Memorandum

Date: November 25, 2014

To: Craig Cassem, Grundy County Engineer

Subject: Brisbin Road Value Capture Summary

Grundy County in cooperation with the City of Morris and the Village of Minooka have examined the potential to collaborate on support for a value capture finance plan to support improvements to Brisbin Road. Brisbin Road, currently an undersized facility from I-80 north to Sherrill Road is to be improved with a new two lane industrial collector street with expansion potential to 6 lanes in the future. Land within the study area (figure 1 attached) is largely plan for employment and commercial uses requiring a roadway improvement that provide adequate capacity, access and durability to help facilitate private real estate investment in the corridor.

It is the intention of the county to issue general bond financing obligations for an appropriate period of time backed the City of Morris and the Village of Minooka to draw per acre annexation fees over time to assist County in retiring the debt. An intergovernmental agreement is under discussion for this purpose. Grundy County will contribute $2,050,000 toward engineering design costs, right-way acquisition and a portion of construction - as established as part of its 2013-2017 capital plan. The remaining costs will be covered as part of the bond issuance

The project began in December 2012 and considered multiple roadway improvement and funding and finance scenarios. It also considered several different ideas for the study/impact area. Work was completed cooperatively though multiple meetings of an ad hoc working group with representatives from each of the study partners. Documentation is available at the Grundy County Engineer's office. The final preferred outcome as reached by consensus among the three agencies is summarized below.

Project Costs

Construction Cost	Concrete*	Asphalt*
Construction Cost (per 2 lane mile)	$2,500,000	$2,100,000
Number of Miles	2.5	2.5
Total Construction Cost	$6,250,000	$5,250,000
* Includes Street Lighting at $600,000		
Right of Way Acquisition Cost		
Raw Land Cost without utilities (per acre)	$15,000	
ROW width (feet)	115	
ROW length (feet)	13,200	
ROW area (square feet)	1,518,000	
ROW area (acres)	34.8	
Total ROW Acquisition Cost	$522,000	
Note: Total ROW Width is 170' with Current 55'		
Other Costs		
Soft Costs (engineering, administration, etc.)	$500,000	
Demolition and Relocation	$1,000,000	
Total Other Costs	$1,500,000	
Total Cost	Concrete	Asphalt
	$8,272,000	**$7,272,000**

Per Acre Costs

Project costs per acre for each asphalt and concrete are illustrated below. The cost per acre include those calculated for the study area sized at 1,851 Acres (please see Figure 1 attached)

	Total Project Costs		**Total Financed Costs[1]**	
	Asphalt	**Concrete**	**Asphalt**	**Concrete**
Total Project	$7,272,000	$8,272,000	$5,222,000	$6,222,000
Project + Bond Issuance Costs	$7,635,600	$8,685,600	$5,496,800	$6,549,500

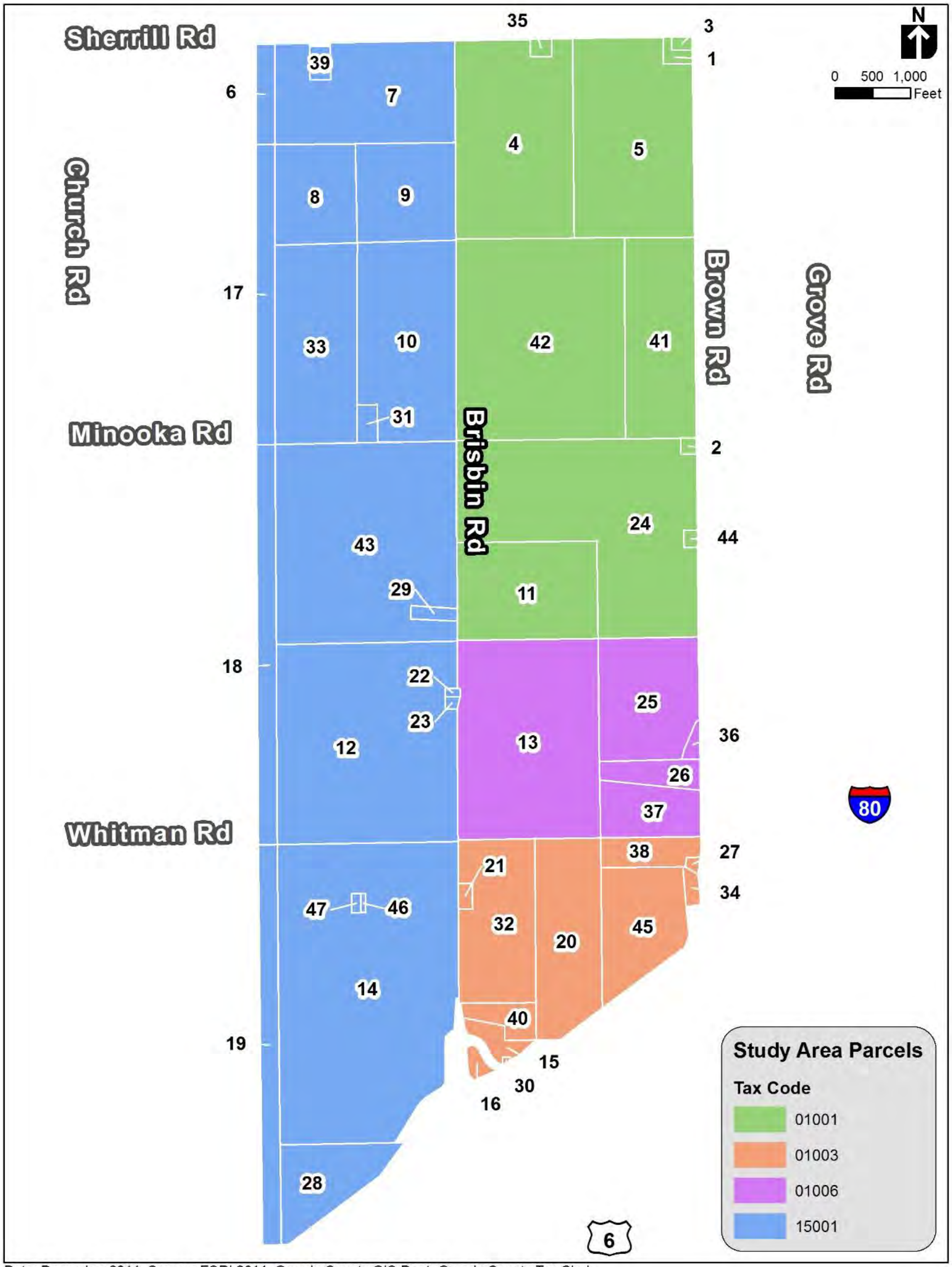
	Cost Per Acre (Total Costs)		Cost Per Acre (financed Costs)[1]	
	Asphalt	Concrete	Asphalt	Concrete
Total Project	$3,929	$4,469	$2,821	$3,361
Project + Bond Issuance Costs	$4,125	$4,692	$2,970	$3,538

[1]The financed amount includes a $2,050,000 reduction in costs for County incurred costs for engineering design costs, right-way acquisition and a portion of construction as established as part of its 2013-2017 capital plan.

Bond Costs

Construction Type	Total Amount Financed	Annualized Debt Service (Annual)		
		10 Year Term	15 Year Term	20 Year Term
Asphalt	$5,469,800	$670,000	$515,000	$455,000
Concrete	$6,549,500	$795,000	$610,000	$540,000

Figure 1: Study Area Parcels



Date: December 2014 Source: ESRI 2014, Grundy County GIS Dept, Grundy County Tax Clerk

RS&H

Memorandum

Date: February 21, 2014

To: Craig Cassem
Grundy County Engineer

Subject: Brisbin Road Value Capture Analysis
Updated Project Costs and Financing

The Brisbin Road Value Capture Analysis Report released in October 2013 has been updated (February 2014) to include updated project costs. The project costs and bond financing analysis in the October report yielded the following:

Construction Cost	Concrete*	Asphalt*
Construction Cost (per 2 lane mile)	$2,500,000	$2,100,000
Number of Miles	2.5	2.5
Total Construction Cost	$5,000,000	$4,200,000
* Includes Street Lighting at $600,000		
Right of Way Acquisition Cost		
Raw Land Cost without utilities (per acre)	$15,000	
ROW width (feet)	115	
ROW length (feet)	13,200	
ROW area (square feet)	1,518,000	
ROW area (acres)	34.8	
Total ROW Acquisition Cost	$522,000	
Note: Total ROW Width is 130' with Current 55'		
Other Costs		
Soft Costs (engineering, administration, etc.)	$500,000	
Demolition and Relocation	$1,000,000	
Total Other Costs	$1,500,000	
Total Cost	Concrete	Asphalt
	$7,022,000	**$6,222,000**

The Grundy County Highway Department 2013 Road and Bridge Construction 5 Year Plan (2013-2017) approved by the Grundy County Board in July of 2013 has obligated funds for the benefit of Brisbin Road improvements, as follow:

2014 – Roadway Engineering Design	$300,000
2014 – Right of Way Acquisition	$1,000,000
2015 – Roadway Reconstruction	$750,000
Total	$2,050,000

This commitment reduces the amount to potentially be financed to **$4,972,000** for a concrete roadway and **$4,172,000** for an asphalt roadway. These costs would result in the following per acre costs to support repayment, including bond financing costs.

	Total Projects Costs		**Cost Per Acre**	
	Asphalt	**Concrete**	**Asphalt**	**Concrete**
Total Project	$4,172,000	$4,972,000	$2,254	$2,686
Project + Bond Issuance Costs[1]	$4,391,600	$5,233,700	$2,373	$2,827

[1]Total project costs plus an assumed 5%

Annual Bond debt service for three different terms were prepared and is reflected in the summary below.

Construction Type	**Annualized Debt Service (Annual)**		
	10 Year Term	**15 Year Term**	**20 Year Term**
Asphalt	$535,000	$410,000	$365,000
Concrete	$635,000	$490,000	$430,000

Two project cost elements have changed which alter the financing assumptions. The first is that the total project costs are projected to be higher. The County took a closer look at the cost assumptions and have decided to replace two box culverts on Collins Run in the south end of the project area. That coupled with a closer examination of concrete costs increases the reconstruction improvement by approximately 1M. The second factor is that the $2,050,000 costs noted above that the County would incur in FY 2015-15 were not included in the project costs to be financed. Adding these costs to the project yields the following financing costs.

Construction Cost	Concrete*	Asphalt*
Construction Cost (per 2 lane mile)	$2,500,000	$2,100,000
Number of Miles	2.5	2.5
Total Construction Cost	$6,250,000	$5,250,000
* Includes Street Lighting at $600,000		
Right of Way Acquisition Cost		
Raw Land Cost without utilities (per acre)	$15,000	
ROW width (feet)	115	

ROW length (feet)	13,200	
ROW area (square feet)	1,518,000	
ROW area (acres)	34.8	
Total ROW Acquisition Cost	$522,000	
Note: Total ROW Width is 170' with Current 55'		
Other Costs		
Soft Costs (engineering, administration, etc.)	$500,000	
Demolition and Relocation	$1,000,000	
Total Other Costs	$1,500,000	
Total Cost	Concrete	Asphalt
	$8,272,000	**$7,272,000**

	Total Project Costs		Total Financed Costs[1]		Cost Per Acre[2]	
	Asphalt	**Concrete**	**Asphalt**	**Concrete**	**Asphalt**	**Concrete**
Total Project	$7,272,000	$8,272,000	$5,222,000	$6,222,000	$3,929	$4,469
Project + Bond Issuance Costs	$7,635,600	$8,685,600	$5,496,800	$6,549,500	$4,125	$4,692

[1]Total project financed costs – see Tables 7 and 8

[2]Total project costs divided by acreage in study are (1,851)

Construction Type	Total Amount Financed	Annualized Debt Service (Annual)		
		10 Year Term	**15 Year Term**	**20 Year Term**
Asphalt	$5,469,800	$670,000	$515,000	$455,000
Concrete	$6,549,500	$795,000	$610,000	$540,000

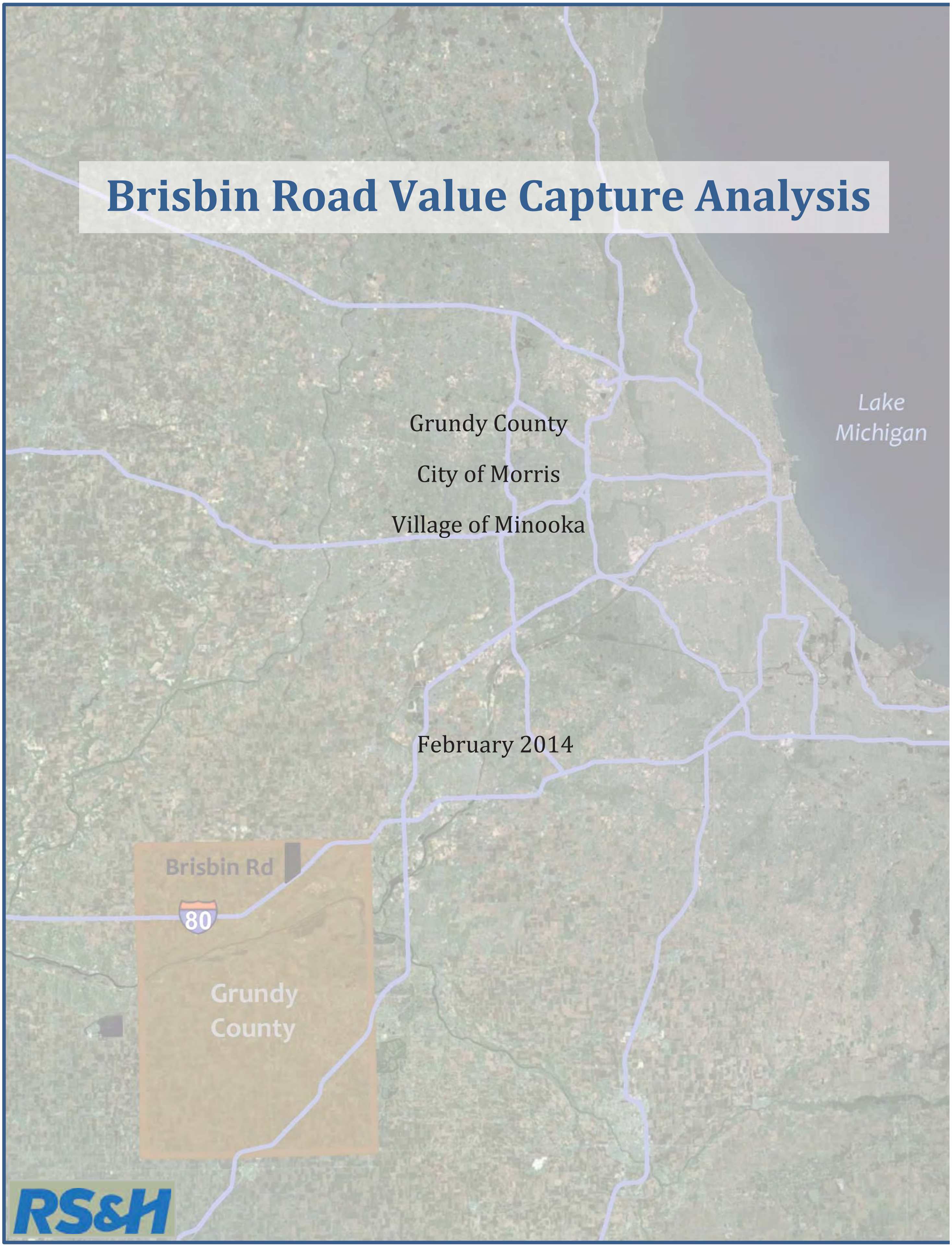
Brisbin Road Value Capture Analysis

Grundy County

City of Morris

Village of Minooka

February 2014



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Introduction

Brisbin Road is located in Grundy County, Illinois, and is planned to serve as a future north-south arterial street providing local access to newly planned industrial and residential areas. This study focuses on Brisbin Road from its intersection with I-80 north to Sherrill Road. The recent opening of a new interchange at I-80 and Brisbin Road in 2012 provides promise for new non-residential employment development in the area. However, the roadway is undersized for future traffic and must be improved to safely accommodate this growth in the future. This study examines ways in which funding sources can be generated to pay for an improved roadway.

Growth and development continues in the broader Chicago urbanized area. Situated just east, but near to the interchange of I-80 and I-55, Brisbin Road is in a prime location for development, especially for industrial uses, with large, contiguous vacant parcels proximate the I-80 interchange. Improvements to Brisbin Road including right-of-way acquisition, lane capacity and street lighting are essential to realize development potential in the area. (See Study Area – map right). The purpose of this study is to assist the Grundy County to identify a means by which required street and related improvements can be finically supported through the possible use of real estate value capture techniques (described in more detail below). This effort has received the financial support of Grundy County, and the Villages of Minooka and Morris, all of whom have a stake in the successful development of the corridor in the future. While virtually all land within the study area is within unincorporated Grundy County today, the Communities of Morris and Minooka have developed compatible land use plans for nonresidential development on the corridor and have entered into a boundary agree for the annexation and utility services to the area divided by Brisbin Road. Grundy County will continue to own and control the right-of-way for the corridor, but its ultimate improvement and condition that would be favorable for business investment is a concern to all three parties. To this end, Grundy County has formed an ad hoc advisory committee with representation from all three agencies to provide an appropriate intergovernmental focus on the preferred approach.

The report documents the first step of the process in examining potential for value capture techniques for Brisbin Road. It includes an assessment of physical land use, utility and other conditions which may affect the availability of the timing of land to be made ready for development. It also includes an assessment of the current real estate market to determine the likely timing and pace of development planned for the corridor. Because value capture financing derives financial benefits from real estate development, the likely timing and scale of development directly corresponds to when the sponsoring agency will receive support for roadway investments. Based on this understanding, we examine the potential scope and general financing options for the project.

What is Value Capture?

"Value capture" is an emerging tool used in infrastructure funding and finance. The concept of value capture is simple. Access to new or improved transportation infrastructure has long been known to create land value premiums for property that directly and indirectly benefit from this access. The creation of a new interchange, a new or improved street or highway, or a new transit station for example create private land development opportunities by immediately improved access to local, regional, or national markets. Local governments have long used their own tools to capture this value including the use of tax increment financing, business districts or special fees. These revenues can be used for a range of private development and redevelopment support, including infrastructure improvements. Several value capture approaches for the Brisbin Road corridor are assessed.

Value capture tools and techniques come in many forms and it is not a "one size fits all" proposition. Benefit districts, special services areas, tax increment financing, impact fees, joint development, and others can be used independently or in combination to realize financial solutions. The use of value capture techniques by state and regional agencies to fund infrastructure programs is becoming more prevalent. For example, in the construction of the Southwest Parkway in Fort Worth Texas, the City of Fort Worth created a 450 acre tax increment finance district taking advantage of new access created by the corridor which will provide $125 million for infrastructure financing support. In the Atlanta region, the public transportation agency MARTA is participating in the implementation of a Tax Allocation District (TAD) on the 22 mile BeltLine commuter rail project. In the State of Georgia, a TAD is the statutory mechanism used to implement Tax Increment Finance Districts (TIFs). This 6,500 acre TAD creates a "beltline" around the City of Atlanta. A portion of the funds generated by the TAD are projected to generate $1.7 billion in increment to support infrastructure. The cost of the BeltLine rail project is estimated to be $2.8 billion.

Finally, In Illinois, the creation of a value capture district is being considered for benefiting properties surrounding the O-Hare Airport Western Access corridor. Preliminary projections indicate the district would cover 3-7% of the total project costs.

Planned Roadway Improvement Needs

Significant planned and recent improvements to the highway system surrounding Brisbin Road will connect the corridor regionally and create an opportune location for development. The opening of the full diamond I-80/Brisbin Road interchange provides connection to the east and west. Furthermore, Prairie Parkway, a proposed highway that would connect I-88 with I-80 through Kane, Kendall and the northernmost part of Grundy County, will further enhance regional access to the study area. Regional roadway connections and local access to Brisbin Road will spur development along the corridor for the next 20 years or more. As land is developed, traffic volumes will increase and Brisbin Road will need to be improved to accommodate the increase in traffic. The transition from a rural cross-section with a shoulder and ditch, to an urban cross-section with a curb and gutter, will require lane capacity and pavement improvements, with right-of-way acquisition and street lighting. KLOA prepared a Brisbin Road Corridor Access in in March of 2012 which determined travel demand and improvement needs for the corridor. Planned roadway improvements ultimately call for a 6 lane roadway cross-section to accommodate up to 40,000 average daily trip over certain segments. These improvements are essential for the area to realize development potential and offer a safe and convenient corridor for travel.

However, this project is examining finance options for the purchase of adequate right-of-way for a six lane roadway and the reconstruction of two lanes. While long term travel demand may well require more lane capacity, in the near term, a two lane roadway should be sufficient to accommodate current traffic and traffic generated by anticipated development on the corridor.

Existing Corridor Conditions

Approximately 50 miles from downtown Chicago, Brisbin Road lies at the northeast side of Grundy County, in between the City of Morris and the Village of Minooka, along Interstate 80. Boundary agreements are in place, which specify the City of Morris on the west side of Brisbin Road, and the Village of Minooka on the east, and Brisbin Road is owned by Grundy County.

The study area for this project covers 2.5 miles of Brisbin Road, extending from I-80 on the south to Sherrill Rd on the north. Maintaining consistency with the 2012 Brisbin Road Corridor Access Study with the respect to the east and west study area limits, the study area follows parcel lines and extends approximately 0.6 miles east of Brisbin Road to Brown Road, and approximately 0.5 miles west of Brisbin Road. Figure 1 below illustrates the study area along with the 47 land parcels it encompasses. Appendix A of this document contains further information of each parcel, including the tax code, property owner, acreage, and assessed value (current year).

Existing and Future Land Use

The entire study area is currently in Agricultural land use, with the exception of 3 parcels along the west study area limit, which are not zoned. However, the parcels are also classified by the Grundy County Property Assessor. There are 18 parcels classified as Residential, with homes located on the properties. The 29 remaining parcels within the study area are classified as Farm Land, of which 10 parcels contain a building or structure. Figures 2 and 3 of Appendix A illustrate each the Grundy County Zoning and Property Classification.

Each Minooka and Morris have adopted comprehensive land use plans which establish long-range land use preferences for the study area. The City of Morris, located on the west side of Brisbin Road, has planned the study area for business park uses, with select commercial sites along Brisbin Road from I-80 to Whitman Road, and at the intersection of Brisbin Road and Minooka Road. The Village of Minooka anticipates Highway Commercial use along the road; and Office, Research, Light Industrial use for the remainder of the study area. The future land use plans from each municipality are consolidated on Figure 6 of Appendix A.

Utilities

Utility services are generally available to, but not yet within the study area.. Electrical services are available and will be improved in the near future, including expanded capacity planned on the east side of Brisbin Road. The extension of water and waste water treatment will be key to the development of Brisbin Road, as neither currently exist within the study area. The City of Morris is prepared to extend these services; future trunk sewer locations are planned for the western edge of the study area. Also, a new waste water treatment plant is needed. The Village of Minooka is developing plans to extend services to their portion of Brisbin Road, though possibly not in the short term. A proposed water tower location is planned for the corner of Brown Road and Minooka Road. Figures 4 and 5 of Appendix A show current and planned utilities surrounding the study area. The Villages of Morris and Minooka have been informal discussions regarding the possibility of shared utilities (likely from Morris first) in the study area until such time as both communities extend utilities to serve their respective jurisdictions.

The timing of the extension of utilities is an important element to the finance study. It is not likely development will occur, or should occur until municipal utilities and facilities are extended into the area. Consequently, Brisbin Road improvements may not be required until utilities are in place. It will be important to arrive at a reasonable assumption as part of the finance program when utility and road construction to help establish a baseline year for road construction.

Key Person Interview Summary

Key person interviews were undertaken by the RS&H team for several purposes of benefit to the Brisbin Road Value Capture finance study. The first is to gather basic information regarding exisitng conditions, programs and plans from each the county and communities. The interviews also provide important insights into considerations affecting the type, intensity and timing of development within the Brisbin Road study area. Interviews with public officials, Realtors, brokers, developers, land owners and related interests provided the team with critical insights on the timing and manner in which the corridor is likely to develop.

This summary is a synthesis of the commentary of interview participants. Those who the RS&H team interviewed included:

- Heidi Miller, Land Use Director, Grundy County
- Mayor Kopczick, City of Morris
- Craig Cassem, County Engineer, Grundy County
- Nancy Ammer, GEDC
- David Henderson, Grundy County Assessor
- Dan Duffy, Village Administrator, Village of Minooka
- Perry Rudman, Grundy County State's Attorney's Office
- Jason Wiesbrock, SpaceCo Engineering
- John Dollinger, Five Star Development
- Andrew Cook, Coldwell Banker Realtor
- Dick Olson, Richard Olson & Assoc.
- Shawn Hornsby, Century 21

- Pete Fleming, Marquette Properties
- J.D. Salazar, Champion Realty Advisors
- Adam Naparsteck, Gregory Wright, and Ed Wabick, Paine Wetzel
- Vern Schultz, Colliers Bennett and Kahnweiler
- David Prioletti, CBRE
- Kevin Matzke, Taivo Tammaru and Eric Johnson, Clarius Partners
- Don Schoenheider, Liberty Property Trust

A summary interview results follow.

- Strengths of the I-80 corridor in Grundy County include its highway access and visibility, availability of large tracts of land offering design flexibility for big box industrial buildings, less union influence on labor, lower real estate taxes, and lower land costs. Weaknesses of this area are that it is sometimes perceived as being on the fringe of the metropolitan area, labor availability may be an issue (both permanent and temporary, as well as management), lack of amenities (i.e., retail, white tablecloth restaurants, arts, etc.), and CSX not being one of the dominant rail lines.

- The interviews suggested a general consensus that the Brisbin Road corridor's build-out will largely consist of industrial uses with a very small amount of highway-oriented retail/commercial use in the immediate vicinity of the interchange serving the industrial users and highway commercial uses. The potential for office building is unlikely in the near- or mid-term. Office development may be a very long-term possibility depending on how the market in the greater area develops. Any additional hotels rooms are likely to be built in Minooka or Morris, where they can take advantage of drive-by, business and residential demand.

- With good marketing and support from local government, one group thought it reasonable to expect 10-20 million square feet of new industrial space over the next 10 years to be built between Minooka and Morris on the I-80 Corridor at a pace of 1-2 large deals (1-1.5 million square feet each) per year. The same group expects a 50/50 split between long term rental and ownership deals. Several other brokers thought it could take 20+ years to develop all of the potential industrial sites between the Intermodal facility in Elwood and Morris, including sites along Brisbin Road.

- Warehouses/logistics facilities originally moved down through the I-55 Corridor because it offered more space and better competitive economics, but users were still largely oriented towards serving Chicago. Users have subsequently moved out from Chicago along the I-80 Corridor not just to serve the Chicago region, but to build regional distribution facilities. This included consolidation of facilities in the region. While proximity to the consumer is still important, proximity to Chicago has become less important for some companies, making raw land development an option.

- Interviewee comments suggested that industrial sites closer to Chicago along the I-80 and I-55 corridors are the primary competition. All logistics firms want to be as close as practical to the intersection of I-80 and I-55. They view Grundy County's strengths as large, contiguous, greenfield land near the new full I-80 interchange, near I-55 and the Elwood Intermodal facility.

Romeoville and Bolingbrook to the north along I-55 no longer have land for facilities in the 500,000-1 million square feet range.

- The subject area does not command the price premium and relative traffic congestion of locations at the Intermodal facility (where 5 Class A rail lines converge) or other such competing locations. They view the area to the east at the Ridge Road interchange in Minooka as congestion-constrained for truck traffic compared to Brisbin Road due to low clear-height rail bridges and greater traffic congestion from automobiles and trucks. They also see the I-80 exit to the west at IL-47 in Morris as more of a retail/commercial service area. While IL-47 is a much stronger north-south route, it is also much more congested.

- Other areas thought to be competitive to this submarket are I-39 as far south as Peru, I-88 to the intersection with I-39 at Rochelle (another intermodal facility), other locations further east on I-80 like Tinley Park, and the I-57 corridor south to University Park.

- The interviewees did mention that land is still available in and adjacent to existing master planned parks that are already fully served by roads and utilities. In addition to small sites and buildings, there are both existing larger buildings for sale or coming on the market within the next year or so and a few existing sites for big boxes. Therefore, while perhaps no other location offers the amount of land available adjacent to Brisbin Road, smaller buyers do have options nearby, as well as farther east and north in this submarket. A few larger users are able to find sites in Joliet and other closer-in locations. Despite this, the market perception is that Minooka is largely built out, that some land is available at a high cost, and that additional infrastructure investment is required. Landowners surrounding the Brisbin Road interchange are targeting very large single users and master-planned logistics/warehouse park operators who require large tracts of land. Landowners may also build facilities to specific large users' specifications, retain ownership, and lease the facilities back to these users.

- As a baseline, industrial rents along I-80 between Ridge Road in Minooka and IL-47 in Morris are said to be \$2.00-\$3.50/sf (triple-net). Fewer concessions are being offered currently; tenants may get some free rent. Rents are slightly lower here than in Romeoville and Bolingbrook. Rents at CenterPoint's park adjacent to the Intermodal facility in Elwood can be 15-50% higher depending on the size of the building. For firms that need to be near the Intermodal facility, the higher rent is offset by no or very low drayage costs.

- Interviewees agreed that a distinction exists between sites considered well-located with respect to intermodal facilities and those without the intermodal advantage. One group uses a guideline that logistics/warehouse locations greater than 10 miles from an intermodal facility gate, including that of the Elwood Intermodal, lie effectively in a different submarket from those within 10 miles of the gates due to drayage costs which may run \$150-\$200 per truckload. Locations outside of the area directly adjacent to the intermodal facility but within the 10-mile threshold are said to be very attractive to heavy "container users". Others drew a distinction between Morris and Minooka locations versus those closer to the intermodal facilities, indicating a similar split, but did not assign a specific distance.

- Respective to this submarket split, one group estimated that 50% of development in the I-80 Corridor market is intermodal, preferring to be within 10-miles of this asset. The remaining 50%

of users do not place a premium on these intermodal locations. Locations along I-80 west of I-55 are attractive to these "non-intermodal" companies, which include national dry goods and consumer products companies such as current tenants including Kellogg/APL Logistics, Alberto Culver and Kraft. Companies like these primarily seek out the lowest marginal cost to deliver goods to customers, not only in Chicago, but elsewhere in the Midwest and to more distant locations. Another group estimated that 2/3 of the industrial deals in the I-80/I-55 submarket are container-user companies who will not go to Minooka or Morris because of their distance from the intermodal facility. They similarly suggest that types of tenants likely to be drawn to the Minooka-Morris area include warehouse, distribution, third-party logistics, grocers, consumer products and industrial supply firms. Lake Michigan water is an important consideration for perishable-food companies, as they need more water for refrigeration.

- Brisbin Road is thought of as 13-15 miles from the Intermodal facility in Elwood. The under-construction Ridgeport industrial park on I-55 near Lorenzo Road has a pad and water tower and is more of an intermodal park at about 11 miles from the gates, but it may be far enough away that it will attract somewhat different users in the energy or agricultural sectors.

- Several interviewees felt that prospective tenants typically move here from the southwestern suburbs or elsewhere in Metropolitan Chicago. Several recent buildings are for companies that are consolidating operations from multiple Chicago area locations. Trader Joe's was in the Romeoville/Bolingbrook area and is building a 700,000 square foot warehouse off of Ridge Road. Warehousing operations typically have fewer employees than manufacturers. Interviewee estimates range from approximately 10 employees per 300,000-400,000 square feet to as many as 200 employees for a 1.5 million square foot building. Newer automated buildings tend to need fewer employees.

- There have been few land sales in the past couple of years and prices have dropped since the peak in 2006-7. It is reported that "Raw" land sells for approximately $8,000/acre on the US-6 corridor (farm land with utilities only at the highway) and farther north of I-80. Prime properties near the Brisbin Road interchange are asking $60,000-$80,000/acre with frontage on US-6; smaller-acreage purchases would fall toward the high end of this range. For the area south of US-6 between Morris and Channahon (similar utility situation) but closer access to the CSX spur line, the price is approximately $50,000/acre. Pricing is somewhat untested, since most of the land is currently unsold and undeveloped, and agricultural land away from industry is priced lower. A realistic range may be $50,000-$60,000/acre for industrial land in prime locations, with lower prices away from I-80 and US-6. Bulk land usually sells at a discount. By comparison, fully improved land at the CenterPoint Business Park, with access to the main CSX rail line and adjacent to the Intermodal facility, is said to sell for $3.50-$4.50/sf, with slightly lower build-to-suit prices. Sale prices for space in existing big-box industrial buildings on the I-80 corridor are said to be $35-$50/sf, which is similar to the I-55 corridor.

- To be competitive, new buildings must have 36' clear heights, at least 50-55 docks and the ability to park trucks 75' long.

- Beyond the current travel capacity limitations of Brisbin Road, utility service is another constraint to the development of the adjacent land (electrical service, gas, telephone, water, and sanitary sewer). While utilities are currently available at the highway, they need to be extended to the properties. Key to opening the properties for development will be the provision of water and waste water treatment. The City of Morris water and waste water services presently terminate at Gun Club Road. The City offers ample capacity to serve much of the entire Brisbin Road area. Minooka is developing plans to extend services to serve their portion of the Brisbin Road area; however, improvements have yet to be programmed. Electrical service conditions will be improved along the corridor in the near future and several other developers are working to bring improved gas service closer to the interchange area. Should Minooka and Morris be able to work out an interim agreement on how to share utilities until both communities can fully serve their respective areas, the Brisbin Road corridor would be more immediately available to realize its full potential for development. The assumption on timing of adequate utilities is obviously a key consideration on market acceptance of the area for significant developers/users. At least some users are averse to locating in an area that does not have existing utility service.

- Interviewees indicated it is easy to work with Grundy County and the municipalities on the I-80 corridor. Morris and Minooka and Grundy County share an interest in working together to resolve infrastructure issues to advance both roadway safety on Brisbin Road and to catalyze development interest in the corridor. As a means of funding and finance of Brisbin roadway improvements, there appears to be less interest in using any technique tied directly to ad valorem real estate taxes such as a benefit district or special services area. Rather, sources of funds from the capital programs or other general revenue sources appeared to be preferred with payback (partial or whole) leveraged through the use of annexation and /or development fees associated with development of benefit properties on Brisbin Road. Working with the communities and the County, the next steps of the study will probe further to determine realistic alternatives in this regard.

- Interviewees offered Houbolt Road in Joliet or Boughton Road in Bolingbrook as potential “templates” for corridor build-out indicating these are predominantly business corridors without the residential presence of some of the other commercial/industrial corridors. Logistics and warehousing businesses are seen as most likely along Brisbin Road. Chemical and energy companies focus on the area south of I-80 along the river, since they value access to both water and rail service (provided by the CSX spur). It was noted that the potential for future CSX capital investments would upgrade the rail level of service substantially. It is also important to note that CSX is perceived as having a smaller share of the freight business in Metropolitan Chicago; this means that its appeal may be limited to particular companies currently using this line.

- Grundy County has an "M&E" tax on materials and equipment that causes machinery and equipment for manufacturing businesses to be taxed as real property, rather than as personal property as in most other Illinois counties, including neighboring Will County. This is not favorable for attracting manufacturers with extensive machinery/equipment, but matters less for other kinds of industrial users like chemical and energy firms and logistics/warehousing users. One function of the Economic Development Project Area (EDPA) incentive is to offset this tax situation in the short term. Grundy's comparatively low property tax also helps to offset the M&E tax. However, industrial brokers said that real estate taxes in Grundy are competitive with those in Will County so that they are not a deciding factor for most companies. Other interviewees commented that Grundy and Will County appraisal practices can also level the tax landscape, noting that Will County property tends to be assessed at a lower value even though the tax rate is slightly higher. Both Grundy and Will counties offer considerable property tax

RS&H

savings compared to Cook County. County and local incentives are important for attracting companies here.

- Interviewees and industrial marketing materials suggest that maintaining the Brisbin Road corridor as almost entirely industrial is an important selling point. Sellers seem uninterested in residential or do not report interest from residential developers. Qualifying this, 295 acres south of I-80 and east of Brisbin Road (near but outside this corridor) are zoned residential, though much of it is supposed to be unbuildable. The likelihood of rezoning is unknown at this time.

- The expansion of Route 47 in Kane County is very positive for the corridor providing quicker access to Aurora. The Illiana Expressway will also be positive, though timing is uncertain at this time.

- The small amount of commercial land immediately adjacent to I-80 is listed at $45,000/acre. There was also some discussion of pricing at $10-12/sf ($435,600-$522,720/acre) for ready-to-build pads at the interchange. Some of the best-located commercial land in Morris that sold for about $400,000/acre in 2005 would now sell for $150,000-$200,000/acre. The newest, best-located retail space in Morris near I-80 rents for $23/sf (triple-net), while other retail space rents for $13-$15/sf (triple-net). There is and will be little demand for new retail space until more people are living in the area.

- There is no demand for office space, even back office space, along the corridor at this time and in the foreseeable future. This part of the metro area is not likely to see any more than small scale office uses.

- For the foreseeable future, market demand for residential development is unlikely on the Brisbin Road corridor, with developers preferring more established residential locations in the communities of Minooka, Morris and Channahon. Interest for owner-occupied housing is now predominantly in these areas, and residential development is still based on pre-sales and build-to-suit terms. Within 1-2 years, a handful of new-construction speculative homes may enter the market, but these are more likely to the north and east of Brisbin Road or in Morris, outside of the corridor area. Existing housing stock and preferred sites for new homes are still available to the northeast and in the core residential areas of the surrounding communities, where there are desirable neighborhood amenities. There is sufficient existing housing and land to absorb demand in the near- and likely the mid-term.

- At present, the greatest residential demand is for existing two-story ranch houses with 3-4 bedrooms on ¾ acre lots. Unfinished basements or crawl spaces are desirable for those buyers who cannot afford fully finished models. Some housing stock built before the recession in new subdivisions was oversized and not affordable without unrealistic mortgages. There is likely a market for multi-family and single-family attached development in this part of Grundy County, either two-story larger buildings in character with nearby houses or townhome-style with attached garages and separate entrances for families unable to afford homeownership. Current rents for quality product may be $800 for one-bedroom units and $1,200-$1,400 for two-bedrooms (not including utilities). However, given the lack of amenities and services, the Brisbin Road corridor is not a likely location for the foreseeable future.

Brisbin Road Real Estate Market Assessment

Valerie S. Kretchmer Associates, Inc. (VSKA) in association with RS&H prepared a market assessment for use and analysis with the Brisbin Road Value Capture Analysis. Work activities include:

- Site inspections of the Brisbin Road corridor and competitive locations to the corridor.
- Interviews with local and regional Realtors, Grundy County staff, property owners and developers active in and near Brisbin Road.
- Data collection and analysis on area employment and population trends and forecasts.
- Data collection and analysis on the industrial, office, retail and residential markets as they relate to the future build-out of land in the corridor.

Summary and Conclusions

At present the Brisbin Road corridor is primarily undeveloped, agricultural land, with 1,851 acres for future development. Based on projections by the Chicago Metropolitan Agency for Planning (CMAP), Channahon and Minooka are projected to increase in population by over 15,000 by 2040 and employment is projected to grow by more than 8,000. Comparable data are not available for Grundy County, though growth is expected.

Real estate industry professionals and logistics users contacted for this assignment were in agreement that Brisbin Road is most suitable for industrial/distribution while retail, office or residential will play a limited role. Developers and users are looking at sites along this length of I-80 as industrial parks to the north in Joliet, Bolingbrook and Romeoville approach build-out. The area's strengths are large, contiguous, greenfield sites proximate to a new interchange on I-80, as well as its proximity to other regional highways serving Chicagoland and the Midwest. The area experiences far less traffic congestion than those closer to Chicago. The Brisbin Road study area also benefits from lower property taxes than Cook County, though comparable to Will County sites. Grundy County, Morris, Minooka and Channahon have good reputations for working with business. While the Brisbin Road study area is considered too far from the intermodal facility in Elwood for users who need rail, it can offer lower rents and sales prices for companies that do not require rail access.

Though Brisbin Road is on the fringe of the Chicago metro area, employers along the I-80 corridor can tap into the larger workforce in the southwest suburbs as well as in Grundy County. However, until utilities are extended, it will be difficult to attract the larger users looking for sites in the Joliet Area submarket. Grundy County's M&E tax on machinery and equipment puts it at a slight disadvantage over sites in Will County for manufacturers; however, other incentives by the County and state may level the playing field. As a result Brisbin Road is expected to be most attractive for warehouse and distribution facilities rather than for manufacturing companies.

The I-80/I-55 submarket is extremely competitive for industrial development. Sites along Brisbin Road will be competing with sites in Joliet, Elwood, Minooka and Morris. It is estimated that another 2,880 acres are available between Minooka and Morris, and another 2,307 acres are within 10 miles of the intermodal facility in Elwood. An industrial broker and developer estimated that 50-65% of the industrial users looking for space in this submarket want to be within 10 miles of the intermodal facility. Since Brisbin Road is beyond this distance, it will likely not be considered an option by those companies.

The I-80 corridor from Minooka to Morris can expect to capture 1-1.5 million square feet of space in one or more buildings each year on average over the next 15-20 years. At FARs for existing and planned buildings ranging from 0.27-0.49, buildings of this size would require 50-100 acres each. Once infrastructure improvements are complete, Brisbin Road will be competitive with parks in Minooka and Morris.

The corridor is not likely to attract freestanding office buildings as the southwest suburban office market tends to be very weak and very localized. Regional office buildings are located in downtown Chicago, and the west, northwest and north suburbs. Flex space that allows tenants to have office and/or warehouse space in one-story buildings with individual entries with accessible parking, will be possible at the north end of the corridor as I-80 proximity is less important. However, even this type of development is unlikely in the near term and will not likely happen until more residential and commercial development occurs throughout the area. Several office developments of 50,000 square feet are realistic estimates in the long term.

Over time, there is the possibility that the corridor could attract some retail development, primarily near the I-80 interchange to take advantage of the visibility and accessibility of the highway. Retail space along Route 6 in Morris and Channahon, Route 47 in Morris, and Ridge Road in Minooka tends to attract smaller centers and stores, with the exception of Wal-Mart and Jewel in Morris and Jewel further east in Channahon. Demand for big box retail stores is likely over time as residential development returns and the area becomes more populated. Some ancillary space for uses such as gas station(s), restaurants, convenience store, bank, etc. is also likely once the area develops more fully.

It is likely that over the next 25 years, there will be different retail formats with different space requirements that are not in play today. There are still many unknowns relative to the impact of online shopping to traditional shopping areas. Based on population growth and the national average retail space per capita, over the next 25 years, growth in the area could potentially support 955,000 square feet of retail space in shopping centers and freestanding stores, based on current retail formats. Brisbin Road could accommodate this development, although there are several competing locations in the area.

The corridor is not a likely location for residential development. Assuming industrial and distribution uses are dominant, the only possible residential location is at the north end of the corridor. Population and household projections by CMAP show considerable growth in Channahon and Minooka, though Channahon's growth will not be near Brisbin Road. The corridor in Minooka and Morris could accommodate residential development; however, there are already better residential sites in those municipalities.

Current values for raw land *without utilities* are $8,000-14,500 per acre on the U.S. 6 corridor and farther north of I-80. Properties for sale with frontage on U.S. 6 in Minooka *with utilities* are asking $60,000-80,000 per acre, but realistic sales prices are $50,000-60,000 per acre. In comparison, land near the intermodal facility in Elwood is $150,000-200,000 per acre. Land prices along Brisbin Road should be in the $60,000-80,000 per acre range once utilities are in place.

Estimated Development

The Brisbin Road corridor is estimated to develop as follows once infrastructure is in place:

Industrial/Distribution	Average 250,000-350,000 square feet per year, with some buildings of 1-1.5 million square feet once infrastructure is in place. This is over a 20-year period for a total of 5 to 7 million square feet.
Office/Flex Space	25,000-50,000 square feet every 3-5 years, starting a few years after infrastructure is in place, for a total of 165,000 to 350,000 square feet over 20 years.
Retail/Service	25,000-50,000 square feet of convenience-oriented retail, restaurants, etc. over a 3-5-year period once residential development occurs in the area. Possible big box space with a total of 300,000-500,000 square feet over the next 10-15 years.
Residential	Negligible

The complete Market Assessment Report can be found in Appendix B of this document.

Preliminary Finance Considerations

We would note that the quantities of development between those expressed as part of the *Brisbin Road Corridor Access Study* prepared by KLOA (March 2012) and the quantities arrived at as part of the *Brisbin Road Real Estate Market Analysis* are significantly different. THE KLOA analysis undertook a "build-out" analysis which provided an end-state condition of how much development (units/sq. ft.) is possible based on local plans use plans and zoning. As noted above, the market analysis however is examines the amount of private market opportunity to absorb new space on the corridor over time. For the foreseeable future, the amount of space the market is likely to absorb on the corridor is approximately 38% of the development capacity on the corridor.

Land Use	KLOA	VSKA	Difference From KLOA
Residential	540 D.U's	0	-540 D.U.'s
Retail	4,800,000 sq. ft.	500,000sq. ft.	-4,300,000 sq. ft.
Office	4,600,000 sq. ft.	350,000 sq. ft.	-4,250,000 sq. ft.
Industrial	11,400,000 sq. ft.	7,000,000 sq. ft.	-4,400,000 sq. ft.

The significance of the difference is the near term level of traffic likely to be generated and the level of improvement Brisbin Road will require to support the demand. At this time, we assume a two lane roadway will be sufficient to meet the near term needs. The following assumptions are made regarding roadway design and improvement costs. Note that two are options are proposed for improvement: asphalt and concrete.

Construction Cost	Concrete*	Asphalt*
Construction Cost (per 2 lane mile)	$2,500,000	$2,100,000
Number of Miles	2.5	2.5
Total Construction Cost	$6,250,000	$5,250,000
* Includes Street Lighting at $600,000		
Right of Way Acquisition Cost		
Raw Land Cost without utilities (per acre)	$15,000	
ROW width (feet)	115	
ROW length (feet)	13,200	
ROW area (square feet)	1,518,000	
ROW area (acres)	34.8	
Total ROW Acquisition Cost	$522,000	
Note: Total ROW Width is 170' with Current 55'		
Other Costs		
Soft Costs (engineering, administration, etc.)	$500,000	
Demolition and Relocation	$1,000,000	
Total Other Costs	$1,500,000	
Total Cost	Concrete	Asphalt
	$8,272,000	**$7,272,000**

The *Grundy County Highway Department 2013 Road and Bridge Construction 5 Year Plan (2013-2017)* approved by the Grundy County Board in July of 2013 has obligated funds for the benefit of Brisbin Road improvements, as follow:

2014 – Roadway Engineering Design	$300,000
2014 – Right of Way Acquisition	$1,000,000
2015 – Roadway Reconstruction	$750,000
Total	**$2,050,000**

This commitment reduces the amount to potentially be financed to **$6,222,000** for a concrete roadway and **$5,222,000** for an asphalt roadway.

We applied the market analysis development assumptions to develop a real estate and sales tax pro-forma. The analysis is presented in Tables 1-6 at the end of this document. The following is a brief description of each.

- **Table 1: Development Scenarios** – Established two development scenarios based on the high and low market potential identified in the VSKA Market Analysis. It sets forth a property assessment schedule for purposes of determining annualized assessed value and then real estate tax revenues. It assumes a 1.5% annual inflation rate and a 100% property tax collection rate.

- **Table 2**: **Preliminary Equalized Assessment**: Applying future market values (FMV) per sq. ft. to estimated development qualities by year a preliminary equalized assessed value is derived for all land uses combined.
- **Table 3: Preliminary Estimated Tax Revenues:** This is a simple extension of the current aggregate tax rate for Grundy County (7.2726%) over equalized assessed value to arrive at annualized property tax revenues
- **Table 3a: Property tax Levy** – For information, this table breaks down the aggregate rate by taxing jurisdiction and tax code.
- **Table 4**: **Preliminary Estimated Property Taxes for Key Taxing Jurisdictions** – The table breaks down annualized real estate tax revenues that accrue to each Grundy County, the City of Morris and the Village of Minooka (by scenario).
- **Table 5**: **Preliminary Estimated Retail Sales** – Drawing from Table 1 which establishes the development schedule for retail uses and sales performance per sq. ft. of space, an estimate of aggregate retail sales is expressed for each scenario.
- **Table 6**: **Preliminary Estimated Sales Taxes** - Based on estimated gross sales, the annualized value of aggregate sales taxes are calculated.

Taking another approach, we examined the potential for impact fees based on each street improvement type (concrete and asphalt). Assuming each Minooka and Morris would establish control though a pre-annexation agreement a specific transportation impact fee for the roadway would be established. Within the study area there are 908.38 acres of land west of Brisbin Road and 942.18 acres east of Brisbin Road for a total of 1,851 acres of land. As illustrated below, the cost per acre has been determined by dividing total project costs (for each asphalt and concrete) but he total acreage of land in the study are.

	Total Project Costs		Total Financed Costs[1]		Cost Per Acre[2]	
	Asphalt	Concrete	Asphalt	Concrete	Asphalt	Concrete
Total Project	$7,272,000	$8,272,000	$5,222,000	$6,222,000	$3,929	$4,469
Project + Bond Issuance Costs	$7,635,600	$8,685,600	$5,496,800	$6,549,500	$4,125	$4,692

[2]Total project financed costs – see Tables 7 and 8

[3]Total project costs divided by acreage in study are (1,851)

Finally, In addition to the real estate tax estimates, two preliminary amortization schedules for a bond issuance have been based on the different roadway construction between concrete and asphalt.

- **Tables 7 and 8: Preliminary GO Bonds -** present a 10, 15 and 20 year amortization schedule for each road way construction type (asphalt and concrete). They assume semiannual compounded interest. Tables 7 and 8 can be found at the end of this document.

A summary of the annual debt service for each roadway construction type is illustrated below.

Construction Type	Total Amount Financed	Annualized Debt Service (Annual)		
		10 Year Term	15 Year Term	20 Year Term
Asphalt	$5,469,800	$670,000	$515,000	$455,000
Concrete	$6,549,500	$795,000	$610,000	$540,000

Discussion

In all cases, whether relying on any portion of County real estate taxes or impact fees, revenues fall short to meet debt service requirements alone, variable according to which improvement and debt service schedule is assumed.

In order to focus direction on a preferred approach, there are several key discussion points we believe the Committee should address in our upcoming meeting:

- Will consideration be given to any arrangement which involves the use and sharing of the property taxes to support the improvement of Brisbin Road?
- Will sales tax be considered for Brisbin Road Financing?
- Timing of the Brisbin Road Improvement –
    - Is it important to wait for utility extensions to occur on Brisbin Road prior to reconstruction of the roadway?
    - If the decision is to wait for utility services, what year should we assume that will occur and thus the completion of Brisbin Road improvements?
- What year do we assume that utilities be available?
- If an impact fee approach is to be used, is it based on a per-acre for a sq. ft. development basis or on a per acre basis?
- Until such time as development begins and value capture funds are drawn to help support debt service, what other sources will be used in the meantime?

Table 1: Assumptions -- Estimates of Property Tax and Other Revenues: Long Term Development Scenarios
Brisbin Road Corridor Redevelopment Area
Grundy County, Illinois

Development Assumptions

	Redevelopment Component	Quantity		Estimated FMV		Tax Rate	Annual Taxes per sq ft	First Occupancy	Fully Occupied By:	Retail Sales psf
Scenario 1	Industrial--Warehouse / Distribution 1	2,000,000	sq ft	$30.00	per sq ft	7.21813%	$0.72	2016	2023	$0
Scenario 1	Industrial--Warehouse / Distribution 2	2,000,000	sq ft	$30.00	per sq ft	7.21813%	$0.72	2024	2031	$0
Scenario 1	Industrial--Warehouse / Distribution 3	1,000,000	sq ft	$30.00	per sq ft	7.21813%	$0.72	2032	2035	$0
Scenario 1	Office / Flex Space	175,000	sq ft	$125.00	per sq ft	7.21813%	$3.01	2018	2038	$0
Scenario 1	Highway-oriented retail / restaurants	25,000	sq ft	$150.00	per sq ft	7.21813%	$3.61	2020	2024	$200
Scenario 1	Big Box Retail	300,000	sq ft	$90.00	per sq ft	7.21813%	$2.17	2016	2025	$250
Scenario 1	**TOTALS**	**5,000,000**	**Industrial square feet**							
Scenario 1		**325,000**	**Retail Space**							
Scenario 1		**175,000**	**Office Space**							
Scenario 2	Industrial--Warehouse / Distribution 1	2,800,000	sq ft	$30.00	per sq ft	7.21813%	$0.72	2016	2023	$0
Scenario 2	Industrial--Warehouse / Distribution 2	2,800,000	sq ft	$30.00	per sq ft	7.21813%	$0.72	2024	2031	$0
Scenario 2	Industrial--Warehouse / Distribution 3	1,400,000	sq ft	$30.00	per sq ft	7.21813%	$0.72	2032	2036	$0
Scenario 2	Office / Flex Space	350,000	sq ft	$125.00	per sq ft	7.21813%	$3.01	2018	2038	$0
Scenario 2	Highway-oriented retail / restaurants	50,000	sq ft	$150.00	per sq ft	7.21813%	$3.61	2020	2024	$250
Scenario 2	Big Box Retail	500,000	sq ft	$90.00	per sq ft	7.21813%	$2.17	2016	2030	$275
Scenario 2	**TOTALS**	**7,000,000**	**Industrial square feet**							
Scenario 2		**550,000**	**Retail Space**							
Scenario 2		**350,000**	**Office Space**							

Percent of Full Assessment Achieved by Assessment Year:

	Redevelopment Phase	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario 1	Industrial--Warehouse / Distribution 1	13%	25%	38%	50%	63%	75%	88%	100%	100%
Scenario 1	Industrial--Warehouse / Distribution 2	0%	0%	0%	0%	0%	0%	0%	0%	13%
Scenario 1	Industrial--Warehouse / Distribution 3	0%	0%	0%	0%	0%	0%	0%	0%	0%
Scenario 1	Office / Flex Space	0%	0%	5%	10%	14%	19%	24%	29%	33%
Scenario 1	Highway-oriented retail / restaurants	0%	0%	0%	0%	20%	40%	60%	80%	100%
Scenario 1	Big Box Retail	10%	20%	30%	40%	50%	60%	70%	80%	90%
Scenario 2	Industrial--Warehouse / Distribution 1	13%	25%	38%	50%	63%	75%	88%	100%	100%
Scenario 2	Industrial--Warehouse / Distribution 2	0%	0%	0%	0%	0%	0%	0%	0%	13%
Scenario 2	Industrial--Warehouse / Distribution 3	0%	0%	0%	0%	0%	0%	0%	0%	0%
Scenario 2	Office / Flex Space	0%	0%	5%	10%	14%	19%	24%	29%	33%
Scenario 2	Highway-oriented retail / restaurants	0%	0%	0%	0%	20%	40%	60%	80%	100%
Scenario 2	Big Box Retail	7%	13%	20%	27%	33%	40%	47%	53%	60%

	Redevelopment Phase	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Scenario 1	Industrial--Warehouse / Distribution 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 1	Industrial--Warehouse / Distribution 2	25%	38%	50%	63%	75%	88%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 1	Industrial--Warehouse / Distribution 3	0%	0%	0%	0%	0%	0%	0%	25%	50%	75%	100%	100%	100%	100%	100%
Scenario 1	Office / Flex Space	38%	43%	48%	52%	57%	62%	67%	71%	76%	81%	86%	90%	95%	100%	100%
Scenario 1	Highway-oriented retail / restaurants	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 1	Big Box Retail	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 2	Industrial--Warehouse / Distribution 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 2	Industrial--Warehouse / Distribution 2	25%	38%	50%	63%	75%	88%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 2	Industrial--Warehouse / Distribution 3	0%	0%	0%	0%	0%	0%	0%	25%	50%	75%	100%	100%	100%	100%	100%
Scenario 2	Office / Flex Space	38%	43%	48%	52%	57%	62%	67%	71%	76%	81%	86%	90%	95%	100%	100%
Scenario 2	Highway-oriented retail / restaurants	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 2	Big Box Retail	67%	73%	80%	87%	93%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Other Key Assumptions

State Equalization Factor for Grundy County 1.0000
Aggregate Tax Rate (constant in future years): 7.2181% (see Table 3a for calculation of this average tax rate)
Annual rate of inflation in property values: 1.500%
Grundy County Assessor adjusts for inflation in property values every year based on recent sales.
Property tax collection rate assumed: 100.000%
The redevelopment project assumptions are based upon hypothetical redevelopment scenarios prepared by Kretchmer and Associates, Inc. (Kretchmer).
Scenarios 1 and 2 represent the lower and upper endpoints, respectively, of the range of development quantities estimated in the Kretchmer report.

TABLE 2: Preliminary Estimated Equalized Assessment Values (EAV) -- Long Term Development Scenarios

Brisbin Road Corridor Redevelopment Area

Grundy County, Illinois

			Estimated Total EAV - SCENARIO 1							Estimated Total EAV - SCENARIO 2						
Year	Assessment Year	Collection Year	- Industrial-- Warehouse / Distribution 1	- Industrial-- Warehouse / Distribution 2	- Industrial-- Warehouse / Distribution 3	- Office / Flex Space	- Highway-oriented retail / restaurants	- Big Box Retail	Total Estimated EAV- Scenario 1	- Industrial-- Warehouse / Distribution 1	- Industrial-- Warehouse / Distribution 2	- Industrial-- Warehouse / Distribution 3	- Office / Flex Space	- Highway-oriented retail / restaurants	- Big Box Retail	Total Estimated EAV- Scenario 2
0	2013	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	2014	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	2015	2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	2016	2017	2,537,497	-	-	-	-	913,499	3,450,997	3,552,496	-	-	-	-	1,014,999	4,567,495
4	2017	2018	5,151,120	-	-	-	-	1,854,403	7,005,523	7,211,568	-	-	-	-	2,060,448	9,272,016
5	2018	2019	7,842,580	-	-	363,082	-	2,823,329	11,028,991	10,979,612	-	-	726,165	-	3,137,032	14,842,809
6	2019	2020	10,613,625	-	-	737,057	-	3,820,905	15,171,587	14,859,075	-	-	1,474,115	-	4,245,450	20,578,639
7	2020	2021	13,466,037	-	-	1,122,170	269,321	4,847,773	19,705,300	18,852,451	-	-	2,244,339	538,641	5,386,415	27,021,847
8	2021	2022	16,401,633	-	-	1,518,670	546,721	5,904,588	24,371,611	22,962,286	-	-	3,037,339	1,093,442	6,560,653	33,653,720
9	2022	2023	19,422,267	-	-	1,926,812	832,383	6,992,016	29,173,478	27,191,173	-	-	3,853,624	1,664,766	7,768,907	40,478,470
10	2023	2024	22,529,829	-	-	2,346,857	1,126,491	8,110,739	34,113,916	31,541,761	-	-	4,693,714	2,252,983	9,011,932	47,500,390
11	2024	2025	22,867,777	2,858,472	-	2,779,070	1,429,236	9,261,450	39,196,004	32,014,887	4,001,861	-	5,558,140	2,858,472	10,290,499	54,723,860
12	2025	2026	23,210,793	5,802,698	-	3,223,721	1,450,675	10,444,857	44,132,744	32,495,111	8,123,778	-	6,447,443	2,901,349	11,605,397	61,573,077
13	2026	2027	23,558,955	8,834,608	-	3,681,087	1,472,435	10,601,530	48,148,615	32,982,537	12,368,451	-	7,362,173	2,944,869	12,957,425	68,615,457
14	2027	2028	23,912,340	11,956,170	-	4,151,448	1,494,521	10,760,553	52,275,031	33,477,275	16,738,638	-	8,302,896	2,989,042	14,347,404	75,855,255
15	2028	2029	24,271,025	15,169,390	-	4,635,092	1,516,939	10,921,961	56,514,407	33,979,434	21,237,147	-	9,270,183	3,033,878	15,776,166	83,296,808
16	2029	2030	24,635,090	18,476,317	-	5,132,310	1,539,693	11,085,790	60,869,201	34,489,126	25,866,844	-	10,264,621	3,079,386	17,244,563	90,944,541
17	2030	2031	25,004,616	21,879,039	-	5,643,403	1,562,789	11,252,077	65,341,924	35,006,463	30,630,655	-	11,286,806	3,125,577	18,753,462	98,802,963
18	2031	2032	25,379,686	25,379,686	-	6,168,674	1,586,230	11,420,859	69,935,134	35,531,560	35,531,560	-	12,337,347	3,172,461	19,034,764	105,607,692
19	2032	2033	25,760,381	25,760,381	3,220,048	6,708,433	1,610,024	11,592,171	74,651,437	36,064,533	36,064,533	4,508,067	13,416,865	3,220,048	19,320,286	112,594,331
20	2033	2034	26,146,787	26,146,787	6,536,697	7,262,996	1,634,174	11,766,054	79,493,494	36,605,501	36,605,501	9,151,375	14,525,993	3,268,348	19,610,090	119,766,808
21	2034	2035	26,538,988	26,538,988	9,952,121	7,832,688	1,658,687	11,942,545	84,464,016	37,154,584	37,154,584	13,932,969	15,665,375	3,317,374	19,904,241	127,129,126
22	2035	2036	26,937,073	26,937,073	13,468,537	8,417,835	1,683,567	12,121,683	89,565,768	37,711,902	37,711,902	18,855,951	16,835,671	3,367,134	20,202,805	134,685,366
23	2036	2037	27,341,129	27,341,129	13,670,565	9,018,775	1,708,821	12,303,508	91,383,927	38,277,581	38,277,581	19,138,791	18,037,551	3,417,641	20,505,847	137,654,991
24	2037	2038	27,751,246	27,751,246	13,875,623	9,635,849	1,734,453	12,488,061	93,236,479	38,851,745	38,851,745	19,425,872	19,271,699	3,468,906	20,813,435	140,683,401
25	2038	2039	28,167,515	28,167,515	14,083,757	10,269,406	1,760,470	12,675,382	95,124,045	39,434,521	39,434,521	19,717,260	20,538,813	3,520,939	21,125,636	143,771,691
Total																

See Table 1 for detailed description of the redevelopment scenarios and other key assumptions.

RS&H

TABLE 3: Preliminary Estimated Property Taxes -- Long Term Development Scenarios

Brisbin Road Corridor Redevelopment Area

Grundy County, Illinois

Estimated Total Property Taxes - SCENARIO 1

Year	Assessment Year	Collection Year	- Industrial-- Warehouse / Distribution 1	- Industrial-- Warehouse / Distribution 2	- Industrial-- Warehouse / Distribution 3	- Office / Flex Space	- Highway-oriented retail / restaurants	- Big Box Retail	Total Estimated Prop Tax-Scenario 1
0	2013	2014	-	-	-	-	-	-	-
1	2014	2015	-	-	-	-	-	-	-
2	2015	2016	-	-	-	-	-	-	-
3	2016	2017	183,160	-	-	-	-	65,938	249,097
4	2017	2018	371,814	-	-	-	-	133,853	505,667
5	2018	2019	566,087	-	-	26,208	-	203,791	796,086
6	2019	2020	766,105	-	-	53,202	-	275,798	1,095,104
7	2020	2021	971,995	-	-	81,000	19,440	349,918	1,422,353
8	2021	2022	1,183,890	-	-	109,619	39,463	426,201	1,759,173
9	2022	2023	1,401,923	-	-	139,080	60,082	504,692	2,105,778
10	2023	2024	1,626,231	-	-	169,399	81,312	585,443	2,462,385
11	2024	2025	1,650,625	206,328	-	200,597	103,164	668,503	2,829,217
12	2025	2026	1,675,384	418,846	-	232,692	104,712	753,923	3,185,557
13	2026	2027	1,700,515	637,693	-	265,705	106,282	765,232	3,475,427
14	2027	2028	1,726,023	863,011	-	299,657	107,876	776,710	3,773,277
15	2028	2029	1,751,913	1,094,946	-	334,567	109,495	788,361	4,079,281
16	2029	2030	1,778,192	1,333,644	-	370,457	111,137	800,186	4,393,615
17	2030	2031	1,804,864	1,579,256	-	407,348	112,804	812,189	4,716,462
18	2031	2032	1,831,937	1,831,937	-	445,263	114,496	824,372	5,048,005
19	2032	2033	1,859,416	1,859,416	232,427	484,223	116,214	836,737	5,388,434
20	2033	2034	1,887,308	1,887,308	471,827	524,252	117,957	849,288	5,737,940
21	2034	2035	1,915,617	1,915,617	718,357	565,373	119,726	862,028	6,096,718
22	2035	2036	1,944,352	1,944,352	972,176	607,610	121,522	874,958	6,464,969
23	2036	2037	1,973,517	1,973,517	986,758	650,986	123,345	888,083	6,596,206
24	2037	2038	2,003,120	2,003,120	1,001,560	695,528	125,195	901,404	6,729,926
25	2038	2039	2,033,166	2,033,166	1,016,583	741,259	127,073	914,925	6,866,172
2013 NPV of Estimated Property Tax Revenues, Discount Rate at 6.00%									**$30,299,586**

Estimated Total Property Taxes - SCENARIO 2

Year	- Industrial-- Warehouse / Distribution 1	- Industrial-- Warehouse / Distribution 2	- Industrial-- Warehouse / Distribution 3	- Office / Flex Space	- Highway-oriented retail / restaurants	- Big Box Retail	Total Estimated Prop Tax-Scenario 2
0	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	256,424	-	-	-	-	73,264	329,688
4	520,540	-	-	-	-	148,726	669,266
5	792,522	-	-	52,415	-	226,435	1,071,372
6	1,072,547	-	-	106,403	-	306,442	1,485,392
7	1,360,793	-	-	161,999	38,880	388,798	1,950,471
8	1,657,446	-	-	219,239	78,926	473,556	2,429,168
9	1,962,693	-	-	278,159	120,165	560,769	2,921,787
10	2,276,724	-	-	338,798	162,623	650,492	3,428,638
11	2,310,875	288,859	-	401,194	206,328	742,781	3,950,037
12	2,345,538	586,384	-	465,384	209,423	837,692	4,444,422
13	2,380,721	892,770	-	531,411	212,564	935,283	4,952,749
14	2,416,432	1,208,216	-	599,313	215,753	1,035,614	5,475,327
15	2,452,678	1,532,924	-	669,133	218,989	1,138,743	6,012,468
16	2,489,468	1,867,101	-	740,913	222,274	1,244,734	6,564,491
17	2,526,810	2,210,959	-	814,696	225,608	1,353,648	7,131,721
18	2,564,712	2,564,712	-	890,525	228,992	1,373,953	7,622,895
19	2,603,183	2,603,183	325,398	968,446	232,427	1,394,562	8,127,200
20	2,642,231	2,642,231	660,558	1,048,504	235,913	1,415,481	8,644,918
21	2,681,864	2,681,864	1,005,699	1,130,746	239,452	1,436,713	9,176,339
22	2,722,092	2,722,092	1,361,046	1,215,220	243,044	1,458,264	9,721,758
23	2,762,924	2,762,924	1,381,462	1,301,973	246,690	1,480,138	9,936,109
24	2,804,367	2,804,367	1,402,184	1,391,055	250,390	1,502,340	10,154,704
25	2,846,433	2,846,433	1,423,217	1,482,517	254,146	1,524,875	10,377,620
2013 NPV							**$44,218,108**

See Table 1 for detailed description of the redevelopment scenarios and other key assumptions.

See Table 2 for EAVs for each component by year.

This table multiplies the EAV x (aggregate average property tax rate), and assumes 100% collection rate of property taxes.

The allocation of taxes by taxing district is shown in Table 3a, and specifically for Grundy County, City of Morris, and the Village of Minooka in Table 4.

Table 3a. Taxing Districts Levying Property Taxes in the Study Area
Brisbin Road Study Area

Taxing District Name	2012 Tax Rate	Tax Code		Tax Code	
		01003	15001	01003	15001
Grundy County	0.69957%	X	X	0.69957%	0.6996%
Morris fire & Ambulance	0.41118%	X	X	0.41118%	0.4112%
Three Rivers Library	0.10915%	X		0.10915%	
AUX Sable Township	0.02062%	X		0.02062%	
AUX Sable Township Road	0.08620%	X		0.08620%	
Saratoga Grade 60C	2.93710%	X	X	2.93710%	2.9371%
Morris High 101	1.88024%	X	X	1.88024%	1.8802%
Joliet Jr College 525	0.27529%	X	X	0.27529%	0.2753%
Grundy County EDPA 1	0.00000%	X		0.00000%	
Saratoga Township Road	0.16796%		X		0.1680%
Saratoga Township	0.04891%		X		0.0489%
Morris Area Library	0.18590%		X		0.1859%
Total tax rate	**6.82212%**			**6.41935%**	**6.60615%**
City of Morris rate	0.65232%				
Village of Minooka rate	0.75843%				

If the City of Morris is added to tax code 15001, then the aggregate rate becomes………………………….	**7.25847%**
If the Village of Minooka is added to tax code 01003, then the aggregate rate becomes……………………	**7.17778%**
Average aggregate tax rate:	**7.21813%**

For simplicity, JRG estimates the future aggregate tax rate as the average of these two rates, thereby assuming that all of the Brisbin Road Corridor will be incorporated into one of the two municipalities.

TABLE 4: Preliminary Estimated Property Taxes for Key Taxing Districts
Brisbin Road Corridor Redevelopment Area
Grundy County, Illinois

			Grundy County		City of Morris		Village of Minooka	
			tax rate =	0.6996%	tax rate =	0.6523%	tax rate =	0.7584%
Year	**Assessment Year**	**Collection Year**	**Tot Prop Tax-Scenario 1**	**Tot Prop Tax-Scenario 2**	**Tot Prop Tax-Scenario 1**	**Tot Prop Tax-Scenario 2**	**Tot Prop Tax-Scenario 1**	**Tot Prop Tax-Scenario 2**
0	2013	2014	-	-	-	-	-	-
1	2014	2015	-	-	-	-	-	-
2	2015	2016	-	-	-	-	-	-
3	2016	2017	24,142	31,953	22,512	29,795	26,173	34,641
4	2017	2018	49,009	64,864	45,698	60,483	53,132	70,322
5	2018	2019	77,156	103,836	71,944	96,823	83,647	112,572
6	2019	2020	106,136	143,962	98,967	134,239	115,066	156,075
7	2020	2021	137,852	189,037	128,542	176,269	149,451	204,942
8	2021	2022	170,496	235,431	158,981	219,530	184,842	255,240
9	2022	2023	204,089	283,175	190,304	264,049	221,260	307,001
10	2023	2024	238,651	332,298	222,532	309,855	258,730	360,257
11	2024	2025	274,203	382,832	255,683	356,975	297,274	415,042
12	2025	2026	308,739	430,747	287,887	401,653	334,716	466,989
13	2026	2027	336,833	480,013	314,083	447,592	365,174	520,400
14	2027	2028	365,700	530,661	341,000	494,819	396,470	575,309
15	2028	2029	395,358	582,719	368,655	543,362	428,622	631,748
16	2029	2030	425,823	636,221	397,062	593,249	461,650	689,751
17	2030	2031	457,113	691,196	426,238	644,511	495,573	749,351
18	2031	2032	489,245	738,800	456,201	688,900	530,409	800,960
19	2032	2033	522,239	787,676	486,966	734,475	566,179	853,949
20	2033	2034	556,113	837,853	518,552	781,263	602,903	908,347
21	2034	2035	590,885	889,357	550,976	829,289	640,600	964,185
22	2035	2036	626,575	942,218	584,255	878,580	679,294	1,021,494
23	2036	2037	639,295	962,993	596,116	897,951	693,083	1,044,017
24	2037	2038	652,254	984,179	608,200	917,706	707,133	1,066,985
25	2038	2039	665,459	1,005,784	620,513	937,851	721,449	1,090,408
2013 PV of Prop Taxes @ 6.0% disc rate			**$2,936,591**	**$4,285,554**	**$2,738,249**	**$3,996,101**	**$3,183,668**	**$4,646,129**

Notes

This table multiplies the Total EAV x (taxing district tax rate)
For illustrative purposes, the columns above for Morris and Minooka assume that the respective City or Village incorporates ALL of the Brisbin Road Corridor.
See Table 1 for detailed description of the redevelopment scenarios and other key assumptions.
See Table 2 for EAVs for each component by year.
Assumes constant tax rates per taxing district as shown above, based on the 2012 rates.

TABLE 5: Preliminary Estimated Retail Sales -- Long Term Development Scenarios

Brisbin Road Corridor Redevelopment Area

Grundy County, Illinois

				Estimated Total RETAIL SALES - SCENARIO 1							Estimated Total RETAIL SALES - SCENARIO 2						
Year	Assessment Year	Collection Year		Industrial- - Warehous e /	Industrial- - Warehous e /	Industrial- - Warehous e /	- Office / Flex Space	- Highway- oriented retail / restaurants	- Big Box Retail	Total Estimated Sales- Scenario 1	Industrial- - Warehous e /	Industrial- - Warehous e /	Industrial- - Warehous e /	- Office / Flex Space	- Highway- oriented retail / restaurants	- Big Box Retail	Total Estimated Sales- Scenario 2
0	2013	2014		-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	2014	2015		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	2015	2016		-	-	-	-	-	7,879,688	7,879,688	-	-	-	-	-	9,630,729	9,630,729
3	2016	2017	*	-	-	-	-	-	16,153,359	16,153,359	-	-	-	-	-	19,742,995	19,742,995
4	2017	2018		-	-	-	-	-	24,835,790	24,835,790	-	-	-	-	-	30,354,854	30,354,854
5	2018	2019		-	-	-	-	-	33,942,246	33,942,246	-	-	-	-	-	41,484,968	41,484,968
6	2019	2020		-	-	-	-	1,159,693	43,488,503	44,648,197	-	-	-	-	2,899,234	53,152,615	56,051,849
7	2020	2021	*	-	-	-	-	2,377,372	53,490,859	55,868,230	-	-	-	-	5,943,429	65,377,716	71,321,145
8	2021	2022		-	-	-	-	3,655,209	63,966,152	67,621,361	-	-	-	-	9,138,022	78,180,853	87,318,874
9	2022	2023		-	-	-	-	4,995,452	74,931,778	79,927,230	-	-	-	-	12,488,630	91,583,284	104,071,914
10	2023	2024		-	-	-	-	6,400,423	86,405,707	92,806,129	-	-	-	-	16,001,057	105,606,975	121,608,032
11	2024	2025	*	-	-	-	-	6,560,433	98,406,499	104,966,933	-	-	-	-	16,401,083	120,274,610	136,675,694
12	2025	2026		-	-	-	-	6,724,444	100,866,662	107,591,106	-	-	-	-	16,811,110	135,609,623	152,420,733
13	2026	2027		-	-	-	-	6,892,555	103,388,328	110,280,884	-	-	-	-	17,231,388	151,636,215	168,867,603
14	2027	2028		-	-	-	-	7,064,869	105,973,037	113,037,906	-	-	-	-	17,662,173	168,379,380	186,041,553
15	2028	2029	*	-	-	-	-	7,241,491	108,622,362	115,863,853	-	-	-	-	18,103,727	185,864,931	203,968,658
16	2029	2030		-	-	-	-	7,422,528	111,337,922	118,760,450	-	-	-	-	18,556,320	204,119,523	222,675,843
17	2030	2031		-	-	-	-	7,608,091	114,121,370	121,729,461	-	-	-	-	19,020,228	209,222,511	228,242,739
18	2031	2032		-	-	-	-	7,798,294	116,974,404	124,772,697	-	-	-	-	19,495,734	214,453,074	233,948,808
19	2032	2033	*	-	-	-	-	7,993,251	119,898,764	127,892,015	-	-	-	-	19,983,127	219,814,401	239,797,528
20	2033	2034		-	-	-	-	8,193,082	122,896,233	131,089,315	-	-	-	-	20,482,706	225,309,761	245,792,466
21	2034	2035		-	-	-	-	8,397,909	125,968,639	134,366,548	-	-	-	-	20,994,773	230,942,505	251,937,278
22	2035	2036		-	-	-	-	8,607,857	129,117,855	137,725,712	-	-	-	-	21,519,642	236,716,067	258,235,710
23	2036	2037	*	-	-	-	-	8,823,053	132,345,801	141,168,855	-	-	-	-	22,057,634	242,633,969	264,691,602
24	2037	2038		-	-	-	-	9,043,630	135,654,446	144,698,076	-	-	-	-	22,609,074	248,699,818	271,308,892
25	2038	2039		-	-	-	-	9,269,720	139,045,807	148,315,528	-	-	-	-	23,174,301	254,917,314	278,091,615

See Table 1 for detailed description of the redevelopment scenarios and other key assumptions.

TABLE 6: Estimated Sales Taxes
Brisbin Road Corridor Redevelopment Area
Grundy County, Illinois

Sales Generation Year	Estimated Sales Subject to Sales Tax: Scenario 1	Estimated Sales Subject to Sales Tax: Scenario 2	Estimated Total Sales Tax Generated: Scenario 1	Estimated Total Sales Tax Generated: Scenario 2
2015	7,091,719	8,667,656	73,160	89,418
2016	14,538,023	17,768,695	149,978	183,306
2017	22,352,211	27,319,369	230,591	281,833
2018	30,548,022	37,336,471	315,141	385,172
2019	40,183,377	50,446,664	414,542	520,420
2020	50,281,407	64,189,031	518,716	662,190
2021	60,859,225	78,586,987	627,839	810,723
2022	71,934,507	93,664,723	742,094	966,269
2023	83,525,517	109,447,229	861,670	1,129,085
2024	94,470,239	123,008,124	974,579	1,268,983
2025	96,831,995	137,178,660	998,943	1,415,169
2026	99,252,795	151,980,843	1,023,917	1,567,872
2027	101,734,115	167,437,398	1,049,515	1,727,326
2028	104,277,468	183,571,793	1,075,752	1,893,773
2029	106,884,405	200,408,259	1,102,646	2,067,462
2030	109,556,515	205,418,465	1,130,212	2,119,148
2031	112,295,428	210,553,927	1,158,468	2,172,127
2032	115,102,813	215,817,775	1,187,429	2,226,430
2033	117,980,384	221,213,219	1,217,115	2,282,091
2034	120,929,893	226,743,550	1,247,543	2,339,143
2035	123,953,141	232,412,139	1,278,732	2,397,622
2036	127,051,969	238,222,442	1,310,700	2,457,562
2037	130,228,268	244,178,003	1,343,467	2,519,001
2038	133,483,975	250,282,453	1,377,054	2,581,976
		Totals:	**$21,409,803**	**$36,064,103**
		Present Value (2013$) of Sales Taxes at 6.0% discount rate:	**$8,712,888**	**$13,953,739**

Sales Tax Calculation Assumptions:

The Illinois State Sale Tax (Retailers' Occupation Tax and Service Occupation Tax) Rate is 6.25% for general merchandise and 1.00% for food, drugs, and medical appliances, and revenue is allocated as shown below. None of the local governments (Grundy County, Morris, and Minooka) maintains an additional sales tax.

	General Merchandise	Food / Drugs / Medical Appliances	Allocated to:
	5.00%	0.00%	State of Illinois
	1.00%	1.00%	Local govt (municipality, OR to county if unincorporated)
	0.25%	0.00%	County
Total sales tax rate	**6.25%**	**1.00%**	

Retail space with sales subject to sales tax (excludes common areas, etc.)	90.0%
Local portion of sales tax rate- General Merchandise*	1.25%
Local portion of sales tax rate- Food/Drugs/Medical Appliances*	1.00%
Annual growth in sales per sq. ft.(inflation):	2.50%
Assumed IDOR discount for timely payment of sales taxes:	1.75%

*The estimates assume general merchandise accounts for 80% of sales, with 20% for Food/Drugs/Medical appliances.

Table 7: Preliminary Amortization of Hypothetical GO Bonds with 10-, 15-, or 20-year Terms (Proceeds of $5.222 million)
Grundy County: Brisbin Road Corridor Redevelopment Area

Assumptions -- General Obligation (GO) Bonds					
10-Year Term		15-Year Term		20-Year Term	
Initial Principal Value	**$5,496,800**	**Initial Principal Value**	**$5,496,800**	**Initial Principal Value**	**$5,496,800**
Issuance Date	March 15, 2014	Issuance Date	March 15, 2014	Issuance Date	March 15, 2014
Interest Rate*	3.600%	Interest Rate*	4.400%	Interest Rate*	5.200%
Cost of Issuance	5.000%	Cost of Issuance	5.000%	Cost of Issuance	5.000%
Net Proceeds	**$5,222,000**	**Net Proceeds**	**$5,222,000**	**Net Proceeds**	**$5,222,000**
Required DS Coverage	N/A - GO	Required DS Coverage	N/A - GO	Required DS Coverage	N/A - GO
Compounding:	Semi-Annual	Compounding:	Semi-Annual	Compounding:	Semi-Annual

		10-Year Term GO Bonds				15-Year Term GO Bonds				20-Year Term GO Bonds			
Bond Year	Payment Date	Debt Service	Principal Portion	Interest Portion	Principal Balance	Debt Service	Principal Portion	Interest Portion	Principal Balance	Debt Service	Principal Portion	Interest Portion	Principal Balance
0	March 15, 2014	-	-	-	$5,496,800	-	-	-	$5,496,800	-	-	-	$5,496,800
1	March 15, 2015	670,000	470,334	199,666	$5,026,466	515,000	270,480	244,520	$5,226,320	455,000	165,451	289,549	$5,331,349
2	March 15, 2016	670,000	487,419	182,581	$4,539,047	515,000	282,512	232,488	$4,943,807	455,000	174,166	280,834	$5,157,184
3	March 15, 2017	670,000	505,124	164,876	$4,033,923	515,000	295,080	219,920	$4,648,728	455,000	183,340	271,660	$4,973,843
4	March 15, 2018	670,000	523,472	146,528	$3,510,452	515,000	308,206	206,794	$4,340,522	455,000	192,998	262,002	$4,780,846
5	March 15, 2019	670,000	542,486	127,514	$2,967,965	515,000	321,916	193,084	$4,018,605	455,000	203,164	251,836	$4,577,681
6	March 15, 2020	670,000	562,192	107,808	$2,405,774	515,000	336,236	178,764	$3,682,369	455,000	213,866	241,134	$4,363,815
7	March 15, 2021	670,000	582,613	87,387	$1,823,161	515,000	351,193	163,807	$3,331,175	455,000	225,132	229,868	$4,138,684
8	March 15, 2022	670,000	603,775	66,225	$1,219,386	515,000	366,816	148,184	$2,964,359	455,000	236,991	218,009	$3,901,693
9	March 15, 2023	670,000	625,707	44,293	$593,678	515,000	383,133	131,867	$2,581,226	455,000	249,474	205,526	$3,652,219
10	March 15, 2024	615,243	593,678	21,565	$0	515,000	400,177	114,823	$2,181,049	455,000	262,616	192,384	$3,389,603
11	March 15, 2025					515,000	417,978	97,022	$1,763,071	455,000	276,449	178,551	$3,113,154
12	March 15, 2026					515,000	436,572	78,428	$1,326,500	455,000	291,012	163,988	$2,822,142
13	March 15, 2027					515,000	455,992	59,008	$870,508	455,000	306,341	148,659	$2,515,801
14	March 15, 2028					515,000	476,276	38,724	$394,231	455,000	322,478	132,522	$2,193,324
15	March 15, 2029					411,768	394,231	17,537	$0	455,000	339,464	115,536	$1,853,859
16	March 15, 2030									455,000	357,346	97,654	$1,496,513
17	March 15, 2031									455,000	376,170	78,830	$1,120,343
18	March 15, 2032									455,000	395,985	59,015	$724,358
19	March 15, 2033									455,000	416,844	38,156	$307,515
20	March 15, 2034									323,713	307,515	16,199	$0

Interest Rate Assumptions (approximations) *

3.600%	10 yr A Muni Bond Rate (recent rate + 25 bp)
4.400%	15 yr A Muni Bond Rate (midpoint of 10/20 year rates)
5.200%	20 yr A Muni Bond Rate (recent rate + 25 bp)

* Interest rates were taken from recent quotoes of national averages for tax-exempt municipal bonds rated "A", plus 25 basis points to reflect variability and rising rates. The rates available to Grundy County and/or Morris or Minooka could be quite different.

Johnson Research Group, Inc.
February 19, 2014

Table 8: Preliminary Amortization of Hypothetical GO Bonds with 10-, 15-, or 20-year Terms (Proceeds of $6.533 million)

Grundy County: Brisbin Road Corridor Redevelopment Area

Assumptions -- General Obligation (GO) Bonds					
10-Year Term		**15-Year Term**		**20-Year Term**	
Initial Principal Value	**$6,549,500**	**Initial Principal Value**	**$6,549,500**	**Initial Principal Value**	**$6,549,500**
Issuance Date	March 15, 2014	Issuance Date	March 15, 2014	Issuance Date	March 15, 2014
Interest Rate*	3.600%	Interest Rate*	4.400%	Interest Rate*	5.200%
Cost of Issuance	5.000%	Cost of Issuance	5.000%	Cost of Issuance	5.000%
Net Proceeds	**$6,222,000**	**Net Proceeds**	**$6,222,000**	**Net Proceeds**	**$6,222,000**
Required DS Coverage	N/A - GO	Required DS Coverage	N/A - GO	Required DS Coverage	N/A - GO
Compounding:	Semi-Annual	Compounding:	Semi-Annual	Compounding:	Semi-Annual

		10-Year Term GO Bonds				15-Year Term GO Bonds				20-Year Term GO Bonds			
Bond Year	**Payment Date**	**Debt Service**	**Principal Portion**	**Interest Portion**	**Principal Balance**	**Debt Service**	**Principal Portion**	**Interest Portion**	**Principal Balance**	**Debt Service**	**Principal Portion**	**Interest Portion**	**Principal Balance**
0	March 15, 2014	-	-	-	$6,549,500	-	-	-	$6,549,500	-	-	-	$6,549,500
1	March 15, 2015	795,000	557,096	237,904	$5,992,404	610,000	318,652	291,348	$6,230,848	540,000	194,999	345,001	$6,354,501
2	March 15, 2016	795,000	577,332	217,668	$5,415,072	610,000	332,827	277,173	$5,898,021	540,000	205,270	334,730	$6,149,231
3	March 15, 2017	795,000	598,303	196,697	$4,816,769	610,000	347,632	262,368	$5,550,389	540,000	216,083	323,917	$5,933,148
4	March 15, 2018	795,000	620,036	174,964	$4,196,734	610,000	363,097	246,903	$5,187,292	540,000	227,465	312,535	$5,705,683
5	March 15, 2019	795,000	642,558	152,442	$3,554,176	610,000	379,249	230,751	$4,808,044	540,000	239,447	300,553	$5,466,235
6	March 15, 2020	795,000	665,898	129,102	$2,888,278	610,000	396,119	213,881	$4,411,925	540,000	252,061	287,939	$5,214,175
7	March 15, 2021	795,000	690,086	104,914	$2,198,191	610,000	413,740	196,260	$3,998,185	540,000	265,338	274,662	$4,948,836
8	March 15, 2022	795,000	715,153	79,847	$1,483,038	610,000	432,145	177,855	$3,566,040	540,000	279,315	260,685	$4,669,521
9	March 15, 2023	795,000	741,130	53,870	$741,908	610,000	451,368	158,632	$3,114,672	540,000	294,028	245,972	$4,375,493
10	March 15, 2024	768,857	741,908	26,949	$0	610,000	471,447	138,553	$2,643,225	540,000	309,517	230,483	$4,065,976
11	March 15, 2025					610,000	492,419	117,581	$2,150,806	540,000	325,821	214,179	$3,740,156
12	March 15, 2026					610,000	514,324	95,676	$1,636,482	540,000	342,984	197,016	$3,397,172
13	March 15, 2027					610,000	537,203	72,797	$1,099,280	540,000	361,051	178,949	$3,036,122
14	March 15, 2028					610,000	561,100	48,900	$538,180	540,000	380,069	159,931	$2,656,052
15	March 15, 2029					562,120	538,180	23,940	$0	540,000	400,090	139,910	$2,255,963
16	March 15, 2030									540,000	421,165	118,835	$1,834,798
17	March 15, 2031									540,000	443,350	96,650	$1,391,448
18	March 15, 2032									540,000	466,704	73,296	$924,744
19	March 15, 2033									540,000	491,288	48,712	$433,455
20	March 15, 2034									456,288	433,455	22,833	$0

Interest Rate Assumptions (approximations) *

3.600%	10 yr A Muni Bond Rate (recent rate + 25 bp)
4.400%	15 yr A Muni Bond Rate (midpoint of 10/20 year rates)
5.200%	20 yr A Muni Bond Rate (recent rate + 25 bp)

* Interest rates were taken from recent quotoes of national averages for tax-exempt municipal bonds rated "A", plus 25 basis points to reflect variability and rising rates. The rates available to Grundy County and/or Morris or Minooka could be quite different.

Johnson Research Group, Inc.
February 19, 2014

Brisbin Road Value Capture Analysis

Appendix A

Maps

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Figure 1: Study Area Parcels

Date: May 2013 Source: Bing Aerials 2012, Grundy County GIS Dept, Grundy County Tax Clerk

Table 1: Property Value

Map ID	Parcel Owner	Parcel PIN #	Acres within Study Area	Assessed Value
1	AUGSBURG WILLIAM J & KATHRYN ANN	0306200007	2.04	$9,220
2	BELLM THOMAS	0307200002	1.00	$61,740
3	BERGSTRESSER DAVID J & SUSAN	0306200005	1.08	$45,020
4	BOLS BERNARD K & DEBORAH J	0306100003	93.15	$9,980
5	BOLS LEONARD J & WINONA	0306200008	93.54	$10,510
6	BRISBIN, MINOOKA, & SHERRILL ROADS LLC	0201200007	7.65	$790
7	BRISBIN, MINOOKA, & SHERRILL ROADS LLC	0201200006	70.55	$7,600
8	BRISBIN, MINOOKA, & SHERRILL ROADS LLC	0201200003	32.81	$3,730
9	BRISBIN, MINOOKA, & SHERRILL ROADS LLC	0201200004	39.45	$4,540
10	BRISBIN, MINOOKA, & SHERRILL ROADS LLC	0201400002	76.99	$8,640
11	COLLINS RUN LLC	0307100001	55.26	$7,090
12	COLLINS RUN LLC	0212300001	144.85	$45,180
13	COLLINS RUN LLC	0307300001	113.75	$15,230
14	COLLINS RUN LLC	0213200004	202.96	$156,490
15	COLLINS RUN LLC	0318300001	5.52	$48,370
16	COLLINS RUN LLC	0318300001	2.28	$48,370
17	COMMONWEALTH EDISON COMPANY	0201400004	22.80	$2,590
18	COMMONWEALTH EDISON COMPANY	0212200001	30.43	$3,960
19	COMMONWEALTH EDISON COMPANY	0213200001	30.42	$8,900
20	CONNOR CHARLES P TRUSTEE	0318100004	50.92	$48,060
21	CRAWFORD CHARLES B & DEBRA S	0318100001	1.49	$76,120
22	FOSEN KENNETH	0212400001	0.50	$17,840
23	FOSEN KENNETH	0212400002	0.67	$57,940
24	HADAWAY JAMES L & GARY TRUSTEES ETAL	0307200006	135.84	$20,810
25	HADAWAY JAMES L & GARY TRUSTEES ETAL	0307400012	47.82	$5,470
26	HARR MICHAEL K & BELINDA A	0307400014	10.02	$106,230
27	HENNE DAVID & CLARIECE J	0318200002	0.73	$43,280
28	KINSELLA BETTY L TRUSTEE	0213400004	29.16	$12,370
29	LYLE TODD L & LAURA M	0212200003	2.41	$50,840
30	MENS LEO J	0318300002	0.17	$26,170
31	PETERSON LEONARD & KAY	0201400003	3.10	$57,940
32	PHILLIPS SEDELLE W TRUSTEE	0318100002	49.31	$9,900
33	PRITCHARD HOWARD ETAL	0201400001	66.00	$7,940
34	RAAD RUSSELL & SHARI	0318200003	2.12	$60,740
35	REVISKY LOUIS R & VERONICA F	0306100001	1.50	$74,900
36	RISLEY DANIEL SR	0307400013	1.75	$83,660
37	RITENOUR JAMES & MARCIA TRUST	0307400015	21.11	$27,870
38	RITENOUR JAMES & MARCIA TRUST	0318200001	11.52	$1,870
39	ROBB HARRY & WENCHE K	0201200005	2.79	$45,680
40	ROCHNOWSKI PEGGY V	0318100003	8.01	$59,240
41	SALLESE IRENE M	0306400002	57.24	$51,120
42	SEGGEBRUCH TERRY L & CAROL B TRUSTEES	0306300001	136.92	$50,390
43	SIEGEL BURTON F & CAROLYNN M	0212200002	143.68	$29,200
44	SPEAR WILLIAM D & MARGARET A	0307200007	0.93	$55,630
45	STEFFES DEBORAH TROTTER	0318200012	37.43	$8,880
46	VAKSDAL VANCE & BARBARA CO-TRUSTEES	0213200003	0.35	$44,840
47	VAKSDAL VANCE L & BARBARA J	0213200002	0.73	$31,500

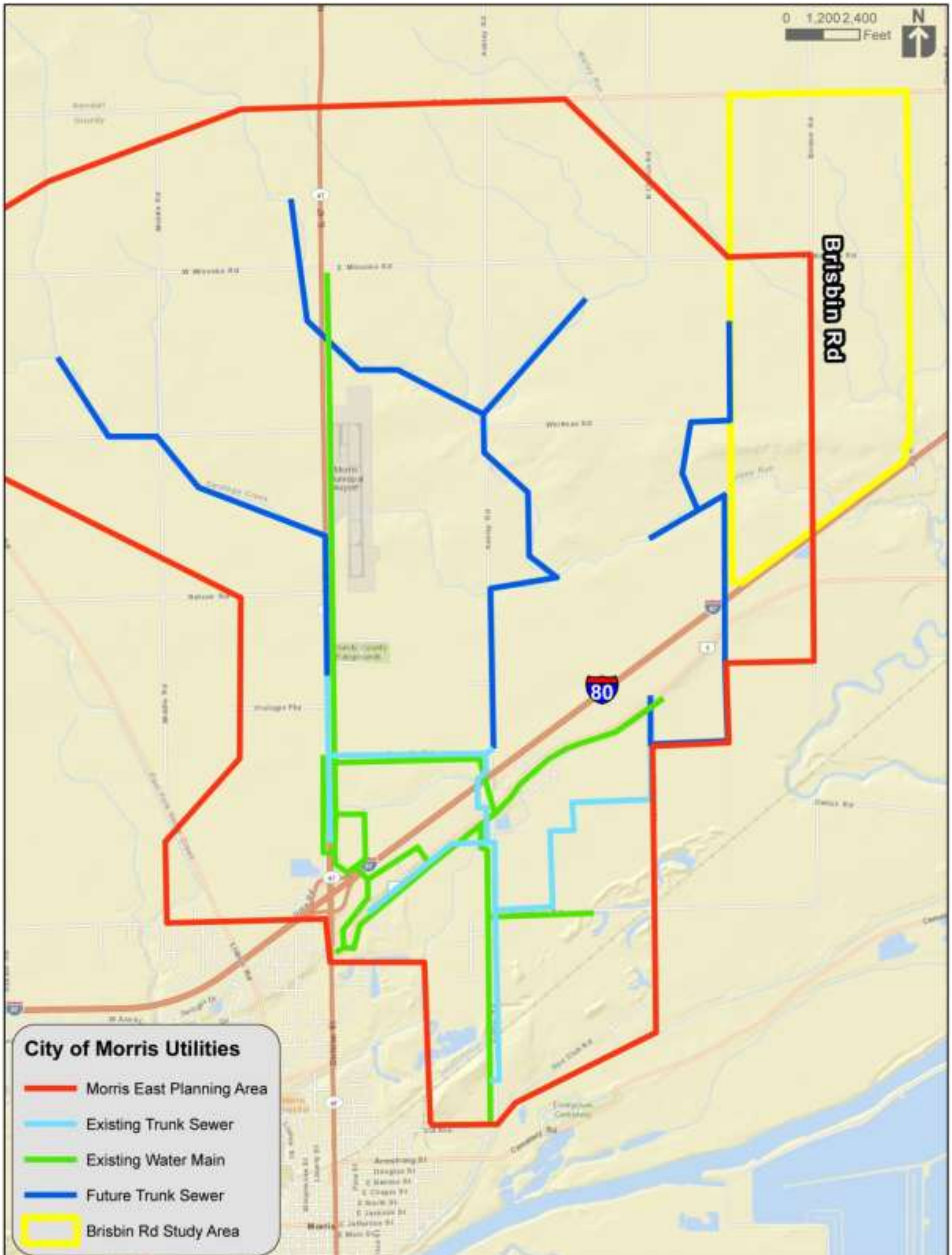
Figure 2: Zoning

Date: June 2013 Source: Bing Aerials 2012, Grundy County GIS Dept.

Figure 3: Property Classification

Date: June 2013 Source: Bing Aerials 2012, Grundy County GIS Dept.

Figure 4: City of Morris Utilities

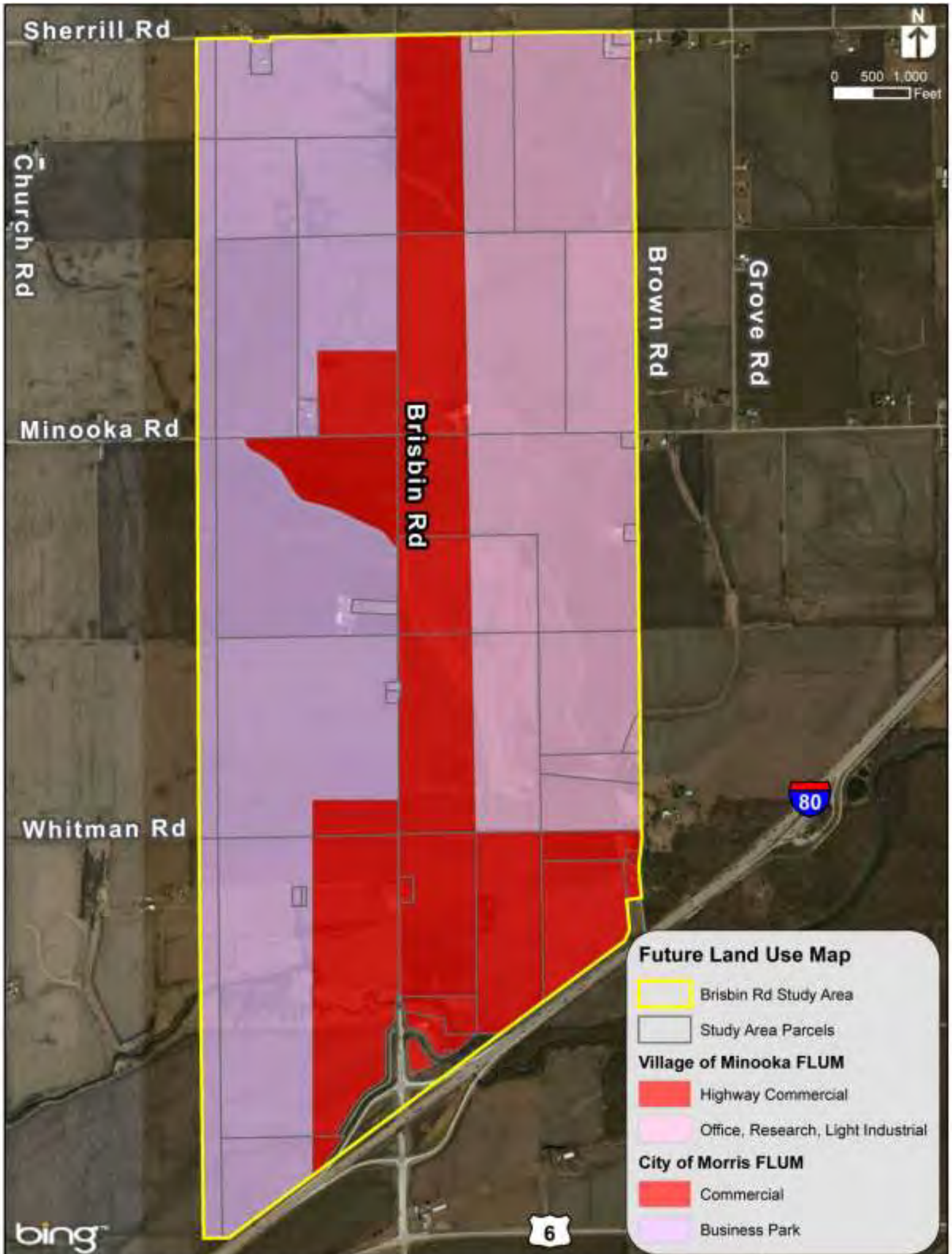


Date: June 2013 Source: Esri Street Basemap, City of Morris Utilities Map (Exhibit 3)

Figure 5: Planned Utilities

Date: June 2013 Source: Bing Aerials 2012, Grundy County GIS Dept, City of Morris Utilities Map (Exhibit 3), Village of Minooka 2005 Comprehensive Land Use Map

Figure 6: Future Land Use



Date: June 2013 Source: Bing Aerials 2012, Village of Minooka 2005 Comprehensive Plan Land Use Map, City of Morris Future Land Use Map July 2010

Brisbin Road Value Capture Analysis

Appendix B

Market Analysis Report

I. SUMMARY AND CONCLUSIONS

A. Project Scope

Valerie S. Kretchmer Associates, Inc. (VSKA) in association with RS&H prepared a market assessment for use and analysis with the Brisbin Road Value Capture Analysis Work activities include:

- Site inspections of the Brisbin Road corridor and competitive locations to the corridor.
- Interviews with local and regional Realtors, Grundy County staff, property owners and developers active in and near Brisbin Road.
- Data collection and analysis on area employment and population trends and forecasts.
- Data collection and analysis on the industrial, office, retail and residential markets as they relate to the future build-out of land in the corridor.

B. Summary and Conclusions

At present the Brisbin Road corridor is primarily undeveloped, agricultural land, with 1,851 acres for future development. Based on projections by the Chicago Metropolitan Agency for Planning (CMAP), Channahon and Minooka are projected to increase in population by over 15,000 by 2040 and employment is projected to grow by more than 8,000. Comparable data are not available for Grundy County, though growth is expected.

Real estate industry professionals and logistics users contacted for this assignment were in agreement that Brisbin Road is most suitable for industrial/distribution while retail, office or residential will play a limited role. Developers and users are looking at sites along this length of I-80 as industrial parks to the north in Joliet, Bolingbrook and Romeoville approach build-out. The area's strengths are large, contiguous, greenfield sites proximate to a new interchange on I-80, as well as its proximity to other regional highways serving Chicagoland and the Midwest. The area experiences far less traffic congestion than those closer to Chicago. The Brisbin Road study area also benefits from lower property taxes than Cook County, though comparable to Will County sites. Grundy County, Morris, Minooka and Channahon have good reputations for working with business. While the Brisbin Road study area is considered too far from the intermodal facility in Elwood for users who need rail, it can offer lower rents and sales prices for companies that do not require rail access.

Though Brisbin Road is on the fringe of the Chicago metro area, employers along the I-80 corridor can tap into the larger workforce in the southwest suburbs as well as in Grundy County. However, until utilities are extended, it will be difficult to attract the larger users looking for sites in the Joliet Area submarket. Grundy County's M&E tax on machinery and equipment puts it at a slight disadvantage over sites in Will County for manufacturers; however, other incentives by the County and state may level the playing field. As a result Brisbin Road is expected to be most attractive for warehouse and distribution facilities rather than for manufacturing companies.

The I-80/I-55 submarket is extremely competitive for industrial development. Sites along Brisbin Road will be competing with sites in Joliet, Elwood, Minooka and Morris. It is estimated that another 2,880 acres are available between Minooka and Morris, and another 2,307 acres are within 10 miles of the intermodal facility in Elwood. An industrial broker and developer estimated that 50-65% of the industrial users looking for space in this submarket want to be within 10 miles of the intermodal facility. Since Brisbin Road is beyond this distance, it will likely not be considered an option by those companies.

The I-80 corridor from Minooka to Morris can expect to capture 1-1.5 million square feet of space in one or more buildings each year on average over the next 15-20 years. At FARs for existing and planned buildings ranging from 0.27-0.49, buildings of this size would require 50-100 acres each. Once infrastructure improvements are complete, Brisbin Road will be competitive with parks in Minooka and Morris.

The corridor is not likely to attract freestanding office buildings as the southwest suburban office market tends to be very weak and very localized. Regional office buildings are located in downtown Chicago, and the west, northwest and north suburbs. Flex space that allows tenants to have office and/or warehouse space in one-story buildings with individual entries with accessible parking, will be possible at the north end of the corridor as I-80 proximity is less important. However, even this type of development is unlikely in the near term and will not likely happen until more residential and commercial development occurs throughout the area. Several office developments of 50,000 square feet are realistic estimates in the long term.

Over time, there is the possibility that the corridor could attract some retail development, primarily near the I-80 interchange to take advantage of the visibility and accessibility of the highway. Retail space along Route 6 in Morris and Channahon, Route 47 in Morris, and Ridge Road in Minooka tends to attract smaller centers and stores, with the exception of Wal-Mart and Jewel in Morris and Jewel further east in Channahon. Demand for big box retail stores is likely over time as residential development returns and the area becomes more populated. Some ancillary space for uses such as gas station(s), restaurants, convenience store, bank, etc. is also likely once the area develops more fully.

It is likely that over the next 25 years, there will be different retail formats with different space requirements that are not in play today. There are still many unknowns relative to the impact of online shopping to traditional shopping areas. Based on population growth and the national average retail space per capita, over the next 25 years, growth in the area could potentially support 955,000 square feet of retail space in shopping centers and freestanding stores, based on current retail formats. Brisbin Road could accommodate this development, although there are several competing locations in the area.

The corridor is not a likely location for residential development. Assuming industrial and distribution uses are dominant, the only possible residential location is at the north end of the corridor. Population and household projections by CMAP show considerable growth in Channahon and Minooka, though Channahon's growth will not be near Brisbin Road. The corridor in Minooka and Morris could accommodate residential development; however, there are already better residential sites in those municipalities.

Current values for raw land *without utilities* are $8,000-14,500 per acre on the U.S. 6 corridor and farther north of I-80. Properties for sale with frontage on U.S. 6 in Minooka *with utilities* are asking $60,000-80,000 per acre, but realistic sales prices are $50,000-60,000 per acre. In comparison, land near the intermodal facility in Elwood is $150,000-200,000 per acre. Land prices along Brisbin Road should be in the $60,000-80,000 per acre range once utilities are in place.

The Brisbin Road corridor is estimated to develop as follows once infrastructure is in place:

Industrial/Distribution	Average 250,000-350,000 square feet per year, with some buildings of 1-1.5 million square feet once infrastructure is in place. This is over a 20-year period for a total of 5 to 7 million square feet.

Office/Flex Space	25,000-50,000 square feet every 3-5 years, starting a few years after infrastructure is in place, for a total of 165,000 to 350,000 square feet over 20 years.
Retail/Service	25,000-50,000 square feet of convenience-oriented retail, restaurants, etc. over a 3-5-year period once residential development occurs in the area. Possible big box space with a total of 300,000-500,000 square feet over the next 10-15 years.
Residential	Negligible

II. OVERVIEW OF THE STUDY AREA

A. Description of Current Land Use

The land north and south of I-80 along Brisbin Road is currently in agricultural use. However, there are large parcels owned by several landowners that are planned for industrial/distribution and mixed-use development that could include offices and retail centers. There are 908.38 acres on the west side and another 942.48 acres on the east side of Brisbin Road north of I-80 for a total of 1,851 acres. Chemical and energy companies are south of I-80 along the Illinois River since they value water access and limited rail service provided by a CSX spur. Utilities are available near the I-80 interchange but will need to be extended to properties along Brisbin Road.

B. Land Values

According to real estate brokers and developers interviewed for this assignment, raw farmland land with utilities only to the highway is selling for approximately $8,000-14,500 per acre on the U.S. 6 corridor and farther north of I-80. Sales in 2012 near Minooka Road west of Brisbin ranged from $9,800-14,500 per acre for parcels of 78-220 acres. Some sites were sold for farming, one was to a farm investor and another was to a speculative buyer.

Owners of prime sites located near the Brisbin Road interchange are asking $60,000-80,000 per acre with frontage on U.S. 6, with smaller parcels at the upper end of the range. For the area south of U.S. 6 between Morris and Channahon, with similar utilities but closer access to the CSX spur line, the price is about $50,000 per acre. However, pricing is untested as most of the land is currently unsold and undeveloped. A realistic range is likely to be $50,000-60,000 per acre for industrial land in some locations, with lower prices away from I-80 and U.S. 6.

By way of comparison, fully improved land at the CenterPoint Intermodal facility in Elwood with access to the main CSX rail line is said to sell for $3.50-4.50 per square foot ($150,000-200,000 per acre) with slightly lower build-to-suit prices.

III. DEMOGRAPHIC AND ECONOMIC TRENDS IN THE STUDY AREA

A. Demographic Trends

VSKA analyzed population and household trends based on data prepared by CMAP from 2010 to 2040 for Channahon and Minooka. Comparable projections are not available for Grundy County or for Morris. Table 1 on the following page shows the growth in population and households between 2000 and 2010.

Between 2000 and 2010, the population of Channahon increased by 55% to 12,300, while Minooka increased by 122% to 10,900 and Morris increased by 13% to 13,600. Grundy County as a whole increased by 33% to 50,100. The number of households increased at similar rates over the last decade.

Table 2 shows projections from 2010 to 2040. We have included Joliet because it is just north of the study area and development is extending south from it. As shown, Channahon and Minooka together are projected to grow by 15,750 people and 5,759 households over this time period. In comparison, Joliet is projected to grow by more than 77,000 people and 30,000 households.

Projections for Morris and Grundy County are not available. The State of Illinois prepared population projections by county based on 2000 Census data. The 2010 projection for Grundy County is well below the 2010 Census figure and the 2030 projection is only slightly higher than the 2010 Census. As such, these are not indicative of the future growth in the area. However, if we assume a similar rate of growth as the state projections (21% between 2010 and 2030), the projected 2030 population of the county will be 60,600.

B. Employment Trends

Overall employment in Grundy County increased by 12% over the last ten years according to data from the Grundy County Economic Development Council, with employment increases in service-related jobs and declines in goods-producing sectors. This is similar to what the Chicago metropolitan area has experienced as manufacturing requires fewer people to produce goods than in the past. Employment was stable over the past two years in manufacturing and transportation and warehousing, two sectors that drive industrial real estate, with construction down the most.

As of 2012, the largest employment sectors in Grundy County and their shares of the total were:

- Government - 15%
- Retail trade - 13%
- Health care and social assistance - 13%
- Utilities - 10%
- Manufacturing - 8%
- Construction - 8%

Comparable data for 2011 and 2012 are not available at the municipal level. Table 3 below provides data on total employment from 2007 to 2010 for Channahon, Minooka, Morris and Grundy County as a whole, as well as for the major industrial sectors.

Table 1

CHANNAHON, MINOOKA, MORRIS, AND GRUNDY COUNTY
POPULATION AND HOUSEHOLD CHARACTERISTICS

	Channahon		Minooka		Morris		Grundy County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Population								
2000 Census	7,344		3,971		11,928		37,535	
2010 Census	12,560		10,924		13,636		50,063	
Change, 2000-2010	5,216	71.0%	6,953	175.1%	1,708	14.3%	12,528	33.4%
Households								
2000 Census	2,279		1,315		4,831		14,293	
2010 Census	4,024		3,485		5,501		18,546	
Change, 2000-2010	1,745	76.6%	2,170	165.0%	670	13.9%	4,253	29.8%
Average Household Size, 2010	3.12		3.13		2.44		2.69	
Population by Age, 2010								
Under 5	817	6.5%	1,054	9.6%	938	6.9%	3,638	7.3%
5-14	2,301	18.3%	2,061	18.9%	1,846	13.5%	7,728	15.4%
15-24	1,640	13.1%	1,292	11.8%	1,672	12.3%	6,108	12.2%
25-44	3,494	27.8%	3,737	34.2%	3,744	27.5%	14,165	28.3%
45-54	2,100	16.7%	1,411	12.9%	1,953	14.3%	7,386	14.8%
55-64	1,298	10.3%	846	7.7%	1,540	11.3%	5,492	11.0%
65+	910	7.2%	523	4.8%	1,943	14.2%	5,546	11.1%
Median Age, 2010 (years)	35.9		31.3		37.8		36.1	

Note: Numbers may not total due to rounding.

Source: Demographics Now and US Census.

Table 2

POPULATION AND HOUSEHOLD PROJECTIONS, 2010-2040

Municipality	Population				Households			
	2010	2040	Change	% Change	2010	2040	Change	% Change
Channahon	12,578	26,071	13,493	107.3%	4,037	8,695	4,658	115.4%
Minooka	12,545	14,802	2,257	18.0%	4,076	5,177	1,101	27.0%
Joliet	165,255	242,284	77,029	46.6%	55,247	85,410	30,163	54.6%

Source: CMAP. Grundy County is not included in CMAP's projections.

Table 3

GRUNDY COUNTY, CHANNAHON, MINOOKA AND MORRIS AT-PLACE EMPLOYMENT FOR SELECTED INDUSTRIES - 2007-2010

	2010		2009		2008		2007		Change 2007-2010	
Industry (NAICS)	**Number**	**% of Total**	**Number**	**% of Total**	**Number**	**% of Total**	**Number**	**% of Total**	**Number**	**% of Total**
All Industries										
Grundy County	16,224		16,357		16,873		15,849		375	2.4%
Channahon	3,447		3,514		3,775		3,751		(304)	-8.1%
Minooka	2,228		2,449		2,164		1,961		267	13.6%
Morris	6,951		6,939		6,990		6,758		193	2.9%
Manufacturing										
Grundy County	1,311	8.1%	1,357	8.3%	1,811	10.7%	1,772	11.2%	(461)	-26.0%
Channahon	1,345	39.0%	1,248	35.5%	1,452	38.5%	1,533	40.9%	(188)	-12.3%
Minooka	200	9.0%	249	10.2%	253	11.7%	253	12.9%	(53)	-20.9%
Morris	247	3.6%	324	4.7%	414	5.9%	426	6.3%	(179)	-42.0%
Transportation and Warehousing										
Grundy County	737	4.5%	815	5.0%	1,182	7.0%	1,054	6.7%	(317)	-30.1%
Channahon	262	7.6%	289	8.2%	295	7.8%	261	7.0%	1	0.4%
Minooka	252	11.3%	379	15.5%	226	10.4%	195	9.9%	57	29.2%
Morris	120	1.7%	113	1.6%	110	1.6%	126	1.9%	(6)	-4.8%
Wholesale Trade										
Grundy County	360	2.2%	394	2.4%	437	2.6%	356	2.2%	4	1.1%
Channahon	173	5.0%	125	3.6%	145	3.8%	134	3.6%	39	29.1%
Minooka	59	2.6%	78	3.2%	56	2.6%	36	1.8%	23	63.9%
Morris	144	2.1%	145	2.1%	141	2.0%	133	2.0%	11	8.3%

Source: U.S. Census, Local Employment Dynamics via On The Map

Between 2007 and 2010, Grundy County registered an increase of 375 jobs or 2.4%, noteworthy since this was in the depths of the recession. The largest absolute increases were in health care, accommodations and food service, education, utilities and construction. Employment was down 8% in Channahon with the largest decreases in construction and manufacturing. However, employment increased by 14% in Minooka with the largest increase in educational services. By industry sector, all areas registered increases in wholesale trade and declines in manufacturing employment. Minooka experienced a very large increase in transportation and warehousing as well (29%).

Table 4 shows employment projections from CMAP for Channahon, Minooka and Joliet from 2010-2040. Employment in Channahon and Minooka together is projected to increase by 8,400 or 182%. Joliet's employment will almost double with 49,000 new jobs projected. Will County is projected to register a 110% increase in employment. Similar projections for Morris and Grundy County are not available.

Table 4

EMPLOYMENT PROJECTIONS, 2010-2040

Municipality	2010	2040	Change	% Change
Channahon	2,640	7,165	4,525	171.4%
Minooka	1,983	5,875	3,892	196.3%
Joliet	54,246	103,111	48,865	90.1%

Source: CMAP. Grundy County is not included in CMAP's projections.

The Illinois Department of Commerce and Economic Opportunity prepared projections for the state's workforce investment areas, though they were done prior to the recession and cover the period from 2008 to 2018. Grundy County is combined with Kankakee and Livingston counties in the state's projections. Overall employment in the three counties is projected to increase by 5% with the largest increases in occupations related to health care, education, social services, food preparation and serving, personal care and services, and motor vehicle operators. Smaller increases are projected in construction, transportation and materials moving occupations, while production occupations are projected to decrease in number.

IV. INDUSTRIAL MARKET

A. Industrial Market Trends

The Brisbin Road corridor is within the Joliet Area submarket as defined by real estate brokerage firm CB Richard Ellis (CBRE). This covers Channahon, Minooka, Morris, Joliet, Crest Hill, Elwood, Frankfort, Homer Glen, Lockport, Manhattan, Mokena, New Lenox, Orland Park, Plainfield, Rockdale and Shorewood. As a comparison, we also looked at the Far Southwest Suburbs to the northeast (Bolingbrook, Burr Ridge, Clarendon Hills, Darien, Downers Grove, Hinsdale, Lemont, Romeoville, Westmont, Willowbrook and Woodridge) and the Far West Suburbs to the north (Aurora, Lisle, Montgomery, Naperville, North Aurora, Oswego, Plainfield, Sugar Grove, Warrenville, and Yorkville).

Table 5 below shows the industrial market trends in the Joliet Area submarket as compared to the overall Chicago metro area and the adjoining submarkets. Details are included in the Appendix. The Joliet Area is considerably smaller than the two nearby submarkets and vacancy is considerably higher. According to recently released data for the first quarter of 2013, the Joliet Area's vacancy rate decreased from 17% to 13.9%, still well above that of the Far Southwest suburbs and Far West suburbs at 7.3% and 6.9% respectively. The year-end 2012 vacancy rate for the entire Chicago metro area stood at 7.5% and it declined to 7.4% as of the first quarter of 2013.

Table 5

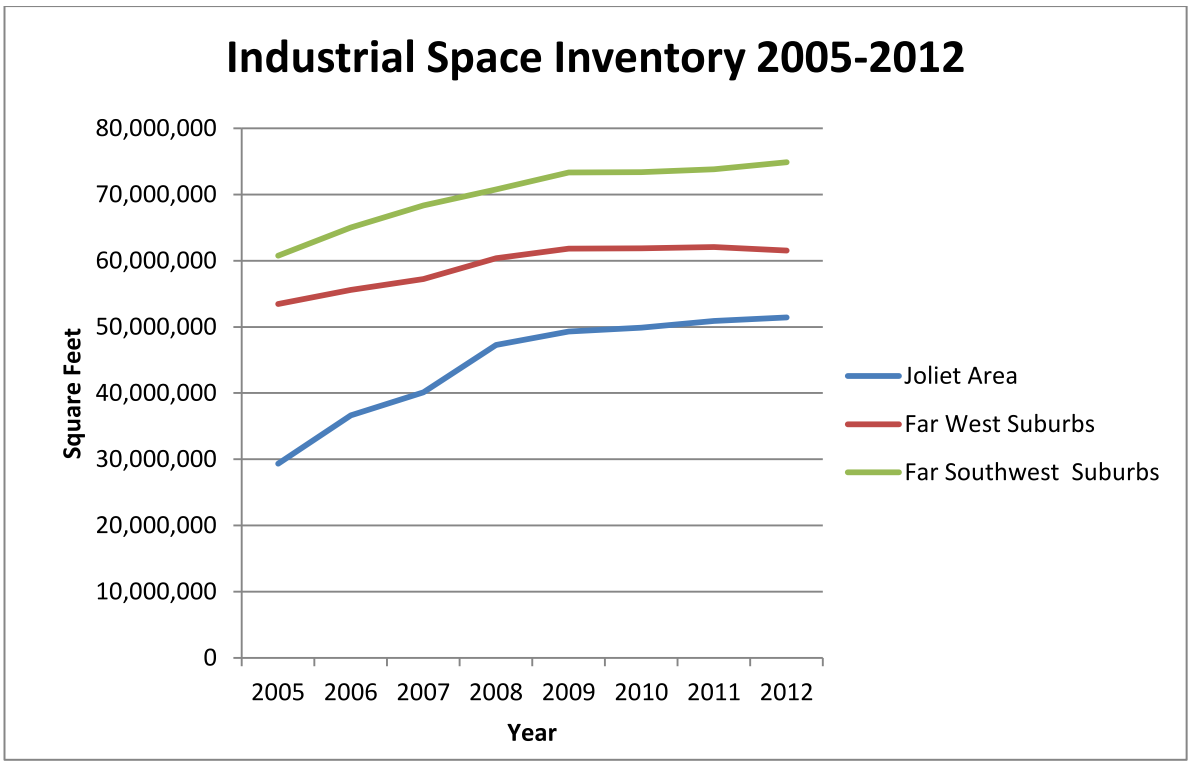
SUMMARY OF INDUSTRIAL SPACE IN THE JOLIET AREA, FAR WEST AND FAR SOUTHWEST SUBURBS

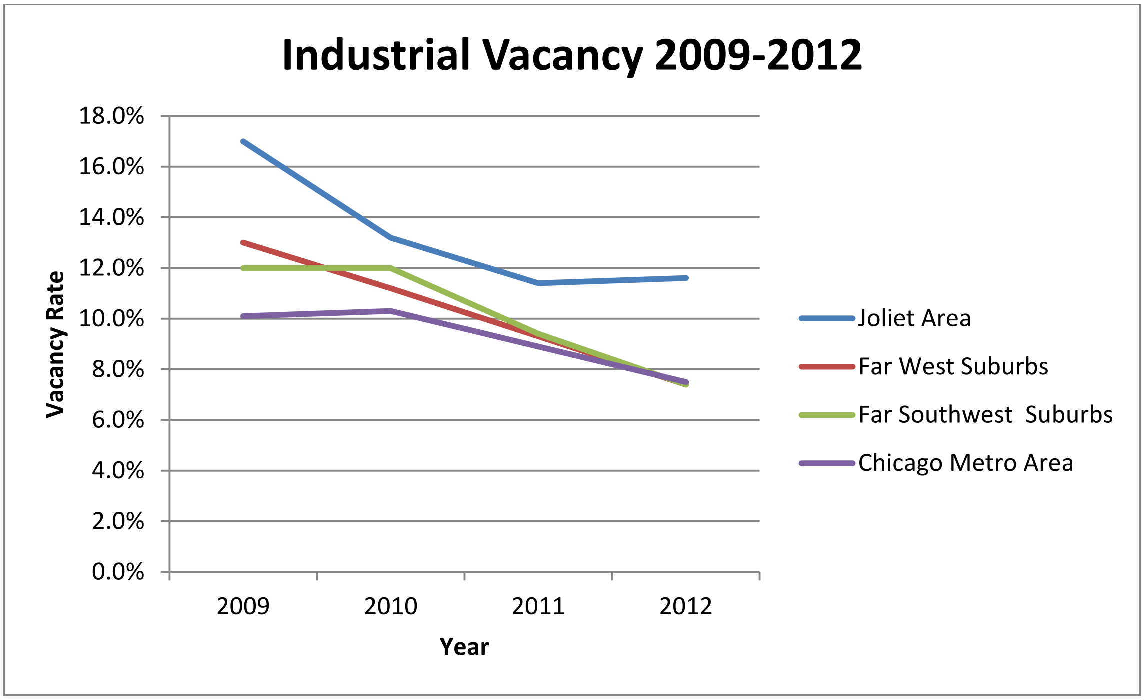
	Joliet Area	Far West Suburbs	Far Southwest Suburbs
<u>Year-End 2012</u>			
Total Square Feet (SF)	51,437,182	61,557,010	74,884397
Vacancy Rate	17%	7.4%	7.5%
SF Under Construction	2,300,000	82,350	0
Asking Rents/SF	$2.75-4.25	$3.5-4.75	$3.25-5.00
Net Absorption (SF)	325,549	1,251,960	1,913,152
<u>2005-2012</u>			
Total Space Added (SF)	22,101,735	8,088,784	14,133,594
Average Annual (SF)	3,157,391	1,155,541	2,019,085

Net absorption is the difference in the amount of space occupied at the end of the year compared to the beginning. In 2012, the Joliet Area's net absorption was significantly lower than the other two submarkets. Despite low net absorption, the Joliet Area had almost 4.5 million square feet of sale and lease activity, greater than the Far West Suburbs (4.2 million square feet), but still well below that of the Far Southwest Suburbs (7.4 million square feet).

Over the last seven years, additions to the industrial inventory in the Joliet Area equaled the amount of space added in the Far West and Far Southwest Suburbs combined. Growth here is likely to eclipse these other areas in the coming years given the limited land for future development in the Far West and Far Southwest Suburbs. In the first quarter of 2013, the space under construction in the Joliet Area represents 85% of **all** of the space under construction in the entire Chicago metro area. This shows the extent to which the Joliet Area, and more specifically the southwest portion of the submarket, is the "next" area for large scale industrial development. Asking rents in the Joliet submarket are slightly lower than in the other two submarkets, another attraction for the area.

The graphs below highlight the trends in the three submarkets and metro Chicago area.





B. Competitive Industrial Locations

Warehouses/logistics facilities originally developed along the I-55 Corridor because it offered more space and better economics, but users were still largely oriented towards serving Chicago. Users subsequently pushed out from Chicago along the I-80 Corridor not just to serve the Chicago region, but to build regional distribution facilities or to consolidate facilities to serve broader markets. While proximity to the consumer is still important, nearness to Chicago has become less important for some companies.

There is no shortage of available industrial sites near I-80 from Joliet to Morris, many of which benefit from full services. Tables 6 and 7 and the map that follows at the end of this section provide a summary of current and planned industrial parks. In total, the Brisbin Road corridor has 1,851 acres that are potentially suitable for industrial development, primarily for distribution and warehousing. Many of the planned industrial parks near Brisbin Road are vacant, though developers and brokers are marketing sites. Few developers are building speculative buildings, though Clarius Partners has a one-million square foot spec building finishing construction in Clarius Park Joliet. This is the largest industrial building under construction in the entire Chicago metro area. The importance of the area along I-80 from Joliet to Morris is evidenced by the number of large industrial developers including ProLogis, CenterPoint and Trammell Crow, that are buying and/or developing property in the area.

Brokers active in this submarket suggested that industrial sites closer to Chicago along the I-80 and I-55 corridors are the primary competition to Brisbin Road. All logistics firms want to be as close as practical to the intersection of I-80 and I-55. They view Grundy County's strengths as large, contiguous, greenfield sites near the new full I-80 interchange, near I-55 and the Elwood intermodal facility. Romeoville and Bolingbrook to the north along I-55 have a shrinking supply of land for facilities in the 500,000-1 million square feet range.

There is a distinction in the market between sites considered well-located with respect to intermodal facilities and those without the intermodal advantage. One realty group uses a guideline that logistics/warehouse locations more than 10 miles from an intermodal facility gate, including that of the Elwood facility, lie effectively in a different submarket from those within 10 miles of the gates due to drayage costs which may run $150-$200 per truckload. Locations outside of the area directly adjacent to the intermodal facility but within the 10-mile threshold are said to be very attractive to heavy "container users". Brisbin Road is thought of as 13-15 miles from the intermodal facility in Elwood.

In respect to this submarket split, several brokers estimated that 50-65% of development in the I-80 Corridor market is intermodal, preferring to be within this 10-mile threshold. Locations along I-80 west of I-55 are attractive to the "non-intermodal" uses, which include national dry goods and consumer products companies such as Kellogg's/APL Logistics, Alberto Culver and Kraft. Companies like these primarily seek out the lowest marginal cost to deliver goods to customers, not only in Chicago, but elsewhere in the Midwest and to more distant locations. The types of tenants likely to be drawn to the Minooka-Morris area include warehouse, distribution, third-party logistics, grocers, consumer products and industrial supply firms. Lake Michigan water is an important consideration for perishable-food companies, as they need more water for refrigeration.

The area proximate to Brisbin Road does not command the price premium, but has relatively little traffic congestion compared to locations at the intermodal facility in Elwood (where 5 Class A rail lines converge), or other such competing locations. Brokers view the area to the east at the Ridge Road interchange in Minooka as congestion-constrained for truck traffic due to low clear-height rail overpasses and greater traffic congestion from automobiles and trucks. The I-80 exit to the west of Brisbin Road at IL-47 in Morris is seen as more of a retail/commercial service area, although ProLogis Park 80 is on IL-47 one mile north of this interchange. While IL-47 is a much stronger north-south route, it is also much more congested.

Other areas thought to be competitive to this submarket are I-39 as far south as Peru, I-88 to the intersection with I-39 at Rochelle (another intermodal facility), other locations further east on I-80 like Tinley Park, and the I-57 corridor south to University Park.

While perhaps no other location offers the amount of land available near I-80 as Brisbin Road, smaller buyers do have options nearby, as well as farther east and north in this submarket. A few larger users are also able to find sites in Joliet and other closer-in locations. Land is also still available at the existing ProLogis Parks in Minooka and Morris, and at Opus' Minooka Ridge Business Park. Some of these sites can accommodate one million square foot or larger buildings. Despite this, the market perception is that Minooka is approaching build-out, though some land is available at a high cost. Additional infrastructure investment is required if Brisbin Road is to be competitive. Landowners surrounding the Brisbin Road interchange are targeting very large single users and master-planned logistics/warehouse park operators who require large tracts of land. Landowners may also build facilities to specific large users' specifications, retain ownership, and lease the facilities back to these users.

Warehousing operations typically have fewer employees than manufacturers. Interviewee estimates range from approximately 10 employees per 300,000-400,000 square feet to as many as 200 employees for a 1.5 million square foot building. Newer automated buildings tend to require fewer employees. To be competitive, new buildings must have 36' clear heights, at least 50-55 docks and the ability to park trucks 75' long. Sales prices for existing big box industrial buildings along the I-80 corridor are said to be in the range of $35-50 per square foot which is similar to the prices along the I-55 corridor.

Prospective tenants typically move here from the southwestern suburbs or elsewhere in metropolitan Chicago. Several recently constructed buildings are for companies consolidating operations from multiple Chicago area locations. Trader Joe's was in the Romeoville/Bolingbrook area and is building an 800,000 square foot warehouse facility in ProLogis International Center South on Minooka Road.

C. Estimate of Build-out and Absorption along the Brisbin Road Corridor

As discussed in the preceding section, there are at least 2,880 acres in the submarket currently slated for industrial development excluding properties within 10 miles of the Intermodal facility. There are 1,842 acres along Brisbin Road for a total of 4,722 acres for potential industrial development. Knowledgeable brokers view build-out along Brisbin Road as long term, 20+ years, with sites in Joliet and Elwood developing more quickly because of their proximity to the intermodal facilities. Utility service along Brisbin Road is a major issue that will drive the pace of development. Some users are averse to locating in an area that does not have existing utilities, and sites are still available at parks in Morris and Minooka already served by utilities.

Typical users in the Joliet Area are large, ranging from several hundred thousand to over one million square feet. Based on interviews with active brokers and developers in the area, VSKA estimates that absorption will accelerate in the Joliet Area submarket over the next 5-10 years as large tracts become scarcer further north. Absorption in the Joliet Area submarket averaged 3.2 million square feet per year since 2005 and some of those years include the recession when demand was down and financing for new construction was difficult. Brokers report more interest in the area now and users are looking for increasingly larger buildings and tracts of land.

With good marketing and support from local government, one industrial realty group thought it reasonable to expect 10-20 million square feet of new industrial space over the next 10 years between Minooka and Morris on the I-80 Corridor at a pace of 1-2 large deals (1-1.5 million square feet each) per year. At FARs ranging from 0.27-0.49 for existing buildings and for sites currently being marketed, this amounts to 50-100 acres per year. Since Brisbin Road is not going to be able to attract all of the development in this section of I-80, full build-out is likely to take 20+ years, particularly because it is too far from the intermodal facility in Elwood. Absorption along Brisbin Road is likely to be in the range of 250,000-350,000 square feet per year on average over 20 years once infrastructure is in place, for a total of 5-7 million square feet.

Table 6

NON-INTERMODAL LOCATIONS POTENTIALLY COMPETITIVE TO BRISBIN ROAD INDUSTRIAL/DISTRIBUTION PROPERTIES

Name	Owner	Location	Municipality	Potential Build-Out (SF)	Acres Remaining	Current Status	Additional Details
Internationale Center South	ProLogis	Minooka Rd. and Internationale Pkwy. North	Minooka	6,240,692	123	849,691 SF existing bldg. avail. (former Clorox building) of approx. 2,610,692 built SF. Potentially 3,630,000 additional SF buildable.	Current occupants include Alberto Culver, APL Logistics for Kellogg's, and BMW. Ready land and building space avail. Master planned park. Current listing for former Clorox space slightly smaller than built space described in marketing materials. Concept plan shows 2 of 8 unbuilt bldgs. with over 500,000 SF (one above 1 mil. SF). Trader Joe's building 800,000 SF facility on 56 acres.
ProLogis Park 80	ProLogis	One mile N of I-80/IL-47	Morris	2,967,000*	90	No existing bldgs. avail. 806,400 built SF. Potentially 2,160,600 additional SF buildable on approx.	Kraft occupies the park's existing bldg. Master planned park. 100 acres advertised as available by owner, but concept plan shows slightly fewer. Concept plan shows both unbuilt bldgs. with near or over 1 mil. SF.
Minooka Ridge Business Park	Opus	Midpoint Road	Minooka	4,000,793	113	365,303 sf avail. in 965,183 SF existing bldg. at 801 Midpoint Rd. (divis. to 234,848 min.).	Master planned park with 4 bldgs. (2 built) on 213.2 acres total. Bldgs. III (861,430 SF on 53.5 acres) and IV (991,834 SF on 59.5 acres) currently being marketed as planned construction and not built.
Cherry Hill Business Park	Northern Builders, Inc.	Cherry Hill Rd. and New Lenox Rd./Haven Ave.	Joliet	NA	54.9 minimum	204,776 avail. (divisible) in existing bldg., expandable to 432,175 SF at 2510-20 Haven Ave., which will have 637,951 SF tot. Another bldg. in park has smaller space avail. (148,093 SF). Avail. 54.9 acres avail. for build-to-suit up to 959,940 SF.	Master planned park. 9 miles to I-55/I-80 interchange, 12 miles to Elwood Intermodal, 17 miles to Joliet Intermodal.
Liberty Business Center	Liberty Property Trust	Minooka Rd. and Ferguson Blvd.	Minooka	3,319,702*	225	Currently vacant land	Build-to-suits available from 250,000 SF to 1.2 mil. SF. Spec. regional distrib. bldg. proposed (1,002,553 SF divisible). Master planned park.
Clarius Park Morris	Clarius Partners, LLC	US-6 and Gun Club Rd.	Morris	2,961,960*	158	Currently vacant land	Build-to-suits up to 1.6 mil. SF contiguous. Concept plan shows 3 unbuilt, with one approx. 1 mil. SF. and the others signif. smaller. Master planned park.
Bulk Land ("Five Star")	Five Star Land Co./ Tabler Road Investments	S of I-80 from Gun Club Rd. to McLinden Rd.	Channahon/ Morris/Minooka	NA	2,202	Currently vacant land	Bulk land for sale zoned almost entirely industrial. Tracts range from 180 to 632 acres. A portion of one 372 acre tract fronts on Brisbin Road's west side south of US-6.
Bulk Land ("Holt Road")	HRM (marketing)	Approx. 1/2 mi. N of I-80 to Holt Rd.	Minooka	NA	194	Currently vacant land	Manufacturing zoned land with utility service being marketed for development. Owner not identified.
Land for sale	Marquette Properties	S side of US-6 and Ashley Rd.	Morris	NA	92	Currently vacant land	102 acre tract for "mixed use industrial/commercial," but 10 acres sold recently.

* Total supportable bldg. SF based on concept plans produced for marketing purposes.

Note: While VSKA has strived to capture any prominent properties in the immediate market and those above 300,000 SF elsewhere in the Joliet area submarket as defined by CBRE, the above list may not include all such properties on the market.

Source: Valerie S. Kretchmer Associates based on marketing brochures, major brokerage reports, and interviews with brokers and developers.

Table 7

INTERMODAL INDUSTRIAL/DISTRIBUTION LOCATIONS NEAR THE BRISBIN ROAD CORRIDOR

Name	Owner	Location	Municipality	Potential Build-Out (SF)	Acres Remaining	Current Status	Additional Details
Clarius Park Joliet	Clarius Partners, LLC	Amoco Rd. and Youngs Rd. (future connection)	Joliet	2,470,515*	134	New 1,001,160 SF spec. bldg. available starting 6/1/13. Potentially 1,469,355 additional SF buildable.	Located to capitalize on intermodal proximity. Master planned park.
CenterPoint Intermodal Center - Elwood	CenterPoint Properties	One mile S of Arsenal Rd. and Baseline Rd.	Elwood	NA (6,500 total acres across Elwood and Joliet, but much is built and not all are buildable)	329 minimum	329 acres currently available	250-acre site and 79-acre ready pad site with dual rail service (UP and BNSF). Latter can accommodate up to 1.4 mil. SF. Foreign trade zone.
CenterPoint Intermodal Center - Joliet	CenterPoint Properties	CenterPoint Way and Millsdale Rd.	Joliet		34 minimum	New 485,000 SF facility avail. Fall 2013	"Joliet Autobahn" bldg. on approx. 34 acres avail. Fall 2013 for manufacturing or distribution. Some acreage not buildable, e.g. 1,637 for Intermodal Terminals themselves, other acreage for container storage, etc. Located to capitalize on intermodal proximity. Foreign trade zone.
Ridgeport Logistics Center	Ridge Property Trust	Lorenzo Rd. and I-55	Wilmington	14,000,000	1,500	Currently vacant land	Land preparation ongoing, but bldgs. not yet constructed. Intended for industrial, commercial, office. Marketed for rail proximity. Advertised size range from 200,000 to 2 mil. SF. 3 miles from Elwood Intermodal.
Joliet Logistics	Trammel Crow Company	US-6 and Hollywood Rd.	Joliet	NA	270	Currently vacant land	First Industrial Real Estate was initial developer. No buildings yet constructed. Hollywood Rd./Houbolt Rd. are the same.
IL-53/Breen Rd.	Jones Lang LaSalle	SE corner of IL-53 and Breen Rd.	Joliet	600,000	40	Currently vacant land	Land for sale. Estimated build-to-suit possible for 600,000 SF. Zoned B-3, R-1B, so may also have commercial and/or retail in addition to industrial. 6 miles to Elwood Intermodal, 11 miles to Joliet Intermodal.
Speedway Logistics Center at Joliet Crossroads	Molto	3451 S Chicago St.	Joliet	NA	NA	575,024 SF (expandable) available in existing bldg. on 29.77 acres	5.1 miles to Elwood Intermodal, 12.5 miles to Joliet Intermodal.

* Total supportable bldg. SF based on concept plans produced for marketing purposes.

Note: While VSKA has strived to capture any prominent properties in the immediate market and those above 300,000 SF elsewhere in the Joliet area submarket as defined by CBRE, the above list may not include all such properties on the market.

Source: Valerie S. Kretchmer Associates based on marketing brochures, major brokerage reports, and interviews with brokers and developers.

Comp map

V. OFFICE AND RETAIL MARKETS

A. Office Market

There are few freestanding office buildings along the I-80 corridor from Joliet to Morris. Offices serve a very localized market in this corridor, consisting primarily of small offices for professionals and service businesses. Regional brokerage firms do not track office space in the I-80/Joliet Area as they do industrial space. This in and of itself is significant since it means that there is little interest from medium and large firms for office space in this area. The closest submarket to the study area is the South Suburbs, which covers the area between I-80 and I-55 from Lake Michigan as far west as I-355.

The South Suburbs have historically had one of the highest vacancy rates of any suburban submarket in the Chicago metro area. With only 2.5 million square feet of existing building stock as of year-end 2012, it is one of the smallest submarkets representing only 2% of the total suburban office market. It had a 27% overall vacancy rate and a 32% vacancy in Class A space. These rates are significantly higher than the total suburban vacancy rate of 22% and the Class A vacancy rate of 17% at the end of last year. Net absorption in the South Suburbs was negative in the past year meaning it had more space vacant at the end of the year than it did at the end of 2011. The average gross asking lease rate of $14.58 is far lower than the suburban average of $20.79 and the lowest of all suburban Chicago submarkets.

As of the first quarter of 2013, net absorption for the total submarket was positive for the first time since 2007, indicating the market is finally starting to recover. However, average asking rents are still decreasing slightly.

Brokers report very little interest in office space along the I-80 corridor from Joliet to Morris, other than a small amount of finished office space in industrial buildings. Looking ahead, they do not see demand for freestanding office buildings, even for back office use. As such, we do not think that the Brisbin Road corridor will become an office location. The distance from the rest of the Chicago suburbs and more limited labor pool make this less likely for traditional office buildings in an office or business park.

However, as the residential population grows, there will be more demand for professional and business services including health care, social, legal and financial services. This demand can be met in small office buildings near existing or future retail centers in Channahon, Minooka and Morris, or in flex space that is typically 1-story buildings with exterior entries for each tenant. In the near term, even small scale office development is unlikely. The Brisbin Road corridor is not as conducive to small professional office buildings compared to other locations.

However, flex space that is a hybrid of office and warehouse space for smaller tenants is possible, most likely at the north end of the corridor. These buildings are less dependent on truck traffic so they don't need to be at I-80. Several developments of approximately 50,000 square feet in multiple smaller buildings could be marketable once infrastructure is in place and the area becomes more populated with people and businesses. On average, the corridor could likely absorb 25,000-50,000 square feet every 3-5 years (once utilities are in) for a total of 165,000-350,000 square feet over 20 years. The benefit of this type of space is that it can easily be adapted to the needs of individual tenants as to the ratio of finished office vs. warehouse space. Construction costs, rents and operating expenses are lower than in multi-story buildings, making them affordable options for many small businesses. In addition, it is possible to start with one or two buildings and expand as demand warrants.

B. Retail Market

Retailers look for expanding residential construction and population when considering potential new sites. At this time, the largest retail concentrations are in Morris along Route 47, in Minooka along Minooka Road and Ridge Road, and in Channahon on Route 6. The retail space in Minooka and Channahon is locally oriented and further development is contingent upon an upturn in the residential market. Morris has a few larger retailers including Wal-Mart that do attract shoppers from a wider area, particularly from the more rural sections of Grundy County.

Residential development is unlikely to occur between the river and Route 6 given the heavy industrial concentration along Route 6 between Channahon and Brisbin Road. Assuming Brisbin Road develops as an area for industrial/distribution use, it becomes less attractive for homes and this affects the potential for retail development. That being said, there will be demand for convenience-oriented retail uses that can benefit from visibility and proximity to I-80, including gas station(s), convenience store(s), restaurants and possibly banks. These uses are possible at the interchange to take advantage of drive-by traffic on the highway, as well as residents and employees in the area. Over time, several big box retailers could find this an attractive location to serve the growing population between Joliet and Morris.

According to statistics from the International Council of Shopping Centers, the national average square feet of shopping center space is 23 per person and total retail space averages 46 per person. (This does not take into account overbuilding in many areas.) Based on these figures, the forecasted increase in population in Channahon and Minooka (15,750) would generate demand for up to 725,000 square feet of total retail space including 360,000 square feet of shopping center space by 2040. This is equivalent to 2-3 grocery-anchored community shopping centers or multiple big box stores. Assuming growth of 5,000 people in Morris (there are no official projections), the additional demand would be 230,000 square feet of total retail space including 115,000 square feet of shopping center space, with most of it likely to be closer to Route 47.

The projected growth in the three communities will result in demand for a total of 955,000 square feet of retail space over the next 25 years. A portion of that could be at Brisbin Road near the I-80 interchange if several big box stores are warranted. However, the optimum size of big box retailers, as well as future winners and losers, is difficult to predict. Today's "hot" retailers may be out of business in a few years if past retail trends continue.

Once infrastructure is extended, small scale convenience-oriented retail is possible at the interchange (gas station, mini-mart, restaurant(s)), but these will require relatively small sites (1 acre per 10,000 square feet as a general rule of thumb). Retail development along Brisbin Road will be in the medium to long term. A smaller amount of retail space, estimated at 25,000-50,000 square feet, is possible over a 3-5 year period once residential development resumes. It is possible that the corridor could draw some big box retailers over the next 10-15 years for a total of 300,000-500,000 square feet; however, this is predicated on significantly more residential development in Minooka, Channahon and Morris.

C. Land Prices and Rents

The small amount of commercial land immediately adjacent to I-80 is listed at $45,000/acre. Ready-to-build pads at the interchange have asking prices of $10-12/square foot ($435,600-$522,720/acre). Some of the best-located commercial land in Morris that sold for about $400,000/acre in 2005 would now sell for $150,000-$200,000/acre.

The newest, best-located retail space in Morris near I-80 rents for $23/square foot triple net. Asking rents for in-line space in another well located new center with a strong anchor are as high as $20/square foot, though they may dip as low as $10/square foot in the same center depending on tenant type and space needs. With a triple net lease, the tenant pays its pro rata share of common area maintenance, real estate taxes and insurance.

While other retail space is said to rent for up to $15/square foot, $10-12 is more common and represents a reasonable "going rate" for good quality space in this area. According to one leasing agent, some older, lower quality space rents for as little as $10-12/square foot gross, in which the cost of common area maintenance, insurance and real estate taxes are included in the rent, effectively reducing the rent even more.

VI. RESIDENTIAL MARKET

A. Building Activity

Since 2000, Channahon, Minooka and Morris added 4,651 new single and multi-family units for an annual average of 358 units. Construction was highest between 2003 and 2005 and then declined steadily through 2010. As shown in Table 8 below, construction activity picked up in 2012, though it is still far below the number of permits issued in the middle of the past decade. Development was highest in Minooka which accounted for 41% of this total. Data for Grundy and Will counties are shown for comparison.

Table 8

TOTAL RESIDENTIAL BUILDING PERMITS (UNITS) - 2000-2012

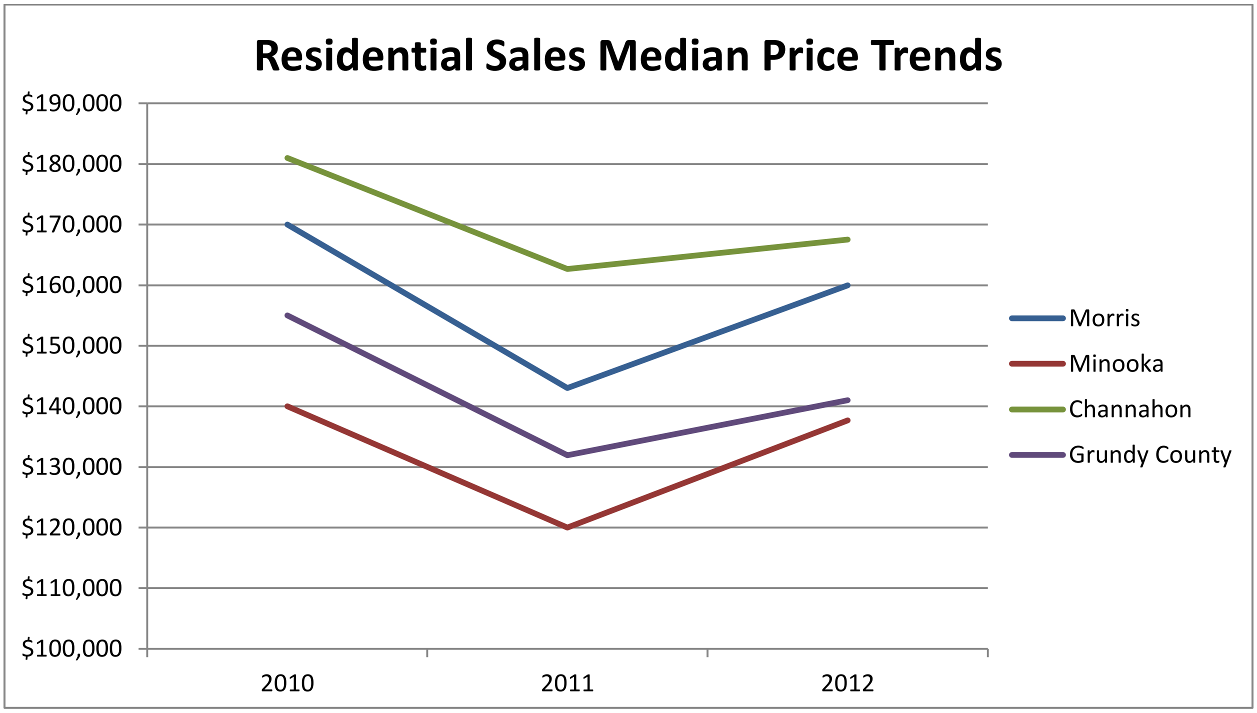
Year	Channahon	Minooka	Morris	Total for 3 Communities	Grundy Co.	Will Co.
2000	250	62	57	369	195	6,655
2001	238	56	68	362	222	7,121
2002	202	101	60	363	275	8,228
2003	269	578	64	911	883	9,070
2004	274	628	60	962	843	7,749
2005	311	411	64	786	529	8,017
2006	170	175	45	390	378	5,834
2007	67	46	38	151	141	2,806
2008	40	61	21	122	118	1,206
2009	40	30	13	83	52	503
2010	4	24	12	40	39	603
2011	5	35	9	49	51	511
2012	27	29	7	63	46	1,000
Total	1,897	2,236	518	4,651	3,772	59,303
Annual Average	146	172	40	358	290	4,562

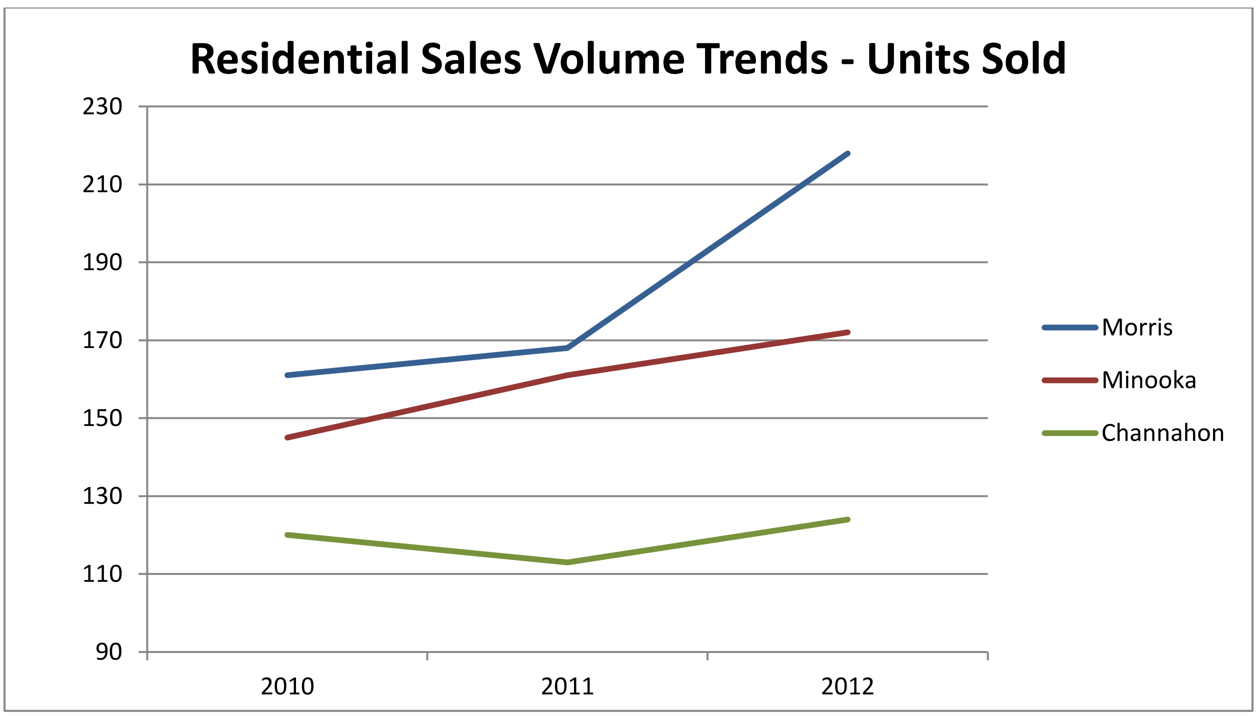
Source: U.S. Census Bureau and City of Morris. Morris multi-family units may be slightly higher than shown above as reported city totals are for permits and not necessarily for the number of units.

Based on household projections by CMAP, Channahon and Minooka will add a total of 5,759 households by 2040 with 19% in Minooka and 81% in Channahon. Only a small portion of the Brisbin Road corridor south of I-80 is in Channahon, so that it is unlikely that even a small share of Channahon's growth will occur along Brisbin Road. Minooka is projected to grow by 1,100 households and it is possible that a small share could be at the north end of the Brisbin Road corridor. Similar projections are not available for Morris, but it is possible that some residential development is possible in the Morris portion of the corridor, also at the north end.

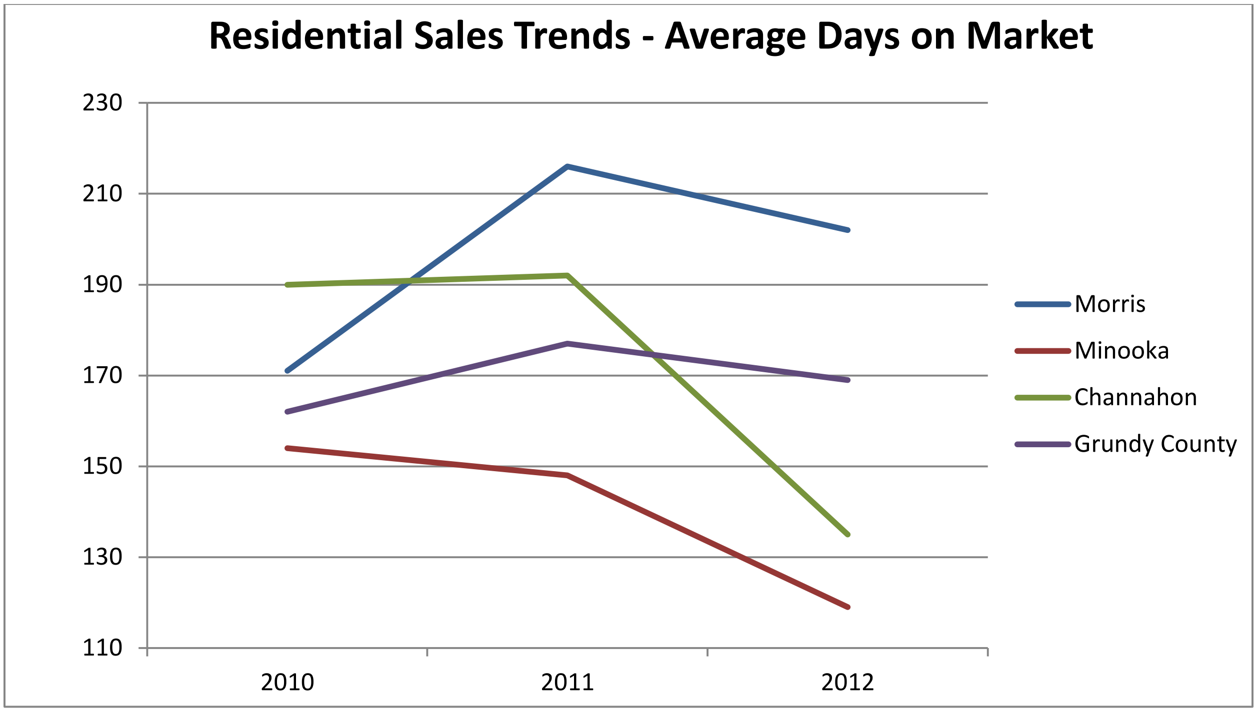
B. Home Sales

The graphs below show trends since 2010 relative to the prices and sales volumes in Morris, Minooka and Channahon. Median housing prices experienced a steep drop over the past few years (as happened throughout northeastern Illinois), but started to rebound in 2012 as shown in the graph below. Sales volumes also increased in the past year.





In addition, the average number of days that residential properties were on the market has decreased considerably in the past year as shown below. These are all encouraging signs.



C. Residential Outlook

Developers prefer to build in more established residential locations in Minooka, Morris and Channahon. Within 1-2 years, a handful of new-construction speculative homes may be built, but these are more likely to be north and east of Brisbin Road or in Morris, outside of the corridor area. Existing housing stock and preferred sites for new homes are still available to the northeast and in the core residential areas of the surrounding communities, where there are desirable neighborhood amenities. There is sufficient existing housing and land to absorb demand in the near- and likely the mid-term.

At present, the greatest residential demand is for existing two-story ranch houses with 3-4 bedrooms on ¾ acre lots. Unfinished basements or crawl spaces are desirable for those buyers who cannot afford fully finished models. Some housing stock built before the recession in new subdivisions was oversized and not affordable without unrealistic mortgages. There is likely to be a market for multi-family and single-family attached development in this part of Grundy County. They can be larger two-story buildings in character with nearby houses or townhome-style with attached garages and separate entrances, all targeted to families unable to afford single-family detached homes.

Current rents for quality multi-family product are $800 for one-bedroom and $1,200-$1,400 for two-bedrooms (not including utilities). However, given the lack of amenities and services, the Brisbin Road corridor is not a likely location for apartments in the foreseeable future.

D. Brisbin Road Residential Potential

Market demand for residential development is unlikely on the Brisbin Road corridor in the near and mid-term. With the potential for conflicts between residents and industrial users over noise, traffic and hours of operation, other sites are far better suited for housing. We recognize local plans for the area call for residential use in the north end of the corridor – potentially linked to work force housing. However, because there are other areas in the market already providing for a full range of housing, incentives may be required to successfully attract the type and quality of housing desired in this area.

APPENDIX

Joliet Area, Far West and Far Southwest Suburbs and Chicago Metro Area Industrial Market, 2005-2012

Residential Units Sold, Pricing and Days on the Market in Area Communities and Grundy County, 2010-2012.

JOLIET AREA, FAR WEST & FAR SOUTHWEST SUBURBS, & CHICAGO METRO AREA INDUSTRIAL MARKET
2005-2012

Location	Year-End	Gross Building Area (SF)	Vacancy Rate (Percent)	YTD User Sale & Lease Activity (SF)	Net Absorption	Avg. Asking Lease Range/SF
Joliet Area	2005	29,335,447	NA	3,565,270	NA	$2.90-$4.50
	2006	36,634,222	NA	4,242,628	NA	$2.80-$4.25
	2007	40,126,856	NA	1,342,475	NA	$2.80-$4.75
	2008	47,270,316	NA	3,669,227	NA	$2.75-$4.25
	2009	49,324,904	17.0%	4,395,078	2,975,270	$2.75-$4.25
	2010	49,904,451	13.2%	4,518,087	1,804,561	$2.45-$4.25
	2011	50,899,306	11.4%	3,187,170	1,549,975	$2.55-$4.25
	2012	51,437,182	11.6%	4,469,721	325,549	$2.75-$4.25
Far West Suburbs	2005	53,468,226	NA	3,587,197	NA	$3.05-$4.50
	2006	55,581,882	NA	3,847,510	NA	$3.30-$4.65
	2007	57,254,170	NA	2,943,924	NA	$3.30-$4.65
	2008	60,383,282	NA	4,177,329	NA	$3.30-$4.65
	2009	61,819,993	13.0%	3,319,307	(1,245,187)	$2.95-$4.75
	2010	61,882,327	11.2%	4,867,342	1,290,417	$3.05-$4.75
	2011	62,048,412	9.3%	4,379,291	596,971	$3.05-$4.75
	2012	61,557,010	7.4%	4,173,806	1,251,960	$3.50-$4.75
Far Southwest Suburbs	2005	60,750,803	NA	6,785,082	NA	$2.95-$4.65
	2006	65,018,971	NA	5,744,087	NA	$3.25-$6.00
	2007	68,332,783	NA	7,853,137	NA	$3.25-$5.50
	2008	70,780,470	NA	5,859,247	NA	$3.15-$5.50
	2009	73,328,418	12.0%	4,396,398	623,216	$2.95-$4.95
	2010	73,359,880	12.0%	4,818,439	(393,523)	$2.65-$4.95
	2011	73,823,758	9.4%	7,335,282	362,500	$2.75-$4.95
	2012	74,884,397	7.4%	7,392,683	1,913,152	$3.25-$5.00
Chicago Metro	2005	1,008,708,320	NA	50,866,078	NA	NA
	2006	1,039,400,842	NA	50,525,969	NA	NA
	2007	1,059,296,300	NA	41,279,896	NA	NA
	2008	1,084,098,758	NA	47,314,462	NA	NA
	2009	1,099,595,664	10.1%	42,692,287	(5,187,762)	NA
	2010	1,098,887,174	10.3%	46,080,461	1,117,006	NA
	2011	1,104,841,554	8.9%	51,548,598	14,977,353	NA
	2012	1,107,490,581	7.5%	55,459,597	16,574,613	NA

Note: Data are from Fourth Quarter
NA: Not Available

Source: CB Richard Ellis MarketView Chicago Industrial reports.

RESIDENTIAL UNITS SOLD, PRICING, AND DAYS ON MARKET IN AREA COMMUNITIES AND GRUNDY COUNTY

Calendar Year 2012	Morris		Minooka		Channahon		Grundy County	
	Single-Family Detached	Single-Family Attached	Single-Family Detached	Single-Family Attached	Single-Family Detached	Single-Family Attached	Single-Family Detached	Single-Family Attached
Number of Units Sold	184	34	124	48	107	17	407	108
Average Sales Price	$187,716	$150,351	$162,558	$93,044	$192,653	$143,618	$165,950	$119,164
Median Sales Price	$160,000		$137,700		$167,550		$141,000	
Sales Price Range	$27,900-$1,435,000		$37,000-$445,000		$17,000-$575,000		$5,012-$1,435,000	
Average Days on Market	202		119		135		169	
Number of Sales by Price								
Under $100,000	50		41		16		129	
$100,000-149,999	43		59		24		151	
$150,000-199,999	59		50		36		124	
$200,000-249,999	30		15		22		59	
$250,000-299,999	14		4		17		27	
$300,000-399,999	14		2		8		16	
$400,000+	8		1		1		9	

Source: Multiple Listing Service (MLS) courtesy of Coldwell Banker Honig-Bell

RESIDENTIAL UNITS SOLD, PRICING, AND DAYS ON MARKET IN AREA COMMUNITIES AND GRUNDY COUNTY (CONT.)

Calendar Year 2011	Morris Single-Family Detached	Morris Single-Family Attached	Minooka Single-Family Detached	Minooka Single-Family Attached	Channahon Single-Family Detached	Channahon Single-Family Attached	Grundy County Single-Family Detached	Grundy County Single-Family Attached
Number of Units Sold	145	23	104	57	103	10	360	94
Average Sales Price	$164,894	$129,518	$167,207	$101,880	$177,911	$133,213	$157,420	$115,553
Median Sales Price	$143,000		$120,000		$162,649		$131,950	
Sales Price Range	$14,901 - $800,000		$57,750 - $525,000		$25,000-$500,000		$10,000-$800,000	
Average Days on Market	216		148		192		177	
Number of Sales by Price								
Under $100,000	47		51		17		131	
$100,000-149,999	41		52		22		138	
$150,000-199,999	39		30		38		95	
$200,000-249,999	15		12		20		42	
$250,000-299,999	14		10		8		23	
$300,000-399,999	7		4		6		16	
$400,000+	5		2		2		9	

Source: Multiple Listing Service (MLS) courtesy of Coldwell Banker Honig-Bell

RESIDENTIAL UNITS SOLD, PRICING, AND DAYS ON MARKET IN AREA COMMUNITIES AND GRUNDY COUNTY (CONT.)

Calendar Year 2010	Morris Single-Family Detached	Morris Single-Family Attached	Minooka Single-Family Detached	Minooka Single-Family Attached	Channahon Single-Family Detached	Channahon Single-Family Attached	Grundy County Single-Family Detached	Grundy County Single-Family Attached
Number of Units Sold	141	20	89	56	99	21	346	95
Average Sales Price	$191,098	$166,915	$175,546	$111,655	$202,713	$175,843	$174,407	$134,808
Median Sales Price	$170,000		$140,000		$181,000		$155,000	
Sales Price Range	$27,500 - $755,000		$42,000 - $421,500		$75,190 - $385,000		$12,000 - $755,000	
Average Days on Market	171		154		190		162	
Number of Sales by Price								
Under $100,000	24		26		1		80	
$100,000-149,999	32		52		19		119	
$150,000-199,999	47		44		54		129	
$200,000-249,999	22		15		19		47	
$250,000-299,999	22		3		19		39	
$300,000-399,999	11		4		8		23	
$400,000+	3		1		0		4	

Source: Multiple Listing Service (MLS) courtesy of Coldwell Banker Honig-Bell