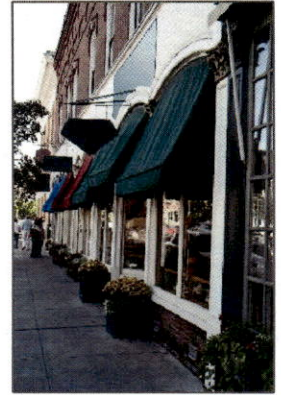


BUSINESS DEVELOPMENT AND REDEVELOPMENT DISTRICTS

A Business Development and Redevelopment District (BDD) is a special financing program created by a municipality to encourage the development of new businesses in targeted areas of the community. This program enables attractive development on vacant properties and redevelopment of existing properties within a designated BDD Area. New business development will increase local services and amenities, increase employment opportunities, and increase sales and property tax revenues to the municipality and other taxing bodies.



The tool is very flexible and allows districts to collect up to 1.0% additional retail sales tax and hotel tax to fund any project that benefits the district. Business Development Districts allow municipalities to make and enter into all contracts necessary or incidental to the furtherance of a business district plan – including payments to private developers for business district project costs.

Eligible Project Costs within Business Development Districts

(Excerpt from 65 ILCS 5/11-74.3-5)

"Business district project costs" include the sum total of all costs incurred by a municipality, other governmental entity, or nongovernmental person in connection with a business district, in the furtherance of a business district plan, including, without limitation, the following:

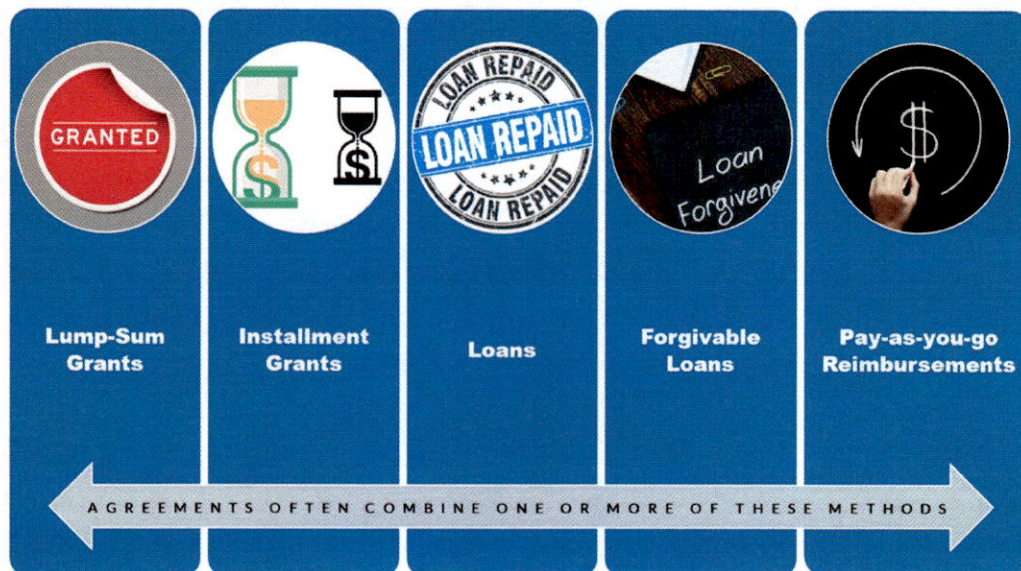
- **Plans & Studies:** Costs of studies, surveys, development of plans and specifications, implementation and administration of a business district plan, and personnel and professional service costs including architectural, engineering, legal, marketing, financial, planning, or other professional services, provided that no charges for professional services may be based on a percentage of tax revenues received by the municipality;
- **Land Acquisition:** Property assembly costs, including but not limited to, acquisition of land and other real or personal property or rights or interests therein, and specifically including payments to developers or other nongovernmental persons as reimbursement for property assembly costs incurred by that developer or other nongovernmental person;
- **Site Preparation:** Site preparation costs, including but not limited to clearance, demolition or removal of any existing buildings, structures, fixtures, utilities, and improvements and clearing and grading of land;
- **Public Infrastructure:** Costs of installation, repair, construction, reconstruction, extension, or relocation of public streets, public utilities, and other public site improvements within or without the business district which are essential to the preparation of the business district for use in accordance with the business district plan, and specifically including payments to developers or other nongovernmental persons as reimbursement for site preparation costs incurred by the developer or nongovernmental person;
- **Renovations to Existing Buildings:** Costs of renovation, rehabilitation, reconstruction, relocation, repair, or remodeling of any existing buildings, improvements, and fixtures within the business district, and specifically including payments to developers or other nongovernmental persons as reimbursement for costs incurred by those developers or nongovernmental persons;
- **Construction of New Buildings:** Costs of installation or construction within the business district of buildings, structures, works, streets, improvements, equipment, utilities, or fixtures, and specifically including payments to developers or other nongovernmental persons as reimbursements for such costs incurred by such developer or nongovernmental person;

□ **Reduced Financing Costs:** Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations, payment of any interest on any obligations issued under this Law that accrues during the estimated period of construction of any development or redevelopment project for which those obligations are issued and for not exceeding 36 months thereafter, and any reasonable reserves related to the issuance of those obligations; and

□ **Relocation Costs:** Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law.

General Procedure for Municipality to Approve BDD Assistance for Private Redevelopment Projects

1. Receive completed **BDD Application** for a proposed BDD Project that is within the BDD Area.
2. Evaluate the proposed **BDD Project**. Some projects may require more extensive negotiation and analysis, including the review of proforma projections.
3. Determine appropriate scope and type of **BDD Assistance**. Common types of assistance include:



4. Prepare and approve an appropriate written **Redevelopment Agreement** that is approved by the Corporate Authorities. Special Programs may be designed whereby a separate, specific application form may serve as a binding agreement upon submission by the applicant and subsequent approval by the municipality.
5. **Verify BDD-eligible Project Costs** incurred by Applicant.
6. **Reimburse BDD Funds** pursuant to the BDD Act and the terms of the Redevelopment Agreement.
7. **Measure and evaluate the results.**