

**CITY OF WOOD RIVER**  
**TIF INCENTIVE PROGRAM GUIDELINES**  
*For the*  
**TIF #3 DISTRICT**

The City of Wood River offers several forms of incentives using Tax Increment Financing (TIF) revenues. TIF is applicable to a specific area of the City, and a property must be within the borders of the TIF district to be eligible for funding assistance (see attached map). Also, the expenditure of TIF revenues is limited to certain specified types of “*redevelopment project costs*”, as defined in state statute and the City of Wood River Tax Increment Redevelopment Plan and Project for the TIF 3 Redevelopment Project Area (the “TIF District”).

**ELIGIBLE PROJECT COSTS**

The Wood River TIF program was created pursuant to the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4 et seq. – the “TIF Act”). The City of Wood River is bound by the limitations and provisions contained in the TIF Act. TIF funds are only to be used for “*redevelopment project costs*” (TIF eligible costs) as defined in the TIF Act. TIF eligible costs mean and include all reasonable or necessary costs incurred or estimated to be incurred incidental to a redevelopment project. Examples of such costs are:

1. Costs of studies, surveys, professional fees for architectural, engineering, legal, or financial services rendered incidental to the redevelopment project.
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, demolition of buildings, and the clearing and grading of land.
3. Cost of rehabilitation, reconstruction, or repair or remodeling of existing public or private buildings.
4. Cost of construction of public works or improvements.
5. Cost of job training and retraining projects.
6. All or a portion of a taxing district’s capital costs resulting from the redevelopment project incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the City, by written agreement, accepts and approves such costs.
7. Interest costs incurred by a redeveloper related to the construction, renovation, or rehabilitation of a redevelopment project provided that such subsidy does not exceed 30% of the annual interest cost incurred by the redeveloper.

The above descriptions do not constitute the complete definition of “redevelopment project costs” contained in the TIF Act. Also, except as otherwise provided for in the TIF Act, the cost of construction of new, privately owned buildings, shall not be an eligible redevelopment project cost.

**TOTAL PROJECT COSTS** include both TIF eligible and non-TIF eligible project costs. This would include both hard and soft costs of a project, but not operating costs of a business.

### **TYPES OF ASSISTANCE**

**GRANTS:** If TIF funds are available, the City may offer TIF grants for certain projects as defined below. These grants are paid on a reimbursement basis or directly to a vendor or contractor for products or services already delivered. As such, grants are not generally given to a redeveloper in advance, but rather on a reimbursable basis and when the project is complete. Any payment of TIF funds to a private party shall only be made pursuant to an executed redevelopment agreement between the developer and City.

**REIMBURSEMENT FROM FUTURE PROPERTY TAX PAYMENTS:** In some instances, the City may issue a grant in the form of a reimbursement agreement to provide *up to* 100% of TIF eligible project costs. Reimbursement of TIF eligible costs shall be payable solely through incremental property tax revenue generated from the property whereupon the redevelopment project takes place. Payments would be paid to the developer through annual reimbursement payments, following the annual distribution of property tax from the County Treasurer's Office to the City. As a general rule, reimbursement agreements shall be for a term of ten (10) years, beginning with the year the first incremental revenue from the improvement project is received. Reimbursement agreements shall also be subject to an executed redevelopment agreement with the City of Wood River, which provides for terms and conditions for such payments.

A reimbursement agreement may be particularly appropriate if no TIF revenues are available in the TIF District fund.

**LIMITATIONS ON TIF ASSISTANCE:** As a general rule, the amount of TIF assistance should not exceed 25% of the total project costs. Exceptions may include renovations and repairs to existing buildings. In addition, TIF assistance plus any other City financial assistance, if any, shall not exceed 50% of the total project costs. In other words, the property owner/development shall finance not less than 50% of the total project costs via equity and/or debt financing.

### **PROJECT CATEGORIES AND GUIDELINES**

- **NEW BUSINESS CONSTRUCTION:** The City of Wood River may enter negotiations with a developer constructing a new business. As mentioned above, the cost of construction of new, privately owned buildings is not eligible for TIF assistance. However, certain other elements of the project may be eligible for TIF funding. The City will consider each project individually and if eligible, may provide TIF assistance at the City's discretion. Types and amounts of assistance provided, if any, will vary from project to project, but could include reimbursement for up to 100% of eligible costs. Reimbursement would be in the form of annual payments to the developer, payable strictly from the incremental property tax generated from the redevelopment project, which term of such agreement will generally be for a period not to exceed ten years from the first year incremental tax revenue is received from

the project. The term may be extended if it is determined that the estimated time frame for collecting an amount equal to the total reimbursement amount approved will require a term of more than ten years.

BUILDING REHABILITATION/RECONSTRUCTION/REPAIR OR REMODELLING: These projects would include interior remodeling, repairs, bringing the building up to codes, architectural signage, and other physical improvements to a building.

FACADE RESTORATION: The City Council will give relative priority to facade restoration plans that involve more than one business in a block, with a full block of buildings in a plan being given the greatest priority. The plan for any facade restoration will be subject to Council approval. Developers may receive:

- To the extent that unencumbered TIF funds are available, a grant for up to 50% of the TIF eligible costs, or an amount not to exceed \$10,000.
- A reimbursement for up to 50% of facade restoration, to be in the form of annual reimbursement payments to the developer, payable strictly from the incremental property tax generated from the redevelopment project, which term of such agreement will generally be for a period not to exceed ten years from the first year incremental tax revenue is received from the project. The term may be extended if it is determined that the estimated time frame for collecting an amount equal to the grant amount approved for the cost of facade improvements will require a term of more than ten years.

EMERGENCY STRUCTURAL REPAIRS: These projects involve buildings within the TIF District that are experiencing a structural defect that could potentially result in the destruction of the building. These defects must be verified by a structural engineer or architect, and the repairs must be designed by a structural engineer or architect. Examples would include a collapsing roof or exterior wall, a severely settling foundation, or crumbling/falling exterior masonry. A developer may receive:

- To the extent that unencumbered TIF funds are available, a grant for up to 50% of the TIF eligible costs.

ADA, LIFE SAFETY/BUILDING CODE, AND ELECTRICAL REHABILITATION: This category includes repairs and remodeling to bring an existing building/business into code compliance for electrical systems, accessibility, or life safety issues. Examples would include a new electrical service, the installation of ADA compliant restrooms and entrances, elevators, or the installation of new exterior doors if done to provide an approved additional means of egress. Redevelopers may receive:

- To the extent that unencumbered TIF funds are available, a grant for up to 50% of the TIF eligible costs.

## **GENERAL REQUIREMENTS AND RESTRICTIONS**

1. The project will help diversify and supplement the existing business mix within the City.
2. The project will meet all applicable building, and life safety codes.
3. At the time of application, all taxes, applicable fees, utility bills, permits, or other debts owed the City by the applicant or building owner for any property within the City are paid up to date.
4. Housing is not viewed as a priority of the TIF District and therefore, TIF funds will not be used to assist redevelopment projects that are primarily residential in nature. The exception to this limitation is that upper story housing within a commercial building in the downtown area may be allowed and may receive TIF funding assistance, if housing is allowed in the downtown zoning district per the City of Wood River Zoning Code.
5. Application for TIF funding may only be made by a person or persons having an actual interest in the subject property. This includes the owner of record, beneficial owner of a trust, or a person having made an offer, which offer has been accepted, to purchase the subject real estate.
6. If the applicant for TIF funding assistance does not own the property, but is a tenant of the property, then the tenant/applicant must have the written permission of the property owner to apply for TIF assistance. If the applicant does not own the property but is a prospective purchaser of the property, then the purchaser/application must submit either a fully executed contract to purchase the subject property or an option contract.
7. The project applicant must have and be able to show adequate bank or other financing for that portion of the project costs to be reimbursed with TIF incentives and that portion of the project costs not being reimbursed with TIF funds.
8. The City of Wood River reserves the right to require an appraisal of any subject property of a TIF application, which appraisal shall be provided at the applicant's expense.
9. All applicants for TIF assistance must consent to the City of Wood River conducting investigations into the creditworthiness of the applicant.
10. Applications for TIF assistance are normally considered by the City Council within 45 days of application.

## **EVALUATION CRITERIA**

The City Council hereby appoints the City Manager, Director of Finance and the Director of Public Services as the TIF Review Committee who will review the application and forward a recommendation for approval, or approval with conditions or changes, or disapproval to the full City Council. The City Council will make all final determinations regarding application approvals. The following criteria will be used to evaluate each TIF assistance application:

1. Return on Investment: The City will calculate and consider any additional amounts of local sales tax or property tax anticipated to be generated by the project as the City's return on investment. Inasmuch as there is a clear history of stagnant tax revenues and poor property conditions in the area, the value of restoring the tax base and addressing the blighting influence of deteriorating property conditions shall also serve as a legitimate form of return on investment.

These are desired criteria that, in the absence of other compelling reasons or benefits for the TIF District, will be used. Any special factors which justify investment by the City, where said investment is likely to exceed any expected return as calculated above, shall be outlined to the City Council when it is asked to approve said project. This may be of particular importance during the first several years of the TIF Improvement Program.

2. Job Creation/Retention: The potential for a redevelopment project to create new jobs and retain existing jobs within the community is viewed as a priority, and applications will be judged, at least in part, on that basis.
3. Private Investment: The City will, as a general rule, fund up to 50% of the total project costs, except as otherwise provided for in these guidelines. The applicant, through cash investment, equity position, and/or commercial financing, must supply the balance of funding. The City Council may also consider the value of "*sweat equity*" invested into the project by the applicant when reviewing applications.
4. Is TIF needed? TIF funds should only be used to "*trigger*" projects that would not otherwise occur given prevailing market conditions and the applicant's reasonable expectation of their return on investments. Has the applicant provided convincing information that the use of TIF is essential to the project, i.e. "*but for*" argument?
5. City Budget and Limits on Assistance: TIF revenues and expenditures are programmed on an annual basis according to the annual budget. Funding may be limited or denied based on these constraints. The City has also adopted the following maximum limits on assistance:
  - Interest subsidies – 30% of the total project cost.
  - Grants or reimbursement agreements as part of facade restoration or emergency structural repair - \$30,000.
  - Grants or reimbursement agreements as part of an ADA, Life Safety, or Electrical Installation, or combination thereof - \$30,000.

These limits are desired criteria that in the absence of other compelling reasons will be used. However, said criteria may be relaxed if there are compelling reasons justifying the same. If the City is going to exceed these projects limits, this fact will be pointed out to the Council and the special factors will be fully outlined justifying the same.

6. Financial: The applicant must provide documentation of the financing for the project, as well as individual or corporate financial information, as requested by the City. The City reserves the right to obtain outside evaluations of relevant financial information to evaluate the financial soundness of a project or applicant.
7. Consistent with the TIF Plan for the TIF 3 Area: Is the project harmonious with the surrounding properties and uses, and is it consistent with the Plan for the TIF 3 Area?
8. Diversity of Services: TIF funds should be used to diversify and supplement the existing business mix within the downtown area to the extent possible. TIF funds should not be used to create an unfair advantage of one business type over another. Does the applicant's business offer goods and services which are deemed desirable and appropriate within the TIF district?

### **TIF ASSISTANCE APPLICATION PROCESS**

The following procedures represent the general sequence of activities that can be expected as when filing an application for funding assistance through the TIF Improvement Program.

1. Turn in a completed application with all required attachments to the City Clerk. Please include 8-1/2" x 11" copies of all drawings (if applicable).
2. The Application will be reviewed by the City Clerk to determine if the application is complete. Once the application is deemed complete, it will be referred to the TIF Review Committee to determine final eligibility of the project and the amount of assistance allowed within 30 days of the submission of all required information. If additional information is required, the City Clerk will advise applicant of the information being requested, and upon receipt, refer to the TIF Review Committee for final review. The additional information, if requested, must be submitted within thirty days, or the application will need to be resubmitted in total.
3. If no additional information is needed, the TIF Review Committee will estimate the project grant or reimbursement amount and contact the applicant to schedule a tour of the project site and building, if needed. City inspection staff may be invited to come on the tour of the building.
4. Once all project information has been turned in, the project location tour has been completed, and formal approval by the City Council has been given for the TIF assistance amount, the applicant will be asked enter into a TIF redevelopment agreement with the City along with any other appropriate agreement documents. Following the full execution of the agreement, the project may begin, subject to the terms and conditions set forth in the redevelopment agreement.
5. Upon project completion, schedule a follow-up building tour and submit actual project cost information, including copies of itemized invoices, receipts, lien waivers and such other documentation as may be required by the redevelopment agreement in order to allow the City to confirm total project cost and TIF eligible cost incurred.

6. Upon receipt of evidence documenting actual project costs, the City shall have 30 days to confirm that such project costs were so incurred. Within 30 days after all requirements set forth above are met, the City shall issue a check for reimbursement of costs incurred up to the amount awarded by the City Council as set forth in the grant documents. In the instance where the project has been established as a “*construction*” grant with periodic payments through the construction process, the previous process will precede issuance of each progress payment. For reimbursement agreements, the agreed upon portion of tax increment paid with respect to the project will be refunded on an annual basis pursuant to the agreement.

### **MISCELLANEOUS PROVISIONS**

In addition to the policies set forth above, the following miscellaneous provisions should be noted by any applicant/developer seeking TIF assistance from the City of Wood River.

The adoption of these policies by the City Council in the form of an ordinance should not be construed to mean that the provision of financial incentives using TIF revenues is inherently approved for any applicant and/or project which may be able to comply with the policies as set forth herein.

The City of Wood River reserves rights as follows:

1. To amend, modify, or withdraw these policies as it determines necessary and appropriate.
2. To require additional statements, sworn affidavits as to the *but for* provisions of these policies, or other information as may be deemed necessary, from any applicant/developer.
3. To waive any nonconformity with these policies by action of the City Council.
4. To waive any timetables established by Ordinance or motion.

The City may exercise the foregoing rights at any time without notice and without liability to any applicant, developer and/or project or any other party for expenses incurred in the preparation of an application for economic development assistance. The preparation of any such application and any costs related thereto shall be the sole responsibility of the applicant/developer.

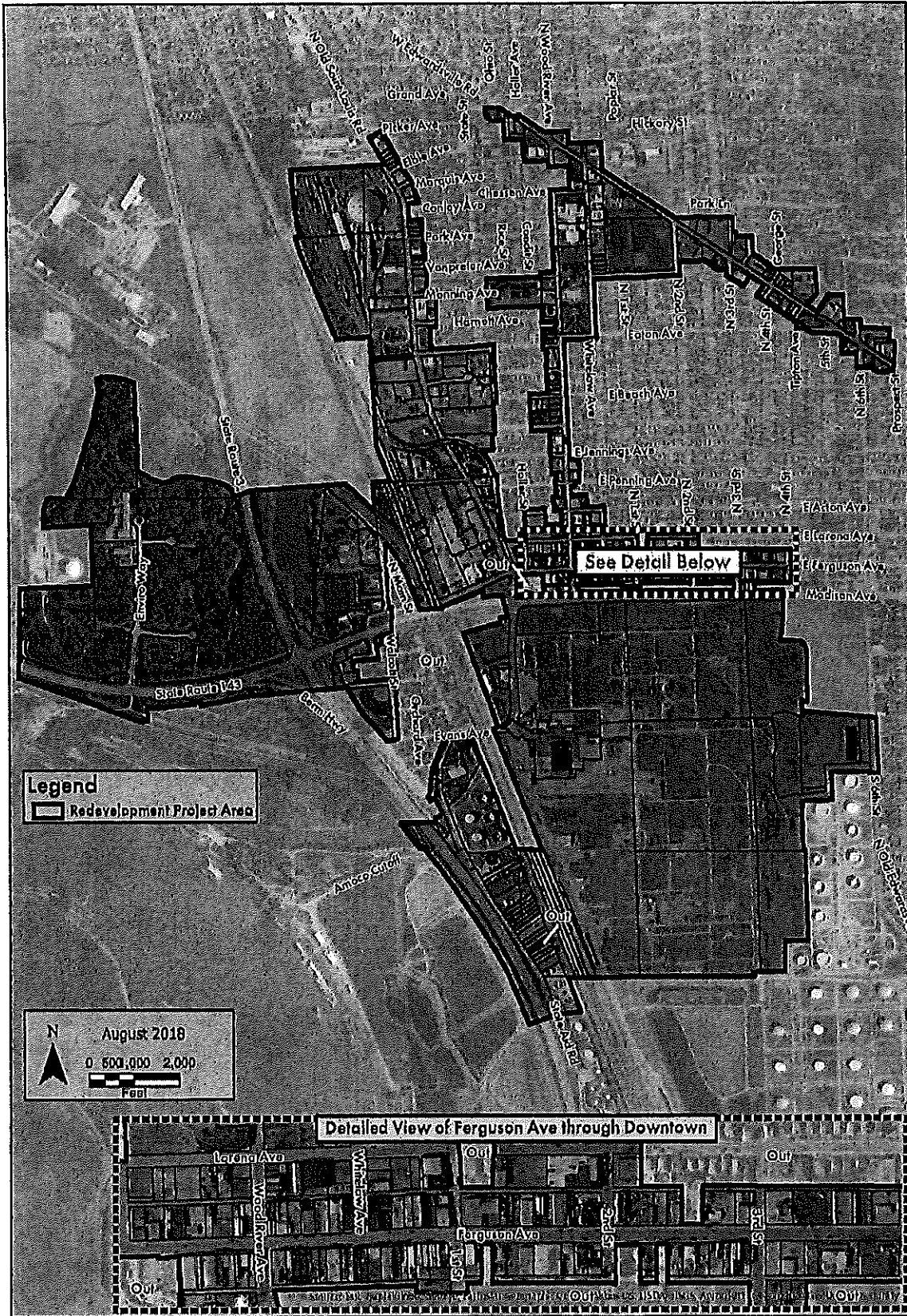


Exhibit A  
TIF 3 Redevelopment Project Area Boundary