City of Pleasant Valley

Council Bill 3163 **Ordinance 3162**

AN ORDINANCE OF THE BOARD OF ALDERMEN OF THE CITY OF PLEASANT VALLEY, MISSOURI, TO ACCEPT AND FORMALLY ADOPT THE ECONOMIC DEVELOPMENT INCENTIVES POLICIES

WHEREAS, Pleasant Valley is entering a critical phase in its development and wishes to protect the community's existing assets plus strengthen the community's character through careful planning; and,

WHEREAS, Pleasant Valley strives to be a sustainable and vibrant city with a dynamic spirit of cooperation among its diverse citizens, businesses, organizations, educational systems and governments; and,

WHEREAS, through comprehensive community planning and regional collaboration, Pleasant Valley desires economic independence and a high quality of life as a recognized destination city; and,

WHEREAS, this goal implements the Economic Development Incentives Policies in conjunction with other policies, regulations and plans, such as the Comprehensive Plan for Pleasant Valley; and,

WHEREAS, the Board of Aldermen for the City of Pleasant Valley, Missouri desires to approve and adopt the Economic Development Incentives Policies; hereto attached as "Exhibit A".

NOW THEREFORE, be it ordained by the Board of Aldermen of the City of Pleasant Valley, Missouri as follows:

THAT the Economic Development Incentives Policies, attached hereto as "Exhibit A", successfully meets the vision of the City of Pleasant Valley Board of Aldermen who thereby accepts and adopts said policy;

FURTHER, that the City shall consult the Economic Development Incentives Policies when considering future development and redevelopment plans.

PASSED AND APPROVED this 2nd day of February, 2015.

David Slater

Mayor David Slater

ATTEST:

G. Fox

Georgia Fox, City Clerk

(City Seal)

The City of Pleasant Valley, Missouri

Economic Development Incentives Policies and Procedures

Adopted and approved by the Board of Aldermen
this 2nd day of February, 2015

City of Pleasant Valley, Missouri
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PURPOSE STATEMENT

The City of Pleasant Valley 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 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.

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.

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

- 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 20:7 (i.e., the incentives request should be 35% or less of the total proposed project costs).
- 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 Pleasant Valley 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 to obtain professional consultants necessary to aid in determining the appropriate levels of assistance for the proposal, project feasibility, developer's financial capacity, and a legal review of the application, the approval process, and the negotiation and implementation of applicable agreements. The City's expenses may include, but is 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.

- 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. 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.

General Procedural Requirements

- Applicants for any economic development incentive program granted by the City must schedule and attend a pre-application meeting with City staff prior to submitting an application.
- 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 to obtain professional consultants necessary to aid in determining the appropriate levels of assistance for the proposal, project feasibility, developer'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 a component 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.

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 without public assistance; and 2) when the project area qualifies as a blighted or conservation area in accordance with state statutes.

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 economic interest to the City. The City's evaluation criteria for TIF applications are as follows:

1. 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 impacts surrounding areas, creates economic stability, facilitates economic self-sufficiency, aids in the implementation of the City's comprehensive development plan and economic development strategies, and serves as a catalyst for further high quality development or redevelopment in the City.
2. Proposals for the redevelopment and/or infill of deteriorating areas within the City will be given more favorable consideration than projects for the redevelopment of "green field" areas.
3. 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.
4. TIF assistance to the project should generally not exceed 35% of total project costs. However, project assistance of up to 50% may be considered in circumstances where the developer:
    a. has a proven track record in completing successful projects comparable in scope and scale:
    b. documents the developer'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 as indicated on the map on file with the City Clerk.
5. Proposals requesting TIF assistance should have a ratio of <u>two</u> to one (2:1) 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.
6. Generally, TIF applications which encompass a project area of less than 5_acres will be discouraged.
7. 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 community average will be viewed favorably.

8. TIF applications for new or expanded retail projects will be viewed more favorably than new or expanded office, commercial, or industrial and manufacturing projects. TIF applications for retail and service commercial projects should be limited to those projects that encourage an inflow of new customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City as documented in a professionally prepared market study. New or expanded industrial and manufacturing projects will be given more favorable consideration than new or expanded warehouse type uses based upon the projected employment per square foot.
9. TIF applications for the development of commercial, office and industrial projects that would stabilize existing commercial, office and industrial areas that have or will likely experience deterioration will be favored.
10. 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.
11. 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.
12. 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.

13. 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 developer 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.
14. 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.
15. 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, facilitates 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.

Expenses Eligible for Reimbursement

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

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 initial deposit required in such funding agreement will be established in the City's Schedule of Fees and Charges. The City's expenses may include, but is 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.

In the event CID Bonds are issued, responsibility for repayment of such bonds 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 Pleasant Valley 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.

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. 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 public improvements that have been identified as a long-term goal of the City's capital improvements plan are highly favored.
2. 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%).
3. Perpetual CIDs having a sales tax as a funding mechanism are disfavored.
4. CIDs formed primarily for the purpose of funding common area maintenance costs are discouraged.
5. The CID petition shall require that at least two (2) members of the Board of Directors shall be an elected or appointed official or employee of the City.
6. 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.
7. 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.
8. Petitions which propose the issuance of CID bonds are discouraged.
9. 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.

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 Clerk for review and processing. A copy of the formal application may be obtained through the City Clerk. 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 Pleasant Valley'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 law suit 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. 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 public improvements that have been identified as a long-term goal of the City's capital improvements plan are highly favored.
2. 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%).
3. TDD petitions requiring that at least two (2) members of the TDD Board of Directors shall be an elected or appointed official or employee of the City are highly favored.
4. 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.
5. Petitions which propose the issuance of TDD bonds are discouraged.

City Application/Approval Process

TDD applicants are required to first meet with staff pre-qualification conferences to determine project eligibility. An application may then be submitted to the City Clerk for review and

processing. A copy of the formal application may be obtained through the City Clerk. 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 Pleasant Valley'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 of Pleasant Valley is prepared to approve petitions for Neighborhood Improvement Districts (NID) to facilitate business activity, economic development, and expedited neighborhood improvement through the participation of property owners to fund public infrastructure within

Pleasant Valley 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.

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 Clerk for review and processing. A copy of the formal application may be obtained through the City Clerk. 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 Pleasant Valley'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.