

APPENDIX 3

Letter of Intent [Template]

_____, 20__

RE: LETTER OF INTENT - _____

Dear _____:

This will confirm that _____ (“Developer”) has applied for benefits under the City of Fairview Heights’ Business Assistance Program (Application No. _____). The purpose of this Letter of Intent is to memorialize the preliminary requests of the City of Fairview Heights (“City”) and the Developer, with respect to the project proposed by the Developer at _____ (“Project”). The parties mutually acknowledge and understand that this Letter of Intent is a non-binding document intended only to describe the respective expectations of the parties. The parties mutually acknowledge and understand that, should the Fairview Heights City Council (“City Council”) approve this Letter of Intent, the parties will negotiate and submit to the City Council for review a proposed Development Agreement between the Developer and Mayor Mark Kupsy, City of Fairview Heights (“Mayor”). While the parties will endeavor to draft the proposed Development Agreement using provisions consistent with the terms provided herein, the parties mutually acknowledge and understand that the City Council may revise, delete or recommend different or additional terms. The parties mutually acknowledge and understand that said proposed Development Agreement cannot be executed by Mayor absent the approval of the City Council. Subject to and without waiving any of the foregoing:

The Developer represents that Business Assistance Program monies are necessary to complete the proposed project. Further, the Developer estimates that the total development costs to allow such a construction project to occur, to be in excess of \$_____.00.

The City understands that the likelihood of the proposed project, as envisioned, is contingent upon the infusion of public funds and “but for” this public assistance, the project would not go forward.

Listed below are the major responsibilities of each party. Upon approval of this Letter of Intent by the City Council, provisions consistent with these responsibilities shall ultimately be made a part of an overall Development Agreement between the Developer and the Mayor.

Proposed Responsibilities of the City of Fairview Heights

1. Rebate ___ % of incremental property taxes (estimated at \$_____ annually) associated with expansion of existing facility for ___ years with the total tax rebate for _____ years not to exceed \$_____.
2. Reimburse \$_____, for demolition (on-site), infrastructure improvements (on-site, off-site) over a period of ___ years with annual payments being\$_____.
3. Rebate ___ % of 1% Business District Tax, annually and/or bi-annually, for a period of ___ years with total rebate not to exceed \$_____.
4. Rebate ___ % of 2% State sales tax and Home Rule tax, annually, for a period of _____ years with total rebate not to exceed \$_____.

[Drafter's Note: the foregoing are simply examples of possible arrangements for the disbursement of Business Assistance Program monies to the Developer. This section is subject to revision on a case-by-case basis.]

Responsibilities of Developer

- A. Developer shall commit to a private investment in the project of no less than \$_____, including but not limited to the expansion, remodeling or new construction no later than _____.
- B. Developer shall commit to retain _____FTE jobs.
- C. Developer shall commit to create _____FTE jobs within the first year of operation.
- D. Developer shall commit to create _____FTE jobs within 2-5 years of operation.
- E. Developer shall commit to generate through sales \$_____ per year for a period of _____years.
- F. The property owner shall not apply to St. Clair County for a reduction in assessed valuation without the consent of the City. The City shall not unreasonably withhold consent.
- G. Developer shall demolish _____ structures on-site and make infrastructure improvements (on-site/off-site).
- H. Developer and any heirs and/or successors shall commit to remain and operate at the site for no less than _____ years.
- I. Developer shall comply with all existing and applicable Federal, State, County, and Local laws and ordinances.
- J. Developer shall obtain all insurance coverages required by City Code Section 37-4-1 and name the City of Fairview Heights as an additional insured on the policies of insurance specified therein.
- K. Developer shall agree to hold the City of Fairview Heights harmless concerning the provision of Lincoln Trail TIF incentive in the event the Lincoln Trail TIF is dissolved and/or a judgment disallows the City to honor the contained incentives as a result of the pending and ongoing litigation against the City and its Lincoln Trail TIF.
- L. Developer agrees to reimburse the City for all public funds abated and or provided to date under the prior section, entitled "Responsibility of the City of Fairview Heights," in the event that it fails to meet the obligations set forth in the Development Agreement.

[Drafter's Note: the foregoing are simply examples of Developer commitments and are subject to revision on a case-by-case basis.]

The City trusts that the content of this Letter of Intent, which outlines a proposed public participation in the project through providing Business Assistance Program monies in the estimated amount of \$_____, confirms the City's desire to work with Developer and for Developer to remain and expand or construct a facility in the City of Fairview Heights.

This non-binding Letter of Intent must be approved by the City Council before a Development Agreement can be drafted. Upon approval by the City Council, provisions consistent with the terms set forth herein shall be made part of the proposed Development Agreement.

I believe this Letter of Intent accurately characterizes the understanding and expectations of the respective parties regarding the project, but if you should disagree, please provide clarification in writing at your earliest convenience.

Yours truly,

Paul Ellis, AICP, CEcD
Director of Economic Development
City of Fairview Heights, IL