

TIF AND SALES TAX FINANCIAL ASSISTANCE APPLICATION PACKET

Part 2 of 2



CITY OF ST. CHARLES



City of St. Charles Tax Increment Financing (TIF) and Sales Tax Assistance Application Packet

Dear Applicant:

This packet is the second part of a two-part process. Once the Applicant's proposal has been discussed at the Plan Commission and Council Committee meetings, he / she will be given part 2 of the incentive application if the project meets the policy requirements listed in the Economic Incentive Policy – see Exhibit # 1. This packet contains information and materials necessary for submitting an application for either tax incremental financing (TIF) or sales tax assistance from the City of St. Charles.

This packet includes the following:

- Overview;
- TIF / Sales Tax Assistance Application Instructions;
- TIF / Sales Tax Application Checklist;
- Prevailing Wage and Job Creation Affidavit;
- Provisions Concerning Prevailing Wage Rate;
- Instructions for Completing the City of St. Charles Economic Disclosure Statement;
- Economic Disclosure Statement and Affidavit (EDS) Section I – General Information;
- EDS: Section II - Disclosure of Ownership Interests;
- Certification.

If any of these items are missing from your packet, please contact the Economic Development Division (EDD) at (630) 443-4093.

Please note that the items in this packet are updated periodically. Please check with the Economic Development Division or city website for updates before making a formal submission for TIF or sales tax assistance.



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OVERVIEW

The Economic Development Division (EDD) reviews all applications for tax incremental financing (TIF) and sales tax assistance. The process outlined below usually takes at least six months, with more complex projects typically requiring more time to review and approve.

1 Convene Introductory Meeting Prior to Formal Submission of Application.

Prior to preparation of a formal TIF or sales tax application, the prospective Applicant should request a meeting with the appropriate EDD and CDD staff to discuss the concept of the potential project and its scope as well as to obtain general information.

2 Submission and Review of TIF or Sales Tax Application.

The EDD requires submission of a formal application for TIF or sales tax assistance in order to consider an Applicant's request for assistance. TIF assistance may only be used to pay for eligible costs in accordance with the applicable Illinois Statutes. Sales tax assistance may be used as agreed upon in the agreement between the City of St. Charles (the City) and Applicant in accordance with the state statute (65 ILCS 5/8-11-20). An application must include all items referenced in the TIF / Sales Tax Application Instructions. TIF and / or sales tax Applicants are required to demonstrate a financial need for assistance as well as the public benefit. If the applicant has satisfied all requirements related to the policy and Part 1 of the application, at the sole discretion of the City, the applicant will be issued Part 2 of the application.

If approved by the City Council, an initial fee of five percent (5%) or \$50,000, whichever is lower, of the requested TIF and / or sales tax assistance, shall accompany any incentive request. This fee shall be used to cover the City's legal, administrative, and planning costs. Outside consultants hired by the City shall be paid for by the applicant and will not be considered a part of the fee. In addition, if an additional amount of money is required to reimburse the City for its related costs, the applicant shall be responsible for such costs. If any portion of the fee is not utilized, the City will refund the amount to the applicant.

3 Prepare and Negotiate Term Sheet.

This document spells out the business terms and conditions associated with the proposed TIF or sales tax assistance.

4 Present Proposed Plan to Council Committee.

5 Draft and Negotiate Agreement with City. Note: This agreement does not constitute any zoning entitlements or plan approvals.

6 Present Agreement to the City Council for approval. The agreement will not be considered valid until executed.

7 Implement Project / Payout Funds.



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TIF / SALES TAX ASSISTANCE APPLICATION INSTRUCTIONS

The Economic Development Division (EDD) will review all applications for TIF and / or sales tax assistance. The EDD Division will solicit input from other City staff during the review process, as deemed necessary. In order for the EDD to effectively evaluate a request for TIF or sales tax assistance, the Applicant must:

- Provide all applicable items in a single submission;
- Organize the submission and present the required information in the manner indicated below; and
- Provide five (5) copies of the submission.

Failure to provide all required information in a complete and accurate manner could delay processing of the application. The EDD reserves the right to reject applications that lack all required items.

General Project Information

1 Site Maps

Provide a map that shows the location of the site. Also provide a map that focuses on the project and its immediate surroundings. Both maps should be no larger than 11 x 17. Larger maps will be required for projects presented to the Council.

Detailed Project Information

2 List of PINs

Identify the specific Parcel Index Numbers (PINs) included in the proposal. For TIF assistance applications, also include the "base" equalized assessed value(s) EAV for each of these PINs. This information can be obtained from the Kane County Assessors Office.

3 TIF Applicant Only: Affordable Housing

All Applicants must comply with the City of St. Charles affordable housing ordinance.

4 TIF Applicant Only: Table of Residential Unit Mix

Provide a detailed overview of the residential units in the project. Details must include: the number and type of unit (i.e. number of bedrooms and bathrooms), unit size measured in square feet, construction cost per square foot, base sales price, "write-down" for affordable units, and the projected amount of total sales revenue.

5 Renderings of Project

Provide preliminary architectural elevations, plans and renderings for the project. These drawings should be no larger than 11 x 17 inches. Larger drawings will be required for projects presented to the City Council. If any of the drawings have already been submitted to the City,



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the Economic Development Manager may waive the requirement of submitting additional elevations / site drawings. To be considered valid, this waiver must be received in writing.

6 TIF Applicant Only: Residential Displacement

Identify the number of residents, if any, who have been or will be displaced as a direct result of the proposed project. If any residents will be displaced, this statement must indicate whether any of these residents are from "low" or "very low" income households as defined by the Illinois Affordable Housing Act. The Applicant must address options available for re-housing any residents displaced by the project.

7 Evidence of Site Control

Submit documents to verify that the developer has control of the project site or that the Applicant has, or will have control of the property. Acceptable documentation may include deeds, title policies, leases, options, and real estate sales contracts. If the property has yet to be acquired, provide a statement regarding the method of acquisition, status and next steps of the related processes.

Project Financial Information

8 Sources and Uses of Funds

Identify the sources of funds used to finance the project. Typical sources include equity, lender financing, mezzanine financing, government financing, other anticipated types of public assistance, and any other types or methods of financing. Describe the sources of equity. Include a term sheet for lender financing, if available. The project budget must identify the up-front sources intended to finance the development costs of the project. If determined, specify the specific line items of the project budget that each source will finance. Summarize the uses of funds. General categories to be identified include: acquisition and related site costs, hard construction costs, and a breakdown of soft costs.

All projects must include for the construction phase a monthly or quarterly cash flow (i.e., sources or "cash in" by source, and uses or "cash out" by use).

For-sale housing developments must show income from the rental or sale of commercial space, the sale or rental of parking spaces, and unit upgrades must be included. Clearly identify all assumptions (such as absorption, sales prices, taxes, etc.). Identify the profit expected at the completion of the project.

Applicants are advised that to the extent possible, sales contracts for land acquisition should not be executed until CDD and the Applicant have agreed on an amount of TIF or sales tax assistance to be provided. This is because purchase price of a development site to be acquired or recently acquired will be reviewed to determine whether or not that price exceeds the property's current market value. For TIF incentive agreements, market value sets the upper limit of acquisition costs that will be considered in the estimation of TIF assistance. CDD will review any market value appraisal submitted in support of an acquisition, and the department may obtain its own appraisal or review appraisal.



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9 Development Budget

Provide an accurate and detailed development budget for the project that includes a detailed breakdown of significant line item costs. The budget should be arranged to identify acquisition and site related costs, hard costs, and soft costs. Also, identify all line items that are performed by the developer, owner, or related entities. The city's consultant may request further financial information as deemed appropriate.

10 Pro Forma Income and Expense Schedule

Applicants whose projects involve the rental of commercial, retail, industrial, and dwelling space must submit pro formas that identify income and expense projections on an annual basis for an eleven-year period. A hypothetical property reversion is to be assumed. Clearly identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc) that serve as the basis for the pro forma. Two sets of pro formas are to be submitted. The first set should show the project without TIF or sales tax assistance and the second set with TIF or sales tax assistance. For owner-occupied industrial and commercial projects, detailed financial information must be presented that supports need for financial assistance (see below).

11 Analysis of Financial Need

Each application must include financial analyses that demonstrate the need for TIF or sales tax assistance. Two analyses must be submitted: one without TIF or sales tax assistance and one with TIF or sales tax assistance. The Applicant must indicate the minimum return or profit the Applicant needs in order to proceed with the project and the rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

Rental Property - For projects involving the rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies, and households), an internal rate of return on equity must be computed with and without TIF or sales tax assistance based on the pro forma of income and expense prepared. The reversion at the end of the ten-year holding period must be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions in the analyses.

For Sale Residential - Show profit as a percent of projects cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measures of profitability may be submitted, such as profit as a percent of sales revenue.

Mixed Use Commercial / For-Sale Residential - Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.



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Owner-Occupied Commercial - For projects such as "big-box" retail projects, provide copies of the analyses that the company used to determine the amount of TIF or sales tax assistance that would be needed to allow the company to meet or exceed the company's minimum investment threshold(s) for proceeding with the project.

Competitive Projects - In instances where the City is competing with other jurisdictions for the project (e.g., corporate headquarters, new manufacturing plant), present detailed analyses that demonstrate the capital and operating cost differential between the proposed location(s) in St. Charles and locations outside the City that are being seriously considered by the Applicant.

12 TIF Applicants Only: Increment Projections

Include projections of the incremental taxes that will be generated by this project for the remaining life of the TIF District. Clearly identify all assumptions considered in these projections.

When EDD staff reviews these projections, the following assumptions are typically considered. Provide a concise explanation if your assumptions differ.

- Base EAV as certified by Kane County
- Full reassessment of project occurs at least 1-year after project completion (may be distributed for phased projects)
- Tax reassessment increase
- Most recent tax rate used for all future years
- 10% of increment retained for City administration and management of the TIF district, subject to the TIF Act
- NPV calculated at three reasonable discount rates

13 Financial Commitments

Submit commitment letters and/or terms sheets from all lenders for proposed debt (such as construction, mezzanine, permanent, and government financing) and all other financial sources of the project (such as grants, and tax credits). Commitment letters must clearly specify the nature and terms of the obligations.

14 Most Recent Property Tax Bills

Submit a copy of the most recent property tax bill for each PIN in the project.

15 TIF Applicants Only: Appeal of Property Taxes

Provide a statement, signed by the developer/owner, that the property has not received a Kane or DuPage County real estate tax reduction and that such a reduction has not and will not be applied for if TIF assistance is awarded to the project. This statement will not be required if the City will be issuing tax exempt bonds for the project, unless requiring such a statement is approved by the City's bond counsel.



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Professional Studies

16 Market Studies

Applications for commercial and mixed-use projects must include a comprehensive market study. Market studies are not required for industrial projects. The market study must identify target markets, analysis of competition, demographics, market rents, letters of intent/interest from prospective tenants, or for residential mixed-use, sale prices or rental rates of comparable properties.

17 Appraisal

All projects that involve the transfer of land must include a recent appraisal. Projects that include land as a form of equity or collateral must also submit a recent appraisal. The appraisal must value the property "as is", and the impact on value must be considered for such items as demolition, environmental remediation, relocation of utilities, lease buy-outs, and other work necessary to make the site developable. The property must be valued assuming that the highest and best use is the proposed use.

All appraisals must be performed by a designated MAI or bank-approved appraiser. The initial appraisal may need to be updated or amended at the request of CDD. Also, the CDD may obtain its own appraisal or review appraisal at the expense of the Applicant. Contact CDD if there are questions or concerns about the approach to the appraisal.

18 Environmental Studies and Reports

When required by the City, submit a copy of the Phase I environmental report/study performed on the property. If there is probable or potential contamination on the project site, then a Phase II report/study or evidence that the site has been, or is being enrolled in an IEPA, a No Further Remediation (NFR) Program must also be included.

19 Other Studies and Reports

Include, as appropriate, other reports in support of information that is presented in the application.

Developer Information

20 Financial Statements

Provide year-end historical (prior 3 years) and interim financial statements of the Applicant and owning and/or operating entity if different from the Applicant. Financial Statements should include accountant audited or compiled Balance Sheet, Income Statement, and Statement of Cash Flows.



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21 Resumes and Experience of Principals

Submit resumes for each of the principals of the developer, owner, and operator. Also include a brief history that identifies the development entity's experience and previous involvement in developing similar projects and the ownership or operating entity's experience or ability in managing similar projects.

22 Economic Disclosure Statement

Submit a City of St. Charles Economic Disclosure Statement (EDS) for each of the business entities with a financial interest in this project (see attached).

23 Prevailing Wage Requirements

The owner / developer must declare knowledge and acceptance of the Illinois Prevailing Wage requirements to the extent required by state law or the City. Applicant agrees that they have read, been informed and understood the provisions associated with the application.



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TIF AND SALES TAX APPLICATION CHECKLIST

Include this Checklist when applying for TIF or sales tax assistance. If any of the required items are omitted from the application, please provide a brief explanation.

General Project Information

1 Site Map(s)

Detailed Project Information

2 List of PINs

3 TIF Applicant Only: Affordable Housing

4 TIF Applicant Only: Table of Residential Unit
Mix

5 Renderings of Project

6 TIF Applicants: Residential Displacement

7 Evidence of Site Control

Project Financial Information

8 Sources and Uses of Funds

9 Development Budget

10 Pro Forma Income and Expense Schedule

11 Analysis of Financial Need

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Taxes

Professional Studies

16 Market Studies

17 Appraisals

18 Environmental Studies and Reports

19 Other Studies and Reports

Other Information

20 Financial Statements

21 Resumes and Experience of Principals

22 Economic Disclosure Statement (EDS)

23 Prevailing Wage Requirements



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PREVAILING WAGE AND JOB CREATION AFFIDAVIT

NOTICE: The owner / developer must declare knowledge and acceptance of the Illinois Prevailing Wage requirements to the extent required by state law or the City. Applicant agrees that they have read, been informed and understood the following provisions associated with the application. In addition, if awarded a contract and required by state law or the City, the Applicant agrees to comply and require all participating subcontractors to comply with all requirements for each of the following applicable provisions:

- Prevailing Wage (*initial attachment*)
- Job Creation/Retention (*initial attachment*)

I, _____ HEREBY DECLARE AND AFFIRM that I am the
_____ and duly authorized representative of
(Title – Print or Type)

_____ located at
(Name of Company – Print or Type)

_____ (Address, City, State & Zip of Company – Print or Type)

(_____) (_____) _____
(Phone) (Fax)

Have you previously participated in any Federally funded or City funded projects with any company?

Yes No If yes, please provide: Project Address _____

Developer/Company _____ Amount _____ Year _____

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS DOCUMENT ARE TRUE AND CORRECT, AND THAT I AM AUTHORIZED ON BEHALF OF THE APPLICANT TO MAKE THIS AFFIDAVIT.

Signature: _____ Name of Affiant: _____

Date: _____

State of: _____ County (City) of: _____

This instrument was acknowledged before me on _____ (date)

by _____ (name/s of person/s)

as _____ (Type of authority, e.g., officer, trustee, etc.)

of _____ (name of party on behalf of whom instrument as executed).

Signed and sworn to before me on _____ by _____,
(date)

at _____ County, _____.



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(state)

Notary Public: _____

SEAL

Commission Expires: _____

PROVISIONS CONCERNING PREVAILING WAGE RATE

The owner / developer must declare knowledge and acceptance of the Illinois Prevailing Wage requirements to the extent required by state law or the City. If required by state law or the City, the developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the developer shall provide the City with copies of all contracts entered into by the Developer of the General Contractor to evidence compliance with this requirement.

Initials: _____ Date: _____



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**INSTRUCTIONS FOR COMPLETING
THE CITY OF ST.CHARLES
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

The City of St. Charles (the "City") requires disclosure of the information requested in this Economic Disclosure Statement and Affidavit ("EDS") before any City agency, department or City Council action regarding the matter that is the subject of this EDS. Please fully complete each statement, with all information current as of the date this EDS is signed. If a question is not applicable, answer with "N.A." An incomplete EDS will be returned and any City action will be delayed.

Please print or type all responses clearly and legibly. Add additional pages if needed, being careful to identify the portion of the EDS to which each additional page refers.

For purposes of this EDS:

"Applicant" means any entity or person making an application to the City for action requiring City Council or other City agency approval.

"Disclosing Party" means any entity or person submitting an EDS.

"Entity" or "Legal Entity" means a legal entity (for example, a corporation, partnership, joint venture, limited liability company or trust).

"Person" means a human being.

WHO MUST SUBMIT AN EDS:

An EDS must be submitted in any of the following three circumstances:

1. Applicants: An Applicant must always file this EDS. If the Applicant is a legal entity, state the full name of that legal entity. If the Applicant is a person acting on his/her own behalf, state his/her name.
2. Entities holding an interest: Whenever a legal entity has a beneficial interest (i.e. direct or indirect ownership) of more than 7.5% in the Applicant, each such legal entity must file an EDS on its own behalf.
3. Controlling entities. Whenever a Disclosing Party is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture that has a general partner, managing member, manager or other entity that can control the day-to-day management of the Disclosing Party, that entity must also file an EDS on its own behalf. Each entity with a beneficial interest of more than 7.5% in the controlling entity must also file an EDS on its own behalf.



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**ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of Disclosing Party submitting this EDS. Include d/b/a if applicable:

Check ONE of the following three boxes:

Indicate whether Disclosing Party submitting this EDS is:

1. the Applicant, or
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which Disclosing Party holds an interest: or
3. a specified legal entity with a right of control (see Section II.B.1.b.). State the legal name of the entity in which Disclosing Party holds a right of control:

B. Business address of Disclosing Party: _____

C. Telephone: _____ Fax: _____ Email: _____

D. Name of contact person: _____

E. Federal Employer Identification No. (if you have one): _____

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include the location of property, if applicable):



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SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Person	Limited liability partnership*
Corporations	Joint venture*
Sole proprietorship	Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))? Yes No
General partnership*	Other (please specify) _____
Limited partnership*	_____
Trust	
Limited liability company*	

* Note B.1.b below.

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1.a. List below the full names and titles of all executive officers and all directors of the entity. For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

Name	Title
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



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1.b. If you checked "General partnership," "Limited partnership," "Limited liability company," "Limited liability partnership" or "Joint venture" in response to Item A. 1. above (Nature of Disclosing Party), list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: The City may require any such additional information from any Applicant that is reasonably intended to achieve full disclosure.

Name	Business Address	% Interest in Disclosing Party
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



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CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City.

Please print or type

Disclosing Party: _____

Date: _____

By: _____

(sign here)

Person Signing: _____

Title of Person Signing: _____

Signed and sworn to before me on (date) _____ by _____,
at _____ County, _____ (state).

Notary Public: _____

Seal

Commission Expires: _____