutilized properties. The combination of these factors tends to limit the opportunities for designated uses within the EDPA and potential commercial and industrial development of areas surrounding the EDPA.

The County has undertaken an initiative, through the designation of the EDPA, to redevelop key areas within the County and, in doing so, stabilizing and expanding benefits to the community and affected taxing districts.

By using available County resources and leveraging previous projects as a gateway to new developments, the County may focus efforts on the following types of new developments within the EDPA:

- Industrial and Industrial Retention
 - Warehousing
 - Assembly
 - Special use
- Valued Added Agricultural Uses
- Highway Related (mixed-use, industrial, commercial, retail)
- Airport Related
- Commercial / Retail

Overall, the County intends to attract and encourage commercial and industrial users to locate, upgrade, expand and/or modernize their facilities within the County as part of its ongoing economic development planning. From the date the EDPA is created, through the expiration of the EDPA in 2028 it is estimated that the aforementioned developments may occur on an annual basis due to the establishment of the EDPA.

The Development Plan

The County recognizes the need for implementation of a strategy to revitalize commercial and industrial properties and development within the boundaries of the EDPA and to stimulate and enhance private development.

The needed private investment may only be possible if an EDPA is adopted pursuant to the terms of the County Act. Incremental property tax revenue generated by future development will play a decisive role in encouraging private development. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit the County and all the taxing districts, which encompass the area in the form of a significantly expanded tax base.

The designation of the area as an EDPA will allow the County to address area concerns that include (but are not limited to):

- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent current and/ or future commercial and industrial opportunities, as well as future County development needs;
- Provision of roadway and traffic improvements within the area, including a comprehensive review of ingress and egress requirements that satisfy area circulation, potential parking and connections to major arterials;
- Entering into development agreements in order to include the development of property and/or to induce new development to locate within the EDPA.
- Improving area appearance through rehabilitation of structures, landscape, streetscape and signage programs;
- Coordinating and engaging in land and/or building assembly/demolition in order to provide sites for more modern development plans; and
- Providing infrastructure that is adequate in relation to development plans.

The area overall would not reasonably be anticipated to be developed in a coordinated manner without the adoption of a Plan. The adoption of this Plan makes possible the implementation of a comprehensive program for the EDPA. By means of public investment, the EDPA will become a more viable area that will attract private investment. The public investment will set the stage for the development of the area with private capital. This in turn will lead to operation of viable new development within the area.

Depending upon the scope of the development as well as the actual uses, the following activities are anticipated:

- Demolition and Site Preparation: The development plan contemplates site preparation, or other requirements necessary to prepare the site for desired development projects.
- Landscaping/Buffering/Streetscaping: The County 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 and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The County may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the County. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the public. Utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

- Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the EDPA and enhance its development 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 County may fund certain interest costs incurred by a developer for the EDPA. Such funding would be paid for out of annual tax increment revenue generated from the EDPA as allowed by the County Act.
- Professional Services: The County may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The County may reimburse itself from annual tax increment revenue if available.

Through this Plan, the County will serve as the central influence for the coordination and assembly of the assets and investments of the private sector for a unified cooperative public-private development effort. Ultimately, the implementation of the Plan will benefit the County and all the taxing districts which encompass the EDPA in the form of a stabilized and expanded tax base, retention of existing businesses in need of expanding their operations and creation of new employment opportunities within the County as a result of new private development in the area as well as potential rehabilitation of existing structures.

Summary

It is found and declared by the County, through legislative actions as required by the County Act, that in order to promote and protect the health, safety, morals and general welfare of all the people of the State, that have been adversely affected by a lack of new development, especially within the EDPA and surrounding areas that their needs should be addressed, and new development of such areas must be undertaken; and, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development of certain areas. Public/private partnerships are determined to be necessary in order to achieve any future development goals.

It is found and declared by the County that the use of incremental tax revenues derived from the tax rates of various taxing districts in the EDPA for the payment of EDPA costs is of benefit to the EDPA taxing districts. This is because these taxing districts whose jurisdictions include in the EDPA would not derive the benefits of an increased assessment base without addressing the coordination of new development.

The new development activities that will take place within the EDPA and are expected to produce benefits, which will accrue to the City of Freeport and the County.

II. ECONOMIC DEVELOPMENT PROJECT AREA

1) Estimated Economic Development Project Costs

Economic development costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, as provided in the County Act, and any such costs incidental to this Plan or economic development project. Eligible costs permitted under the County Act, which may be pertinent to this Plan, include, without limitation:

1. "Costs of studies, surveys, development of plans and specifications, implementation and administration of an economic development plan, personnel and professional service costs for architectural, engineering, legal, marketing, financial, planning, sheriff, fire, public works or other services, provided that no charges for professional services may be based on a percentage of incremental tax revenue;
2. Property assembly costs within the EDPA, including but not limited to acquisition of land and other real or personal property or rights or interests therein, and specifically including payments to developers or other non governmental persons as reimbursement for property assembly costs incurred by such developer or other non governmental person;
3. Site preparation costs, including but not limited to clearance of any area within the EDPA by demolition or removal of any existing buildings, structures, fixtures, utilities and improvements and clearing and grading; and including installation, repair, construction, reconstruction, or relocation of public streets, public utilities, and other public site improvements within or without an EDPA which are essential to the preparation of the EDPA for use in accordance with an economic development plan; and specifically including payments to developers or other non governmental persons as reimbursement for site preparation costs incurred by such developer or non governmental person;
4. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of any existing buildings, improvements, and fixtures within the EDPA, and specifically including payments to developers or other non governmental persons as reimbursement for such costs incurred by such developer or non governmental person;
5. Costs of construction within an EDPA for public improvements, including but not limited to, buildings, structures, works, improvements, utilities or fixtures;
6. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations, payment of any interest on any obligations issued hereunder which accrues during the estimated period of construction of any economic development project for which such obligations are issued and for not exceeding 36 months thereafter, and any reasonable reserves related to the issuance of such obligations;
7. All or a portion of a taxing district's capital costs resulting from an economic development project necessarily incurred or estimated to be incurred by a taxing district in the furtherance of the objectives of an economic development project, to the extent that the County by written agreement accepts, approves and agrees to incur or to reimburse such costs;
8. Relocation costs to the extent that the County determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law;

9. The estimated tax revenues from real property in an EDPA acquired by the County which, according to the economic development plan, is to be used for a private use and which any taxing district would have received had the County not adopted property tax allocation financing for an EDPA and which would result from such taxing district's levies made after the time of the adoption by the County of property tax allocation financing to the time the current equalized assessed value of real property in the EDPA that exceeds the total initial equalized value of real property in that area;
10. Costs of rebating ad valorem taxes paid by any developer or other nongovernmental person in whose name the general taxes were paid for the last preceding year on any lot, block, tract or parcel of land in the EDPA, provided that:
 - A) such EDPA is located in an enterprise zone created pursuant to the Illinois Enterprise Zone Act;
 - B) such ad valorem taxes shall be rebated only in such amounts and for such tax year or years as the County and any one or more affected taxing districts shall have agreed by prior written agreement;
 - C) any amount of rebate of taxes shall not exceed the portion, if any, of taxes levied by the County or such taxing district or districts which is attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the EDPA over and above the initial equalized assessed value of each property existing at the time property tax allocation financing was adopted for the EDPA; and
 - D) costs of rebating ad valorem taxes shall be paid by the County solely from the special tax allocation fund established pursuant to this Act and shall be paid from the proceeds of any obligations issued by the County.
11. Costs of job training, advanced vocational education or career education programs, 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 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 an EDPA, and further provided, that when such costs are incurred by a taxing district or taxing districts other than the County, they shall be set forth in a written agreement by or among the County 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 the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3 8209;37, Section 3 8209;38, Section 3 8209;40 and Section 3 8209;40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10 8209;22.20 and Section 10 8209;23.3a of the School Code.
12. Private financing costs incurred by developers or other non governmental persons in connection with an economic development project, and specifically including payments to developers or other non governmental persons as reimbursement for such costs incurred by such developer or other non governmental persons provided that:

- A) private financing costs shall be paid or reimbursed by the County only pursuant to the prior official action of the County evidencing an intent to pay such private financing costs;
- B) except as provided in subparagraph (D) of this Section, the aggregate amount of such costs paid or reimbursed by the County in any one year shall not exceed 30% of such costs paid or incurred by such developer or other non governmental person in that year;
- C) private financing costs shall be paid or reimbursed by the County solely from the special tax allocation fund established pursuant to this Act and shall not be paid or reimbursed from the proceeds of any obligations issued by the County;
- D) if there are not sufficient funds available in the special tax allocation fund in any year to make such payment or reimbursement in full, any amount of such private financing costs remaining to be paid or reimbursed by the County shall accrue and be payable when funds are available in the special tax allocation fund to make such payment; and
- E) in connection with its approval and certification of an economic development project pursuant to Section 5 of this Act, the Department shall review any agreement authorizing the payment or reimbursement by the County of private financing costs in its consideration of the impact on the revenues of the County and the affected taxing districts of the use of property tax allocation financing."

Estimated costs are shown in the next section. Adjustments to these cost items may be made without amendment to the Plan.

**STEPHENSON COUNTY EDPA
MILL RACE CROSSING DEVELOPMENT PROJECT AREA
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>
Land Acquisition and Assembly Costs including Demolition	\$5,000,000
Site Preparation, including Rail Spur or Rail Improvements	\$10,000,000
Utility Improvements including, but not limited to, sanitary sewer, the service of public facilities, and road improvements	\$45,000,000
Financing Costs / Rebates	\$5,000,000
Planning, Legal, Engineering, Administrative, Marketing and Other Professional Service Costs	\$10,000,000
Job Training	\$20,000,000
TOTAL ESTIMATED EDPA BUDGET	\$95,000,000

All project cost estimates are in year 2005 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 capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the County Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible development project costs in connection with the development of the EDPA, provided the total amount of payment for Eligible Development Project Costs shall not exceed the amount set forth above, as adjusted pursuant to the County Act. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for development.

These initial estimates were preliminarily derived from the project budget information based upon cost estimates of approximately \$30,000 per acre, infrastructure and engineering estimates from Fehr-Graham & Associates, LLC and from discussions with the Freeport Area Economic Development Foundation.

2) Sources of Funds to Pay Economic Development Project Costs

Funds necessary to pay for public improvements and other project costs eligible under the County Act are to be derived principally from property tax increment revenues, proceeds from any obligations to be retired primarily with tax increment revenues and interest earned on monies in the Special Tax Allocation Fund and other resources available but not immediately needed for the Plan.

The tax increment revenues which will be used to pay debt service on any County obligations, if any, and to directly pay EDPA 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 EDPA over and above the initial equalized assessed value of each such lot, block, tract or parcel in the EDPA for the 2004 tax year. In the event any municipal

obligations are needed, debt service will be paid pursuant to the adoption of any Intergovernmental Agreements with the City of Freeport.

The majority of total public and private economic development costs will be financed, and other public sources are to be used, subject to approval by the County Board, only to leverage and commit private development activity.

Among the other sources of funds which may be used to pay for economic development project costs and debt service on County 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 state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the County may deem appropriate from time to time.

3) Nature and Term of Any Obligations to be Issued by County

The term "Obligations" means any instrument evidencing the obligation of the County to pay money, including without limitation, bonds, notes, installment or financing contracts, certificates, tax anticipation warrants or notes, vouchers, and any other evidence of indebtedness.

Obligations secured by the special tax allocation fund provided for in Section 7 (in the County Act) for an EDPA may be issued to provide for economic development project costs. Those obligations, when so issued, shall be retired in the manner provided in the ordinance authorizing the issuance of the obligations by the receipts of taxes levied as specified in Section 6 (in the County Act) against the taxable property included in the EDPA and by other revenues designated or pledged by the County. The County may in the ordinance pledge all or any part of the funds in and to be deposited in the special tax allocation fund created pursuant to Section 7 (in the County Act) to the payment of the economic development project costs and obligations.

Such obligations may be issued in one or more series bearing interest at such rate or rates as the corporate authorities of the County shall determine by ordinance, which rate or rates may be variable or fixed, without regard to any limitations contained in any law now in effect or hereafter adopted. Such obligations shall bear such date or dates, mature at such time or times not exceeding 20 years from their respective dates, but in no event exceeding 23 years from the date of establishment of the EDPA, be in such denomination, be in such form, whether coupon, registered or book entry, carry such registration, conversion and exchange privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the State of Illinois, contain such covenants, terms and conditions, be subject to redemption with or without premium, be subject to defeasance upon such terms, and have such rank or priority, as such ordinance shall provide. Obligations issued pursuant to this Act may be sold at public or the corporate authorities of the County shall determine private sale at such price as. No referendum approval of the electors shall be required as a condition to the issuance of obligations pursuant to this Act except as provided in this Section.

Such obligations 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 County may determine.

4) Most Recent Equalized Assessed Valuation (EAV) of EDPA

The most recent equalized assessed valuation ("EAV") for the proposed EDPA is based on the 2004 EAV, and is estimated to be \$6,016,594. At the time this Plan was prepared, 187 tax parcels are anticipated to be included in the EDPA. The Stephenson County Assessor's Office has reviewed and certified the 2004 EAV for the County.

5) Estimate of EAV of EDPA After Completion of the Plan

Upon completion of the anticipated private development of the EDPA over a twenty-three (23) year period and upon expiration of the EDPA in 2028, it is estimated that the EAV of the property within the EDPA is expected to range from approximately \$120,000,000 to \$171,000,000 depending upon marketplace factors, future development plans and the velocity in which those plans will be implemented.

6) Estimated Completion Date of Economic Development Project

The County Board is expected to adopt the necessary ordinances to establish the EDPA in the fall / winter of 2005 and construction on the proposed Trim-Rite facility is expected to begin shortly thereafter.

The following provides a reasonable estimation of timing for completion for each phase of the proposed of the Trim-Rite facility:

	<u>Timing / Year</u>	<u>Estimated Sq. Ft.</u>	<u>Estimated Investment</u>
Phase I	2006	112,000	\$9M
Phase II	2007	100,000	\$7M
Phase III	2009	50,000	\$5M

Source: Freeport Economic Development Foundation - Based upon Trim-Rite Proposal

In addition to the proposed Trim-Rite facility the County has received a preliminary proposal for the construction of a new facility to be operated by Component Systems Inc. ("CSI"). The following provides a reasonable estimation for completion of the CSI facility.

	<u>Timing / Year</u>	<u>Estimated Sq. Ft.</u>	<u>Estimated Investment</u>
Major Building	2006	80,000	\$2.4M

Source: Freeport Economic Development Foundation - Based upon CSI Proposal

In addition to the proposed Trim-Rite and CSI facilities, the establishment of an EDPA may provide economic development assistance to new and expanding commercial and industrial users for a period up to 23-years. During the next 23-years additional projects are anticipated to occur and as stated earlier, given limited opportunities for new development, the County is focusing attention on areas that may provide increases to the local property tax base with the ability to provide non-residential revenues, including but not limited to, sales taxes, water and sewer fees, etc. to the overall community.

The following preliminarily estimates the amount of annual investment and job creation during the 23-year period:

<u>Per Year</u>	<u>Estimated Sq. Ft.</u>	<u>Estimated Investment</u>	<u>Estimated New Jobs Created</u>
2010-2028	150,000 – 300,000	\$5M - \$10M	200 – 250

Source: Freeport Economic Development Foundation and Kane McKenna and Associates, Inc. – Based upon Reasonable Estimates

The estimation of new job creation is based upon an average of 1 new job created from an average of 1,000 of new sq. ft. absorbed into the marketplace on an annual basis. The estimated new sq. ft. absorbed into the marketplace is projected to be a direct result of the County receiving and implementing new proposals within the previously mentioned development types. Given the County resources such as available labor, land and a public policy that is conducive for attracting new development activities, these types of development activities are best suited for occurring within the EDPA.

7) General Description of Proposed Developer, User or Tenant

The establishment of an EDPA may provide economic development assistance to new and expanding commercial and industrial users for a period up to 23-years. During the next 23-years additional projects, as stated earlier, are anticipated to occur within the EDPA; however, given the current limited opportunities for new development, the County is focusing attention on areas that may provide increases to the local property tax base with the ability to provide non-residential revenues, including but not limited to, sales taxes, water and sewer fees, etc. to the overall community.

The County is currently reviewing development proposals from Trim-Rite and CSI. Trim-Rite is a worldwide supplier of top-quality, custom pork boning services and was originated in 1971 to bone pork products for Agar Supply Co. Inc. It was a subsidiary of Agar's until the late 1980's. In 1979, the company moved operations to Illinois in order to realize transportation economies of scale. Ninety percent of the company's current volume involves de-boning hams and selling them to processors with the other ten percent involved with spare ribs and other cuts.

CSI is a manufacturer of wooden building trusses and wall panels used mainly in the residential pre-fabricated construction industry. They are a union shop under contract with the United Brotherhood of Carpenters and Joiners with approximately 150 employees. Their initial proposal would involve the construction of an 80,000 sq. ft. primary fabrication plant with ancillary raw material storage buildings on about 14.4 acres of the park. With this move they plan to add about 25-30 new positions. The attraction to the site is its proximity to State Route 20, planned public utilities and close access to the Canadian National Railroad, through which they will receive most of their raw materials. Finished product will all go out by truck to the greater Chicago market.

County officials have the economic development desire to focus on projects with a suitable use that will dovetail with the types of developments currently being considered by the County include:

- Industrial and Industrial Retention
 - Warehousing
 - Assembly
 - Special use

- Value Added Agricultural Uses
- Highway Related (mixed-use, industrial, commercial, retail)
- Airport Related
- Commercial / Retail

Overall, the County intends to attract and encourage commercial and industrial users to locate, upgrade, expand and/or modernize their facilities within the County as part of its ongoing economic development planning and intends direct its focus on the types of developers and end-users that may handle medium to large-scale projects, similar to the proposals received by Trim-Rite and CSI.

8) Description of Type, Structure and General Character of Facilities

In conjunction with establishing the EDPA, the County has received a proposal from Trim-Rite, Inc. to develop a pork processing "campus" on approximately 28 acres of land located within the boundaries of the EDPA. Initially, Trim-Rite would construct a 122,000 square foot building primarily of tilt-up concrete construction and containing significant equipment purchased from European processors that is retrofitted to accommodate American power systems. The cost of this first building is estimated at approximately \$11 million. Additionally, Trim-Rite would require access to the state highway, a service road that may accommodate 80,000 pound trucks, access to either municipal water supplies or private wells that may provide 200,000 gallons per day, access to municipal sanitary sewer that may also accommodate 200,000 gallon per day, access to a significant electrical power source, access to natural gas lines, access to direct rail service, and sufficient buffer to protect them from external air pollution and incompatible residential development.

Along with the Trim-Rite development proposal, CSI is proposing to develop a facility located on approximately 14.4 acres. The major building will be approximately 80,000 square feet of a wood frame, wood truss, metal sided building. Additional outbuildings having three sides for raw material storage will be valued at approximately \$100,000. A rail siding will be necessary to bring in raw materials but all finished products will go out by truck.

Overall, the County intends to attract and encourage commercial and industrial users to locate, upgrade, expand and/or modernize their facilities within the County as part of its ongoing economic development planning. From 2010 through the expiration of the EDPA in 2028 it is estimated that approximately 150,000 to 300,000 sq. ft. of new development or expansion of existing facilities would occur on an annual basis. The following provides a reasonable estimate of the potential of investment and job creation on an annual basis:

<u>Per Year</u>	<u>Estimated Sq. Ft.</u>	<u>Estimated Investment</u>	<u>Estimated New Jobs Created</u>
2010-2028	150,000 – 300,000	\$5M - \$10M	200 – 250

Source: Freeport Economic Development Foundation and Kane McKenna and Associates, Inc. – Based upon Reasonable Estimates

9) General Land Use Description to Apply to EDPA

Existing land use generally consists of vacant land. Existing land uses are shown in Exhibit 3, attached hereto and made a part of this Plan. Exhibit 4, attached hereto and made a part of this Plan designates intended general land uses in the EDPA to include commercial and

industrial uses. Exhibit 5 provides an overview of the overall land use plan for the County and a detail plan for the EDPA. The land uses will conform to the Zoning Ordinance and any planning documents that are available from the County, and as amended from time to time. In conformance with the County Act, no new residential development projects will occur that are located within the boundaries of the EDPA.

The Development Project will begin as soon as the private entities have obtained approvals for appropriate projects and such uses are conformant with County zoning and planning requirements and, when applicable, the requirements of the City of Freeport pursuant to any Intergovernmental Agreements.

10) Description of Type, Class and Number of Employees for New Facilities

In establishing the EDPA, the County has received a proposal from Trim-Rite, Inc. to construct new operations in an area that would be within the boundaries of the EDPA, that would create the following estimated new jobs:

	<u>Timing / Year</u>	<u>Job Creation</u>
Phase I	2006	Up to-250
Phase II	2007	250-300
Phase III	2009	200+

Source: Freeport Economic Development Foundation – Based upon Trim-Rite Proposal

<u>Types of Jobs</u>	<u>Description</u>	<u>Hourly Wage</u>
Non-Office	Various Stock Yard Positions	\$8.00 - \$11.00
Plant Manager	Administration	\$25.00 - \$35.00
Plant Supervisor	Administration	\$15.00 - \$20.00
Department Supervisors	Administration	\$14.00 - \$18.00
Buyers	Administration	\$14.00 - \$18.00
Other – General	Various	\$8.00 - \$9.00

Source: Freeport Economic Development Foundation and Trim-Rite Proposal

Additionally, CSI is proposing to relocate approximately 150 employees, which will be relocated to this site from their current operation, and an additional 25% of the workforce is expected to be added as sales volumes increase, during the next 3-years.

	<u>Timing / Year</u>	<u>Job Creation and Relocation</u>
Major Building	2006	150+

Source: Freeport Economic Development Foundation – Based upon CSI Proposal

For CSI, the following types of jobs are anticipated to be created:

Types of Jobs	Description	Hourly Wage
Non-Office	134 carpenters and material handlers	\$14.00
	7 truck drivers	\$18.00
Office Workers	30 FT / 3 PT clerical and management	\$9.00 - \$25.00

Source: Freeport Economic Development Foundation and CSI

With the establishment of an EDPA, the County, the EDPA and the surrounding area will benefit from proposed investment and job creations. In the past the County and the surrounding area have been impacted by significant closures or layoffs at several companies, including, but not limited to:

- Kelly Springfield – to date, approximately 25% of the former 1,700 employees have been laid off, with further contract negotiations scheduled for late 2005.
- MICRO SWITCH Division of Honeywell - has begun the process of moving management and other personnel out of the County.
- Northwestern Steel and Wire, Sterling, IL – the plant was closed due to bankruptcy, eliminating 1,400 employees, many which lived in the Stephenson County area.
- Loss of Newell / Rubbermaid corporate headquarters due to merger and acquisition activity.

With the downsizing of these companies, the County also faces increasing pressures from Iowa and Wisconsin as more residents and employees are leaving the County and surrounding area for better employment opportunities in the these states.

11) Commitment of Fair Employment Practices and Affirmative Action Plan

As part of any Development Agreement entered into by the County 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 County. The program will conform to the most recent County 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 to this policy and the compliance requirements of applicable state and federal regulations, including, but not limited to the Illinois Human Rights Act, the Americans with Disability Act and the Civil Rights Act.

The County and private developers will adopt a policy, if not already in existence, 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.

III. PROVISIONS FOR AMENDING THE PLAN

This Plan may be amended pursuant to the provisions of the County Act.

EXHIBIT 1: Legal Description

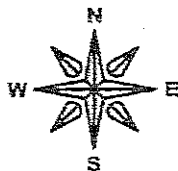
Prepared by: Fehr-Graham & Associates, LLC

Metes and Bounds for Mill Race Crossing Economic Development Area

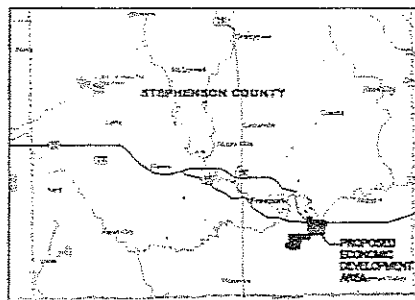
Beginning at the Northeast Corner of Section 12, Township 26 North, Range 8 East of the Fourth Principal Meridian; thence Westerly along the North Line of Section 12 to the Northeast Corner of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 12; thence Southerly along the East Line of the West $\frac{1}{2}$ of the East $\frac{1}{2}$ of Section 12 to the South Right-Of-Way of Lamm Road; thence Westerly along the Right-Of-Way of Lamm Road to the East Line of the West $\frac{1}{2}$ of the West $\frac{1}{2}$ of Section 14; thence Southerly along the East Line of the West $\frac{1}{2}$ of the West $\frac{1}{2}$ of Section 14 to the South Right-Of-Way of Airport Road; thence Westerly along the South Right-Of-Way of Airport Road to the East Line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 15; thence Southerly along the East Line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 15 to the South Line of Section 15; thence Westerly along South Line of Section 15 to the East Right-Of-Way of Hollywood Road; thence Southerly along the East Right-Of-Way of Hollywood Road to the South Right-Of-Way of East Borchers Road; thence Westerly along the South Right-Of-Way of East Borchers Road to the East Right-Of-Way of Freeport Road; thence Southerly Following the East Right-Of-Way of Freeport Road to the South Right-Of-Way of East Borchers Road; thence Westerly Following the South Right-Of-Way of East Borchers Road to the East Right-Of-Way of Baileyville Road; thence Southwesterly Perpendicular across Said Road to the West Right-Of-Way of Baileyville Road; thence Northerly along the West Right-Of-Way of Baileyville Road to the North Line of Section 20; thence Easterly along the North Line of Section 20 to the Southwest Corner of Parcel 19-17-400-009; thence Northerly along the West Boundary of Parcel 19-17-400-009 to the Northwest Corner of Parcel 19-17-400-009; thence Easterly along the North Boundary of Parcel 19-17-400-009 to the Southwest Corner of Parcel 19-17-400-008; thence Northerly along the West Boundary of Parcels 19-17-400-008 and 19-17-400-007 to the West Right-Of-Way of South Airport Road; thence Northerly along the West Right-Of-Way of South Airport Road to the North Line of Section 17; thence Easterly to the Northeast Corner of Section 17; thence Northerly along the West Line of the Section 9 to the Northwest Corner of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of Section 9; thence Easterly to the Northeast Corner of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of Section 9; thence Easterly to the Northeast Corner of the South $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 10; thence Northerly to the North $\frac{1}{4}$ of Section 10; thence Northerly through Section 3 to the North Right-Of-Way Line of State Highway 20; thence Westerly to the West Right-Of-Way of South Smokey Hollow Road; thence Northerly and Easterly along the West and North Right-Of-Way of South Smokey Hollow Road through Section 3 and Section 34, Township 27 North, Range 8 East to the West Right-Of-Way of State Highway 20; thence Northerly along the West Right-Of-Way of State Highway 20 to the South Bank of the Pecatonica River in Section 27; thence Following the South Bank of the Pecatonica River through Section 27, 34 And 35 till it meets the East Line of the Southwest $\frac{1}{4}$ of Section 35; thence Southerly along the East Line of the Southwest $\frac{1}{4}$ of Section 35 to the South $\frac{1}{4}$ of Section 35; thence along the East Line of the West $\frac{1}{2}$ of Section 2, Township 26 North, Range 8 East of the Fourth Principal Meridian to the East Right-Of-Way of Springfield Road; thence Easterly and Southerly along the East Row-Of-Way of Springfield Road to the Northwest Corner of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the Northeast Corner of Section 2; thence Following the North Line of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the Northeast Corner of Section 2 to The Northeast Corner of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the South $\frac{1}{2}$ of the Northeast Corner of Section 2; thence Southerly along the East Line of Section 2, To the Southeast Corner of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 2; thence Easterly along the North Line of the Southwest $\frac{1}{4}$ of Section 1 to the South

Bank of the Pecatonica River; thence Easterly along the South Bank of the Pecatonica River to the North Line of the Southwest $\frac{1}{4}$ of Section 1; thence Westerly along the North Line of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 1 to the Northeast Corner of the Southeast $\frac{1}{4}$ of Section 1; thence Southerly along East Line of the Southeast $\frac{1}{4}$ of Section 1 to the Southeast Corner of Section 1 and the Point of Beginning.

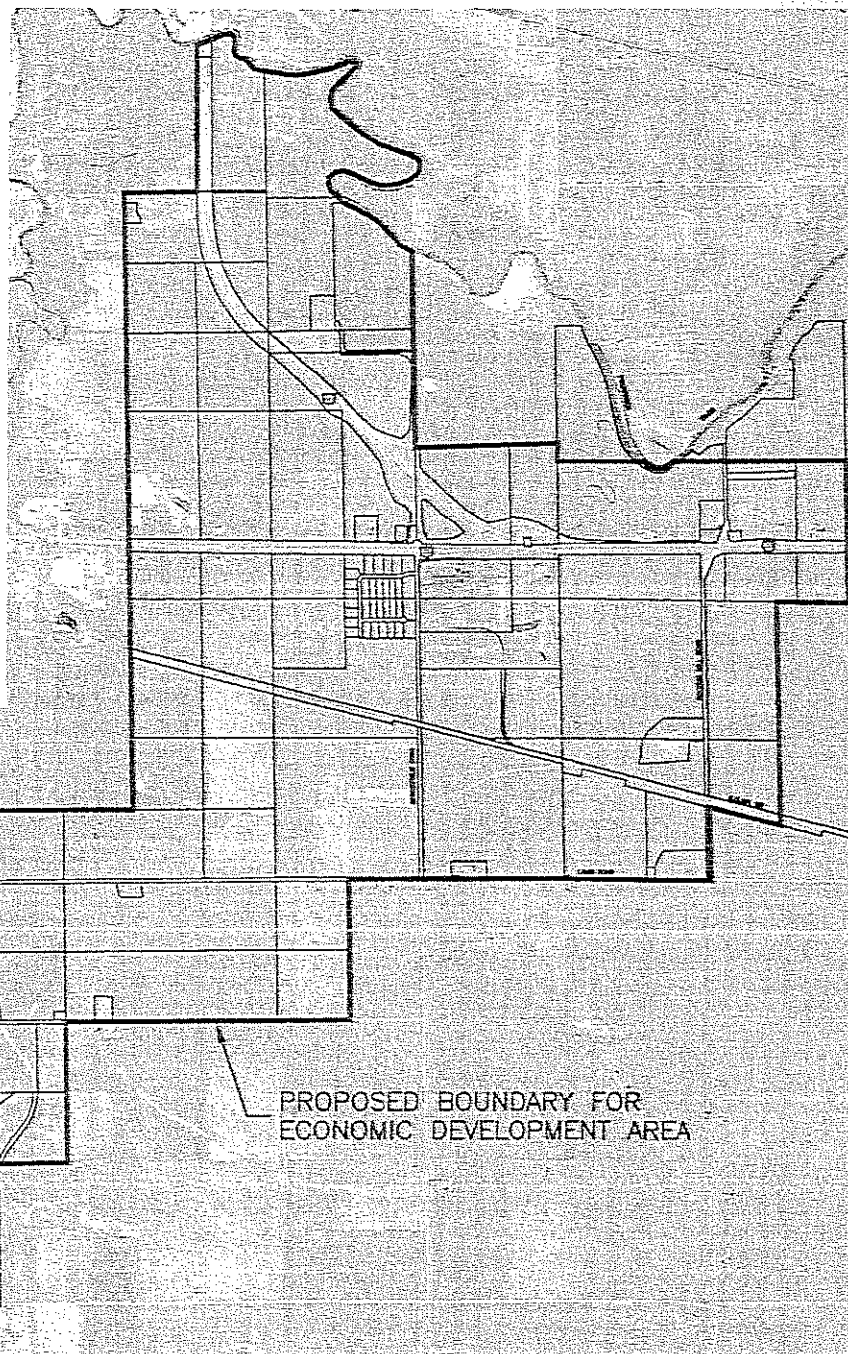
EXHIBIT 2: Boundary Map



N.T.S.



LOCATION MAP
NOT TO SCALE



PROPOSED BOUNDARY FOR
ECONOMIC DEVELOPMENT AREA

EGLPT/05/45285/45285-Parcel Map

05/02/05



FEHR-GRAHAM & ASSOCIATES, LLC
ENGINEERING AND SCIENCE CONSULTANTS

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FREEPORT, IL 61032
815/235-7843

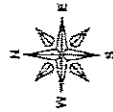
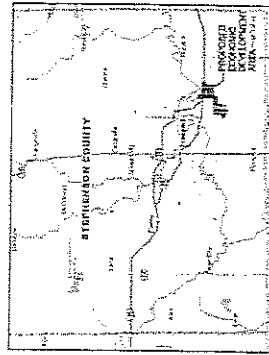
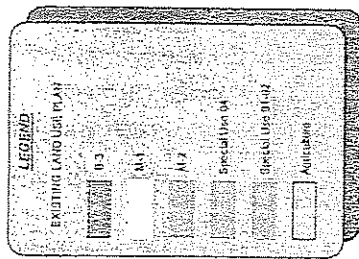
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ROCKFORD, IL 61112
815/384-4700

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ROCHELLE, IL 61068
815/582-9087

1107 18th AVENUE
MORGAN, IL 62568
609/323-3400

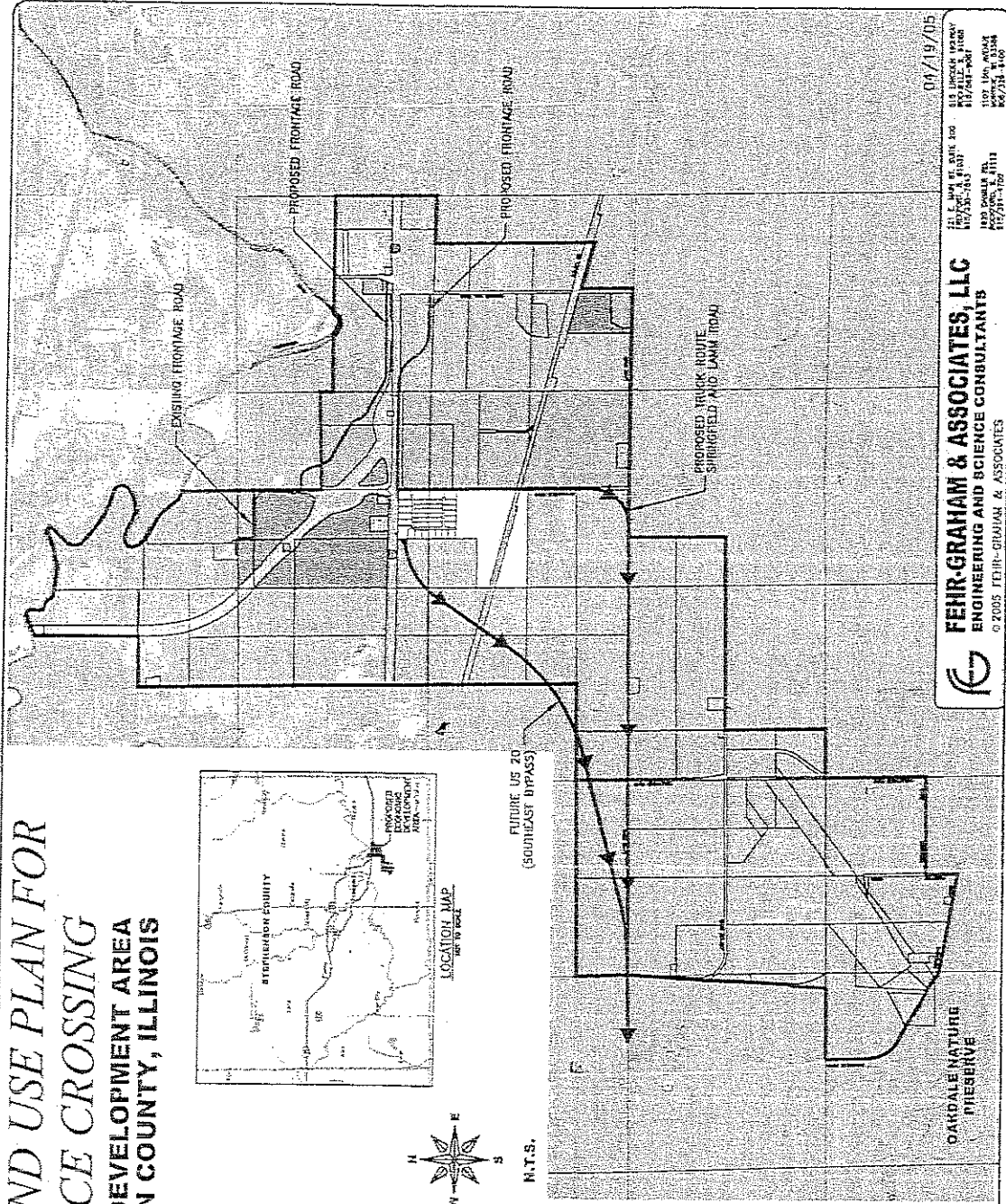
EXHIBIT 3: Existing Land Use Map

EXISTING LAND USE PLAN FOR MILL RACE CROSSING ECONOMIC DEVELOPMENT AREA STEPHENSON COUNTY, ILLINOIS



N.T.S.

FUTURE US 20
(SOUTHEAST BYPASS)



04/19/05

FEHR-GRAHAM & ASSOCIATES, LLC
ENGINEERING AND SCIENCE CONSULTANTS

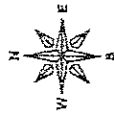
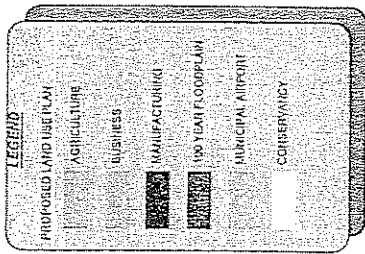


111 E. MAIN ST. SUITE 200
LA MOINE, IL 61450
TEL: 815/231-1111
FAX: 815/231-1111
WWW.FGASOCIATES.COM

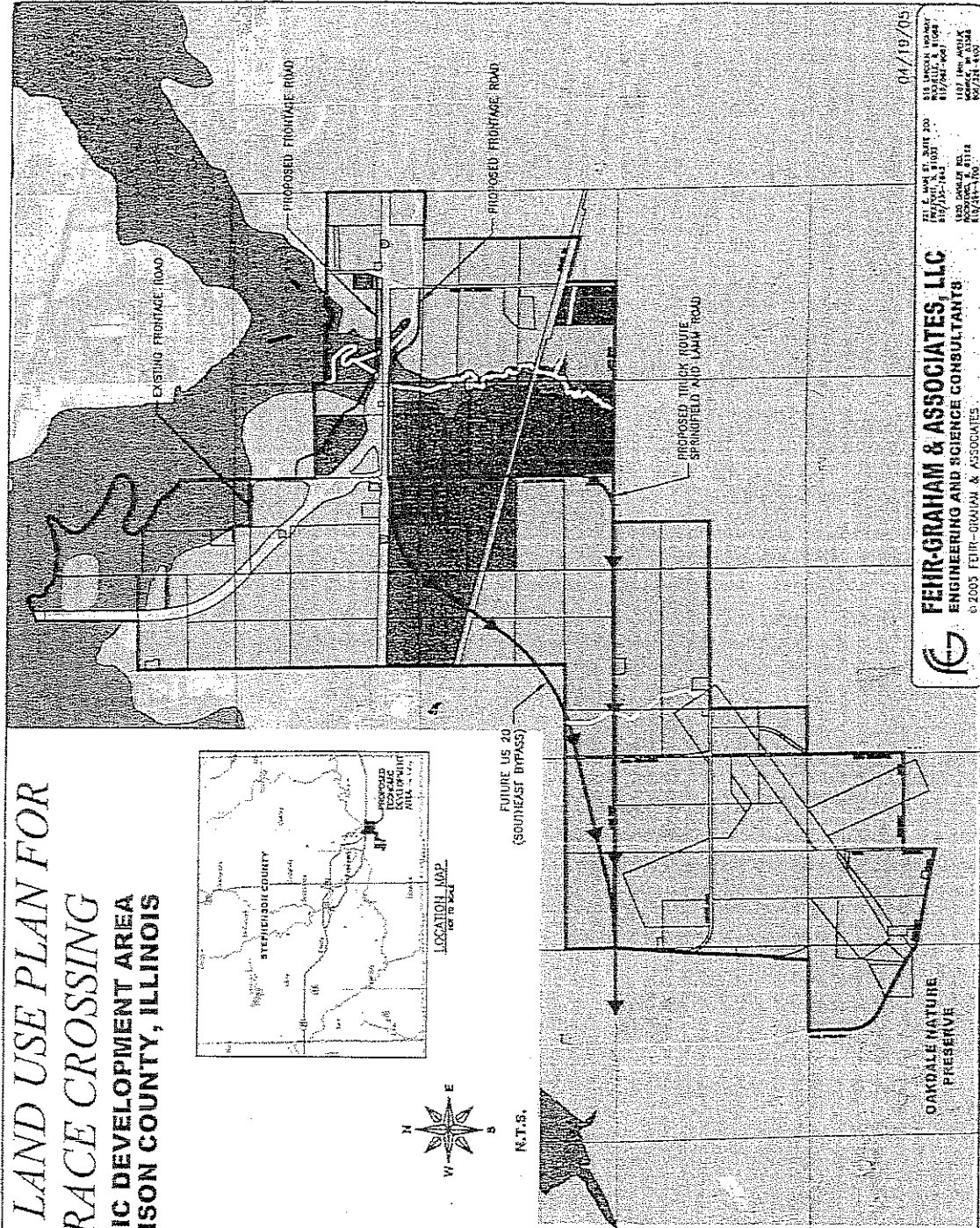
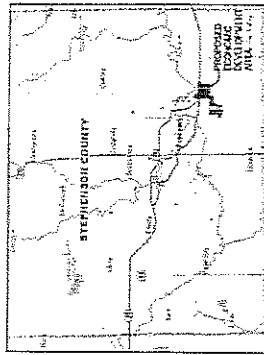
EG/PT/05/45285/45285--Zoning

EXHIBIT 4: Future Land Use Map

PROPOSED LAND USE PLAN FOR MILL RACE CROSSING ECONOMIC DEVELOPMENT AREA STEPHENSON COUNTY, ILLINOIS



N.T.S.



04/19/05

315 NORTH HANCOCK
MILL RACE
STEPHENSON COUNTY, ILLINOIS
62454-4000

FEHR-GRAHAM & ASSOCIATES, LLC
ENGINEERING AND SCIENCE CONSULTANTS



EGLPT/05/45285/45285-Mop

EXHIBIT 5: Stephenson County EDPA Land Use Plan

Prepared by: Robert J. Rudd of Rudd and Associates

Adoption: Pending