

**Framework for Development Financing Assistance
City of Stillwater
Downtown Campus Link Project Plan
August 3, 2020**

Committee Mission Statement:

The Implementation Policy Committee (Committee) will review the Implementation Policy Guide for Assistance and recommend to Stillwater Economic Development Authority (SEDA) amendments as determined to be necessary and appropriate from time to time. The Committee will review applications for assistance for compatibility with the project plan, the City of Stillwater's (City) Land Development Code and City Standards, will evaluate the qualifications of the applicant including financial capacity and experience, make a determination about the appropriateness of the request for public financial assistance, and recommend appropriate developer performance parameters and requirements.

Committee Vision

To evaluate requests for funding from the Tax Increment Financing (TIF) District in a logical, defensible and evenhanded manner to further development activity within the project area.

Committee Values

The Implementation Policy Committee's work will be guided and informed by commitments to:

1. Transparency
2. Improving the community of Stillwater by encouraging and supporting new and unique opportunities
3. Encouragement of entrepreneurship within the Stillwater business community
4. Unbiased evaluation methodology
5. Talent retention
6. Citizen involvement

Types of Eligible Development Assistance in Development Financing

1. General Project Improvements
 - a. Development of vacant property
 - b. Significant renovation or rehabilitation of an existing structure or redevelopment of property located within the increment district with a project investment greater than \$200,000
2. Small Business Enhancements
 - a. Enhancements to the exterior of an existing retail, restaurant, or personal service small business located within the increment district
3. Significant Impact Developments
 - a. Development costs greater than \$4,000,000 or
 - b. New or substantially expanded enterprises generating new employment and meeting multiple project plan objectives.

Developments may be eligible in more than one category and may choose the one most beneficial.

Framework for Committee Recommendations for Project Assistance Requests

1. Environmental, Social, and Governance (ESG) criteria
 - a. Environmental criteria consider how a company performs as a steward of the environment, nature, and our natural resources.
 - i. Energy use, waste, pollution and natural resource conservation
 - ii. Environmental risks and government regulation compliance
 - b. Social criteria examine how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
 - i. Business relationships
 - ii. Community philanthropy
 - iii. Employee working conditions
 - c. Governance deals with a company's leadership and ethical practices.
 - i. Ethical business dealings
 - ii. Succession planning (key in determining payback period)
 1. Track record
 2. Viability past current ownership/management
 - iii. Sound business practices
2. Quality Jobs
 - a. New jobs to the community
 - b. Jobs with impactful compensation
 - c. Training/employment pipelines
 - i. Internships
 - ii. Retention of talent
 - iii. Primary jobs
3. Community Impact
 - a. Locally stimulated development
 - b. Name recognition and goodwill
 - c. Increase in activity and attractions in the project area
 - d. Increase in community revenue:
 - i. Increased permitting and development fees
 - ii. Increase in property values
 - iii. Increase in sales/use tax revenue
 - iv. Increase in utility demand
 - v. Increase in airport demand
 - e. Induced real property growth and redevelopment inside/outside the project area
 - f. Service/goods not available within the project area and/or community
4. Project financing
 - a. Owner equity
 - b. Debt financing
 - c. Dependence on upfront TIF funding
 - d. Will project commence without TIF funding
5. Funding payout/back would be determined in part based on the governance aspects listed above. Baseline payout/back period would not exceed 10 years.
6. Developers are expected to finance the entire cost of the project and submit claims for reimbursement after the project has been completed (Certificate of Occupancy issued if applicable) per the terms outlined in the development agreement.

7. Upfront financing will be awarded based on the presence/absence of criteria listed above and available funding.
8. Stillwater Economic Development Authority will require certain measures to ensure the completion of the project and the collection of sales and property taxes sufficient to fund the project. Those measures can include but are not limited to:
 - a. Surety bond or insurance policy
 - b. Payment in lieu of taxes by the developer
 - c. Nonperformance penalties
 - d. Property liens
 - e. Mortgages tied to performance with balloon repayment feature
 - f. Minimum operation period by developer

Framework for General Project Improvements Assistance Award

1. Award is based on the estimated hard construction costs of the project, which are defined as the actual and direct construction costs of the material, labor, and improvements associated with a development. Such costs exclude developer’s fees and other soft costs including but not limited to architectural, engineering, financing and legal fees, and other pre- and post-construction fees and expenses.
2. The Committee will recommend a base assistance amount as a percentage of hard construction costs be awarded to the project as follows:

Project Completion	Dec. 31, 2023	Dec. 31, 2026	Dec. 31, 2029	By End of Increment District
Percentage of Hard Construction Costs	12%	10%	8%	6%

3. The Committee will recommend additional assistance amounts as a percentage of hard construction costs be awarded to the project based on the following items:
 - a. ESG criteria (2%)
 - b. Quality Jobs (2%)
 - c. Community Impact (2%)
 - d. Project financing (2%)
4. Additional assistance amounts as a percentage of hard construction costs could be deducted from the project based on the following items:
 - a. Duplicate offerings found elsewhere within the project area or community (?%)
 - b. Absence of any of the above items deemed essential based on the proposal. (?%)

Framework for Small Business Enhancements Assistance Award

1. Application must be made and approved before the project begins.
2. Award will be equal to 50% of the cost of the approved improvements or \$1,500, whichever is less.
3. Documentation of expenditures must be provided to City and verified before any project reimbursement is issued.

Framework for Significant Impact Development Assistance Award

1. Committee has the discretion to award additional percentage of funding based on the unique nature of the project and its positive impact to the project area and community as a whole. (?%)
2. Development costs are defined as the actual and direct total construction costs (soft and hard costs) of the material, labor, and improvements associated with a development.
3. The basis for the Committee’s recommendation for public financial assistance for Significant Impact Development is as follows:

Project Completion	Dec. 31, 2025	Dec. 31, 2028	Dec. 31, 2031	By End of Increment District
Percentage of Total Development Costs	22%	20%	18%	16%

4. Substantially expanded enterprises generating new employment is defined HOW??
 - a. Percentage increase in square footage of building area
 - b. Percentage increase in number of jobs in total, by class, by wage
 - c. Percentage increase in projected sales volume
 - d. Addition of currently unserved or underserved business lines

Application:

1. See attached application packet.

Workflow:

1. Completed application is submitted to *City Clerk* who time stamps the application.
2. *City Clerk* determines which types of financial assistance is requested.
3. *City Clerk* attaches routing and evaluation form to application.
4. *Planning* reviews application and certifies the following:
 - a. Is the proposed development within the Project Area?
 - b. Does the proposed development follow City of Stillwater design and density standards? Comprehensive Plan? Downtown Plan? Special area plans? Zoning requirements?
 - c. Evaluation of hard construction budget for reasonableness.
 - d. Note permits and fees required based on application.
 - e. Subject property owned by developer? Acquiring subject property?
5. *Planning* routes application to *Deputy City Manager* to certify the following:
 - a. Subject property owned by developer? Acquiring subject property?
 - b. Is the development construction budget greater than \$200,000?
 - c. Is the development construction budget greater than \$4,000,000?
 - d. Is the development new or substantially expanded enterprises generating new employment and which meet multiple project plan objectives?
 - e. What is the hard construction cost budget for General Project Improvements?
 - f. What is the hard construction cost budget for Significant Impact Developments?
 - g. Completion date of development – determined by issuance of certificate of occupancy.

- h. Base award determined by completion date.
 - i. Evaluation of additional award based on the following project attributes:
 - i. ESG
 - ii. Quality Jobs
 - iii. Community Impact
 - iv. Project Financing
 - v. Return on Investment
 - j. Recommendation routed to City Manager and Assistant City Manager for review.
6. *City Manager and Assistant City Manager* review proposed development.
 7. All applications are routed to the *Citizen Implementation Committee* for review.
 8. *Citizen Implementation Committee* reviews the proposed development package for the following:
 - a. ESG
 - b. Quality Jobs
 - c. Community Impact
 - d. Project Financing
 - e. Return on Investment
 9. *Citizen Implementation Committee* may remand the proposed development application back to staff and the developer for revision.
 10. *Citizen Implementation Committee* sends final recommendation for acceptance or denial to *Stillwater Economic Development Authority*.
 11. *Stillwater Economic Development Authority Trustees* have final review of the proposed development project. *Stillwater Economic Development Authority Trustees and City Council* may concur with the *Citizen Implementation Committee*, direct staff to enter into a development agreement with identified revisions for the project, or proceed in a different direction.