

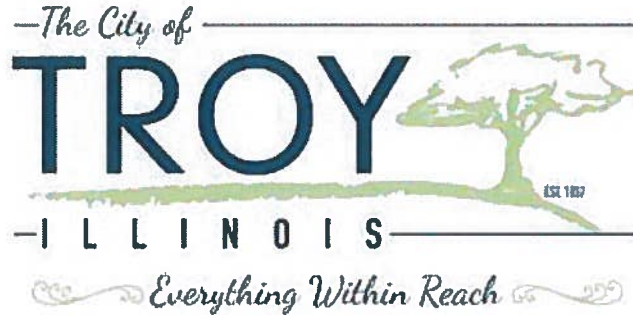


8 1 2 0 2 1 8  
Tx:4087530

Return to:

Jamie Myers  
City Clerk  
116 E. Market Street  
Troy, Illinois 62294

**2014R39892**  
STATE OF ILLINOIS  
MADISON COUNTY  
12/11/2014 3:49 PM  
AMY M. MEYER, RECORDER  
REC FEE: 38.00  
CO STAMP FEE:  
ST STAMP FEE:  
FF FEE:  
RHSPS FEE:  
# OF PAGES: 18



**Resolution No. 2014-15**  
**A RESOLUTION OF THE CITY OF TROY, ILLINOIS**  
**OUTLINING THE ECONOMIC DEVELOPMENT INCENTIVES POLICIES**

38.00 CTY

---

Adopted by the City Council  
of the City of Troy, Illinois  
This 17<sup>TH</sup> Day of NOVEMBER, 2014.

**RESOLUTION NO. 2014-15**

**A RESOLUTION OUTLINING THE ECONOMIC DEVELOPMENT INCENTIVES  
POLICIES FOR THE CITY OF TROY, IL**

---

**Whereas**, the City Council of the City of Troy, Illinois believes it is in the best interest of the City to adopt certain policies outlining potential economic development incentives for use by the City to encourage economic growth; and

**Whereas**, previously, the City Council of the City of Troy, Illinois passed Resolution 2001-04, a Resolution adopting an Economic Development Assistance Program; and

**Whereas**, the City Council of the City of Troy, Illinois believes that the policies and associated program contained within Resolution 2001-04 have become antiquated and outdated for use by the City; and

**Whereas**, the City Council of the City of Troy, Illinois wishes to establish a new set of economic development incentives policies to reflect changes in both the Illinois Statutes and in the City's economic climate and environment; and

**Whereas**, the City Council of the City of Troy, Illinois wishes to establish economic development incentives policies to assist property owners and developers who may be seeking financial development assistance from the City of Troy.

**NOW, THEREFORE, be it resolved by the City Council of the City of Troy, Madison County, Illinois as follows:**

**SECTION 1.** The City of Troy recognizes the financial benefits of Tax Increment Financing (TIF) districts, Business Districts (BD), Economic Incentive Agreements (EIA), Enterprise Zones (EZ), and Special Service Areas (SSA) in development and/or redevelopment projects to encourage economic growth of the City.

**SECTION 2.** The descriptions and definitions contained within the outlines of TIF Districts, Business Districts, Economic Incentive Agreements, Enterprise Zones and Special Service Areas in Exhibit "A" are approved as general economic development incentives tools for future use by the City.

**SECTION 3.** All requests for economic development assistance from the City must be in the form of a written request to the City of Troy's Economic Development & Tourism Coordinator. The City of Troy may, at its sole discretion, request additional information beyond the formal written request.

**SECTION 4.** The Mayor, at his or her discretion, shall present written requests for economic development assistance to the City Council for formal approval. The consideration for approval of these requests for financial assistance will be based on sound business principles of and for the City of Troy and on the furtherance of the protection of the health, safety and welfare of the citizens of the City of Troy.

**SECTION 5.** The City Council recognizes the Troy Downtown Storefront Program, as presented in Exhibit "B", as an approved program for use with the Tax Increment Financing District authorized by Ordinance 1997-21.

**SECTION 6.** The City of Troy reserves the right to amend, waive or repeal these policies, as necessary, provided that all actions are in compliance with state and federal law.

**SECTION 7.** The City Council hereby vacates Resolution 2001-04 in its entirety, and in its place, adopts this new Resolution.


**SECTION 8.** This Resolution shall be in full force and effect after its passage and approval as provided by law.

**PASSED** by the City Council and approved by the Mayor this Seventeenth day of November, 2014.

**CITY OF TROY, MADISON COUNTY, ILLINOIS**

  
Allen P. Adomite, Mayor

  
ATTEST

  
Jamie Myers, City Clerk

AYES

Evans, Greenfield, Hendrickson, Italiano, Jackson

NAYS

DeCarli, Lanahan

ABSENT

Partney

**PASSED** by the City Council and approved by the Mayor this Seventeenth day of November, 2014.

**I. WHAT ARE TIF REVENUES, AND HOW ARE THEY PRODUCED?**

When a municipality establishes a TIF area it notifies the county in which it is located to determine the total equalized assessed value of each lot, block tract and parcel of taxable real property within the area. The value so determined is the "base value".

In every subsequent calendar year that the TIF is in existence, each taxing district which taxes real property in the area continues to receive real property taxes based on the application of its respective tax rate to the base value. It is the increase in real property value over the base, (the "incremental value") that produces the incremental property tax for use within the TIF area.

The incremental value is taxed in the same manner as is the base value, but rather than the real property taxes from this incremental value being distributed to the underlying taxing districts, they are instead distributed to the municipality's Special Tax Allocation Fund for use by the municipality in accordance with its TIF Plan.

**II. WHAT CAN THE CITY DO WITH ITS TAX INCREMENT?**

Having created the TIF Area, the City can then use the tax increment revenues to pay for (or repay) all or a portion of the "redevelopment project costs" identified in the City's TIF Plan. Such "redevelopment project costs" include:

1. Costs of studies, surveys, plans and other professional service costs, as well as the implementation and administration of the TIF Plan and TIF area;
2. Marketing sites within the redevelopment project area to prospective businesses, developers, and investors
3. Property assembly costs, including acquisition of land and other property, and site preparation (including the demolition of buildings on the site);
4. Costs of the rehabilitation, reconstruction, repair or remodeling of existing public or private buildings;
5. Construction of public works and improvements, including, in some specific instances, the cost of the construction of new municipal buildings;
6. Job training and retraining, including payments to other taxing districts to provide such training and retraining;
7. Financing costs, such as those associated with underwriting, as well as capitalized interest;

8. All or a portion of a taxing district's capital costs resulting from (re)development within the TIF area;
9. A certain percentage of increased costs incurred by school districts and library districts resulting from "TIF-assisted" residential development;
10. Relocation costs;
11. Payments in lieu of taxes;
12. Developer's interest costs.

As identified in the TIF Act, redevelopment project costs do not include:

- the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building unless, (i) pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment, (ii) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999, or (iii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- privately owned buildings; however up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act;
- costs to demolish, remove, or substantially modify a historic resource, after August 26, 2008 (the effective date of Public Act 95-934), unless no prudent and feasible alternative exists. "Historic resource" for the purpose of this item (14) means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. (This item does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior).
- monies that would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at

another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality

TIF revenues are often used to amortize bonds or other obligations that are issued to pay for (or repay a private developer for) certain redevelopment project costs incurred in the (re)development of the TIF area. Depending on the activity that is being paid for by the TIF revenues, the interest paid on such obligations may be tax exempt. In many smaller projects, the TIF revenues are paid directly to the private developer for redevelopment project costs on an "if come" basis. In both cases – amortization of an obligation or "if come" – the City and developer negotiate a "redevelopment agreement" so that both sides understand what is to be (re)developed, and how much TIF revenue will be available, if generated, to assist in the project.

There is no requirement that TIF bonds or other obligations be general obligations of the City.

The TIF Act also contains additional language that addresses how, and where, TIF revenues may be used; viz;

A municipality may:

- Make and enter into all contracts with property owners, developers, tenants, overlapping taxing bodies, and others necessary or incidental to the implementation and furtherance of its redevelopment plan and project.
- Within a redevelopment project area, acquire by purchase, donation, lease or eminent domain; own, convey, lease, mortgage or dispose of land and other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the municipality determines is reasonably necessary to achieve the objectives of the redevelopment plan and project.
- Within a redevelopment project area, clear any area by demolition or removal of any existing buildings and structures.
- Within a redevelopment project area, renovate or rehabilitate or construct any structure or building, as permitted under the TIF statute.
- Install, repair, construct, reconstruct or relocate streets, utilities and site improvements essential to the preparation of the redevelopment area for use in accordance with a redevelopment plan.
- Within a redevelopment project area, fix, charge and collect fees, rents and charges for the use of any building or property owned or leased by it or any part thereof, or facility therein.

- Acquire and construct public facilities within a redevelopment project area, as permitted in the TIF statute.
- Incur project redevelopment costs and reimburse developers who incur redevelopment project costs authorized by a redevelopment agreement;
- Make payment in lieu of taxes (tax revenues from real property in a redevelopment project area derived from real property that has been acquired by a municipality which according to the redevelopment project or plan is to be used for a private use which taxing districts would have received had a municipality not acquired the real property and adopted tax increment allocation financing and which would result from levies made after the time of the adoption of tax increment allocation financing to the time the current equalized value of real property in the redevelopment project area exceeds the total initial equalized value of real property in said area) or a portion thereof to taxing districts. If payments in lieu of taxes or a portion thereof are made to taxing districts, those payments shall be made to all districts within a project redevelopment area on a basis which is proportional to the current collections of revenue which each taxing district receives from real property in the redevelopment project area.

## **I. WHAT ARE BUSINESS DISTRICT REVENUES, AND HOW ARE THEY PRODUCED?**

In a Business District ("BD") that has been found, by municipal ordinance, to be blighted, BD revenues are those monies which are generated within such BD through the imposition of an additional sales tax on:

- 1) All items sold at retail and on the transfer of tangible personal property incidental to the sale of a service, except:
  - a) food for human consumption that is to be consumed off the premises where it is sold, prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, nor is it imposed on tangible personal property titled or registered with an agency of the state government.

HOWEVER, this BD tax is imposed on alcoholic beverages, soft drinks, and food that have been prepared for immediate consumption.

- 2) All persons engaged in the business district in the business of renting, leasing, or letting rooms in a hotel, as defined in the Hotel Operators' Occupation Tax Act.

HOWEVER, this BD tax is not imposed on the proceeds of renting, leasing, or letting to permanent residents of a hotel

The business district tax is imposed in increments of 0.25%, to a maximum of 1.0%, and can only be imposed in areas found to be "blighted" under the Business District Development and Redevelopment Law.

## **II. WHAT CAN A MUNICIPALITY DO WITH ITS BD REVENUES?**

Following the creation of the Business District, the City can then use the BD revenues to pay for (or repay) all or a portion of the "business district project costs" which have been identified in a Business District Plan. Such costs include:

1. Costs of studies, surveys, plans and other professional service costs, as well as the implementation and administration of the business district;
2. Property assembly costs, including acquisition of land and other property, and including payments to developers as reimbursement for property assembly costs;
3. Site preparation costs, including clearance, demolition or removal of any existing buildings, structures, fixtures, utilities, and improvements and clearing and grading of land;



4. Costs of installation, repair, construction, reconstruction, extension, or relocation of public streets, public utilities, and other public site improvements within or without the business district which are essential to the preparation of the business district, including payments to developers as reimbursement for site preparation costs;
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair, or remodeling of existing public or private buildings, and including payments to developers as reimbursement for such costs;
6. Costs of installation or construction within the business district of buildings, streets, improvements, equipment, utilities, or fixtures, and including payments to developers as reimbursements for such costs;
7. Financing costs, such as those associated with underwriting, as well as capitalized interest;
8. Relocation costs.

BD revenues are often used to amortize bonds or other obligations that are issued to pay for (or repay a private developer for) certain redevelopment project costs incurred in the (re)development of the BD. Depending on the activity that is being paid for by the BD revenues, the interest paid on such obligations may be tax exempt. In many smaller projects, the BD revenues are paid directly to the private developer for redevelopment project costs on an "if come" basis. In both cases – amortization of an obligation or "if come" – the municipality and developer negotiate a "redevelopment agreement" so that both sides understand what is to be (re)developed, and how much BD revenue will be available, if generated, to assist in the project.

There is no requirement that BD bonds or other obligations be general obligations of the municipality.

Under the BD statute, the City has additional powers, including:

1. To make and enter into all contracts necessary or incidental to the implementation and furtherance of a business district plan, including that between the City and any developer (or other nongovernmental person) to pay or reimburse said developer or other nongovernmental person for business district project costs incurred or to be incurred by said developer or other nongovernmental person.
2. Within a business district, to acquire by purchase, donation, or lease, and to own, convey, lease, mortgage, or dispose of land and other real or personal property or rights or interests therein.

3. To acquire property by eminent domain in accordance with the Eminent Domain Act.
4. To clear any area within a business district by demolition or removal of any existing buildings, structures, fixtures, utilities, or improvements, and to clear and grade land.
5. To install, repair, construct, reconstruct, or relocate public streets, public utilities, and other public site improvements within or without a business district which are essential to the preparation of a business district for use in accordance with a business district plan.
6. To renovate, rehabilitate, reconstruct, relocate, repair, or remodel any existing buildings, structures, works, utilities, or fixtures within any business district.
7. To construct public improvements, including but not limited to buildings, structures, works, utilities, or fixtures within any business district.
8. To fix, charge, and collect fees, rents, and charges for the use of any building, facility, or property or any portion thereof owned or leased by the municipality within a business district.
9. To pay or cause to be paid (to developers or other nongovernmental persons) business district project costs.
10. To apply for and accept grants, guarantees, donations of property or labor or any other thing of value for use in connection with a business district project.

## **I. WHAT IS AN ECONOMIC INCENTIVE AGREEMENT?**

Under an Economic Incentive Agreement ("EIA"), the City may share or rebate, over a finite period of time, a portion of any retailers' occupation taxes received by the City that were generated by a development or redevelopment (generally identified as the "development project" or "redevelopment project").

In order to enter into an EIA, the City has to make the following findings:

- (1) If the property subject to the agreement is vacant:
  - (A) that the property has remained vacant for at least one year, or
  - (B) that any building located on the property was demolished within the last year and that the building would have qualified under finding (2), below;
- (2) If the property subject to the agreement is currently developed:
  - (A) that the buildings on the property no longer comply with current building codes, or
  - (B) that the buildings on the property have remained less than significantly unoccupied or underutilized for a period of at least one year;
- (3) That the project is expected to create or retain job opportunities within the City;
- (4) That the project will serve to further the development of adjacent areas;
- (5) That without the agreement, the project would not be possible;
- (6) That the developer meets high standards of creditworthiness and financial strength as demonstrated by one or more of the following:
  - (A) corporate debenture ratings of BBB or higher by Standard & Poor's Corporation or Baa or higher by Moody's Investors Service, Inc.;
  - (B) a letter from a financial institution with assets of \$10,000,000 or more attesting to the financial strength of the developer; or
  - (C) specific evidence of equity financing for not less than 10% of the total project costs;
- (7) That the project will strengthen the commercial sector of the City;
- (8) That the project will enhance the tax base of the City; and
- (9) That the agreement is made in the best interest of the City.

## **II. WHAT CAN EIA REVENUES BE USED FOR?**

Unlike TIF or Business District revenues, there is no language in the EIA statute which constrains or limits the use of taxes which are rebated to a developer or redeveloper under an EIA.

In practice, EIAs are the subject of an agreement between the City and a (re)developer, and this document identifies the amount of EIA revenue which, potentially, will be provided to the development project or redevelopment project. Usually, such monies are paid to the (re)developer and used for the requirements of such projects (site acquisition, site preparation, building rehabilitation, infrastructure improvements, and the like).

## I. WHAT ARE ENTERPRISE ZONE BENEFITS?

Certain financial benefits may be provided for businesses, property and buildings located within a state-approved Enterprise Zone ("EZ"). These include:

- Exemption on the retailers' occupation tax paid on building materials purchased in Illinois and incorporated into buildings within the EZ;
- Investment tax credit of .5 percent on "qualified property" (generally defined as new or used tangible property, including buildings and structural components of buildings and signs that are real property, but not including land or improvements to real property that are not a structural component of a building such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances);
- Exemption on the state utility tax for electricity, natural gas and the Illinois Commerce Commission's administrative charge and telecommunication excise tax are available for companies that make the minimum statutory investment that either creates or retains the necessary number of jobs.
- Additional exemptions may also be provided at the state level, such as an expanded state sales tax exemption on purchases of personal property used or consumed in the manufacturing process or used in the operation of a pollution control facility
- In addition to the above-noted state incentives, each zone may offer distinctive local incentives to enhance business development projects; such incentives usually include the abatement of a percentage of real property taxes for a specified period of time.

**I. WHAT ARE SPECIAL SERVICE AREA REVENUES AND HOW ARE THEY PRODUCED?**

Special service area revenues are those monies raised by a special assessment levied on real property within a specific portion of a municipality or county. This special assessment is a method of financing used to provide special governmental ("public") services to, and for the benefit of, a particular geographic area of the community. Such benefit is consequently provided in the special service area to a greater extent than it is provided to the community as a whole.

**II. WHAT CAN THE CITY DO WITH THE SPECIAL SERVICES REVENUES?**

The City can use these revenues to provide "Special Services", a term which is defined as "all forms of services pertaining to the government and affairs of the municipality or county".

These special service revenues can then be used for the direct payment of such services, or for the payment of debt incurred for that purpose of providing these services.

## TROY DOWNTOWN STORE FRONT PROGRAM AND APPLICATION

### **PROGRAM SUMMARY:**

The Troy Downtown Store Front Program provides grants to commercial building owners in designated areas within the City. The purpose of this program is to provide a financial incentive to the property owners to improve the exterior façade of their building, to remove code violations, and to reduce the spread of blight within the City.

### **ELIGIBILITY REQUIREMENTS:**

The program is available to any commercial property owner whose building is located in "Downtown Troy". "Downtown Troy" is considered to be that area bordered by:

Center Street and South Main Street on the south  
Clay and North Main Street on the north  
Sarah and Clay Street on the west  
East Market and Ash Street on the east

Properties must be commercial in nature, correctly zoned and must be free from indebtedness to the City. National franchises and/or for profit corporations with multiple locations are not eligible. Projects started prior to May 1, 2007, are not eligible for this award.

Priority will be given to structures which are determined to be of primary significance to the historical nature of the City and those projects which will render a high impact in improving the appearance of the business and the City. Awards will be made on a first in first out basis. The number of awards in any given grant cycle will be determined by the amount of money approved by the City Council for the Troy Downtown Store Front Program.

Funds may only be used for exterior repairs and improvements to fronts and other portions of the buildings that are directly exposed to a street. Roof work and residential structures will not be funded.

### **GRANT TERMS:**

This is a matching grant program in which commercial building owners are eligible to receive a grant of up to 50 percent of the documented cost of improvements, not to exceed \$5,000 for any single project. The program operates on a reimbursement basis with funds disbursed by the City after all authorized work is completed.

## TROY DOWNTOWN STORE FRONT PROGRAM AND APPLICATION

### ELIGIBLE PROJECT COSTS/USES:

This program defines total project cost as those costs incurred by independent contractors to make improvements and repairs to the exterior facades of the commercial building.

Eligible costs may include, but are not limited to:

1. Window/door repair or appropriate replacement work
2. Storefront rehabilitation, including removal of non-original siding
3. Cleaning or painting of exterior surfaces
4. Repair or restoration of architectural detailing
5. Awnings, signs and cornices
6. Materials used to rehabilitate the façade

### OTHER GRANT CONDITIONS:

All work to be performed under this program must be in compliance with all applicable City codes and ordinances. Applicants can utilize the Troy Downtown Store Front Program multiple times, provided the total awards do not exceed the \$5,000 maximum reimbursement that is allowed under the program guidelines. If a business has changed ownership, the new owner of the building can access the program regardless of if Store Front Program funds were used to improve the building previously.

### WHERE TO APPLY:

Property owners interested in the City of Troy's Downtown Store Front Program may pick up a copy of the guidelines and application at the Troy City Hall at 116 East Market or the Troy Economic Development and Tourism Office at 552 Edwardsville Road.

### REVIEW PROCESS:

The following process will be used to review your request and is provided for your information:

1. Submit Application to the City of Troy, Attention Economic Development Coordinator, 552 Edwardsville Road, Troy, IL 62294
2. Economic Development Committee will review the request
3. Economic Development Committee will make recommendations to the City Council either to approve or deny the request
4. The City Council will either approve or deny funding
5. Applicant will be notified in writing of approval or denial
6. If approved, applicant provides proof of project completion to City Administrator
7. Check is released



# TROY DOWNTOWN STORE FRONT PROGRAM AND APPLICATION

## APPLICATION

### PART A: GENERAL APPLICANT INFORMATION

Address of Building Being Improved:	
Permanent Parcel ID of Building Being Improved:	
Owner of Building:	
Address, Phone and Email of Building Owner:	
Use of Property to be Improved (Retail, Professional, etc)	
Total Project Cost:	
Amount of Reimbursement Requested:	

### PART B: DESCRIPTION OF PROPOSED REHABILITATION:

Please provide a description of the scope of work to be done on this project. Please attach scope of work and any drawings that may be relevant to the project. Before and after photos and drawing are requested.

## TROY DOWNTOWN STORE FRONT PROGRAM AND APPLICATION

### PART C: PROJECT IMPLEMENTATION SCHEDULE:

Please provide the following information for all activities that will occur on your improvement.

<u>Line Item</u> Description of Cost:	
Name of Contractor(s):	
Starting and Ending Dates:	

### PART D: CERTIFICATION BY APPLICANT:

The applicant certifies that all information contained in this application, including the documents and attachments, is true to the best of his/her knowledge and belief and is submitted for the purpose of obtaining financial assistance from the City of Troy.

Applicant:	
Title:	
Phone and Email:	
Date:	

**END OF DOCUMENT**