

Exhibit A
VILLAGE OF DIVERNON
BUSINESS INCENTIVE PROGRAM GUIDELINES

The Village of Divernon (“Village”) offers several forms of incentives using Tax Increment Financing (“TIF”) Districts and Business Districts. These incentives are only available in certain areas within the Village. **A map of the Village’s TIF and Business Districts can be found at the end of this document.** The goal of the Business Incentive Program is to provide financial assistance to developers and businesses that seek to invest in the Village but cannot reasonably complete their projects without public subsidy.

It is also the goal of the Village to assist with projects that result in an expanded tax base of all overlapping taxing bodies, bring new businesses and amenities to its residents, remove blighting conditions, and help create and retain jobs for its residents. The expenditure of TIF and Business District revenues is limited to certain types of project costs as defined in state statutes. These costs are defined below and on the following page.

TIF Eligible Project Costs

The Divernon TIF program was created pursuant to the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4 et seq. – the “TIF Act”). The Village of Divernon is bound by the limitations and provisions contained in the TIF Act. TIF funds are only to be used for “*redevelopment project costs*” (commonly referred to as “TIF Eligible Costs”) as defined in the TIF Act. TIF eligible costs include all reasonable or necessary costs incurred or estimated to be incurred incidental to a redevelopment project. Examples of such costs are:

1. Costs of studies, surveys, professional fees for architectural, engineering, legal, or financial services rendered incidental to the redevelopment project.
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, demolition of buildings, and the clearing and grading of land.
3. Cost of rehabilitation, reconstruction, or repair or remodeling of existing public or private buildings.
4. Cost of construction of public works or improvements.
5. Cost of job training and retraining projects.
6. Interest costs incurred by a redeveloper related to the construction, renovation, or rehabilitation of a redevelopment project provided that such subsidy does not exceed 30% of the annual interest cost incurred by the redeveloper.

The above descriptions do not constitute the complete definition of “redevelopment project costs” contained in the TIF Act. Also, except as otherwise provided for in the TIF Act, the cost of construction of new, privately owned buildings, shall not be an eligible redevelopment project cost.

Business District Eligible Project Costs

The Divernon Business District program was created pursuant to The Business District Development and Redevelopment Law (65 ILCS 5/11-74.3-1 thru 3-7, “Business District Law”). The Village of Divernon is bound by the limitations and provisions contained in the Business District Law. Business District funds are only to be used for “*business district project costs*” (“BD Eligible Costs”) as defined in the Business District Law. Examples of such costs are:

1. costs of studies, surveys, development of plans and specifications, implementation and administration of a business district plan, and personnel and professional service costs including architectural, engineering, legal, or other professional services,
2. property assembly costs, including but not limited to, acquisition of land and other real or personal property or rights or interests,
3. site preparation costs, including but not limited to 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,
5. costs of renovation, rehabilitation, reconstruction, relocation, repair, or remodeling of any existing buildings, improvements, and fixtures within the business district,
6. costs of installation or construction within the business district of buildings, structures, works, streets, improvements, equipment, utilities, or fixtures, and specifically including payments to developers or other nongovernmental persons as reimbursements for such costs incurred by such developer or nongovernmental person.

The above descriptions do not constitute the complete definition of “Business District Eligible Costs” contained in the Business District Law.

Types Of Assistance

GRANTS: If TIF and/or Business District funds are available, the Village may offer grants for certain projects, as defined later. These grants are paid on a reimbursement basis or directly to a vendor or contractor for products or services already delivered. As such, grants are not generally given to a developer, business or property owner in advance, but rather on a reimbursable basis after the project is completed. The funds used to reimburse the developer, business or property owner for their TIF or BD Eligible Costs incurred may or may not be generated by the project itself.

REIMBURSEMENT FROM FUTURE REVENUES (“PAY-AS-YOU-GO”): In many instances, the Village may choose to reimburse a developer or business from TIF or Business District revenues generated by a project over time. Reimbursement of TIF Eligible Costs and Business District Eligible Costs shall be payable solely through incremental property tax revenue or Business District sales tax revenue generated from the property whereupon the redevelopment project takes place. Payments would be paid to the developer through annual reimbursement payments, following the annual distribution of property tax from the County Treasurer’s Office to the Village and distribution of Business District sales tax from the Illinois Department of Revenue to the Village. These payments are pursuant to an executed redevelopment agreement with the Village of Divernon, which provides for terms and conditions for such payments.

UNLISTED PUBLIC ASSISTANCE: The Village may elect to offer other forms of assistance outside of TIF and Business District. This category of subsidy may be in the form of general authority tax abatement, sales tax rebates, relocation of utilities, reconstruction of infrastructure, and other forms of assistance. The Village will be solely responsible for assigning a value to these forms of assistance and it will count toward the overall limit on public assistance, described below.

LIMITATIONS ON PUBLIC ASSISTANCE: As a policy, the amount of public assistance for an individual project should not exceed 40% of the total project costs. There are some project categories that may be exempt from this limitation (see following section). Another exception to the 40% public assistance limit may be made in the case of an extraordinarily positive, impactful project that benefits the community. For those projects where public assistance exceeds the 40% limit, TIF and Business District assistance plus any other public assistance shall not exceed 40% of the total project cost. In other words, the property owner/development shall finance not less than 60% of the total project costs via traditional means of equity and/or debt financing. Principal and interest related to low-interest loan programs do not count toward the total amount of public assistance. All incentive agreements shall specify a term limit and maximum dollar amount of assistance. All incentive agreements shall be subject to the availability of Village funds and not the full faith and credit of the Village.

Project Categories and Guidelines

NEW CONSTRUCTION OR REHABILITATION OR REPAIR: The Village may enter into an incentive agreement with a developer constructing a new structure and/or improvements. It may also participate in a rehabilitation or repair project for existing structures and/or improvements. The Village will consider each project individually and if eligible, may provide public assistance. Types and amounts of assistance provided, if any, will vary from project to project.

FACADE IMPROVEMENT: The Village may elect to provide a matching grant to a business seeking to improve the appearance of their property's façade. The grant's value shall be for the lesser of \$25,000 or 50% of the total project cost. The plan for any facade improvement will be subject to Board approval. The Village Board will give relative priority to facade improvement plans that involve more than one business in a block, with a full block of buildings in a plan being given the greatest priority.

EMERGENCY REPAIRS: These projects involve buildings within TIF district or BD that are experiencing a structural defect that could potentially result in the destruction of the building. These defects must be verified by a structural engineer or architect, and the repairs must be designed by a structural engineer or architect. Examples would include a collapsing roof or exterior wall, a severely settling foundation, or crumbling/falling exterior masonry. The grant's value shall be for the lesser of \$25,000 or 50% of the total project cost.

ADA, LIFE SAFETY, OR BUILDING CODE: This category includes repairs and remodeling to bring an existing building/business into code compliance for electrical systems, accessibility, or life safety issues. Examples would include a new electrical service, the installation of ADA compliant restrooms and entrances, elevators, or the installation of new exterior doors if done to provide an approved additional means of egress. The grant's value shall be for the lesser of \$25,000 or 50% of the total project cost.

General Requirements and Restrictions

1. The project will help diversify and supplement the existing business mix within the Village.
2. The project will meet all applicable building, and life safety codes.
3. At the time of application, all taxes, applicable fees, utility bills, permits, or other debts owed the Village by the applicant or building owner for any property within the Village are paid up to date.
4. Housing is not viewed as a priority of the Business Incentive Program, but incentives may be used to incentivize housing development, particularly the redevelopment of existing buildings into residential use or mixed-use.
5. Application for public assistance may only be made by a person or persons having an actual interest in the subject property. This includes the owner of record, beneficial owner

of a trust, or a person having made an offer, which offer has been accepted, to purchase the subject real estate.

6. If the applicant for public assistance does not own the property, but is a tenant of the property, then the tenant/applicant must have the written permission of the property owner to apply for assistance. If the applicant does not own the property but is a prospective purchaser of the property, then the purchaser must submit either a fully executed contract to purchase the subject property or an option contract.
7. The project applicant must have and be able to show adequate bank or other financing for that portion of the project costs to be reimbursed with public assistance.
8. The Village reserves the right to require an appraisal of any subject property of a Business Incentive Program application.
9. All applicants for assistance through the Business Incentive Program must consent to the Village conducting investigations into the creditworthiness of the applicant.
10. Applications for the Business Incentive Program are considered by the Village Board within 45 days of application.
11. Applicants must reveal any information regarding other financial assistance they are receiving from other units of government to prove they are not exceeding the 40% limit for public assistance from the Village and other governmental bodies.

Evaluation Criteria

The Village Board hereby appoints the Economic **Development Committee** to review the application and forward a recommendation for approval, or approval with conditions or changes, or disapproval to the Village Board. The Village Board will make all final determinations regarding application approvals. The following criteria will be used to evaluate each TIF assistance application:

1. **Return on Village's Investment:** The Village will calculate and consider any additional amounts of local sales tax or property tax anticipated to be generated by the project as the Village's return on investment. Inasmuch as there is a clear history of stagnant tax revenues and poor property conditions in the area, the value of restoring the tax base and addressing the blighting influence of deteriorating property conditions shall also serve as a legitimate form of return on investment.
2. **Job Creation/Retention:** The potential for a project to create new jobs and retain existing jobs within the community is viewed as a priority, and applications will be judged, at least in part, on that basis.

3. Private Investment: The Village will offer limited public assistance to increase the likelihood of success of a project, but the applicant, through cash investment, equity position, and/or commercial financing, must supply the balance of funding.
4. Is public assistance needed? Village funds should only be used to “*trigger*” projects that would not otherwise occur given prevailing market conditions and the applicant’s reasonable expectation of their return on investments (for income producing properties), or otherwise achieving the goals and objectives of the Village. Has the applicant provided convincing information that public assistance is essential to the project, i.e. the “*but for*” argument?
5. Village Budget and Limits on Assistance: Village revenues and expenditures are programmed on an annual basis according to the annual budget. Funding may be limited or denied based on these constraints. However, said criteria may be relaxed if there are compelling reasons justifying the exception. If the Village is going to exceed the limitations listed in the Business Incentive Program Guidelines, this fact will be pointed out to the Board and the special factors will be fully outlined in the development incentive agreement.
6. Financial: The applicant must provide documentation of the financing for the project, as well as individual or corporate financial information, as requested by the Village. The Village reserves the right to obtain 3rd party evaluations of relevant financial information to evaluate the financial soundness of a project or applicant.
7. Consistency with the Comprehensive Plan, Village Ordinances, TIF Plans, and Business District Plans: Is the project harmonious with the plans and policies completed and approved by the Village Board? Does it advance the relevant goals and objectives stated in said plans and policies?
8. Diversity of Services: Public assistance should be used to diversify and supplement the existing business mix within the Village to the extent possible. Village funds should not be used to create an unfair advantage of one business type over other existing like kind business. Does the applicant’s business offer goods and services which are deemed desirable and appropriate at the project’s location and in the Village?

Application Process

The following procedures represent the general sequence of activities that can be expected when filing an application for public assistance through the Village’s Business Incentive Program.

1. Turn in a completed application with all required attachments to the Village Clerk via electronic mail at divernonclerk@comcast.net or by mailing to Village Hall at 50 East Brown Street Divernon, IL 62530. Please include 8-1/2” x 11” copies of all documents, if applicable.

2. The Application will be reviewed by the Economic Development Committee to determine if the application is complete. Once the application is deemed complete, it will be referred to the Village Board, along with a staff recommendation, and the Village Board will determine whether or not to continue negotiations with the applicant. The Village Board can also make a recommendation as to the amount of public assistance offered to the applicant. The **Village Clerk or designee** will respond with an offer of public assistance within 45 days of the submission of the application. If additional information is required, the **Village Clerk or designee** will advise the applicant of the information being requested, and upon receipt, refer to the Village Board for final review. The additional information, if requested, must be submitted within 30 days, or the application will need to be resubmitted in total.
3. Representatives of the Village may elect to meet with the applicant, tour the building or site, or perform other due diligence as they deem necessary at any point during this process.
4. Once an agreement with the applicant has been reached, the Village Board will pass a development incentive agreement laying out the limits of the public assistance, the description of the project, and the responsibilities of both parties. Following the full execution of the development incentive agreement, the project may substantially begin, subject to the terms and conditions set forth in the redevelopment agreement.
5. Upon project completion, a representative will schedule a follow-up meeting and/or building tour and request the applicant submit actual project cost information, including copies of itemized invoices, receipts, lien waivers and such other documentation as may be required by the redevelopment agreement to allow the Village to confirm total project cost, TIF Eligible Costs, and Business District Eligible Costs incurred. This documentation should include incentives received from other governmental bodies.
6. Upon receipt of evidence documenting actual project costs, the Village shall confirm that such project costs were so incurred and issue a check for reimbursement of costs incurred up to the amount awarded by the Village Board as set forth in the redevelopment agreement as funds are available.

MISCELLANEOUS PROVISIONS

The adoption of these policies by the Village does not mean that public assistance is guaranteed for any applicant and/or project that may be able to comply with the policies as set forth herein. The Village reserves rights as follows:

1. To amend, modify, or withdraw these policies as it determines necessary and appropriate.
2. To require additional statements, sworn affidavits as to the *but for* provisions of these policies, or other information as may be deemed necessary, from any applicant.
3. To waive any nonconformity with these policies by action of the Village Board.

The Village may exercise the foregoing rights at any time without notice and without liability to any applicant or any other party for expenses incurred in the preparation of an application for public assistance. The preparation of any such application and any costs related thereto shall be the sole responsibility of the applicant/developer.

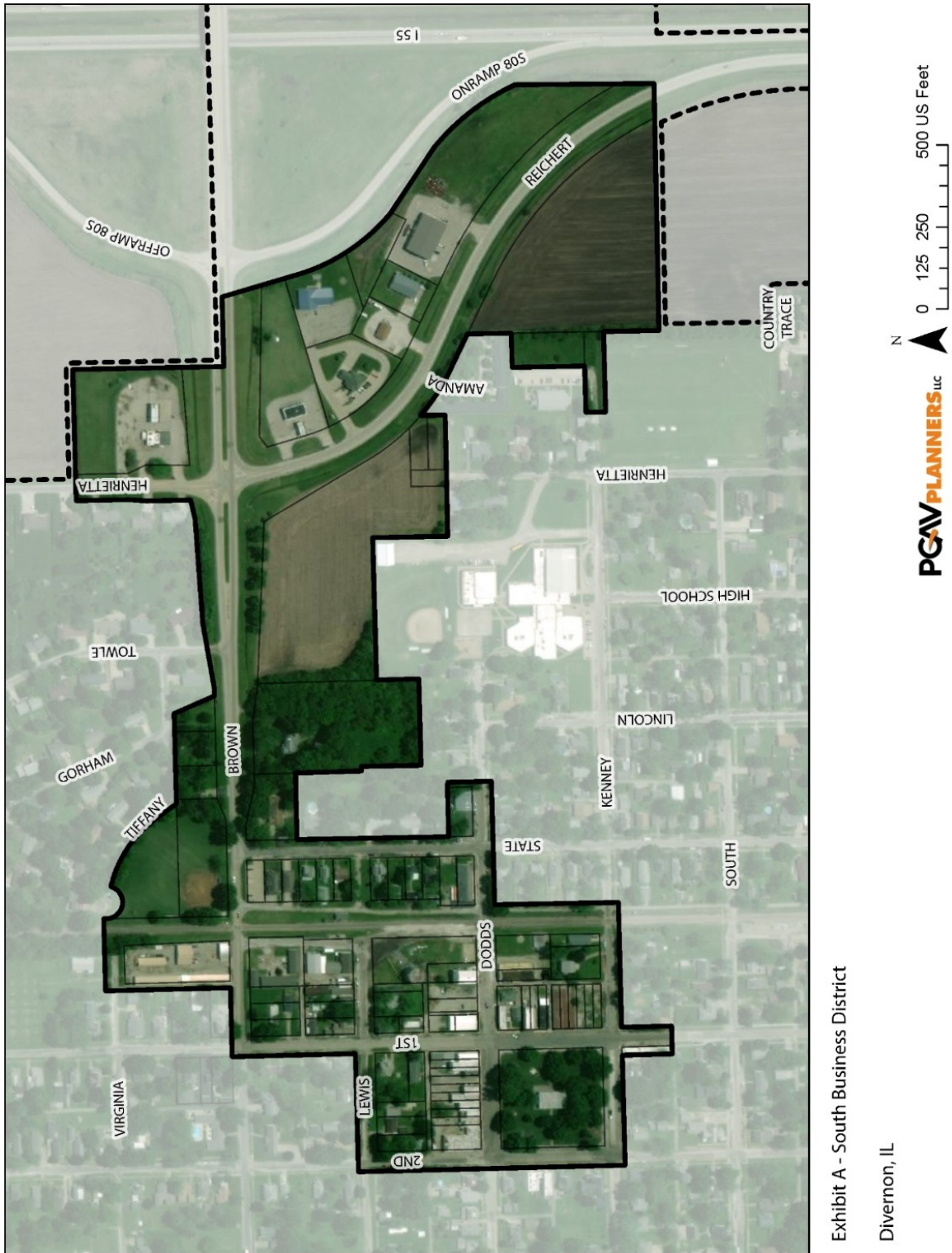


Exhibit A - South Business District

Divernon, IL



Exhibit A - North Business District

Divernon, IL

