

MEMO

TO: Mayor Nelson and the Board of Trustees

FROM: Matthew T. Fritz
Village Administrator

MEETING

DATE: September 30, 2013

RE: SPECIAL SERVICE AREA NO. 2 CREATION

Prior to the Village Board Meeting, a public hearing has been set for the creation of Special Service Area No. 2 (SSA2). The creation of this SSA was agreed upon by the developers and owners of the Coal City Inland Logistics Park development ILPCC, LLC through the development agreement adopted by the Board at its Meeting of August 1st.

The purpose of SSA2 is to provide an additional assurance against any liability from the Village's participation within the private/public partnership, which is allowing the development from getting underway, from becoming a debt that must be paid by the Village. There are means (contained within the development agreement) by which the Village may levy any existing liability against SSA2 in 7 years if any liability remains. The affected land owners have agreed to the creation of this SSA, however, state requirements provide for this public hearing; the ordinance starting the SSA cannot be adopted until 60 days after conducting the public hearing.

The only action required at this time is to hold the public meeting and receive input from the public regarding its formation. Attached is the Ordinance that had been adopted concerning the terms by which SSA2 shall be created.

THE VILLAGE OF COAL CITY
GRUNDY & WILL COUNTIES, ILLINOIS

ORDINANCE
NUMBER _____

**AN ORDINANCE REPEALING ORDINANCE NO. 13-21 AND PROVIDING FOR THE
ESTABLISHMENT OF SPECIAL SERVICE AREA NUMBER TWO IN THE VILLAGE
OF COAL CITY, GRUNDY & WILL COUNTIES, ILLINOIS AND PROVIDING FOR A
PUBLIC HEARING AND OTHER PROCEDURES IN CONNECTION THEREWITH**

NEAL E. NELSON, President
PAMELA M. NOFFSINGER, Village Clerk

GEORGETTE VOTA
ROSS BRADLEY
TIMOTHY BRADLEY
TERRY HALLIDAY
DAVID TOGLIATTI
JUSTIN WREN
Village Trustees

Published in pamphlet form by authority of the President and Board of Trustees of the Village of Coal City
on _____, 2013

ORDINANCE NO. _____

AN ORDINANCE REPEALING ORDINANCE NO. 13-21 AND PROVIDING FOR THE ESTABLISHMENT OF SPECIAL SERVICE AREA NUMBER TWO IN THE VILLAGE OF COAL CITY, GRUNDY & WILL COUNTIES, ILLINOIS AND PROVIDING FOR A PUBLIC HEARING AND OTHER PROCEDURES IN CONNECTION THEREWITH

WHEREAS, the Village of Coal City (“Village”) is a non-home rule municipality; and

WHEREAS, special service areas are authorized for non-home rule municipalities pursuant to Article VII, Section 7(6) of the Constitution of the State of Illinois and pursuant to the provisions of the Special Service Area Tax Law, 35 ILCS 200/27-5, *et seq.* (the “Act”), which provides, *inter alia*, the manner of levying or imposing taxes and issuing bonds for the provision of special services to areas within the boundaries of municipalities; and

WHEREAS, on July 29, 2013, the Corporate Authorities enacted Ordinance 13-21, which Ordinance proposed the establishment of a special service area within the Village; and

WHEREAS, the Corporate Authorities hereby find and determine that certain changes to proposed special service area necessitate the repeal of Ordinance 13-21 and enactment of the Ordinance *sub judice*; and

WHEREAS, the Corporate Authorities hereby find and determine that it is in the public interest to consider the establishment of the area described herein as Special Service Area Number Two (“the Area”) for the purposes set forth herein; and

WHEREAS, the Area is compact and contiguous and is fully within the corporate limits of the Village; and

WHEREAS, the revenue from such tax shall be used solely and only for services for which the Village is authorized to levy taxes or to appropriate funds of the Village; and

WHEREAS, the Area will benefit specially from the special services to be provided by the Village, which shall consist of financing the construction of a rail spur from the Union Pacific

Railroad's existing railway into the Area, as more particularly described in that certain agreement between the Union Pacific Railroad Company and the Village of Coal City (the "Services"), and the Services are unique and in addition to municipal services provided to the Village as a whole; and

WHEREAS, the provision of the Services shall enhance and promote the economic development of the Village and promote the creation of jobs; and

WHEREAS, in addition to the authority provided for the establishment of special service areas, the Village also desires to exercise the authority to appropriate and expend funds for economic development purposes as set forth in Section 8-1-2.5 of the Illinois Municipal Code, 65 ILCS 5/8-1-2.5; and

WHEREAS, it is in the best interests of the Village that the establishment of the Area, the expenditure of funds by the Village, and the levy of special taxes against the Area for the Services to be provided be considered.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Coal City, Counties of Will and Grundy, Illinois, as follows:

SECTION 1. Recitals. The foregoing recitals shall be and are hereby incorporated into and made a part of this Ordinance as if fully set forth in this Section 1.

SECTION 2. Findings. The President and Board of Trustees of the Village find and determine as follows:

a. The fee owners of that portion of the Village described in Exhibit 1 attached hereto and made a part hereof (hereinafter the "Property") have each expressed an interest in the construction, acquisition and installation of a rail spur from the Union Pacific Railroad's existing railway along, across and over such Property (the "Improvement"); and

b. The Property is coterminous with the Area; and

c. The Area is currently without the Improvement, which is necessary to provide essential services to such area; and

d. It is in the public interest that the President and Board of Trustees of the Village consider the creation of a special service area for the Area to provide for the financing of the Improvement; and

e. The Area is compact and contiguous and is outlined on the map of a portion of the Village, which map is attached hereto as Exhibit 2 and made a part hereof; and

f. The proposed Area will benefit specially from the Services to be provided to the Area. The Services are in addition to municipal services provided to the Village as a whole.

SECTION 3. Proposal.

In response to the expressed interest of the owners of the Property, the President and Board of Trustees of the Village propose the establishment of Village of Coal City Special Service Area Number Two for the financing of a rail spur from the Union Pacific Railroad's existing railway into the Area to serve said Area.

SECTION 4. Public Hearing.

A public hearing shall be held at 7:00 p.m. on the 30th day of September, 2013, at the Coal City Village Hall, 515 S. Broadway, Coal City, Illinois 60416 (the "Hearing"), to consider the creation of Special Service Area Number Two of the Village in the Area for the purpose of providing the Services described in the Notice of Public Hearing affixed hereto as Exhibit 3 ("Notice") and incorporated as though fully set forth herein. At the hearing, the Village will also consider financing the Services within the Area by borrowing an amount not to exceed an aggregate principal amount of \$1,900,000.00 through the issuance of alternate, or "double-barrell," bonds (the "Bonds"), the proceeds of which shall be used to pay the cost of providing the Services to the Area, inclusive of (i)

the Village's funding contribution towards construction of the Improvement in an amount not to exceed \$1,800,662.00 ("Village Contribution"), (ii) principal and interest finance charges and other costs of borrowing associated with the Services ("Debt Service Expenses), (ii) otherwise unreimbursed third party administrative, legal and other expenses incurred in connection with the creation and administration of the Area and any amendments thereto, and (iii) otherwise unreimbursed legal, engineering and other professional services associated with plan review related to or in any manner arising out of the Improvement planned within the Area (collectively, all such expenses shall be known as the "Service Expenses"),.

The Bonds, if issued, shall be retired over a period not to exceed ten (10) years from the date of their issuance and shall bear interest at a rate not to exceed the greater of nine percent (9%) per annum or 125% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer, published in New York, New York, at the time the contract is made for the sale of the Bonds.

At said hearing, the Village will further consider levying an annual ad valorem tax against each taxable parcel of property within the Area in order to retire the Bonds and pay the Service Expenses, at a maximum annual levy in an amount not to exceed \$716,666.60 each year for a period not to exceed ten (10) years. Said taxes shall be in addition to all other taxes provided by law and shall be levied pursuant to the provisions of the Special Service Area Tax Law, 35 ILCS 200/27-5, *et seq.* The maximum levy shall be determined by the formula described herein notwithstanding the tax rate resulting from the extension of such levy.

Notwithstanding the foregoing, for the first seven (7) years of the Area, taxes shall not be levied thereunder and said Area shall be "dormant," unless, until and to the extent that (A) the Village's incurred Service Expenses plus Debt Service Expenses coming due in the calendar year

following the levy, less (B) the amount of loaded railcar fees distributed to and actually received by the Village from Union Pacific Railroad generated by rail cars originating from or traveling to the Development (the "Rail Refund"), payments received by the Village from the owners of the Property of an Acreage Fee, defined as the payment of \$6,500.00 per acre of the Property sold to an independent third party end-user in a bona fide, arms-length transaction, and voluntary payments from the owners of the Property (cumulatively, the "Net Expenses"), exceeds \$350,000.00 (the "Village Expense Limit"). For the first seven (7) years of the Area, the taxes shall be levied only if and in the amount by which the Village's Net Expenses exceed the Village Expense Limit. Thereafter, the foregoing notwithstanding, for years eight through ten of the Area, the Village shall annually levy an amount equal to: (A) the amount of the Net Expenses which have not previously been reimbursed in excess of the Village Expense Limit, plus (B) a pro rata annual share of the Village Expense Limit which has not previously been reimbursed over the remaining term of the Area, but not more than the annual maximum tax described herein. As such, the actual amount of the taxes to be levied in the initial year in which taxes are levied within Village of Coal City Special Service Area Number Two is a function of the formula(s) set forth in this Section 4 and is consequently indeterminate at present, but shall not exceed the maximum annual tax levy as set forth herein, \$716,666.60.

SECTION 5. Notice of Public Hearing.

The Notice shall be published at least once not less than fifteen (15) days prior to the Hearing in the *Coal City Courant*, a newspaper of general circulation within the Village. The Notice shall be mailed by depositing the Notice in the United States mail addressed to the person or persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area. The Notice shall be mailed not less than ten (10) days prior to the time

set for the Hearing. In the event taxes for the last preceding year were not paid, the Notice shall be sent to the person last listed on the tax rolls prior to that year as the owner of said property. The Notice shall be in substantially the form set forth in Exhibit 3 to this Ordinance.

SECTION 6. Resolution of Conflicts.

All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 7. Saving Clause. If any section, paragraph, clause, or provision of this Ordinance shall be held invalid, the invalidity thereof shall not affect any of the other provisions of this Ordinance, which are hereby declared to be separable.

SECTION 8. Effectiveness. This Ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

SO ORDAINED this _____ day of _____, 2013, at Coal City,
Grundy and Will Counties, Illinois.

AYES:

NAYS:

ABSENT:

ABSTAIN:

VILLAGE OF COAL CITY

Neal E. Nelson, President

Attest:

Pamela M. Noffsinger, Clerk

Exhibit 1

**Legal Description, PINs and Street Location of the Area Subject to Special Service Area
Number Two**

The Village of Coal City will consider forming a special service area consisting of the following described real property (collectively, the "Property"):

PARCEL 1

THE NORTH 1358.70 FEET OF THE NORTHEAST QUARTER OF SECTION 15, EXCEPT THE WEST 356.50 FEET THEREOF, IN TOWNSHIP 32 NORTH, RANGE 8, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN GRUNDY COUNTY, ILLINOIS.

PIN: 09-15-200-004

PARCEL 2

THE EAST HALF OF SECTION 15, TOWNSHIP 32 NORTH, RANGE 8, EAST OF THE THIRD PRINCIPAL MERIDIAN IN GRUNDY COUNTY, ILL., EXCEPTING THEREFROM THE FOLLOWING DESCRIBED TRACTS:

TRACT A: THE SOUTH 560 FEET (AS MEASURED PERPENDICULARLY TO THE SOUTH LINE THEREOF) OF THE EAST HALF OF SECTION 15; TOWNSHIP 32 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN;

TRACT B: THE WEST 311.50 FEET (AS MEASURED PERPENDICULARLY TO THE WEST LINE THEREOF) OF THE EAST HALF OF SECTION 15 (EXCEPTING THEREFROM THE SOUTH 560 FEET THEREOF); IN TOWNSHIP 32 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN;

TRACT C: THE EAST 45 FEET OF THE WEST 356.5 FEET (AS MEASURED PERPENDICULARLY TO THE WEST LINE THEREOF) OF THE EAST HALF OF SECTION 15, TOWNSHIP 32 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THE SOUTH 560 FEET THEREOF) IN GRUNDY COUNTY, ILLINOIS.

ALSO EXCEPTING THEREFROM:

THE NORTH 1358.70 FEET OF THE NORTHEAST QUARTER OF SECTION 15, (EXCEPT THE WEST 356.50 FEET THEREOF) IN TOWNSHIP 32 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN GRUNDY COUNTY, ILLINOIS.

PINs: 09-15-200-005, 09-15-400-002

PARCEL 3

THE WEST 60 ACRES (BEING ALL THAT PART LYING WEST OF THE RIGHT-OF-WAY OF THE

GULF, MOBILE & OHIO RAILROAD CO.) OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 32 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN IN GRUNDY COUNTY, ILLINOIS.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED TRACTS:

EXCEPTION TRACT A: THE SOUTH 560 FEET (AS MEASURED PERPENDICULARLY TO THE SOUTH LINE THEREOF) OF THE SOUTHWEST QUARTER OF SECTION 14 LYING WEST OF THE GULF, MOBILE AND OHIO RAILROAD RIGHT-OF-WAY; TOWNSHIP 32 NORTH RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN GRUNDY COUNTY, ILLINOIS.

EXCEPTION TRACT B: THAT PART OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 32 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER; THENCE ON AN ASSUMED BEARING OF NORTH 01 DEGREES 20 MINUTES 59 SECONDS WEST, ON THE WEST LINE OF SAID NORTHWEST QUARTER 300.00 FEET; THENCE SOUTH 60 DEGREES 45 MINUTES 51 SECONDS EAST 580.81 FEET TO A POINT ON THE SOUTH LINE OF SAID NORTHWEST QUARTER THAT IS 500 FEET EAST OF THE SOUTHWEST CORNER OF SAID NORTHWEST QUARTER, AS MEASURED ALONG SAID SOUTH LINE; THENCE NORTH 88 DEGREES 08 MINUTES 11 SECONDS EAST, ON SAID SOUTH LINE 496.17 FEET TO THE WEST RIGHT OF WAY LINE OF THE ILLINOIS CENTRAL GULF RAILROAD; THENCE SOUTH 00 DEGREES 47 MINUTES 09 SECONDS EAST ON SAID RIGHT OF WAY LINE, 665.12 FEET TO THE SOUTH LINE OF THE NORTH 665.00 FEET OF SAID SOUTHWEST QUARTER; THENCE SOUTH 88 DEGREES 08 MINUTES 11 SECONDS WEST, ON SAID SOUTH LINE, 509.84 FEET TO A POINT THAT IS 479.82 FEET EAST OF THE WEST LINE OF SAID SOUTHWEST QUARTER, AS MEASURED ON SAID SOUTH LINE; THENCE SOUTH 01 DEGREE 20 MINUTES 56 SECONDS EAST PARALLEL WITH THE WEST LINE OF SAID SOUTHWEST QUARTER, 40.00 FEET; THENCE SOUTH 88 DEGREES 08 MINUTES 11 SECONDS WEST, PARALLEL WITH THE NORTH LINE OF SAID SOUTHWEST QUARTER 21.00 FEET; THENCE NORTH 01 DEGREES 20 MINUTES 56 SECONDS WEST PARALLEL WITH THE WEST LINE OF SAID SOUTHWEST QUARTER 40.00 FEET TO THE SOUTH LINE OF THE NORTH 665.00 FEET OF SAID SOUTHWEST QUARTER, THENCE SOUTH 88 DEGREES 08 MINUTES 11 SECONDS WEST ON SAID SOUTH LINE 458.82 FEET TO THE WEST LINE OF SAID SOUTHWEST QUARTER, THENCE NORTH 01 DEGREES 20 MINUTES 56 SECONDS WEST, ON SAID WEST LINE 665.03 FEET TO THE POINT OF BEGINNING, IN GRUNDY COUNTY, ILLINOIS.

PIN: 09-14-300-007

STREET LOCATION OF THE PROPERTY: 282 +/- acres, consisting of 250 +/- acres at the southwest corner of Reed Road and Broadway Road and 32 +/- acres east of Broadway Road and west of the Union Pacific Rail line

Exhibit 2

Map of Proposed Special Service Area Number Two

[SEE ATTACHED]

Exhibit 3

Notice of Public Hearing

NOTICE OF PUBLIC HEARING
VILLAGE OF COAL CITY
SPECIAL SERVICE AREA NUMBER TWO

NOTICE IS HEREBY GIVEN that on September 30, 2013, 2013 at 7:00 p.m. at the Coal City Village Hall, 515 S. Broadway, Coal City, Illinois 60416, a public hearing will be held by the President and Board of Trustees of the Village of Coal City to consider forming a special service area to be called "Village of Coal City Special Service Area Number Two," consisting of the following described property (the "Property"):

PARCEL 1

THE NORTH 1358.70 FEET OF THE NORTHEAST QUARTER OF SECTION 15, EXCEPT THE WEST 356.50 FEET THEREOF, IN TOWNSHIP 32 NORTH, RANGE 8, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN GRUNDY COUNTY, ILLINOIS.

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THE SOUTH 560 FEET THEREOF) IN GRUNDY COUNTY, ILLINOIS.

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PIN: 09-14-300-007

STREET LOCATION OF AREA SUBJECT TO VILLAGE OF COAL CITY SPECIAL SERVICE AREA NUMBER TWO: 282 +/- acres, consisting of 250 +/- acres at the southwest corner of Reed Road and Broadway Road and 32 +/- acres east of Broadway Road and west of the Union Pacific Rail line

An accurate map of said territory is on file in the office of the Village Clerk and is available for public inspection.

The general purpose of the formation of Village of Coal City Special Service Area Number Two (the "Area") is to provide for the repayment to the Village of its net expenses associated with the cost of providing special services to the Area, which special services consist of financing the construction of a rail spur from the Union Pacific Railroad's existing railway into and across the Property to serve the Property (the "Services").

At the hearing, the Village will also consider financing the Services within the Area by borrowing an amount not to exceed an aggregate principal amount of \$1,900,000.00 through the issuance of alternate, or "double-barrell," bonds (the "Bonds"), the proceeds of which shall be used to pay the cost of providing the Services to the Area, inclusive of (i) the Village's funding contribution towards construction of the Improvement in an amount not to exceed \$1,800,662.00 ("Village Contribution"), (ii) principal and interest finance charges and other costs of borrowing associated with the Services ("Debt Service Expenses), (ii) otherwise unreimbursed third party administrative, legal and other expenses incurred in connection with the creation and administration of the Area and any amendments thereto, and (iii) otherwise unreimbursed legal, engineering and

other professional services associated with plan review related to or in any manner arising out of the Improvement planned within the Area (collectively, all such expenses shall be known as the "Service Expenses").

The Bonds, if issued, shall be retired over a period not to exceed ten (10) years from the date of their issuance and shall bear interest at a rate not to exceed the greater of nine percent (9%) per annum or 125% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer, published in New York, New York, at the time the contract is made for the sale of the Bonds.

At said hearing, the Village will further consider levying an annual ad valorem tax against each taxable parcel of property within the Area in order to retire the Bonds and pay the Service Expenses, at a maximum annual levy in an amount not to exceed \$716,666.60 each year for a period not to exceed ten (10) years. Said taxes shall be in addition to all other taxes provided by law and shall be levied pursuant to the provisions of the Special Service Area Tax Law, 35 ILCS 200/27-5, *et seq.* The maximum levy shall be determined by the formula described herein notwithstanding the tax rate resulting from the extension of such levy.

Notwithstanding the foregoing, for the first seven (7) years of the Area, taxes shall not be levied thereunder and said Area shall be "dormant," unless, until and to the extent that (A) the Village's incurred Service Expenses plus Debt Service Expenses coming due in the calendar year following the levy, less (B) the amount of loaded railcar fees distributed to and actually received by the Village from Union Pacific Railroad generated by rail cars originating from or traveling to the Development (the "Rail Refund"), payments received by the Village from the owners of the Property of an Acreage Fee, defined as the payment of \$6,500.00 per acre of the Property sold to an independent third party end-user in a bona fide, arms-length transaction, and voluntary payments

from the owners of the Property (cumulatively, the "Net Expenses"), exceeds \$350,000.00 (the "Village Expense Limit"). For the first seven (7) years of the Area, the taxes shall be levied only if and in the amount by which the Village's Net Expenses exceed the Village Expense Limit. Thereafter, the foregoing notwithstanding, for years eight through ten of the Area, the Village shall annually levy an amount equal to: (A) the amount of the Net Expenses which have not previously been reimbursed in excess of the Village Expense Limit, plus (B) a pro rata annual share of the Village Expense Limit which has not previously been reimbursed over the remaining term of the Area, but not more than the annual maximum tax described herein. As such, the actual amount of the taxes to be levied in the initial year in which taxes are levied within Village of Coal City Special Service Area Number Two is a function of the formula(s) set forth in this Section 4 and is consequently indeterminate at present, but shall not exceed the maximum annual tax levy as set forth herein, \$716,666.60.

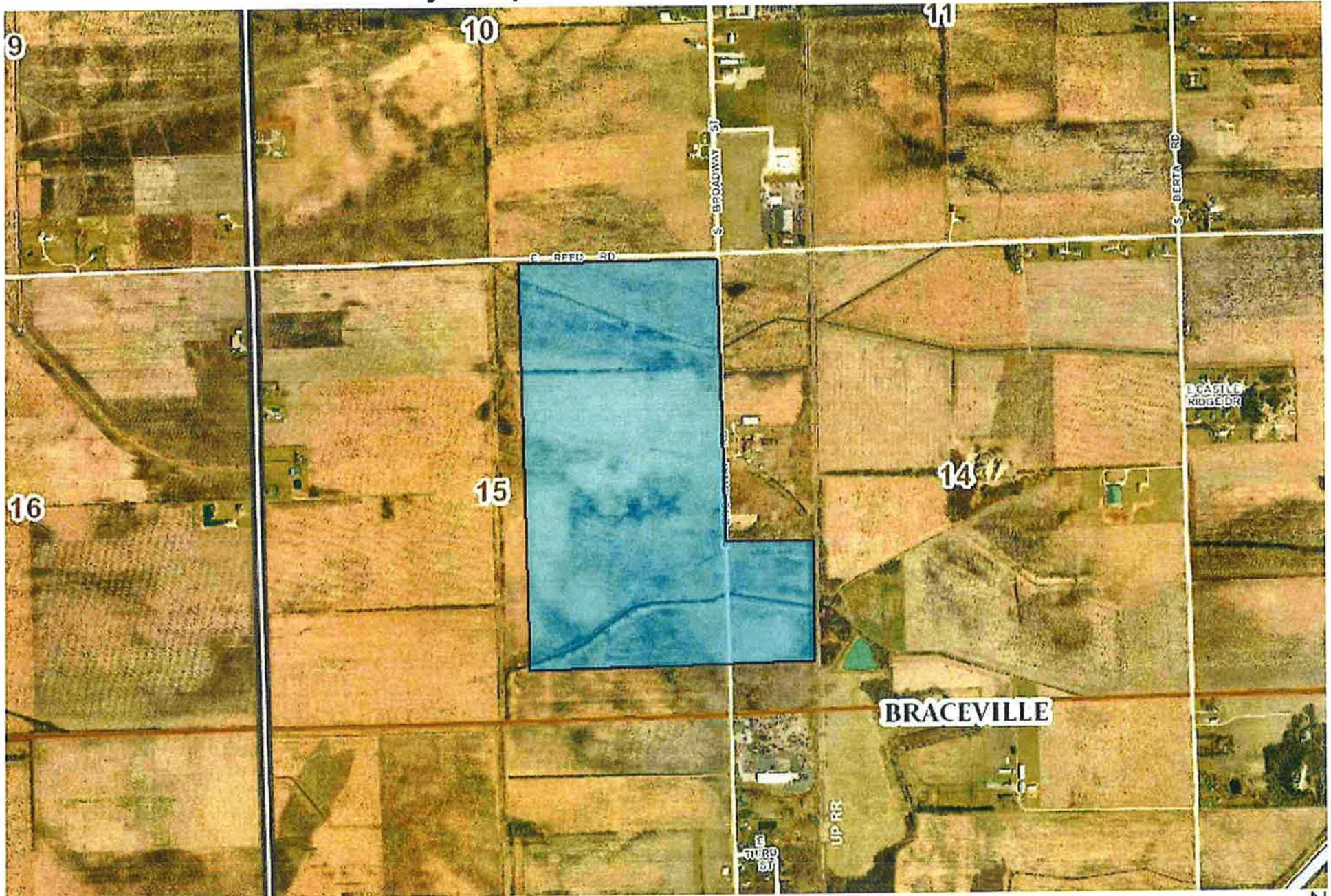
All interested persons affected by the formation of Village of Coal City Special Service Area Number Two, including all owners of real estate located within said Special Service Area, will be given an opportunity to be heard regarding the formation of and the boundaries of Special Service Area Number Two and may object to the formation of Special Service Area Number Two, the borrowing of money and the levy of taxes affecting said Special Service Area Number Two. At said public hearing, any interested persons affected by said proposed Special Service Area Number Two may file with the Village Clerk of said Village written objections to and may be heard orally in respect to any issued embodied in this notice. The Village President and Village Board shall hear and determine all protests and objections at said hearing, and said hearing may be adjourned to another date without further notice other than a motion to be entered upon the minutes fixing the time and place of its adjournment.

If a petition signed by at least 51% of the electors residing within said Special Service Area Number Two and by at least 51% of the owners of record of the land included within the boundaries of said Special Service Area Number Two is filed with the Coal City Village Clerk within sixty (60) days following the final adjournment of said public hearing objecting to the creation of said Special Service Area Number Two, the borrowing or the levy and imposition of a tax for the provision of special services to said Special Service Area Number Two, or to a proposed increase in the tax rate, no such special service area may be created, no borrowing may occur nor tax may be levied or imposed nor the rate increased.

Dated this ____ day of _____, 2013

Pamela M. Noffsinger, Clerk

Coal City - Special Service Area Number 2



Coal City - Special Service Area Number 2

