

An Ordinance to add Chapter 17 Article 5; Urban Development and Establish the Carthage Redevelopment Corporation in the City of Carthage, Missouri.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CARTHAGE,

JASPER COUNTY, MISSOURI as follows:

SECTION I: The Mayor shall establish the Carthage Redevelopment Corporation, Inc in accordance with Chapter 353 RSMo. A copy of the proposed Articles of Agreement are attached as Exhibit A.

SECTION II: Eligibility.

Eligible Areas: “Blighted areas” in Missouri. For purpose of 353 tax abasement the term “blighted area” is defined as: “an area which, by reason of the predominance of unsanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.”

SECTION III: Statutory Requirements.

The City must determine that certain requirements have been met before approving a development plan ("353 Plan") filed by the Urban Redevelopment Corporation (URC). These requirements are set forth under 353.020 to 353.150 of the Revised Statutes for the State of Missouri (RSMo).

The following criteria are the minimum standards or thresholds that must be met to qualify for potential benefits under RSMO chapter 353.

1. The project shall occur within an incorporated portion of the City
2. The project must occur on property that is deemed blighted by the City.
3. If the project involves a building(s) previously deemed historical and contributing to an historic district, the project shall restore the property in a manner faithful to its historical context.
4. The project shall include a minimum level of improvements to the real property (not including inventory, personal property, etc.) and defined as a percentage of the appraised value prior to the start of the project:
 - a. If involving an existing structure(s), the project must show a minimum investment in improvements to the real property greater than 50%
 - b. If the project involves new construction, the project must show an investment in improvements to the real property greater than 200%
5. The project shall result in the creation of a minimum number of new jobs or new living units

based on the type of project:

- a. If a commercial project, at least 3 jobs must be created.
- b. If an industrial project, at least 6 jobs must be created.
- c. If a residential project, at least 4 new living units must be created.

SECTION IV. Guidance and Policies.

1. Abatements will be structured to apply to the improvements only. Abatements on the base real estate property tax will not be allowed. If the property was not taxable prior to the project, the pre-project assessed value will be established as the base.
2. The City may approve RSMO 353 tax abatements for up to 25 years to encourage redevelopment in blighted areas. During the first 10 years, up to 100% of the incremental increase in real property taxes can be abated. For the next 15 years, up to 50% of the incremental increase in real property taxes can be abated.
 - a. The duration of abatements may be shorter than the maximum allowed by law. Criteria for making this determination shall be based on such factors as the magnitude and potential impact of the project as well as the extent the project meets or exceeds the original qualification criteria.
 - b. Payment in lieu of taxes ("PILOT") may be imposed on the project by contract to achieve an effective tax abatement that is less than the abatement established by state law. PILOTs are paid on an annual basis to replace all or part of the abated real estate taxes. PILOTs will be allocated to each taxing entity according to their proportionate share of ad valorem taxes.
3. Abatements should not be authorized unless a public benefit results and the abatement can reasonably be expected to reduce or eliminate blight in the area.
4. It is important to seek support from the Jasper County Commission, Carthage School District and other taxing entities for 353 tax abatements on a project-by-project basis.
5. The City is not required to approve any project or extend any benefits and incentives to any plan and reserves the right to deviate from the literal interpretation and application of these policies.
6. Projects granted tax abatements may be required to submit to an annual review, if requested by the City, to ensure that ownership and other qualifying criteria continue to be adequately satisfied.

SECTION V. Submission of Proposed Development Plans.

- A. **Formal Letter of Intent**: Any commercial, residential or industrial prospect can submit a Letter of Intent to apply for 353 tax benefits resulting from a proposed investment in a "blighted" area. This should be sent to the attention of the City Clerk or to the contact established in the initial inquiry. At a minimum the letter of intent should include:
 1. Applicant information including name, address, contact phone and email address.
 - i. If the applicant is a corporation, provide the corporate headquarter location and a designated representative's contact information.

- ii. If the applicant is a partnership, include information for each member and designate one person to be the primary contact.
- 2. Property information including the location, current use, applicant's reason for belief the property is blighted, as well as the current ownership status of the property.
- 3. Project proposal including a plan for development of the property, a tentative project timeline and budget, current and proposed photos and designs of the property, and the type of development (residential or commercial).
 - i. If a residential project, provide information such as a proposed rent schedule, the number of units involved, and whether the units are to be occupied by elderly, low income families, market-rate rentals or condominiums.
 - ii. If a commercial or retail project, describe the estimated number of post construction jobs this will generate, whether they are full or part time, and the estimated average hourly rate
- 4. Additional information if the project will result in an existing business or facility to relocate, and why the relocation will benefit the city.

B. **Initial Review:** Upon receipt of a letter of intent, the Mayor and other City representatives will review the proposed project.

- 1. Whether the preliminary information provided in the letter of intent appears to meet or exceed the Redevelopment Criteria, and
- 2. If the applicant has made a compelling argument for the property's proposed blighted status, then
- 3. If the proposed project and location are deemed as potentially qualifying, a City representative will be assigned to assist with:
 - i. Preparing a digital and hard copy project folder that includes the letter of intent content and all future information obtained for the project.
 - ii. Arrange a meeting with the applicant to review the letter of intent and review the requirements of the formal application.
 - iii. Provide written notification to the Jasper County Commission, the Carthage School District, the Carthage Redevelopment Corporation and City of a proposed project that appears to meet the minimum criteria, the estimated investment, type of project, and the number of proposed jobs or residential units.

C. **Formal Application:** For the formal application, a City representative will provide some assistance to the applicant in collecting additional required information for submission to the Carthage Redevelopment Corporation. The goal is to provide enough information to clearly establish the developer's final intent. This includes:

- 1. Information provided in the original letter of intent (enhanced or improved as needed).

2. Any drawings of renovation plans, plot plans, parking, etc.
3. A legal description of the property.
4. The current property taxes on the property.
 - i. If the property is not currently taxed (i.e. city or NFP owned), include an appraisal or contract to purchase that can establish the value of the property and potential property taxes that will be generated in its present state.
5. The estimated appraised value of the property once the project is completed. If the project will be completed in phases, include a timeline of the project including major milestones throughout the construction and development of the property.

SECTION VI. Carthage Redevelopment Corporation Review.

The formal application will be submitted to the CRC for review and evaluation. The CRC is expected to make the following determinations and then meet with the Mayor and City Representatives to review their findings:

1. If the project property is located within the city limits.
2. If the CRC concurs with applicant's belief the property is either blighted or located in a blighted area.
3. If the proposed project meets the goals and requirements of the CRC.
4. Determine the value of the investment if the project proceeds.
5. Recommend a 353 tax abatement schedule with respect to abatement levels and schedule.

SECTION VII. Council hearing and determination.

1. If it is determined the application meets the goals and policies of the CRC and the City, a public hearing before the City Council shall be set.
 - a. A notice of hearing shall be advertised in the newspaper of local circulation not more than 21 days and not less than 7 before the hearing or in accordance with the most current state notification law.
 - b. A letter will be sent to all taxing entities whose boundaries include any portion of the proposed development property,
 - c. All notices must include:
 - i. the date, time and place of the hearing
 - ii. that comments will be invited.
 - iii. a written statement of the impact on ad valorem taxes such tax abatement will have on the political subdivisions (a "tax impact statement"). The tax impact statement must include, at a minimum, an estimate of the amount of ad valorem tax revenues of each political subdivision that will be affected by the proposed tax abatement

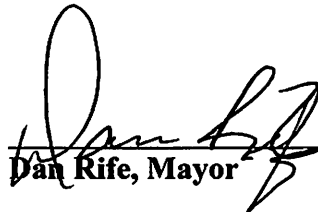
2. At the public hearing any interested person and the applicant corporation may be heard. After the public hearing the council may:
 - a. Unconditionally approve the plan and authorize the mayor on behalf of the city to enter into a redevelopment agreement with the corporation.
 - b. Approve the plan subject to conditions or restrictions and authorize the mayor on behalf of the city to enter into a redevelopment agreement with the corporation.
 - c. Require the corporation to make changes in the plan for resubmission to the council.
 - d. Disapprove the plan.
3. If the plan is approved, the council may adopt the plan by ordinance which may also incorporate the redevelopment agreement between the city and the corporation regarding the implementation of the plan.

SECTION VIII. Post Hearing.

1. After the public hearing, the municipality may approve a development plan by ordinance. No tax abatement available under a development plan will be permitted until:
 - a. The developer enters into a redevelopment agreement with the municipality describing the terms and conditions of the abatement and
 - b. Title to the property at issue passes to the CRC so deed restrictions can be applied binding the property and development to the terms of the development plan before deeding it back to the developer.
 - c. If the city council approves a development plan, that plan shall not thereafter be amended without the consent of the corporation which proposed the approved plan.

SECTION IX: This Ordinance shall take effect and be in force from and after its passage and approval.

PASSED AND APPROVED THIS 25th DAY OF APRIL, 2023.



Dan Rife, Mayor

ATTEST:



Miranda Deal, City Clerk

**ARTICLES OF AGREEMENT
OF
CARTHAGE REDEVELOPMENT CORPORATION, INC.**

The undersigned natural persons of the age of eighteen years or more for the purpose of forming and incorporating a corporation under The Urban Redevelopment Law of the State of Missouri (Chapter 353 of the Missouri Revised Statutes) adopts the following Articles of Agreement:

ARTICLE I

The name of the corporation (hereinafter referred to as the "Corporation") is Carthage Redevelopment Corporation, Inc.

ARTICLE II

The purposes for which the Corporation is formed are:

- (a) To acquire, construct, maintain and operate a redevelopment project or projects in accordance with the provisions of The Urban Redevelopment Corporations Law of the State of Missouri, Chapter 353 of the Missouri Revised Statutes, as now enacted or hereafter amended; and
- (b) In general, to have and exercise all powers conferred by the laws of Missouri upon corporations formed under the laws of The Urban Redevelopment Corporations Law of the State of Missouri, and to do any and all things hereinbefore set forth to the same extent as natural persons might or could do.

ARTICLE III

The aggregate number, class and par value, if any, of shares which the Corporation shall have authority to issue shall be One Hundred shares of Common Stock, each of which shall have a par value of One Cent per share, amounting in the aggregate to One Dollar. The preferences, qualifications, limitations, restrictions, and the special or relative rights including convertible rights, if any, in respect of the shares of each class are as follows: None.

ARTICLE IV

The preemptive right of a shareholder to acquire additional shares is denied.

ARTICLE V

The City and County in which the Corporation's principal business office is to be located is the City of Carthage, in the County of Jasper, Missouri.

ARTICLE VI

The duration of the Corporation shall be for 99 years.

ARTICLE VII

The number of Directors to constitute the initial Board of Directors is five. Thereafter, the number of directors shall be fixed by, or in the manner of the Bylaws; provided, however, that the number of directors shall in no event be fewer than five or more than eleven.

ARTICLE VIII

The names and addresses of the Directors of the Corporation for the first year are as follows:

Darren Collier
528 East Centennial Avenue
Carthage, MO 64836

Lora Phelps
2422 Theo Street
Carthage, MO 64836

Maria Sanchez
1301 Jude Lane
Carthage, MO 64836

Stanley Schmidt
1105 Industrial Drive
Carthage, MO 64836

Jeffrey Williams
1623 Alexandra Drive
Carthage, MO 64836

ARTICLE IX

The names and addresses of the Incorporators of the Corporation are as follows:

Gregory Dagnan
326 Grant Street
Carthage, MO 64836

Stephanie Howard
627 W Centennial Ave
Carthage, MO 64836

Jeffrey Meredith
627 W Centennial Ave
Carthage, MO 64836

ARTICLE X

In the event that income debenture certificates are issued by the Corporation, the owners thereof shall have the same right to vote as they would have if they possessed certificates of stock of the amount and par value of the income debenture certificates held by them.

ARTICLE XI

The Corporation has been organized to serve a public purpose; all real estate acquired by it and all structures erected by it are to be acquired for the purpose of promoting the public health, safety and welfare, and the stockholders of the Corporation shall, when they subscribe to and receive the stock thereof, agree that the net earnings of the Corporation shall be limited to an amount not to exceed eight percent per annum of the cost to the Corporation of the redevelopment project including the cost of the land, or the balances of such cost as reduced by amortization payments; provided, that the net earnings derived from any redevelopment project shall in no event exceed a sum equal to either percent per annum upon the entire cost thereof. Such net earnings shall be computed after deducting from gross earnings the following:

- (a) All costs and expenses of maintenance and operation;
- (b) Amounts paid for taxes, assessments, insurance premiums and other similar charges; and
- (c) An annual amount sufficient to amortize the cost of the entire project at the end of the period, which shall not be more than sixty years from the date of completion of the project.

The Corporation's development plan may contain provisions satisfactory to the legislative authority authorizing such plan that any surplus earnings in excess of the rate of net earnings provided in the Urban Redevelopment Corporations Law of Missouri may be held by the Corporation as a reserve for maintenance of such rate of return in the future and may be used by the Corporation to offset any deficiency in such rate of return which may have occurred in prior years; or may be used to accelerate the amortization payments; or for the enlargement of the project; or for reduction in rentals therein.

ARTICLE XII

The Corporation, organized under The Urban Redevelopment Corporations Law, declares that it is organized for the purpose of the clearance, replanning, reconstruction, or rehabilitation of blighted areas, and the construction or rehabilitation of such industrial, commercial, residential, or public structures as may be appropriate, including provisions for recreational and other facilities incidental or appurtenant thereto.

ARTICLE XIII

The address of the Corporation's initial registered office in the state is 326 Grant Street, Carthage, MO 64836 and the name of its initial registered agent is Nathaniel Dally.

ARTICLE XIV

The private property of the shareholders shall not be subject to the payment of corporate debts to any extent whatsoever.

ARTICLE XV

The Corporation shall indemnify and protect any director, officer, employee or agent of the Corporation, or any person who serves at the request of the Corporation as a director, officer, employee, member, manager, and their respective heirs and legal representatives, by this corporation against all liabilities incurred in connection with any suite or matter in which they are involved by reason of their relationship with this corporation to the extent and in the manner permitted by Section 351.355 of the Revised Statutes of Missouri, as the same presently exists or is hereafter amended.

IN WITNESS WHEREOF, these Articles of Agreement have been signed this _____ day of _____, 2023.

By: _____
Gregory Dagnan, Incorporator

By: _____
Stephanie Howard, Incorporator

By: _____
Jeffrey Meredith, Incorporator