

TIF:

Is a tool that Cities can use to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that result in high quality redevelopment and private reinvestment.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through “spin off development”.
- To facilitate the development process and to achieve development on site, this would not be developed without TIF assistance.
- To offset increased costs of redevelopment (i.e. contaminated site clean- up) over and above the costs normally incurred in development
- To create opportunities for affordable housing
- To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

Policies for the use of TIF:

- TIF can be used to finance the public improvements associated with the project. The priority for the use of TIF funds is:
 - Public improvements, legal, administrative, and engineering costs.
 - Site preparation, site improvement, land purchase, and demolition.
 - Capitalized interest, bonding costs.
- TIF can be used in many types of districts:
 - Economic Development District in which encourages manufacturing and other footloose industries-maximum duration 8 years
 - Redevelopment is used to redevelop blighted areas-maximum 25 years
 - Renewal and renovation is for redevelop areas with obsolete uses, not meeting blight test
 - Housing to be used to develop low-moderate-income housing-maximum 25 years
 - Soils used to help clean-up contaminated sites (brownfields)-maximum 25 years
 - Compact development-used for redevelop commercial areas with more dense developments-maximum 25 years
- TIF assistance shall be provided to the developer upon receipt of the increment by the City, preferred using pay-as-you-go method, but other forms of TIF assistance would be available.
- 10% of any tax increment received from the district shall be retained by the City to reimburse administrative costs. This is not to pay for the cost of establishing the tax increment district
- Any developer receiving TIF assistance shall provide a minimum of 20% cash equity investment in the project
- TIF shall not be used in circumstances where land and/or property price is in excess of fair market value.
- Developer shall demonstrate a market demand for a proposed project. TIF shall not be used support purely speculative projects.
- TIF shall not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area
- TIF shall not be used for projects that would place extraordinary demands on City services or for projects that would generate significant environmental impacts
- The developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.

- The developer shall adequately demonstrate, to the City's sole satisfaction, and ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- For the purposes of underwriting the proposal the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

Project Qualification:

- The project must meet at least two of objectives
- It must pass the *but-for test* that 1) the development would not occur without TIF assistance and 2) that the market value of the TIF development will be higher (after subtracting the value of the TIF assistance) than what would occur on the site, if TIF were not used.
- The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances
- The project shall serve at least three of the following public purposes: 1.) Creation of jobs with livable wages and benefits. 2.) Enhancement or diversification of the City's economic base. 3.) Industrial development that will spur additional private investment in the area. 4.) Fulfillment of the City's Comprehensive Plan for Economic Development. 5.) Removal of blight or the rehabilitation of a high profile or priority site.

Below is the Application for Tax Increment Financing

VII. APPLICATION FOR TAX INCREMENT FINANCING

A. APPLICANT INFORMATION

Name of Applicant: _____

Address: _____

Primary Contact: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

On a separate sheet, please provide the following:

Brief description of the corporation/partnership's business, including history, principal product or service, etc. Attach as **Exhibit A**.

Brief description of the proposed project. Attach as **Exhibit B**.

List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. Attach as **Exhibit C**.

A *but-for* analysis. Attach as **Exhibit D**.

Attorney Name: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Accountant Name: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Contractor Name: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Engineer Name: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Architect Name: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

B. PROJECT INFORMATION

The project will be: *(please circle)*

Industrial Expansion or New Construction

Commercial Rehabilitation or New Construction

The project will be: _____ Owner Occupied _____ Leased Space

If leased space, please attach a list of names and addresses of future lessees and indicate the status of commitments or lease agreements. Attach as Exhibit E.

Project Address: _____

Legal Description: _____

Site Plan Attached: _____ Yes _____ No

Amount of Tax Increment Requested for:

Land Purchase \$ _____
Public Improvement \$ _____
Site Improvement \$ _____

Current Real Estate Taxed on Projected Site \$ _____

Estimate Real Estate Taxes upon Completion:

Phase I \$ _____
Phase II \$ _____

Construction Start Date: _____

Construction Completion Date: _____

If Phased Project: _____ Year _____ % Completed
 _____ Year _____ % Completed

C. PUBLIC PURPOSE

It is the policy of the City of Gaylord that the use of Tax Increment Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

_____ Job Creation: Number of existing jobs: _____
 Number of jobs created by project: _____
 Average hourly wage of jobs created: _____

_____ New industrial development that will result in additional private investment in the area.

_____ Enhancement or diversification of the City's economic base.

_____ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

_____ Removal of blight or the rehabilitation of a high profile or priority site.

_____ Other: _____

D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Increment	_____	\$ _____
ID Bonds	_____	\$ _____
TOTAL		\$ _____

USES

Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
TOTAL	

E. ADDITIONAL DOCUMENTATION

Applicants will also be required to provide the following documentation.

_____ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans

_____ B) Financial Statements for Past Two Years
_____ Profit & Loss Statement
_____ Balance Sheet

_____ C) Current Financial Statements
_____ Profit & Loss Statement to Date
_____ Balance Sheet to Date

_____ D) Two Year Financial Projections

_____ E) Letter of Commitment from applicant pledging to complete during the proposed project duration

_____ F) Letter of Commitment from the other sources of financing, stating terms and conditions of their participation in project

_____ G) Application fee (see City of Gaylord Annual Fee Schedule) Fifty (50%) percent of fee is not reimbursed to the developer.

The following information may be required if the project utilizes financing other than pay-as-you-go:

_____ H) Personal Financial Statements of all Major Shareholders
_____ Profit & Loss
_____ Current Tax Return

Note: All major shareholders will be required to sign personal guarantees if up front financing of the project is required.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Gaylord to check credit references and verify financial and other information. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name: _____ Date: _____

By: _____

Its: _____

Tax Increment Financing Proposal Review Worksheet

1.) The project meets the criteria set forth in Section III of the City's Tax Increment Financing policy.

- a) Meets minimum thresholds for size, value, and tax capacity.
- b) Meets at least one of the objectives in Section III and satisfies the provision set forth in Section IV.
- c) Demonstrates need for TIF with the *but-far* analysis.
- d) Consistent with all City plans and ordinances.
- e) Serves at least two public purposes as defined in Section IV.

2.) Job Creation in the city of Gaylord POINTS

Number of new jobs as a result of the project	20+	5
	15+	4
	10+	3
	5+	<u>2</u>

Points:

3.) Ratio of TIF to new jobs created: POINT\$

TIF Request per number of new jobs created	\$20,000 or less	5
	\$25,000 or less	4
	\$30,000 or less	3
	\$40,000 or less	2
	Over \$40,000	<u>1</u>

Points:

4.) Wage level of jobs created:

POINTS

Average hourly wage of jobs created	Over \$24/hour	5
	\$21-23.99/hour	4
	\$18-20.99/hour	3
	\$12-14.99/hour	2
	Less than \$14.99/hour	<u>1</u>

Points:

5.) Project size:

POINTS

The project will result in the construction of square feet.

	50,000	5
	35,000	4
	20,000	3
	10,000	2
	5,000	<u>1</u>

Points:

6.) Type of project:

POINTS

100% Owner Occupied	5
Mix Owner Occupied & Investment	4
Investment Property	<u>3</u>

Points:

7.) Use:	<u>POINTS</u>
Manufacturing or Redevelopment	5
Research & Development	4
Commercial	3
Warehouse/Distribution	2
Housing	<u>1</u>

Points:

**8.) The project will pay annual property taxes POINTS
in the first fully assessed year of \$ _____**

\$50,000+	5
\$40,000+	4
\$30,000+	3
\$20,000+	2
\$19,999 or less	<u>1</u>

Points:

9.) Likelihood that the project will result <u>POINTS</u> in unsubsidized, spin-off development	<u>POINTS</u>
High	5
Moderate	3
Low	1

Points:

Sub-Total Points: _____ of a possible 40 points.

11.) Bonus Points

POINTS

The project contributes to the goals of
rehabilitating, blighted buildings as classified 4
under state statutes.

Points

Bonus Points:		_____
Total Points:		_____
Overall project analysis	High	44-33 Points
	Moderate	32-24 Points
	Low	23-15 Points
	Not Eligible	14-0 Points

EXHIBIT A

Description of the corporation or partnership

EXHIBIT B

Description of the proposed project

EXHIBIT C

Names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership.

EXHIBIT D

But-for analysis

EXHIBIT E

Prospective Lessees