

Meeting Agenda
Finance Committee
July 27, 2016, 5:00 p.m.
Hampshire Village Hall
234 S. State Street

1. Call to Order
2. Roll Call for Attendance
3. Public Comments
4. Approval of June 7, 2016 Minutes
5. Review the Village of Hampshire Finance Assistance Policies and Application
6. 103 Rinn Project
 - A. Review the Financial Benefit to the Village & Other Taxing Bodies
 - B. Consider Recommendation of the Project to the Village Board
7. Other Business
8. Adjourn

Finance Committee
June 7, 2016
Minutes

Meeting was called to order at 5:35pm.

Roll Call was taken

Present:

Chairman Michael Armato
Committeeperson Mike Reid
Committeeperson Jan Kraus
Village President Jeffrey Magnussen
Finance Director Lori Lyons

A quorum was established

Public Comments: None

The minutes of the March 29, 2016 meeting were reviewed. Committeeperson Kraus made a motion to approve the minutes as is. Chairman Armato seconded the motion. Hearing no further discussion a voice vote was called. Ayes 2, Nays 0. The motion passed.

The minutes of the March 21, 2016 meeting were reviewed. Committeeperson Reid made a motion to approve the minutes as is. Chairman Armato seconded the motion. Hearing no further discussion a voice vote was called. Ayes 2, Nays 0. The motion passed.

The Randy Ross project was discussed and further analyzed. It was determined that additional information was still needed. Project was tabled until such a time as the additional information is available.

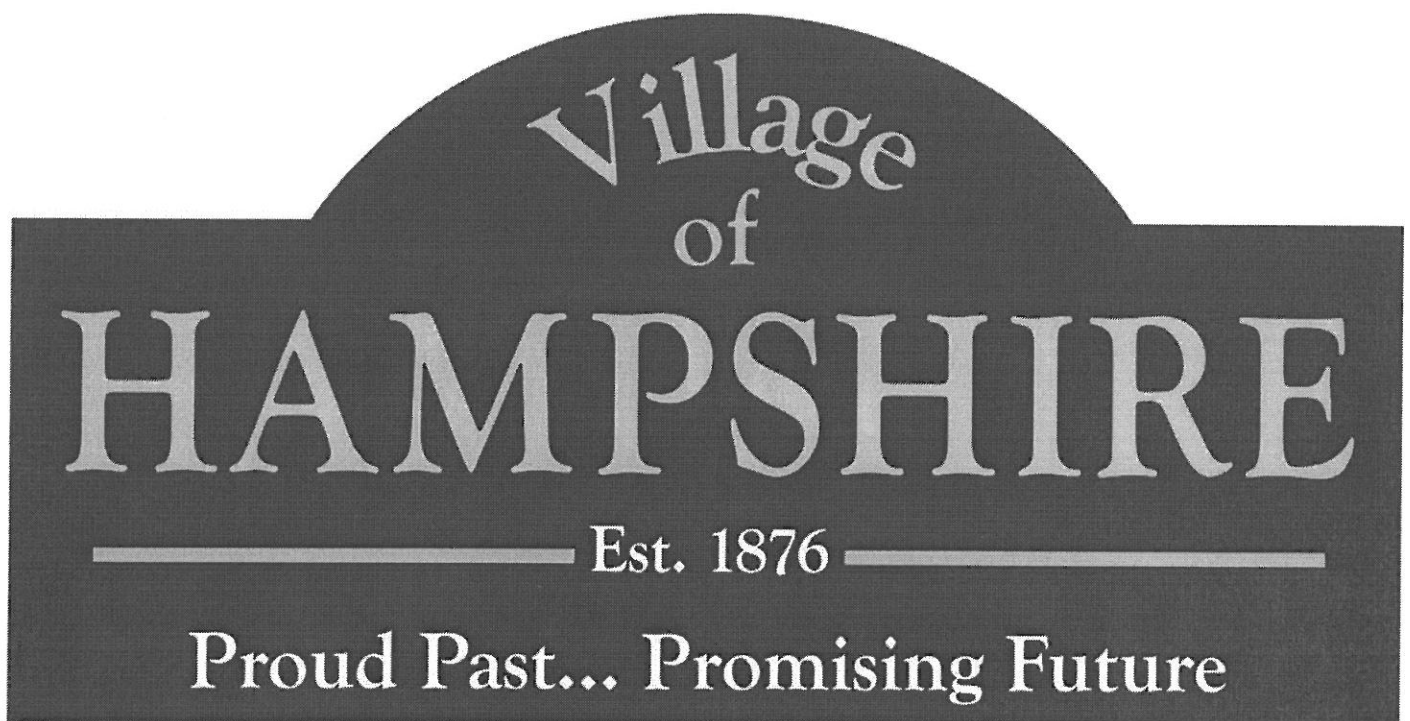
Several existing and certain potentially new revenue sources were discussed. No recommendations were made at this time.

Director Lyons was questioned as to the status of the creation of a "Needs List" for each department and the order of priority. Director Lyons stated that the project is ongoing.

The next discussion had to do with whether or not to recommend that the Village pursue Home Rule status by placing a referendum on the November, 2016 ballot. Even though there was agreement that Home Rule is a goal, it was decided to readdress the item this Fall with the possibility of recommending that it be slated on the March, 2017 ballot.

Having no other business, Committeeman Reid made a motion to adjourn. The motion was seconded by Chairman Armato. A voice vote was taken and the motion passed. The meeting adjourned at 7:30pm.

**Village of Hampshire
Tax Increment Financing Assistance
Policies and Application**



**Village of Hampshire, Illinois
234 S. State Street
Hampshire, IL 60140
(847)683-2181**

VILLAGE OF HAMPSHIRE POLICIES AND PROCEDURES RELATING TO THE USE OF TAX INCREMENT FINANCING.

I. PURPOSE

- A. The purpose of this document is to provide a guideline for the Village of Hampshire to offer Tax Increment Financing Assistance for development activities in its Tax Increment Financing Districts.
- B. As a matter of policy, the Village of Hampshire will consider using Tax Increment financing to assist private developments only in those circumstances in which the proposed private projects show a demonstrated financing gap and meet the goals identified in the Village's Tax Increment Financing Plans.
- C. This policy shall be used as a guide in processing and reviewing applications requesting Tax Increment Financing assistance. The Village shall have the option of amending or waiving sections of this policy when determined necessary or appropriate. In amending or waiving any sections of this policy, the Village shall document the reason for the deviation in the project's development agreement.
- D. The fundamental purpose of Tax Increment Financing assistance is to encourage desirable development/redevelopment projects that would not otherwise occur "but for" the assistance provided through Tax Increment Financing.
- E. It is the intent of the Village to provide a minimum amount of Tax Increment Financing assistance. The provision of financial assistance is at the sole discretion of the Village. The Village reserves the right to reject or approve projects on a case-by-case basis, taking into account established policies, specific project criteria and the demand on Village services in relation to the potential benefits to be received from the proposed project. Meeting policy guidelines or other criteria does not guarantee the award of Tax Increment Financing assistance. Furthermore, the approval or denial of one project is not intended to set precedent for approval or denial of another project.

II. DESCRIPTION OF TAX INCREMENT FINANCING (TIF)

With tax increment financing, the increase in assessed valuation and tax revenues attributed to the new development pay for eligible new development costs. The tax increment is the difference in assessed valuation and tax revenues generated by the property in the district after construction compared with the assessed valuation and tax revenues generated by the property before construction at the time of "certification". This difference in assessed valuation and tax revenues is used to pay the current eligible development costs. Tax revenues from pre-construction value shall continue to go to all taxing districts.

III. GENERAL POLICIES FOR THE USE OF TAX INCREMENT FINANCING

- A. Tax Increment Financing assistance will not be provided to projects that have the financial feasibility to proceed without the benefit of the assistance. Assistance will not be provided solely to broaden an applicant's profit margin on the project. Prior to consideration of a Tax Increment Financing assistance request, the Village will undertake an independent analysis of the project costs to ensure that the request for assistance is valid.
- B. Individuals requesting Tax Increment Financing assistance must demonstrate, to the satisfaction of the Village, sufficient cash equity investment in the project.
- C. The applicant shall provide any market and financial feasibility studies, appraisals or other information provided to private lenders for the project as well as any other information or data which the Village, or its financial consultants, may require in order to review the need for Tax Increment Financing assistance.
- D. Tax Increment Financing assistance will not be used for projects that place extraordinary demands on Village infrastructure or services.
- E. If requested by the Village, the applicant shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to, assessment agreements, 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. The applicant shall provide sufficient market, financial, environmental and other data relative to the successful operation of the project.
- H. The applicant must retain ownership of the project long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate payment of taxes based on the increased project value. The Village may limit the transfer of ownership to firms with comparable financial and management capacity as the original applicant.
- I. The level of Tax Increment Financing assistance should be reduced to the lowest possible level in the least amount of time by maximizing the use of private debt and equity financing first.

IV. CRITERIA FOR TAX INCREMENT FINANCING ASSISTANCE.

- A. Tax Increment Financing assistance is generally available as a reimbursement after the project is complete. Thus, the project budget must identify the up-front sources intended to finance the development costs of the project. Assistance can be provided by the Village on a “pay-as-you-go” note method. This up-front financing may be considered on a case-by-case basis if increment generation is sufficient to meet initial financing and debt service costs.
- B. The amount of assistance provided to an applicant will be limited to the amount necessary to provide the applicant a reasonable rate of return. 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 or Village’s Financial Advisor.
- C. Project receiving assistance will be subject to a “look back” provision. The look back will require the applicant to provide certified records of project costs and revenues, including lease agreement within a specified period after project completion. Adjustments to the level of assistance will be made to limit assistance in accordance with the development agreement.
- D. The applicant must submit audited financial statements for the last three (3) years. If the audited statements are comparative, only two (2) years are needed. If audited statements are not available, three (3) years of annual financial statements and summary schedules for other projects completed or started within the three (3) year timeframe covered by the financial statements must be submitted. The applicant must also submit an interim financial statement for the current year. Upon request the Village may permit these documents to be provided to the Village’s financial consultant in order to protect propriety or confidential information.

V. COSTS ELIGIBLE FOR TAX INCREMENT FINANCING ASSISTANCE:

Project costs qualifying for tax increment financing assistance, as defined under the TIF Act, include: utilities design, landscape design, architectural and engineering fees directly attributable to site work, site related permits, earthwork/excavation, soils corrections, landscaping, utility construction (sanitary sewer, storm sewer and water), streets and roads, street/parking lot paving, street/parking lot lights, curb and gutter, sidewalks, real property acquisition, building demolition, relocation of occupants, special assessments, qualified loan or bond financing costs, legal (acquisition, financing and closing fees), soils tests and environmental studies, surveys, and title insurance. Other eligible costs not here-to-fore mentioned but as outlined by Illinois statues, 65 ILCS 5/11-74.4-3(q).

VI. APPLICATION PROCESS AND PROCEDURE.

- A. Application for Tax Increment Financing assistance shall be made on the forms provided by the Village.
- B. In addition to the information requested in the Tax Increment Financing assistance application, the applicant shall submit a preliminary financial commitment from a financial institution; plans and/or drawings for the project; background information on the applicant; a proforma analysis; and financial statements. The Village may also require that the applicant meet with the Township Assessor to determine the level of increment that will be generated by the proposed project.

In order for a project to be considered for TIF assistance, the following steps and procedures are required to be followed:

1. Applicant project must be located within the boundary of the TIF district.
2. Applicant must complete and return the appropriate application forms (attached).
3. Application should be supplemented by all pertinent documentation (i.e. number of jobs to be created/retained, total amount of investment, construction schedule, evidence of project financing, etc.) as stated in application
4. Completed applications will be submitted to the Village Clerk for review and comment. Incomplete forms will be returned to the applicant with an explanation on additional information as may be required.
5. Within thirty (30) days of acceptance of the application and required documentation, the Village Clerk will submit the application for review to the Administrative Review Team.
6. The Administrative Review Team shall consist of the Village President, Finance Committee Chair, Economic Development Chair, the Village TIF Attorney and the Village Finance Director. The Administrative Review Team will review and consider the application and act upon it as promptly as possible. The Administrative Review Team may defer action on any application pending further information required to clearly evaluate the project. It shall be the responsibility of the applicant to supplement the application with information as may be required by the Administrative Review Team in a timely manner. The Administrative Review Team will provide a recommendation to the Village Board.
7. Administrative Review Team shall approve, deny or amend the application. The decision of the Team shall be made in an open meeting properly held and advertised. The Team shall further provide the applicant with a written response of the actions of the Team on the status of the application.
8. The Administrative Review Team shall respect the confidentiality of financial records of the applicant as allowed by law.
9. The recommendation of the Administrative Review Team must be submitted and approved by a majority vote of the Village Council before any incremental property tax usage can be realized.
10. If approved by the Village Board a “letter of intent” outlining the specific terms and conditions of the TIF assistance will be provided to the applicant.

**Village of Hampshire
Tax Increment Financing (TIF) Program Application**

ADDRESS OF PROPOSED PROJECT: _____

Village of Hampshire
234 S. State Street
Hampshire, IL 60140
(847) 683-2181

The Tax Increment Financing (TIF) Program application for qualified projects is subject to approval from the Hampshire Administrative Review Team and the Hampshire Village Board. The applicant may not start work before the Hampshire Administrative Review Team and Hampshire Village Board have all approved the application. In addition, in order to be eligible for TIF monies, the applicant has to receive written consent from the Hampshire Community Development before work begins. Any work performed before the TIF approval voids the entire TIF application.

Section One: Applicant Information
(Complete information for all categories that apply)

- Property Owner
- Tenant
- Developer

Name: _____

Business Name: _____

Social Security Number: _____ or EIN: _____

Business address (if different from proposed project address):

Village: _____ State: _____ Zip: _____

Phone: _____

Residence Address: _____

Village: _____ State: _____ Zip: _____

Phone: _____

Please attach a list of all other property owners, business partners, developers and/or investors associated with this project, with the above information provided for each.

Section Two: Company Profile

1. Business Location

- New business establishing itself in Hampshire
- Existing business
 - Expanding/remodeling at same location with Hampshire
 - Expanding to an additional location within Hampshire
 - Existing business **relocating from** (identify location): _____

Street Address: _____

Village: _____ State: _____ Zip: _____

Other: _____

2. Business Charter:

- Domestic Entity – chartered by State of Illinois
- Foreign Entity – chartered by state other than Illinois (name state): _____
- Alien Entity – chartered by a foreign country (name country): _____

3. Type of Business:

- Unincorporated Business
- Sole proprietorship
- Partnership
- Incorporated Business
 - Type of Corporation: _____
 - Subsidiary of parent company listed below:

Company Name: _____

Contact Name: _____

Title: _____ EIN: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

- Limited Liability Company (LLC) – Identify Registered Agent and Organizers (List on separate sheet if necessary):

Registered Agent Name: _____

Social Security Number: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

Other Form of Business

Co-operative

Mutual

4. **Year Business Established:** _____

5. **Type of Business (Describe):**

Full-time employees:
Number: _____ Average Annual Wages: _____

Part-time employees:
Number: _____ Average Annual Wages: _____

6. **If Redevelopment Project, will it increase workforce?**

No

Yes-If yes, will the Increase Workforce be located in Hampshire?

No

Yes

Additional Full-time employees:
Number: _____ Average Annual Wages: _____

Additional Part-time employees:
Number: _____ Average Annual Wages: _____

7. **Annual Sales:**

Current: _____
Estimated Impact of Redevelopment Project: _____

8. **Annual Sales Tax Generated:**

Current: _____
Estimated Impact of Redevelopment Project: _____

9. **Facility Square Footage:**

Current: _____
Estimated Impact of Redevelopment Project: _____

10. **Annual Property Tax:**

Current: _____
Estimated Impact of Redevelopment Project: _____

11. **Has a business plan been developed in relation to the proposed redevelopment projects:**

No (Development of a business plan may be required as part of the application process.)

Yes (Include a copy with the application.)

Section Three: Property/Building Ownership

Describe property being considered for redevelopment (include all pertinent descriptive information, such as survey, purchase agreement; also include preliminary plans, scope of work, design elevations, cost estimates, etc., if available):

12. Property Status:

- Vacant land
- Building on leased land – Describe: _____

- Land and building(s) - - Describe: _____

13. Property Owner (if not applicant):

Name and Title: _____
Social Security Number: _____ EIN: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____

14. Property/Building Mortgage/Liens/Leases:

- Land/Building is or will be owned *without a mortgage*.
- Land/Building is or will be owned *with a mortgage*.

15. Identify all current and/or potential lien holders:

Name and Title: _____
Social Security Number: _____ EIN: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____

16. Additional lien holders – Please identify additional lien holders and attach a list showing the above information for each.

- Business identified above is currently attempting to purchase the land/building.
- Business identified above **is under contract to purchase** with current owner.
- Business identified above **has leased** the land/building from the current owner.

17. If land/building owner identified above is not the applicant, has the owner given permission for the TIF project:

- No
- Yes (attach written statement/letter from owner)

Section Four: Conflict of Interest Disclosures

18. Is any owner of the business and/or land/building, or any tenant, or any of the project developers an elected or appointed official of the Village of Hampshire or related to an elected or appointed official of the Village of Hampshire, or routinely contracts with the Village of Hampshire to provide goods or services:

- No
- Yes (attach written statement/letter from owner)

Explain: _____

Section Five: Project Details.

19. Identify TIF and or Overlay District in which the proposed project is located (Check all that apply):

Central Area Redevelopment Plan TIF

Other: _____

20. Zoning: Current Zoning Classification: _____
Will a request for a zoning variance be required to complete the project as intended at this juncture?

No

Maybe-not sure

Yes _____

21. Will this project proceed if TIF assistance is not granted?

No

In a limited fashion (explain): _____

Yes, but at a later date (explain): _____

Yes, as scheduled

Other: _____

22. Project Funding: If approved for participation in the Village of Hampshire TIF Program, my portion of the project costs will be provided by:

Savings intended and set aside for the project.

Bank loan, which has been approved for this purpose.

I intend to make application for a loan through the Village of Hampshire Revolving Loan Fund. I understand this is a separate procedure and must be considered for approval by the Village's Revolving Loan Committee, which will make its recommendation to the Village Board, and ultimately must be approved by the Village of Hampshire.

23. Type of TIF Assistance Sought:

Requesting architectural/engineering fees for the design concept.

Requesting architect/engineering fees for working drawings, bid specification, bid process, and contractor oversight.

Requesting Facade Program assistance for construction costs.

Requesting Landscaping and Exterior Beautification Program assistance.

Requesting Assistance With Leasehold Improvements

Facade

Building interior remodeling

Building demolition

Other: _____

Requesting Assistance With Building Improvements

Rehabilitation/reconstruction (describe): _____

Repair (describe) _____

Remodeling (describe): _____

Other (describe): _____

Requesting Assistance With Planning

Study (describe): _____

Survey (describe): _____

Development Plan (describe) _____

Requesting Assistance With Architectural/Engineering Fees

For design concept

For mechanicals, bid process and contractor oversight

Requesting Assistance With Acquisition/Site Preparation Costs

- Acquisition of land and other property, real or personal, or rights or interests therein.
- Demolition of buildings
- Clearing and grading of land

Requesting Assistance With Engineered Environmental Barrier - Site preparation and site improvements that serve as an engineered barrier addressing ground level or below ground level environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers.

If yes, describe: _____

Requesting Assistance With Job Training and Retraining – Costs of job training, retraining, advanced vocational education or career education including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred for person employed or to be employed by employers located in a redevelopment project area.

If yes, describe: _____

Requesting Assistance With Loan Interest – Interest cost incurred by a redeveloper related to the construction, renovation, or rehabilitation of a redevelopment project, provided such payments in any one year do not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year, and that the total of such interest payments may not exceed 30 percent of the total cost paid or incurred by the redeveloper for the redevelopment project **plus** redevelopment project costs **excluding** any property assembly costs and any relocation costs incurred by the municipality.

If yes, provide estimate: _____

Section Six: Contact Information

24. Applicant's primary contact:

Name: _____

Business Name _____

Business Phone: _____ Cell Phone _____

Email: _____

25. Architect (if applicant has retained his/her own architect)

Name: _____

Business Name _____

Business Phone: _____ Cell Phone _____

Email: _____

26. Engineer (if applicant has retained his/her own engineer):

Name: _____

Business Name _____

Business Phone: _____ Cell Phone _____

Email: _____

27. Contractor: (if applicant has retained his/her own contractor)

Name: _____

Business Name _____

Business Phone: _____ Cell Phone _____

Email: _____

28. Attorney: (if applicant has retained his/her own attorney)

Name: _____

Business Name _____

Business Phone: _____ Cell Phone _____

Email: _____

Section Seven – Stipulations

1. **Proof of Ownership/Intent to Purchase/Lease Agreements** - I (we) agree, if the property owner/purchase, to provide the Village of Hampshire with proof of ownership or a copy of an executed purchase agreement for the project property, upon application into the program, and copies of all current leases; if lessee or potential lessee of the project property, I (we) agree to provide the Village of Hampshire with a copy of the executed lease or lease agreement, which may indicate final agreement is contingent upon receipt of the required TIF assistance.
2. **Existing Obligations** I (we) certify that, with respect to the proposed redevelopment property, there are no defaults in mortgage, land contract, or lease payments and that no taxes or special assessments are past due.
3. **Proof of Compliance** – I (we) agree, prior to TIF monies being awarded, to provide the Village of Hampshire with proof of compliance with all Village of Hampshire permit, building code, and business license requirements.
4. **Design Compliance.** I (we) agree acknowledge receipt of the Village of Hampshire Tax Increment Financing Districts-Design Guidelines, which includes TIF program guidelines and procedures, and agree to comply with the approved project design, including any changes which may be required as a result of the design review process, as described in that publication. Further, I (we) agree that should I (we) fail to adhere to, or authorize changes in, the approved design concept and/or plans for the project, without written approval from the Village of Hampshire, I (we) will be responsible for 100% of all costs necessary to bring the project into compliance or for 100% of all project costs incurred to date, including all architectural and engineering fees, as well as construction costs, whether previously paid or required to be paid under the terms of any contract that the Village of Hampshire may have entered into on my (our) behalf.
5. **Proof of Insurance.** I (we) agree, upon project approval by the Village of Hampshire, to provide the Village with certificate of liability, hazard, vandalism, and theft insurance, naming the Village of Hampshire as “additional insured” for the project and covering the value of the property and estimated cost of all improvements to be completed under the TIF program.
6. **Plat of Survey** I (we) agree, upon project approval by the Village of Hampshire, to provide the Village with a plat of survey for the property, to be used by the architect in ensuring that the project complies with Village of Hampshire code.
7. **Assurance of Cooperation From Tenants.** I (we), as building owner(s), agree to secure the signatures of all affected tenants (if the building owner is the applicant), showing their willingness to cooperate with the the Village of Hampshire, the project architect and the contractors to complete the project in a timely manner. In this matter, it is clearly understood that any additional agreements are solely between the owner(s) and tenant(s), and that Village of Hampshire, project architect, and contractors are not a party to these agreements, nor are they to be held responsible for the terms of said agreements between owner(s) and tenant(s).
8. **Tenant Lease Agreements.** I (we) agree, as the owner(s) and/or developer(s) of a redevelopment property, to include the appropriate conditions in any new or extended tenant lease agreement, following the redevelopment project, that would ensure all tenants will comply with design concept established for the property and/or the design guidelines as established for the district, including sign specifications.
9. **Construction Contracts, Contracts for Professional Services.** I (we) understand that, when a façade project is coordinated by the Village of Hampshire and the applicant, contracts for professional services (architectural, engineering, construction management), as well as the project construction contract, will be approved by the Village of Hampshire., as the “project owner.” Further, I (we) understand that the construction contract may define, among other things, the number of days expected to complete the project, although that is not a guarantee of completion within the time period specified. I (we) understand that unexpected conditions, delays in receipt of materials, weather, etc., can lead to delays and agree not to hold the Village of Hampshire responsible.

10. **Credit Check.** I (we) agree, that by signing this application we are providing authorization for the Village of Hampshire to run a credit check(s) as they deem necessary.
11. **Additional Information.** I (we) understand and agree to provide additional information about the business, including financial statements, business projections, closing statements, evidence of funds escrowed for the project loan commitments, etc., if requested by the Village, to determine program eligibility and /or potential to remain in business if funds are allocated for the project.
12. **Legal Costs to Enforce Agreement** – Subject to any limits under applicable law, I (we) agree to reimburse the Village of Hampshire for reasonable attorneys’ fees and legal expenses incurred to enforce the terms of this and any other agreement, which may replace or supersede this one, whether or not there is a lawsuit, including attorneys’ fees and legal fees and legal expenses for efforts to modify or vacate any automatic stay or injunction, appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, I (we) also will pay any court costs, in addition to all other sums provided by law.

I (we), by signature below, agree to the stipulations itemized above the certify that the information supplied in this application is, to the best of my (our) knowledge, true, accurate, and complete, and is provided for the purpose of obtaining approval to participate in the Village of Hampshire's TIF programs. I (we) understand the work to be performed will be in accordance with all Village codes, and must receive Village council approval and that any work performed prior to Village council approval will result in the TIF application being declared void. I (we) agree to hold harmless, indemnify, and defend the Village of Hampshire, and their employees and agents, for any and all liabilities arising out of this application, loan, construction or other projects, and any agreement to share costs, including but not limited to any and all lawsuits or other disputes. I understand if approved for TIF assistance, the work to be performed will be in accordance with the program procedures and the general design guidelines for the district, as well as the specific design concept and improvement plan approved for this property.

Signature of Applicant Date

Print Name Date

In witness thereof: _____
Notary Date

If TIF applicant is not the owner of real property, approval of this application must be obtained from the property owner/property manager in order to move forward.

I CERTIFY THAT I, THE UNDERSIGNED, AM THE OWNER OF PROPERTY LOCATED AT:

(Address of Property to be improved)

AND AUTHORIZE _____ TO MAKE THESE
(Applicant's Full Name)
IMPROVEMENTS AND APPLY FOR PARTICIPATION IN THIS PROGRAM.

Signature of Owner/Property Manager Date

Print Name Date

This application shall be reviewed by an administrative team of reviewers prior to formal review by the Village Board. A recommendation will be submitted to the Board by the administrative review team.

Please call the Village of Hampshire to make an appointment to discuss your completed application:

Village of Hampshire
234 S. State Street
Hampshire, IL 60140
(847) 683-2181

	Current Property Tax Bill	Based on Realtor Value Projected Tax Bill
	1,971.50	5,867.51
Tax Rate	9.970618	9.970618
EAV	19,773.10	58,848
FCV	59,319.29	176,544
Land	53,787.00	53,787
Building	5,532.00	122,757
	TIF Base	25,829.00
	TIF Increment	33,019.00
	Tax to TIF	3,292.20 annually
	x 14	46,090.78 Remaining years
	Village investment	15,000.00
Annualized rate of return (monthly compounding)		5.25 (rounded up)
	ROI	2.07