

CITY OF OSAGE BEACH, MISSOURI  
TAX INCREMENT FINANCING  
Application Procedures, Policy Considerations and Application Form

Adopted/Latest Revision September 6, 2018

The City of Osage Beach welcomes inquiries about new business and economic development.  
Please call the City Administrator at 573-302-2000

Important Notice and Disclaimer

The attached procedures, policies and forms have been prepared by the City of Osage Beach, Missouri (the "City") and the Tax Increment Financing Commission of the City of Osage Beach, Missouri (the "TIF Commission") to assist private developers in the consideration of whether Tax Increment Financing ("TIF") for prospective projects is a realistic possibility pursuant to the Real Property Tax Increment Allocation Redevelopment Act (the "TIF Act"). The authority to make the legislative findings and determinations necessary for the compliance with the TIF Statutes is vested solely and only in the Board of Aldermen. Applicants and Projects are cautioned that the attached materials have been prepared primarily for informational purposes to inform applicants of the types of projects the City would consider for TIF assistance. The City reserves the right to reject any and all projects, even those which satisfy all of the attached criteria for the use of TIF for any reason whatsoever, without regard for the viability of the project. Furthermore, the City reserves the right to waive any non-conformance to these policies and approve any project the City deems favorable to the City.

Overview of the TIF Process

1. An Application is submitted by private developer applicant to City Administrator or his or her designee.
2. City Staff will review the Application and determine whether the Application is complete and whether the proposed project is eligible under the City's policy and the TIF Act.
3. Within 30 days after the filing of the Application, the City staff will report to the Board of Aldermen its advice whether or not to refer the Application to the TIF Commission for consideration and enter into a funding agreement with the private developer applicant. The funding agreement sets out the developer's responsibility for paying the City's costs for expert legal counsel and financial consultants.
4. If the Board of Aldermen refers the Application to the TIF Commission, the TIF Commission will conduct a hearing on the proposed Redevelopment Plan in accordance with requirements of the TIF Act.
5. Consideration will be given to material the City Staff desires to report.
6. The TIF Commission will make a recommendation to the Board of Aldermen to either approve or deny the Redevelopment Plan. The TIF Commission may recommend changes or conditions for approval of the Redevelopment Plan.
7. The City will consider an Ordinance making necessary findings and approving the Redevelopment Plan and a Redevelopment Agreement.
8. Execution of the Redevelopment Agreement between the City and Applicant.

## APPLICATION PROCEDURES

### 1. APPLICATION:

**Submission.** The TIF Application form, policies and procedures are available from the City Administrator. Not less than 25 copies of the completed Application should be submitted to the City Administrator together with the required application fee.

**Application Fee.** Each Application shall be accompanied with a check in the amount of \$15,000 made payable to the City (the "Application Fee"). Applications over 15 acres require a \$20,000 application fee. Applications involving issuance of public bonds require an additional \$10,000 application fee. The Application Fee will be used by the City to pay the costs incurred by the City in the review of the Application. Such costs include the fees and expenses of the City's staff time, Bond Counsel and Financial Advisor. The City may also require a separate Application Fee for significant amendments to an approved Redevelopment Plan which requires a public hearing before the TIF Commission or renegotiation of an executed TIF contract or a contract then under negotiation with the City. In the event costs for third-party services exceed the initial fee collected, the applicant will reimburse the City for said amount prior to final consideration of the Application by the Board of Aldermen. To implement these requirements and as discussed in part 2 below, the applicant may be required to enter into a funding agreement with the City, from which the City's costs and expenses will be reimbursed, and the applicant will be required to replenish the fund to maintain a balance in the amount of the original Application Fee during the City's consideration and review of the Redevelopment Plan application. If the City and the Applicant do not enter into a funding agreement, the unspent portion of the application fee will be refunded to the applicant.

**Preliminary Determination of Completeness.** Upon submission, the Application will be reviewed by City staff to determine if it is complete. If the Application is determined to be incomplete by City staff or if additional information is needed the applicant will be notified in writing that the Application is not complete, and the reasons will be stated referring to the specific criteria that are not met, additional information required, or financial, legal or planning and development concerns. A public hearing date will not be set and notices will not be issued by the City for a public hearing until the Redevelopment Plan is determined to be complete by the City.

### 2. STAFF REVIEW:

Review of the Application will be conducted by the City's Finance, Law, Planning departments and Administration, and, when deemed appropriate by the City's Financial Advisor and Bond Counsel. Review time will be approximately 30 days from the date the completed Application is submitted to the City. However, more or less time may be required for particular Applications. Applications that are determined to be complete, consistent with all elements of the City's Comprehensive Plan, and in conformance with the City's policy will be forwarded to the Board of Aldermen for referral to the TIF Commission and the creation of a funding agreement with the applicant.

Prior to making a recommendation to the Board of Aldermen, City staff may require an independent feasibility study by an expert of the City's choosing. The cost of such study shall be paid by the Applicant from the fees set forth in Section 2 above and shall be prepared by a professional consultant selected by the City Administrator. This study will be submitted to the TIF Commission prior to the public hearing by the TIF Commission.

Applications which are determined to be incomplete or do not conform to the City's policy will not be forwarded to the Board of Aldermen. No hearing will be scheduled and no public hearing notices will be issued until the Redevelopment Plan application is deemed complete by the City. Applicants will be notified in writing of a determination that the Application will not be forwarded.

### 3. TIF COMMISSION CONSIDERATION:

The TIF Commission may desire to hold one or more study sessions before any public hearing is scheduled. During this period, the Applicant may be required to submit a completed Redevelopment Plan. At the public hearing, City Staff will introduce the subject material and the Applicant. The Applicant will make a presentation to the TIF Commission followed by the presentation of any material the City's Staff desires to report. Public comment will then be heard, followed by a response from the Applicant. After TIF Commission discussion, action may be taken to recommend approval or denial of the Redevelopment Plan, or the public hearing may be continued to a date certain for further consideration. The TIF Commission will make the determination of whether the public hearing portion of the case will be closed or continued to a date certain.

Pursuant to TIF Act, the TIF Commission must vote within 30 days of the closing of the public hearing and make a recommendation to the Board of Aldermen. Following a recommendation by the TIF Commission, the TIF Commission will make the findings and determinations required by the TIF Statute. The Application and Redevelopment Plan will be forwarded to the Board of Aldermen.

Legal notices and mailings to taxing districts and property owners as required by statute shall be reviewed by the City's Law Department prior to being mailed or published. The City will mail and publish all required notices unless other arrangements are approved by City staff which allow the Applicant to publish and mail notices.

### 4. BOARD OF ALDERMEN CONSIDERATION:

The Board of Aldermen may have a study session on the Application and Redevelopment Plan and may hold a public hearing before consideration of an ordinance. The recommendation of the TIF Commission may be approved, denied or amended by the Board of Aldermen. Certain amendments which meet threshold requirements of the TIF Act may require that the TIF Commission hold another public hearing on the proposed amendments.

Section 1. That the Tax Increment Financing (TIF) Policies and Guidelines for Application and Application Procedures are hereby adopted as fully set out herein and the City Administrator is hereby authorized to implement the following procedures and to make such additional changes and clarifications that shall be deemed advisable and in the best interest of the City:

#### A. General Policy

1. It is the policy of the City to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will, by creating new jobs and retaining existing employment eliminate blight, strengthen the employment and economic base of the City, increase property values and tax revenues, reduce poverty, create economic stability, upgrade older areas, facilitate economic self-sufficiency, and implement the Comprehensive Plan and economic development strategy of the City.
2. Care will be exercised in the use of TIF to evaluate completely each project to ensure that the benefits which will accrue from the approval of the agreement are appropriate for the costs which will result, and that they are equitable to the City as a whole.
3. The City will charge an administrative fee to partially offset the cost of record keeping, report preparation, and accounting for each approved TIF Project. The fee will be assessed on a monthly basis against the annual increment generated by the TIF Project.

#### B. Policy Guidelines

The following criteria are to be used by the City's staff to evaluate TIF Applications:

1. TIF Applications may be considered for removal of blight and promote revitalization and/or to provide for public improvements to benefit economic development and employment. The City prefers the use of TIF funds for public improvements that benefit not only the project but also the public at large.
2. The City expects each TIF project to provide immediate benefit to every one of the existing taxing districts and therefore projects with financing that declares Fifty percent (50%) of the Payments In Lieu of Taxes generated by the project, as surplus and available to the taxing districts, will be viewed more favorably. Project proposals that do not meet this standard will have the high burden of persuasion.
3. Each TIF Application must demonstrate that "but for" the use of TIF, the project is not feasible and would not be completed without the proposed TIF assistance.
4. All TIF Applications requesting the issuance of bonds or notes will be required to demonstrate that the payments in-lieu of taxes and/or the economic activity taxes expected to be generated will be sufficient to provide a debt coverage factor of at least 1.25 times the projected debt service prior to the sale of any tax increment bonds or notes. This is a minimum requirement and

developers should be aware that a superior coverage ratio will be looked on with increased favor in the consideration of the Application.

5. The total amount of TIF assistance for project costs for industrial, manufacturing, office, retail, and commercial TIF Applications should not exceed fifteen percent (15%) of the total project costs including all hard and soft costs and Developer fees estimated for the entire project. All other public assistance contemplated or requested for the project must be disclosed in the Application (or added to the Application as soon as they are known) and will be considered by the TIF Commission in evaluating the proposed TIF project and application as a whole.

6. TIF will generally be reserved for projects, which do not qualify for alternative methods of financing or where TIF assistance is deemed by the City to be the preferred method of economic development incentive.

7. Each TIF Application must include evidence that the applicant:

(a) Has the financial ability to complete and operate the project. Developers will be evaluated on their prior record of development, amount of capital committed to the project and overall financial strength. Developers with partners are expected to identify the partners at the beginning of the process.

(b) Will contribute equity of at least Fifteen percent (15%) of the total cost of the project. Projects with equity contributions from the developer in excess of Twenty Five percent (25%) will be viewed more favorably. Equity contributions in cash will be viewed more favorably than “in kind” contributions such as land. This requirement is exclusive of any performance bond required for the project

(c) Has thoroughly explored alternative financing methods.

8. The City will maintain a retainage account consisting of at least the final Five percent (5%) of the financial assistance to the TIF project which funds will not be paid out until the project is completed or the developer satisfies other performance standards as established in the TIF Agreement.

9. TIF Applications for new or expanded retail and service commercial projects will be viewed more favorably than industrial, manufacturing and office projects. TIF projects which create jobs with wages that exceed the community average will be encouraged. Industrial, manufacturing and office developments may be given more favorable consideration than warehouse type uses based upon the projected employment per square foot. Additional consideration will be given to projects where the total project costs are in excess of Twenty-Five million dollars (\$25,000,000) or the development of areas where the project will be a catalyst for further high quality development.

10. To encourage an inflow of customers from outside the City or provide services or fill retail markets that are currently unavailable or in short supply in the City, we encourage TIF Applications for retail and service commercial projects. Additional consideration will be given to

projects where the total project costs are in excess of Twenty-Five million dollars (\$25,000,000) or the development of areas where the project will be a catalyst for further high quality development.

11. TIF Applications for the redevelopment of existing commercial and industrial areas will be viewed favorably. Projects to stabilize current commercial, and industrial areas that have or will likely experience deterioration will be favored.

12. The projected term of the TIF will be a factor, with shorter terms being viewed more favorably than longer terms. TIF Applications which provide for the use of not more than Fifteen (15) years of tax increment financing generated by each redevelopment project will be preferred.

13. TIF projects which are constructed in phases are viewed with greater skepticism. TIF projects that propose a reasonable and certain end date for construction and occupancy and demonstrate clearly and convincingly how those goals will be achieved will be viewed positively.

14. All TIF Applications must clearly comply with the requirements of the TIF Statute.

15. All approved projects must comply with prevailing wage and hour requirements for public works projects, as set forth in 290.210 R.S.Mo. et. seq. for all portions of the project receiving TIF assistance. The developer will be required to indemnify the City for all prevailing wage claims brought against the City for all TIF-funded public works projects that are constructed by or at the direction of the developer. Work to be covered by TIF funds will be identified in the Application.

16. TIF Applications which include the establishment of business areas, or the redevelopment of existing business areas, should include information as to the business type of the major tenants of the TIF area. In addition, a thorough market analysis should be completed which identifies: (1) the population areas that will be drawn from; and, (2) the businesses of similar types which would be competing with the TIF area businesses.

17. Projects with reasonable indications, submitted to the City's TIF Counsel, that upon review indicate a minimum of Fifty percent (50%) of the retail commercial space is committed to viable tenants, which may be supported with signed letters of intent, signed leases or other written verification of such tenants, will be viewed with greater favor by the TIF Commission and the City.

18. Notwithstanding the foregoing, TIF Applications which do not meet any of the above referenced criteria will be viewed favorably by the City if the Application clearly demonstrates that the project is of vital interest to the City and will significantly assist the City in the elimination of blight, financing desirable public improvements, strengthening the employment and economic base of the City, increasing property values, reducing poverty and creating economic stability.

### C. Accountability

TIF Applications are expected to include the following:

1. If the TIF Application is being submitted based upon anticipated revenue criteria, the City may require that language shall be included in the Redevelopment Plan and Contract which stipulates that the City's obligation to the developer may be reduced if satisfactory evidence is not shown that the indicated anticipated revenue has been generated.
2. If the TIF Application is being submitted based upon job creation criteria, language may be included in the Plan which stipulates that the City's obligation to the developer may be reduced if satisfactory evidence is not shown that the indicated number, and quality of jobs have been generated.
3. If businesses are to be relocated from other areas of the City, sufficient justification must be included to indicate why this relocation should be given favorable consideration. If existing businesses are to be relocated to the TIF area, the base year activity for purposes of determining the tax increment for both real property and EATS taxes will be the last twelve-month period at the businesses current location, immediately preceding the relocation.

Developers should be aware the City expects the public to directly benefit from its support of the project and the TIF Application should address key performance standards as follows:

1. Completion Performance
  - Developer must construct at least 85% of the square feet planned to receive a Certificate of Substantial Completion.
  - Developer receives no TIF reimbursement until a Certificate of Substantial Completion has been issued by the City.
2. City Revenue Protection
  - In the 4<sup>th</sup> year after the Contract is executed and for a period of 10 years, if actual sales are not at least 75% of the projections in the TIF Plan, then the City may withhold from reimbursement an amount depending on the size of the project and total reimbursement per year.
  - This amount will be paid to the City as an assignment of Developer's right to receive reimbursement.
3. Pay-As-You-Go Reimbursement PAYG No Bonds
  - Reimbursement is Pay-As-You-Go, meaning that Developer is reimbursed as the TIF Plan generates revenues over time. The City does not plan to issue bonds, but may do so at the City's sole discretion.
4. Public Participation/Profit Limit
  - If the Developer's annual rate of return exceeds 12%, then the principal amount of TIF reimbursement is reduced to achieve a 12% maximum return.

5. Limitation on Interest Accrual

- No interest on Reimbursable Project Costs will begin to accrue until a Certificate of Substantial Completion has been issued by the City.

6. Shifting Reimbursement

- Land reimbursement is limited to the budgeted amount.
- Off-Site Development reimbursement is limited determined on a project basis.
- On-Site Development reimbursement is limited determined on a project basis and Developer might be allowed to shift some reimbursement internally between the On-Site Development line-items.
- Soft Costs reimbursement is limited to \$\_\_8%\_\_, and Developer might shift reimbursement internally between the Soft Costs line-items.

7. Tax Protection During Construction

- If there is a dip in property valuation during construction, Developer pays the difference to the City which will be distributed to the taxing districts in proportion to their tax levies.

8. Sale and Assignment Restrictions

- Developer cannot assign its rights under the Contract or transfer more than 49% (or a controlling interest whichever is less) interest in Developer's membership without prior City approval.
- Developer cannot sell property in the Redevelopment Area without prior City approval.

#### D. Method of Financing

TIF Applications may request that TIF assistance be provided in one of the following forms:

1. Tax Increment Revenue Bonds or Special Obligation Bond or Note Financing;
2. Direct Reimbursement to the Applicant for hard and soft design and construction costs;
3. Pledge of tax increment financing revenues to pay a portion of private financing in addition to other eligible costs; or,
4. Any combination of the foregoing methods.

In deciding which method of financing to use, the prevailing factor in making the determination will be total costs, the security for the bonds and the duration of the Redevelopment Plan. The City will not provide credit enhancements for the special obligation bonds or notes, however, credit enhancement provided by the developer on any bonds or notes will be viewed favorably. The decision as to what method of financing is selected will be made by the City. The underwriter or purchaser of any publicly sold bonds will be selected by the City.

#### E. Term

The maximum period for which a TIF can be used is established by the TIF Statute at twenty-three (23) years. The most favorable consideration will be provided for Redevelopment Plans that last no longer than fifteen (15) years.

#### F. Impact on Schools Districts and Other Public Entities

Before submitting a TIF Application package to the City, Applicants should evaluate and consider any TIF policies adopted by local public school or other taxing districts within the boundaries of the Redevelopment Area and directly address those policies in the application. For developments that add students to the school population the City strongly encourages the incorporation of a distribution of a portion of payments in lieu of taxes (PILOTS) as surplus to taxing districts including public schools in accordance with the applicable school district TIF policy. In addition to such surplus declaration, a capital contribution may be made to a public school or taxing district that incurs additional capital costs that are the result of the redevelopment that occurs pursuant to a Redevelopment Plan.

#### G. Other Conditions

The City reserves the right to modify or waive any or all of these Policies and Procedures.

CITY OF OSAGE BEACH, MISSOURI  
APPLICATION FOR TAX INCREMENT FINANCING ("TIF")

PROJECT NAME:

APPLICANT:

ADDRESS:

PHONE:

FAX:

EMAIL:

CONTACT PERSON:

Application Format: On a separate sheet of paper please answer the following questions. Please type each question prior to the applicable response.

- (1) In no more than three pages provide relevant information on the applicant's background and development experience and financial ability to successfully complete the project. Include resumes of key individuals assigned to the project.
- (2) Identify the applicant's consultants involved or proposed to be involved in the project noting relevant experience on similar projects (i.e., civil engineer, land use planner, applicant's legal counsel, applicant's financial advisor).
- (3) Describe the proposed project, including the size and scope and phasing of the proposed project. Specifically outline residential development, if any, to be included in the project.
- (4) Define the boundaries of the proposed TIF area by address and locator number(s). Include a map of the proposed TIF area.
- (5) Identify the property which is currently in the control of the applicant via ownership or option. If under option note the option expiration date.
- (6) Is the Redevelopment Plan consistent with the City's Comprehensive Plan? If not, an amendment to the Comprehensive Plan may be required in order to allow the Board of Aldermen to make this consistency finding as required by the TIF Act.
- (7) Is the property currently zoned for the proposed use? If not, what zoning change will be required?

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- (8) Will the proposed project result in the relocation of residential, commercial or industrial facilities? If so, discuss the nature of any anticipated relocations.
- (9) State the need and justification for TIF assistance. Explain how the applicant intends to demonstrate compliance with the "but for" test. Substantiate that other alternative methods of financing have been thoroughly explored.
- (10) Discuss the condition(s) that would qualify the proposed TIF District as a "blighted area" or "conservation area," as defined under Mo. Rev. Stat. 99.805.
- (11) Identify sources, amounts, and status of all debt financing and/or equity funding available to complete the project. Does the applicant anticipate the debt to be privately financed by the construction lender or developer or publicly sold?
- (12) Provide an outline of the costs associated with the development of the proposed project(s) and related parcel or parcels located within the TIF area. Identify in the outline those costs you would propose to fund with TIF financing and the proposed payback time frame.
- (13) In one page or less, discuss and document information used to describe the market feasibility of each element of the proposed project. If a formal feasibility or comparable studies have been prepared, attach such reports as an appendix to this application.
- (14) On a revenue worksheet estimate the incremental property taxes and economic activity taxes to be generated by the project.
- (15) Identify any proposed tenants of the project. Have leases been negotiated or signed? What type of lease is contemplated?
- (16) Who will own the developed property? How much of the property is intended to be sold after development is complete? Who will manage the property during the life of the Redevelopment Plan and project?
- (17) Briefly describe the "economic and quality of life" benefits of the proposed project to the City.
- (18) Attach a letter from a reputable financial institution indicating that the applicant has sufficient financial resources to obtain the private financing for the project.