	AGENDA ITEM EXECUTIVE SUMMARY						
	Title:	Recommendation to approve an Economic Development Incentive for Doran Scales, Inc.					
	Presenters:	Matthew O'Rourke, Economic Development Division Manager					
Please check appropriate box:							
	Government Operations		Government Services				
X	Planning & Development (6/13/2016)		City Council				
Estimated Cost:	\$8,000 (Est.) Total Incentive Proposal	Budgeted:	YES		NO	X	
If NO, please explain how item shall be funded:							
(See below)							
<b>Executive Summary:</b>							
<p><b>Background:</b></p> <p>Staff has been working with Doran Scales, Inc. to propose a property tax rebate economic development incentive that will assist them with relocating to St. Charles. Doran Scales, owned by Mark Podl and currently located in Batavia, is looking to build a new corporate headquarters in St. Charles. They are a manufacturer of commercial grade weight scales and currently employ 21 full time staff. Doran is interested in constructing a new 30,000 square foot building to house their corporate headquarters in the Legacy Business park since they have outgrown their Batavia facility.</p> <p>Mark has examined several locations throughout the Fox Valley both inside and outside St. Charles' Corporate limits. Through these efforts, they have identified the properties located at 883 and 884 Enterprise Court, directly west of the East Side Sports complex, as a good fit for their expansion. However, in order to ensure that this site remains competitive with other locations and is financially feasible, they have requested financial assistance in the form of a property tax rebate. Doran Scales has also engaged St. Charles School District 303 in a similar conversation. School District 303 staff has confirmed that they are in the process of presenting a similar property tax rebate incentive to their Board. Staff is presenting the following proposed details of a DRAFT incentive agreement to determine if a formal incentive agreement should be prepared for approval.</p> <p><b>Proposed Incentive:</b></p> <p>The details of the requested sharing agreement are as follows:</p> <ul style="list-style-type: none"> <li>• The term of the agreement is a total of 7 years.</li> <li>• The incentive is funded in the form of a property tax rebate based on new property taxes collected by the development of these properties. The property taxes will be rebated to Doran Scales after the facility has been constructed and occupied. Year 1 of the agreement will begin after the facility is constructed and property taxes will be rebated in the following amounts: <ul style="list-style-type: none"> <li>○ Year 1 – 60% of property taxes are rebated to Doran Scales.</li> <li>○ Year 2 – 50% of property taxes are rebated to Doran Scales.</li> <li>○ Year 3 – 40% of property taxes are rebated to Doran Scales.</li> </ul> </li> <li>• If Doran Scales were to vacate this facility during the term of this agreement they will be required to pay all or a portion of the amount of property taxes rebated back to the City.</li> </ul>							
<b>Attachments:</b> (please list)							
Proposed DRAFT Term Sheet; Incentive Application and Supporting Materials; Location Map; Proposed Building Plans							
<b>Recommendation / Suggested Action</b> (briefly explain):							
Review and Recommendation of the DRAFT Economic Incentive Proposal for Doran Scales and to Direct Staff to Formal Incentive Agreement Documents for Council Consideration.							
For office use only:		Agenda Item Number: 3a					

## **PROPERTY TAX REBATE AGREEMENT**

**THIS PROPERTY TAX REBATE AGREEMENT** (the “**Agreement**”) is entered into on this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the **City of St. Charles**, Kane and DuPage Counties, Illinois, an Illinois municipal corporation (hereinafter referred to as the “**City**”) and D&M LEGACY, LLC, an Illinois corporation (hereinafter referred to as the “**Company**”). The Company and the City are hereinafter individually sometimes referred to as a “**Party**” and collectively as the “**Parties**”.

### **WITNESSETH:**

**WHEREAS**, the City has a population of more than 25,000 persons, and is a home rule unit of government pursuant to Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois; and

**WHEREAS**, the City, pursuant to Section 10 of Article VII of the Constitution of the State of Illinois, is authorized to contract or otherwise associate with individuals in any manner not prohibited by law or by ordinance; and

**WHEREAS**, the City, pursuant to 65 ILCS 5/8-1-2.5 is authorized to appropriate and expend funds for economic development purposes, including, without limitation, the making of grants to any other governmental entity or commercial enterprise that are deemed necessary or desirable for the promotion of economic development within the municipality; and

**WHEREAS**, the Company intends to acquire Lots 8 & 9 in the Legacy Business Center comprising 2.23 acres of real property generally located at the north of the existing cul-de-sac that terminates Enterprise Court in the City of St. Charles, such property is legally described on Exhibit “A” attached hereto and made a part hereof (the “**Property**”); and

**WHEREAS**, the Company intends to construct a manufacturing facility on the property consisting of a 20,000 square foot modern manufacturing facility and includes an internal approximate 3,500 square feet of corporate office space in which to operate its business and which create 21 new jobs in the City (the “**Project**”), and will contain and additional 10,000 square feet of building area to be leased to a separate company; and

**WHEREAS**, the City Council of the City have determined that it is in the best interest of the City to provide an incentive to the Company to locate on the Property and the Company’s improvement of the Property will increase the tax base of the City, will provide significant employment to its citizens, and will generally be beneficial to the economic development of the City.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter contained, the adequacy and sufficiency of which the parties hereto stipulate, the City and the Company agree as follows:

**Section 1. Incorporation of Recitals.** The recitals set forth hereinabove are incorporated herein by reference as substantive provisions of this Agreement.

**Section 2. Conditions Precedent.** All undertakings on the part of the City pursuant to this Agreement are subject to satisfaction of the following preconditions:

(a) The Company, or an entity controlled by the Company or its principal, shall have entered into a binding purchase agreement to purchase the Property.

(b) That upon closing on the Property, the Company will provide the City with evidence of Title to said Property

**Section 3. Granting Rebate.**

Subject to the terms and conditions set forth in this Property Tax Rebate Agreement, City agrees to rebate the City's share of real estate taxes for the Property.

**Section 4. Ability to Terminate Right of Rebate by City.** The City shall reserve the right to terminate this Property Tax Rebate Agreement and any point in time for the real estate taxes as to the Property if one of the following conditions is met:

- (a) building permit for new construction is not acquired and construction commenced prior to December 31, 2016; and
- (b) the improvements are not completed prior to October 31, 2017; and
- (c) the relocation of the Company's operations occurring on the Property to a site located outside the corporate limits of the City.

**Section 5. Commencement of Rebates.** The rebates outlined herein will become effective after the said construction has been completed, defined with the issuance of an occupancy permit from the City of St Charles, completed Kane County Division of Transportation construction permit, and the improved property has been assessed. The rebates shall begin for the property taxes assessed in the calendar year 2018 and payable in 2019.

**Section 6. Property Tax Rebates.**

(a) In no event shall any rebate of taxes on any parcel exceed the amount attributable to the construction of the improvements of the renovation or rehabilitation of existing improvements on such parcel, nor shall they exceed any amount authorized by statute.

(b) **Regulatory and Legal Compliance.** The Company and all owners of real estate receiving such property tax rebate shall comply with all federal, state and local environmental laws and regulations. Failure to comply shall be as determined by the City and shall not require formal action or findings by any governmental agency or court.

(c) Local Sourcing Statement. The City encourages companies receiving tax abatement, as provided herein, to utilize local labor and to purchase building materials locally.

(d) The term of this Agreement shall be seven (7) years. Year one (1) of the Agreement shall **agreement will** commence as **upon determination of the City that all conditions** set forth **for** in Section 5 of this Agreement **have been satisfied**.

(e) Percent of Real Estate Taxes Rebated for Real Property. The duration for tax rebate for real property upon which a company is operating pursuant to the requirements of this Agreement shall be for a maximum of three (3) years. The tax rebate shall be according to the following schedule and said tax rebate shall apply only to the City of St Charles portion of the property tax bill (excluding pension amounts):

- i. Year one (1) - for taxes levied in calendar year 2018 and payable in 2019 rebate:  
60%
- ii. Year two (2) - for taxes levied in calendar year 2019 and payable in 2020 rebate:  
50%
- iii. Year three (3) - for taxes levied in calendar year 2020 and payable in 2021 rebate:  
40%

(f) The City shall rebate the agreed upon percentage of real property taxes for each year identified in Section 6(e) upon written request and verification that the Company has paid their full annual calendar year tax bill for the Property. The Company shall submit this request to the City attention to the Director of Finance and include the following information: calendar year of real property taxes requested for rebate and proof of payment of the real property taxes to the Kane County Assessor's Office in the form of a Kane County property tax bill that clearly identifies that both property tax installment have been paid. Once the City receives this request, the City will have 30 days to verify that the taxes have been paid and issue the real property tax rebate as identified in Section 6 (e) of this Agreement.

**Section 7. Repayment of Real Estate Tax Rebates.** In the event that the Company relocates or otherwise transfers its operations occurring on the Property to a site located outside the corporate limits of the City, in addition to the termination of rebates as described in Section 4(c) above, the Company shall repay the City such amounts as set forth in the following amounts:

(a) If said event occurs in years one (1) through four (4), Company shall refund 100% of the amount of the tax rebate payments that it received;

(b) If the event occurs in the year five (5), the Company shall repay the City 75% of the tax rebate payments received by Company;

(c) If the event occurs in year six (6), the Company shall repay the City 50% of the tax rebate payments received by Company;

(d) If the event occurs in year seven (7), the Company shall repay the City 25% of the tax rebate payments received by Company.

**Section 8. Indemnification.**

(a) The Company agrees to pay, at its expense, any and all claims, damages, demands, expenses, liabilities and losses of any nature whatsoever resulting from the Agreement, the construction, improvement and development activities of the company, its agents, contractors and subcontractors with respect to the development or improvement of its property, and to defend and indemnify and save, the City and its respective officers, elected and appointed, agents, employees, engineers and attorneys (the “Indemnitees”) harmless of, from and against such claims, damages, demands, expenses, liabilities and losses, except to the extent such claims, damages, demands, expenses, liabilities and losses arise by reason of the gross negligence or willful or wanton act or omission of the City.

(b) The Company agrees to defend and hold harmless the City from any claims arising out of the terms of the Agreement, including any challenges or claims with regard to the rebate of tax revenues by the City. The obligation to indemnify created hereunder shall extend to indemnifying the City from any claims for monetary relief seeking a refund of any monies rebated under the terms of the Agreement. The obligation to indemnify also extends to any claims, causes of action suits, demands or proceedings, whether in law or in equity, to have any of the terms of the Agreement authorizing the rebate of tax revenues declared unconstitutional, invalid or otherwise void. Further, the obligation to indemnify extends to paying any damages assessed against the City as a result of any actions taken under the Agreement. If the Company fails or refuses to employ legal counsel as contemplated hereunder, the City shall, after providing the company with reasonable written notice, be permitted to retain legal counsel and all costs incurred by the City in so doing shall be paid by the company receiving a rebate.

**Section 10. Assignment.** The property tax rebate shall be specifically granted to the Company identified herein and may not be assigned to or transferred without the written consent of the City. In the event that the company desires to transfer or assign any or all of its ownership of the subject property, the transferee shall submit a written request to the City requesting transfer of the rebate to the new owner for the time remaining on the rebate. The City shall review the taxpayer's request to transfer said rebate and determine the taxpayer's eligibility for such transfer, subject to the terms and conditions of this Agreement and the applicable Agreement.

**Section 11. Law Governing/Venue.** This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois. Any dispute arising under or in connection with this Agreement or related to any matter which is the subject of this Agreement shall be subject to the

exclusive jurisdiction of the Illinois state courts and venue shall be exclusively in the Sixteenth Judicial Circuit, Kane County, Illinois.

**Section 12. Time.** Time is of the essence under this Agreement and all time limits set forth are mandatory and cannot be waived except by a lawfully authorized and executed written waiver by the party excusing such timely performance.

**Section 13. No Waiver or Relinquishment of Right to Enforce Agreement.** Failure of any party to this Agreement to insist upon the strict and prompt performance of the terms, covenants, agreements and conditions herein contained, or any of them, upon any other party imposed, shall not constitute or be construed as a waiver or relinquishment of any party's right thereafter to enforce any such term, covenant, agreement or condition, but the same shall continue in full force and effect.

**Section 14. Notices.** All notices and requests required pursuant to this Agreement shall be sent by personal delivery, overnight courier or certified mail, return receipt requested, as follows:

To the Company:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

with copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

To the City:

City of St. Charles  
2 East Main Street  
St. Charles, Illinois 60174  
Attn: City Administrator

with copies to:

Hoscheit, McGuirk, McCracken & Cuscaden, P.C.  
1001 East Main Street, Suite G



St. Charles, IL 60174  
Attn: John M. McGuirk  
Phone: 630/513-8700  
Email: [jmc@hmcpc.com](mailto:jmc@hmcpc.com)

or at such other addresses as the parties may indicate in writing to the other either by personal delivery, overnight courier or by certified or registered mail, return receipt requested, with proof of delivery thereof. Notices shall be deemed delivered to the address set forth above (i) when delivered in person on a business day, (ii) on the same business day received if delivered by overnight courier or (iii) on the third (3<sup>rd</sup>) business day after being deposited in any main or branch United States Post Office when sent by registered mail, return receipt requested.

**Section 15. Third Party Beneficiaries.** The City and the Company agree that this Agreement is for the benefit of the parties hereto and not for the benefit of any third party beneficiary. Except as otherwise provided herein, no third party shall have any rights or claims against the City arising from this Agreement.

**Section 16. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the City, the Company and the Company's permitted assigns.

**Section 17. City Approval or Direction.** Where City approval or direction is required by this Agreement, such approval or direction means the approval or direction of the City Council of the City unless otherwise expressly provided or required by law, and any such approval may be required to be given only after and if all requirements for granting such approval have been met.

**Section 18. Section Headings and Subheadings.** All section headings or other headings in this Agreement are for general aid of the reader and shall not limit the plain meaning or application of any of the provisions thereunder whether covered or relevant to such heading or not.

**Section 19. Authority to Execute.** The Company hereby represents and warrants that it has the requisite authority to enter into this Agreement and the individual signing this Agreement on

behalf of the Company is a duly authorized agent of the Company and is authorized to sign this Agreement. The Mayor and City Clerk of the City hereby warrant that they have been lawfully authorized by the City Council of the City to execute this Agreement, all requisite action by the City having been taken.

**Section 20. Integration/Amendment.** This Agreement sets forth all the promises, inducements, agreements, conditions and understandings between the Company and the City relative to the subject matter thereof, and there are no promises, agreements, conditions or understandings, either oral or written, express or implied, between them, other than as herein set forth.

No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties hereto unless authorized in accordance with law and reduced in writing and signed by both parties hereto. However, whenever under the provisions of this Agreement any notice or consent of the City or the Company is required, or the City or the Company is required to agree or to take some action at the request of the other, such approval or such consent or such request shall be given for the City, unless otherwise provided herein, by the Mayor or his designee and for the Company by any officer or employee as the Company so authorizes.

**Section 21. Severability.** If any provision of this Agreement is held invalid by a court of competent jurisdiction, such provision shall be deemed to be excised herefrom and the invalidity thereof shall not affect any of the other provisions contained herein.

**Section 22.** This Agreement may be executed in two (2) or more counterparts each of which taken together, shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the parties hereto have set their hands and seals as of the date  
and year first written above.

CITY OF ST. CHARLES, an Illinois  
Municipal Corporation

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

D&M LEGACY, LLC,  
an Illinois Corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

STATE OF ILLINOIS            )  
  ) SS.  
COUNTY OF KANE            )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Raymond Rogina, Mayor of the City of St. Charles, and Nancy Garrison, City Clerk of said City, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Mayor and City Clerk, respectively appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said City, for the uses and purposes therein set forth; and said City Clerk then and there acknowledged that she, as custodian of the corporate seal of the City of St. Charles, did affix the corporate seal of said City to said instrument, as her own free and voluntary act and as the free and voluntary act of said City, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF KANE )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_, \_\_\_\_\_ of Doran Scales, Inc. and \_\_\_\_\_, \_\_\_\_\_ of said corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such \_\_\_\_\_ and \_\_\_\_\_, respectively appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said company, for the uses and purposes therein set forth; and said \_\_\_\_\_ then and there acknowledged that he, as custodian of the seal of said company, did affix the seal of said company to said instrument, as his own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this \_\_\_\_\_ day of \_\_\_\_\_,  
2015.

Notary Public

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

**LOTS 8 & 9 IN THE LEGACY BUSINESS CENTER OF ST. CHARLES BEING A  
SUBDIVISION OF PART OF THE SOUTHWEST AND NORTHWEST QUARTERS OF  
SECTION 36, TOWNSHIP 40, NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL  
MERIDIAN, KANE COUNTY, ILLINOIS.**

**883 Enterprise Court – PIN# 09-36-327-005**

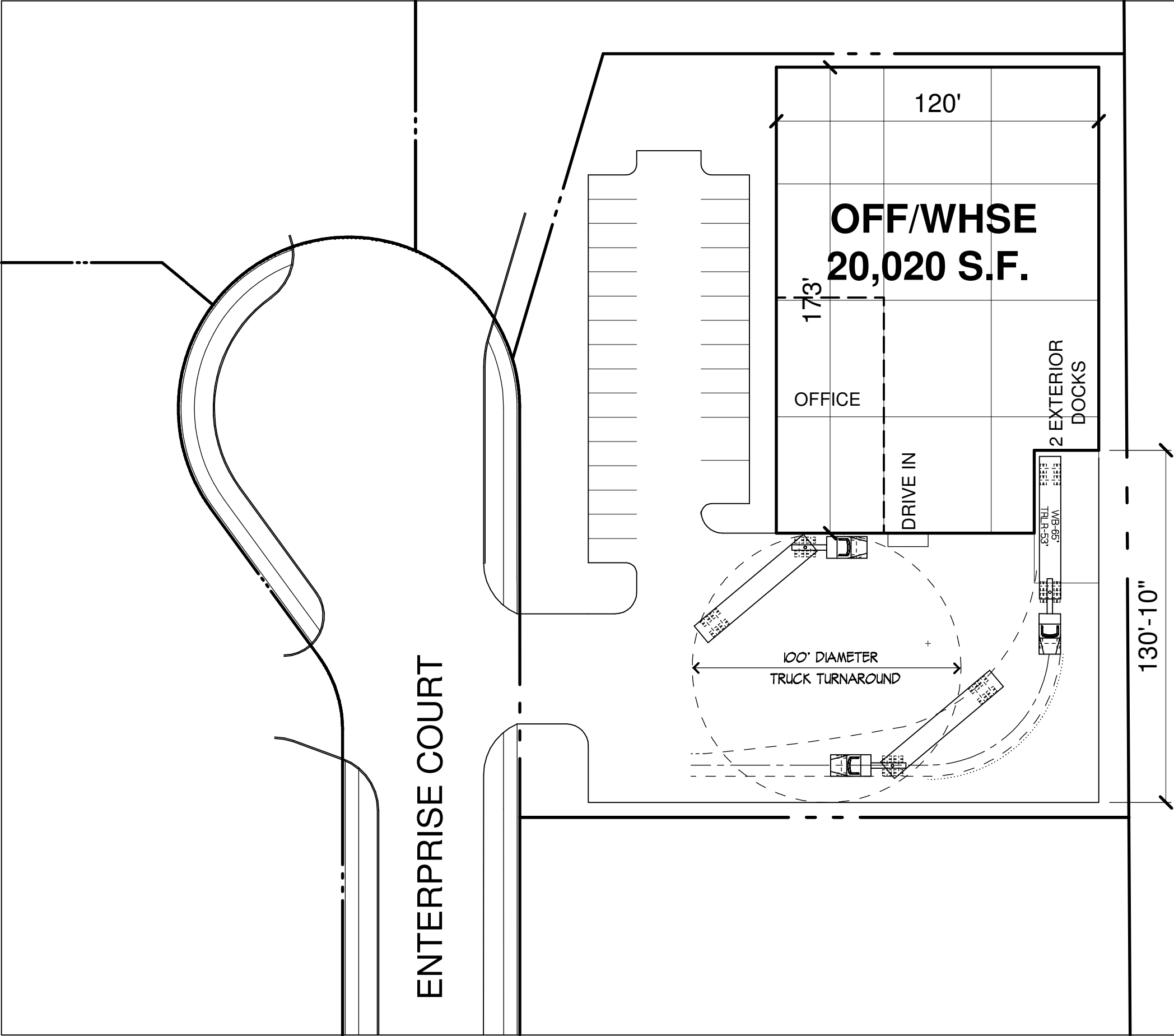
**884 Enterprise Court – PIN# 09-36-327-006**

**AS DEPICTED IN THE ATTACHED FINAL PLAT OF SUBDIVISION**

## **EXHIBIT "B"**

### **Proposed Project Plans**





CONCEPTUAL NEW FACILITY FOR:

**DORAN SCALES**

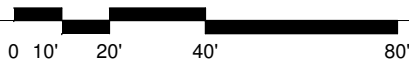
ST. CHARLES, ILLINOIS

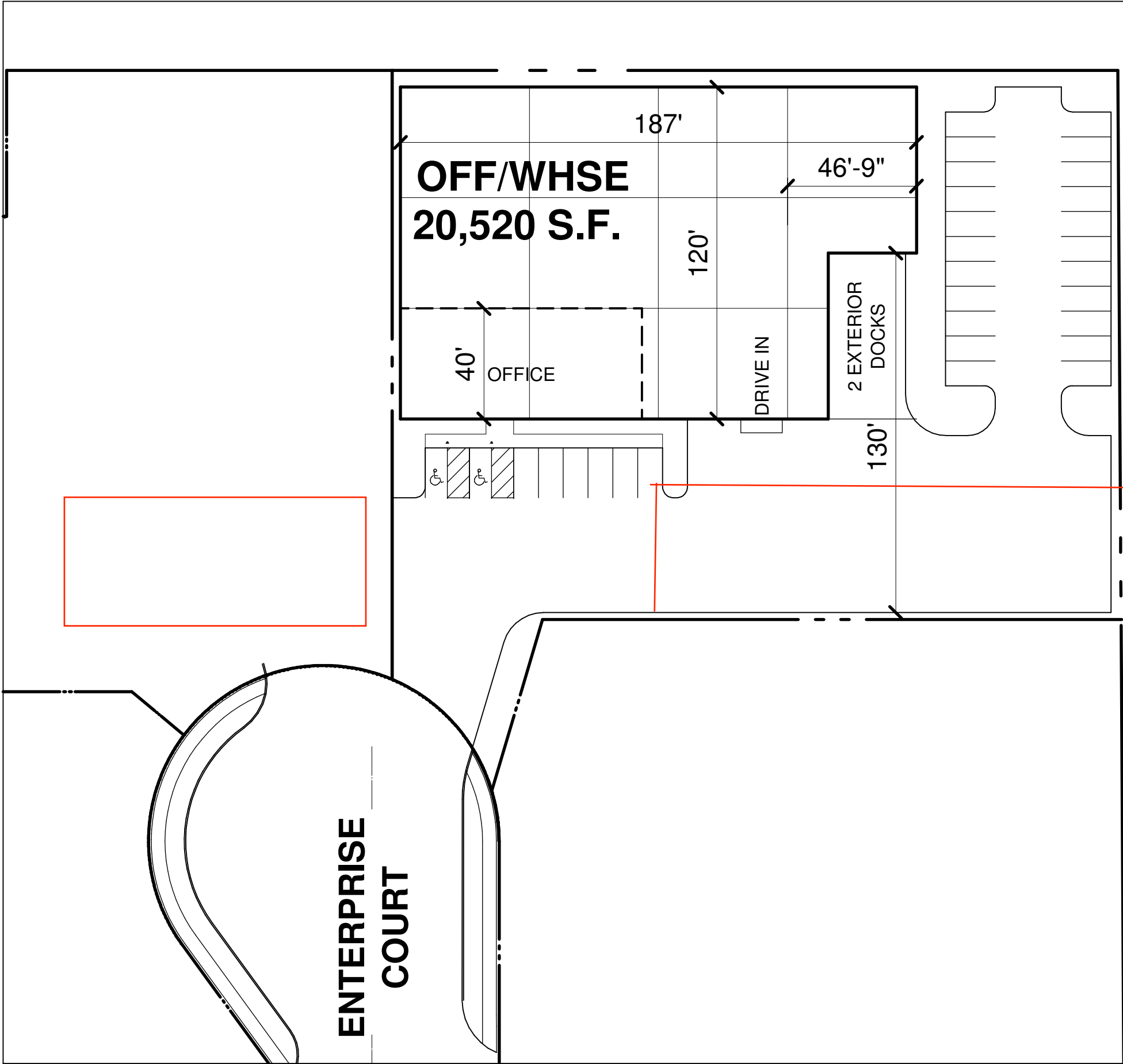
<b>SITE AREA (±1.43 AC.)</b>	62,453 S.F.
<b>BUILDING AREA</b>	
OFFICE	3,500 S.F.
WAREHOUSE	16,520 S.F.
TOTAL BUILDING AREA	20,020 S.F.
<b>CAR PARKING</b>	28 CARS
<b>DRIVE IN OVERHEAD DOORS</b>	1 DOOR
<b>TOTAL EXTERIOR DOCKS</b>	2 DOCKS
<b>CLEAR HEIGHT</b>	28'-0"

**SCHEME F**

**SITE PLAN**

216026 KJB 04-08-2016





CONCEPTUAL NEW FACILITY FOR:

**DORAN SCALES**

ST. CHARLES, ILLINOIS

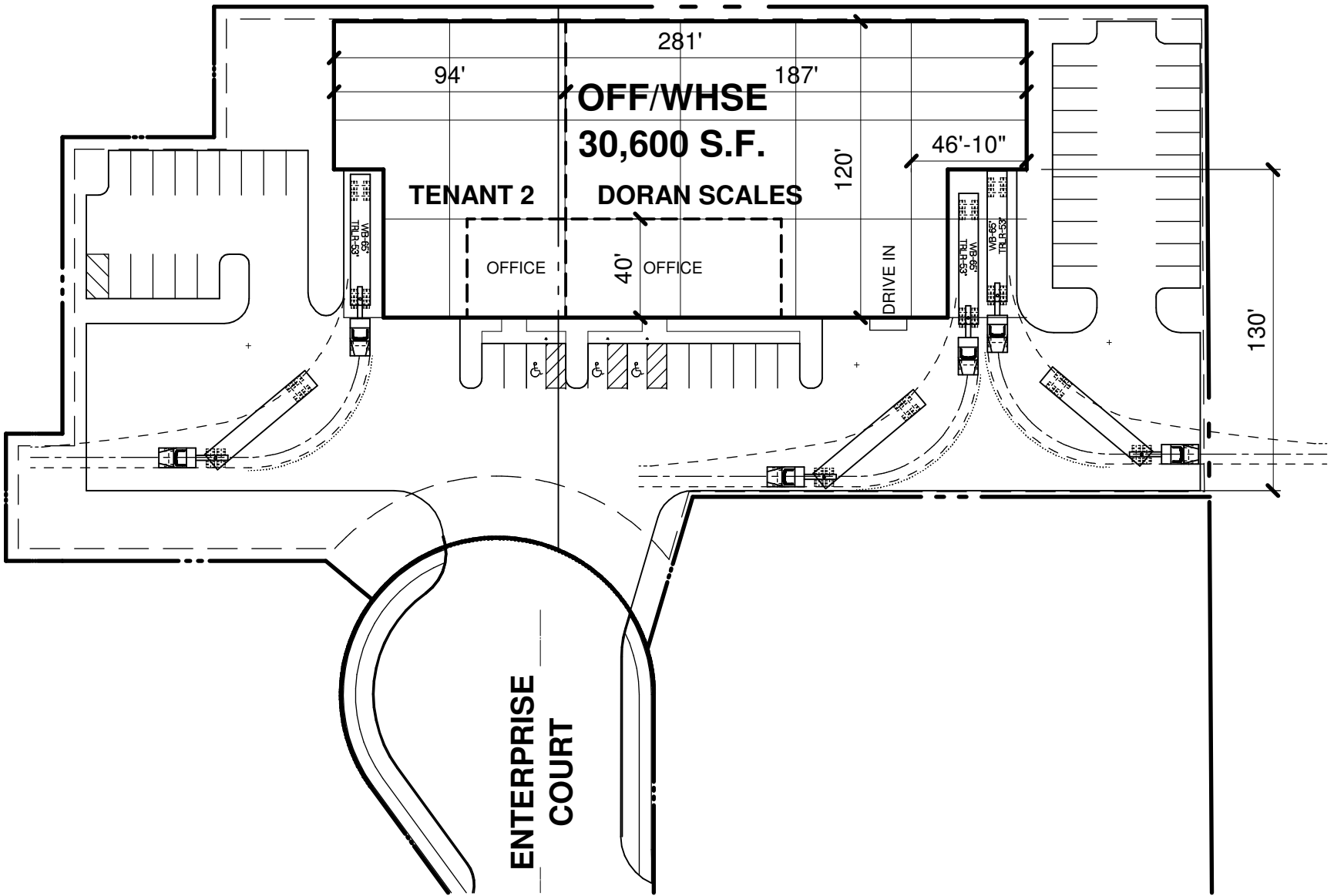
<b>SITE AREA (±1.24 AC.)</b>	54,176 S.F.
<b>BUILDING AREA</b>	
OFFICE	3,500 S.F.
WAREHOUSE	17,020 S.F.
<b>TOTAL BUILDING AREA</b>	20,520 S.F.
<b>CAR PARKING</b>	30 CARS
<b>DRIVE IN OVERHEAD DOORS</b>	1 DOOR
<b>TOTAL EXTERIOR DOCKS</b>	2 DOCKS
<b>CLEAR HEIGHT</b>	28'-0"

**SCHEME E**

**SITE PLAN**

216026 KJB 03-10-2016





CONCEPTUAL NEW FACILITY FOR:  
**DORAN SCALES**  
ST. CHARLES, ILLINOIS

**SITE AREA (±2.23 AC.)** 97,177 S.F.  
**TOTAL BUILDING AREA** 30,600 S.F.

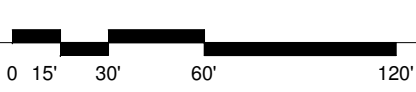
**TENANT 1: DORAN SCALES**  
OFFICE 3,500 S.F.  
WAREHOUSE 17,020 S.F.  
TOTAL BUILDING AREA 20,520 S.F.  
**CAR PARKING** 30 CARS  
**DRIVE IN OVERHEAD DOORS** 1 DOOR  
**TOTAL EXTERIOR DOCKS** 2 DOCKS  
**CLEAR HEIGHT** 28'-0"

**TENANT 2:**  
OFFICE 1,600 S.F.  
WAREHOUSE 8,480 S.F.  
TOTAL BUILDING AREA 10,080 S.F.  
**CAR PARKING** 17 CARS  
**TOTAL EXTERIOR DOCKS** 1 DOCK  
**CLEAR HEIGHT** 28'-0"

**SCHEME G**

**SITE PLAN**

216026 KJB 05-02-2016





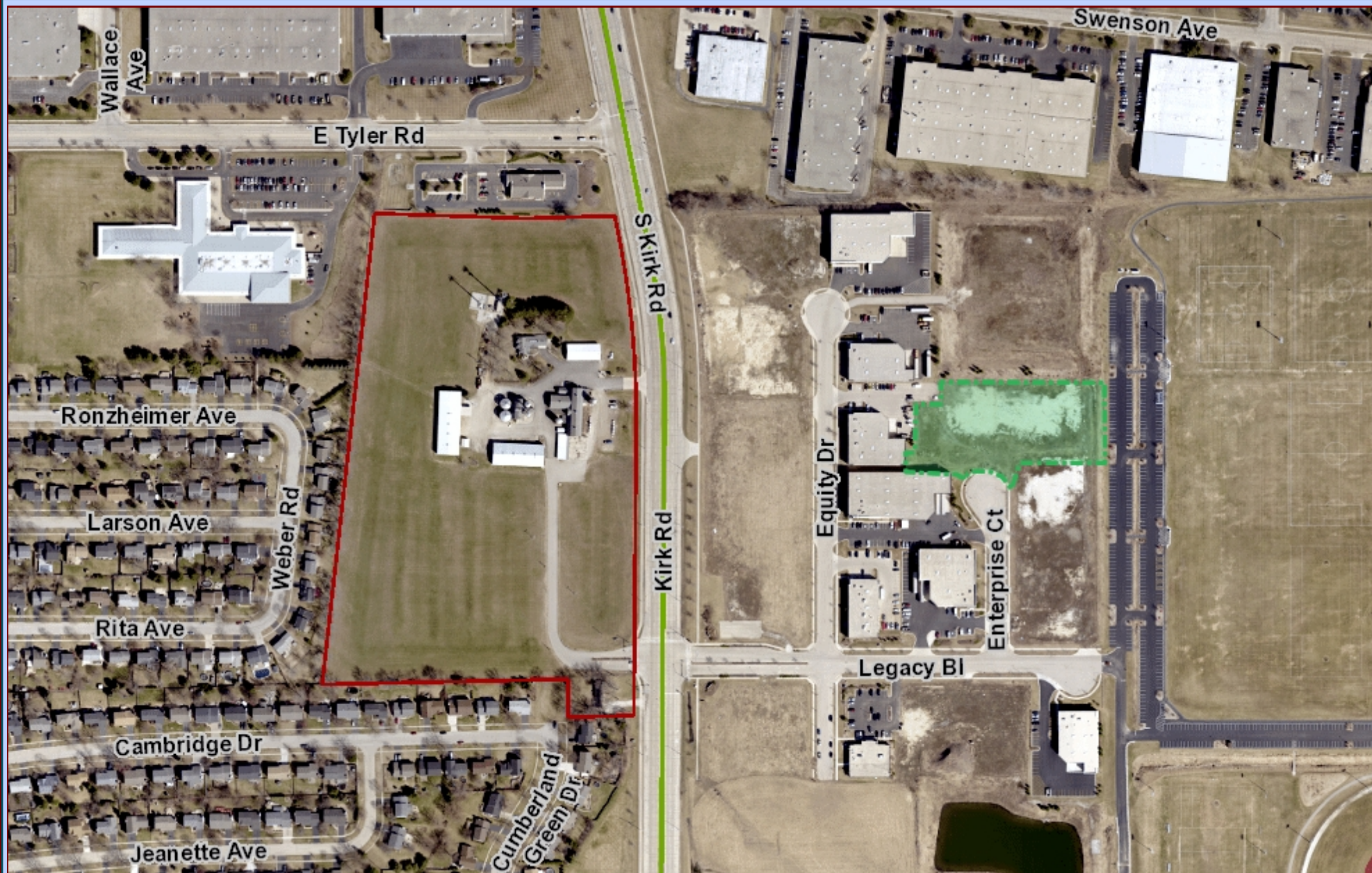


# City of St. Charles, Illinois

Two East Main Street St. Charles, IL 60174-1984  
Phone: 630-377-4400 Fax: 630-377-4440 - [www.stcharlesil.gov](http://www.stcharlesil.gov)

## Precision GIS

RAYMOND ROGINA *Mayor*  
MARK KOENEN *City Administrator*



Data Source:  
City of St. Charles, Illinois  
Kane County, Illinois  
DuPage County, Illinois  
Projection: Transverse Mercator  
Coordinate System: Illinois State Plane East  
North American Datum 1983  
Printed on: June 6, 2016 12:16 PM



0 167 333 Feet

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Powered by Precision GIS

# **TIF AND SALES TAX FINANCIAL ASSISTANCE APPLICATION PACKET**

**PART 1 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 first of a two-part process. Once the applicant's proposal has been discussed at the pre-application meeting, he / she will be given part 1 of 2 incentive application if the project meets the policy requirements listed in the Economic Incentive Policy. 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;
- Principal Profile;
- Job Creation and / or Retention Activities;

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.



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

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TIF / Sales Tax Assistance Application Instructions _____	5-7
TIF / Sales Tax Application Checklist _____	8
Principal Profile _____	9
Job Creation and / or Retention Activities _____	10





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

## 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 Community Development Department (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 indicating 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.**





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

## **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 Summary Letter**

Provide a summary of the project in the form of a letter addressed to the EDD. The letter should include the following essential information about the project:

- Description of site or building, including address and TIF District if applicable
- Current and proposed uses
- Description of end users
- Project start and end dates
- Name of developer and owner
- Total development costs
- Overview of private-sector financing
- Amount of TIF or sales tax assistance requested
- Statement regarding why TIF or sales tax is necessary
- For TIF applicants, provide a summary of increment projections
- Profitability
- Description of public benefits, including job creation

### **2 Project Narrative**

Provide an in-depth overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Current condition of the site and historical overview that includes the size and condition of any existing structures, environmental conditions, and past uses of the site.
- Proposed use(s) of project (e.g. industrial, commercial, retail, office, or mixed-use).
- Construction information about the project including: size of any existing structure to be demolished or rehabbed; size of any new construction; types of construction materials (structural and finish); delineation of square foot allocation by use; total number and individual square footage of residential units; type of residential units (e.g. for-sale, rental, condominium); number of affordable residential units; degree of affordability of residential



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

units (i.e. 100% AMI, 80% AMI, 60% AMI); number and type of parking spaces; and construction phasing.

- For TIF assistance, confirm that this project is consistent with the goals and objectives identified in the applicable TIF Redevelopment Plan. Copies of TIF Redevelopment Plans are available through the City.
- A summary of proposed "green" features to be included in the project. Projects that receive TIF assistance are strongly encouraged to, but not required to include environmentally friendly features. However, when appropriate, include details regarding the type and extent of green roof or other environmental elements that will be provided and the degree of LEED certification, or equivalency, that will be obtained.

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### Detailed Project Information

#### 3 Project Timeline

A comprehensive project timeline is required. Include anticipated dates for site acquisition or lease, project start and completion, as well as other project milestones. Multi-phase projects must include details for each phase. The timeline should also identify any critical or time-sensitive dates as well as any time constraints facing the Applicant.

#### 4 Public Benefits

Fully describe the public benefits that can be realized by the completion of this project. Projects with a high degree of public benefit are typically more likely to receive TIF or sales tax assistance. Examples of public benefits include, but are not limited to the following:

- |   |  |
|---|--|
| ▪ Creation of affordable housing  | ▪ Elimination of blight                              |
| ▪ Creation of new permanent jobs  | ▪ Incorporation of environmentally friendly features |
| ▪ Creation of new retail choices in an underserved segment of the community | ▪ Increased sales tax revenue                        |
| ▪ Catalyst for new private investment                                       | ▪ Increased property tax revenue                     |
| ▪ Re-occupancy of a vacant building   | ▪ Job-training opportunities                         |

This statement should include qualitative examples of public benefits as well as quantifiable and measurable outcomes of the short-term and long-term benefits to the neighborhood and to the City of St. Charles. Support documentation for the estimates of public benefits must be included.

#### 5 Demonstration of Need

Provide a detailed statement that accurately and completely explains why TIF or sales tax assistance is needed. This statement should provide the reasons why the project would have unacceptable financial returns without financial assistance.



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## Project Financial Information

### 6 Request for TIF or Sales Tax Assistance

Specifically state the amount of TIF or sales tax assistance that is necessary to make this project possible. Also specify the terms of payment (e.g. pay-as-you-go, developer note, etc). For TIF assistance, explain how the developer will fund project costs that will be reimbursed with TIF increment after those project costs have been incurred. For example, will the developer provide additional equity or borrow additional funds to "front-fund" the TIF or sales tax assistance? For sales tax incentives, explain what the incentive is to pay for and when.

### 7 TIF Applicant Only: Budget of TIF Eligible Expenses

Identify which of the development budget costs are eligible for reimbursement as allowed by the Illinois TIF Act.

### 8 Other Subsidies

Identify all other forms of public assistance that are provided by the City of St. Charles or any other agency. Examples include: land write-down, grants, permit fee waivers, etc.

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## Developer Information

### 9 Ownership Structure

Submit a narrative description of the ownership structure of the development and ownership entities, which includes information on individuals involved in each. The financial relationship of each entity must be clearly and accurately described. Where applicable, also identify the relationship between the developer/owner and the operating entity. Indicate the entities that will serve as construction manager and general contractor for the project.

### 10 Principal Profile Information

Submit the requested information for each of the principals and business entities involved in this project. This information will be used to verify that the applicants and related associates do not have any outstanding debts to the City.



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

### **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. ☒ Summary Letter
2. ☒ Project Narrative

#### **Detailed Project Information**

3. ☒ Project Timeline
4. ☒ Public Benefits
5. ☒ Demonstration of Need

#### **Project Financial Information**

6. ☐ Request for TIF or Sales Tax Assistance
7. ☐ TIF Applicants: Budget of TIF Eligible Expenses
8. ☒ Other Subsidies

#### **Other Information**

9. ☒ Ownership Structure
10. ☒ Principal Profile Information



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**PRINCIPAL PROFILE**

The following information must be provided for each individual that is an owner, partner, investor, director or officer of the Applicant entity or of any entity holding an interest in the applicant.

Name: Mark Podl (Sole Owner)

Home Address: 3131 E. Francis Circle, St. Charles, IL 60174

Date of Birth:

Social Security Number:

Driver's License Number:

**All information must be typed**

Name:

Home Address:

Date of Birth:

Social Security Number:

Driver's License Number:

**All information must be typed**

Name:

Home Address:

Date of Birth:

Social Security Number:

Driver's License Number:

**All information must be typed**

Name:

Home Address:

Date of Birth:

Social Security Number:

Driver's License Number:

**All information must be typed**



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**JOB CREATION OR RETENTION ACTIVITIES**

The developer shall document and report on job creation and/or retention activity as per the terms and conditions of the TIF redevelopment or sales tax agreement. The form, content and scheduled reporting dates of the employment information that is to be supplied by the developer shall be determined by EDD.

Initials: MWP Date: 5/2/16

May 2, 2016

Matthew O'Rourke  
Economic Development Division Manager  
2 E. Main Street  
St. Charles, IL 60174

RE: Summary Letter

Matthew,

I appreciate your consideration of Doran Scales, Inc. as we evaluate options for our new manufacturing facility. Doran Scales, Inc. was originally located in St. Charles 40 years ago. Now in second generation ownership, we require an expansion. We are looking to act quickly as our needs to expand are required immediately due to growth and moving manufacturing from China to the US. We are asking the City to consider a tax incentive and, if required, assistance with utilities and small variances to build in St. Charles. As you know, neighboring communities are offering incentives and my board has asked me to develop reasonable incentives with the City.

St. Charles is our primary choice and we have located land that is suitable for a building from 20,000 to 31,000 sq. ft. The project investment will range from \$2,125,000 to \$3,500,000 and will likely be financed by STC Capital in St. Charles. When Doran and the City are able to come to an agreement, we plan on moving into our facility in the first quarter of 2017 or earlier if possible.

Sincerely,

Mark Podl  
CEO

## Project Narrative

- Location - Legacy Business Park
- Build 20,000 to 31,000 sq. ft., 28' clear building
- Project approximate cost \$2,125,000 – \$3,500,000
- Timeline is immediate with move in first quarter of 2017 or earlier
- Attached: Drawing of proposed building, Scope of work

Operation – An ISO 9001 lean manufacturing facility, assembling UL, Factory Mutual, VCAP and NTEP approved scales. The production facility is utilized for light manufacturing, assembly and warehousing. All product engineering is accomplished at Doran, including electronics, mechanical design and software. Sales is accomplished through one internal and two external full time sales people. Doran is currently moving product from China to USA manufacturing and requires space to expand. We are reducing our Chinese imports by 30% by the end of 2016 that will require three more manufacturing employees and additional space.

Company History – Founded in 1976 and located in Batavia, IL, Doran Scales, Inc. is an internationally recognized manufacturer of heavy duty stainless steel scales, medical scales and data collection solutions. A second generation closely held company, Doran products are sold through 250 industrial scale dealers, medical distributors and direct to Fortune 500 companies.

## Demonstration of Need

- Requirements for frontage. Unit is at the rear of the park and is not seen from Kirk Road.
- May need reduced parking spots due to unique layout of lots and on site truck maneuvering.
- East Side Sports Complex is accessed through the business park. The completion of Division Street access would alleviate the following issues:
  - Increased traffic at the end of the day when package and LTL pickups are typically scheduled
  - Currently a safety issue mixing young drivers and trucks
  - Parking for the park is limited and overflows into the business park

## Public Benefits Investment in Community

### Employees – 21 consisting of:

- Front office – 11, including 5 electrical and software engineers
  - Average Annual Compensation \$75,772
- Production area – 8, including 3 service technicians
  - Average Annual Compensation \$34,406
- External Sales – 2, located in in Pennsylvania and Colorado
  - Average Annual Compensation \$84,000



Benefits – 401K with 20 participating and Health Insurance plan

Training – We continually develop our employees as we prefer to promote from within. Recent training includes: DiSC profile and communication training, Reading Drawings, Lean Manufacturing, Soldering, Basic Electronics, APICS purchasing training, OSHA safety day, Tony Robbins UPW, and Internal Auditing.