The City of Willard, Missouri

Economic Development Incentives Policy

Adopted and approved by the Board of Alders
this __ day of ____________, 2026

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PURPOSE STATEMENT

The City of Willard is dedicated to achieving the highest quality of development, services, infrastructure, and quality of life for its citizens. One of the primary keys for achieving these goals is to enhance and expand the local economy. Competition for attracting new businesses and employers, as well as retaining the ones already in existence in the community, can be aggressive from time to time at national, regional, interstate, and intrastate levels. For this reason, the City recognizes that the appropriate use of economic development incentives may be necessary in the correct circumstances to aid the City in reaching its full economic potential.

The purpose of this document is two-fold: First, the policy component of this document establishes the goals, standards, guidelines, and preferences of the City to direct the use of economic incentives to ensure that these incentives are used in a way that advances the City's economic goals. These policies allow the City to be proactive (not reactive) with respect to requests from applicant developers and businesses to create the public-private partnerships, which are the real result of granting incentives in any instance. These policies serve as a guide to developers and businesses far and wide to attract those having concepts, ideas, and plans that closely match the development needs of the City. Conversely, these policies also inform the development and business community that incentives for businesses already supported in the City, or for which there is no longer a community need, may be more difficult to obtain, unless incentives would assist an existing business in reinvestment in and expansion of their existing enterprise.

Second, the procedures component of this document establishes a uniform, transparent, and well-informed path for businesses and developers to follow when seeking economic development incentives of the City. We believe that through a standard approach the expectations of applicants can be managed at reasonable levels, which leads to a more positive experience for those seeking incentives. The uniform application of these procedures ensures that the goals and needs of the City are being specifically considered for each economic development incentives request, which leads to greater long-term success of the program as a whole. Finally, these procedures address the ongoing execution of each approved incentive application thereby confirming that the applicant will be held accountable for delivering the promised investment in the community, which in turn builds confidence in the City's incentives program by its citizens and the other affected taxing jurisdictions that are the City's neighbors.

Nevertheless, the applicability of the differing incentives programs often varies from project to project, and the Board of Aldermen's decision to grant incentives is discretionary, based upon one or more of the criteria set forth in this document and other outside factors. The Board of Aldermen is under no obligation to approve any requested incentives that are not required by state or local laws, and it reserves the right to deviate from these policies and procedures at its sole discretion when doing so is deemed to be in the best interests of the City.

ECONOMIC DEVELOPMENT GOALS

The Board of Aldermen has set certain goals and identified areas of priority to aid in the City's economic development. In evaluating an incentives proposal, the Board of Aldermen has discretion to consider whether or not a proposed project supports the City's economic development goals and areas of priority for continued development in the City. The Board of Aldermen also has the discretion to determine that a project supports an economic development goal of the City that is not prescribed in this Policy. Applicants who propose projects that support with these goals have a higher likelihood of success than applicants who propose projects that do not support these goals. Projects should also encourage economic development growth of the City in accordance with the City's Comprehensive Plan. The Board of Aldermen shall regularly update these economic development goals.

The City is currently focused on bringing commercial development to Willard residents. The City of Willard is a bedroom community that prioritizes economic development projects that will keep residents in town after working hours and projects that will offer family fun and entertainment. The City prioritizes well-known, casual dining restaurants that offer residents the ability to stay in town for lunch and dinner, such as Texas Roadhouse, Andy's Frozen Custard, 7 Brew, and other similar dining options. The City also strongly desires a small grocery store chain like Aldi. The City encourages projects that provide a place to play for families and residents, including recreational and entertainment facilities. While residential development is an ongoing goal of the City, the City intends to utilize economic development incentives for residential projects when necessary to assist in infrastructure development to support residential developments. A long-term goal of the City is to develop a hotel in the southern area of the City for convenient access for patrons of the Springfield-Branson National Airport. Overall, the City's prioritizes the use of economic development incentives for necessary updates to the City's sewer infrastructure, along with other utility infrastructure.

GENERAL POLICY AND PROCEDURE GUIDELINES

To implement the City's economic development incentive program, certain overarching concepts apply. These concepts, which are listed in detail below, fall into the categories of both the policy and procedural components of the City's overall program. Applicants with the highest likelihood of success will address each of these general policy issues and procedural steps in addition to the policy issues and procedural steps that apply to the specific economic incentive tool or tools applied for and described in more detail in this document.

General Policy Matters

- All proposals for use of economic development incentives are subject to the approval of the Board of Aldermen and shall be considered on a case-by-case basis. The Board of Aldermen may deny use of economic development incentives for any project.
- Proposed projects shall encourage economic development in accordance with the City's Comprehensive Plan and Zoning Map. Proposed projects shall address strategies, actions, and metrics identified in the City's Comprehensive Plan and shall be appropriate for the zoning district the project is located within.
- All projects must demonstrate that the project would not occur "but for" the incentives offered. Incentives will be granted only at the level necessary to make the project financially feasible. Terms for incentives will be the least amount of time necessary to make the project financially feasible.
- Applicants must obtain their own competent legal counsel.
- To avoid economic development tool fixation and potential over-incentivization, it is important for the Board of Aldermen to establish and regularly update economic development goals of the City. The Board of Aldermen should invest in appropriate market studies and due diligence to best identify the City's economic development goals.
- Elected or appointed City officials and City staff shall not engage in ex-parte communications regarding use of economic development incentives in connection with contemporaneous or future proposals for such use. Applicants shall not rely on ex-parte promises, commitments, or similar communications made by an individual elected or appointed City official or City staff member regarding an Applicant's contemporaneous or future proposal for use of economic development incentives, no matter how informal such proposal may be. Applicants acknowledge that the discretion to approve incentive applications is reserved for the Board of Aldermen.
- When funds exist, either from the City's budget or supplementary grants or other funding sources, or a combination thereof, the City should obtain, maintain, and update a market study designed to identify the economic development needs of the City for utilization in the review of economic development requests.
- Applicants must demonstrate that the private investment (through equity, private financing, or a combination thereof) is greater than the incentives requested. The preferred ratio of investment to incentive is 5:1 (i.e., the incentives request should be 25% or less of the total proposed project costs). Projects with an unleveraged

rate of return with incentives that do not exceed the range of unleveraged rate of return that is most applicable to the proposed development project are preferred.

- The purpose of any requested incentive is to provide additional funding for a specific City-designated economic development goal; or, if not, the applicant has provided justification and supporting documents (e.g., third-party market studies, etc.) explaining why the purpose of the request should be a City-designated economic development goal.
- To ensure that the City's interests are adequately protected and that the citizens and current business partners of the City of Willard are not bearing the burden of the costs to review requests for public aid through economic development incentives, applicants will be required to enter into a funding agreement whereby the applicant provides funds to the City so that the City can obtain professional consultants necessary to aid City staff and elected officials in determining the appropriate levels of assistance for the proposal, project feasibility, applicant's financial capacity, and a legal review of the application, the approval process, and the negotiation and implementation of applicable agreements. The funding agreement shall provide for a deposit with the City 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. These costs may be reimbursed through the incentive program as allowed by law.
- If financial or reputational risk to the City warrants, or when the level and type of economic development incentives reaches or exceeds an appropriate amount, the City will conduct, and the applicant should expect to provide, a review of its relevant business experience, financial condition, ability to carry out the proposed project, and criminal background. The Board of Aldermen reserves the right to deny incentives based on the information provided and investigated in such review. Applicants are notified that the level of scrutiny into the Applicant's background will vary ratably with the amount of public incentives and public risk associated with the level of incentives requested in the application.
- Projects utilizing funds created from the development to reimburse development costs ("pay-as-you-go") are highly encouraged. The use of public debt should be limited to only that amount absolutely necessary, which fact will be the applicant's responsibility to justify in the approval process.
- Incentive requests for projects that involve property acquisition by eminent domain will be considered for approval at the sole discretion of the Board of Aldermen on a case-by-case basis.
- Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
- Taxes will not be reduced below the base year, as established by each applicant.
- All projects are subject to annual appropriation from the Board of Aldermen.
- The City shall require periodic reporting evidencing compliance with the requirements of the incentive received and measure the economic benefit to the City and the region. Agreements may include specific performance requirements as a condition for granting and maintaining the abatement or incentive.
- Applicants are encouraged to consider a combination of incentives to achieve a balance that evens out the efforts of the incentives among the affected taxing jurisdictions.

General Procedural Requirements

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- Applicants shall consider reimbursement of the City's costs to review and consider the approval of the application, and in the event the application is approved, to administer the incentive program while it remains active, as components of the overall project costs. Applicants also shall provide a mechanism for the prompt payment of the City's costs in its application. The City's costs associated with the consideration of the approval of an application shall be paid in full at the time of any applicable hearing or meeting to consider a recommendation of approval or the approval of the application. The City reserves the right to postpone such hearing or meeting until the necessary payments have been made.

COMMERCIAL, RETAIL, AND ENTERTAINMENT DEVELOPMENT

The City of Willard encourages the use of economic development incentives to spur new commercial and entertainment development within the City. The City desires commercial development that will encourage residents to stay in town after working hours; this includes the development of well-known, casual dining offerings and the development of a small grocery store such as Aldi. The City also desires family friendly entertainment and recreational facilities that will encourage the community to gather together and provide a place for families to play. It is the City's long-term goal to develop a hotel in the southern area of the City for convenient access for patrons of the Springfield-Branson National Airport. Overall, the City desires commercial and entertainment development that encourages residents and visitors to stay in Willard rather than travel to surrounding communities.

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Commercial, Retail, and Entertainment Development

- Tax Increment Financing may be appropriate for new commercial, retail, and entertainment development when sales taxes are generated by a new development.
- Sales Tax Reimbursement Agreements may be appropriate for new commercial, retail, and entertainment development when sales taxes are generated by a new development.
- Community Improvement Districts, Neighborhood Improvement Districts, and Transportation Development Districts may be appropriate for new commercial, retail, and entertainment development if the project involves development of public infrastructure.
- Chapter 100 incentives may be appropriate for redevelopment of existing large-scale commercial, retail, or entertainment facilities when the facility holds high-value personal property.
- Beautification grants may be offered by the City for beautification and revitalization of existing commercial, retail, and entertainment facilities.
- Chapter 353 incentives may be appropriate for redevelopment of existing commercial, retail, and entertainment developments if the redevelopment project is in a blighted area and is focused on rehabilitation and revitalization of existing commercial, retail, and entertainment developments.

RESIDENTIAL DEVELOPMENT

The City of Willard encourages the use of economic development incentives to aid in the development of public infrastructure serving residential developments. While the City generally does not utilize economic development incentives for residential developments, it does prioritize the use of incentives when the costs of necessary infrastructure render the development financially impracticable.

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Residential Development

- Because residential development does not generate sales taxes, Tax Increment Financing is not appropriate for residential developments.
- Community Improvement Districts may be appropriate as a substitute for homeowners' associations.
- Neighborhood Improvement Districts may be appropriate when costs of necessary public infrastructure render the development financially impracticable.
- Chapter 100 incentives may be appropriate for multifamily or workforce housing when the applicant will maintain operation, control, and management of the facilities during the term of the incentives.
- Beautification grants may be offered by the City for beautification and revitalization of exiting residential developments.

INDUSTRIAL AND MANUFACTURING DEVELOPMENT

The City of Willard does not prioritize the use of economic development incentives for industrial and manufacturing development. However, the City does encourage updates to and new development of public infrastructure, and industrial and manufacturing developments may seek assistance with public infrastructure costs. Any industrial or manufacturing development should offer job opportunities to residents and offer wages higher than the Greene County average wage.

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- The City will provide basic forms, a summary of the application, review, and consideration process, applicable statutory requirements, and an estimated timeline for the approval process, in addition to other relevant information, at the pre-application meeting.

- Applicants will be expected to work with City staff and, when applicable, City consultants, while preparing the applicable "official" document to be placed on file with the City, thus triggering the applicable statutory review process.
- Applicants will be required to enter into a funding agreement whereby the applicant provides funds to the City for it to obtain professional consultants necessary to aid in determining the appropriate levels of assistance for the proposal, project feasibility, applicant's financial capacity, and a legal review of the application, the approval process, and the negotiation and implementation of applicable agreements. An initial deposit will be required before the City's staff and consultants will begin work processing the applicant's proposal. The amount of the funding agreement deposit will vary depending upon the application or applications filed, and applicants are hereby notified that the funding agreement will contain an "evergreen" clause whereby the applicant must replenish the fund as it is used to ensure the full amount of the deposit is available to the City for use in reviewing the application. 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 Board of Aldermen, whose decisions shall remain at their sole discretion.
- Applicants shall consider reimbursement of the City's costs to review and consider the approval of the application, and in the event the application is approved, to administer the incentive program while it remains active, as components of the overall project costs. Applicants also shall provide a mechanism for the prompt payment of the City's costs in its application. The City's costs associated with the consideration of the approval of an application shall be paid in full at the time of any applicable hearing or meeting to consider a recommendation of approval or the approval of the application. The City reserves the right to postpone such hearing or meeting until the necessary payments have been made.

Industrial Development

- Chapter 100 incentives may be appropriate for development of warehouses, distribution facilities, office developments, and commercial facilities and project facilities that hold high-value personal property.
- Community Improvement Districts, Neighborhood Improvement Districts, and Transportation Development Districts may be appropriate for new industrial if the project involves development of public infrastructure.

**POLICY AND PROCEDURE GUIDELINES FOR
TAX INCREMENT FINANCING (TIF) INCENTIVES**

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 but-for public assistance; 2) when the project area qualifies as a blighted area in accordance with state statutes; and 3) when the project does not qualify as a greenfield as defined in the TIF Act.

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 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 of the State of Missouri (RSMo.) (the "TIF Act").

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 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 demonstrates that the TIF Plan and project or projects on the whole is of vital interest to the City. The City's evaluation criteria for TIF applications are as follows:

1. The proposed development shall assist the City in achieving one or more of its economic development goals. These economic development goals are adopted and updated regularly in this Policy.
2. The proposal must demonstrate 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 impacting surrounding areas, creating economic stability, facilitating 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.

3. Proposals for the redevelopment and/or infill of deteriorating areas within the City will be given favorable consideration.
4. The applicant must provide evidence that the applicant has thoroughly explored alternative financing methods and has a track record which demonstrates the financial and technical ability to complete the project.
5. TIF assistance to the project should generally not exceed 20% of total project costs. However, project assistance above 20% may be considered in circumstances where the applicant:
    a. has a proven track record in completing successful projects comparable in scope and scale:
    b. documents the showing the applicant'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, [such as …] OR [as indicated on the map on file with the City Clerk].
6. 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.
7. Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
8. Generally, TIF incentives are designed for large-scale projects, thus TIF applications which encompass a project area of less than 3 acres will be discouraged.
9. In evaluating the employment potential of a proposed redevelopment, the following shall 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 Greene County average will be viewed favorably.
10. TIF applications for retail, commercial, and entertainment projects should include development of well known, casual dining options and entertainment facilities that offer family fun and places for the community to gather. Additionally, small chain grocery stores that are not currently located within the City are highly desired.
11. TIF applications that include the development of business areas, or the redevelopment of existing business areas, shall 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.
12. TIF applications for new residential development projects (other than a limited number of residential units which are creatively integrated into commercial or retail projects) will be strongly disfavored. TIF applications for the redevelopment of existing residential areas will generally be disfavored.
13. 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 Economic Development Financing Board ("MDFB")) to issue notes and/or bonds to finance the project, the applicant shall 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 shall be incorporated into a redevelopment agreement for the implantation of the redevelopment plan upon the approval of the application, as applicable.
b. TIF applications requesting the issuance of bonds or notes shall be required to demonstrate using a third-party revenue consultant selected by the City 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.

14. 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 applicant 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.
15. Applications that include the utilization of a Community Improvement District (CID), Transportation Development District (TDD), Neighborhood Improvement District (NID), or other private or public financing mechanisms that result in reducing the term of the TIF project and/or reduce the burden on affected taxing jurisdictions will be viewed more favorably.
16. 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, facilitating 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.
17. The City may charge an administrative fee of up to 5% of TIF revenues to offset the cost of administration of the incentive.

<u>Expenses Eligible for Reimbursement</u>

Subject to the requirements of the TIF Act, expenses eligible for reimbursement under a TIF proposal may include, but are not limited to, the following:

a. Studies, surveys, plans and specifications.

b. Fees incurred by either the City or the applicant, or both, for professional services such as architectural, engineering, legal, marketing, financial, and planning.
c. Site preparation, including demolition of structures, clearing and grading of land.
d. Constructing public infrastructure such as streets, sewers, utilities, parking, and lighting.
e. Financing costs including bond issuance.
f. Relocation costs if persons or businesses within the redevelopment area are displaced.

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 Administrator for review and processing. A copy of the formal application may be obtained through the City Administrator.

Provided that the application exhibits initial feasibility in the opinion of City staff as determined by the information exchanged in the pre-qualification conference, 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 the City's General Policy and Procedural Guidelines. 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 Board of Aldermen, whose decisions shall 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 and, therefore, every proposal shall 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 in the Comprehensive Plan and other adopted or City endorsed 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 Board of Aldermen review and approval.

Following a public hearing before the City's TIF Commission and approval of the TIF Plan by the Board of Aldermen, the City and the applicant shall 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".

GENERAL POLICY AND PROCEDURE GUIDELINES
FOR THE USE OF COMMUNITY IMPROVEMENT DISTRICT (CID) INCENTIVES

Overview

A Community Improvement District (CID) is a special purpose district in which property owners voluntarily impose a funding mechanism upon themselves to fund a broad range of public improvements and/or services to support business activity and economic development within specified boundaries. Created by an ordinance of the Board of Aldermen, establishment of the CID is considered after the 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 over 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 municipality or as a not-for-profit corporation. If the CID is organized as a political subdivision, the District can impose a sales tax in 1/8% increments up to 1% on most retail sales and/or a real property tax. 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, if desired, may issue tax-exempt revenue bonds to finance capital improvement projects for up to 20 years.

Responsibility for repayment of CID bonds, if applicable, 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 of Willard Mayor and Board of Aldermen oversees District activities.

If the District is funded solely through special assessments, a not-for-profit agency can serve as the administrator. Although the CID is established with the approval of the Board of Aldermen, once formed the District operates independently in accordance with the provisions set forth in the petition and Missouri state law, including the Sunshine Law.

Statutory Requirements

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

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's evaluation criteria for CID applications are as follows:

1. The proposed development shall assist the City in achieving one or more of its economic development goals. These economic development goals are adopted and updated regularly in this Policy.
2. CIDs which are established for the purpose of: (1) reducing the time a TIF project is active and/or offsetting the burden of TIF incentives on the affected taxing jurisdictions; or (2) providing all or a portion of the funding needed to construct and update public improvements are highly favored.
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 CID boundaries to exceed ten percent (10%).
4. CIDs formed primarily for the purpose of funding common area maintenance costs are discouraged.
5. CIDs formed to finance public improvements and/or public services that will directly benefit the property owners, business owners, customers, and residents of the district are favored.
6. The CID petition shall require that at least two (2) members of the Board of Directors (or at least 40% of the Director seats) shall be an elected or appointed official or employee of the City.
7. The CID petition shall provide that the Board of Aldermen must review and approve the CID's annual budget before it is presented for approval by the CID's Board of Directors.
8. CID petitions which provide that the CID Board of Directors will be appointed by the Mayor with the consent of the Board of Aldermen are favored.
9. A CID formed to provide sustainable funding for public infrastructure would be strongly encouraged.
10. Petitions which propose the issuance of CID bonds are discouraged.
11. 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.
12. Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
13. The City may require an up to 1.5% administrative fee during the existence of the District.

City Application/Approval Process

CID applicants are required to first meet with staff pre-qualification conferences to determine project eligibility. An application may then be submitted to the City Administrator for review and processing. A copy of the formal application may be obtained through the City Administrator. Applicants will be required to enter into a funding agreement with the City pursuant to the General Policy and Procedure Guidelines provided as a component of the City of Willard's Economic Development Policies and Procedures.

Prior to the applicant's formal submittal of the final CID Petition with the City Clerk for Board of Aldermen 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 petitioner(s) may file the petition pursuant to the CID 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, shall make a final determination of whether the petition substantially complies with statutory requirements. Following confirmation that the petition complies with these requirements, a public hearing will be held by the Board of Aldermen. The Board of Aldermen would then consider whether to approve an ordinance to establish the CID.

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

GENERAL POLICY AND PROCEDURE GUIDELINES FOR THE USE OF TRANSPORTATION DEVELOPMENT DISTRICT (TDD) INCENTIVES

Overview

Transportation Development Districts (TDD) are independent political subdivisions organized to levy sales taxes, property taxes, or special assessments to pay for the construction of roads, bridges, interchanges, intersections, parking facilities or other transportation related improvements. Unlike CIDs, TDDs are approved and organized by order of the circuit court. A TDD petition is a lawsuit filed by the petitioners against the Missouri Highways and Transportation Commission and the affected local transportation authority, 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 local transportation (in the City's case, the Board of Aldermen) 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 captured 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 projects and must agree to accept maintenance responsibilities for completed projects. When the project costs are paid off (or if applicable, the bonds financing the project costs are paid off), 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 with the City before doing so. The City will aid the applicant in determining whether the requirements for a valid TDD have been met before asking the Board of Aldermen to adopt a resolution in support of the formation of the proposed TDD. 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's evaluation criteria for TDD applications are as follows:

1. The proposed development shall assist the City in achieving one or more of its economic development goals. TDDs shall finance public improvements or public services that will directly benefit the property owners, business owners, customers, and residents of the district.
2. TDDs which are established for the purpose of: (1) reducing the time a TIF project is active and/or offsetting the burden of TIF incentives on the affected taxing jurisdictions; or (2) providing all or a portion of the funding needed to construct and update public improvements are highly favored.
3. TDDs formed for the purpose of financing public improvements shall terminate when the public improvement expenses have been reimbursed, unless the TDD is intended to fund ongoing maintenance.
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 TDD boundaries to exceed ten percent (10%).
5. TDD petitions requiring that at least two (2) members of the TDD Board of Directors (or 40% of the Director seats) shall be an elected or appointed official or employee of the City are highly favored.
6. TDD petitions that require the Board of Aldermen 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.
7. Petitions which propose the issuance of TDD bonds are discouraged.
8. Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
9. The City may require an up to 5% administrative fee during the term of the incentive.

<u>City Application/Approval Process</u>

TDD applicants are required to first meet with staff for pre-qualification conferences to determine project eligibility. An application may then be submitted to the City Administrator for review and processing. A copy of the formal application may be obtained through the City Administrator. Applicants may be required to enter into a funding agreement with the City pursuant to the General Policy and Procedure Guidelines provided as a component of the City of Willard's Economic Development Policies and Procedures.

Prior to the applicant's formal submittal of the final TDD Petition with the Circuit Court Clerk, 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 petition. Once the review process has been completed, City staff will forward the matter to the Board of Aldermen, which will consider a resolution of support in favor of the formation of the TDD.

After the Board of Aldermen's determination, the petitioner(s) may file the petition with the Circuit Court Clerk pursuant to the TDD Act. If the Board of Aldermen has approved a resolution of support in favor of the formation of the TDD, the City will cooperate with the petitioners in the prosecution of the case, as is required by whether the City is the petitioner or a respondent. If the Board of Aldermen 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 should enter into a cooperative agreement for the purpose of establishing the terms of the relationship between the City and the TDD Board of Directors.

GENERAL POLICY AND PROCEDURE GUIDELINES
FOR THE USE OF NEIGHBORHOOD IMPROVEMENT DISTRICT (NID) INCENTIVES

Overview

Unlike the CID or TDD, a Neighborhood Improvement District (NID) is not an entity separate from the City, but rather the designation of a special district in which special assessments are imposed to finance public improvements, including acquisition, construction, engineering, legal and related costs. Temporary notes are issued by the municipality to pay the costs of the improvements and related costs. Once the construction of the improvements is completed, the temporary notes are paid by the NID bonds, which are in turn retired through special assessments against property owners in the area in which the improvements are made. 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.

The creation of 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 district. The second is through a proper petition signed by at least two-thirds of the owners of record of all real property within the proposed district. In both instances, approval by the City's Board of Aldermen 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 Neighborhood Improvement District (NID). These requirements are set forth under Sections 67.453 to 67.475 of the Revised Statutes for the State of Missouri (RSMo.) (the "NID Act").

Policy Guidelines

The City favors petitions for Neighborhood Improvement Districts (NID) that 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 issues special obligation bonds that count against its constitutional debt limits, 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. At a minimum, all statutory requirements must be met. The City's evaluation criteria for NID applications are as follows:

- The proposed development shall assist the City in achieving one or more of its economic development goals. These economic development goals are adopted and updated regularly in this Policy.
- NIDs shall finance public improvements or public services that will directly benefit the property owners, business owners, customers, and residents of the district.

- NIDs which are established for the purpose of: (1) reducing the time a TIF project is active and/or offsetting the burden of TIF incentives on the affected taxing jurisdictions; or (2) providing all or a portion of the funding needed to construct and update public improvements are highly favored.
- Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
- The City may require an up to 5% administrative fee during the term of the incentives.

City Application/Approval Process

NID applicants are required to first meet with staff pre-qualification conferences to determine project eligibility. An application may then be submitted to the City Administrator for review and processing. A copy of the formal application may be obtained through the City Administrator. Applicants may be required to enter into a funding agreement with the City pursuant to the General Policy and Procedure Guidelines provided as a component of the City of Willard's Economic Development Policies and Procedures.

Prior to the applicant's formal submittal of the final NID Petition with the City Clerk for Board of Aldermen 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, shall 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 Board of Aldermen 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.

GENERAL POLICY AND PROCEDURE GUIDELINES
FOR THE USE OF CHAPTER 100 INDUSTRIAL DEVELOPMENT INCENTIVES

Overview

Missouri law, specifically, Chapter 100 RSMo, establishes a framework by which cities may issue industrial revenue bonds to finance industrial development projects for private corporations, partnerships or individual companies. Under Chapter 100, the city issues bonds to finance real and/or personal property for eligible development projects. Eligible projects include warehouses, distribution facilities, research and development facilities, office industries, agricultural processing facilities, service facilities (which provide interstate commerce); and manufacturing plants. Based on authority in Article VI, Section 27(b) of the Missouri Constitution, Chapter 100 incentives may be utilized for any commercial project, including residential projects which are engaged the stream of commerce, such as those with tenants.

Through Chapter 100, the City also may provide "tax abatement" for land, improvements, or personal property related to the industrial development project. Whether by purchase financed through industrial revenue bonds or conveyance of a fee interest in the subject property, the City obtains ownership of the real and/or personal property and leases it back to the company under a lease-purchase agreement. In the event that the property is financed by industrial revenue bonds, the lease agreement will require the company to make rent payments that are 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. If industrial revenue bonds are not used to finance the acquisition of the property, rents are otherwise established in the lease-purchase agreement.

In the event that the property is held in the name of the City during the lease term, such property is tax exempt, thus creating "tax abatement" for the company. The company later assumes or regains ownership of the property at the end of the term of the bonds and/or lease-purchase agreement. In addition to property tax "abatement," the company also may benefit from a sales tax exemption for construction materials ("STECM") and/or equipment for the project; provided the City will own the property being constructed. 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.

Statutory Requirements

The City must approve a "plan for industrial development" pursuant to Section 100.050 of the Revised Statutes for the State of Missouri (RSMo). These plans are typically drafted by the applicant, with input from the City's staff and consultants, for approval by the Board of Aldermen. All Chapter 100 Plans must include, at a minimum, a description of the project and its estimated costs, a statement of the source of funds to be expended for the project, and a statement of the terms upon which the facilities to be provided by the project will be leased or otherwise disposed by the City.

If the Chapter 100 Plan will involve the issuance of revenue bonds or the conveyance of a fee interest in real property to the City, the plan must also include a statement identifying each taxing district affected by the project, the most recent equalized assessed valuation of the property included in the project and an estimate of the projected assessed valuation at the completion of the project, a cost benefit analysis for each taxing jurisdiction, and a statement identifying any PILOTs to be made.

Policy Guidelines

In addition to complying with the statutory requirements referenced above, the City has established several criteria that will be used to review and evaluate applications for Chapter 100 financing and tax abatement. To qualify for Chapter 100 tax abatement, each of the following should be satisfied:

1. The proposed development shall assist the City in achieving one or more of its economic development goals. These economic development goals are adopted and updated regularly in this Policy.
2. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals.
3. 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.
4. 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.
5. Ensure the City, County, Willard Public Schools, or any other taxing jurisdiction affected by the incentive would not receive less total real and personal property tax revenue from the property than was received prior to the granting of tax abatement.
6. Comply with the City's Comprehensive Plan.
7. Chapter 100 Plans that allow for a payment bond, rather than a mechanic's lien, are favored.
8. 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.
9. Comply with the statutory requirements set forth in Sections 100.010 to 100.200 RSMo. 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 vital economic interest to the City
10. If applicable, PILOTs will be due December 31 of each year. Failure to pay PILOTs will result in termination of the incentives.
11. Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
12. The City may impose an up to 5% administrative fee during the term of the incentives.

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 City Administrator for review and processing. A copy of the formal application may be obtained through the City Administrator. Applicants will be required to enter into a funding agreement with the City pursuant to the General Policy and Procedure Guidelines in this Policy.

If the project meets the policy guidelines outlined above, the company will be invited to submit a plan for industrial development ("Chapter 100 Plan") as outlined under Section 100.050, RSMo. The Chapter 100 Plan will then be considered for formal approval by the Willard Board of Aldermen.

Following approval of the Chapter 100 Plan, the City and the applicant shall enter into a Chapter 100 development agreement and a lease-purchase agreement which will govern the terms of the abatement. The development agreement shall require that an annual report be submitted to the City annually during project construction. The report shall cover the previous year and include a detailed accounting of the project. Reporting timeframes may be adjusted as appropriate for the 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.

GENERAL POLICY AND PROCEDURE GUIDELINES
FOR THE USE OF CHAPTER 353 URBAN REDEVELOPMENT INCENTIVES

<u>Overview</u>

Chapter 353, RSMo, encourages the redevelopment of blighted areas through the abatement of real property taxes. To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation ("URC") pursuant to the Urban Redevelopment Corporations Law. In order to establish an URC, articles of association must be prepared in accordance with the general corporations law of Missouri.

Chapter 353 authorizes tax abatement on real property taxes for a period up to 25 years. For up to the first 10 years, the statute provides for 100% abatement on the increased assessed value of the improvements on the property (excluding land). For a period of up to an additional 15 years, Chapter 353 allows for abatement of 50% to 100% on the actual assessed value of the property (land and improvements). Payments in lieu of taxes 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 such as the City and school district. Tax abatement is not available for personal property taxes on equipment or machinery.

<u>Statutory Requirements</u>

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

<u>General Abatement Procedures</u>

1. The proposed development shall assist the City in achieving one or more of its economic development goals. These economic development goals are adopted and updated regularly in a separate document to be provided by City staff.

2. <u>Development Plan</u>: Urban redevelopment 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.

   Each project shall prepare a project plan that will implement the development plan approved for the redevelopment area. Preparation of each project plan within a redevelopment district shall be the responsibility of the applicant/property owner and require its own public hearing and is included as an amendment to the development plan. Each individual project within a larger district covered by a development plan may not need to make a blight finding each time a project is considered.

3. 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 district with several properties, a tax impact analysis will be prepared at the time the specific project is considered by the Board of Aldermen.
4. Development Agreement: The development agreement, between the City, the property owner and the URC, describes the obligations to carry out the development plan. Among the provisions that are included in the development agreement are procedures for acquiring property, the tax abatement period, the schedule for construction, and procedures for the transfer of title to the property. The agreement shall require that an annual report be submitted to the City annually during each year the abatement is in place. The report shall cover the time period of the previous year and include a detailed accounting and status of the project.
5. Abatement Program: Once a project has been approved, and the redevelopment corporation has taken title to real property, that real property shall not be subject to assessment or payment of general ad valorem as provided in the Plan and consistent with Chapter 353.

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

Policy Guidelines

In accordance with Missouri law, the City of Willard 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. The proposed development shall assist the City in achieving one or more of its economic development goals. These economic development goals are adopted and updated regularly in this Policy.
2. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals.
3. 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.
4. Include evidence provided by the business that demonstrates the company's financial stability and capacity to complete the project.
5. Ensure that the City, Greene County, Willard Public Schools, or 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.
6. 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.

7. Properties receiving tax abatement must be maintained in compliance with minimum standards, codes, and ordinances of the City.
8. The improvements included within the request for abatement for rehabilitation projects shall be at least 50% exterior improvements so as to be visible to the public.
9. Comply with the statutory requirements set forth in Sections 353.020 - 353.150 RSMo.
10. 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 shall be made to the County Collector by December 31st of each year. The City Clerk shall 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.
11. 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.
12. 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 vital economic interest to the City. Because the approval of such partial real property tax abatement is granted within the discretion of the Board of Aldermen, an application's satisfaction of the above criteria does not guarantee that Board of Aldermen 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 Board of Aldermen approval.
13. Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
14. The City may require an up to 5% administrative fee during the term of the incentives.

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 Urban Redevelopment Corporation. An application may then be submitted to the office of the City Administrator for review and processing. A copy of the formal application form may be obtained from the office of the City Administrator.

If the project meets the policy guidelines outlined above, the URC will be invited to submit a redevelopment plan covering the area proposed for redevelopment. The redevelopment plan, which shall include a blight study, will then be considered for formal approval by the Willard Board of Aldermen after a required public hearing.

Following approval of the redevelopment plan, the City and the URC shall enter into a performance agreement which will govern the terms of the abatement. The agreement shall require that an annual report be submitted to the City annually during each year of the incentive. The report shall cover the time period of the previous year and include a detailed accounting of the 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.

GENERAL POLICY AND PROCEDURE GUIDELINES
FOR THE USE OF SALES TAX REIMBURSEMENT INCENTIVES

Overview

Sales Tax Reimbursement agreements are a funding mechanism allowed by Missouri law that may be used to achieve a public benefit through funding public infrastructure. Under such an agreement, municipalities have the ability to annually appropriate the increase in 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 and subject to statutory limitations on uses of revenue. Under such an agreement, a portion of City taxes captured from the increased revenues generated by the project would be reimbursed to the applicant for eligible expenses.

Statutory 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.

Policy Guidelines

For use of sales tax reimbursement agreements, the following criteria should be satisfied:

1. The proposed development shall assist the City in achieving one or more of its economic development goals.
2. 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.
3. Sales tax reimbursement agreements may utilize up to 50% of the City's 1% general sales tax, subject to statutory requirements for the use of public funds. Applicants acknowledge that the City's sales taxes that are allocated to a dedicated purpose (such as public safety, capital improvements, etc.) may not be available for use in a sales tax reimbursement agreement.
4. Applicants may be required to obtain performance, maintenance, or payment bonds and comply with prevailing wage and other public works contracting requirements if public improvement work is completed on existing City infrastructure.
5. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals.
6. 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 tax reimbursement.
7. Include evidence provided by the company that demonstrates the business's financial stability and capacity to complete the project.

8. Ensure the City is not receiving less total tax revenue from the property than was received prior to the granting of the sales tax reimbursement.
9. Generally ensure the term of the reimbursement should not extend beyond 10 years from approval.
10. Proposals to develop non-greenfield areas that are undeveloped shall be viewed more favorably than proposals for projects in developing areas. In other words, pioneering applicants may be rewarded more than applicants who seek to develop in an area where new economic activity has already begun.
11. The City may impose an up to 5% administrative fee during the term of the incentives.
12. The agreement shall require annual reporting to the City relating to agreement obligations and the agreement shall require termination of those obligations are not met. 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 reimbursement.

<u>City Application/Approval Process</u>

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. A copy of the formal application form may be obtained from, and submitted to, the office of the City Administrator. Upon consent from the Board of Aldermen, the City and an applicant will enter into a tax reimbursement agreement.

STATE OF MISSOURI ECONOMIC DEVELOPMENT INCENTIVES

Missouri Works Program

The Missouri Works Program facilitates the creation of quality jobs by targeted business projects which create a minimum number of jobs at the project facility.

Small Business Loan Program

The Small Business Loan Program makes available direct loans for small businesses at low-interest or no-interest in corporation with the Missouri Development Finance Board.

Missouri Housing Development Commission

The Missouri Housing Development Commission administers the federal Low Income Housing Tax Credit (LIHTC) programs and the Missouri Housing Trust Fund (MHTF) which assist in the construction, renovation, and preservation of affordable housing in the State.