

AGENDA ITEM
September 20, 2022

Subject: Economic Development Incentive Policy

Department: Administration

This Ordinance will adopt an Economic Development Incentive Policy to provide guidance to property owners and developers in Nevada on the use of public economic incentive tools.

Manager Notes:

- The proposed Incentive Policy was drafted by Gilmore & Bell with coordination from Ben Vickers, Vernon County Economic Developer.
- The last Incentive Policy drafted was in 2010 and never formally adopted by Council.

BILL NO. 2022-073

ORDINANCE NO.

A GENERAL ORDINANCE OF THE CITY OF NEVADA, MISSOURI, ADOPTING AN ECONOMIC DEVELOPMENT INCENTIVE POLICY FOR THE CITY OF NEVADA MISSOURI.

WHEREAS, the Economic Development Incentive Policy is created to inform prospective investors and developers of the City's development goals and outcomes while also providing a more efficient process for review and approval of various development incentive requests; and,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEVADA, MISSOURI THAT:

Section 1. That the Economic Development Incentive Policy attached hereto as Exhibit A and incorporated herein by reference as if fully set forth herein be and is hereby approved and adopted

Section 2. This ordinance will be in full force and effect upon its passage and approval.

PASSED, APPROVED and ADOPTED by the City Council of the City of Nevada, Missouri, this _____ day of October, 2022.

CITY OF NEVADA, MISSOURI

(SEAL)

By: _____
George Knox, Mayor

Attest:

Stephanie M. Martin, City Clerk

City of Nevada Economic Development Incentives Policy



Date Approved: _____, 2022

Resolution: _____

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****This document will be reviewed and amended as needed***

PURPOSE AND SCOPE

The purpose of this Economic Development Incentive Policy (the “Policy”) is to provide guidance to property owners and developers in Nevada on the use of public economic incentive tools. This Policy is also designed to provide direction and an understanding of the expectations of the City of Nevada, Missouri (the “City”) regarding the process, standards and policies that will be applied by the City to the use of economic development tools. All projects will be evaluated using both the Economic Development Objectives and the policies specific to the particular incentive.

ECONOMIC DEVELOPMENT OBJECTIVES

The City is committed to the high quality and balanced growth and development of the community, to preserving the City’s character and atmosphere and to revitalizing and redeveloping areas of the City. Various economic incentives are available under Missouri law to help municipalities achieve their public objectives. This Policy establishes the policy, procedures and requirements to govern the fair, effective and judicious use of these incentives by the City in order to help meet its economic development goals.

Accordingly, the City has established certain goals regarding the use of economic incentives:

- promote, stimulate and develop the general and economic welfare of the City,
- encourage the training and development of the City’s workforce,
- facilitate the creation and retention of jobs at or above a family supporting wage,
- encourage the location and retention of businesses which are good corporate citizens that will add to the quality of life in the City through their leadership and support of local civic and philanthropic organizations,
- encourage existing industry to expand,
- assist new business start-ups,
- encourage the use of public economic incentives in locations and situations that provide the maximum public benefit, and
- limit the use of public economic incentives for the shortest duration.

Achieving these objectives can lead to significant public benefit, retention of existing quality jobs, construction of public improvements, creation of new jobs, elimination of blight, increase in property values, increase in tax revenues, and economic stability throughout the City.

It is the policy of the City that any decision regarding the use of economic incentives will be made in accordance with the guidelines, criteria and procedures set forth in this Policy. Nothing in this Policy implies or suggests that the City is under any obligation to approve or support the use of a particular economic incentive tool for any applicant. The City reserves the right to modify or waive, on a case-by-case basis, any of the procedures set forth in this Policy, provided that all of the applicable state statutory requirements are satisfied.

APPLICATION AND REVIEW PROCESS

1. Applicants should notify the City of their intent to pursue a development project that will make use of incentives. The pre-application worksheet, attached as **Attachment A**, should accompany this notification. The Application and associated fees, as outlined in the Schedule of Fees attached as **Attachment B**, must be submitted to the City Clerk's office for review and processing.
2. The City does not have a source of funds for costs incurred for additional legal, financial and other consultants or for direct out-of-pocket expenses and other costs resulting from services rendered by or to the City to review, evaluate, process and consider applications. An Applicant who desires assistance from the City through the use of incentives should demonstrate the financial ability to allow for the full and fair evaluation by the City of the proposal. In order for the City to fully consider and evaluate an application, the City may require that, in lieu of an application fee, the Applicant will deposit funds with the City pursuant to a funding agreement between the City and the Applicant, using a form of agreement provided by the City. The funds deposited pursuant to a funding agreement will be used by the City to pay for actual out-of-pocket expenses incurred to perform a full evaluation of the application and engage consultants as needed for such evaluation. A sample form of the Funding Agreement is attached as **Attachment C**.
3. Upon receipt of an Application and the appropriate fees, or upon execution of a funding agreement when required by the City, the City will review the request using the criteria set forth in this Policy and requirements set forth in applicable state statutes.

4. The City may require the Applicant to attend a Pre-Qualification Conference. The purpose of the conference is to:
 - a. Acquaint the Applicant with the procedural requirements of this Policy;
 - b. Provide for an exchange of information regarding the Applicant's request;
 - c. Advise the Applicant of any public sources of information that may aid the Application and identify issues that create opportunities or pose significant restraints for the Application;
 - d. Review the Application and provide the Applicant with opportunities to revise or update the request in order to mitigate any undesirable consequences of the proposed project;
 - e. Review compatibility with current City planning and comprehensive plan; and
 - f. Provide general assistance by City staff on the overall plan for the Application and the proposed project.

The City offers incentives in the following broad categories:

1. *Redirection of incremental increase in taxes:* The development pays all taxes owed and a portion or all of the incremental increase in taxes resulting from development is captured and redirected to pay redevelopment project costs. Taxing jurisdictions continue to receive the taxes based on the pre-development value. Incentives in this category include Tax Increment Financing (TIF) and Tax Reimbursement Agreements.
2. *Property tax abatement:* Tax abatement is offered through a variety of programs aimed to spur job creation, private investment and redevelopment. Typically, the development continues to pay taxes on land and improvements based on their value prior to the new investment. All or a portion of the incremental increase in property taxes is abated for a set period of time. Incentives in this category include Chapter 100 (Industrial Development Bonds) and Chapter 353 (Urban Redevelopment Corporation).
3. *Special taxing districts:* Pursuant to State law, the City may establish or approve the establishment of special districts that can impose special assessments and/or taxes in order to pay for public improvements or to eliminate blight. These districts require the cooperation of a majority of the property owners in the district. Taxing districts include Neighborhood Improvement Districts (NID), Community Improvement Districts (CID) and Transportation Development Districts (TDD).

TAX INCREMENT FINANCING

OVERVIEW

Tax Increment Financing (TIF) is a public funding mechanism to assist private development of an area within the City. TIF may only be used: 1) when there is evidence the development would not occur without public assistance; and 2) when the project area qualifies as a blighted or conservation area in accordance with state statutes.

TIF is a financial tool used to capture the increase in property taxes and sales taxes created as a result of the redevelopment of an approved area within the City. TIF by itself does not cause an increase in property or sales tax rates. 100% of the incremental increase in property tax revenues (known as payments in lieu of taxes or "PILOTs") and 50% of the incremental increase in local sales and use tax revenues (known as economic activity taxes or "EATs") generated in an approved TIF redevelopment area as a result of the completion of a development project will be captured and may be directed to a TIF special allocation fund. The PILOTs and EATs may then be used to reimburse a private developer for eligible expenses or to repay principal and interest on bonds used to finance the eligible expenses for a maximum of 23 years from the date a TIF redevelopment project was activated.

STATUTORY REQUIREMENTS

By law, the City must determine that certain requirements have been met before approving a Tax Increment Financing Plan filed by the applicant. These requirements are set forth under Sections 99.805 to 99.865 of the Revised Statutes for the State of Missouri (RSMo) (the "TIF Act").

POLICY GUIDELINES

The City has established several criteria that will be applied in the review and evaluation of applications for TIF financing. In general, applications that meet each of the evaluation criteria will be viewed most favorably. However, TIF applications that do not meet all of the criteria listed herein may be approved if the application clearly demonstrates that the TIF Plan and project, as a whole, is important to the City.

1. Each TIF application must demonstrate that "but for" the use of TIF, the project is not feasible and would not be completed without the proposed TIF assistance.
2. Demonstrates a substantial and significant public benefit by eliminating blight, financing desirable public improvements, strengthening the City's economic and employment

base through the creation of new jobs or retention of existing employment, positively impacts surrounding areas, creates economic stability, facilitates economic self-sufficiency, aids in the implementation of the City's comprehensive development plan and economic development strategies, and serves as a catalyst for further high quality development or redevelopment in the City.

3. Evidence the applicant has thoroughly explored alternative financing methods and has a track record which demonstrates the financial and technical ability to complete the project.
4. TIF assistance to the project should generally not exceed 25% of total project costs. However, this threshold may be waived in circumstances where the developer:
 - a. has a proven track record in completing successful projects comparable in scope and scale;
 - b. documents the developer's financial capacity to complete the proposed project;
 - c. demonstrates that tenant commitments are already in place for a significant portion of the proposed project;
 - d. demonstrates the need for additional assistance in order to achieve a reasonable rate of return of the proposed project; and
 - e. is seeking to develop land that is identified as highly desirable for TIF assistance by the City.
5. Proposals requesting TIF assistance should have a ratio of three to one (3:1) in comparing potential increased revenue to the City from all sources to the value of the incentives provided, measured over the term of the TIF project.
6. Generally, TIF applications which encompass a project area of less than 3 acres will be discouraged.
7. In evaluating the employment potential of a proposed redevelopment, the following will be taken into consideration: (a) number of additional employees that will be hired as a result of the project and whether they are likely to be hired from the local population; (b) skill and education levels required for the jobs expected to be created by the project; (c) range of salary and compensation for jobs expected to be created by the project; and (d) potential for executive relocation. TIF projects that create jobs with wages that exceed the community average will be viewed favorably.
8. TIF applications for new or expanded retail projects will be viewed more favorably than new or expanded office, commercial, or industrial and manufacturing projects. TIF applications for retail and service commercial projects should be limited to those

projects that encourage an inflow of new customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City as documented in a professionally prepared market study. New or expanded industrial and manufacturing projects will be given more favorable consideration than new or expanded warehouse type uses based upon the projected employment per square foot.

9. TIF applications for the development of commercial, office and industrial projects that would stabilize existing commercial, office and industrial areas that have or will likely experience deterioration will be favored.
10. TIF applications that include the development of business areas, or the redevelopment of existing business areas, will include information as to the business type of the major tenants of the TIF area. In addition, a thorough market analysis should be completed that identifies: (1) the population areas from which the project will draw; and (2) the businesses of similar types that would be competing with the TIF area businesses.
11. TIF applications for the redevelopment of existing residential areas will generally be disfavored. TIF applications for new residential development projects will generally be disfavored, however, mixed-use development projects will receive the highest priority. Mixed-use development projects include projects that develop retail, commercial, or office space in conjunction with multi-family residential development.
12. Government-issued financing related to TIF applications:
 - a. If an applicant's financing plan includes a request for the City or another governmental entity at the City's request (e.g., an industrial development authority or the Missouri Development Financing Board ("MDFB")) to issue notes and/or bonds to finance the project, the applicant will enter into an agreement with the City regarding the terms of such financing prior to the consideration of the approval of the application, which financing terms will be incorporated into a redevelopment agreement for the implementation of the redevelopment plan upon the approval of the application, as applicable.
 - b. TIF applications requesting the issuance of bonds or notes will be required to demonstrate using a third-party revenue consultant selected by the City but funded by the applicant or other third party that the payments-in-lieu of taxes and/or economic activity taxes expected to be generated will be sufficient to provide debt service coverage of at least 1.30 times the projected debt service on any tax increment financing bonds or notes, subject to input from the City's bond underwriter or other consultant on a case-by-case basis. This limitation

may be modified for projects that involve the redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located. The debt service coverage ratio provided in this subsection is for guidance only, the actual ratio will be determined through negotiations of the parties in the context of an actual request for incentives through an application.

- c. Applications requesting the City to issue annual-appropriation backed bonds are prohibited.
13. If the TIF application is being recommended based upon specifically delineated benefits that are projected to flow to the City as a result of the development, such as increased employment opportunities, increased ad valorem or economic activity taxes, or construction of public infrastructure, language will be included in the development agreement that stipulates that the City's assistance to the developer may be reduced if satisfactory evidence is not shown that the degree, nature and/or quality of the benefits have been generated to the City by the project in accordance with the timeline provided in the application.
 14. Applications that include the utilization of a Community Improvement District (CID), Neighborhood Improvement District (NID), Transportation Development District (TDD) or other private or public financing special purpose districts which result in reducing the term of the TIF project and/or reduce the burden on affected taxing jurisdictions will be viewed more favorably.
 15. Notwithstanding the foregoing, TIF applications that, based upon the above guidelines, would not otherwise be favorably considered or do not meet any of the above referenced criteria, may be viewed favorably by the City if the application clearly demonstrates that the project as a whole or a portion of it is of vital interest to the City and will significantly assist the City by eliminating blight, financing desirable public improvements, strengthening the City's economic and employment base through the creation of new jobs or retention of existing employment, positively impacting surrounding areas, creating economic stability, facilitates economic self-sufficiency, aiding in the implementation of the City's comprehensive development plan and economic development strategies, and serving as a catalyst for further high quality development or redevelopment in the City.
 16. The applicant must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.

ELIGIBLE ACTIVITIES

TIF may be used to reimburse the following types of redevelopment project costs: professional services, plans and specifications, land acquisition and site preparation, public improvements, and in certain instances, private improvements.

CITY APPLICATION/APPROVAL PROCESS

The applicant is required to first meet with staff in a Pre-Qualification Conference to determine project eligibility. An application may then be submitted to the City Clerk for review and processing. A copy of the formal application may be obtained through the City Clerk.

Provided that the application exhibits initial feasibility in the opinion of City staff as determined by the information exchanged in the Pre-Qualification Conference or otherwise, the applicant will be required to enter into a funding agreement with the City to cover the City's expenses associated with the TIF consideration and approval process, as provided in this Policy. The initial deposit required in such funding agreement is established in the City's Schedule of Fees and Charges attached as **Attachment B**. The City's expenses may include, but are not limited to, fees for special legal and financial consultation, market study reviews, appraisal reviews, and if applicable, bond underwriters and bond counsel. Applicants are placed on notice that the costs associated with a funding agreement are not refundable in the event that the application is not approved. Payment of the associated costs does not guarantee approval of the application by the TIF Commission or City Council, whose decisions will remain at their sole discretion.

Care will be exercised in the use of TIF incentives to thoroughly evaluate each project to ensure that the benefits that will accrue from the approval of the project are appropriate, in relation to the TIF incentive provided to and the costs that will result from the project, and that the project, when viewed from this prospective, benefits the City as a whole.

Each project and the location at which it is proposed is unique, therefore, every proposal will be evaluated on its individual merit, including its potential economic benefit, potential impact on the City's service levels, its overall contribution to the City's economy and its consistency with the City's goals and objective as expressed, adopted or endorsed in City planning or strategic documents. The applicant is expected to work with the City's staff and consultants to prepare the TIF Plan prior to the applicant's formal submittal of the final TIF Plan for TIF Commission and City Council review and approval.

Following a public hearing before the City's TIF Commission and approval of the TIF Plan by the City Council, the City and the applicant will enter into a redevelopment agreement for the purpose of governing the implementation of the TIF Plan. Such redevelopment agreement may

be subject to certain terms and conditions agreed by the City and the applicant prior to the TIF Commission hearing process, which terms and conditions will be set forth in a "terms sheet".

ACCOUNTABILITY

If the TIF application is being recommended based upon job creation criteria, language will be included in the redevelopment agreement which stipulates that the City's assistance to the developer may be reduced if satisfactory evidence is not shown that the indicated number and quality of jobs have been generated.

If businesses are to be relocated from other areas of the City, sufficient justification will be included to indicate why this relocation should be considered. If existing businesses are to be relocated to the TIF area, the base year of activity for purposes of determining the tax increment for both real property and economic activity taxes is the last twelve-month period at the businesses current location, immediately preceding the relocation. To accomplish this intent, a surplus will be declared which will have the same effect as if the previous level of taxes in the last full year at the previous location continued to be available to all taxing entities after the relocation.

CHAPTER 100 REVENUE BONDS

OVERVIEW

Sections 100.010 to 100.200 of the Revised Statutes of Missouri, and Article VI § 27(b) of the Missouri Constitution (collectively, "Chapter 100"), authorize municipalities, counties, towns and villages to issue revenue bonds to finance industrial and commercial development projects for private corporations, partnerships or individual companies. Under Chapter 100, the City issues revenue bonds to finance real and/or personal property for eligible development projects.

Under this type of financing, the company passes title in the real or personal property involved to the City pursuant to a deed and/or bill of sale. The City will issue the revenue bonds in the amount necessary to finance the purchase, new construction, or expansion contemplated for the project. The City will retain ownership of the real and/or personal property and lease it to the company. The rent charged to/paid by the company will be an amount sufficient to pay the principal and interest on the bonds as they come due. Most commonly, the bonds are purchased by the company, but can be sold on the open market or privately placed with banks or other financial institutions/investors. The lease-purchase agreement will also provide for the company to resume or assume ownership of the real and/or personal property once the bonds have been paid off.

Because title to the property is held in the name of the City during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. If the full abatement of taxes is more than is necessary to make the project feasible, the City may require the company to make payments in lieu of taxes ("PILOTs") to offset the excess benefits. Chapter 100 requires PILOTs to be paid to all affected taxing jurisdictions in proportion to their ad valorem tax levies. In addition to property tax abatement, the company may also benefit from a sales tax exemption for construction materials and/or equipment for the project.

STATUTORY REQUIREMENTS

By law, the City must determine that certain requirements have been met before approving a Chapter 100. These requirements are set forth under Sections 100.010 to 100.200 of the Revised Statutes for the State of Missouri (RSMo).

POLICY GUIDELINES

The City has established several criteria that will be used to review and evaluate applications for Chapter 100 financing and tax abatement. Each of the following should be satisfied:

1. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals, which include expanding the tax base, creating new or retaining existing job opportunities and spurring development in targeted City locations which may from time to time be identified as highly desirable for Chapter 100 assistance.
2. Demonstrate the project would not occur "but for" the incentives offered. The incentive should make a difference in determining the decision of the business to locate, expand or remain in the City; and would not otherwise occur without the availability of the abatement.
3. Include evidence provided by the business that demonstrates the company's financial stability and capacity to complete the project. The City may utilize a financial advisor of its choosing to assist in this determination.
4. The Project should not result in the City, Vernon County, Nevada School District or any other taxing jurisdiction affected by the incentive receiving less total real and personal property tax revenue from the property than was received prior to the granting of tax abatement.
5. Comply with the City's Comprehensive Plan.
6. Be environmentally compatible with the specific location and the surrounding area. Preference will be given to businesses that do their own pre-treatment or do not require extensive environmental controls.
7. Applications that do not meet all of these criteria may be approved if the application clearly demonstrates that the project, as a whole, is of important economic interest to the City.
8. The applicant must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.

ELIGIBLE ACTIVITIES

Chapter 100 Bonds may be issued to finance the land, buildings, fixtures, and machinery for warehouses, distribution facilities, research and development facilities, office industries, retail, service industries engaged in interstate commerce, industrial plants, and commercial development.

ABATEMENT GUIDELINES

1. Standard Abatement

- a. Up to 50% property tax abatement for ten (10) years for projects that make a capital investment at least \$4,000,000 or more for a new business or at least \$2,000,000 or more for expansion of an existing business.
- b. The average wage of all full-time employees exceeds seventy percent (70%) of the County average wage as published by the Missouri Department of Economic Development (DED). Average county wages are based on Census of Employment and Wages, Missouri Economic Research and Information Center (MERIC).
- c. As an additional incentive, businesses that are (1) employee owned, (2) co-op (owned and operated by and for the benefit of its members), or (3) employ members of a union may receive an additional 5% property tax abatement.

2. Enhanced Abatement

- a. Up to 75% property tax abatement for ten (10) years for businesses that invest at least \$4,000,000 or more for a new business or at least \$2,000,000 or more for expansion of an existing business and:
 - i. At least 20 new full-time employees will be hired as a result of the business.
 - ii. The average wage of all full-time employees exceeds the County average wage as published by the Missouri Department of Economic Development (DED).
- b. As an additional enhancement, businesses that achieve any of the following standards may receive an additional bonus abatement for each satisfied standard (no business should exceed 95% abatement):
 - i. For every 10 new full-time employees hired above the initial 20 to qualify for the enhanced abatement, a business may receive an additional 1% (not to exceed 10%).
 - ii. For every 5% of full-time employees that are paid above one and one-half (1.5) times the average County wage as published by the Missouri Department of Economic Development (DED), a business may receive an additional 1% (not to exceed 10%).

- c. As an additional incentive, businesses that are (1) employee owned, (2) co-op (owned and operated by and for the benefit of its members), or (3) employ members of a union may receive an additional 5% property tax abatement.

3. *Science & Technology/Corporate Headquarters Abatement*

- a. Up to 100% property tax abatement for ten (10) years for businesses that invest at least \$4,000,000 or more for a new business or at least \$2,000,000 or more for expansion of an existing business and:
 - i. The business must be: (1) an agricultural, food production, biological, life sciences, information technology, or engineering-based business that is engaged in science and research technology, engineering or other innovative process; or (2) the designated headquarters for a U.S. Corporation or the U.S. headquarters for an international corporation. "Headquarters" designation must be readily apparent on digital and printed media providing corporate information, and a majority of corporate officers (i.e., chief executive officer, chief operating officer, chief accounting officer, chief information officer, etc.) for U.S. operations will have their primary office located in the City.
 - ii. At least 10 new full-time employees to the City will be hired as a result of the business or project.
 - iii. The average wage of all full-time employees exceeds the County average wage as published by Missouri Department of Economic Development (DED).

The portion of property taxes not abated pursuant to this program will be paid to the City as PILOTs for distribution to the appropriate taxing jurisdictions. The level of enhanced abatement may increase or decrease annually based upon the satisfaction of the standards identified in Section 2 of the Abatement Guidelines.

CITY APPLICATION & APPROVAL PROCESS

The applicant is required to first meet with City staff and/or consultants in a Pre-Qualification Conference to determine project eligibility. An application may then be submitted to the office of the City Clerk for review and processing. A copy of the formal application form may be obtained from the office of the City Clerk.

If the project meets the policy guidelines outlined above, a Plan, as outlined under Section 100.050 RSMo., will be developed. The City's preference is for City staff or the City's consultants to draft the Plan in consultation with the applicant. The Plan will then be considered for formal approval by City Council. Following approval of the Plan, the City and the applicant will enter

into a performance agreement which will govern the terms of the abatement. The agreement will require that an annual report be submitted to the City on or before March 1 of each year. Each annual report will cover the time period of January 1 through December 31 of the previous year and include a detailed accounting of the project, including certification on the number of employees (newly added during that period and existing) and associated wages. The agreement may include a clawback provision requiring specified performance on issues such as new jobs created as a condition for granting and maintaining the abatement.

The authority and decision to issue revenue bonds and grant tax abatements is vested solely with the City Council and is discretionary. The City Council is under no obligation to approve any request and reserves the right to deviate from the policies and criteria contained herein if, in the opinion of the City Council, circumstances exist to warrant such deviation, as long as any deviation does not conflict with state law. Property owners, applicants and others are cautioned not to rely upon receipt of abatement until all steps for granting an exemption have been approved.

CHAPTER 353 URBAN REDEVELOPMENT CORPORATION

OVERVIEW

Chapter 353 tax abatement is an incentive allowed by Missouri law to encourage the redevelopment of blighted areas through the abatement of real property taxes and, where appropriate, the use of eminent domain. To be eligible for tax abatement, either the City or a private entity must form a 353 Urban Redevelopment Corporation (353 Corporation) pursuant to the Urban Redevelopment Corporations Law (Chapter 353) of the Revised Statutes of Missouri. In order to establish a 353 Corporation, articles of association must be prepared in accordance with the general corporation law of Missouri.

Under Chapter 353, tax abatement on real property taxes is available for a period up to 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land, exclusive of improvements, during the calendar year preceding the calendar year during which the 353 Corporation acquired title to the real property. During the next 15 years, the real property may be assessed up to 50% of its true value. Under Chapter 353, tax abatement is not available for personal property taxes such as equipment or machinery. The length of time abatements will be permitted will be outlined for each area or project designated.

Payments in lieu of taxes (PILOTS) may be required by the City to reduce the amount of the abatement authorized by statute and to ensure no loss of existing property tax revenues by taxing jurisdictions.

STATUTORY REQUIREMENTS

By law, the City must determine that certain requirements have been met before approving a development plan (353 Plan) filed by the 353 Corporation. These requirements are set forth under 353.020 to 353.150 of the Revised Statutes of Missouri (RSMo).

POLICY GUIDELINES

The City will consider the granting of Chapter 353 abatement incentives where the property has been found to be a “blighted area.” In addition to this statutory requirement, each of the following criteria should be satisfied:

1. Show a clear demonstration of public purpose and economic benefit through the advancement of the City’s economic development goals which include expanding the tax base, creating quality jobs, and spurring development or redevelopment in targeted City locations.

2. Demonstrate the project would not occur “but for” the incentives offered. The incentive should make a difference in determining the decision of the business to locate, expand or remain in the City and would not otherwise occur without the availability of the abatement.
3. Include evidence that the property owner has the financial ability and capacity to complete the project.
4. Ensure that the City, Vernon County, the Nevada School District, and any other taxing jurisdiction affected by the incentive would not receive less total real property tax revenue from the property than was received prior to the granting of the tax abatement.
5. Be compatible with the specific location and the surrounding area. The proposed use must be clean, nonpolluting and consistent with all development ordinances and codes. The applicant is responsible for conducting all necessary environmental audits and taking any and all remedial action necessary as required by the City or any other governmental entity.
6. Properties receiving tax abatement must be maintained in compliance with minimum standards, codes, and ordinances of the City.
7. Payments in lieu of taxes (PILOTS) may be imposed by the City and paid by the property owner if deemed appropriate for the project. PILOTS are paid on an annual basis to replace all or part of the real estate taxes, which are abated. PILOTS should be made to the County Collector by December 31st of each year. The City Clerk will furnish the Collector with a copy of the agreement by which the PILOTS are imposed. The PILOTS must be allocated to each taxing district according to their proportionate share of ad valorem property taxes. 353.110.4, RSMo.
8. Upon determination that the provisions within the development plan are not being satisfied (i.e. use, operate, maintain), the City may proceed with revocation of tax abatement.
9. Subject to the statutory requirements of Chapter 353, applications for Chapter 353 partial real property tax abatement may be approved where not all of the above criteria are met if the application clearly demonstrates that the project, as a whole, is of important economic interest to the City. Because the approval of such partial real property tax abatement is granted within the discretion of the City Council, an application’s satisfaction of the above criteria does not guarantee that City Council

approval will be granted. Projects that produce other forms of additional revenue (e.g., an increase in City's sales tax revenue) may be considered for a longer tax abatement period upon City Council approval.

10. The applicant must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.

ELIGIBLE ACTIVITIES

Within an approved redevelopment area, the following activities may be undertaken: land acquisition, land disposition, building construction and rehabilitation and blight removal activities.

GENERAL ABATEMENT PROCEDURES

Development Plan: 353 Corporations have the power to operate one or more redevelopment projects pursuant to a development plan which has been authorized by the City after holding a public hearing. The City may assist in the preparation of a development plan. The City must make a finding of blight regarding the area included within the development plan. This finding will be based on a blight study provided by the applicant and approved by City staff and consultants.

It is anticipated that each redevelopment area may have several projects; the number, location and construction details of which may not be determined at the time of the application. Developers and/or property owners should prepare a project plan for each project that will implement the development plan approved for the redevelopment area. Each project plan will require its own public hearing and approval by the City Council. The City may require that substantial changes to the overall development plan after the development plan is approved must be accomplished by an amendment to the development plan. Each project within a redevelopment area covered by a development plan need not make a blight finding each time a project is considered.

Tax Impact Analysis: Chapter 353 requires the governing body to hold a public hearing regarding any proposed development plan. Before the public hearing, the governing body must furnish to the political entities whose boundaries include any portion of the property to be affected by tax abatement notice of the scheduled public hearing and a written statement of the impact on ad valorem taxes such tax abatement will have on the taxing entities. When establishing a redevelopment area with several properties, a tax impact analysis will be prepared at the time the specific project is considered by the City Council.

Development Performance Agreement: The development performance agreement, between the property owner and the 353 Corporation, describes the obligations to carry out the development plan. The development performance agreement typically includes: procedures for acquiring property, PILOTs, the tax abatement period, the schedule for construction, and procedures for the transfer of title to the property. The agreement will require that an annual report be submitted to the City by March 1 of each year the abatement is in place. The report will cover the time period of January 1 through December 31 of the previous year and include a detailed accounting and status of the project.

Abatement Program: Once a project has been approved, and the 353 Corporation has taken title to real property, that real property will not be subject to assessment or payment of general ad valorem taxes for an initial period of 10 years, or as provided in the development plan and consistent with Chapter 353.

The City may, as included within a project's development performance agreement, allow abatement at a rate and for an additional number of years provided in the development plan and consistent with Chapter 353. The City Council will determine the length of time for this period of abatement based upon the amount of investment and adherence to the Policy Guidelines.

CITY APPLICATION & APPROVAL PROCESS

The applicant is required to first meet with staff in a Pre-Qualification Conference to determine project eligibility. Applications for the City's 353 program will be accepted by the City staff on behalf of the 353 Corporation. An application may then be submitted to the office of the City Clerk for review and processing. A copy of the formal application form may be obtained from the office of the City Clerk.

If the project meets the policy guidelines outlined above, the applicant will be invited to submit a development plan covering the area proposed for development. The development plan, which should include a blight study, will then be considered for formal approval by the City Council after a required public hearing.

Following approval of the development plan, the applicant and the 353 Corporation will enter into a development performance agreement which will govern the terms of the abatement. The agreement may include a claw-back provision requiring specified performance on issues such as new jobs created as a condition for granting and maintaining the abatement.

NEIGHBORHOOD IMPROVEMENT DISTRICT

OVERVIEW

A Neighborhood Improvement District (NID) is an area designated to finance public improvements, including acquisition, construction, engineering, legal and related costs. A NID is not a separate political subdivision. Temporary notes may be issued by the City to pay the costs of the improvements and related costs. Once the construction of the improvements is completed, NID Bonds may be issued and are expected to be paid from special assessments against property owners in the area in which the improvements are made, and if not paid from special assessments, from other legally available funds of the City. NID Bonds cannot exceed 125% of the estimated cost of the improvements established in the NID Petition. The cost of the public improvements assessed against property owners in the district are apportioned in a manner commensurate to the amount of benefit received from such improvements. NID Bonds are counted against the City's constitutional debt limits.

A NID may be established by one of two methods. The first is by a favorable vote of qualified voters living within the boundaries of the proposed area. The second is through a petition signed by at least two-thirds of the owners of record by area of all real property within the proposed NID. In both instances, approval by the City Council is required in order to establish the NID.

STATUTORY REQUIREMENTS

By law, the City must determine that certain requirements have been met before approving the establishment of a NID. These requirements are set forth under Sections 67.453 to 67.475 of the Revised Statutes for the State of Missouri (RSMo).

POLICY GUIDELINES

The City is prepared to approve petitions for a NID to facilitate business activity, economic development and expedited neighborhood improvement through the participation of property owners to fund public infrastructure within the City. Because the City may issue bonds backed by the full faith and credit of the City, decisions to approve the establishment of a NID will be determined on a case-by-case basis and approved only where there is a clear demonstration of substantial and significant public benefit. Improvements funded by a NID must be purely public in nature, meaning that the improvement will be owned, operated, and maintained by the City after completion and must remain open for public use.

The City's evaluation criteria for NID proposals are as follows:

1. The sale of bonds authorized for an approved NID will be determined by the City. All costs normally associated with the sale of bonds will be considered project costs and will be reimbursed through the special assessments.
2. If development is to occur before financing is in place, NID petitioners must provide a written commitment from an acceptable lending institution to finance the NID improvements for the NID on an interim basis.
3. NID petitions must indicate the intent of each petitioner to dedicate, without cost, right-of-way and easements needed to carry out the NID projects.
4. Each petitioner must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.
5. NID petitioners will be financially responsible for any project cost overruns in excess of the maximum bonding amount authorized by City Council.
6. NID petitioners will be financially responsible for any costs involved in the preparation of preliminary plans regardless of the outcome of the district formation.
7. For developer-initiated NIDs, the developer should indemnify the City against any nonpayment of assessments.
8. NIDs must include provisions for maintenance of the project during the term of the bonds or notes.
9. The City retains the right to place a lien on properties for non-payment of special assessments, per Section 67.469 RSMo.

ELIGIBLE ACTIVITIES

Only public improvements or facilities may be financed by a NID. Such improvements must benefit property located within the NID. However, the improvement may be located outside the NID if the improvement benefits the property in the NID. Eligible improvements include, but are not limited to: property acquisition, streets, gutters, sidewalks, utility mains, street lights, parks and playgrounds, storm water facilities, sanitary sewer, off-street parking, and maintenance of the project during the term of the financing.

CITY APPLICATION & APPROVAL PROCESS

The applicant is required to first meet with staff in a Pre-Qualification Conference to determine project eligibility. An application may then be submitted to the City Clerk for review and processing. A copy of the formal application may be obtained through the City Clerk. Applicants may be required to enter into a funding agreement with the City pursuant to the guidelines outlined herein.

Prior to the applicant's formal submittal of the NID petition with the City Clerk for City Council review and approval, the applicant is expected to work with the City's staff and consultants to prepare the NID petition to ensure that it substantially complies with statutory requirements. Once the review process has been completed, the petitioner(s) may file the petition pursuant to the NID Act in the office of the City Clerk.

Upon receipt of the petition, the City Clerk, upon the advice of the City Attorney or Special Counsel, or his or her designee, will make a final determination of whether the petition substantially complies with statutory requirements. Petitions that comply with the statutory requirements will be forwarded to the City Council for consideration, subject to the procedural requirements established in the NID Act. Under certain conditions a cooperative agreement may be required to establish the terms of the relationship between the City and the applicants filing the NID petition.

COMMUNITY IMPROVEMENT DISTRICT

OVERVIEW

A Community Improvement District (CID) is a special purpose district in which property owners voluntarily impose a tax or special assessment to fund a broad range of public improvements and/or services to support business activity and economic development within specified boundaries, or to renovate and improve private property within the boundaries of the CID if designated as a blighted area. Created by an ordinance of the City Council, establishment of the CID is considered upon receipt of a petition, signed by owners of real property, representing more than 50 percent of the assessed valuation within the proposed CID boundary *and* more than 50 percent per capita of all owners of real property.

A CID may be established either as a separate political subdivision that is distinct from the City or as a not-for-profit corporation. If the CID is organized as a political subdivision, a sales tax, property tax and special assessments can be imposed. If the CID is organized as a non-profit corporation, it may only impose special assessments to finance the cost of improvements and services. The District may issue revenue bonds to finance capital improvement projects for up to 20 years.

In the event CID Bonds are issued, responsibility for repayment of such bonds lies solely with the District. As such, the City does not pledge its full faith and credit behind the repayment of the bonds. In terms of governance, a Board of Directors made up of the representatives of business owners, property owners, and voters either elected or appointed by the City oversees District activities.

Although the CID is established with the approval of the City Council, once formed the District operates independently from the City in accordance with the provisions set forth in the petition and Missouri State Law.

STATUTORY REQUIREMENTS

By law, the City must determine that certain requirements have been met before approving the establishment of a CID. These requirements are set forth under Sections 67.1401 - 67.1571 of the Revised Statutes for the State of Missouri (RSMo).

POLICY GUIDELINES

In addition to meeting the statutory requirements referenced above, the City has established several criteria that will be applied in the review and evaluation of applications for the establishment of a CID. In general, applications that meet each of the evaluation criteria will be viewed most favorably. However, CID applications that do not meet all of the criteria listed herein may be approved if the application demonstrates that the CID proposal on the whole provides a substantial and significant public benefit to meet identified economic development needs in the City.

The City requirements for the CID Petition are as follows:

1. The CID petition should require that at least a majority of the Board of Directors will be an elected or appointed official or employee of the City.
2. CID petitions which provide that the entire Board of Directors will be appointed by the Mayor with the consent of the City Council are favored.
3. The CID petition should provide that the City Council must review and approve the CID's annual budget before it is presented for approval by the Board of Directors.
4. Each petitioner must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.

The City's evaluation criteria for CID applications are as follows:

1. CIDs which are established to expedite the retirement of TIF districts are encouraged, especially when non-captured CID revenues are pledged to assist the payment of TIF obligations that are CID eligible.
2. Providing all or a portion of the funding needed to construct public improvements that have been identified as a long-term goal of the City are highly favored.
3. The Applicant and/or CID will be responsible for paying for eligible improvements and seeking reimbursement through CID revenues. The City will not typically provide upfront financing. Petitions which propose the issuance of CID bonds are discouraged.
4. The Applicant should work with City staff and consultants to ensure that a proposed sales tax would not cause the cumulative sales tax rate within the proposed CID boundaries to exceed 10%.
5. CIDs formed primarily to fund common area maintenance costs are discouraged.
6. The use of a CID as a substitute for traditional homeowners' associations is encouraged; provided that the proposed CID is established as a not-for-profit corporation.

ELIGIBLE ACTIVITIES

Public improvements and services and blight removal may be financed by a CID. The improvements and services must be located or provided within the CID boundaries. Eligible

public improvements include, but are not limited to the following: parks, parking lots, sidewalks, streets, bridges, storm water facilities, and sanitary sewer. Eligible services include, but are not limited to, the following: waste collection/disposal, recreational and cultural activities, cleaning and maintenance, security, and facility operation. CIDs may pay the costs of eliminating blighted structures located within the CID boundaries.

CITY APPLICATION & APPROVAL PROCESS

CID applicants are required to first meet with staff for a Pre-Qualification Conference to determine project eligibility. An application may then be submitted to the City Clerk for review and processing. A copy of the formal application may be obtained through the City Clerk. Applicants may be required to enter into a funding agreement with the City pursuant to the guidelines outlined herein.

Prior to the applicant's formal submittal of the CID Petition with the City Clerk for City Council review and approval, the applicant is expected to work with the City's staff and consultants to prepare the CID Petition to ensure that it substantially complies with statutory requirements. Once the review process has been completed, the applicant may file the CID Petition pursuant to the CID Act in the office of the City Clerk. Upon receipt of the CID Petition, the City Clerk, upon the advice of the City Attorney or Special Counsel, or his or her designee, will make a final determination of whether the petition substantially complies with statutory requirements. Following confirmation that the CID Petition complies with these requirements, a public hearing will be held by the City Council. The City Council would then consider whether to approve an ordinance to establish the CID.

Following the establishment of the CID, the City and the CID Board of Directors will enter into a cooperative agreement for the purpose of establishing the terms of the relationship between the City and the CID. Once established, the applicant may either seek to impose a sales tax and/or a property tax within the CID District, or to levy a special assessment within the CID District, in accordance with the procedures and provisions set forth in the CID Act.

TRANSPORTATION DEVELOPMENT DISTRICT

OVERVIEW

A Transportation Development Districts (TDD) is an independent political subdivision organized to impose sales taxes, property taxes or special assessments to pay for the construction of roads, bridges, interchanges, intersections, parking facilities or other transportation related improvements. TDDs are approved and organized by order of a circuit court. A TDD Petition is filed by the petitioners naming the Missouri Highways and Transportation Commission and any affected local transportation authority as additional parties, which may include the City (provided that the City is not the petitioner). Property owners may petition for the creation of a district as large as several counties or as small as a single parcel of property. The TDD Act also allows for the governing body of a local transportation authority (in the City's case, the City Council) to file a petition to form a TDD. As long as the TDD is proposed to construct transportation related improvements, any property is eligible to be included in a TDD.

TDDs may generate revenues through sales taxes (up to 1%); ad valorem taxes on real and personal property (up to ten cents per \$100 assessed valuation); special assessments; or tolls. The TDD is authorized to issue bonds on its own behalf, utilizing these taxes and assessments to pay debt service on bonds issued to construct transportation projects. Either the Missouri Department of Transportation (MoDOT) or the City are required to sponsor the project(s) and must agree to accept a completed project for maintenance. When the bonds are paid off or a project is otherwise completed and funded, the TDD is terminated.

STATUTORY REQUIREMENTS

While City approval of a TDD is not specifically required by law, it is in an Applicant's best interest to coordinate the filing of a petition for the formation of a TDD for which the City is a local transportation authority. The City will aid the Applicant in determining whether the requirements for a valid TDD have been met. These requirements are set forth under Sections 238.200 – 238.275 of the Revised Statutes of the State of Missouri (RSMo) (the "TDD Act").

POLICY GUIDELINES

The City may pass a resolution endorsing (or opposing) projects prior to the time of the Circuit Court review of petitions filed to establish a proposed TDD. Additionally, for proposed TDDs which include the City as a local transportation authority, the City has a statutory right to file a petition in support of or opposing the formation of the TDD. The City will support the formation of a TDD only in circumstances where projects create substantial public benefits by advancing the City's goals.

In addition to meeting the statutory requirements referenced above, the City has established several criteria that will be applied in the review and evaluation of applications for the formation of a TDD within the City's jurisdictional boundaries. In general, applications that meet each of the evaluation criteria will be viewed most favorably. However, TDD proposals that do not meet all of the criteria listed herein may be approved if the application demonstrates that the TDD proposal on the whole provides a substantial and significant public benefit to meet identified economic development needs in the City.

The City requirements for a TDD Petition are as follows:

1. TDD petitions requiring that at least a majority of the TDD Board of Directors will be an elected or appointed official or employee of the City are highly favored.
2. TDD petitions that require the City Council to review and approve the TDD's annual budget before it is presented for approval by the TDD's Board of Directors are highly favored.
3. Each petitioner must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.

The City's evaluation criteria for TDD applications are as follows:

1. TDDs which are established for the purpose of: (a) reducing the time a TIF project is active and/or offsetting the burden of TIF incentives on the affected taxing jurisdictions; or (b) providing all or a portion of the funding needed to construct public improvements that have been identified as a long-term goal of the City are highly favored.
2. The Applicant and/or TDD will be responsible for paying for public improvements and seeking reimbursement through TDD revenues. The City will not typically provide upfront financing. Petitions which propose the issuance of TDD bonds are discouraged.
3. The applicant should work with City staff and consultants to ensure that a proposed sales tax would not cause the cumulative sales tax rate within the proposed TDD boundaries to exceed 10%.

ELIGIBLE ACTIVITIES

TDDs may be utilized to fund, promote, plan, design, construct, improve, maintain and operate transportation-related projects. A TDD may finance transportation projects outside of its boundaries so long as the improvements directly benefit the TDD. Eligible projects include, but are not limited to: bridges, roads, highways, interchanges, intersections, signing, signalization, parking lots, bus stops, terminals, hangars, rest areas, and airports.

CITY APPLICATION & APPROVAL PROCESS

TDD Applicants are required to first meet with staff for a Pre-Qualification Conference to determine project eligibility. An application may then be submitted to the City Clerk for review and processing. A copy of the formal application may be obtained through the City Clerk. Applicants may be required to enter into a funding agreement with the City pursuant to the guidelines outlined herein.

Prior to the Applicant's formal submittal of the TDD Petition with the Circuit Court, the Applicant is expected to work with the City's staff and consultants to prepare the TDD Petition to ensure that it complies with statutory requirements and City policy. Among the issues to be resolved in this process is whether the City will be the petitioner as the local transportation authority, or whether the property owners will file the TDD Petition. Once the review process has been completed, City staff will forward the matter to the City Council, which will consider a resolution of support in favor of the formation of the TDD.

After the City Council's determination, the TDD Petition may be filed with the Circuit Court pursuant to the TDD Act. If the City Council has approved a resolution of support in favor of the formation of the TDD, the City will cooperate with the petitioner in the prosecution of the case, as is required by whether the City is the petitioner or a respondent. If the City Council has not approved a resolution of support in favor of the formation of the TDD, the City reserves its right to file an answer in opposition to the petition.

Once the TDD is formed by the Circuit Court, the City and the TDD Board of Directors will enter into a cooperative agreement for the purpose of establishing the terms of the relationship between the City and the TDD Board of Directors.

TAX REIMBURSEMENT AGREEMENTS

OVERVIEW

A Tax Reimbursement Agreement is a funding mechanism that may be used to achieve a public benefit through funding public infrastructure and, when there is a determination of blight, private improvements. Under such an agreement, the City has the ability to annually appropriate the increase in sales or property taxes created by new private capital investment to offset a portion of their project investment costs. The tax increment must be used for a public purpose, primarily through the funding of public improvements. Under such an agreement, a portion of City taxes available from the *increased taxes* generated by the project may be paid to the company to reimburse eligible public improvement costs.

STATUTORY AND CONSTITUTIONAL REQUIREMENTS

Under Section 70.220 of the Revised Statutes of the State of Missouri (RSMo), municipalities are authorized to contract and cooperate with private firms or corporations for the planning, development, construction, acquisition or operation of public improvements.

As a home rule city, Article VI, Section 21 of the Missouri Constitution allows the City to provide for the clearance, replanning, reconstruction, redevelopment and rehabilitation of blighted, areas. To utilize this provision, a finding of blight should be made consistent with Section 99.805(1), RSMo.

POLICY GUIDELINES

The City may approve tax reimbursement agreements that would result in the stabilization of a strategically important under-utilized retail center, would facilitate the adaptive re-use of historic properties or to provide necessary public improvements in conjunction with new development.

In addition, the following criteria should be satisfied:

1. Demonstrate that the project would prevent a significant loss in existing tax revenue or make a significant contribution to the overall health and well-being of the local economy.
2. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals, which include the retention and expansion of the tax base and job retention and creation.

3. Demonstrate that the project would not occur “but for” the incentives offered. The incentive should make a difference in determining the decision of the business to expand or remain in the City and would not otherwise occur without the availability of the sales tax reimbursement.
4. Include evidence provided by the company that demonstrates the firm’s financial stability and capacity to complete the project.
5. Not result in the City or any other taxing jurisdiction affected by the incentive receiving less total sales tax revenue from the property than was received prior to the granting of the sales tax reimbursement.
6. The term of the reimbursement should not extend beyond 10 years from approval.
7. Dedicated taxes, such as a park or stormwater sales tax, will not typically be utilized in the tax reimbursement.
8. If reimbursement is sought for private improvements, a determination of blight should be made through the use of a blight study similar to that which is required for Tax Increment Financing under 99.805-99.866, RSMo.
9. The applicant must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.

ELIGIBLE ACTIVITIES

Eligible types of public improvements include, but are not limited to, the following: intersection improvements, street widening, traffic signals, streetscape improvements, and regional stormwater detention facilities. If the area is blighted, projects may include the clearance, replanning, reconstruction, redevelopment and rehabilitation of private improvements.

CITY APPLICATION/APPROVAL PROCESS

The applicant is required to first meet with staff in a Pre-Qualification Conference to determine project eligibility. A copy of the formal application may be obtained from, and submitted to, the office of the City Clerk.

Upon consent from the City Council, the City and the applicant will enter into a performance agreement. An opportunity to hear public comments will be permitted upon the first reading of an ordinance to approve a performance agreement. The agreement should require that annual reports be submitted to the City by March 1 of each year. The report should cover the time period of January 1 through December 31 of the previous year and include a detailed

accounting of project. The agreement may include a claw-back provision requiring specified performance on issues such as new jobs created as a condition for granting and maintaining the abatement.

Attachment A

**City of Nevada, Missouri
Economic Development Incentive Pre-Application Worksheet**

DATE: _____ APPLICANT: _____

ADDRESS: _____

PHONE #: _____ EMAIL: _____

CONTACT PERSON: _____

COUNSEL: _____

COUNSEL PHONE #: _____ COUNSEL EMAIL: _____

PROJECT NAME: _____

PROJECT TYPE:

Check all that apply and fill in the SIC/NAICS code, if known.

Industrial, Manufacturing, Technology SIC/NAICS code: _____

- New building, no existing Missouri operations
- New building, other Missouri operations already in existence
- Expanding existing facility
- Retaining existing facility

Retail/Restaurant/Hotel SIC/NAICS code: _____

- New freestanding building
- New multi-use tenant building
- Remodel, addition or expansion of existing building

Office

- New freestanding building
- New multi-use tenant building
- Remodel, addition or expansion of existing building

Residential

- New freestanding residential units
- New residential units in a multi-use building
- Remodel, addition or expansion of existing building

Other _____

PROPERTY FOR WHICH INCENTIVES ARE BEING SOUGHT

Attach map and legal description of property.

ADDRESS: _____

CURRENT PROPERTY OWNER: _____

WILL APPLICANT BE PURCHASING THE PROPERTY: _____ YES _____ NO

TOTAL ACRES: _____ Building Sq. Ft. _____

INVESTMENT

Total new investment: \$ _____

Acquisition of land/existing buildings:	\$ _____
Annual lease of land/existing buildings:	\$ _____
Preparation of plans, studies, surveys:	\$ _____
Site preparation costs:	\$ _____
Building improvements:	\$ _____
Site improvements:	\$ _____
Utilities/Infrastructure Costs (streets, sewer, etc.):	\$ _____
Project Equipment (excluding installation and delivery):	\$ _____

TIMELINE

Calendar year in which applicant plans to begin construction: _____

Approximate opening date: _____

Year(s) in which investments in real property improvements will occur, and if in more than one year, the amount to be invested in each year:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Land Costs					
Buildings / Fixtures Costs					

Year(s) in which investments in real property improvements and personal property will occur, and if in more than one year, the amount to be invested in each year, indicating the depreciation recovery period category applicable to the personal property:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
3-year					
5-year					
7-year					
10-year					
15-year					
20-year					

CONSTRUCTION MATERIALS

Total Amount of Construction Materials: \$ _____

Construction Materials to be purchased within the State of Missouri (but outside Vernon County): \$ _____

Construction Materials to be purchased within Vernon County (but outside City of Nevada): \$ _____

Construction Materials to be purchased within the City of Nevada: \$ _____

WAGE & BENEFITS

	Job Category (executive, professional, clerical, general labor, etc.)	# new full-time employees	# new part-time employees	Average hourly wage/employee
Year 1				
Year 2				

% of health care premium paid for by the employer: _____

TYPE OF FINANCIAL INCENTIVE DESIRED

TAX ABATEMENT

- Tax Increment Financing
- Chapter 100 Revenue Bonds
- Chapter 353 Urban Redevelopment Corporation

SPECIAL ASSESSMENT, PROPERTY TAX, SALES TAX

- Neighborhood Improvement District

- Community Improvement District
- Transportation Development District

LOCAL INCENTIVE TOOLS

- Tax Reimbursement Agreements

SALES TAXES REVENUES

Expected amount of retail sales subject to sales and use taxes by the City of Nevada and other local taxing districts: \$ _____.

Attachment B

Schedule of Fees and Charges

Economic Development Incentive	Fee to be Submitted with Pre-Application Worksheet	Is a Funding Agreement typically required?
		-
Tax Increment Financing (TIF)	\$1,000	Yes
Chapter 100 Industrial Revenue Bonds	1,000	Yes
Chapter 353 Urban Redevelopment Bonds	1,000	-
Neighborhood Improvement District (NID)	1,000	Yes
Community Improvement District (CID)	1,000	Yes
Transportation Development District (TDD)	1,000	Yes
Tax Reimbursement Agreement	1,000	-

Attachment C

Sample Form of Funding Agreement

[Attached]

CITY OF NEVADA, MISSOURI
FUNDING AGREEMENT FOR
[PROJECT NAME]

This **FUNDING AGREEMENT FOR THE [PROJECT NAME]** (“**Funding Agreement**”) is entered into this ____ day of _____, 20__, between the **CITY OF NEVADA, MISSOURI** (the “**City**”), and **[DEVELOPER]**, ____, a _____ (the “**Developer**”).

RECITALS

WHEREAS, cities, counties, towns and villages in Missouri are authorized, pursuant to [Statutory Authority] (the “**Act**”) to [Incentive Description]; and

WHEREAS, the City is a charter city incorporated and exercising governmental functions and powers pursuant to the Constitution and the Revised Statutes of the State of Missouri, with its legislative power residing in the City Council; and

WHEREAS, the Developer is authorized to conduct business in the State of Missouri; and

WHEREAS, the City does not have a source of funds to finance costs incurred for additional legal, financial and other consultants or for direct out-of-pocket expenses and other costs resulting from services rendered to the Developer to review, evaluate, consider and process the application to construct a project in the City (the “**Application**”); and

WHEREAS, it is the City’s policy that a Developer who desires assistance from the City in a public-private partnership or through the use of economic incentive tools shall demonstrate the financial ability to allow for the full and fair evaluation by the City of all development proposals and requests for economic incentives from the City; and

WHEREAS, the City has been requested by the Developer to prepare or consult on the preparation of documents necessary to _____ (the “**Incentive**”) for a project within the City, and to consider the project in accordance with the Act and, if such Incentive is approved by the City, to provide such other services and assistance as may be required to implement and administer the Incentive through its completion. [Describe incentive benefit, ex: Ad valorem taxes on bond-financed property may be abated so long as the bonds are outstanding.] Such [tax abatement/reimbursement/additional tax] may result in significant financial benefit to the Developer; and

WHEREAS, the City does not have a source of funds to finance costs incurred by them, in the form of additional City staff time; legal fees (Bond Counsel, Special Counsel and City Attorney), fiscal, planning consultants; direct out-of-pocket expenses and other costs resulting from, services rendered to the Developer to review, evaluate, process and consider a request for the Incentive pursuant to the Act.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Chapter 100 Bond Issuance.** The Developer understands:
 - A. The Bond Issue may be completed for the purpose of _____ in the City and will be limited obligations of the City, payable solely from lease payments and revenues received from Developer;
 - B. The City is the sole client of Gilmore & Bell, P.C. (the “Bond Counsel”) in the contemplated Bond Issue, and although the Bond Counsel does not represent the Developer, the Developer will be responsible for paying the legal fees of the Bond Counsel. Based upon an estimated principal amount of \$[PRINCIPAL AMOUNT], the fee as Bond Counsel, including the Bond Issue process, will be \$_____, assuming the Developer buys their own bonds. The fees will be payable as follows: \$_____ for the Chapter 100 Plan, the Development and Performance Agreement between the City and the Developer and related work, which will be payable within 10 days of the City Council consideration of the Chapter 100 Plan for approval and is not contingent upon approval of the Chapter 100 Plan. The balance of the fee as Bond Counsel will be \$_____ payable at the time of issuance of the Bonds.
 - C. The legal fees of the Bond Counsel are separate and distinct from the Deposit.]
2. **Services to be Performed by the City.** The City shall:
 - A. Prepare or consult with the Developer on the preparation and consideration of the Application;
 - B. Give all notices, make all publications and hold hearings as may be required by applicable laws in order to consider the Application;
 - C. If the City Council of the City approves the project [and the issuance of bonds], the City will provide necessary staff, legal, financial, and planning assistance to prepare, evaluate, negotiate and present the requested actions to the City and to prepare and present required ordinances to the City Council for the Application;
 - D. If the Developer’s requested actions are approved, provide the necessary staff and legal, financial and planning assistance to prepare and negotiate a definitive agreement between the Developer and the City for implementation of the Application, which may also include related contracts for the other approved public funding sources; and
3. **Application Fee & Initial Deposit.** The City acknowledges receipt of [DEPOSIT AMOUNT] (\$_____) (the “Deposit”) from the Developer in connection with this Funding Agreement as the Application Fee. The Deposit shall be treated as a deposit with the City pursuant to the terms and conditions of this Funding Agreement. The City shall disburse the Deposit as set forth in **Section 5** and shall bill the Developer pursuant to **Section 6** to re-establish the Deposit so that there is always a minimum cash balance of [DEPOSIT AMOUNT] (\$_____) available, from which additional disbursements may be made as required.
4. **Additional Funding.**
 - A. The City shall submit an itemized statement for actual and reasonable out-of-pocket third-party expenses necessary to perform its obligations hereunder or for any additional reasonable obligations or expenditures incurred by the City, including copies of paid invoices for such obligations and expenditures. Such statements shall be submitted on a regular periodic basis, but no more often than monthly. The Developer shall pay the City the amounts set forth on such

statements (the “Additional Funds”) within thirty (30) days of receipt thereof. If such funds are not so received, the unpaid balance shall accrue interest at the rate of two percent (2%) per month until paid, but in no event shall such interest exceed twenty-four percent (24%) per annum, and City shall be relieved of any and all obligations hereunder until paid or may terminate this Funding Agreement pursuant to **Section 7**. Developer shall supply the Additional Funds in a timely manner so that City activities may continue without interruption.

B. The City and the Developer agree that the Developer shall reimburse the City for its actual and reasonable out-of-pocket expenses necessary to perform the City’s obligations hereunder, including additional consultants as approved according to Section 4(C).

C. The City shall advise the Developer in writing if it intends to utilize the services of any other consultant to perform its obligations under the terms of this Funding Agreement. Such written notice shall include the name of the consultant, the service to be performed and an estimate of the cost expected. If the Developer, in writing, within five (5) business days from receipt of the City’s notice, objects to either the consultant named or the service to be performed, the City and Developer shall negotiate in good faith to resolve the Developer’s objections. If the City and Developer cannot agree on the consultant to be used or the service to be performed, the City shall have no obligation to perform that service under the terms of this Funding Agreement and the Developer shall have no obligation to pay for such service under the terms of this Funding Agreement.

C. Before a vote by the City Council for approval or disapproval of the incentives, approval of the Agreement with the Developer, or approval of any other measure associated the Application, the Developer shall deposit with the City, upon notice from the City, sufficient Additional Funds to pay all outstanding expenses incurred hereunder and replenish the amount on deposit with the City as provided in **Section 3**.

4. **Disbursement of Funds.** The City shall disburse the Deposit and Additional Funds for reimbursement of actual and reasonable costs to the City on or before the thirtieth (30th) day of each month, and for actual and reasonable consulting fees and the payment of all actual and reasonable out-of-pocket third-party expenses incurred by the City in connection with the performance of its obligations under this Funding Agreement as payment for such expenses become due. The City shall send to the Developer a copy of the record for each disbursement made to the Developer pursuant to this Funding Agreement within five (5) business days of such disbursement along with documents evidencing such expenses.

5. **Project Administration.** In addition to the services set forth in **Section 1**, the City may be required to provide services from time to time for the continuing administration of the incentive and any contracts entered into in furtherance of the Application. Upon appropriate itemization, the City shall be reimbursed by the Developer for actual meeting expenses and other expenses that are reasonable or incidental to the general operations of the City and its consultants with respect to administration of the incentive, and any contracts entered into in furtherance of the Application. The provisions of this section shall apply until such time as the City and the Developer execute an Agreement which provides for the termination of this Funding Agreement and the terms and conditions under which the City’s ongoing services shall be funded. It is anticipated that, if approved, any such Agreement will include provisions necessary for reimbursement of such funds to the Developer.

6. **Termination of this Funding Agreement.**

A. **Termination by the City.** In the event the Developer fails to perform any of its obligations herein, the City may terminate this Funding Agreement, and any other agreement between the parties, at its sole discretion if the Developer fails to cure the default within ten (10)

days after written notice to the Developer of the default. Termination by the City shall also terminate any duties and obligations of the City with respect to this Funding Agreement, including, but not limited to, the City's processing of Developer's Application. Upon such termination, the Deposit and any Additional Funds shall be disbursed as set forth in paragraph C of this Section.

B. Termination by the Developer. The parties hereto acknowledge that the Developer may determine to abandon the Application. Upon written notice of abandonment by the Developer, this Funding Agreement shall terminate, and the City may terminate any other agreement between the parties. Upon such termination, the Deposit and any Additional Funds shall be disbursed as set forth in paragraph C of this Section.

C. Wrap-Up After Early Termination. Upon termination pursuant to paragraphs A or B of this Section, the City shall retain the Deposit and Additional Funds, if any, necessary to reimburse the City for all actual and reasonable expenses incurred under this Funding Agreement to the date of termination and any monies due and owing to the City pursuant to any other agreement with the Developer. Upon such termination, in the event the Deposit and Additional Funds are insufficient to reimburse the City for the outstanding expenses of the City payable hereunder, the Developer shall reimburse the City as set forth in **Section 3**. After termination of this Funding Agreement pursuant to paragraphs A or B of this Section, any amounts remaining from the Deposit and the Additional Funds after all amounts have either been paid as directed by the City, or reimbursed to the City, shall be returned to the Developer.

D. Termination by Consolidation into Incentive Agreement. Unless otherwise terminated as provided in paragraphs A or B of this **Section 6**, this Funding Agreement shall stay in full force and effect until it is specifically terminated as set forth in the Incentive Agreement, and thereafter the terms and conditions of the Agreement shall provide for the continued funding arrangements by Developer with respect to the Application.

7. **Notice.** Any notice, approval, request or consent required by or asked to be given under this Funding Agreement shall be deemed to be given if in writing and mailed by United States mail, postage prepaid, or delivered by hand, and addressed as follows:

To the City:

City of Nevada
City Hall, 110 S. Ash Street
Nevada, Missouri 64772
Attn: City Manager

With a copy to:

Sid Douglas
Gilmore & Bell, P.C., Suite 1100
2405 Grand Blvd.
Kansas City, Missouri 64108

To the Developer:

Attn:

With a copy to:

Each party may specify that notice be addressed to any other person or address by giving to the other party ten (10) days prior written notice thereof.

8. **City Requirements and Prior Approval.** The Developer agrees to comply with all applicable laws and City ordinances, including, but not limited to, the City's zoning ordinances, subdivision regulations and all planning or infrastructure requirements related to the development of Developer's

property. The parties agree that execution of this Funding Agreement in no way constitutes a waiver of any requirements of applicable City ordinances or policies with which the Developer must comply and does not in any way constitute prior approval of any future proposal for development. The parties understand that the City may not lawfully contract away its police powers and that approval of the Application and any zoning, subdivision and similar development projects cannot be contractually guaranteed. This Funding Agreement does not alter or diminish the City's ability to exercise its legislative discretion to consider the Application and approvals for the Application in accordance with all applicable laws any other projects with respect to development of the redevelopment area and Developer's property.

9. **Legal Representation.** The Developer understands and acknowledges that this arrangement is an accommodation to the Developer in which the City's special legal counsel is not providing legal representation to the Developer and that no attorney-client relationship between the Developer and the City's special legal counsel shall exist by any reason including, but not limited to, the Developer's payment of the City's expenses under this Funding Agreement. Developer further understands that legal counsel paid pursuant to this Funding Agreement is legal counsel for the City and acknowledges the duties of confidentiality and loyalty to the City.

11. **Assignment.** This Funding Agreement may not be assigned by any party without the prior written consent of the other party. No assignment, unless specifically provided for in such consent, shall relieve the assigning party of any liability pursuant to this Funding Agreement. This Funding Agreement shall be binding upon the parties and their successors and permitted assigns.

[Remainder of this Page Intentionally Left Blank]

The parties hereto have caused this Funding Agreement to be executed by their duly authorized representatives the day and year first above written.

CITY OF NEVADA, MISSOURI

By: _____
Mayor

(SEAL)

ATTEST:

City Clerk

[DEVELOPER]

By: _____

Name: _____

Title: _____