


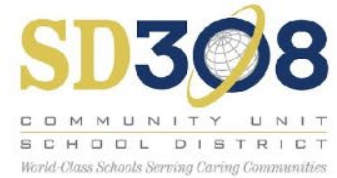
Village of Montgomery Development Abatement Update

Presented by: Dr. John Petzke

*Prepared in consultation with
Brittany Theis at Whitt Law, LLC
Date: June 5, 2023*

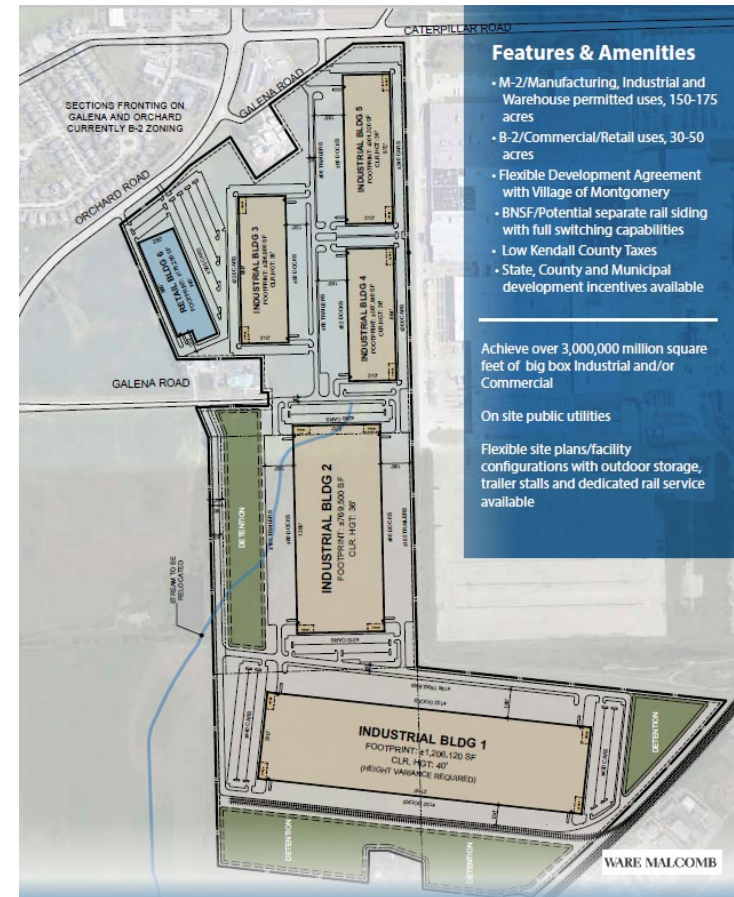


Project Background



- The Village of Montgomery's Economic Development Office has been working on a series of projects that include parcels of currently undeveloped land.
- The taxing bodies invited to consider this abatement were the Village of Montgomery, Waubensee Community College, Kendall County, and the School District.
- Companies and developers seek incentives to choose specific sites and property.

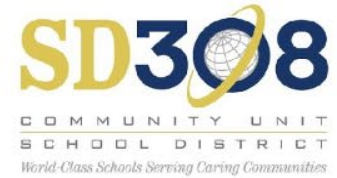
Project Property



Property Tax Abatement

- Property Tax Abatement is a way to support and promote the expansion of existing businesses and the location of new businesses.
- A business that receives approval from a taxing body for an abatement will receive a portion of the resulting property tax revenue after expansion, improvement, or new construction is complete and available for use.

Project Property Overview



Property PIN	Property Acreage	Current Assessed Value	SD308 Tax Receipts
02-01-400-007	73.73	\$37,990	\$2,414.25
02-01-400-003	40.00	\$19,340	\$1,229.05
02-12-200-003	45.32	\$16,440	\$1,044.76
03-07-201-003	45.22	\$27,620	\$1,755.24

Total \$6,443.30

Since April 11th

- The Village of Montgomery has provided an estimated property tax analysis;
- Kendall County has provided comparable abatement agreements that were significantly shorter and lower percentages; 3 years at 50% and 3-6 year limitations on property tax challenges (clawback);
- Kendall County Board voted to send the request to the Committee of the Whole with no further action to report;
- The Village of Montgomery voted to negotiate an incentive agreement for a 10 year property tax abatement at 75% for the first 5 years and 50% for the second five years;
- Waubonsee Community College held a meeting on May 17th with no public questions or discussion held.

Village of Montgomery Estimates



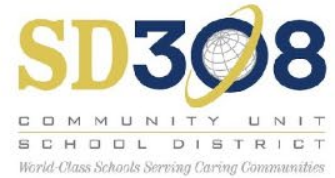
Abatement (Southern Site)																
	SqFT	Ave Value per SqFt	Estimated EAV	Build Year	School Dist 308	Oswego Fire	County	Jr College #516	VOM	Fox Valley Park	Oswego Library	Forest Preserve	Bristol Township	Bristol Road	Dist	TOTAL
					6.354970%	0.671030%	0.60157%	0.46983%	0.43400%	0.43391%	0.25813%	0.16201%	0.08844%	0.06509%		9.538980%
Lot 1																
Land	4,356,129	\$ 0.73	\$ 3,179,974.17													
Bldg A (Phase 1)	500,000	\$ 15.88	\$ 7,940,000.00	2024	\$ 504,584.62	\$ 53,279.78	\$ 47,764.66	\$ 37,304.50	\$ 34,459.60	\$ 34,452.45	\$ 20,495.52	\$ 12,863.59	\$ 7,022.14	\$ 5,168.15	\$ 757,395.01	
Bldg B (Phase 2)	300,000	\$ 15.88	\$ 4,764,000.00	2025	\$ 302,750.77	\$ 31,967.87	\$ 28,658.79	\$ 22,382.70	\$ 20,675.76	\$ 20,671.47	\$ 12,297.31	\$ 7,718.16	\$ 4,213.28	\$ 3,100.89	\$ 454,437.01	
Bldg A Addition (Phase 3)	300,000	\$ 15.88	\$ 4,764,000.00	2029	\$ 302,750.77	\$ 31,967.87	\$ 28,658.79	\$ 22,382.70	\$ 20,675.76	\$ 20,671.47	\$ 12,297.31	\$ 7,718.16	\$ 4,213.28	\$ 3,100.89	\$ 454,437.01	
		Total Improved EAV	\$ 17,468,000.00													

10 Year Estimated Abatement

- Current Annual District Tax Receipts - \$6,444
 - 10 Year District Receipts - \$64,440
- Proposed tax receipts based on the Village of Montgomery Development Estimates over 10 Years \$20,183,382
- Proposed 10 Year Abatement (5 years at 75% and 5 Years at 50%)
 - \$12,236,175 Abated to Developer
 - \$7,947,207 Improvement Revenue to District

****These calculations presume a maximum of 10 years of abatements total; not separate 10-year timelines for each phase**

Community & District Benefits



- Based on the estimates shared by the Village of Montgomery, the proposed projects show promising indicators of development-related investments in the community.
 - Increase in EAV, investments in infrastructure and utilities, large capital outlay, anticipated job creation and potential future site development.
 - Additional industrial EAV resulting in tax revenue for School District 308 and other taxing bodies - not residential.

Administrative Recommendation



- Based on the value to the community and the tax revenue scenario provided by the Village of Montgomery, the School District Administration understands the Village of Montgomery's public support for the 10-year abatement (5 years at 75% and 5 years at 50%).
- Administration recommends support for this commercial development, but contingent upon a final abatement agreement, that includes the School District as a party, containing adequate protections.
 - Clawback provisions as described in County's abatement application, including limitations on tax challenges, which will require additional discussions regarding minimum assessed values;
 - The Administration recommends these protections even if the Board of Education expresses support for different abatement durations or percentages.

Questions & Discussion