



August 27, 2012

Proposal for Tax Increment Finance Development, Qualification, and Adoption Services

City of Rock Island, Illinois

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www.ehlers-inc.com

*Proposal for Tax Increment Financing District
Development, Qualification, and Adoption Services*

Table of Contents

Executive Summary 1

About Ehlers 3

Project Proposal..... 4

 Scope of Services..... 4

 Project Time Line 7

 Project Pricing..... 8

 Additional TIF Services 9

 Project Team 11

 Duties of the City 12

 Agreement 12

Appendices 13

 Appendix 1: About Ehlers 14

 Appendix 2: Resumes..... 19

 Appendix 3: Similar Projects 23

 Appendix 4: References 28

Proposal for Tax Increment Financing District Development, Qualification, and Adoption Services

Executive Summary

The following submittal is provided by Ehlers & Associates, Inc. (Ehlers) to assist the City of Rock Island with amending an existing TIF District and evaluating the eligibility and establishment of a new Tax Increment Financing (TIF) District centered around a new big box retail development. This proposal document outlines Ehlers qualifications and experience, our approach to the project, anticipated timeline, and project fees.

Ehlers is an independent financial advisory firm, and Ehlers' staff has had the pleasure of providing service to local governments in the Midwest since 1955. Sixty-eight professionals serve clients in Illinois, Kansas, Minnesota, North Dakota, and Wisconsin. These include seven professionals at the Lisle, Illinois office from which the TIF Services would be performed.

Ehlers provides a complete range of services for TIF Districts and economic development. Key services offered by Ehlers include analysis and documentation of TIF District eligibility, recommendations for district boundaries, preparation of required reports, projection of tax increment and sales tax growth, coordination of public process, developer negotiation and pro forma analysis, project management and other financial analysis.

Our project approach for TIF District establishment covers four main phases of work. It is anticipated that each phase would build on previous phases and could be separately authorized by the City.

The first phase includes the determination of the boundaries of the proposed new TIF District, field surveys, and data analysis related to project eligibility. While TIF is widely regarded as the best tool communities currently have to redevelop areas in need, other redevelopment tools or strategies will also be considered. Findings are then documented in the Eligibility Report. During this phase, Ehlers will also identify parcels that are to be removed from the existing TIF, while ensuring that the existing TIF still maintains the characteristics that caused it to be eligible as a TIF District.

The second phase would be to prepare the Redevelopment Plan. Along with the Eligibility Report, the Redevelopment Plan is required to initiate the public hearing process and serves as the basis of the ordinances establishing the TIF District.

The third phase consists of the adoption process, which includes a required meeting of the Joint Review Board and a public hearing, concluding with the City's action on the adopting ordinances. Immediately prior to adopting the new TIF, the existing TIF would be amended by ordinance to remove parcels. Ehlers will assist with this process.

While it is not expected at this time, due to the number of residential units within the proposed redevelopment project area, a Housing Impact Study may be required by state statutes. If during the Phase I it is estimated that there will be ten (10) or more occupied residential units that may need to be relocated and/or seventy-five (75) or more occupied residential units in the redevelopment project area, Ehlers will prepare a Housing Impact Study and attend and make a presentation at the community meeting. This phase will only be completed if it is determined, during Phase I, that a Housing Impact Study is required by the TIF Act.

Ehlers recommends that, early in its consideration of the use of TIF as an economic development tool, the City engage the other taxing districts that would be affected by a TIF District. Our services include a presentation at a public meeting to educate elected and appointed officials and to provide an overview of TIF and its uses. Ehlers encourages clients to invite the other taxing bodies, Planning and Zoning Board members, and other interested parties to attend this meeting.

During all phases, Ehlers will work with City staff, engineers, and attorneys to coordinate efforts. Ehlers is available to provide additional services, such as financial feasibility studies, pro forma analysis, developer negotiations, review of impacts on overlapping taxing districts (if any) and annual reporting.

About Ehlers

Ehlers is an independent public financial advisory firm. We have been in business since 1955 working exclusively for public sector clients throughout Illinois and the Midwest.

Our goal is helping local governments find the financial resources they need to build the communities they envision.

Our services are grouped into four main categories, representing our core areas of expertise:

- Debt Planning & Issuance
- Economic Development and Redevelopment
- Financial Planning
- Strategic Communications

At Ehlers, all employees have ownership in the company and take ownership in serving clients. Ownership sets the tone for the operation of the firm and the nature of the services clients receive. All-employee ownership at Ehlers means:

- Every Ehlers employee has a vested interest in providing the best possible service.
- Our focus is on the long-term success of our clients, not solely on short-term profit and return on investment.

Our dedication to “how” we deliver our services is as unique and comprehensive as the service itself. We listen to our clients, maintain highly qualified employees to team with them, and present customized options to help decision-makers confidently select the best and lowest cost solutions for their citizens.

Ehlers is charter member of the National Association of Independent Public Finance Advisors (NAIPFA). This professional association is dedicated to high ethical standards and a commitment to providing independent advice that serves the public good. Ehlers is registered a Municipal Financial Advisor with the Securities and Exchange Commission (SEC).

TIF District development, qualification, and adoption are key parts of our Economic Development and Redevelopment services. Ehlers has helped communities use TIF to upgrade and improve infrastructure; revitalize deteriorated or outmoded commercial areas; attract development to improve job opportunities and the local economy; rehabilitate neighborhoods; and bring new development to areas that are impaired by market or physical constraints. Our team is familiar with state statutes and guidelines associated with TIF, including regulatory and reporting requirements.

Additional information on Ehlers’ services is enclosed as **Appendix 1**.

Project Proposal

Scope of Services

Ehlers will provide the following services in the development, qualification, and adoption of the City of Rock Island’s TIF District.

Phase I - Initial Project Review / Prepare Eligibility Report

The focus of Phase I is to determine the boundaries of the proposed TIF District, conduct field surveys and data analysis, establish Project Area eligibility, and document the findings in the Eligibility Report. Ehlers will:

- Convene a project initiation meeting with representatives of the City to launch the project and explore TIF and other economic development tools, such as a Business District overlay (see “Meetings” on page 6).
- Review the project area to ascertain project parameters and determine whether it appears to qualify by TIF Act standards.
- Establish Project Area Boundary. During the project initiation meeting, preliminary Project Area boundaries will be discussed. Ehlers will map these boundaries and make recommendations for alterations based on information gathered. When finalized, the City will confirm PINs to be included in the Project Area Boundary and will provide the Legal Description for the boundary of the proposed Redevelopment Project Area.
- Review each parcel according to the criteria set forth in the TIF Act.
- Document all eligibility criteria related to each parcel or block. If a certified Engineer's statement is necessary to determine chronic flooding, the City will be responsible for obtaining and providing that statement.
- Determine if, and under what category, the area qualifies as a Tax Increment Financing District.
- Prepare the Eligibility Study documenting the findings according to the TIF Act.

Also in this phase, Ehlers will identify parcels to be removed from the existing TIF District. The City will be responsible for obtaining the legal descriptions for the parcels to be removed.

Fee for Phase I: \$14,000

Phase II - Prepare Project Redevelopment Plan

In Phase II, materials for the Redevelopment Plan are developed and the document is prepared. Along with the Eligibility Report, the Redevelopment Plan is required to initiate the public hearing process and serves as the basis of the ordinances establishing the TIF District. Ehlers will:

- Prepare Project Redevelopment Goals and Objectives for the TIF Plan in conjunction with the City's Comprehensive Plan.
- Develop revenue estimates, program costs, and plan budget.
- Prepare legal findings and certifications under the TIF Act.
- Project EAV and Tax Increment for the Redevelopment Project Area for Plan purposes.
- Prepare the Redevelopment Plan.

Fee for Phase II: \$12,000

Phase III - Adoption of Project

The TIF Act outlines a specific adoption process, which includes a required meeting of the Joint Review Board and a public hearing, concluding with the City's action on the adopting ordinances. In Phase III, Ehlers will:

- Confer with the TIF Attorney on the construction of adoption timeline. Once the TIF boundaries are finalized, the City may wish to initiate the adoption process.
- Attend and make presentations at public meetings and provide guidance to the City in the public participation process (see "*Meetings*" on page 6).
- Attend and make presentations at Joint Review Board Meeting (see "*Meetings*" on page 6).
- Attend and make presentations at appropriate City Board meetings (see "*Meetings*" on page 6).
- The City will be responsible for all notifications to the public, residents, property owners, and publications. Ehlers will furnish sample copies of notices and advertisements, if requested.
- Provide project plan amendments, if required as a result of the Joint Review Board or public participation process and agreed to by the City.
- Following adoption of the TIF by the City Board, provide guidance to the community in submitting required information to Cook County.

Immediately prior to adopting the ordinances approving the new TIF, the existing TIF would be amended by ordinance to remove parcels. Ehlers will assist with this process.

Fee for Phase III: \$3,000

Phase IV - Prepare Housing Impact Statement / Feasibility Study

If during the Phase I, Initial Project Review to determine eligibility, it is estimated that there will be ten (10) or more occupied residential units that may need to be relocated and/or seventy-five (75) or more occupied residential units in the redevelopment project area, Ehlers will:

- Prepare a Feasibility Study and Housing Impact Study, per the TIF Act, to include the following: number of residents, number of residents to be relocated, number of low and moderate income residents, and a Relocation Plan.
- Attend and make presentation at a community meeting (a public information meeting is required by the TIF Act).

Fee for Phase IV:

\$10,000

Meetings

The “*Scope of Services*” includes Ehlers’ participation in the following meetings:

1. A project initiation meeting with representatives of the City to launch the project, establish a preliminary Project Area boundary, and coordinate various public process steps.
2. An overview presentation on tax increment financing at a public meeting to educate City officials, representatives of other taxing bodies, and members of the community.
3. A meeting with City staff members to review findings and draft reports prepared by Ehlers, including: (a) Project Area Eligibility Report; (b) Project Area Redevelopment Plan; and (c) Housing Impact Study, if required.
4. A public information meeting, if required, for the Housing Impact Study.
5. Meeting with representatives of local taxing districts (the Joint Review Board) to review the Project Area eligibility and scope of the proposed redevelopment project.
6. A public hearing on the proposed Project Area Redevelopment Project and Plan.
7. One additional progress meeting, if desired, to be scheduled at the discretion of the City staff.

Time required for preparation and attendance of meetings or services required beyond those specified above will be billed at an hourly rate (see “*Project Pricing*” on page 8).

Project Time Line

The proposed time line for each phase is presented below. Ehlers will begin project work immediately after authorization from the City of Rock Island.

Phase I - Initial Project Review/Prepare Eligibility Report	6 to 8 weeks
Phase II - Prepare Project Redevelopment Plan	4 to 6 weeks
Phase III - Adoption of Project	8 to 12 weeks
Phase IV - Prepare Housing Impact Statement/Feasibility Study, if required <i>(Phase IV is performed in conjunction with Phases I – III)</i>	

Some contingency time has been included in the time line. However, adherence to the above time line for each phase is dependent on timely provision of information and documents from the County and the City, as well as timely authorization to proceed with each successive phase. Ehlers will make every effort to complete each phase within the time line.

Project Pricing

The pricing shown below for Phases I-IV apply should Ehlers be chosen to provide services for all phases for designation of a single TIF District, as described in the “*Scope of Services*”. The project will be completed at the costs provided below, which includes all time, materials, and expenses associated with two iterations of the documents.

Phase I - Initial Project Review/Prepare Eligibility Report	\$14,000
Phase II - Prepare Project Redevelopment Plan	\$12,000
Phase III - Adoption of Project	<u>\$3,000</u>
Total for Phases I - III	\$29,000

Phase IV – Housing Impact Study, if required *	\$10,000
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* *This fee will only be incurred if determined that a Housing Impact Study is necessary.*

Invoices will be submitted to the City at the completion of each Phase for TIF District Designation services and payable upon receipt.

Over the course of the assignment, additional services may be required for the development, qualification, and adoption of the proposed TIF that are not included in the “*Scope of Services*”. As authorized by the City, Ehlers will participate in additional meetings and will complete additional assignments outside of the proposed “*Scope of Services*” to assist the City.

If other additional work is required for reasons outside of Ehlers’ control, the completion of such tasks will be billed at hourly rates. Examples of where this may apply include: boundary changes requested after the completion of reports, extended delays in receiving comments and changes to documents, extended delays leading to an unplanned change of tax year, additional research, analysis and mapping associated with changes to the development program or TIF boundaries.

Any additional service requested or required beyond those in the “*Scope of Services*” for the development, qualification, and adoption of the proposed TIF will be submitted to the City for authorization prior to its completion and will be subject to Hourly Billing Rates, which are currently:

Ehlers Financial Advisors	\$195.00 per hour
Ehlers TIF Coordinator/Analyst	\$95.00 per hour
Ehlers Technical/Clerical	\$45.00 - \$85.00 per hour

Additional TIF Services

In addition to completing the analyses and preparing the reports required to create TIF Districts, Ehlers offers sophisticated analysis of revenue projections, financial feasibility, and the potential impacts of TIF on other taxing districts. After a TIF district is adopted, Ehlers can also help municipalities achieve effective and timely project implementation. Ehlers is available to assist the City with any or all of the additional TIF-related services described below.

These services are not part of the “*Scope of Services*” within this proposal. Ehlers will perform the services shown below or other services outside of the “*Scope of Services*” upon the request of and by separate agreement with the City.

TIF Financial Feasibility Study

Ehlers can provide the necessary financial feasibility study for the construction of Developers Notes or for the issuance of bonds. If Ehlers serves as the Financial Advisor of bonds, this study would be included as part of the debt issuance services.

Fee: \$195.00 per hour

Debt Issuance

Ehlers can assist the community in the issuance of debt to support the project, including:

- Exploration of type of debt that best serves the community.
- Preparation of Feasibility Study to support the project.
- Negotiation of debt.

Fee: Dependent upon the size and complexity of issue and form of debt

Developer Pro forma Analysis

Municipalities are often approached by developers seeking TIF funding to support a proposed project. Ehlers can assist the City in the review of a developer’s Pro forma to ascertain the appropriate financial assistance for the proposed project. This Pro forma analysis compares the request of the developer to a reasonable rate of return within the current market and evaluates whether the level of the incentive requested is necessary to make the project work. This further confirms the “but for” clause of the TIF Act.

Fee: \$195.00 per hour (*This fee is often reimbursed to the City by the developer*)

Developer Selection, Negotiation and Agreement Implementation

Ehlers has taken a lead role in many development negotiations, as well as provided feedback on redevelopment agreements negotiated by others. The final agreement is subject to attorney approval. Examples of recommendations Ehlers has made include:

- Amount, type, and timing of incentives or assistance to developers.
 - Receipt of incentives geared toward performance.
 - Incentives based on goals of municipality.
- Use of “Look Back” provisions in development agreements, so that if a project is more successful than projected, the developer returns funds to the municipality.

During and after construction, Ehlers can manage development agreements by determining eligible expenses and calculating reimbursements.

Fee: \$195.00 per hour

Review of Taxing District Impact

As part of negotiations with the overlapping taxing districts on the creation, expansion, or extension of a TIF district, the City may need to provide fiscal impact information to the school or other taxing district. Ehlers can prepare this information on behalf of the City. Ehlers would be prepared to discuss findings with both the City and the taxing districts to assist the City in its final strategy.

Fee: \$195.00 per hour, not to exceed \$5,000

TIF Reports

Ehlers is available to prepare annual TIF reports or to assist staff in the preparation of these reports. As part of this activity, Ehlers will attend and present reports at the Joint Review Board meeting.

Fee: \$2,000 - \$4,000 per report, depending on quality and availability of information provided by the City.

Project Team

Ehlers uses a team approach with financial advisors assisted by research analysts. One financial advisor will have primary responsibility for our work with the City and will be assisted by several other financial advisors and research analysts. This approach affixes responsibility and assures continuity of service for the client from initial submittal through any follow-up work. This also allows a better match of Ehlers' staff expertise to the needs of the City.

Further, the staff at Ehlers views ourselves as an extension of the City's staff and as part of the City's team to make sure activities occur in accordance with expectations. Ehlers makes every attempt to be available on short notice for meetings and conference calls. We are in regular contact with our clients to make sure their needs are being met.

The following staff will make up the Rock Island Project Team:

Nancy Hill, Financial Advisor, will serve as the lead advisor for the City. As such, all of the project work will either be completed by or directly overseen by Nancy, and she will attend all scheduled meetings. Nancy is a member of the American Institute of Certified Planners (AICP) and has over 15 years of experience working for and with local governments. She has coordinated development projects from an idea, through the public process, to completion with a wide-range of stakeholders. Nancy has assisted Ehlers' clients in various TIF projects in the Village of Glenwood, Village of Lemont, Village of Matteson, and City of Wheaton, among others. She has also served on Ehlers' project teams for numerous other redevelopment and debt issuance projects.

Maureen Barry, Financial Advisor, will serve as the second advisor for the City. Prior to joining Ehlers, Maureen worked in local government management for over 14 years, most recently as the Assistant Village Manager in Wilmette. She has worked with local government leaders and other key players to develop sound operational and financial strategies for planning and managing successful projects. Maureen has provided her expertise to Ehlers' clients on TIF consulting projects in the Village of Glen Ellyn, City of Macomb, Village of Tinley Park, and the Village of Wheeling, among others.

Sid Inman, Financial Advisor/Senior Vice President, will be available to the City of Rock Island on tax increment, economic development, and redevelopment projects. Sid has over 30 years of experience in the area of public finance and redevelopment. He is an industry leader in tax increment, developer recruitment and negotiations, pro forma analysis, and bond work.

Mindy Barrett, TIF Coordinator, joined Ehlers in 2006. She is responsible for assisting in the development and implementation of TIF projections and analysis, including gathering data from counties and the state of Illinois.

In addition, the Project Team will use expertise and resources from our other offices, if needed, to meet the needs of the City. Resumes for Nancy, Maureen, and Sid are attached in **Appendix 2**.

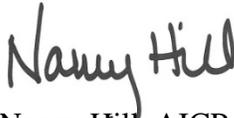
Duties of the City

The City will be responsible for the legal descriptions, certified Engineer's statement of flooding necessary to determine chronic flooding, if any, and publication and mailing of all notices related to the adoption process.

The City will authorize and direct its administration, attorneys, bond counsel, accountants, engineers, architects, actuaries, and other consultants to prepare and furnish such information as may be reasonably necessary for Ehlers to carry out its duties and obligations, at no cost to Ehlers.

Agreement

This proposal is respectfully submitted by authorized representatives of Ehlers & Associates, Inc.:



Nancy Hill, AICP
Financial Advisor



Todd Taves, Executive Vice President/Principal
Financial Advisor

The City of Rock Island, Illinois hereby accepts the above Proposal for Tax Increment Financing District Consulting Services regarding the development, qualification, and adoption (Phases I – IV) by its authorized officers, this ____ day of _____, 2012.

Attest: _____ By: _____

Title: _____ Title: _____

Please send a copy of the agreement page with original signature to:

Ehlers & Associates, Inc.
550 Warrenville Road, Suite 220
Lisle, Illinois 60532

Appendices

Appendix 1: About Ehlers

As an independent financial advisory firm, our mission at Ehlers is to design customized financial solutions that help build outstanding communities. Ehlers has chosen the words "outstanding" and "community" on purpose. Our clients want to improve lives, and we help them strategically and tactically build stronger, financially stable, outstanding communities.

The key characteristic of Ehlers is "independence." Our only business is serving local governments. The firm does not have any relationship with any other parties who might attempt to influence the direction or advice of the firm. Our focus is to work with local units of government and not represent the interests of private parties or investors.

At Ehlers, all employees have ownership in the company and take ownership in serving clients. Ownership sets the tone for the operation of the firm and the nature of the services you receive. All-employee ownership at Ehlers means:

- Every Ehlers employee has a vested interest in providing the best possible service.
- Our focus is on the long-term success of our clients, not solely on short-term profit and return on investment.

Ehlers is a full service firm and TIF is just one of Ehlers' core services. The staff at Ehlers provides a wide range of financial services designed to help resolve issues facing local governments.

Debt Planning and Issuance

Capital finance is the foundation of Ehlers' business. The ability to borrow money and to manage debt effectively helps local governments fund capital improvements.

Our approach to debt issuance focuses on:

- A thorough understanding of the capital finance options available to local government.
- An issuance process that uses specialization to provide efficient and effective results.
- Ability to issue bonds and other debt ranging in size from \$50,000 to \$100,000,000.
- Good working relationships with other "players" in Illinois public finance, including bond counsel, local counsel, rating agencies, bond dealers, and bond insurers.

Ehlers ranks in the top five nationally for financial advisors in the number of competitive bond sales supervised per year.

Arbitrage Monitoring Services

Sometimes local governments must rebate some of the interest earned from bond proceeds back to the IRS. At Ehlers we help you evaluate ways to qualify for exemptions to this requirement and if that is not possible we offer tracking and reporting services to enable you to fulfill your rebate obligations.

Continuing Disclosure

One of the services we offer as financial advisors is to help you disseminate your financial information annually to national information repositories when this is required with your bond undertaking.

Investment Services

To achieve the optimal investment of bond proceeds and idle funds, we offer Ehlers Investment Partners (EIP). This Ehlers subsidiary was created specifically to provide our clients with integrated, expert investment advisory services. EIP works with you to analyze projected drawdown schedules (contractor payments) and various investment alternatives.

Paying Agent Services

It is important that local governments make timely payments on their debt issues. Ehlers paying agent service provides personal service for you through the life of your bond issue.

Economic Development and Redevelopment

Local financial resources often play a role in economic development. Ehlers' staff brings the experience gained from participation in hundreds of development projects. This experience covers all forms of development and all types of public participation. Ehlers helps you assemble the pieces of the puzzle: determining need, assessing risk, evaluating options, and making it happen. This may include prioritizing community goals, preparing a financial plan, and developing a framework for successful decision-making. Ehlers can also help communities assess the cost/benefit of proposed developments by producing cash flow projections and impact analyses.

Tax Increment Financing

Tax increment financing ("TIF") has proven to be one of the most significant economic development tools available to Illinois municipalities since the late 1970s. Ehlers & Associates offers a full spectrum of TIF services that help communities (i) assess whether TIF is legally, financially and politically feasible and, when appropriate, (ii) proceed with TIF adoption and implementation. Ehlers' core services include completing the analyses and preparing the reports required for TIF adoption. In addition, we offer sophisticated analysis of revenue projections, financial feasibility, and the potential impacts of TIF on other taxing districts. Once a TIF district is adopted, Ehlers helps municipalities achieve effective and timely project implementation. Ehlers' services include: facilitation of developer recruitment and selection, analysis of pro formas, negotiation of developer agreements, evaluation of developer incentives, and management of the development process.

TIF Projections

Changes in the broader economy have impacted TIF cash flows. Ehlers can assist you in updating an existing project's performance or evaluating changes in a TIF district and/or project area to ensure that you are using all of your available resources to their maximum potential.

Business Districts

In Illinois, the Business District designation is an important municipal economic development tool that provides strategic planning and sales tax financing for both development and redevelopment areas. Ehlers provides a complete range of services for business district adoption and implementation. Key services included: analysis of business district eligibility, documentation of eligibility findings, preparing the legally required business district plan, analysis of financial feasibility, estimating of sales tax revenue potential and facilitating the public hearing and review process.

Development Pro forma Analysis/But-For Test and Negotiation

One of the biggest challenges communities face is working with developers to determine the appropriate level of assistance. Ehlers is familiar with industry standards and typical construction costs for differing real estate products. This knowledge helps take the mystery out of analyzing true need. Our financial advisors regularly conduct pro forma analysis for municipalities seeking development to help them determine the appropriate level of need and developer assistance.

Ehlers has extensive experience in developer negotiations and have negotiated development agreements with an aggregate value of over \$1 billion for clients on public-private development projects that include a wide range of commercial, residential and mixed used developments. Just as critical as experience in this area, is the need for a financial advisor that is independent. Ehlers works only for public sector clients and will not work for developers, ensuring that you can avoid even a perception of any conflict of interest.

Developer Selection

Redevelopment and economic development is successful only when there is a good partnership between the private and public sector. Ehlers can help you select an appropriate partner who will help you meet your development goals.

Project Management Services

Local governments often find that they are short-staffed for major or specialized projects such as large-scale redevelopment or economic development projects such as a new business park. Ehlers can step into the role of a staff person for a local government, write reports to council, and coordinate developers' applications and review of various types of projects.

Ehlers provides the most extensive set of Redevelopment and Development Management Services available to municipalities embarking on redevelopment projects. We have assisted communities in the various stages of the redevelopment/economic development process on projects ranging from \$500,000 to \$170 million with an aggregate value of \$1.7 billion. These services have included working with community-based task forces, development and coordination of RFP's, developer selection, grant writing and project management from project inception through implementation.

Financial Planning

An important planning tool for local governments is the development of a long-term financial plan. Ehlers believes it is useful to combine elements of strategic and financial planning with capital and operating projections. The result provides an enhanced framework for financial decisions so administrators and elected officials have the essential information needed to make decisions on a timely basis.

A financial plan should include three basic elements:

- Spreadsheet with five-to-ten year projection of capital and operating needs,
- Narrative description of the basis for those needs, and
- Prioritized schedule of actions needed to implement the plan.

A financial plan differs from a capital improvement plan (CIP). A CIP generally addresses only infrastructure or equipment needs. A financial plan addresses both operating needs and capital needs. It outlines the funding sources as well.

Capital Budget Programming

Our experience has shown that rating agencies are interested in capital improvement plans (CIPs) as they are with multi-year budgets, debt policies, and management policies. It is our recommendation to annually have staff and the Council or Board review the CIP and continue the local government's long-standing practice of long-term financial planning.

Enterprise Performance and Utility Rate Studies

Municipalities, park districts, and other local governments own community enterprise operations. This form of physical asset includes convention centers, sports arenas, water parks, golf domes, fitness centers, water & sewer utilities, and community centers. Day-to-day operations may be entrusted to full-time staff or outsourced to a management company. In either situation, the elected governing board and administration want to be sure that their enterprise is producing service and income to the maximum capability. Ehlers can provide a special evaluation or a periodic assessment of your asset. Our strategic advice will be focused on the best business plan and practices for maximum service and income.

Financial Management Planning

Budgeting should not be an annual event. A Financial Management Plan is a comprehensive fiscal plan that budgets for 10 years at a time through integrating your capital improvement plan, future operating needs, and revenue base changes to determine your future potential to support project costs. The process reviews all of the governmental revenues and expenditures in a manner that allows elected officials to determine their options. It incorporates elements from all of your stand-alone documents – the annual budget, the audit report, and the capital improvement plan – and shows how changing employment, capital purchases, and bonding affect the tax levy on your residents and property owners.

A Financial Management Plan will review all financial practices to assure that the governmental entity has appropriate control mechanisms in place. This includes budgeting and capital improvement planning so that elected officials understand the policies that guide staff in preparing the information presented to them, as well as understand the decisions they make will affect budgets for years into the future.

Each of the major municipal rating agencies view updated financial policies and multi-year financial plans as important factors in evaluating credit quality. Ehlers has helped dozens of communities complete and update long range financial plans

Fiscal Impact Analysis

Ehlers has assisted many local governments with fiscal impact analysis. Whether the client needs to decide between different types of potential economic development, to evaluate the fiscal feasibility of proposed utility infrastructure projects, or to analyze a potential merger of local governments, our research can assist your board or council make sense of the revenues and expenditures associated with change.

Strategic Communications

How government works internally as well as how it communicates publicly are critical success factors in today's world. Ehlers has tools and techniques to help clients evaluate and improve their management abilities, strengthen their ongoing communications with the public and, when needed, gain public participation and support for community initiatives.

Strategic Planning

The ideal situation for any local government is to have a plan in place before taking action. This is particularly true when major programs or costly projects are being considered. Ehlers works with officials and staff to develop an operational strategic plan or a community strategic plan. Operational strategic planning is all about making your organization the best it can be by providing excellent customer service, taking on issues, and getting results. Ehlers will facilitate a process for leaders to identify needs and resources, prioritize initiatives, track progress, and measure success. Community strategic planning focuses on an entire city, City, special district, or service area.

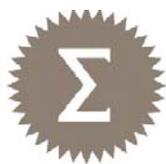
Referendum Related and Public Participation Services

We have assisted hundreds of local governments with referendum information programs. We assist clients in putting together an information program for bond issue and tax rate increase referenda. Our involvement can be during the initial planning stages or services can continue throughout the referendum timetable.

These services often involve the community with the decision making and implementation process. Services include citizens' advisory committee work, surveys, communications and consensus building, and open house planning.

Appendix 2: Resumes

Nancy Hill, Financial Advisor, will serve as lead advisor for the City. Maureen Barry and Sid Inman, Financial Advisors, and Mindy Barrett, TIF Coordinator, will serve as part of the TIF team. In addition, Ehlers, as appropriate, will utilize the resources of other team members to meet the needs of the client. Resumes for Nancy Hill, Maureen Barry, and Sid Inman are attached.



EHLERS

LEADERS IN PUBLIC FINANCE

Nancy Hill, AICP

Financial Advisor

Nancy has been a Financial Advisor in the Ehlers' Lisle office since 2008 assisting Illinois municipalities, schools, parks, and libraries with the design and implementation of financial solutions. Prior to joining Ehlers, Nancy had 14 years of experience working for and with municipalities as an urban planner, community development director, and as the Associate Director for the DuPage Mayors and Managers Conference. Ehlers' clients benefit from Nancy's range of experience and expertise in planning, economic development, project management, budgeting, and intergovernmental relations.



Nancy Hill
Direct: (630) 271-3343
nhill@ehlers-inc.com

AREAS OF EXPERTISE

Tax Increment and Business Districts

- TIF and Business District Development, Qualification, Adoption, and Amendments
- Property and Sales Tax Projections
- Developer Proforma Analysis/But For Test
- Developer and Taxing District Negotiations
- TIF District Administration and Annual Reporting

Development and Redevelopment

- Development Strategic Planning
- Developer Attraction and Selection
- Development Incentives Analysis
- Fiscal Impact Studies
- Financial Feasibility Analysis
- Project Management Services

Public Participation

- Public Participation Process
- Referendum Strategies
- Community Information Meetings
- Strategic Communications

Strategic and Financial Planning

- Goal Setting and Strategic Planning
- Financial Management Planning
- Capital Improvements Planning
- Impact Fee Analysis
- Utility Rate Studies

Debt Planning and Issuance

- Analysis & Presentation of Alternative Financing Options, Funding Sources, Plans and Tools
- General Obligation and Revenue Debt
- Refundings/Cash Defeasances
- Representation to Bond Market and Credit Reporting Agencies
- Post Issuance Compliance

Other

- Intergovernmental and Public/Private Studies, Negotiations, Projects/Operations

PROFESSIONAL MEMBERSHIPS AND CERTIFICATIONS

- *American Institute of Certified Planners (AICP)*
- *American Planning Association*
- *Illinois American Planning Association*
- *Illinois City/County Management Association*
- *Illinois Development Council*
- *Illinois Tax Increment Association*

EDUCATION

- *Bachelors of Urban Planning and Design, Ball State University, Muncie, IN*
- *Masters of Public Administration, University of Louisville, Louisville, KY*

Designing Customized Financial Solutions for Outstanding Communities
Ehlers • 550 Warrenville Road, Ste 220 • Lisle, IL 60532 • Phone: (630) 271-3330 • Fax: (630) 271-3369



Maureen Barry
Financial Advisor

Maureen joined the Ehlers' Illinois office in 2008 as a Financial Advisor after working in municipal management for over 14 years, most recently as the Assistant Village Manager in Wilmette. Her focus is on assisting Illinois local governments in the design and implementation of financial and economic development solutions. Ehlers' clients benefit from Maureen's broad perspective and hands-on experience in a wide range of local government matters, including tax increment financing, development analysis, project management, debt issuance, and other public finance related projects.

Maureen Barry
Direct: (630) 271-3341
mbarry@ehlers-inc.com

AREAS OF EXPERTISE	
<p>Tax Increment Services</p> <ul style="list-style-type: none"> • Tax Increment Plans for TIF District Qualification and Amendment • Business District Plans for Qualification and Amendment • Developer Negotiations • Developer Pro forma Analysis/But For Test • TIF Feasibility Studies • TIF Revenue Bond Financing <p>Development & Redevelopment</p> <ul style="list-style-type: none"> • Development Strategic Planning • Project Management Services • Developer Attraction & Selection • Development Incentives Analysis • Fiscal Impact Analysis <p>Public Participation</p> <ul style="list-style-type: none"> • Referendum Strategies • Public Participation Process • Community Surveys/Communications/ Newsletters/Annual Reports 	<p>Debt Planning and Issuance</p> <ul style="list-style-type: none"> • Analysis & Presentation of Alternative Financing Options, Plans And Tools • Representation to Bond Market & Credit Rating Agencies • Refundings • Special Service Area Financing <p>Strategic and Financial Planning</p> <ul style="list-style-type: none"> • Goal Setting & Strategic Planning • Key Financial Strategies • Financial Management Planning • Debt Management • Capital Improvements Planning • Fiscal Impact Studies • Impact Fee Analysis • Utility Rate Studies <p>Intergovernmental and Public/Private Partnerships</p> <ul style="list-style-type: none"> • Intergovernmental and Public/Private Project Studies and Negotiations
PROFESSIONAL MEMBERSHIPS	EDUCATION
<ul style="list-style-type: none"> • International City/County Management Association • Illinois City/County Management Association • Illinois Government Finance Officers Association • Illinois Tax Increment Association • Illinois Development Council • Lambda Alpha International (Land Economics) 	<ul style="list-style-type: none"> • Bachelor of Arts (Political Science), University of Dayton • Master of Public Affairs (Public Management), School of Public and Environmental Affairs, Indiana University

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EHLERS

LEADERS IN PUBLIC FINANCE



Sid Inman
Direct: (651) 697-8507
sinman@ehlers-inc.com

Sid Inman, CIPFA

Senior Financial Advisor/Senior Vice President

Sid has been a Financial Advisor in the Ehlers' Roseville office since 1995 after nine years at PublicCorp assisting Minnesota cities, townships, counties, public utilities, and special districts design and implement financial solutions. He additionally has 15 years experience working as a Financial Analyst for the Minneapolis School District and as the Finance Director for the City of Fridley. Sid's greatest contributions to Ehlers and our clients are his expertise in the field of tax increment financing and financial feasibility and pro forma analysis for development projects.

AREAS OF EXPERTISE

Debt Planning and Issuance

- Analysis & Presentation of Alternative Financing Options, Plans And Tools
- Lease Revenue Financing
- Non-Profit & Industrial Revenue Bonds
- Refundings/Cash Defeasances
- Debt Service Fund/Cash Flow Analysis
- Representation to Bond Market & Credit Rating Agencies
- Housing Revenue Bonds
- Electric Revenue Bonds

Special Financial Studies

- Utility Rate Study/Analysis
- Fiscal Impact Study/Analysis
- Budget Preparation Assistance

Strategic and Financial Planning

- Debt Management
- Financial Management Planning
- Capital Improvements Planning
- Strategic Planning

Economic, Housing Development & Redevelopment

- Tax Increment District Creation & Amendment
- Tax Abatement Options, Financing, & Policies
- TIF and Abatement Analysis
- Downtown Redevelopment and Revitalization
- Developer Pro forma Analysis/But For Test
- Developer Attraction & Selection
- Developer Negotiations
- TIF Revenue Bonds/Calculation of Developer Payments
- Business Subsidy Options & Negotiations
- TIF Revenue Projection Update

Public Participation

- Public Participation Process

Other

- Special Legislation

CERTIFICATIONS

- Certified Independent Public Finance Advisor

PROFESSIONAL MEMBERSHIPS

- National Association of Independent Public Finance Advisors
- National Association of Housing & Redevelopment Orgs.
- Economic Development Association of Minnesota
- Minnesota Government Finance Officers Association
- MN Municipal Clerks and Finance Officers Association
- Minnesota Institute of Public Finance
- MN Assn. of Local Housing Finance Agencies
- Sensible Land Use Coalition

EDUCATION

- Bachelor of Arts (Business Administration)
University of Northern Iowa
- Masters in Public Administration
Universities of Northern Colorado and Alaska
- Advanced Doctoral Studies
University of Minnesota

Appendix 3: Similar Projects

The Ehlers Illinois Team has worked successfully throughout Illinois to accomplish development and redevelopment goals through the use of TIF. The following summaries describe how Ehlers has recently served other Illinois communities. A number of these examples share similarities with the City of Rock Island's proposed TIF District. Contacts for these communities may also be used as **References**. A complete list of references is included in **Appendix 4**.

City of Macomb

The City of Macomb is located in McDonough County, south of the Quad Cities area in Western Illinois, and is home to Western Illinois University (WIU). With the assistance of Ehlers, in December 2009 the City adopted a large (140 acres) new TIF (West Side TIF) and amended an existing TIF (Downtown TIF) which included an extension of that TIF's term. The new TIF includes downtown commercial parcels surrounding their previous TIF, but added other main street corridor commercial/retail parcels, light industrial and residential land bordering WIU. (A Housing study was completed due to the number of residents and potential relocations within the project area.) The land uses within the TIF were older, deteriorated and not competing well with other areas of the City, particularly some "big-box" retail uses. The TIF contains enough land for a variety of proposed redevelopment uses that would take advantage of its university-related population and other assets.

The amended TIF is in the Downtown area and was at the very end of its 23 year term. The amendment extended the term of the TIF to 35 years, and removed several parcels, some of which were then incorporated into the new TIF. The amendments also updated the Redevelopment Plan for the TIF in other ways, such as bringing a revised budget and goals for the area in line with the City's current vision for the area and ensuring the plan's compliance with current TIF law.

Ehlers continues to work with Macomb on a historic hotel restoration project within the new TIF and other various economic development and financing initiatives.

Contact:

Dean Torreson, City Administrator
232 E. Jackson
Macomb, Illinois 61455
Phone: (309) 833-2575
Email: cityadm@macomb.com

Village of Lemont

The Village of Lemont is a historic community along the Des Plaines River, the Chicago Sanitary and Ship Canal, and the Illinois and Michigan Canal. The Village of Lemont wished to have their historic assets act as a catalyst for new downtown development. Lemont had a successful, older TIF District in place, but realized this TIF would not have enough years remaining to encourage further redevelopment. Ehlers assisted Lemont with the creation of a second TIF District (Downtown Canal TIF) and undertook a financial analysis to make sure that revenue would support a refinancing of TIF bonds. With a development project on the table, Ehlers prepared increment forecasts and pro forma analysis. Ehlers assisted the Village in developer negotiations to create the redevelopment agreement. The project is constructed, and the Village has made many public improvements with the assistance of TIF funds, including the construction of a parking structure.

Lemont then engaged Ehlers in 2008 to assist the community in the creation of an additional TIF (Gateway TIF), located on the Village's northeast border. The area has been occupied by heavy industrial uses, many of which are still present, such as automobile and construction storage, wrecking, and utility transmission uses. Deterioration, a lack of access, and inadequate utilities are the main issues to be overcome in this TIF, as well as environmental issues, which may impact adjacent properties once redevelopment occurs.

Ehlers continues to serve as Lemont's TIF consultant and is currently assisting the Village in amending an existing TIF District. Ehlers also compiles its annual TIF reports and conducts an annual Joint Review Board meeting.

Contact:

Ben Wehmeier, Village Administrator
418 Main Street
Lemont, Illinois 60439
Phone: (630) 257-1550
Email: bwehmeier@lemont.il.us



Village of Rockton

The Village of Rockton is a small community located in Winnebago County, approximately 15 miles north of Rockford. The Village had previously created a TIF to improve an older industrial and commercial area in one part of the Village. Rockton engaged Ehlers in 2008 to help the community deal with the redevelopment of a large industrial area along the Iowa, Chicago & Eastern Railroad. This area is the site of an Environmental Protection Agency (EPA) Superfund clean-up assumed by the Beloit Corporation. While major clean-up was undertaken, there are still actions that must be taken as part of the EPA “Reasonable Steps Letter.” EPA and the Illinois Environmental Protection Agency (IEPA) are involved in ongoing monitoring and maintenance related to the site. Likewise, the building itself was a shell, having suffered deterioration problems and no longer able to fulfill its use as a manufacturing facility.

In the course of the adoption process, the local school district expressed its opposition to the creation of this TIF, fearing the loss of revenue it believed a TIF would cause them. Ehlers worked with the Village to provide factual information about how a TIF would actually impact the community, and the Former Beloit Corporation TIF was adopted with the support of most of the taxing bodies. As a result, the Village attracted a chemical company to the building. TIF funds were used on a “pay as you go” basis to off-set the extraordinary environmental remediation and utility costs. The property’s significant environmental and utility issues were corrected in a way that never would have occurred if not for the creation of the TIF. In addition over 200 much needed jobs were created and the company relocated its corporate headquarters to a facility outside of the TIF District, benefitting the entire community.

Contact:

Dale Adams, Village President
110 E. Main Street
Rockton, Illinois 61072
Phone: (815) 624-7600
Email: adams@rocktonvillage.com



Village of Tinley Park

The Village of Tinley Park undertook the development of two TIF Districts in 2003. The focus of these TIFs was to redevelop key projects as identified by a downtown strategic plan. Ehlers was hired to assist the Village with TIF District qualification and adoption, redevelopment implementation and management, developer RFP, developer negotiations, pro forma analysis, and TIF increment projections.

During the TIF District qualification process, the exact boundaries of the District became an issue. The Village had made the decision to minimize the number of properties in the TIF Districts, believing that this would be beneficial to the local School District. However, in negotiations the School District indicated it was desirous of adding parcels not initially identified for the TIF. Ehlers assisted with the creation of TIF boundaries that would not only increase the EAV of the parcels for the School District at the end of the TIF, but encourage a large enough redevelopment effort to stimulate additional redevelopment and increase EAV in areas surrounding the TIF.

This work has resulted in Tinley Park becoming a major retail, restaurant, and hospitality hub for the southern suburbs. Additionally, the School District's belief that activity in the TIFs would result in redevelopment outside the TIF areas has become reality, as significant rehabilitation and renewal of properties in this area has occurred. Ehlers provides TIF increment projections on redevelopment proposals and other TIF Administration services to the Village of Tinley Park on an ongoing basis.

Contact:

Scott Niehaus, Village Administrator
16250 South Oak Park Avenue
Tinley Park, Illinois 60477
Phone: (708) 444-5000
Email: sneihaus@tinleypark.org



City of Wheaton

The City of Wheaton is a mature community in Chicago's western suburbs. To counter deterioration in its downtown, the community instituted a TIF District and began to incent businesses to locate in and improve their downtown operations. Ehlers provided Project Pro forma Analysis and Financial Impact services for the City of Wheaton. For one proposed redevelopment project, a developer requested sales tax revenue sharing through sales tax abatement. Ehlers conducted a pro forma analysis of the developer's project and established that without incentives, the project would not be possible. This gave the City of Wheaton the needed information to make a decision to provide the developer incentives and to what extent those incentives were appropriate. Ehlers has also assisted Wheaton in the implementation of TIF programs through the structuring and sale of financial instruments and increment projections.

Contact:

Donald B. Rose, City Manager
303 West Wesley Street
Wheaton, Illinois 60187
Phone: (630) 260-2012
Email: donrose@wheaton.il.us

Village of Wheeling

The Village of Wheeling is a suburban community located in northwestern Cook County. The Village has experienced tremendous growth, but growth is slowing as the Village becomes built out. Its older developments are starting to experience decline. Like other communities located on the far edges of Cook County, Wheeling's commercial and industrial development is at a disadvantage when more favorable tax rates are in place in close proximity to the community, such as in Lake County.

Ehlers has provided the Village with TIF Eligibility and Adoption, as well as TIF Amendment services. Recently, Ehlers assisted the Village with the creation of its Southeast (Industrial Lane) TIF, which encompasses the Chicago Executive Airport, which will help redevelop the area around and including the airport with airport-related uses, as well as retail and office development. The TIF will also help the community improve existing residential areas. Ehlers continues to assist the Village by performing various TIF and economic development studies as needed.

Contact:

Peter Vadopalas, Economic Development Director
2 Community Boulevard
Wheeling, Illinois 60090
Phone: (847) 499-9094
Email: pvadopalas@wheelingil.gov

Appendix 4: References

The following table contains client reference information and brief summaries of economic development services provided to these selected Ehlers municipal clients.

Client	Summary of Services Provided
<p>Danville John Heckler, Public Development Director 17 West Main Street Danville, Illinois 61832 Phone (217) 431-2200</p>	<ul style="list-style-type: none"> • TIF Eligibility Studies (3) • Redevelopment Plans (3) • Adoption
<p>Glen Ellyn Mark Franz, Village Manager Kristen Schrader, Assistant to Village Manager 535 Duane Street Glen Ellyn, Illinois 60137 Phone (630) 469-5000</p>	<ul style="list-style-type: none"> • TIF Feasibility Study • TIF Increment Projections • TIF Eligibility Study • Redevelopment Plan • Adoption
<p>Glenwood Kerry Durkin, Mayor Donna Gayden, Village Administrator One Asselborn Way Glenwood, Illinois 60425 Phone (708) 753-2400</p>	<ul style="list-style-type: none"> • TIF Eligibility Studies (2) • Redevelopment Plans (2) • Adoption • TIF Consulting
<p>Lake Zurich Roy Witherow, Interim Village Administrator 70 E. Main Street Lake Zurich, Illinois 60014 Phone (847) 438-5141</p>	<ul style="list-style-type: none"> • TIF Consulting • TIF Amendment • General Obligation Bonds (Alternate Revenue Source) • TIF Debt Restructuring
<p>Lemont Ben Wehmeier, Village Administrator 418 Main Street Lemont, Illinois 60439 Phone (630) 257-1550</p>	<ul style="list-style-type: none"> • TIF Eligibility Studies (2) • Redevelopment Plans (2) • Redevelopment Amendment • Adoption • TIF Reporting (3 TIF Districts per year) • TIF Consulting • TIF Financial/Bond Feasibility Study
<p>Macomb Dean Torreson, City Administrator 232 E. Jackson Street Macomb, Illinois 61455 Phone (309) 836-0501</p>	<ul style="list-style-type: none"> • TIF Eligibility Study • Redevelopment Plan • Housing Impact Study • Redevelopment Plan Amendment • Adoption • Pro forma Analysis
<p>Marengo Donald B. Lockhart, Mayor Joshua Blakemore, Assistant City Administrator 132 East Prairie Street Marengo, Illinois 60152 Phone (815) 568-7112</p>	<ul style="list-style-type: none"> • TIF Eligibility Study (2) • Redevelopment Plan (2) • Adoption (2) • TIF Consulting

Client	Summary of Services Provided
<p>Matteson Andre Ashmore, Mayor LaVern Murphy, Deputy Director of Economic Development 4900 Village Commons Matteson, Illinois 60443 Phone (708) 748-5196</p>	<ul style="list-style-type: none"> • TIF Eligibility Study (2) • Redevelopment Plan (2) • TIF Adoption • Business District Eligibility Studies and Redevelopment Plans (2) • Business District Adoption
<p>Mokena John Downs, Village Administrator Kirk Zoellner, Assistant Village Administrator 11004 Carpenter Street Mokena, Illinois 60448 Phone (708) 479-3900</p>	<ul style="list-style-type: none"> • Fiscal Impact Analysis • TIF Eligibility Study • Redevelopment Plan • Adoption • Bonds
<p>Pecatonica Shawn Connors, Mayor 405 Main Street PO Box 730 Pecatonica, IL 61063-0730 Phone (815) 239-2829</p>	<ul style="list-style-type: none"> • TIF Eligibility Study • Redevelopment Plan • Adoption • TIF Consulting
<p>Rockton Dale Adams, Mayor 110 East Main Street Rockton, Illinois 61072 Phone (815) 624-7600</p>	<ul style="list-style-type: none"> • TIF Eligibility Study • Redevelopment Plan • Adoption
<p>Tinley Park Scott Niehaus, Village Administrator 16250 South Oak Park Avenue Tinley Park, Illinois 60477 Phone (708) 444-5000</p>	<ul style="list-style-type: none"> • TIF Eligibility Studies (2) • Redevelopment Plans (2) • Adoption • TIF Amendments (2) • Developer RFP • Developer Negotiation • Public Participation • Pro forma Analysis • TIF Increment Projections
<p>Wheaton Don Rose, City Manager 303 W Wesley Street Wheaton, Illinois 60187 Phone (630) 260-2000</p>	<ul style="list-style-type: none"> • TIF Feasibility Study • Developer Selection/Pro forma Analysis • TIF Increment Projections • Bonds
<p>Wheeling Peter Vadopalas, Economic Development Director 2 Community Boulevard Wheeling, Illinois 60090 Phone (847) 459-2600</p>	<ul style="list-style-type: none"> • TIF Amendments (6) • TIF Eligibility Studies • Redevelopment Plans • Adoption • TIF Consulting • Developer Agreement Implementation