

City of Peoria P83 District Building Reuse Program Amendment No. 1

The City's Economic Development Implementation Strategy (EDIS) was adopted to serve as a road map to achieving the City's stated economic development goals of business retention, business attraction, workforce development, redevelopment, and real estate development opportunities. One strategy identified in the EDIS was the creation and implementation of an economic development incentive and investment program to set forth the type of assistance the City may offer to qualified projects that enhance the City's economic development strategy. As such, the Economic Development Incentive and Investment Policy (EDIIP) was adopted to create defined criteria for businesses to evaluate and understand the type of investment that would qualify for City assistance as part of relocating or expanding within the City. Each project requesting city assistance must meet the EDIIP minimum qualification criteria, which can be found in the EDIIP Guidelines (attached), as well as complete an EDIIP application form.

In furtherance of the City's economic development objectives, the City of Peoria has identified the P83 District as an EDIS Investment Zone, and developed a P83 District Building Reuse Program ("Program") encompassing the target area depicted on the map below (Target Area). The purpose of the Program is to encourage a more diverse use of existing vacant buildings in the District to include professional office, entertainment and retail tenants as an alternative to continuing to add restaurant users that have a historical failure rate in the District.

The District offers a unique opportunity in the City for business attraction, specifically advanced business services, healthcare, and software development users, as those types of users often require up to 20,000 square feet of space within an area offering restaurant, convenience retail and entertainment options within walking distance or a short drive time from a business location. The P83 District offers such amenities, as well as buildings in the 10,000 – 30,000 square feet range that could feasibly accommodate such tenants that would provide additional daytime population to benefit the District overall. Therefore, an opportunity exists for a collaboration among key property owners, commercial brokers and the City to offer a strategy to accelerate the re-use of key buildings in the Target Area for such industry users.

An issue to overcome is the potentially extensive amount of tenant improvement costs associated with converting existing restaurant oriented building interiors into commercial office, retail, or entertainment appropriate spaces. The Program is designed to address this issue, and that of minimizing the timeframe of tenant improvement building plan review/permitting and to allow needed improvements to occur expeditiously.

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P83 Building Re-Use Program



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The City's goal is to use the Program as a tool to revitalize the P83 District and reinvigorate private investment in targeted properties. These revitalization efforts will help to eliminate empty restaurant buildings and convert them into professional office, retail and entertainment uses, promote commercial reinvestment activities, increase the daytime foot traffic in this important area of the City, and enhance the overall quality of life for Peoria residents. The City, at its sole discretion, shall determine eligibility under the Program and the owner's likelihood to meet City objectives and goals as stated in the Economic Development Implementation Strategy (EDIS) I/II.

Security Structure

Option 1 – City's Preferred Approach

If approved, City assistance will be in the form of a reimbursable grant. The Program may provide up to 50% matching funds, on a reimbursement basis of 10% of the total grant amount being reimbursed over a period of ten years, to eligible private property owners for improvements associated with properties located in the Target Area. Should the owner not comply with the terms of the resulting agreement, following city notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the outstanding grant balance will be forfeited. In addition, failure to remain in full operation for the term of the grant (10 years) will result in owner's repaying the City all funds received under the Program.

Option 2 – Alternative Security Structure

If approved, the Program will provide up to 50% matching funds, in a lump sum reimbursement basis, to eligible private property owners for eligible improvements associated with properties located in the Target Area. City assistance will be in the form of a reimbursable grant. Should the property owner not comply with the terms of the resulting agreement including a promissory note and deed of trust, following city notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the then outstanding grant balance plus accrued interest shall be immediately due and payable to the city. Upon compliance with the Program agreement, the grant balance and accrued interest shall be forgiven by ten (10) percent per year over a 10-year grant period. An applicant can prepay the note balance under this option at any time upon prior written notice to the City. The total amount of prepayment is the outstanding amount of the grant and all accrued and unpaid interest through the date of repayment.

Eligible Applicants

A person, corporation, association, or other private legal entity holding fee simple title to commercial real property located within the Program's Target Areas are eligible to apply for assistance under the Program. This program is not eligible to tenants or those with a ground lease for the premises, unless written consent of the property owner(s) has been obtained.

Eligible Activities/Improvements

Eligible improvements under the Program are limited to interior tenant improvements for buildings with a minimum of 5,000 square feet in size appropriate for use by an office, retail, or entertainment user, a targeted industry (as part of the EDIS), or other compelling user as approved by the City. Priority will be given to commercial users fitting one of the following industry types: advanced business services, healthcare, or software development. FF&E is not eligible for reimbursement. Only interior improvements including A&E and actual construction costs are eligible, subject to City review and approval. The applicant must include a detailed listing of all proposed interior tenant improvement A&E costs and actual cost of construction (exclusive of FF&E) with their program application.

Eligibility for Program Participation

The City will approve the form of security structure to be used. The resulting agreement, subject to City Council approval, will include a stipulation for the amounts owed for non-compliance under the agreement. A person, corporation, association or other private legal entity holding fee simple title to any commercial real property that is located in the Target Area may apply for Program benefits. Tenants must obtain the written consent of their landlord in order to participate in the Program. The Building Reuse Program Application may be made directly by the property owner or an agent authorized in writing to act on behalf of the property owner. If the real property is under joint ownership, the application must be made on behalf or with the authorization of all owners of the real estate. As a general requirement, existing liens together with the City grant may not exceed 125% of the property value, as determined by an appraisal.

City participation for an eligible activity, up to 50% of approved costs, is based on a reimbursement to the property owner upon acceptable performance, including all needed City permits and passing all building, fire and other City inspections for eligible work.

Commencement and Deadlines for Work

No construction or rehabilitation activity under the Program eligible to receive 50% cost reimbursement to the property owner from the City that is included in the approved project scope of work will commence, **nor will costs be incurred**, prior to the date the City informs the applicant in writing that all program documents are signed and finalized and the Building Reuse Program Agreement has been approved by the City Council (see contractual requirements below). Also, no work can begin without obtaining all required city permits and approvals.

Matching Fund Documentation

Any request for reimbursement must include documentation of the eligible expenses being paid first by the applicant and documentation of the equal non-city funds being expended since this is a matching contribution program.

Other Program Requirements

Once an application for the Building Reuse Program is approved in writing by the City, the property owner is required to execute and/or provide the following documents:

- A. **Building Reuse Agreement.** This City Council approved document (drafted by the City's attorneys on a project-by-project basis) sets forth the terms and conditions for participation in the Program. Some of the key terms include scope of work, funding amount and owner maintenance requirements.
- B. **Title Report and Appraisal.** Security Structure Option 2 requires the property owner to obtain and submit with his or her application a title report for his or her property identifying any interest that may affect the City's enforcement of the Agreement. Applicants also may be required to supply additional information relating to liens and encumbrances on the property in order to be approved. The property owner must also provide a separate title report after recording of the Building Reuse Agreement to evidence the City's position on the chain of title. A current title report and appraisal is required as part of the application for assistance. Under Security Structure Option 1, a title report and appraisal is not required.
- C. **Consent Agreement.** Option 2 requires the property owner to obtain duly acknowledged consent agreements from all lien holders or other persons or entities with an interest in the subject real property, including commercial buildings and related structures thereon, consenting to the grant of the City's security interest in the property. To expedite this process, the applicant must submit the contact party name and loan number for each lien holder and is encouraged to seek consent in principle as early in the application process as possible.
- D. **Insurance Certificate.** The property owner must provide a certificate of property and liability insurance that certifies the subject real property, including without limitation the building or structures thereon, is insured for amounts acceptable to the City from an insurer acceptable to the City. A copy of the insurance certificate will be an attachment in the final contract documents. The City shall be an additional named party on the insurance certificate.

Application for Participation in the City of Peoria's P83 Building Reuse Program

This form must be completed and submitted to the Economic Development Services Department (EDS), to the attention of Dina Green, by owners of eligible properties located in an established Program target area (see attached Target Areas Map) who desire to participate in the City of Peoria's P83 Building Reuse Program. A person, corporation, association or other public or private legal entity holding fee simple title to any commercial real property that is located in the eligible Program target area may apply for Program benefits. Tenants must obtain the consent of their landlords in writing in order to participate in the Program (please attach the written consent of the property owner if a tenant submission). Also, please attach a current title report evidencing the condition of title to the property as of the date of Program application. The application may be made directly by the property owner or by an agent authorized in writing to act on behalf of the property owner. If the real property is under joint ownership, the application must be submitted on behalf of or with the authorization of all of the owners of the real property.

Date _____

Property Address _____

Property Tax Assessor Parcel Number _____

1. Property Owner Name _____

Legal name of entity to which Agreement entered into with City

2. Property Owner Mailing Address

Street Address

City/Town State Zip

3. Owner Phone Number _____

4. Owner Email _____ Fax # _____

5. What business(es) occupies the property(ies) included in this request?

6. What type of business is it? _____
7. What year was the property improved and building(s) built? (Estimate if not sure)

8. If yes to 8, have restrictions been placed on changing the façade based on this designation? Yes____ No____
9. Please attach a copy of your current property insurance policy evidencing sufficient insurance coverage for the property to which an improvement is being requested. The property owner must provide a certificate of property and liability insurance that certifies the subject real property, including without limitation the building or structures thereon, is insured for amounts acceptable to the City from an insurer acceptable to the City. A copy of the insurance certificate will be an attachment in the final contract documents. The City shall be an additional named part on the insurance.
10. Please attach a detailed narrative of the proposed project for which City assistance is requested (City matching funds provided are only in the form of reimbursement up to 50% of eligible costs for eligible improvements, as determined by the City). The narrative should fully describe:
- A project overview and scope of work
 - Nature of proposed improvements
 - A summary table showing all improvements proposed and costs separating the property owner's funded improvements and City eligible improvements with a total cost for the project
 - A project financing sources and uses table showing all available property owner's funds for their 50% share of the costs and the use of those funds, as well as the requested City 50% share of the costs and the use of those funds
 - Include renderings of the proposed interior tenant improvements that will assist the City in understanding the full scope and benefit of the project
11. Total number of new FTE jobs brought to Peoria AZ _____ Year 1 _____ Year 3
12. Average salaries of new jobs _____ Year 1 _____ Year 3
13. Total number of existing jobs (if expansion) _____ Year 1 _____ Year 3
14. Average salaries of existing jobs _____
15. Total payroll of all jobs _____ Year 1 _____ Year 3

16. Average education levels of new jobs (circle one):
 2-Year Post Secondary 4-Year Bachelors Graduate Degrees
17. Percentage of benefits paid by employer for all jobs
18. Total real and personal property for tax purposes _____
19. Anticipated direct sales tax generated at 1% of taxable sales _____
20. Other revenues (est. annual): Occupancy taxes _____ Utility revenues _____
21. City infrastructure construction required _____
22. Projected total annual operating budget for facility _____
23. Total capital expenditures from the property owner for the project _____

By signing this application the undersigned acknowledges and agrees that the City of Peoria, in its sole and absolute discretion, will determine Program eligibility and the nature of participation the City will provide towards a revitalization project in its entirety, and work with the Property Owner to finalize all design concepts insofar as those concepts are structurally sound, appropriately relate to the overarching design program of the City, and are reasonable. The City of Peoria will also communicate any issues that might develop during construction with the Property Owner and make every effort to reach a solution to complete the project in a timely and efficient way. The City also will not be bound to a timeline for the project other than the one that is developed by the Contractor and agreed to by the City in writing.

By signing this application the Property Owner(s) acknowledges receiving a copy of the Program Guidelines. The applicant must execute the P83 Building Reuse Agreement as a condition to participating in the Program. Property owner(s) acknowledge and agree to obtain all required city approvals, including design and use approvals, as needed, from the city, as well as all permits for construction, demolition, or other covered activities requiring a permit of the city.

Reimbursement under this Program is subject to the property owner(s) submitting a request for reimbursement package to the city, containing the items below, following the execution of a Development Agreement:

- Copies of city permits obtained for the scope of work contained in the agreement
- Proof of passing city building, fire and other inspections for the work items reimbursement is being requested
- Exhibits showing the work items completed pursuant to the approved scope of work contained in the Agreement

- Evidence that the property owner has paid the cost of the work for which reimbursement is being requested

The information contained in this statement is true and accurate. (Incorrect or misleading information may disqualify the project.)

_____ Date _____
Property Owner (required)

Received by City of Peoria _____ Date _____

Contact: Dina Green, Economic Development Project Manager
dina.green@peoriaaz.gov or 623.773.7781

To Be Completed by City Staff:

Date Application Deemed Complete: _____

Date Application Deemed Eligible Under the Program: _____

Signature of Eligibility Officer: _____

Signature of EDS Director: _____

City of Peoria P83 District Building Reuse Program FAQs

What is the Peoria P83 District Building Reuse Program?

The Program is a tool to revitalize the P83 District and reinvigorate private investment in targeted properties. These revitalization efforts will help to eliminate empty restaurant buildings and convert them into professional office, retail and entertainment uses, promote commercial reinvestment activities, increase the daytime foot traffic in this important area of the City, and enhance the overall quality of life for Peoria residents.

The City will approve the form of security structure to be used. The resulting agreement, subject to City Council approval, will include a stipulation for the amounts owed for non-compliance under the agreement.

Option 1 - City's Preferred Structure:

The Program will provide up to 50% matching funds, on a reimbursement basis, to eligible private property owners for eligible improvements associated with properties located in the Target Area. City assistance will be in the form of a reimbursable grant. Should the property owner not comply with the terms of the program agreement, following the City's notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the outstanding grant balance will be forfeited. Upon compliance with the Program agreement, the grant amount shall be reimbursed at ten (10) percent per year over a 10-year grant period.

Option 2 – Alternative Security Structure:

The Program will provide up to 50% matching funds in a lump sum reimbursement basis, to eligible private property owners for eligible improvements associated with properties located in the Target Area. City assistance will be in the form of a reimbursable grant. Should the owner not comply with the terms of the program agreement, including a promissory note and deed of trust, following the City's notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the then outstanding grant balance shall be immediately due and payable to the city. Upon compliance with the Program agreement, the grant balance shall be reduced by ten (10) percent per year over a 10-year grant period. This structure will require as part of the application the submittal of a current title report and a current property appraisal. All outstanding financial liens on the property plus the City's contribution cannot exceed 125% of the property's appraised value.

Who can apply for funding?

A person, corporation, association, or other private legal entity holding fee simple title to commercial real property located within the Program's Target Areas is eligible to apply for assistance under the Program. This program is not eligible to tenants or those with a ground lease for the premises, unless (i) written consent of the property owner(s) has been obtained for a deed of trust to be recorded against the parcel (**Option 2**), and (ii) the City otherwise determines that the grant is appropriate. (See **map of district**).

What types of improvements are eligible for funding?

Eligible improvements under the Program are limited to interior tenant improvements for buildings with a minimum of 5,000 square feet in size appropriate for use by an office, retail, entertainment or other compelling user. Furnishings, fixtures and equipment (FF&E) and exotic or extravagant improvements are not eligible. Priority will be given to commercial users fitting one of the following industry types: advanced business services, healthcare, or software development (Targeted Industries). A detailed listing of all proposed interior tenant improvement A&E costs and actual cost of construction (exclusive of FF&E) must be submitted as part of the application.

How is the money awarded?

This is a matching grant program, which means that the applicant pays for the improvement and the City of Peoria reimburses eligible costs covered under the City approved grant. The amount of the match must be at least 1:1 -- the applicant pays \$1 and the City reimburses \$1. Work completed prior to receiving City Council approval is not eligible for funding. Grant funds are disbursed on a reimbursement basis and cannot be issued until the proposed project has been completed including all city building and fire inspections and issuance of a certificate of

occupancy by the City. Before a check is cut, applicants will need to submit proof of payment for completed work and the release of all mechanics' and materialmen's liens, and Peoria Economic Development staff must review the completed project to determine that the actual work performed was the work approved.

How does the application process work?

First, applicants must contact Dina Green, Economic Development Project Manager, at 623.773.7781 or dina.green@peoriaaz.gov. At this preliminary stage, staff will explain the program requirements as well as discuss the proposed scope of the renovation project and security structure with the applicant. At this stage, the preliminary eligibility of the project for the program will also be determined (subject to City Council approval).

The preliminary stage will be followed by the submission of a formal application for assistance. Along with the application, the applicant will provide an architectural or building design plan of the improvements in sufficient detail to determine program compliance.

The Peoria Economic Development Department will prepare a program agreement outlining the obligations of the applicant, as well as a promissory note in the amount of the proposed reimbursable grant and a deed of trust to secure repayment of the note (**under Option 2**). The documents will be presented to the City Council to review and approve at its discretion. If approved, reimbursable work can be commenced by the applicant, once all city approvals are received, including building permits.

Project cost overruns due to miscalculations, undiscovered construction requirements, or other justifiable reasons may be added to the overall cost of the Building Reuse Project and be eligible for one half matching funds with the prior written approval from the City.

Following completion of construction of the improvements, the applicant will submit the following documentation to City staff for review:

- 1) Copies of invoices and contracts;
- 2) Copies of lien releases from all contractors, subcontractors and suppliers of materials and equipment;
- 3) The applicant's cancelled checks or credit card receipts, showing that all costs have been paid in full;
- 4) Copy of the final building and fire inspection approvals.

How are projects selected for funding?

Applications will be reviewed and selected based on their compatibility with the vision and goals of the P83 Building Reuse Program guidelines, the applicant's experience in the industry for which the improvements are intended (that is, likelihood of performance for the 10-year term of the grant), and the City's security position. As a general requirement, existing liens, together with the City grant, cannot exceed 125% of the property value (**under Option 2**).

What happens after a project is selected for funding?

Work selected for a matching grant must be completed prior to reimbursement of funds. The applicant is responsible for obtaining all building and fire permits and any other required city approvals for the work to be done. The applicant is responsible for conformance with all applicable safety standards and conditions. The applicant also agrees to maintain the property and improvements.

What is the promissory note interest rate?

The promissory note will bear and accrue interest at the City's bond rate (that is, the amount that the City must pay to borrow money). If the applicant has complied with all the terms and conditions of the program agreement, the annual accrued interest will be reduced at the time of the annual reduction of the note amount. If the applicant has not complied with the program agreement, all accrued and unpaid interest shall be due in full, along with the full unreduced note amount.

Will the city subordinate? (Under Option 2)

No. The city will not subordinate its deed of trust to new construction or other financing.

Will the city deviate from the 10-year term of assistance?

No. In order to provide uniformity of treatment across the program, the City will neither accelerate nor extend the program's 10-year term.

Is the note eligible for prepayment?

An applicant can prepay the note balance under Option 2 at any time upon prior written notice to the City. The total amount of prepayment is the outstanding amount of the grant and all accrued and unpaid interest through the date of prepayment. The interest rate will be at the City's bond rate (that is, the amount that the City must pay to borrow money). If the applicant has complied with all the terms and conditions of the program agreement, the annual accrued interest will be reduced at the time of the annual reduction of the note amount. If the applicant has not complied with the program agreement, all accrued and unpaid interest shall be due in full, along with the full unreduced note amount.

Is the grant "recourse" or "non-recourse"? (Under Option 2)

Although the City's grant is secured by a deed of trust, the note is a personal obligation of the applicant; therefore, the grant is "recourse."

Can the program agreement and grant be assigned?

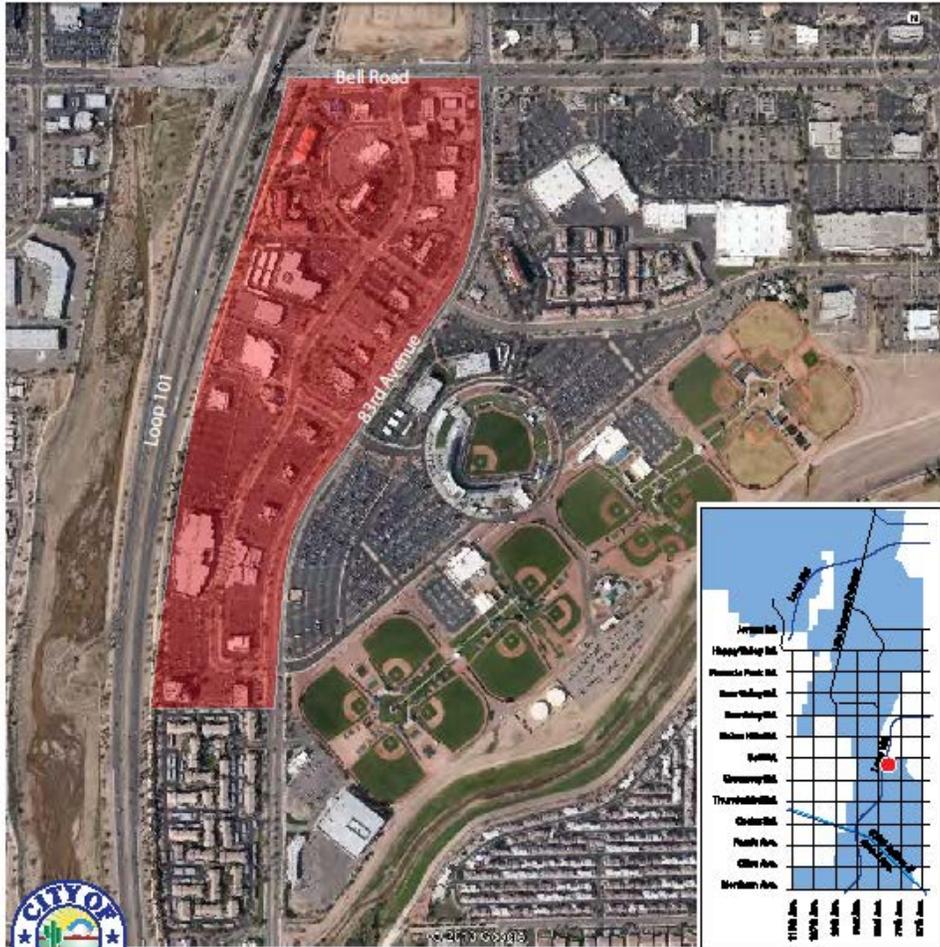
As long as the applicant is not in default, the program agreement and grant can be assigned with the City's prior written approval to an individual or entity that acquires the applicant's entire interest in the property and agrees in writing to be bound by all of the terms and conditions of the program agreement.

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