

LEE COUNTY AD HOC COMMITTEE

Ron Conderman, Chairman
Craig Buhrow
Mike Pratt
Gene Bothe
Tom Fassler

Keith Bolen
Alan Pfeifer
Mark Wagner
Chris Henkel, Zoning Officer
Alice Henkel, Clerk

The Lee County Ad Hoc Committee met on Tuesday, January 25, 2011, at 7:00 p.m. in the Old Lee County Courthouse, Dixon, Illinois. Chairman Ron Conderman called the meeting to order and Clerk Alice Henkel called the roll. The following members were present: Craig Buhrow, Mike Pratt, Gene Bothe, Tom Fassler, Keith Bolen, Alan Pfeifer, and Mark Wagner.

Chairman Conderman asked if there were any changes or corrections to the minutes from the January 6, 2011 meeting.

Mark Wagner called attention to Paragraph 7 on Page 12, "Mr. Dishno commended the committee for taking the initiative. He feels the County is taking a pro-active stance which will allow it to head-off issues that could possibly arise."

Mr. Wagner said Mr. Dishno also indicated that the County should learn from mistakes that have been made. Mr. Wagner asked that this be included in the minutes.

In regards to Mr. Dishno's PowerPoint presentation, Mr. Wagner noted that the slide entitled, "Flicker Zone," on Page 3 of the presentation cannot be read. Mr. Wagner wanted to include the figures found on this slide as part of the minutes. Mr. Wagner provided the following coordinates: 750 meters, or 2,640 feet, east to west; and 990 meters, or 3,248 feet, north to south.

Gene Bothe made a motion to approve the minutes, including Mr. Wagner's amendments, and Mike Pratt seconded it. All were in favor.

Chairman Conderman introduced Chief County Assessment Officer Wendy Ryerson who was present for discussion regarding real estate valuation.

Mrs. Ryerson explained that she did not prepare a formal presentation as she felt it would be more beneficial to this committee to simply answer the questions it has.

Chairman Conderman wanted to know if any parcels have sold that have a wind turbine on it. Mrs. Ryerson said that there have been no sales of turbine-bearing parcels yet. She has had two separate appraisers come to her for advice on how to appraise two separate properties that have a turbine. While she was not privy to see the final appraisals due to confidentiality, she did learn that both properties were considered to have additional value because the turbines on the property provide an additional income for that property.

Mr. Fassler asked if any adjoining properties have been appraised or if appraisers had sought advice on how to appraise a property that is adjoined to a turbine-bearing property.

Mrs. Ryerson referred to the Mendota Hills project that was constructed in 2004. There has been sales occurring in and around that project since 2004. For her own benefit, she generated a list of residential sales that have occurred in and around the Mendota Hills project. Her list did not include farmland owners who are benefitting from leaseholds and was strictly limited to the adjacent, residential tracts located in Brooklyn Township, Wyoming Township, Willow Creek Township, or Viola Township because the project is primarily located in these four townships.

Mrs. Ryerson's list provides the number of residential sales that occurred and the median sales price of the total sales for a given year. She did not go to each property to determine if wind turbines are visible to a residence; it is simply based on the numerical data for sales recorded in Lee County.

<u>YEAR</u>	<u>NUMBER OF SALES</u>	<u>MEDIAN SALES PRICE</u>
2002	45	\$102,400
2003	45	105,900
2004*	62	107,500
2005	72	119,250
2006	61	141,645
2007	43	150,000
2008	30	107,500
2009	30	101,000
2010**	13	139,000

* Mendota Hills project was constructed during the year 2004.

** Data from the year 2010 may not be complete yet; additionally, one residence sold for over \$370,000 which has greatly skewed the median sales price.

Mrs. Ryerson stated that what she sees in this trend is what she has believed to be true all along. She believes that the project itself did not have a negative or detrimental impact on residential property values in these four townships; but rather the hard economic times have caused the decline over the last couple of years.

Mr. Wagner stated that he and some other concerned citizens met with Mrs. Ryerson around April or May, 2010 and she answered a lot their questions at that time.

Mr. Wagner wanted to point out that he feels Lee County has been "lucky" that it hasn't had a large wind farm built in the center of the County like they have done in DeKalb County. He thinks that people in DeKalb County, in the Waterman/Shabbona area, are experiencing something Lee County has yet to experience.

He further stated that the Mendota Hills project is a small wind farm that is remotely located, with few properties around it. He said that the Lee/DeKalb project doesn't have very many turbines in Lee County, and there aren't many homes near it.

Mr. Wagner said that if Lee County continues on like it has been, he feels that it is very possible that there will be wind farms surrounding areas with many residences, including himself, and "there's going to be a different story here."

Mr. Wagner went on to say that the committee is here to discuss a zoning issue and that this is a zoning body. All of his research shows that zoning is concerned with the health, safety, and general welfare of the public. He does not see revenue from taxes or money in that equation. "That would fall under the general welfare comment." He said the only way that general welfare falls into talking about money is when there is a reduction in property values, and that is the only thing he found legally.

Mr. Wagner said there is a lot of talk about the taxation of wind turbines and how great the taxes are. In his opinion, that is an issue for something outside of zoning. He thinks that in the past, the zoning board has made some findings of fact that included "all sorts of things under the general welfare that really shouldn't have been there."

Even though Mr. Wagner does not feel taxation is something that falls under the zoning concern, he would like to ask Mrs. Ryerson some questions regarding taxation and some questions about property valuation.

Mr. Wagner said that his research shows "local taxing authorities may abate real estate taxes on utility wind turbines if they live within an enterprise zone or are designated as a high-impact business." He said that this has been a controversial statement. He stated that according to people he has spoken to, including Mr. Loomis at ISU, it is agreed that in the future, taxation on wind turbines could be 100% abated. Mr. Wagner said there is nothing to say that the taxation on wind turbines is going to continue for all of perpetuity. The tax codes could change, and "all sorts of things could change."

Mr. Wagner asked Mrs. Ryerson if she agreed. Mrs. Ryerson said that she can't disagree because he is right, the tax code can change and it has happened for years. She said that the only thing she would add to that you have to measure the risk of that happening. If a wind company wants to get zoning in Lee County, one of the things the company can use to show a benefit to the community is the tax dollars. If the General Assembly takes that out of the equation, the wind companies know that they are going to have more of a challenge to come into certain areas. She personally doesn't see the wind companies pushing for it, and if they don't push for it, then who would push for them to have zero tax. That is how she looks at it.

Mrs. Ryerson said that anything can happen but she doesn't think it is practical or realistic that the taxes would be abated.

Mr. Wagner said that he thinks it is clear from the comments of the American Wind Energy Association and the Illinois Wind Energy Association that they want the taxation,

that that is there “step in” to the County. However, he really feels that in 20 years from now, when these projects are old and have changed hands many times, “we may see a situation here where they are going to be calling for it, that they can’t afford to pay taxes.”

Mrs. Ryerson said that she agrees that anything is possible.

Mr. Wagner asked Mrs. Ryerson if there are any wind turbines in Lee County that are located in an enterprise zone. Mrs. Ryerson said there are none.

Mr. Wagner said that he has heard and his research indicates that in the future, wind turbines can be designated as personal property or so-called pollution control devices, neither of which will generate any taxation for the County.

Mrs. Ryerson said that she thinks the reason that rumor keeps coming back and reoccurring is that the County Assessment Officer’s Organization (CAOO), which is a statewide organization, first tried to determine how to standardize the assessment of wind turbines so it may be done uniformly, it was considered to do it under the Pollution Control Act. She stated that even under this act, it is not true that there would be zero tax, there would have been something, but it was a law that was already in place that the CAOO thought might be applicable. The General Assembly was very much against that process, and ultimately they came up with the present standard.

Mrs. Ryerson said there is “zero truth” to that statement. She knows this question keeps coming back because of the consideration that was initially made, but it was ultimately dropped and was not considered practical.

Mr. Wagner asked if it is a “dead issue” and if it could not happen. Mrs. Ryerson said it is a dead issue but she cannot say it will never happen. She said that unless the General Assembly changes the law, it is not going to happen.

Mr. Wagner stated that under a certain section of the Illinois Property Tax Code, called Valuation of Wind Energy Devices, it states that “functional obsolescence and external obsolescence may further reduce the fair cash value of the wind energy device to the extent they are proved by the tax payer by clear and convincing evidence.” He thinks this seems to be another situation where there is a way that the owner of the turbine can prove that they would not have to pay any taxes. He asked Mrs. Ryerson if she is familiar with this section.

Mrs. Ryerson said that she is because she was involved in the discussion of that language. She said that when this code was being developed, both sides were involved. There were taxing districts, assessment officers and wind energy. Wind energy wanted to know if the turbines become functionally obsolete and are no longer producing energy. That clause was added in there so that if something is not producing electricity, it is possible to negotiate something with the assessment office that is practical. She said that this left flexibility on both sides of the table.

She stated that functional obsolescence is defined as “not producing electricity.” If it is not producing electricity, there are probably a lot more things to be concerned about, in addition to the property tax.

Mr. Pratt wanted to know who would make that determination. Mrs. Ryerson said the County Assessor would.

Mr. Pratt asked if there is a Board of Review. Mrs. Ryerson said that the Board of Review has authority over her. If she makes a determination that the wind company disagrees with, they have a right to appeal that to the Board of Review and then ultimately to the State Property Tax Appeal Board.

Mr. Bolen stated that he respectfully disagrees with Mr. Wagner when he said that the committee should not discuss taxes, even though Mr. Wagner proceeded to talk about taxes.

Mr. Bolen said that it has been made to look like the revenue from wind turbines is not real. Mr. Bolen referred to an ad that was in the Walnut Leader, dated January 25, 2011, that was submitted by the Informed Farmers Coalition.

The article shows that there is a 4% depreciation factor regarding the taxes. Mr. Bolen asked Mrs. Ryerson if there is another side to this formula. Mrs. Ryerson explained that it is true there is a depreciation being applied to these projects, and that it was a concession from the wind energy side of things. Since only 25% of the entire project is being taxed as real estate, it was their intention that that 25% represent the real estate, not any sort of personal property. It was their understanding that real estate doesn't depreciate, it appreciates.

Ultimately it was agreed that an appreciation factor would be applied, based on Consumer Price Index (CPI) and a depreciation factor would be applied. The depreciation was identified in the statute at 4% per year and that was based on a 25-year life expectancy. Appreciation is going to change from year to year based on the CPI.

Mr. Bolen asked if that was shown in the ad that was sent out to the public. Mrs. Ryerson said not that she could tell, and she didn't understand their math either.

Mr. Bolen said that this basically “scares” people into thinking that it will depreciate down to zero, with no side to the truth, which there is an offset of CPI to that.

Mr. Bolen asked Mrs. Ryerson if the average increases of the CPI from year to year is about 3%. Mrs. Ryerson said it is, and also, the tax rate will typically go up from year to year, so the other percent is wrapped up in the tax rate.

Mrs. Ryerson said that when this analysis was done, it was estimated that there would be a fairly flat income stream coming from these projects.

In regards to the housing market, Mr. Bolen asked what the assessed valuation, in general, in Lee County is doing. Mrs. Ryerson stated that the six townships to the east, in the Paw Paw area and north, have experienced the greatest decline in property values. But this same area also experienced the greatest increase in property values. To her, this is not surprising. Generally speaking, Dixon is finally starting to see a decline in property values by a percent or two.

She said that since Lee County did not see dramatic increases, it will not see dramatic decreases during the economic decline. Lee County has slow, steady growth and will experience a slow, steady decline if there is a decline, which is rare.

Mrs. Ryerson said that Paw Paw is a different story since there was a dramatic increase in property values starting in the late 1990's and early 2000's. Therefore, they are experience a more dramatic decline.

Regarding farmland, Mr. Bolen stated that from 1999 to 2007, that even though the price of farmland skyrocketed, the taxation on farmland went down about 10% annually. He asked Mrs. Ryerson if she agreed.

Mrs. Ryerson said she did, except for the last three years. Mr. Bolen said that in the last three years, the taxation has gone up about 10% annually. She agreed and said that this is one of her concerns with the ad that was in the newspaper because the article states, "At present time, anecdotal data indicates that wind turbines have a depressing effect on nearby land values and are a drag on the real estate market." Mrs. Ryerson said that the County is not seeing a decline in property values of agricultural land even though residential real estate is. Mrs. Ryerson said that even if the County was seeing this decline, assessments are not based on what farmland is selling for. Assessments of farmland in the State of Illinois are based on productivity, or the ability of the soil type to produce a crop. Real estate valuation and taxation really do not have anything to do with one another.

The problems Mrs. Ryerson sees with the article are: 1) Lee County is not seeing a decline of farmland values, and 2) even if Lee County was experiencing a decline in farmland values, it would not be negatively impacting the tax dollar.

Mr. Bolen explained that the productivity index is a formula including the price of corn and beans, cost of inputs such as fertilizer, and interest rates on a seven-year schedule, with a two-year delay. Mrs. Ryerson agreed.

Mr. Bolen then referred to a hand out that he had provided to the committee. The figures are based on a 2.3 megawatt turbine, as an example, that Attorney Fred Lane and some other attorneys put together, a third-party representing the Bureau County School Board.

The revenue to Lee County is approximately \$2,200 per turbine, annually. With a decline of four percent and an increase of 3% based on the CPI, the County may lose 1% of this annually.

Mrs. Ryerson wanted to clarify if Mr. Bolen was referring to Lee County, the taxing district, because the tax per turbine is running significantly more than that. Mr. Bolen said it is “the revenue on the revenue, annually,” for a 2.3 megawatt turbine to the County, not to the school district.

Mr. Bolen said that further down it shows the school districts. The Ohio District, for Ohio Elementary and High School, is about \$23,000 annually. He said that those sitting on the school board for that district can expect a 1% decrease, on average, for that revenue stream.

Mr. Bolen said that it is a pretty steady revenue source for a taxing body to calculate their revenue over the next 10 years. Mrs. Ryerson said that was the exact intent as to why they wrote the legislation, to keep it a steady revenue source.

Mrs. Ryerson said that she can not verify that Mr. Bolen’s information is right just by looking at it, but it does look about right.

Mr. Bolen said that it depends on the tax rate of the school district. Ohio’s school district is 47% higher than Bureau Valley’s, so they get more revenue from Lee County turbines than Bureau Valley would from Bureau County turbines.

On the revenue, on average, like in the Green River Wind Farm, there are 23 different taxing bodies, pensions, Sauk Valley College, Illinois Valley Community College, and it equates to over \$30,000 per turbine, per year. It may decline 1% annually, after the CPI has been adjusted.

Mr. Bolen stated that there is a lot of revenue coming into the local bodies when you include revenues to the farmers, maintenance done annually to the wind farm, plus the employment of local labor. He said that Mrs. Ryerson said that with the turbine providing added revenue to the farmer/landowner, that there is probably increased value to the farmland. Mrs. Ryerson said that is because there is an increased income stream.

Mr. Pratt wanted to know how to derive the value of a 2.3 megawatt turbine.

Mrs. Ryerson said that the standard that was adopted by the County identified a specific number. It started out, effective in 2007, at \$360,000 market value per megawatt. She said that number fluctuates from year to year because of the appreciation and depreciation; however, during the first year of the project, only appreciation is applied. After the first year, appreciation and depreciation factors are applied. Mrs. Ryerson takes the \$360,000 and she applies the years of appreciation as determined by CPI. That figure is then multiplied by the megawatt capacity of each turbine.

Mr. Pratt asked if that is a statewide practice. Mrs. Ryerson said it is. It did not use to be but it is now.

Mr. Wagner said that he wanted to say, in defense of the Informed Farmers Coalition, that after looking at that article, everything that he sees in there is true; and had they put everything in there, they probably would have had to take up the entire newspaper.

Mr. Wagner said he went through a very long discussion with Mr. Loomis, and this is a very complicated matter. He did not hear anything about trending factor which Mr. Loomis tried to explain because it is important when figuring out these calculations. He feels this is not a black-and-white issue.

Mr. Wagner said that, once again, there is no guarantee that any taxation for the school districts will continue in the future.

Mr. Wagner referred to the Property Tax Extension Limitation Law (PTELL). His understanding of this law is that it allows a school district to increase the taxation for a year or so if it's in an enterprise zone. He said that a school district has done this near the Railsplitter Wind Farm. They proposed a very large property tax increase and the Illinois Wind Energy Association commented that "this kind of a sudden change in tax structure could set a dangerous precedence for wind power in Illinois and possibly discourage future investment in the State." Mr. Wagner asked Mrs. Ryerson if she is familiar with this.

Mrs. Ryerson wasn't able to follow him because PTELL is different from an enterprise zone. She asked if this scenario had both the application of PTELL and was in enterprise zone. Mrs. Ryerson said Lee County is under the Property Tax Extension Limitation Law.

Mrs. Ryerson explained that PTELL was passed by this County. The General Assembly gave counties the option of doing that. It was intended to limit the extension of taxing district. The extension of taxing districts is basically the request for funding from year to year.

The concept of the General Assembly at that time was to slow down the rate of tax increase to "everyday, ordinary" property tax payers. The argument was over being in a metropolitan area that is growing rapidly, therefore putting pressure on school districts and roads. They wanted to be able to capture the increased taxes that are attributed to that new construction. The law said it would limit the extension or the levy request either 5% or the CPI, whichever is lesser, but a taxing district with new construction, whether it be residential, commercial, or industrial, can levy against that. In other words, that specific dollar amount of new construction was not limited like the property that had existed before.

Mrs. Ryerson said there is a "one-time opportunity." As the County Assessor Officer, has to identify whether it is new value or old value. When the extension is done in the County Clerk's office, they calculate the rate on the old value and they get to add additional revenue to that taxing district for the new property, but only during that first year following new construction. She further explained that taxing districts that are held to the PTELL, that is their only opportunity for growth.

She said she is a little confused by the comment made by the Illinois Wind Energy Association, unless it had more to do with the enterprise zone than PTELL.

Mr. Wagner read the following: “Built in the Lincoln/Logan County Enterprise Zone, the development was eligible for a 100% sales tax abatement on construction items and a property tax abatement for its first five years, with a 50% break for the next five years; but the wind company Horizon opted to only seek an abatement of sales tax on the construction materials. With the wind turbines coming online as new taxable property this year, the Hartsburg-Emden School District is proposing a property tax increase that will only impact new properties, mainly the wind turbines, of 27.12%. The PTELL statute explains that while increases in property tax extension are limited to the lesser of 5% or the increase in the National Consumer Price Index, CPI, taxing districts are allowed additional increases for new construction such as the wind turbines for one year only.”

Mrs. Ryerson wanted to clarify the term, “for one year only,” because she feels it is a little confusing by the way it is being phrased. Taxing districts have the opportunity to ask or increase their levy, or their request for funding, they get to increase that during the first year following new construction.

For example, if a levy request, pre-construction, was \$2 million, and during the first year following construction, the levy request is raised to \$3 million, that levy request will remain at \$3 million the following year. This means they will get \$3 million, plus 5% or CPI, whichever is lesser. It does not go back down to \$2 million after that first year.

Mr. Bolen asked if that is true for the construction of a new machine shed, grain bin, or building built in town. Mrs. Ryerson said it is, it applies to any new construction.

Mr. Wagner said that the thing he feels is interesting about this is on one hand the Illinois Wind Energy Association celebrates the fact that they are coming in and paying taxes; and then as soon as those taxes become more than what was being anticipated, they made the comment about setting a “dangerous precedence.”

Mrs. Ryerson asked if the Illinois Wind Energy Association is referring to the PTELL or the enterprise zone sales tax abatement. She is not clear on what they were referring to as setting a dangerous precedence.

Mr. Wagner said that he thinks it is the school district raising its tax rate is what they are referring to.

Mr. Wagner asked Mrs. Ryerson if any wind company has ever missed its tax payment. Mrs. Ryerson said not to her knowledge, but to keep in mind that in the assessment office, she does not collect the tax. If they were to pay late, she would be the last to know.

Mr. Wagner asked if a wind company has ever challenged its tax bill. Mrs. Ryerson said no.

Mr. Wagner asked if she was aware that, in Wyoming, there is a large wind company that challenged the agreed upon tax rate and is refusing to pay the agreed upon taxes.

Mrs. Ryerson asked Mr. Wagner if he knew how the Wyoming level of taxation compares to Illinois and is it significantly higher. Mr. Wagner did not know. He was not able to find the article but he could find it and give it to Mrs. Ryerson.

Mrs. Ryerson said she is not aware of that but once the statewide standard was adopted, short of coming and talking about property values, she has been out of the mix of that. In the year that the standard was being developed, she did a lot of research on other states to see what they had done to possibly use as a guide as to what Illinois should do. Presently, she said she is "out of the loop on that."

Mr. Wagner wanted to discuss something called, "Payment in Lieu of Taxes" pilot agreement. He asked if any of these pilot agreements have been negotiated in Lee County. He has read that Indiana uses a pilot agreement and he has a letter from an attorney, suggesting that "a taxing district may abate any portion of its taxes on real property located within an enterprise zone. The county needs to negotiate a pilot program. This can be accomplished by requiring any application to include a so-called executed host agreement. Federal or State legislatures or a court can modify or remove taxation on the grounds that it is a good, green public policy or claiming the turbines as personal property, not real estate."

Mr. Wagner said the point is that a negotiated host agreement with a pilot would protect the county from lost taxation. He asked Mrs. Ryerson if she had an opinion on that.

Mrs. Ryerson asked Mr. Wagner if all of his information came from Indiana. He said no, that the information came from a letter he receive from an attorney who feels Lee County should implement this sort of payment in lieu of tax, that it would benefit the County.

Mrs. Ryerson says she has never given it any consideration. She has never had any "pushback" at the level the County is at with taxation, and she has never had any reason to believe that they wouldn't be paid. She said she doesn't know if she has an opinion on that.

Mr. Wagner said he keeps hearing about taxation for schools, and this is the main thing he hears as soon as anybody says anything about wind turbines not being the best thing. Mr. Wagner wants to know what about the children.

He would like to point out that not everybody feels this way, that there is taxation for the school district, that it matters so much. Mr. Wagner asked Mrs. Ryerson if any portion of those taxes go to kids in Catholic school or religious school. Mrs. Ryerson said not to her knowledge.

Mr. Wagner asked if any portion of those taxes go to any kids that go to private schools in the County. Mrs. Ryerson again responded not to her knowledge.

Mr. Wagner then asked if any portion of those taxes go to children who are home-schooled. Mrs. Ryerson response was no.

Mr. Wagner stated that where he lives, many children are home-schooled, and not just in the rural areas, but in the town. They could “give a hoot” about this. There is nothing in it for them.

He feels this is not the “slam-dunk” that some people from the school districts think it is. What Mr. Wagner hears when he is “hanging out in town and talking to people” is that the problem with the schools is basically wasteful spending. He said that is what the problem is. Mr. Wagner said that even former school officials have told him that the taxation for wind turbines, the portion that would go to the schools, would never make it directly to the children, that it is going to get lost in the administrative process, it’s going to help pension plans, and it’s not going to make the schools better.

Mr. Wagner said that it does irk him that home-schooled children and Catholic school children do not get anything, and not every kid in the County goes to public school. He said he just wanted to make that point.

Mr. Bolen said about 65% of the taxes collected goes to schools. Of a school’s budget, about 60% is in the “Ed Fund” which goes to teachers. Mr. Bolen said that if spending money for teachers to educate children within this County is wasteful, then he’s right but Mr. Bolen feels that is a “silly statement.”

Mr. Fassler said that this has been discussed before, with some of it being a “push.” He was told by an Amboy school board member that they got the money the one year; but the following year, the State did not give them the money they had the year before.

Mr. Bolen said the formula for General State Aid for the State of Illinois is called an equalizer. That means if you live in Plainfield, Illinois, the State is probably not subsidizing, or giving a General State Aid formula to Plainfield because they have a lot of children and a lot of wealth per child. If you take a school district that does not have a lot of wealth per child, they get far more General State Aid.

He said that the Green River and Walnut Ridge wind farms, together upon completion, that comes close to taking Bureau Valley’s borders of 340 square miles in Western Illinois and almost doubling the wealth. The State then accounts for the increase in wealth per child by reducing the General State Aid. Mr. Bolen compared it to a person taking a job and losing his or her unemployment benefits. Also, the more General State Aid the school receives, the more dependent the school district is on the State of Illinois for funding.

Mr. Fassler said that the point he is trying to get at is that the school districts aren't receiving more money. They receive money from the wind farms but they lose money from the State.

Mr. Bolen said that they are receiving more from property taxes but they are losing General State Aid. This also applies to construction of a house or a grain bin.

Mr. Fassler thinks that everyone thought wind turbines were going to be a boon for the school districts when they first came in, but it is not working out that way.

Mr. Bolen said that the Green River project has 437 megawatts. To equate the same equalized assessed valuation in Bureau Valley, approximately 350 houses with a fair-market value of \$350,000 would have to be built. He added that with that burden, there would be roads, bridge, and obligations.

Mr. Pfeiffer stated that he thinks that's true. He thought the committee was going to stay away from taxes but since it is talking about taxes he would like to add that community colleges have that same equalization factor.

Mr. Pfeiffer said that a person can say that not everybody uses the school because there are private school and home schools, and this can be used in almost every argument of everything taxes are paid on. There are people who never use schools because they do not have kids. There are people who never use the police department. He feels, however, that part of this paying of taxes is a social obligation that we have as citizens of this Country. Also, Mr. Pfeiffer said that not everybody uses that money responsibly, but not everybody uses it irresponsibly.

Mr. Bolen said that for Lee County and the other taxing bodies, there are no offsets, those are net figures on the other taxing bodies.

Mr. Bolen asked Mrs. Ryerson how Illinois ranks in taxation per megawatt or per turbine, in the United States. Mrs. Ryerson said that at the time the legislation was being drafted, it was reported by the wind energy projects that were at the table, that if the standard went through, and it did, that Illinois would be paying the highest per megawatt tax anywhere in the United States as of that date and time. Since she has been "out of touch," she cannot answer that. She said that was the argument that was used by the wind energy companies who were at the table for the discussion. The wind companies told them that Illinois would be higher than any other state and that it would drive businesses to other states.

Mr. Pratt wanted to clarify that it really doesn't matter if they cross the county lines, as far as the value, that the only difference is the multiplier. Mrs. Ryerson said that is correct and is the exact reason for adopting the statewide standard.

Mr. Wagner said that everything that was just said was interesting but that there is no guarantee that taxation on schools is going to be there forever, that the County better have a "Plan B."

After talking with many realtors in Lee and DeKalb Counties over the last year, Mr. Wagner said that the realtors have a “real gripe” because they feel wind turbines reduce property values, “no doubt about it,” and they are waiting for this intrusion of turbines into the County to really change things for them. They have all told him that they think that not only will the housing market drop significantly, but so will the value of the farmland. The realtors keep saying to Mr. Wagner that the way the County Assessor would look at this is completely different from the model they would use to look at it.

Mr. Wagner asked Mrs. Ryerson if she is a realtor. Mrs. Ryerson said she does not have a real estate license. What the realtors keep telling Mr. Wagner is that “only a realtor can make a proper determination of property values for the purpose of conducting a real estate sales transaction.”

Mr. Wagner stated that, for most people, the value of their home is their single-largest asset. He said that realtors claim, not just here but all over the world, that wind turbines significantly reduce property values and that tax assessors do not take into consideration things such as market time, the changing of realtors, the number of listings, the number of homes that were listed but then unlisted due to no offer.

Mr. Wagner said that since the assessor is basically looking at sales, the realtors have a huge problem with this because it does not take into account all the time, effort, and money they spent to sell a house.

Mrs. Ryerson understands where realtors are coming from but she would very respectfully, strongly disagree that only a realtor can do that. She said there are certified appraisers in the State that there wouldn't be a real estate transaction happening anywhere if there were not certified appraisers to appraise a property and determine that the value is what it should be so that lending decisions can be made. Further, realtors can't say that they are the only ones who can feel that.

Secondly, Mrs. Ryerson would add that when it comes to putting property values on from an assessment perspective, she does not consider how many days a property has been on the market because the fact that a home sits on the market for six months or a year could mean that the homeowner is being unrealistic with their purchase price.

Mrs. Ryerson said that fact is, and this is where the sales price comes in, what the property actually sold for. From an assessment standpoint, that is all she cares about.

She said that it needs to be kept in mind that it is her job to make sure everyone is paying his or her fair share of taxes.

In reference to the data Mrs. Ryerson had provided earlier regarding the Mendota Hills project, the bottom line is that the median price of a home in the Mendota Hills area continued to climb, even after the project was built. Mrs. Ryerson said that it doesn't matter how long those homes sat on the market, that it only matters how much they

actually sold for. She feels that the number of days a home has sat on the market doesn't really matter in determining whether property values are going up or down.

It is her feeling that property values should not be impacted by a seller who is not being realistic with his or her sales price.

Mr. Wagner said that someone could put their home on the market at a fair price and did not get it, and then they had to wait a couple of years to sell it. That might have a negative effect of their net worth.

Mrs. Ryerson said the County is seeing that right now due to the current economic times. The County is seeing a loss in property values because of the economy. Houses are sitting on the market for longer and longer, particularly in higher priced homes. This is taking place in Dixon. Even though the sellers are being conservative with their price, nobody wants to investment in a high-priced property (which she defines as over \$250,000).

Mrs. Ryerson feels that Mr. Wagner is trying to draw a parallel that this is happening because of wind energy, and she doesn't see the data that shows that.

Mrs. Ryerson said that Mr. Wagner and she have agreed to disagree on this matter; however, she agrees with him that market value is a matter of opinion. She used an example of a log cabin. There are some people who dislike them and would never have one; but there are people who love them and would pay a premium for them. She feels the same applies to wind energy projects. There are some who want nothing to do with them, and there are some who will be drawn to them.

Mr. Wagner said that when wind turbines come into an area, it transforms the area into an area that is industrial in character. When he bought his home, there were no turbines. He said that he fully expects to be a part of the decision-making when something so drastic is going to change his "view shed." He thinks he has property rights to say something about it.

Mr. Wagner feels Mrs. Ryerson is hinting at that everyone in the neighborhood has to change and people who don't like wind turbines are going to have to move out of the area so that people who do can come in. He said that he has said all along that if that is the position of the County, they should let everyone know that "this entire County is going to allow unbridled wind development, there is going to be wind turbines everywhere, this is your chance to get out of here before those wind projects come." That is how he feels about it, that people should be made aware of the fact because he feels it is going to change the population of the County.

Mrs. Ryerson said that she did not mean to imply that everyone who doesn't like wind energy needs to get out. When talking about a sale price, you are talking about a piece of property being for sale and someone coming into an area with a wind energy project and how do they make that decision, that is what she was referring to.

Mrs. Ryerson said that Mr. Wagner is in the area and he should have a right to have his thoughts heard.

As far as property value loss, Mr. Wagner referenced an article from the United Kingdom, dated August 3, 2009. He read, "People living near a site earmarked for a wind farm say their properties have plummeted in value since the scheme became public. A homeowner says, 'I had a valuation done at the start of the year, before anyone knew about the plans for the wind farm. Last week an estate agent gave me an opinion and said that the indications are that the property value had fallen by 20-30% since then. It is devastating because planning authorities do not take property prices into consideration but while these plans are hanging over us, people do not want to buy properties in the area, which means our options would be dramatically reduced if we wanted to move. People who have recently bought houses in the area will be left with negative equity.'"

Mr. Wagner went on to quote an article from Lake Benson, Ontario. "Things are slow in the housing market, partly because the overall economy is so bad, says a real estate agent; but things are even slower in areas overdeveloped with wind turbines."

Mr. Wagner agrees that property sales are reduced but that having a wind project near a residence does not help. He thinks that this reduces property value even more.

In Casper, Wyoming, in an article dated September 22, 2010, equity brokers did a survey and "concluded that properties directly adjacent to the Chevron Wind Towers are now virtually unmarketable at any realistic price. No reasonable buyer would choose a property close to the wind towers over a property that isn't close to wind towers unless the price is so low, that the investment would be a no-brainer."

In one of the studies by Appraisal Group One, done in Fond du Lac County and Dodge County in Wisconsin, concludes that "after reviewing articles and studies on wind energy, wind turbines appear to have a negative impact on the property values, health and quality of life of residents in close proximity. Of the studies that show no impact on property value, nearly all were funded by wind farm developers or renewable energy advocacy groups. Of the studies and reports showing property loss, the average negative effect is 20.7%."

From the Iowa State University Center for Agricultural Law and Taxation, in an article dated January 22, 2009, the headline was, "Illinois Farmland Value Plummet." It said, "At the present time, anecdotal data indicates that wind turbines have a depressing effect on nearby land values and are a drag on the agricultural real estate market. Most recent anecdotal data from Illinois indicates that assessed value on farmland is dropping approximately 22-30% on farmland that is near land where wind turbines have been placed. Also, the increased risk of getting sued for nuisances has a dampening effect on value."

Mr. Wagner then referred to non-participating residence in Wisconsin that ended up with a wind turbine right behind it. He said that when the property went on the market on May 29, 2008, the asking price was \$219,000, which is what the home was appraised for.

He said that 740 days later, the home sold for \$129,000. He said there are also examples where the homes are sold to the wind developer for 40% less than what the home was worth because that is the only way people could sell their homes. In some case, he stated that some of these homes get demolished and then another turbine goes up in its place.

Mr. Pratt asked Mrs. Ryerson if she has had any homeowner come in and request a lower assessment because they are by a wind farm. Mrs. Ryerson said that since 2004, when the first project went up, she has probably had 6 people come in with that argument, some which came in even before any of the projects were built. The two who came in before the projects were denied because the County wanted to test the data. The four people who came in after project construction, were told that the anecdotal data does not support their argument and they were asked to provide support for their argument.

Mrs. Ryerson said that Lee County has not experienced this and she is not seeing this in the County. They have never lowered an assessment specifically because it was located adjacent to a project because there is no support for this argument at this time.

She went on to state that the County is getting ready to lower some property values all around the Paw Paw area for 2011, and it has nothing to do with wind energy and everything to do with the economy.

Mr. Pfeiffer asked if any of the four people who came in seeking a lower assessment have an independent appraisal of the property. Mrs. Ryerson said no, and that none of them appealed the decision to the State Property Tax Appeal Board, which they all had a right to do if they disagreed with the County's decision.

Mr. Wagner shared an article from Ontario, Canada that says, "In a precedence-setting move, a recently discovered decision of the Providential Assessment Review Board has cut a homeowner's assessment in half because the house is located near a noisy, nearby wind farm producing clean energy. The board finds that the constant hum alleged by the homeowner does exist and significantly reduces the current value of the subject property. Having heard this nuisance, apparently sanctioned by the municipality, the board accepts the testimony that the stigma of noise contamination has a negative impact on the value and marketability of the property; and after learning of the hum, prospective purchasers will quickly lose interest in purchasing the property. The board is satisfied that a very substantial reduction is warranted. The result of course will be a significant reduction of tax base of municipalities which play host to wind turbine farms. Can a host of court cases and class-action lawsuits for noise contamination and property devaluation be far behind?"

Mr. Bolen asked Mrs. Ryerson if where Lee County has wind turbines is Mendota Hills, and she agreed. Mr. Bolen asked if those housing values increased. Mrs. Ryerson said that they did, up until the last couple of years. She said that property values went up much quicker in Paw Paw than they did in Dixon, which also meant that when economic times changed, they would decline quicker than the property values in Dixon.

Mr. Pratt asked Mrs. Ryerson if she had any recommendations. She asked if the committee is considering some sort of guaranteed property value. Mr. Pratt said that was one of his thoughts, some type of protection policy. He asked how long of a term would she recommend that homeowners be protected. Mrs. Ryerson said she did not know. If the wind companies are willing to put in some sort of homeowners' protection policy, how will it be determined that the wind energy project is the cause of the decline in property values.

Mr. Pratt asked Mrs. Ryerson how big of an area should be protected? A mile radius? A six-mile radius? Mrs. Ryerson said that it is her opinion that six miles is very extreme. Mr. Pratt is asking her to take a stab in the dark and she would say two miles. She wanted to know if Mr. Pratt is talking about project radius or individual turbine radius. She feels it seems to be too challenging to be able to determine for sure and prove that a wind project is the reason property values have changed as there are too many factors that can impact them. She cannot fathom how anyone would put together an agreement that is going to make sure that any loss in value could be specifically and only attributed to a particular wind energy project.

Mr. Pratt asked Mrs. Ryerson if she is or was involved in the State organization and asked her to give her knowledge outside the County, as this has probably come up elsewhere in the State. She did not know of any decline in property values in the State that is directly related to wind energy projects.

An impact study done by a college study for her Master's program on a massive project located in McLean County, Illinois showed no impact, and in the author's opinion, the only impact that there was occurred pre-construction due to "fear of the unknown." There was hesitation prior to construction but once the project came in, there was no significant downturn in property values.

In general, across the State, there has been a decline in property values due to the hard economic times.

Mr. Henkel stated that a Homeowner's Protection Plan was implemented for the Mendota Hills project. It was a five-year plan to protect the homeowners. The plan was not used, however, and it somewhat dissolved.

For the last few wind projects, the Good Neighbor Policy has been used. This policy offers money to the homeowners who live within ¼-mile radius.

Mrs. Ryerson thinks the Good Neighbor Policy has become somewhat of a standard across the State.

Mr. Fassler said it's kind of like comparing apples to oranges because the turbines in the Mendota Hills project are a lot different than the turbines that are currently being built. The turbines that are being built by Big Sky and by the project south of Compton that has already been zoned are the big ones.

Mr. Fassler said that there aren't any problems with Mendota Hills because the turbines are smaller. He feels the reason the committee is here is because of bigger turbines.

Mrs. Ryerson said she does not have any sales experience with the bigger turbines because they are just now being built.

Mr. Henkel said the committee needs to decide if the County should be doing something different.

Mr. Fassler said no, he thinks the County is doing the right thing now, but Mendota Hills keeps being brought up and he feels that project is not comparable to the projects that are presently being constructed.

Mr. Wagner stated that "when selling a home, a seller must disclose any significant deficiencies that a property may have." Further, "if a homeowner does not disclose the fact that a utility wind project is planned within the view shed of the property, the buyer may be able to sue the seller." He asked Mrs. Ryerson if she was aware that this has happened elsewhere in the Country.

Mrs. Ryerson says she has and she thought it came from Mr. Wagner in a previous conversation.

Additionally, Mr. Wagner wanted to mention the Berkley Study. He feels that because of this study, people believe that this study proves there is no decline in property values. However, since that study came out, several other studies have come out to refute it.

Mr. Wagner said that the reports that refute the Berkley Study can be read about in the binders that were assembled by Lee County Informed that were given to each committee member at the November 18, 2010 meeting.

Mr. Wagner wanted to know if Mrs. Ryerson still supported the Berkley Study. She said that the one she find interesting is the study that was done in the McLean County, Illinois area by Jennifer Hinman, a graduate student. The study was called, "Wind Farm Proximity and Property Values."

Ms. Hinman's study shows that there appeared to be no impact to property values after construction. She did say that pre-construction, "the fear of the unknown" had people hesitant to purchasing a residence in that area. However, once the project was built, property values continued to escalate at the same pace as the rest of the county.

Chairman Conderman excused Mrs. Ryerson as there were no more questions for her.

At the last meeting, Mr. Wagner asked to speak with regards to noise. Chairman Conderman told Mr. Wagner he could give his talk. Mr. Wagner was not prepared to speak at that time, and his presentation was deferred to the next meeting.

Mr. Wagner said there was a topic skipped during one the December meetings, no. 7 under Additional Conditions for Special Use Permitting. He said it was to be discussed when Mrs. Ryerson was present.

Mr. Wagner read the condition, "The petitioner has provided evidence from assessors in areas with existing wind farm projects, as well as other independent economic analysis, showing no adverse impact on property values. Never the less, the petitioner agrees to maintain for the five year period after issuance of the first certificate of occupancy for the project, a home seller protection program in form acceptable to the Lee County Administrator, covering loss and value directly attributable upon the sale of such home to the wind farm for those homes which are not located within the original area identified in the petition for special use but which are adjacent and contiguous on at least two sides, the property which is both subject to the subject use approval and are which a wind turbine is built by the petitioner."

His concerns are with the verbage, "The petition has provided evidence from assessors..." He feels this should be appraisers, not assessors.

Also, it talks about being "adjacent and contiguous on at least two sides." He wonders why a homeowner would have to be affected on two sides of their property to qualify for the program.

Mr. Henkel said that program "dissolved" and is not currently followed by the County.

Mr. Wagner asked if there is anything in place in the County to protect property value loss for an adjacent landowner.

Mr. Henkel said that with Mendota Hills, this program was offer but never used. Since then, the County has been following the Good Neighbor Policy.

Mr. Wagner thinks that the committee needs to discuss property value loss and how to include the adjacent homeowner in the process. He is not saying he has a solution, but feels it should be discussed.

Mr. Fassler said he did not know that it was completely done away with and doesn't think it would be a bad idea to have that in the conditions.

Mr. Bolen asked Mr. Fassler why he would want that in there. Mr. Fassler said that these wind farms are different. There isn't going to be 650 nuclear plants put up for one nuclear project. There isn't going to be 650 hog confinements scattered though out the countryside for one hog project. He feels that a lot of properties are being affected by these wind projects, and he thinks they need to be protected.

Mr. Wagner thinks that when looking at a footprint of a wind farm, that everyone that lives within two miles of the border of the footprint should be somehow included in the process. He is not sure how, whether it be some sort of property value guarantee or the ability to say no to turbine placement if they do not want it.

He said the wind companies do offer an annual payment to some of the adjacent landowners and that some of the adjacent landowners are happy with that. However, there are going to be landowners who do not want the turbines at all.

Mr. Fassler said that everything leads in to setbacks.

Mr. Pratt feels the protection should be from the time the project is announced until the time the project is up and running. He feels there should be protection during the time that is “unknown.”

Mr. Fassler agreed with Mr. Pratt.

Mr. Wagner asked if any of the committee members want to draft a paragraph for view. Mr. Pratt said he was confused because he thought this committee was just making recommendations, not drafting conditions like Mr. Wagner was suggesting.

Chairman Conderman said that at the next meeting, after Mr. Wagner gives his presentation on noise, the committee can start reviewing all that has been discussed so it can be determined if a recommendation should be made.

Mr. Fassler feels there are a lot of loose ends. Chairman Conderman agreed that there are but these meetings are going to end and the committee needs to be concluding its discussions.

Mr. Wagner said setbacks have not been fully discussed. He feels an entire meeting should be spent on setbacks. Also, he feels the committee has barely gotten into noise and health issues.

He also thought the committee was going to have another expert speak about noise because the last speaker didn't “touch on the really important aspects of noise, the types of low frequency noise and c-weighting.” Mr. Wagner says the committee did not have an expert speak to the committee about that. Mr. Wagner was hoping that when he gives his noise presentation, that the expert can be heard on the same night.

Mr. Wagner thinks the next session should include his presentation on noise and the presentation by the expert on noise; the following session should be about setbacks; and then there should be a “wrap-up” session.

Mr. Wagner wanted to point out to Chairman Conderman that one of the things that bothers him about this process is he was asked to come to a Properties Meeting in June 2010, prepared with his arguments, suggestions, recommendations, facts, etc. Mr. Wagner said that the Informed Farmers Coalition, the Lee County Informed, and himself did “a lot of hard work and thinking of putting things down on a piece of paper, which were the kind of things they were hoping whatever committee was formed would be looking at.

Mr. Wagner said that this committee hasn't even gotten to those things. He feels this committee was formed because of the concerns of those citizens, and this committee hasn't even gotten to read the recommendations from the citizens who "really pushed to make this thing happen." He feels that the committee owes it to itself and everyone else to read these recommendations.

It is his understanding that this committee's proceedings are separate from the expiration of the moratorium. Chairman Conderman said that is correct.

Mr. Fassler said he would like to see five-year home protection plan.

Mrs. Ryerson said that length of such a proposal is the least of this committee's worries. The biggest hurdle will be trying to measure declines in values and being able to attribute it to one or the other. Mrs. Ryerson doesn't see how this can be done.

Mrs. Ryerson said that if she is right, and property values are not impacted except for the short period of time prior to construction, the risk on the part of the wind companies to offer property value protections is pretty low in Lee County, because there seems to be no loss in value. She doesn't think the County can expect the wind energy companies to pay for a penalty because the economy has changed.

She feels the key is to figure how the County can measure this and decide when and when not to penalize the wind energy companies, then the decided how long the protection should run.

Mr. Fassler agrees but he feels some of this needs to be addressed; and he is not sure how to do it.

Mr. Wagner said that he wanted to point out that Chairman Seeburg, who appointed this committee, "pretty much agreed" with Mr. Wagner's concerns. Chairman Seeburg invited Mr. Wagner to attend the next Properties Committee's meeting (February 2011 meeting). Mr. Wagner feels that his future conversation with members of the Properties Committee might have some impact on Mr. Wagner's concerns and "where this thing might go."

Mr. Pratt wanted to know how the committee is going to discuss setbacks that would be different from what the committee is doing now. Setbacks are related to noise, shadow flicker, property values, etc.

Mr. Wagner said they the committee just needs to "put everything all together."

Chairman Conderman proceeded with scheduling the next meeting. The next meeting was tentatively set for Monday, February 21, 2011, at 7:00 p.m. (in the week following this meeting, the hearing was rescheduled to Wednesday, February 23, 2011, at 7:00 p.m.)

Mr. Wagner is going to arrange to have another noise expert present at the next meeting. Mr. Bolen is also going to arrange to have a noise expert present at the next meeting. The committee agreed to this because Mr. Wagner and Mr. Bolen represent opposing sides of this discussion regarding wind turbines. Chairman Conderman allowed these experts so long as there is no cost to the County. Each expert will have one hour to present and answer questions.

Mr. Bolen's only concern is whether or not the expert he is going to bring will be available on that date; and he will inform Mr. Henkel of his expert's availability within the next few days.

Mr. Wagner also could not be sure whether or not the expert he is bringing will be available on that date because he hasn't selected an expert yet, he will have to find one. Mr. Wagner said that if he cannot find an expert for the next meeting, he will provide a presentation instead.

On the motion of Mike Pratt, and seconded by Mark Wagner, the meeting was adjourned at 8:45 p.m.

Respectfully submitted,

Alice Henkel

By: _____

JANUARY 25, 2011

AD HOC COMMITTEE

	NAME	ADDRESS
1	NEIL PALMER	neil@neilpalmerllc.com
2	Colin Mahoney	Cjmahoney@gmail.com
3	SEAN MAGUIRE	SEANMAGUIRE@GMAIL.COM
4	SEAN MAGUIRE	SEANMAGUIRE@GMAIL.COM
5	Matt Boss	matt.boss@mainstreamrp.com
6	Erik Underwood	erik.underwood@mainstreamrp.com
7	MARK SZWLA	M.SZWLA@LOCAL150.ORG
8	Judy Truckenbrod	Stuyvesant
9	John Nicholson	Franklin Grove
10	DAVID GIULIANI	Telegraph
11	John Kelley	Franklin Grove
12	Ronda Hengst	Adston
13	Lucy Lonigan	Walnut
14	Sandy Kruse	Harmon
15	Bill Kruse	Harmon
16	Janet Kruse	Harmon
17	Steven D Deyine	Harmon
18	Neil Mohr	Ashta
19	Kelly Robery	F.G.
20	Steve Robery	F.G.
21		
22		
23		
24		
25		