

RESOLUTION NO. 2011-06

RESOLUTION ADOPTING TAX INCREMENT FINANCING (TIF) POLICY GUIDELINES

WHEREAS, the President and Board of Trustees believe and hereby declare that it is in the best interests of the Village and its residents to adopt the Tax Increment Financing (TIF) Policy Guidelines attached hereto as Exhibit 1 and made a part hereof;

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF WINFIELD, DU PAGE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION ONE: The foregoing recitals shall be and are hereby incorporated in this Section One as if said recitals were fully set forth herein.

SECTION TWO: The Tax Increment Financing (TIF) Policy Guidelines attached hereto as Exhibit 1 and made a part hereof shall be and is hereby adopted.

SECTION THREE: Any and all policies or resolutions of the Village of Winfield that conflict with the provisions of this resolution shall be and are hereby repealed to the extent of such conflict.

SECTION FOUR: This resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED THIS 15th day of September, 2011.

AYES: Allen, Bajer, Hughes, Olson, Reyes, Spande

NAYS: None

ABSENT: None

APPROVED THIS 15th day of September, 2011.


VILLAGE PRESIDENT

ATTEST:


VILLAGE CLERK

JM\58407\9/9/11

I. INTRODUCTION

- A. The purpose of this document is to provide guidance for the use of Tax Increment Financing (TIF) in the Village of Winfield (“Village”) for development in its Tax Increment Financing Districts. These guidelines establish a framework by which TIF requests can be reviewed and evaluated in an objective fashion.
- B. As a matter of policy, the Village of Winfield will consider using TIF assistance only in those circumstances in which the proposed project demonstrates a financial gap in desirable business development or where significant amounts of sales tax revenue will be realized. The Village’s decision to provide TIF assistance will be based on the project’s anticipated contribution to the long-term growth and value to the community. This policy identifies the provisions of the proposed economic incentive to be considered by the Village.
- C. It is the intention of the Village of Winfield to review requests for TIF on a case-by-case basis and the Village reserves the right to reject or approve projects on such basis. The Village will consider its established policies, specific project criteria, the demand for specific services and the potential benefits of the specific proposal in its evaluations.
- D. The provision of financial assistance is at the sole discretion of the Village.
- E. Meeting the guidelines of this policy or other relevant criteria does not guarantee the awarding of TIF assistance.
- F. The approval or denial of a specific project will not set precedent for approval or denial of other projects.
- G. The Village Board shall have the option of amending or waiving sections of this policy when determined necessary or appropriate.

II. ELIGIBLE DEVELOPMENT

The type of development for which the Village will consider Tax Increment Financing funding includes the following:

1. Business development and redevelopment, including attraction, retention, and expansion;
2. Housing;
3. Development consistent with the Village’s approved TIF plans;
4. Development compatible with other area properties in terms of land use and capital improvements (think it should be developed and redeveloped properties);
5. Projects that enhance streetscape or pedestrian experience in the Village, including infrastructure improvements to develop new commercial and residential uses.

III.ALLOWABLE USES OF TIF ASSISTANCE

Allowable uses of TIF assistance funds include:

1. Real property acquisition.
2. Planning, engineering, legal, financial and architectural services, including studies, surveys and plans.
3. Site preparation, including demolition and clearing
4. Infrastructure improvement
5. Building rehabilitation
6. Financing costs
7. Project marketing assistance
8. Relocations
9. Administration of TIF projects

All uses of TIF funds are subject to the restrictions contained in the TIF statutes.

IV. GENERAL POLICIES FOR USE OF TIF FINANCING

- A. TIF assistance will not be provided solely to broaden a developer's profit margin on the project. Prior to consideration of a TIF request, the Village will undertake an independent analysis of the project costs to ensure that the request for assistance is necessary and the project would not otherwise occur.
- B. Applicants requesting TIF assistance must demonstrate, to the satisfaction of the Village, sufficient equity investment in the project. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project.
- C. An independent appraiser hired by the Village will determine fair market values related to the project. The developer will be responsible for paying all costs associated with the appraisal.
- D. Each TIF project must demonstrate the probability of economic success. The applicant shall initiate this effort by submitting preliminary sales/rental/other data projection as well as analysis concerning the site and proposed project.
- E. The applicant shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to, letters of credit, cash escrow, and personal guarantees.
- F. The applicant must be able to demonstrate to the Village's satisfaction an ability to construct, operate, and maintain the proposed project based upon past experience, general reputation, and credit history.

- G. When the project is intended as a for-sale development (i.e., office, retail or residential unless authorized by the Village Board, the developer must retain ownership of the overall project until final completion; provided, however, that individual residential properties/units may be sold as they are completed. For all other projects, the developer must retain ownership of the project until completion, stabilization of occupancy, establishment of project management, and initiation of payment of taxes based on the increased project value.
- H. TIF assistance shall not exceed 75% of the projected revenue for the project over a period of 20 years.
- I. Development projects receiving TIF assistance may be required to provide a full reimbursement of the Village's financial assistance and expenses in the event the project is removed from the Village's tax rolls during the period of time that the applicable incentive agreement is in existence. The developer shall sign appropriate legal documents indicating agreement with this mandate.

V. TAX INCREMENT FINANCING STRUCTURE

- A. TIF or sales tax assistance may be provided by the Village on a "pay-as-you-go" note method or via bond proceeds. Requests for up-front financing will be considered on a case-by case basis if increment generation is expected to be sufficient to meet initial financing and debt service costs. The developer will be responsible to provide tax bills and any other required information to allow the Village to estimate and track the increment produced by the project.
- B. The amount of assistance provided to a developer will be limited to the amount necessary to provide the developer a reasonable rate of return on investment in the project and the subject site. An applicant's return on equity, return on cost, or internal rate of return will be based on current market conditions, as determined by the Village.
- C. Projects receiving assistance may be subject to a "look-back" provision. The "look-back" mandates a developer to provide the Village with evidence of its annualized cumulative internal rate of return on the investment (IRRI), other revenue, or applicable criteria at specified periods of time after project completion. In the case of IRRI, it shall be calculated with equity, revenues, and expenses in accordance with generally accepted accounting principles.
- D. When the developer owns the subject property and rents space to tenants, supporting documentation shall be provided to the Village, including, but not limited to, certified records of project costs and revenues including lease agreements and sales on a per square foot basis. When included as a part of the Village / developer agreement, if the records indicate that the developer has received a higher return on equity, a higher return on cost, or a higher internal rate of return than originally contemplated at the time of

development agreement approval, the developer and the Village shall split, on a 50/50 basis, any increase at or above 125% of the original projected rates of return.

- E. When the subject property is a for-sale development and the IRRI cannot be calculated, the developer is to provide financial data after the project is completed. This shall include a calculation of profit on total development costs less the TIF and / or sales tax assistance. If the records indicate that the developer has received a higher return on equity, a higher return on cost, or a higher internal rate of return than originally contemplated at the time of development agreement approval, the developer and the Village shall split, on a 50/50 basis, any increase at or above 125% of the original projected rates of return.

VI. APPLICATION FOR TAX INCREMENT FINANCING ASSISTANCE

1. Application materials shall be forwarded to the Village Manager.
2. Applications will be reviewed by Village staff and the Economic Development Task Force (EDTF) for completeness, applicability and eligibility.
3. The applicant may be asked to appear before the EDTF, or may request to be placed on the agenda of an EDTF meeting.
4. After preliminary review by Village staff, the EDTF shall consider the request for assistance and determine a recommendation to the Village Board.
5. The applicant will be notified in writing if the TIF assistance request has been placed on a Village Board Committee of the Whole meeting agenda. Should the Village Board decide to assist in the project, an agreement between the applicant and the Village shall be prepared for final Village Board approval.

Tax Increment Financing Assistance Application

Project Name _____

Applicant Information

Company Name _____

Business Form: ___ Corporation ___ Partnership ___ Sole Proprietorship

Years in Business: _____ Years a Winfield Business: _____

Contact Person/Title _____

Address _____

City _____ State _____ Zip Code _____

Office _____ Alternate Phone _____ Fax _____

Email _____

Project Information

Address of Proposed Project _____

Total Project Cost \$ _____ Amount of TIF Assistance Requested \$ _____

Use of TIF funds

_____ Land Acquisition	_____ Professional Services	_____ Site Improvements
_____ Infrastructure	_____ Rehabilitation/Expansion	_____ Financing Cost
_____ Other	_____ Parking Lot/Landscaping	

Economic Development Information

Estimated Number of new jobs that will be created after the completion of the project

Full- Time: _____ Part-Time: _____

Type of jobs: _____ Range of Compensation _____

Estimated Number of jobs retained after completion of the project

Full- Time: _____ Part-Time: _____

Current annual gross sales: \$ _____ Estimated annual gross sales: \$ _____

Current annual taxable sales: \$ _____ Estimated annual taxable sales: \$ _____

Most recent equalized assessed valuation (EAV) \$ _____

EAV after redevelopment \$ _____

Project Costs

	Amount (\$)	Source of Funds
Purchase of Land		
Demolition Cost		
Site Improvements		
Purchase of Existing Facilities		
Construction of New Building (s)		
Renovation of Existing Structure		
Cost of Installation of Machinery & Equipment		
Architectural & Engineering Fees		
Legal & Other Professional Fees		
Contingency		
Working Capital		
Other (please specify		
Total Project Costs		

Financing

Source	Amount	Terms Year/Int.	Contact Information
TIF			
Equity			
Loans from other sources(i.e. lending institutions)			
1.			
2.			
3.			
4.			
Total Project Cost			

Please include a narrative that will address the following

1. Description of Business/Company
2. Project Description
 - a.) construction information that may include the number of square feet to be demolished and constructed, the number and square footage of units, parking, and the number of construction phases;
 - b.) evaluation of site or other constraints;
 - c.) benefit or service to the community;
3. A request for the Village's assistance with the project that specifies the type(s) of assistance needed and why it is needed.
4. Construction start date and timeline for Project Completion.
5. Applicant may need to also submit any additional information such as site plans, environmental studies, marketing studies, business plans, engineering or architectural drawings to be included for review and consideration.

Certification by Applicant

The applicant certifies that it will comply with all the rules, regulations and ordinances of the Village of Winfield. Applicant hereby certifies that all information contained above and in exhibits attached hereto is true to his/her best knowledge and belief and are submitted for the purpose of obtaining financial assistance from the Village of Winfield, Illinois. Additional cost, above the amount of deposit, incurred by the Village for outside professional review or expertise will be the responsibility of the applicant.

Applicant _____

Contact Name/Title _____

Phone _____

Date _____

Return application to:

Village of Winfield
Community Development
27W465 Jewell Road
Winfield, IL 60190
Phone (630)933-7100
Fax (630) 665-1767
www.villageofwinfield.com