

1 – Introduction

Location

The Village of Coal City (pop. 4,797) is located in Grundy County, Illinois along Illinois Route 113, approximately 3 miles west of Interstate 55 and 10 miles south of Interstate 80. Coal City is approximately 63 miles northeast of Bloomington-Normal, IL and 53 miles southwest of Chicago, IL (Figure 1).

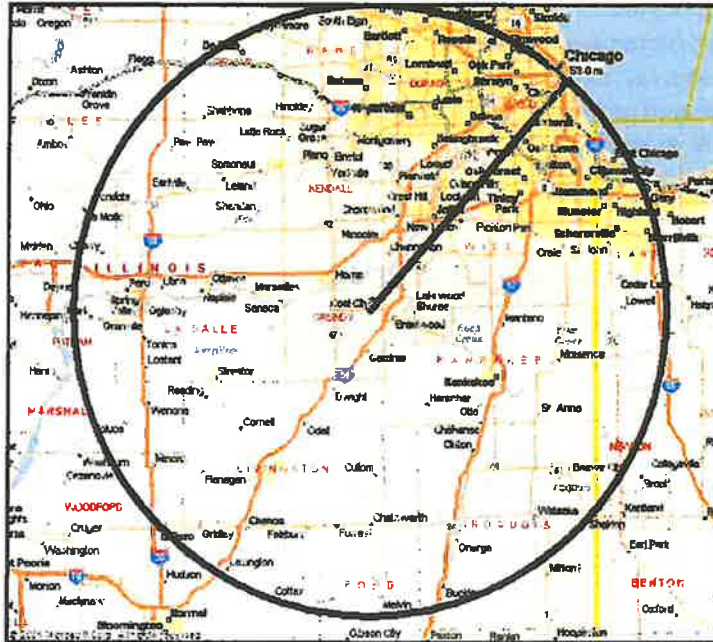


Figure 1. Location of Coal City, Illinois.

Community Background

The Village of Coal City has a rich and proud history. Upon arrival from Canada in 1820, a trader who found coal in the ground, starting selling it to local blacksmiths and farmers. From this humble beginning, Coal City would see much change and innovation. For over 50 years, coal was the major industry of the area. Other early 1900's businesses were a wire rope factory, a wallpaper mill and clothing factories. More recently, a nuclear power plant has replaced coal as the energy source for local employment opportunities.

Coal City was incorporated on August 17, 1881 with a population of 900 residents. The Village's population has since grown to nearly 6,000 residents.

As the town moves forward with the help of the spirit of good citizenship, Village pride and community economic development, the Village can have a new look. Coal City has had a proud past, in addition to a promising future.

Population

As of the 2000 U.S. Census, the population of the Village of Coal City was 4,797 residents. This represents an increase of 890 residents, or nearly 23% from the 1990 Census. The U.S. Census Bureau estimates that from 2000 to 2009, the population of the Village has increased by another 980 residents, a 20.4% increase from the 2000 population (Figure 2). The Village of Coal City proposes to use Tax Increment Financing to help stabilize population, encourage new economic vitality through a variety of public and private projects and offer more commercial choices to residents.

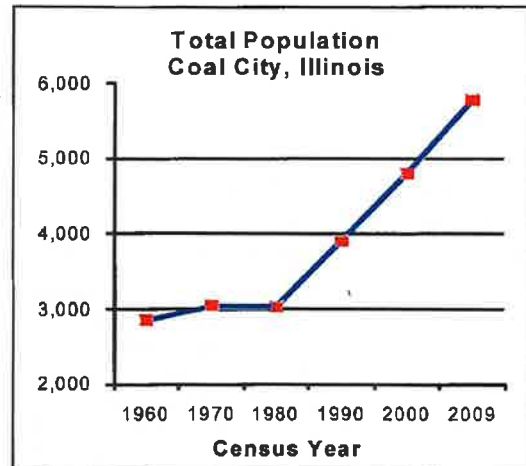


Figure 2. U.S. Census Bureau.

Retail Sales

The total retail sales generated in the Village of Coal City in calendar year 1999 were approximately \$28.8 million according to the Illinois Department of Revenue. Although the Village's total retail sales increased by \$19.8 million from 1999 to 2009, in terms of real, inflation-adjusted dollars, the total retail sales have actually only increased by \$10.15 million over this same period, or just over \$920,000 per year. The 2009 total retail sales decreased by \$1.7 million from 2008 (Figure 3).

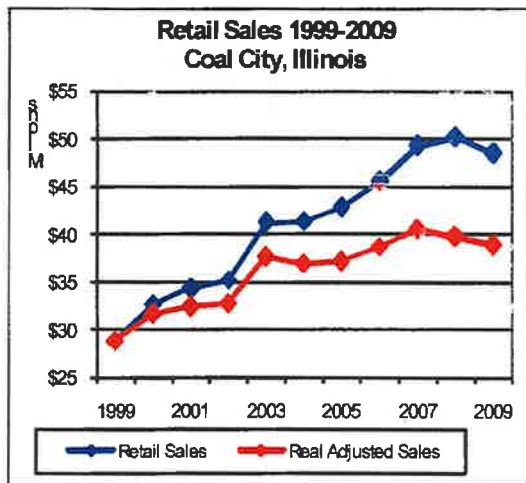


Figure 3. Illinois Department of Revenue.

The Village of Coal City receives \$1 in municipal sales tax for every \$100 of retail sales. The slow growth in retail trade in the Village since 1999 has limited the Village's revenues and, consequently, its capacity for providing high quality public services to its residents. The Village proposes to use tax increment financing to stimulate new commercial-retail development and thereby generate new sources of retail sales tax revenue for the Village.

Unemployment

The unemployment rate is the number of people unemployed expressed as a percent of the total civilian labor force. The unemployment rate in Grundy County has dramatically increased in the last few years, from an average of 5.7% in 2007 to 7.3% in 2008 and further increased to 12.1% in 2009, 15.4% in January, 2010 and

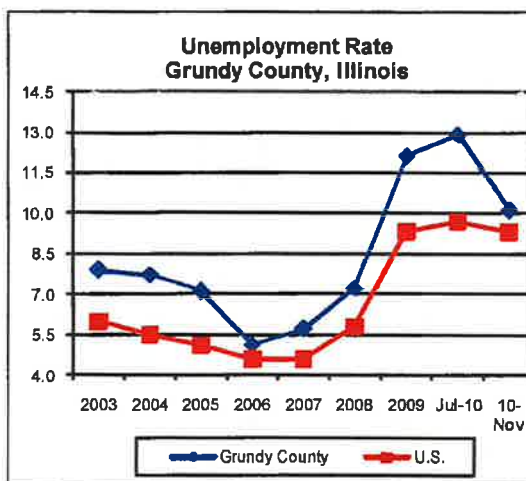


Figure 4. U.S. Bureau of Labor Statistics and IDES.

12.9% in July, 2010 (Figure 4). Most recently, the Illinois Department of Employment Security estimates that the County's unemployment rate was 10.1% as of November, 2010 (see Exhibit 3). From December, 2009 to November, 2010 the average unemployment rate was 12.75%, more than double the County's 2007 average unemployment rate. Grundy County's unemployment rate as of November, 2010 was greater than the national average unemployment rate of 9.3% for November.

The Village of Coal City will use tax increment financing to attract new industrial businesses to the redevelopment project area such as light manufacturing, office and warehouse combinations, storage facilities, and other light industrial developments pursuant to the Village's Comprehensive Plan and land use ordinances. New investment in industrial warehousing, light manufacturing and commercial businesses within the proposed Redevelopment Project Area will help to increase real estate tax revenues for the Village and other taxing bodies while creating new jobs and improving the quality of life for current and future residents of the community.

Proposed Industrial Development

Certain terms are used in this Redevelopment Plan which are defined in the Tax Increment Allocation Redevelopment Act of 65 ILCS 5/11-74.4 *et. seq.* (the "Act"). The following are important terms which relate to industrial development and are defined in the Act (*see Appendix A*):

"Industrial Park Conservation Area", pursuant to the TIF Act, means an area within the boundaries of a redevelopment project area located within the territorial limits of a municipality that is a labor surplus municipality or within 1 ½ miles of the territorial limits of a municipality that is a labor surplus municipality if the area is annexed to the municipality; which area is zoned as industrial no later than at the time the municipality by ordinance designates the redevelopment project area, and which area includes both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.

"Labor Surplus Municipality", as defined by the Act, means a municipality in which, at any time during the 6 months before the municipality by ordinance designates an industrial park conservation area, the unemployment rate was over 6% and was also 100% or more of the national average unemployment rate for that same time as published in the United States Department of Labor Bureau of Labor Statistics publication entitled "The Employment Situation" or its successor publication. If unemployment rate statistics for the municipality are not available, the unemployment rate in the municipality shall be deemed to be the same as the unemployment rate in the principal County in which the municipality is located.

As of November, 2010, the Village of Coal City qualifies as a **Labor Surplus Municipality** and certain parcels included in the Coal City TIF District Redevelopment Project Area qualify as an **Industrial Park Conservation Area** as provided in the Act (*see Appendix A*).