

City of Maize
Economic Development Guidelines
September 2024



"Where Community Counts"



City of Maize Economic Development Guidelines

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OVERVIEW

Economic development incentives are necessary because of the inherent competition between localities for new businesses and jobs and therefore shall be used prudently on projects where incentives can make a difference to either remain or locate in the City of Maize (also referred to herein as the “City”). As Maize continues to experience residential growth, providing availability of business, service and dining opportunities will continue to be of importance. Maize continues to take advantage of opportunities for expanding industry demand with expansion of the Maize Industrial Park. As major commercial development continues to expand towards the City of Maize from Wichita, it is critical that the City of Maize positions itself to absorb that momentum. As such, Maize shall employ incentives prudently on projects or opportunities where the incentives can make a difference in a company locating to or expanding in the community.

Pursuant to the Constitution of the State of Kansas, Article 11, Section 13, Maize has authority to offer ad valorem tax exemptions and will consider doing so when and if it makes sense for the benefit of citizens.

Maize desires to offer consistent economic development incentive policies in cooperation with municipalities throughout Sedgwick County to promote regional growth, development and an enhanced quality of life. The proposed Economic Development Guidelines are designed to provide a set of tools for which Maize can stay competitive with business and industry alike in Kansas.

Adoption of these Guidelines does not prohibit the City of Maize from considering other public incentives. When the Guidelines are updated, this policy shall be revised to reflect the current Guidelines.

The intent of these guidelines is to complement any incentive program that may be adopted by other municipalities within Sedgwick County or by the State of Kansas. The City may consider other public improvements. The guidelines are primarily quantitative considerations. Qualitative considerations should also factor into the decisions regarding the granting of incentives.

The objective of offering economic development incentives to businesses and developers shall be to encourage business and community development by:



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1. Creating and retaining quality jobs;
2. Broadening and diversifying the tax base;
3. Improving the business amenities readily available to the citizens of Maize.
4. Encouraging capital investments;
5. Increasing the region's global competitiveness;
6. Promoting the growth and welfare of the City of Maize.
7. Encouraging businesses that both improve the lives our citizens while creating unique opportunities:
8. Improving community reputation.
9. Redevelopment of key neighborhoods.
10. Encouraging regional cooperation.
11. Education of the community about public benefits.

Economic development incentives available from the City of Maize may include (but are not limited to) property tax abatements, sales tax exemptions, Community Improvement Districts, Tax Increment Financing, Sales Tax and Revenue bond financing. The City Council may determine the amount, terms and conditions of incentives.

Staff will meet with companies developers, and other business groups preliminarily to discuss projects, eligibility, submission requirements and timing, but will not process applications for City Council action until all application and deposit fees have been collected and all requisite applications and supporting documents have been submitted. A date for submission to the governing body will be selected by staff based upon available dates and staff work levels.

Any costs incurred by the company, or developer, prior to approval of an incentive(s) will not be reimbursable by any incentive funding.

As a rule, the City of Maize would like to see at least \$2 of private funds invested for every \$1 of public funds provided incentive. Projects with a wider ratio of Private to Public Dollars will given more weight for consideration. The City Council may waive this limit for projects of a substantial nature, or projects that diversify the local economy.

Application and deposit fees for specific incentive tools, if applicable, are to defray the cost of internal staff, external consultants, analysis, public notices and mailings necessary to administer



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and process applications. The overall goal is to ensure that the administration and processing of incentive applications are revenue neutral to the City.

Each incentive program may have separate and varying fees. Fees can include, but are not limited to, application fees, deposit fees, administrative fees, third party consultant fees, outside legal counsel fees, costs of mailing and publishing, among others.

Each request for incentives will be evaluated on an individual basis. Changing economic conditions and availability of funds may cause the City of Maize to modify, amend, or discontinue any economic development incentive program.

Economic Incentives are considered at the discretion of the City Council and are not by right. The City Council can determine to cease the use of any incentive or incentive tools at any time. However, should an incentive program be discontinued, absent special circumstances, the City Council will honor any incentive committed to before the discontinuance of the program.

Special Factors which the Maize City Council may consider in the decision to approve or disapprove an incentive include:

1. How well the new jobs match skills available in the local labor market;
2. The utilization of labor skills of unemployed persons in the community;
3. The degree to which the business improves the diversification of the economy of the City and its environs;
4. The potential for future expansion and additional job creation;
5. The impact of creating other new jobs and businesses, including the utilization of local products or other materials in manufacturing;
6. The beneficial impact on a particular area of the City in need of investment;
7. The compatibility of business location with land use and development plans, and the availability of existing infrastructure and essential public services, and the extent to which additional direct or indirect public costs to the City and to other local units of government would be necessary, such as the cost of extension of public services;
8. The extent to which the economic and employment benefits of the incentive accrues to the residents and taxpayers of the City;
9. Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company;
10. Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.; and
11. Economic development incentives from other local governments and/or the



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12. Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company;
13. Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.; and
14. Economic development incentives from other local governments and/or the State

Location Preferences

Though all current and potential commercial sites may be eligible for incentives described in this policy, special preference will be given to specific sites in Maize. Those locations of preference for development include the following:

1. 53rd Street and Maize Commercial Corridor Intersection
2. Academy Arts District (As defined the Academy Arts District Plan)
3. Properties Immediately Adjacent to K-96
4. Properties Adjacent to proposed Northwest Expressway
5. Properties in or immediately Adjacent to Maize Industrial Park

Accountability for Incentive Applicants

Applicants requesting incentives are expected to deliver on the private investments being promised to the community when incentives are provided. The City will typically memorialize incentives through the use of a development agreement. The City reserves the right to hold applicants accountable using provisions in the development agreement to tie incentives to continued delivery of investment or hiring expectations by the retail/commercial/industrial applicant.

Whenever practicable, the City will include "clawback" provisions (relating to repayment or cessation of incentives) in all incentive agreements, and the City may exercise such provisions when the terms of the incentive agreements have not been met. Such clawback provisions will include payment-in-lieu-of-taxes equal to the dollar value of the last ten years of abated property taxes if a business moves its operations to another city and ceases its operations in Maize within five years of receiving such abatements. For each year the company stays in Maize after the expiration of the tax abatement, the amount of repayment shall be reduced by 20%. For example, if a company leaves Maize in the first year after the expiration of the tax abatement, it shall repay



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100% of the last ten years of property taxes abated. If the company leaves in year two, it shall repay 80%, etc.

In the event a company is determined to be in default, but remains in business in Maize, the clawback would be a proportionate amount of the taxes abated. For example, if a company is 10% short of the projected job creation, the clawback would be 10% of the value of the abated taxes.



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PROPERTY TAX ABATEMENT/ SALES TAX EXEMPTION

Property tax abatements can be achieved both using Industrial Revenue Bonds (IRB's) and using Economic Development Exemptions (EDX) or also known as Constitutional Tax Abatements. Eligibility for either IRB or EDX may depend on the nature of the requested improvement or business type requesting the incentive. IRB's add an element that can also handle sales tax exemptions on improvements made. The intended business may or may not be eligible for IRB, EDX, or EDX Sales Tax only exemptions. State Statute/Federal Guidance define eligibility along with exclusive right of City to determine whether the incentive is justified for any specific business in the community.

INDUSTRIAL REVENUE BONDS (IRBs)

A mechanism by which companies and developers may achieve either a property tax abatement, a sales tax exemption, or both. For consideration, a project must qualify under the guidelines listed below.

ECONOMIC DEVELOPMENT EXEMPTION (EDXs)

A mechanism by which expanding, or relocating, companies may achieve a property tax abatement if the company is in a qualified industry as defined below. For consideration, a project must qualify under the guidelines listed below.

APPLICATION FEE

\$2,500 - Industrial Revenue Bonds (sales tax exemption & property tax abatement)

\$1,500 – Economic Development Exemption

\$1,000 - (Sales tax exemption only)

ADMINISTRATIVE SERVICE FEE

\$500 annual fee for maintenance of IRB accounts

BACKGROUND AND PURPOSE

- A. .Business Activity: To be eligible for any public incentives, a business must be engaged in one or more of the following activities:
 - 1. Advanced Manufacturing & Materials. Determined by appropriate NAICS codes



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2. Research and Development. The conducting of research, development or testing for aviation, scientific, medical, food product or industrial purposes.
 3. Transportation & Logistics. Freight or passenger transportation services. Majority of revenue must be derived from interstate commerce/travel.
 4. Tourism. Attractions considered likely to attract at least 30% of attendees from outside the Sedgwick County.
 5. Healthcare. Regional medical centers and specialty hospitals considered likely to attract at least 30% of patients from outside the Sedgwick County.
 6. Apartments built in conjunction with mixed use retail or other businesses deemed integral to the development and eligible in accordance with state and federal guidelines.
 7. Speculative Industrial/Flex/Office Buildings. As defined in paragraph IV. Incentives
 8. 501(c) (3) Organizations. Projects that are consistent with the organization's charitable purpose.
 9. Businesses that have a principal business activity, product or service identified by City of Maize Economic Development Guidelines
- Regional Growth Plan.
- a. Advanced Manufacturing & Materials
 - b. Aerospace
 - c. Agriculture
 - d. IT Systems & Support
 - e. Health Care
 - f. Energy
 - g. Transportation and Logistics
- B. Value Added Job: A value added job produces goods and/or services that are sold predominately outside of the Sedgwick County. Importing wealth into the community through value added jobs grows the local economy. Whereas non-value-added jobs typically re- circulate wealth within the community.
- C. Wage and Salary Criteria: The City of Maize's preference is to issue abatements for businesses that will hire individuals who pay their employees at following: A business may be given preference for abatements if the wages paid to its net new employees are equal to or greater than 120% of the median wages within Sedgwick County as determined by the Kansas Department of Labor Wage Survey. According to the 2024 edition of the Kansas Wage Survey, the median income of all occupations in Sedgwick County was \$45,129. Therefore, 120% of the median income would be \$54,155. In



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addition to meeting wage requirements, jobs created are preferred to include health care benefits. If health care benefits are not offered, wages are preferred be 150% of the average wage as stated above. The Maize City Council retains the discretion to issue abatements even if the business does not meet the standard wage and benefit criteria. This flexibility allows the Council to support businesses that fulfill core community needs or contribute to the local economy in other significant ways.

- D. Return on Public Investment (ROI): Requests for local incentives will require a cost/benefit analysis completed prior to consideration by the appropriate governing body as stated by State statute or local policy. A designated agent on behalf of the City will conduct the cost/benefit analyses and any fees associated with this application are the responsibility of the applicant. The ratio of public benefits to public costs, each on a present value basis, should be 1.0 to 1.0 for both the general and debt service funds for the City. No cost/benefit analysis shall be required for projects seeking a sales tax exemption only, or for 501(C)(3) organizations, unless required in other sections of these guidelines.
- E. Community and Workforce Development Benefits: Projects that provide additional community benefits may be considered for additional incentives or a reduced threshold to qualify for incentives based on the following criteria (must be defined in the application to the City):
 - 1. Community Improvement in designated Redevelopment Area:
 - a. Location: Locating within a redevelopment area of the City, as defined by the City Council or providing employment to targeted populations. Redevelopment Area is defined as a location where one of the following elements exist:
 - (1) More than 30% of the population lives at or below the federal poverty line (\$26,200 for a family of four, as of March 1, 2020 according to HHS Guidelines).
 - (2) More than 30% of the population is unemployed.
 - (3) More than 30% of the structures are vacant or uninhabitable.
 - (4) Located within an Urban Renewal or Opportunity Zone Area
 - (5) Other factors or special areas as defined by the City Council.
 - (6) Located in areas where significant investment is needed to mitigate floodplain or floodway issues.
 - 2. Any project must provide at least one of the additional benefits or training to employees in order to be considered for the Community and Workforce Development exemption.
 - a. Health care benefits



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- b. Job training and certification
 - (1) Any job training, or certification programs, must be defined in the application to the City
 - (2) Any job training, or certification programs, must be demonstratable/documentable (i.e. contracts with the State of Kansas, on-the-job training manuals, etc.)
 - (3) Any job training, or certification programs, identified in the application to the City must be documented at the five-year compliance review
 - b. Education: Provide tuition reimbursement or other form of continued education.
 - (1) Any tuition reimbursement, or other form of continued education, must be defined in the application
 - (2) Any tuition reimbursement, or other form on continued education, must be demonstratable/documentable (employment contract, HR forms, etc.)
 - (3) Any tuition reimbursement, or other continued education defined in the application must be documented at the five-year review
 - (4) Other methods of demonstrating/documenting tuition reimbursement, or other forms of continuing education could include any affiliations with programs offered through organizations such as WSU Tech, Butler County College, National Center for Aviation Training, receiving funds from the State from the Kansas Industrial Training program, or Kansas Industrial Retraining program (or other programs as may developed over time). This list is not exhaustive. Other programs will be considered as well.
- F. In addition to the above provisions, the City Council may consider the following information when deciding whether to approve an incentive
- 1) The size of the project based upon private investment in the site development, plant facilities and infrastructure;
 - 2) The total number of net new jobs, wages, benefits and types of jobs created;
 - 3) The relationship between job creation and total investment;
 - 4) Potential for future expansion and increased employment;
 - 5) Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company;
 - 6) Potential for diversification of the regional economy;



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- 7) Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.;
- 8) Project specific issues that impact upon local infrastructure responsibilities of the City;
- 9) Project specific incentives that may be pursued to stimulate other development areas that the City may deem of significant benefit to the community;
- 10) Economic development incentives from other local governments and/or the State;
- 11) Financial impact and budget ramifications.
- 12) Sustainable Development/Use of alternative energy.
- G. The City may conduct legal and/or financial research regarding the company as part of eligibility determination.
- H. Economic development incentives may not be transferred or otherwise conveyed to another party without approval of the City Council.
- I. The City Council reserves the right to waive any or all of the foregoing requirements or exempt any Project therefrom in the event circumstances exist to warrant such waiver or exemption. The waiver of any requirements shall not be construed as an intention to waive any of such requirements in future consideration of incentives.

Implementation

All Economic Development Incentives will be formalized in a written agreement by the City of Maize and the recipient company. The recipient company will be required to meet the following performance criteria:

- A. Jobs created and payroll commitments
- B. Capital investment in real property
- C. Compliance with wage requirements
- D. Compliance with all applicable governmental laws, rules and regulations
- E. Compliance with any conditions imposed by the Economic Development Incentive Agreement.

Incentives

The City of Maize is committed to promoting regional cooperation and economic stability. To support these goals, the City will generally refrain from offering economic incentives to industrial companies relocating from neighboring communities. However, incentives may be considered under the following conditions:



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1. **Relocation Justification:** Incentives may be offered if the company demonstrates that local conditions in the current community preclude continued operations due to facility size, expansion capabilities, or other operational constraints.
2. **Special Circumstances:** The City Council may exercise discretion to grant incentives in exceptional cases where the relocation offers substantial benefits and aligns with regional economic strategies.

A. Property Tax Abatement

1. The City of Maize is authorized under State law to grant tax abatements on private business property either in connection with the issuance of Industrial Revenue Bonds (IRBs) or under Article 11 of the state constitution that enables Economic Development Exemptions (EDX) for certain types of businesses. While IRB abatements may be granted for all types of business included in the list of eligible businesses, EDX abatements are limited to expanding manufacturing, research and development and warehouse and distribution businesses that create or retain jobs. The City, as Issuer, will not issue Bonds for projects located outside of its organizational boundaries unless the Project is located in an industrial district or the requesting entity has its primary headquarters are located within such Issuer's organizational boundaries.
2. Property tax abatements require a public hearing prior to approval by the governing body. One public hearing will be held prior to the issuance of bonds. No additional public hearing will be required.
3. Property taxes may be abated for new improvements to real property and for newly acquired items of personal property not otherwise exempt under Kansas law, used by an eligible business in connection with an expansion or relocation of the business' operations in Maize. Land and existing buildings are not generally eligible for property tax abatement. Existing buildings may only be considered for tax abatement if the building has been vacant and is acquired by a party not related to the previous owner. Exceptions may be made for buildings used by target industries as determined by the most recent economic development strategic/cluster analysis for Sedgwick County and in cases where reuse of the building within two years is deemed unlikely. Land will not be considered for tax abatements.
4. The term of tax abatement on real taxable property improvements under these guidelines shall be an initial term of five years, subject to the following clause, plus an additional five years subject to review and approval of the originating body at the



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end of the initial term. Tax abatement on eligible items of personal property shall be limited to a term of five years.

5. **Service Fee Payments:** The City of Maize reserves the right to impose on any business receiving tax abatements the payment of service fees through the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of the service fee shall be based on the tax rate of the USD 266 Unified School District and/or the Sedgwick County Fire District, and any service fees thus paid shall be remitted to such School and/or Fire District.
6. The recommended percentage of property taxes to be abated shall be cumulative, based on new job creation, capital investment by the eligible business, and additional considerations as follows (cumulative with 100% being the maximum amount to be abated):

• New Jobs	5-25	26-50	>50
	30%	40%	50%
• New Capital Investment \$1M-<\$5M		\$5M-10M	>\$10M
	40%	50%	60%
• Additional Consideration			
○ Regional Growth Plan Sector		10%	
○ Projects Qualifying for State Economic Dev. Incentives		10%	
○ Sustainable Development/Alternative Energy Use		15%	
○ Investing in, or funding, entrepreneurship		25%	
○ Community or Workforce Development Benefits		25%	

- Example: If a company is projecting it would create 10 new jobs, it would qualify for a 30% abatement. If it is also investing \$4,000,000 in facilities and/or machinery and equipment, it would qualify for an additional 40%, totaling 70%. If the company is in a Regional Growth Plan sector, add another 10% (now 80% total). If the company is also utilizing State of Kansas incentives, add another 10% for a total of a 90% abatement.

- B. Payments-In-Lieu-of-Taxes (PILOTs):** Some tax abatements may require a portion of the abated taxes to paid back to City and the other taxing authorities in the form of a payment-in-lieu-of-taxes. Any business receiving a tax abatement may be required to make payments in



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lieu of taxes equal to the amount of property tax abated. Said PILOT payments shall be payable to the Sedgwick County Treasurer for proportional distribution to all local taxing jurisdictions which levy taxes on the abated property. A business may also be required to make PILOT payments at any time in the event of non-compliance with the conditions imposed by the economic development incentive agreement, as an alternative to complete cancellation of the tax abatement.

C. Speculative Industrial/Flex/Office Buildings:

Applicable fees are the same as IRBs, as this incentive requires the issuance of IRBs.

- Definitions (source NAOIP):

a. Speculative Building:

A building developed and constructed without any preleasing in place.

Construction commences without a prelease when the developer believes there is so much demand for that type of building in that market or submarket that a lease commitment is bound to come through.

b. Industrial Building:

A structure used primarily for manufacturing, research and development, production, maintenance, and storage or distribution of goods or both. It can include some office space. Industrial buildings are divided into three primary classifications: manufacturing, warehouse or distribution, and flex. (The typical characteristics of the most common types of industrial buildings are shown in the Industrial Building Types Matrix. below).

- Minimum 100,000 square foot building
 - Minimum clear height of 28'
 - Concrete tilt up preferred
 - Must have architectural facade on public street facing sides
- (1) Minimum lease must be for 25,000 square feet, or more
 - (2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval
 - (3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark



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c. Flex Facility:

As its name suggests, an industrial building designed to be used in a variety of ways. It is usually located in an industrial park setting. Specialized flex buildings can include service centers, showrooms, offices, warehouses and more. (Typical characteristics are shown in the Industrial Building Types Matrix below)

- Minimum 75,000 square foot building
- Minimum of 30% of the space is office
- Must have architectural facade on public street facing sides
- (1) Minimum lease must be for 10,000 square feet, or more
- (2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval
- (3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark

c. Office Building:

A Class A building structure providing environments that are conducive to the performance of management and administrative activities, accounting, marketing, information processing, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services.

- Minimum 60,000 square foot building (office space). Building may be mixed, use but minimum square footage applies only to office space.
- Must have architectural facade on public street facing sides
- (1) Minimum lease must be for 7,500 square feet, or more (once the facility is 50% leased, the minimum shall be 3,000 square feet)
- (2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval
- (3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark

(Source: NAIOP-Commercial Real Estate Terms and Definitions)

d. Time frame

Building must complete construction within 24 months from approval of a Letter of Intent in order to receive the full benefits of the program. Depending on the



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nature of the improvement the time frame for building may be shorter for specific projects and at the discretion of the City Council. Exceptions made be made to the requirement of the completion date if multiple buildings are projected.

- e. **Industrial Revenue Bonds (IRB's)** - Projects must utilize IRB's in order to qualify for the benefits.

Benefits:

- (1) Sales tax exemption on materials.
- (2) 95% Abatement of the increased Real Estate Tax for the initial 5-year period once the Certificate of Occupancy is issued. Abatement of the increased Real Estate Tax for the second 5-year period will be 50%.
- f. **Annual Reporting** - Developers shall provide an accounting to the City no later than 30 days following the end of the calendar year. The annual report shall provide an account of all lease activity within the spec project including the names of all companies, square footage occupied and prior location of company.

D. Sales Tax Exemptions

Sales tax exemptions may be provided for purchases financed by Industrial Revenue Bond (IRBs) and are subject to approval by the City Council.

1. Requirements for Submitting a Proposal

Proposals shall be submitted to the Maize City Manager shall contain the following:

- a. Completed Economic Development Application; and
- b. Application Fee: \$2,500 for IRB / \$1,000 for sales tax exemption only projects
- c. Cost/Benefit Analysis from a qualified entity approved by the City of Maize.

2. Compliance

- a. Annual on-site reviews may be conducted by City staff to establish compliance with the written agreement between the City of Maize and the recipient company.
- b. Tax abatements on real property will be reviewed after an initial term of five years; continued abatement is subject to review and approval by the City Council at the end of the initial term. The review will be based on the company's performance in meeting the terms and conditions in the written agreement and will include any statements provided in the initial application.
- c. The City of Maize may amend an incentive agreement to reduce the recipient's obligations regarding employment levels, wage requirements, or noncompliance penalties in the event of a federally-declared disaster or economic downturn.



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An economic downturn is evidenced by a significant decline (at least a 5-point decline) in the WSU Current Economic Conditions Index from the point at which the incentive agreement was signed.

In such event, the economic development incentives may be continued if a majority of compliance criteria are met, including capital investments, actual ROI, and temporarily achieving job creation commitments.



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COMMUNITY IMPROVEMENT DISTRICT

FEES

Application Fee

\$5,000 - Non-refundable for new CID petitions, such amount may be adjusted to cover City's legal costs in establishing CID.

\$2,500 - Non-refundable for CID amendments; such amount may be adjusted to cover City's legal costs in establishing CID.

City Administrative Fees

For any approved CID, the City shall be paid an on-going administrative service fee, in an amount equal to 5% of the total CID revenues received by the City.

CID Origination Fee

The City may require an Origination Fee pursuant to which the City will retain on an annual basis an amount equal to no less than 10% and no more than 25% of the CID revenue collected. Funds will be used for improvements and/or maintenance to public assets within the district.

DEPOSIT

The City shall require a \$5,000 deposit as well. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal. This fee shall be replenished by the applicant if at any time the fund drops below \$2,500. The applicant shall replenish the fund to the \$5,000 level within 10 days of notice that it has dropped below \$5,000. Failure to replenish the deposit will result in City staff ceasing the processing of that project.

CID amendments will require a \$2,500 deposit and be required to be replenished when the balance falls below \$1,000.

PURPOSE AND BACKGROUND

In 2009, the Kansas Legislature enacted the Community Improvement District Act (the "CID Act"), pursuant to which municipalities may create districts in which certain special taxes imposed and the revenue used to fund certain public and private improvements and the payment of certain ongoing operating costs within the geographic bounds of the specified district. The creation of a Community Improvement District ("CID") is a particularly useful tool of economic development in that it can help facilitate beneficial private development and redevelopment without negatively impacting the tax base of the approving municipality.



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It is the standard of the City of Maize to utilize the provisions of the CID Act to assist private developers by providing financing for commercial, industrial and mixed-use projects that meet the local eligibility criteria outlined below, subject to certain special local standard limitations outlined below. A CID can exist for a maximum of 22 years.

LOCAL ELIGIBILITY CRITERIA

It shall be the intention of the City to create a CID if, in the opinion of the City Council, the petition satisfies all statutory requirements of the CID Act and if creation of such CID would meet the following criteria:

- A. The CID will attract development which would enhance the economic climate of the City, act as a catalyst for future development or otherwise benefit the City or its residents.
- B. The CID will result in the construction of public or private property improvements and infrastructure, or the provision of ongoing services, that would otherwise not be financially feasible.
- C. The CID will promote redevelopment or rejuvenation of properties within the City which would otherwise be unlikely to happen. Special consideration will be given to projects located in the existing target areas including: Enterprise Zones, key business development corridors or areas identified by the Maize City Council, areas identified as appropriate for urban renewal, the Academy Street Arts District, other Redevelopment Areas identified in the future.
- D. The CID will be used to assist the development of commercial, industrial, and mixed-use projects.
- E. The CID will not be used for projects that consist solely or primarily of operating costs; or projects in which construction has begun prior to approval by the City; or projects that are inconsistent with a neighborhood plan; or projects that include any of the following: sexually oriented businesses, community correctional facilities, half-way houses, drug or alcohol rehabilitation facilities, new or used car lots, multi-game, casino-style gambling facilities, and commercial billboard siting, might consider other uses that the council does not want to include.
- F. Maize's strong preference towards pay-as-you-go projects. However, the City will consider issuing CID Bonds when and if the project has major elements that include public or private infrastructure needs. The CID will support projects with total costs of not less than \$5,000,000 for projects where bonds are issued up front. This does not apply to pay-as-you-go projects.
- G. Staff may consider market demand and saturation when evaluating the project.



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CID PETITION PROCESS

A CID is formed by the petition of landowners within the proposed CID. According to the CID Act, a petition to create a CID must be signed by the owners of at least 55% of the total land area and total assessed property value within the proposed district. However, it is the standard of the City of Maize that only petitions signed by 100% of property owners will be accepted. Upon receipt of the petition, the City Council may approve the CID. In cases in which no special sales tax is requested (i.e. only special property tax assessments are requested), the City Council may create the requested CID without notice or a public hearing. If a special sales tax is requested, the City Council must give notice and hold a public hearing pursuant to the CID Act. The City shall be paid a non-refundable application fee of \$5,000 with the formal submittal of any CID petition.

A CID petition must contain:

1. the general nature of the proposed CID project;
2. a statement of the public purpose being served using CID financing;
3. the estimated cost of the proposed CID project including maximum amount of CID funding to be paid prior to termination of CID, based on 125% of the total estimated amount of CID revenue during the term of the CID or otherwise determined by the CID Cost Cap defined below;
4. the proposed method of financing the project (special assessments or special sales tax);
5. the proposed amount and method of assessment;
6. the proposed method of financing (pay-as-you-go or special obligation bonds);
7. a map of the proposed CID; and
8. the legal description of the boundaries of the proposed CID.

SOURCES OF FUNDING FOR CID IMPROVEMENTS

Landowners or developers seeking to form a CID may request to draw upon one of the following two revenue sources, or a combination of both, to fund eligible improvements:

- A. Special property tax assessments on the property within the district, or
- B. A special sales tax of up to 2% on all taxable sales within the district. The level of sales tax a project may receive will be determined by the project size:



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Upon the creation of a CID by the City Council, revenue generated by these sources is available to pay for eligible improvements and costs. This can occur in one of two ways: a bond issuance or a pay-as-you-go dedicated account.

CID Cost Cap - The maximum eligible project costs amount will be negotiated per project on a case-by-case basis to establish a "CID Cost Cap". Projects will be evaluated to minimize the sales tax rate, CID term and maximum reimbursement. But shall not exceed 125% of the total estimated amount of CID revenue during the term of the CID.

Bond Issuance - In cases in which a bond issuance is requested, the City will work with the landowners within the CID to calculate how much revenue will be raised from the CID revenues (the special property tax and/or special sales tax levied within the CID) and the principal amount of bonds that can be issued based on the CID revenue stream and a minimum 1.2 debt service coverage ratio. The City may then issue bonds in that amount and use the CID revenue to retire the debt. The proceeds from the sale of the bonds will be used on eligible improvements and costs pursuant to the development agreement.

While the CID Act permits the issuance of either full-faith and credit general obligation bonds or special obligation bonds, payable solely from the CID revenue, issuance of full faith and credit general obligation bonds is not favored. For projects desiring to request full-faith and credit bonds to assist in financing the City will use special consideration and will review on a case-by-case basis. Developer must present a case that justifies City issuance of full-faith and credit bonds.

Pay-As-You-Go Account - As an alternative to a bond issuance and a preference by the City of Maize, the landowners within the CID may request the establishment of a pay-as-you-go account. This account will be a dedicated account into which the CID revenues will be deposited and will be available to be used as funds accrue to pay eligible costs.

Funds used to pay eligible CID costs, whether from bond proceeds or a pay-as-you-go account, will be held by the City or a third-party trustee, and disbursed to pay actual costs pursuant to a development agreement. Preference will be given to projects that use pay-as-you-go financing.

ELIGIBLE CID COSTS

The CID Act provides an exclusive list of eligible improvements and costs that may be paid for with CID funding. CID funds may be used to plan, design, engineer, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip, extend or finance:



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- (1) Land acquisition may be an eligible cost
- (2) Buildings, structures, and facilities;
- (3) Site improvements, including without limit sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public right-of-way, and water mains and extensions;
- (4) Parking;
- (5) Streetscape, lighting, streetlight fixtures, streetlight connections, streetlight facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;
- (6) Parks, lawns, trees and other landscaping;
- (7) Communication and information booths, bus stops and other shelters, stations, terminals, hangars, rest rooms and kiosks;
- (8) Paintings, murals, display cases sculptures, fountains and other cultural amenities visible to the public from public rights of way;
- (9) Airports, railroads, light rail and other mass transit facilities; and lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits.

PROCESS FOR CREATING A CID

All of the projects will be subject to the notice and hearing process.

PRELIMINARY REVIEW MEETING

Prior to consideration by the City Council, parties intending to request the creation of a CID shall submit a draft CID packet to the Maize City Manager. Such draft CID packet shall include a draft CID petition, site plans, elevations and a project pro-forma. The draft petition need not be signed by any landowners within the proposed district until such time as it is formally submitted for consideration by the City Council. Following the submission of a draft CID packet, the City will hold a pre-petition meeting with the submitting party to evaluate the sufficiency thereof and gather information needed to determine the eligibility of the project.

All CID projects will be analyzed to determine the need for financial assistance. CID projects financed on a "pay-as-you-go" will be reviewed to determine the amount and level of assistance needed.



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Projects financed with special obligation bonds will not be approved without a financial analysis that demonstrates that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

BACKGROUND CHECK

Developers will be subject to a background investigation and any associated fees performed by the City or an external vetting vendor on all parties requesting Community Improvement Districts. Third-party fees will be determined by the number of individuals and their related operating entities. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Such information will be treated as confidential information to the maximum extent allowed by the KORA.

A. Approval Process

1. The City Council may adopt a resolution giving notice of a public hearing to consider the advisability of creating the CID.
 - a. Such resolution shall be published once each week for two consecutive weeks in the City's official newspaper and shall be sent by certified mail to all owners and occupants of property within the proposed district.
 - b. The second publication of such resolution shall occur at least seven (7) days prior to the date of the hearing and the certified mailed notice shall be sent at least ten (10) days prior to the hearing.
 - c. Such resolution shall contain the following information:
 - i. Time and place of the hearing;
 - ii. General nature of the proposed district;
 - iii. Estimated cost of the project;
 - iv. Proposed method of financing the project, including, if applicable, the issuance of full-faith and credit bonds;
 - v. The proposed amount of the CID sales tax, if any;
 - vi. The proposed amount and method of assessment, if any;
 - vii. A map of the proposed district; and;
 - viii. A legal description of the proposed district.
2. Following the hearing, the City Council may by majority vote approve the CID by ordinance.
 - a. The ordinance shall:
 - i. Authorize the project;
 - ii. Approve the estimated costs of the project;



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- iii. Contain a legal description and map of the proposed district;
- iv. Levy the CID sales tax, if any;
- v. Approve the maximum amount and method of assessment, if any; and;
- vi. Approve the method of financing.
- b. Such ordinance shall become effective upon publication once in the newspaper.
- c. The ordinance shall also be submitted for recording in the office of the register of deeds of the county in which the district is located.

DEVELOPMENT AGREEMENT REQUIRED

Concurrently with, or prior to, the creation of a CID by the City Council, the City and the petitioner shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed CID. The Development Agreement will include the following:

- A. Site plan and elevation drawings or renderings of the CID project
- B. Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used
- C. Milestones and benchmarks for the performance of the Developer.
- D. Milestones shall include specific timelines for the construction and/or demolition within the District.
- E. Failure to reach established milestones can result in the elimination or reduction in the CID.
- F. Set forth the method and manner for disbursement of CID funds by the City, including the proceeds of bonds paid with CID funds.

The assignment of Development Agreement rights shall be limited to a collateral assignment of all rights to a lender with written notice to the City, or assignment of all rights to any third-party assignee with the written consent of the City or City Representative, at the discretion of the City. The assignment of rights shall not impair the City's right to determine the eligibility of CID costs nor require the City to subdivide any CID funds due to the developer.

In addition, the agreement shall provide for rapid repayment of the bonds and termination of the tax. City administrative fees and costs of issuance shall be paid from CID funds. For "pay-as-you-go" CID projects, the agreement will set forth the method and manner of disbursement of CID funds to the developers and shall include provisions for the termination of the CID taxes when developers have been fully reimbursed for eligible CID costs.

Financial Reporting - For projects that utilize CID bonds or for pay-as-you-go CIDs that use funds to pay ongoing operating expenses, the Developer will provide a certified annual



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accounting to the City on the amount and use of CID funds used to pay CID costs, by June 1 of the following year. City reserves the right to audit the use of CID financing at its discretion and expense.

Prioritization of Hard Costs - CID use will prioritize the funding of project hard costs. Hard costs include demolition, site improvements and actual construction of foundation, framing and equipment. CID funds may not be used to pay development fees or project management fees.

STANDARD DESIGN GUIDELINES GOVERN

CID will be used as a tool to encourage design and construction of a project at a level higher than required per City policies and ordinances. All property improvements commenced under an approved CID shall be subject to City regulations, standards, and policies, including, but not limited to: zoning and subdivision regulations, building codes, the City code, and any applicable design guidelines currently in place or hereafter approved. Approval of CID for a project will not be considered approval of the aforementioned or other City regulations. In addition, project plans and renderings shall be reviewed by the City's staff and any suggestions provided by that body will be incorporated into the design of the project unless expressly overruled by the City Manager.

PUBLIC DISCLOSURE

.In addition, developers will be responsible for signs being posted adjacent to the main entrance of every retail establishment within the CID where a special sales tax is charged. The signs must be at least 24 square inches in size and contain the words: "THIS PROJECT MADE POSSIBLE BY COMMUNITY IMPROVEMENT DISTRICT FINANCING" using type face of at least 18 points in size.

TERMINATION AND AMENDMENT OF CIDS

Subject to provisions contained in development agreements, the City shall take appropriate action to terminate or reduce CIDs when the project does not meet established performance measures such as milestones. Once all eligible project costs have been fully paid, including the principal and interest on any special obligation CID bonds or in the case of pay-as-you-go projects, the maximum CID funding amount provided in the petition the City will take the appropriate action to terminate the CID.

Should the Developer request an amendment to the CID or related development agreement the applicant shall pay an amendment fee of \$2,500. The City will require a \$5,000 deposit as well to



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pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel and certain third party consultants.

WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular CID application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application; no waiver in any single instance shall be construed as an intent to deviate from this policy in future considerations.



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TAX INCREMENT FINANCING

APPLICATION FEE

\$5,000 - Non-refundable

\$2,500 for Amendments to TIF Districts - Non-refundable

DEPOSIT FEE

The City shall require a \$10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal/external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below \$5,000. The applicant shall replenish the fund to the \$10,000 level within 10 days of notice that it has dropped below

\$5,000. Failure to replenish the deposit may result in City staff ceasing the processing of that project. Amendments to TIF districts require a \$2,500 deposit that will require replenishment if the funds drop below \$1,000.

PURPOSE OF GUIDELINES

Tax Increment Financing ("TIF") provides an urban development strategy for financing redevelopment in communities throughout the country. TIF creates incentives for private investment in urban redevelopment by applying the incremental growth in tax revenues resulting from private investment to achieve the overall purposes of redevelopment. TIF does not increase tax rates within a TIF district.

The following general guidelines have been developed in order to provide guidance to staff, developers and other interested parties with an understanding of the City of Maize's guidelines and requirements for TIF. As applicable, these guidelines shall apply to Sales Tax And Revenue ("STAR") financing as well as TIF.

BACKGROUND

The Kansas Legislature first authorized tax increment financing in 1976 through passage of K.S.A. 12-1770 et seq. The act allows for the issuance of special obligation or full faith and credit tax increment bonds, or pay-as-you-go tax increment financing, for qualified redevelopment projects.

Tax Increment Financing allows for the increase in tax revenues within the redevelopment district to pay for eligible redevelopment project costs. The "tax increment" is the increase in tax



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revenue resulting from the difference between aggregate assessed valuation of the property in the district after redevelopment compared with the value at the time of establishment of the redevelopment district ("Base Year"). The tax increment is used to pay for the eligible project costs while the revenues attributable to the Base Year valuation continue to go to all taxing districts. TIF revenues may be used to pay principal and interest on City bonds issued to finance eligible project costs or to reimburse developers for such costs on a "pay-as-you-go" basis.

GENERAL GUIDELINES

While TIF is an important and useful tool for revitalizing economically challenged areas of the community, it is essential that it is used appropriately to accomplish the City's economic development goals and objectives. The fundamental principal which makes public financing viable is that it is designed to encourage development which would not otherwise occur. The City is therefore required to determine that the project would not occur as proposed "but for" the assistance provided through TIF. The City may require documentation similar in form and substance as private financing institutions when asked to consider the use of TIF for a project.

The City shall consider using TIF in cases that serve to accomplish the City's targeted goals for economic development as they may change over time. These goals include projects that would result in redevelopment of underutilized areas, increase in the tax base, remove blight, revitalize targeted neighborhood areas, revitalize area impacted by floodplain/floodway in way that impacts development, and retain and expand businesses. The City may place special emphasis/priority on the use of TIF for specific categories of projects that serve to stimulate, revitalize the Maize economy, redevelop identified properties or enhance the quality of life in the City of Maize.

INCENTIVE OBJECTIVES

The City will use tax increment financing to accomplish these major objectives:

- A. Eliminate blighting influences throughout the city and/or encourage redevelopment of underutilized commercial and industrial areas in the city that result in high quality redevelopment and private investment.
- B. Increase the city's property tax base by providing high quality development.
- C. Encourage additional private development surrounding the redevelopment.
- D. Support redevelopment efforts that enhance and preserve unique urban features and amenities.
- E. To facilitate the development process and to achieve development on sites which could not otherwise be developed to its highest potential without the use of TIF.



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- F. To support the implementation of City Council approved neighborhood plans.

ELIGIBLE AREAS

The City will consider the establishment of redevelopment districts pursuant to TIF statutes for areas meeting one or more of the following criteria and where the conservation, development or redevelopment of such area is found to be necessary to promote the general and economic welfare of the City:

- A. *Blighted Areas*: To qualify for establishment of a redevelopment district under this criteria, the area must meet the conditions set forth in K.S.A. 12-1770a(c), except that areas located in a 100-year flood plain will only be considered if all property in the district not needed for drainage improvements is to be removed from the flood plain by the redevelopment project.
- B. *Conservation Areas*: Areas in eminent danger of becoming blighted in which most of the existing structures are over 35 years old may be considered for establishment of a redevelopment district, as set forth in K.S.A. 12-1770a(d).
- C. *Enterprise Zones*: Areas within a city that were designated as an enterprise zone prior to July 1, 1992 may be considered for establishment of a redevelopment district, as set forth in K.S.A. 12-1770a(h). A map showing the location of pre-1992 Enterprise Zones in Maize is available for viewing in the City Manager's Office.
- D. *Minimum Size*: Generally, a redeveloped district should be large enough to make a visible difference to the character of the greater area in which it is located, once it is redeveloped. As a guideline redevelopment districts should be at least 2 acres in size.

ELIGIBLE TIF COSTS

- A. The City of Maize will use Tax Increment Financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
- B. Projects intending to use tax increment financing must provide a public purpose statement to identify the public benefit served by the development.
- C. Tax Increment Financing will only be used in cases where the City has the financial capacity to provide the needed public assistance, the City Council deems it fiscally prudent to provide such assistance and the developer can clearly demonstrate that the development will be able to meet its financial and public purpose commitments.
- D. Alternatives, such as "pay-as-you-go" financing and reimbursing front-end public redevelopment costs with tax increment revenues, are preferable to bond financing and are to be considered and used when appropriate.



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- E. Full faith and credit TIF bonds will be used only when Special Obligation bonds are not financially feasible.
- F. Only those public improvements and public redevelopment costs directly associated with the proposed development plan or project should be financed through tax increment.
- G. Tax increment revenues shall be used primarily for public infrastructure and public improvements. Eligible expenses are defined pursuant to K.S.A. 12-1770a(o). The City approved uses include:
 - 1. Property acquisition
 - 2. relocation costs;
 - 3. site preparation, including demolition and environmental soil remediation;
 - 4. sanitary and storm sewers and lift stations;
 - 5. utility relocations and extensions;
 - 6. landscaping; lighting; paving, including parking lots;
 - 7. public streets;
 - 8. drainage conduits, channels, levees and river walk canal facilities;
 - 9. plazas and arcades;
 - 10. parking facilities, including multi-level parking structures; and
 - 11. costs associated with the above uses, such as design and financing.

Excluded uses are costs related to building construction, except for multi-level public parking structures and other uses specifically authorized by statute.

PROJECT REQUIREMENTS

- A. Tax increment financing will only be used as a final effort for funding. Developer must prove all other financing efforts have been exhausted.
- B. Projects should provide the highest possible private to public financial investment ratio. For TIF-only projects the ratio shall be 3 to 1, otherwise it shall be 2 to 1.
- C. TIF projects and development agreements will be prepared in a way to not place an additional ongoing financial burden on the City, including operating costs of TIF funded improvements.
- D. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
- E. Developer shall adequately demonstrate, to the City's satisfaction, an 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.



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City may request, at the developer's expense, a third-party analysis of the developer's capacity.

- F. An appropriate portion of the TIF proceeds should be used to pay for additional municipal facilities or public infrastructure beneficial to the TIF project. If the Developer requests infrastructure improvements benefitting the project, TIF funds will be prioritized for said improvements. The adequate proportion will be negotiated per project.
- G. Construction will commence within one year of City Council approval or development agreement will be void, unless extended by the City Council.
- H. Any developer-controlled land will have deed restrictions placed to ensure use and disposition of property cannot change without approval from the City.

PROJECT QUALIFICATIONS

All TIF projects considered by the City of Maize must meet all of the following requirements:

- A. Eligibility under state law;
- B. Project shall result in a minimum value increase of 3 times the Base Year assessed value;
- C. The developer shall demonstrate that the project is not financially feasible without the use of TIF;
- D. The project must be consistent with the City's Comprehensive Plan, Land Use Plan and Zoning Ordinances;

ECONOMIC ANALYSIS AND FINANCIAL REQUIREMENTS

A. Gap Analysis

All TIF projects will be analyzed to determine the need for financial assistance. TIF projects financed on a "pay-as-you-go" will be reviewed to determine the amount and level of assistance needed.

Applicants will be required to provide City Staff with proforma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment based on current market capitalization rates identified by a qualified third party.

TIF projects financed with bonds will not be approved without a financial analysis that demonstrates the project would not otherwise be possible without the use of TIF bond financing.



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B. Financial Feasibility Analysis

A financial feasibility analysis will be conducted by City Staff to determine the capacity and need for TIF financing.

C. Return On Public Investment

Return on Public Investment - Project's return on public investment will be reviewed by the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model.

D. Equity Contribution

TIF shall not be used to supplant cash equity requirements.

E. Developer (Personal) Guarantee

1. Developer may be required to personally guarantee 100% of the tax increment required to meet annual debt service payments on City bonds issued to finance TIF project costs. Letters of credit, bond insurance, pledged collateral or other acceptable form of credit enhancement will be required as additional security for the obligation.
2. Developer will agree to not protest the value assessed by County Appraiser's Office during the life of the Project, unless actual values exceed projected values used in TIF analysis by at least 150%.

F. Market Study

Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects. City may require a third-party market study when appropriate.

G. Term

The maximum term for a TIF project, per statute, is 20 years. However, preferences will be given to TIF projects with a shorter term.

H. Bond Issuance

In cases in which a bond issuance is requested, the City's Staff will work with the developer to calculate how much revenue will be raised from the TIF district and the principal amount of bonds that can be issued based on the tax revenue stream and a debt service coverage ratio acceptable to the City. Proceeds from the sale of the bonds will be used to pay for eligible improvements and costs pursuant to the Statute and development agreement.

I. Background Check

The City will conduct a background check on all TIF applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information

- needed to carry out such a background check. Information generated by the background check will be treated as confidential information to the extent allowed by the KORA.



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PROCEDURES FOR TIF APPROVAL AND FUNDING

A. Project Application

A developer interested in the use of Tax Increment Financing will prepare and submit a Project Application Packet to the City Manager, along with a \$5,000 application fee and \$10,000 deposit fee. An application will contain the following information:

1. Conceptual Project Plan - A preliminary plan that outlines the scope of the project including:
 - a. A description of the proposed project, including a public purpose.
 - b. Market study of the area that demonstrates the need and feasibility of the project.
 - c. Listing of project milestones.
 - d. A financial plan with costs, proposed funding sources, and evidence of a financing gap
2. Land Use Plan - Information regarding the proposed uses or changes to the land including:
 - a. Preliminary site plan of the proposed project and/or improvements
 - b. Proposed changes to current land use and infrastructure.
 - c. Any known environmental concerns.
 - d. Visual depictions of proposed project renderings or elevations.
3. Project Team - Provide names, affiliations and roles & responsibilities of the project team.
4. Supporting documentation - Other information that will provide the City with a better understanding of the proposed redevelopment. This information will assist the City in evaluating the project and understanding the commitment of the developer.

B. City Fees

The City shall be paid a non-refundable application fee of \$5,000 as well as a \$10,000 deposit fee. The \$10,000 deposit fee shall be applied toward staff time, expenses for any mailing or publications, internal or external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below \$5,000. The applicant shall replenish the fund to the \$10,000 level within 30 days of notice that it has dropped below \$5,000.

C. Department Review

The project application will be reviewed by City Staff for eligible costs and participation consideration.

D. TIF District Creation Process



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As prescribed by state law, the TIF district is established by city ordinance. The City Council will adopt a resolution to hold a public hearing for consideration of establishment of the redevelopment district. Upon conclusion of the public hearing the City Council will vote to determine if a redevelopment district should be established. Once established, one or more redevelopment projects may be undertaken within the district, either consecutively or concurrently.

E. Sedgwick County and School District Approval

The governing bodies of the county and school district have 30 days in which to decide as to whether the TIF will create an adverse impact and veto the establishment of the district. Sedgwick County has established a formal policy regarding review and approval/denial of a TIF redevelopment district.

REQUIREMENTS TO APPROVE TIF PROJECT

A. TIF Project Approval Process Overview

Each application for TIF assistance received by the City shall be diligently reviewed for the purpose of determining both (i) whether the proposed use of TIF meets the purpose, objectives and requirements of the City's TIF Guidelines, and (ii) the financial and experiential capacity of the developer.

Before TIF funds may be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility.

Project plans are first approved by the planning commission and then adopted by city ordinance, passed by 2/3 majority vote following a public hearing

B. Project Plan

In those instances where City staff believes the use of TIF assistance is appropriate, it shall then prepare a project plan with the developer for adoption by the City. The project plan per

K.S.A 12-1772 (a)(1)(2), will contain:

1. Feasibility Study Summary, which includes:
 - i) Whether a redevelopment project's benefits in terms of tax increment revenue and other available revenues are expected to exceed or be sufficient to pay for the redevelopment costs; and
 - ii) The effect, if any, the redevelopment project costs will have on any outstanding special obligation bonds per K.S.A. 12-1774 (a)(1)(D); and
 - iii) A statement of how the taxes obtained from the project will contribute significantly to the economic development of the area.
2. A reference to the district plan per under K.S.A. 12-1771.



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3. A description and map of the redevelopment area.
4. A relocation assistance plan if required.
5. A detailed description of the buildings and facilities proposed to be constructed or improved.

C. Development Agreement

The Development Agreement will outline the general obligations of the City and Developer regarding the TIF project and identify any additional requirements specific to the project. Without limitation, all development agreements shall include:

1. An expiration term based on the size and scope of the project, which may only be extended by City Council action.
2. Development agreement will be void if construction does not commence within one year of City Council approval unless extended by the City Council.
 - i) Due to the limited term of TIF financing, any delay of construction longer than one year will affect the cash flow necessary for the success of a project.
3. Developer will provide a "shortfall guarantee" that obligates the developer to make up the difference any year that TIF revenue is not sufficient to pay bond obligations.
4. Developer will agree to not protest the value assessed by County Appraisers during the life of the Project, unless actual values exceed projected values used in TIF analysis by at least 150%.
5. City's obligations are conditioned on final approval of use of TIF and other City funding.
6. Conditions precedent that shall identify all actions that must occur prior to the City obligating resources to the project. The Conditions precedent shall include:
 - i) Satisfactory evidence to the City that Developer has secured the loan commitment and any other sources of financing,
 - ii) City's satisfaction with the costs associated with the project in accordance with the City's plans, drawings and specifications, as needed,
 - iii) All approvals from the Historic Preservation Board and all similar approvals needed for development of the Project have been obtained in writing.
7. Developer will provide to County Appraiser, on an annual basis, an economic performance report including the Net Operating Income no



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later than March 1 of each year.

D. Periodic Reporting

1. For the duration of the construction and development period, a progress report shall be provided by the Developer, on a regular basis as determined by the size and scope of project, giving a status on the project in the TIF Plan and include:
2. Existing development to date,
 - a. Development projected to be built within the reporting period, and
 - b. Proposed revisions to the Development Plan, if any.
3. Economic performance report to the County Appraiser on NOI no later than March 1 of each year for the previous calendar year.
4. The developer shall file a report annually for two years after the date the benefit is received or until all goals set forth in the development agreement have been met, whichever is later. Reports shall be filed with the City of Maize no later than March 1 of each year for the previous calendar year.

E. City Council Adoption

Before TIF funds can be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility. Project plans are first approved by the planning commission and then adopted by city ordinance, passed by 2/3 majority vote following a public hearing.

F. Amendment of TIF

For any amendments to the TIF Project Plan or related development agreement the Developer shall pay an amendment fee of \$2,500. The City will require a \$5,000 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel and certain third-party consultants.



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SALE TAX AND REVENUE (STAR) BOND FINANCING

APPLICATION FEE

\$25,000 - Non-refundable

DEPOSIT

The City shall require a \$10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal/external legal counsel, bond counsel. This fee shall be replenished by the applicant if at any time the fund drops below \$5,000. The applicant shall replenish the fund to the \$10,000 level within 10 days of notice that it has dropped below \$5,000. Failure to replenish the deposit may result in City staff ceasing the processing of that project.

PURPOSE OF GUIDELINES

Sales Tax and Revenue financing ("STAR") provides a strategy for financing development of major commercial entertainment and tourism areas within the City. STAR creates incentives for private investment by applying the incremental growth in sales tax revenues resulting from private investment to achieve the overall purposes of development. STAR does not increase sales tax rates within a STAR district.

The following general guidelines have been developed in order to provide guidance to staff, developers and other interested parties with an understanding of the City of Maize's guidelines and requirements for STAR. The ultimate goal for STAR bond projects is to increase tourism and sales tax generation for the region and State. The Kansas Department of Commerce has the final input and approval for any STAR Bond districts and projects.

BACKGROUND

STAR Financing is an economic development tool authorized by the State of Kansas and requiring local participation. STAR allows for the increase in sales tax revenues within the district to pay for eligible project costs. The "tax increment" is the increase in sales tax revenue resulting from the difference between sales tax collection in the year a STAR bond district is established and the increased taxes collected following development of the commercial and tourism attraction. The tax increment is used to pay for the eligible project costs while the revenues attributable to the Base Year revenue continue to go to all taxing districts. All or a portion of the increased state sales and use tax revenues also may be used to repay the bonds, which typically have a 20-year repayment period.



City of Maize Economic Development Guidelines

GENERAL GUIDELINES

While STAR is an important and useful tool for creating a more vibrant and attractive City, it is essential that it is used appropriately to accomplish the State and City's economic development goals and objectives. The fundamental principal which makes public financing viable is that it is designed to encourage development which would not otherwise occur. The City may require documentation similar in form and substance as private financing institutions when asked to consider the use of STAR for a project.

INCENTIVE OBJECTIVES

The City will support STAR financing to accomplish these major objectives:

- A. Encourage the development of facilities that make Maize a desirable place to live but additionally create a development that generates positive tourism and visitation opportunities.
- B. Increase the city's property tax base by providing high quality development.
- C. Encourage additional private development surrounding the redevelopment.
- D. Support redevelopment efforts that enhance and preserve unique urban features and amenities
- E. To facilitate the development process and to achieve development on sites which could not otherwise be developed to their highest potential without the use of STAR.
- F. To support the implementation of City Council approved plans.

ELIGIBLE STAR COSTS

- A. The City of Maize will use STAR Financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
- B. Projects intending to use STAR financing must provide a public purpose statement to identify the public benefit served by the development.
- C. Only those public improvements and public development costs directly associated with the proposed commercial entertainment and tourism portion will be paid for with STAR bonds. Infrastructure costs related to the remainder of the development will be paid for privately or with Special Assessment financing.



City of Maize Economic Development Guidelines

- D. STAR revenues shall be used primarily for infrastructure and public improvements and only for expenses incurred after City and State approval. Eligible expenses are defined pursuant to K.S.A. 12-17, 160. The City approved uses include:
- a. relocation costs;
 - b. site preparation;
 - c. sanitary and storm sewers and lift stations;
 - d. utility relocations and extensions;
 - e. landscaping; lighting; paving, including parking lots;
 - f. streets;
 - g. drainage conduits, channels, levees and river walk canal facilities;
 - h. parking facilities, including multi-level parking structures; and
 - i. construction of a multi-sport athletic facilities;
 - j. costs associated with above uses, such as design and financing.
- E. Property acquisition may be a permitted use of STAR funds.

PROJECT REQUIREMENTS

- A. A project with at least a \$75 million capital investment and \$75 million in projected gross annual sales revenues in accordance with Kansas Star Bond language for a county defined as urban;
- B. A project located outside of a metropolitan statistical area that has been found by the Secretary of Commerce to be in an eligible area under Tax Increment Financing law and of regional or statewide importance;
- C. A major commercial entertainment and tourism area as determined by the Secretary of Commerce (Secretary);
- D. Projects should provide the highest possible private to public financial investment ratio (minimum 2 to 1).
- E. STAR projects and development agreements will be prepared in a way to not place additional ongoing financial burden on the City, including operating costs of STAR funded improvements.
- F. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
- G. Developer shall adequately demonstrate, to the City's satisfaction, an 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.



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City may request, at the developer's expense, a third-party analysis of the developer's capacity.

- H. Whenever possible, an appropriate portion of the STAR bond proceeds should be used to pay for additional municipal facilities or infrastructure.
- I. Construction will commence within one year of City Council approval or development agreement will be void, unless extended by the City Council.

ECONOMIC ANALYSIS AND FINANCIAL REQUIREMENTS

- A. Financial Feasibility Analysis: All applicants will be required to provide City Staff with pro forma cash flow analysis and sources and uses of funds. A financial feasibility analysis will be conducted by City Staff to determine the capacity and need for STAR financing.
- B. Return On Public Investment: The ratio of public benefits to public costs should be 1.0 to 1.0 as determined by a third-party analysis approved by the City.
- C. Equity Contribution: STAR shall not be used to supplant cash equity. Developer cash equity contribution shall be at least 15%. Deferred developer fees will not be considered equity.
- D. Market Study: Developer shall be able to demonstrate a market demand for a proposed project. STAR shall not be used to support purely speculative projects. City may require a third-party market study when appropriate.
- E. Background Check: The City will conduct a background check on all STAR applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Information generated by the background check will be treated as confidential information to the extent allowed by the KORA.



City of Maize Economic Development Guidelines

PROCEDURES FOR STAR APPROVAL AND FUNDING

A. Project Application

A developer interested in the use of STAR Financing will prepare and submit a Project Application Packet to the City Manager, along with a \$5,000 application fee. An application will contain the following information:

1. Conceptual Project Plan - A preliminary plan that outlines the scope of the project including:
 - i) A description of the proposed project, including a public purpose.
 - ii) Market study of the area that demonstrates the need and feasibility of the project.
 - iii) Listing of project milestones.
 - iv) A financial plan with costs, proposed funding sources, and evidence of a financing gap
2. Land Use Plan - Information regarding the proposed uses or changes to the land including:
 - i) Preliminary site plan of the proposed project and/or improvements
 - ii) Proposed changes to current land use and infrastructure.
 - iii) Any known environmental concerns.
 - iv) Visual depictions of proposed project renderings or elevations.
3. Project Team - Provide names, affiliations and roles & responsibilities of the project team.
4. Supporting documentation - Other information that will provide the City with a better understanding of the proposed redevelopment. This information will assist the City in evaluating the project and understanding the commitment of the developer.

B. Department Review

The project application will be reviewed by City Staff for eligible costs and participation consideration.

C. STAR Bond District Creation Process

As prescribed by state law, the STAR district is established by city ordinance. The City Council will adopt a resolution to hold a public hearing for consideration of establishment of the STAR district. Upon conclusion of the public hearing the City



City of Maize Economic Development Guidelines

Council will vote to determine if a STAR district should be established. STAR Bond districts and projects require approval from the Kansas Department of Commerce.

Once established, one or more STAR projects may be undertaken within the district, either consecutively or concurrently.

REQUIREMENTS TO APPROVE STAR PROJECT

A. STAR Project Approval Process Overview

Each application for STAR Bond financing received by the City shall be diligently reviewed for the purpose of determining both (i) whether the proposed use of STAR meets the purpose, objectives and requirements of the City's STAR Guidelines and underwriting guidelines, and (ii) the financial and experiential capacity of the developer.

Before STAR funds may be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility.

Project plans are first approved by the planning commission; then adopted by city ordinance, passed by 2/3 majority vote following a public hearing; and finally approved by the Kansas Department of Commerce.

B. Development Agreement

The Development Agreement will outline the general obligations of the City and Developer in regards to the STAR project and identify any additional requirements specific to the project. Without limitation, all development agreements shall include:

1. An expiration term based on the size and scope of the project, which may only be extended by City Council action.
2. Development agreement will be void if construction does not commence within the timeframe defined in the Development Agreement.
 - a. Due to the limited term of STAR financing, any delay of construction longer than one year will affect the cash flow necessary for the success of a project.
3. City's obligations are conditioned on final approval of use of STAR and other City funding.
4. Conditions precedent that shall identify all actions that must occur prior to the City obligating resources to the project. The Conditions precedent shall include:
 - a. Satisfactory evidence to the City that Developer has secured the loan commitment and any other sources of financing,



City of Maize Economic Development Guidelines

- b. City's satisfaction with the costs associated with the project in accordance with the City's plans, drawings and specifications, as needed,

C. Periodic Reporting

1. For the duration of the construction and development period, a progress report shall be provided by the Developer, on a regular basis as determined by the size and scope of project, giving a status on the project in the STAR Plan and include:
 - a. Existing development to date,
 - b. Development projected to be built within the reporting period, and
 - c. Proposed revisions to the Development Plan, if any.
2. Semi-annual report of the current and proposed retailers to locate within the STAR Bond District.
3. The developer shall file a report annually for two years after the date the benefit is received or until all goals set forth in the development agreement have been met, whichever is later. Reports shall be filed with the City of Maize no later than March 1 of each year for the previous calendar year.

D. Amendment of STAR

For any amendments to the STAR Project Plan or related development agreement the Developer shall pay an amendment fee of \$7,500. The City will require a \$7,500 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel

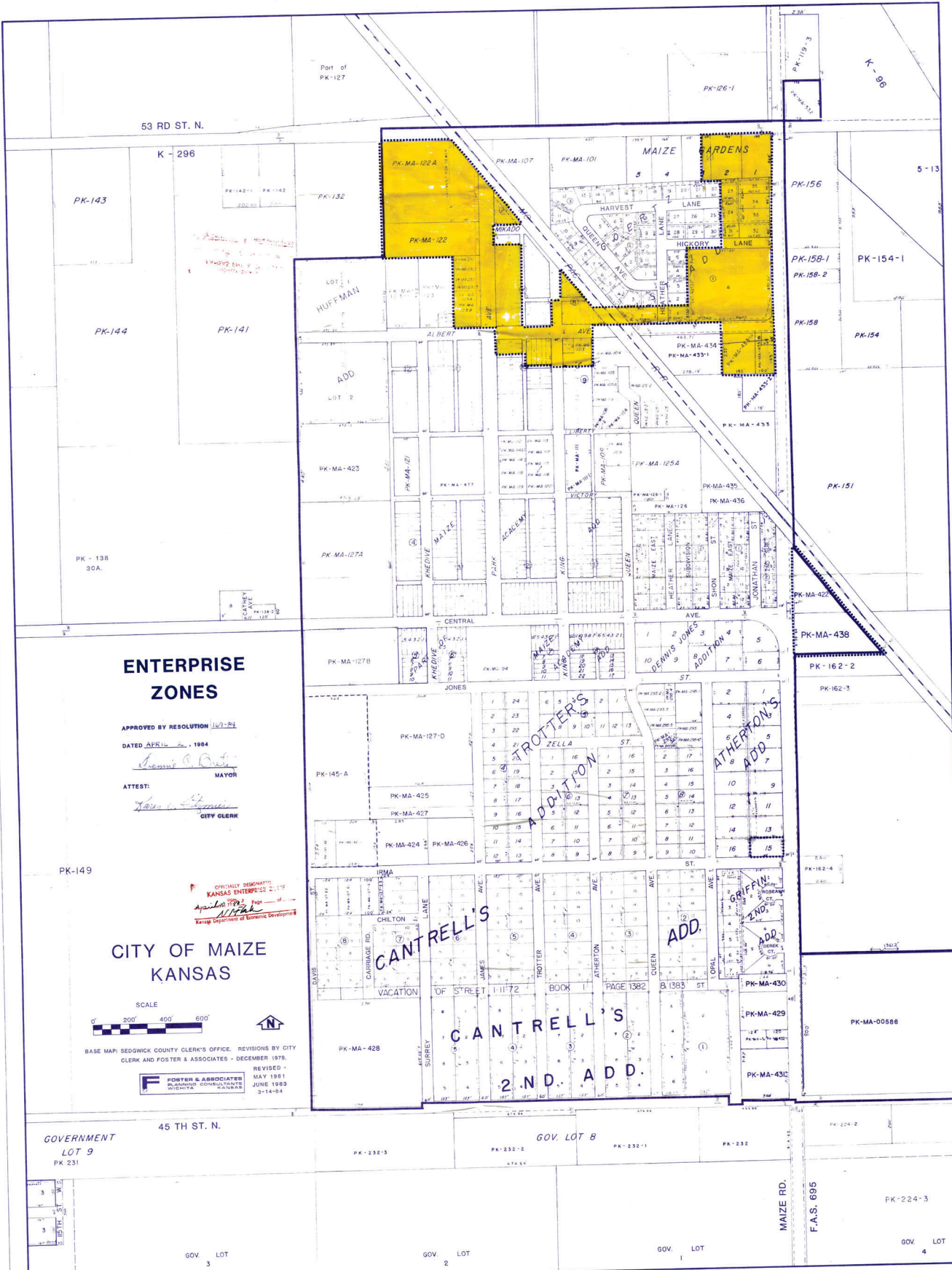
RELOCATION RESTRICTION

The relocation of existing businesses or tenants will not be permitted, unless the tenant will otherwise cease operations in the City. Projects will be evaluated to establish a reasonable distance radius around the development that restricts the relocation as well as a time period for which the restrictions will exist.

L. WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular STAR application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.





**ENTERPRISE
ZONES**

APPROVED BY RESOLUTION 103-24
DATED APRIL 10, 1984
James C. Bost
MAYOR
ATTEST:
John C. Thomas
CITY CLERK

**CITY OF MAIZE
KANSAS**



BASE MAP: SEDGWICK COUNTY CLERK'S OFFICE, REVISIONS BY CITY
CLERK AND FOSTER & ASSOCIATES - DECEMBER 1979.

REVISED - MAY 1981
JUNE 1983
3-14-84

GOVERNMENT
LOT 9
PK 231

45 TH ST. N.

GOV. LOT 8

MAIZE RD.

F.A.S. 695

PK-224-3

GOV. LOT
3

GOV. LOT
2

GOV. LOT
1

GOV. LOT
4