



Economic Development Advisor



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WHAT'S INSIDE

- Morris and Sullivan Share TIF Experiences
- TIF Law: Negotiating Tax Increment Financing Redevelopment Agreements
- 14th Annual Illinois Leadership Conference
- Nicor Gas Economic Re-development Program.

COMING EVENTS

- 14th Annual Leadership Conference, June 6, 2012
- 2012 Midwest Community Development Institute (CDI) August 6-9, 2012
- 2nd Annual Downstate Summit, September 20, 2012
- 99th Annual Municipal League Conference, October 18-20, 2012

For more information about these events, see: "News/Info" at: www.tifillinois.com

Renewed Optimism

Attorneys Tom Jacob and Herb Klein recently attended the 10th Annual Commercial Real Estate Forecast Conference in Chicago. Jacob & Klein Ltd. was a sponsor of the conference. At the conference the most recent edition of *Leading Lawyer* magazine was released. It features Tom Jacob as one of Illinois' top lawyers, as determined by his peers, in the areas of economic development law. The conference brought together nearly nine hundred professionals engaged in the real estate development and job creation field in Illinois.

At the conference, topics discussed included a discussion of the overall development market, legal issues impacting real estate development, financing and investing strategies, and an in-depth analysis of particular markets, such as the business office market, retail, multi-family housing including senior housing, and the industrial market including logistics and warehousing.

Of particular interest to many of the municipalities that our firm represents was a renewed optimism regarding the logistics/warehousing market. Early signs of a market recovery accompanied by renewed interest and investment in this area are evident. It was noted that the vacancy rate in the I-55 corridor is at its lowest in the last 3 years. As the Chicagoland market is the second largest warehousing/logistics market in the U.S, this is a positive trend for the potential for development along I-80, I-57, I-39 and farther south on I-55. The 200 jobs created for the \$30 million, 1 million s.f. North Central Distribution Center for PetSmart, Inc. (pictured at left) in Ottawa, Illinois was made possible with Tax Increment Financing.

It was noted that between 1998 and 2008 over fifteen million square feet of warehouse/logistics space was added to the Chicagoland market. Virtually none has been added since. As this space is finally beginning to be absorbed, many of the professionals in the field expect to see the first spec buildings in several years constructed in the latter part of 2012 with an emphasis on buildings in the area of 250,000 square feet. Rental rates which had dropped as low as near \$3.00 psf are rising to a range of above \$4.00 psf to the upper \$4's for class "A" space.

Tax Increment Financing is the only *municipally controlled* economic development tool available to Illinois communities. Several proposals are still pending in the Illinois Legislature that threaten the future of TIF at a time when the job creation has become more critical than ever before. Visit our "News/Info" tab at www.tifillinois.com for periodic updates and take a look at www.DownstateVoice.org for ways you can help protect our State's most vital economic development tools.

Jacob & Klein, Ltd. along with the Economic Development Group, Ltd. (EDG), together form Illinois' largest group of economic professionals. They serve as advisors to cities and developers concerning development districts, incentives, and entitlements. Representing over 175 TIF Districts and 71 cities, we have experience in generating commercial, industrial, and residential growth. Combined, our two firms offer more than 100 years of experience, integrity, and expertise for helping your community build a brighter future.



Tom Jacob selected as "Leading Lawyer"

The January 2012 issue of *Leading Lawyers Magazine* features Tom Jacob of Jacob & Klein, Ltd. for "laying the groundwork for economic development law" in Illinois. Published four times a year by the Law Bulletin Publishing Company, the list of *Leading Lawyers* is produced through thousands of contacts with Illinois lawyers asking them which of their peers they believe comprise the top lawyers in their field of expertise.

In 2009, Thomas N. Jacob & Associates, Ltd. merged with the Law Office of Herbert J. Klein in Peru, Illinois. "I worked with Herb for at least 10 years prior to that when he was with a law firm that represented school districts, so we were typically across the table from one another," says Jacob. When it came time to expand, Klein's practice was a good fit."

To view a reprint of the article and link to Tom Jacob's profile on the *Leading Lawyers Network*, visit the "News/Info" tab at www.tifillinois.com.



23RD ANNUAL RURAL COMMUNITY ECONOMIC DEVELOPMENT CONFERENCE



Mayor Richard Kopczick, Morris, Illinois (pictured above):

Morris and Sullivan Share TIF Experiences

“Reap What You Sow and Help Your Town Grow” was the message of the day from Richard Kopczick (pictured at right), Mayor, City of Morris, Illinois (pop. 13,636), and Ann Short, Mayor, City of Sullivan, Illinois (pop. 4,440), at the 23rd Annual Rural Community Economic Development Conference held on March 7-8, 2012 in Peoria, Illinois.

Hosted by the Illinois Institute for Rural Affairs, a rural economic development think tank based at Western Illinois University, more than 300 conference attendees participated in this learning and networking event. Mayors Kopczick and Short offered insightful reviews of how their respective communities have effectively utilized Tax Increment Financing (TIF) for more than 20 years.

Stephany McMahon, Director of Sullivan Economic Development, co-presented several TIF performance measures with Mayor Short. Ms. McMahon indicated the City of Sullivan used TIF to design a downtown facade and matching grant program whereby more than 30 projects have been completed at a value of more than \$800,000. In addition to numerous private redevelopment projects, Mayor Short shared the City's experience with issuing \$8.3 million of Build America Bonds in 2010 by pledging previously unencumbered real estate tax increment generated annually by the City's three

TIF Districts. “The City issued these bonds for the purpose of upgrading the City-owned electric utility generators and other public infrastructure projects,” said Short. “These bonds will be repaid solely from TIF over the next 13 years at a rate of interest slightly higher than 3%.”

Mayor Kopczick reported on the stunning success the City of Morris has experienced with TIF since 1986. The City's TIF District annually generates nearly \$5 million of real estate tax increment. “Morris has undertaken more than \$50 million of public and private projects using TIF and still returns half of the increment to the other taxing bodies each year through Intergovernmental Agreements,” said Kopczick.

Jacob & Klein, Ltd. and The Economic Development Group, Ltd. is a proud sponsor of the Annual Rural Community Economic Development Conference and congratulates these communities for having the foresight to sow the seeds of success so many years ago. By establishing TIF Districts, these cities have continued to grow and prosper during our nation's worst economic recession in more than 75 years!

- “The City of Morris established a TIF District in 1986.”
- “The net taxable equalized assessed value of the Morris TIF Redevelopment Project Area has increased nearly \$70 million.”
- “The Morris TIF District, legislatively extended through tax year 2021, generates nearly \$5 million annually and returns 50% of those funds to the overlapping taxing bodies.”





TIF Law



Negotiating Tax Increment Financing Redevelopment Agreements

Attorney Herb Klein, Jacob & Klein, Ltd., recently published an article entitled "Negotiating Tax Increment Financing Redevelopment Agreements" in the Illinois State Bar Association's *Local Government Law* newsletter. Excerpts are provided below. For a complete pdf copy of the article, see "News/Info" at www.tifillinois.com.

The TIF Redevelopment Agreement serves as the governing document for administering and determining disbursements from the Special Tax Increment Allocation Fund to a private developer.

As these agreements typically exist for a number of years, care should be taken to address all known and reasonably anticipated issues in a clear and unambiguous manner. The agreement should address several important items, such as:

1. Preamble setting forth the statutory authority for the agreement.
2. Project Description and Costs - an accurate description of the Project and all related "TIF eligible project costs" should be set forth with adequate specificity.
3. Project commencement and completion deadlines.
4. Developer representations and authority to enter contract.
5. Municipal representations relating to validity of the TIF District and other requirements of Illinois law.
6. Project financing - sources of funds and description of obligations.
7. Fees and costs relating to administration of the Redevelopment Agreement.
8. TIF incentives offered and limitations of such incentives.
9. Payment of incentives and verification requirements.
10. Limited obligation of the Municipality relating to use of TIF funds only.
11. Balance of increment to be used by the Municipality for other TIF eligible purposes.
12. Developer Indemnification and Municipal Protection against breach of contract and third parties.
13. Default Clause.
14. Assignment of benefits.
15. Term of the Agreement.
16. Economic Incentive Agreements, if applicable, relating to Retailer's Occupation Tax.
17. Insurance requirements.
18. Allowance for liens on Project.
19. Prevailing Wage Act applicability.
20. Jobs created and/or retained.
21. Rebuttal of Joint Venture/Partnership with Municipality.
22. No personal liability of Municipal officials.
23. No conflict of interest.
24. Amendments/changes to agreement and/or Project.
25. Miscellaneous provisions such as severability, notices, binding authority, force majeure, choice of law, waivers and recovery of fees upon default.

14th ANNUAL ILLINOIS LEADERSHIP CONFERENCE: VISION INTO ACTION JUNE 6, 2012 KELLER CONVENTION CENTER, EFFINGHAM, ILLINOIS

Vision into Action is an action-packed, highly interactive workshop that will leave you with a roadmap for your community or organization. We'll start from the beginning, with a long-term vision, then we'll build an action plan to start making that vision happen. This roadmap uses an innovative planning framework that energizes communities and organizations to focus on assets and opportunities, rather than issues and threats. People who have survived traditional planning processes will find this a refreshing turn on a common need -- namely envisioning where you want to go and then, without delay, moving in that direction.

To learn more, attend the 14th Annual Illinois Leadership Conference at The Keller Convention Center in Effingham, Illinois, on June 6th. The conference will feature nationally known speaker Milan Wall of the Heartland Center for Leadership Development. Milan Wall is one of the nation's most highly respected and sought-after workshop leaders, who fills his presentations with examples of his work in hundreds of communities with thousands of community leaders over a 30-year career in community and leadership development. His knowledge and insight about community vitality will inspire you to make an even greater contribution to your work back home as a leader in your organization or your community.

Participation is limited, so register early at:
<http://web.extension.illinois.edu/illinoisleadership/>



Who should come? The conference is designed for anyone in a leadership position in a community or organization, serving on a board of directors, working on community projects or with committees, and seeking to manage and lead more effectively.

What is the cost? Cost of the conference is \$75, and includes refreshment breaks, lunch, and all materials. Scholarships and CEUs are available. For more information, contact: Anne H. Silvis, University of Illinois Extension, at asilvis@illinois.edu.

Jacob & Klein, Ltd and The Economic Development Group, Ltd are proud sponsors of this event.

Nicor Gas Economic Redevelopment Program

The Nicor Gas Economic Redevelopment Program offers technical assistance and financial incentives for energy-efficient upgrades and renovations in existing commercial and industrial facilities. The program focuses on assisting communities within the Nicor Gas service territories where local leaders are searching for innovative approaches to stimulate new private investment and economic redevelopment. Businesses and organizations that create jobs, offer community services or provide affordable housing are excellent candidates for this program.

SERVICES AND INCENTIVES include expert advice for identifying and installing energy-efficient improvements.

Services include:

- Complete evaluation of the project and design documents;
- Detailed analysis of recommended energy-efficient technologies and systems, estimated savings and economic incentives that are available through Nicor and other sources;
- Assistance in applying for resources from other compatible redevelopment programs; and
- Design review and construction oversight to ensure quality results.

Incentives include:

- Technical consulting, design and engineering assistance (up to \$20,000 value) provided at no cost;
- Financial incentives of up to \$0.65 per therm (up to \$100,000) per project based on the performance of energy-efficient equipment and systems; and



- Financial incentives for design teams to help cover the cost of design services.

WHO CAN QUALIFY? This program is open to commercial, industrial facilities and large multifamily buildings served by Nicor Gas. To qualify, projects should fit the following guidelines:

- Although not always required, ideal projects should promote economic redevelopment and be located in a **Tax Increment Financing District**, an Enterprise Zone or other economically challenged areas.
- Targeted facilities must be at least 10,000 square feet in size.
- Project plans must be early in both the design process and the process for selecting components and systems to be improved.

For more information, contact:
Nicor Gas Energy Efficiency Program
Economic Redevelopment Team
Ph: (773) 328-7040 or by email to:
ERP@cntenergy.org.

“The Nicor Gas Redevelopment Program and TIF are extremely compatible”



TIF Illinois Tip: The Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4 *et. seq.*) defines the rehabilitation, renovation and repair of existing public and private facilities as a TIF eligible project cost. Energy-efficient improvements like those described above in the Nicor Gas Economic Redevelopment Program are consistent with the TIF Act, thereby making these two incentive programs extremely compatible. To learn more about how TIF District incentives may be augmented with the Nicor Gas Economic Redevelopment Program or other similar offers in your community, contact Jacob & Klein, Ltd. and The Economic Development Group, Ltd. by calling (309) 664-7777 or visit online at www.tifillinois.com.