

MARION STAR BOND ADOPTION PRESS RELEASE

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FOR IMMEDIATE RELEASE

CITY OF MARION ANNOUNCES APPROVAL OF FIRST STAR BOND PROJECT PLAN

MARION, ILLINOIS - On Tuesday, the Marion City Council adopted an ordinance approving STAR Bond Project Plan #1, which was presented earlier in the evening by Rodney Cabaness and other members of Millenium Destination Development. The move by the City Council paves the way for the City of Marion to issue bonds to pay for certain development costs associated with the redevelopment of the former Illinois Centre Mall site and surrounding properties. These bonds are only repayable through future sales tax revenue collected within the defined STAR Bond Area and are not subject to repayment from any other revenue source.

In 2010, the Illinois General Assembly passed the Innovation Development and Economy Act (50 ILCS 470) that authorizes municipalities to issue sales tax and revenue (STAR) bonds to finance STAR bond projects. In general, STAR bond projects are to “promote, stimulate, and develop the general and economic welfare of the State of Illinois and its communities and to assist in the development and redevelopment of major tourism, entertainment, retail, and related destination projects within eligible areas of the State, thereby creating new jobs, stimulating significant capital investment, and promoting the general welfare of the citizens of the State...”

After an extensive feasibility study and review process by the Illinois Department of Revenue, city staff, and the City Council, the Council voted unanimously to approve STAR bond Project Plan #1 submitted by Millenium Destination Development, the Master Developer as defined in the Act. While exact figures are yet to be determined, STAR Bond Project Plan #1 is projected to bring in over \$1B in sales over the next 20 years.

Mayor Absher said, “This process has been over three years in the making for this administration and over 13 years in the making for the City of Marion. Our legislators and Governor saw the opportunity here back in 2010 and we are finally making good on the opportunity they gave us. We are the first community in Illinois to take advantage of this opportunity and we have worked hard to make this a reality for our region. I’m proud of the development team and proud for our community. The Department of Revenue has been a great partner and we look forward to what Millenium will bring to Marion. STAR bonds have been called the “greatest economic development tool in North America” and like we’ve seen in the State of Kansas, where this concept was first deployed, I expect development in our region to grow exponentially, and the best part is, this is only the beginning.”

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Frequently Asked Questions

1. Q: WHAT ARE STAR BONDS?

- a. STAR stands for Sales Tax and Revenue. The State generally copied the concept from Kansas who was the first state to offer the incentive. A developer designs a project that meets several specific criteria, economists study the feasibility of the project and develop projections based on various market factors, the state reviews the study and if they determine it is feasible, the state pledges all of their sales tax and they require the city to do the same. Once the sales tax revenue is pledged, the city issues bonds repayable only by the projected new sales tax generated within the STAR Bond District. The bonded money is used by the developer to pay for development costs. Those include infrastructure improvements and construction, building costs, land acquisition, site preparation, utility upgrades, and professional fees related to development. Once the projects generate the sales tax, the state collects the tax and remits it to the city to pay the bonds. Once the bonds are paid off, the developer can request additional bond issuances for additional projects within the defined development district. Some have described the STAR Bond concept as “**The greatest economic development tool available in North America.**” In Kansas, by using STAR bonds, developers have built a Nascar track that was developed in a cornfield and has since been surrounded by a plethora of retail users that have turned that same cornfield into a destination. A destination user is defined as “an owner, operator, licensee, co-developer, subdeveloper, or tenant (i) that operates a business within a STAR bond district that is a retail store having at least 150,000 square feet of sales floor area; (ii) that at the time of opening does not have another Illinois location within a 70 mile radius; (iii) that has an annual average of not less than 30% of customers who travel from at least 75 miles away or from out-of-state, as demonstrated by data from a comparable existing store or stores, or, if there is no comparable existing store, as demonstrated by an economic analysis that shows that the proposed retailer will have an annual average of not less than 30% of customers who travel from at least 70 miles away or from out-of-state; and (iv) that makes an initial capital investment, including project costs and other direct costs, of not less than \$30,000,000 for such retail store.”¹

2. Q: WHAT DOES THE STAR BOND DEVELOPMENT SEEK TO ACCOMPLISH?

- a. In short, a Destination Development is a development that will bring in people from the entire multi-state region to spend money here, create new jobs here, and transform Marion into a destination location. This is a transformational opportunity that the State has provided to us. The State is pledging 100% of their sales tax or 5% (on the two “Destination” retail users, an entertainment “Destination” user, and a “Destination” hotel) and 1.25% on the remaining non-destination users. Additionally, the State requires that the City pledge its 3.25% (1% municipal sales tax and 2.25% home-rule sales tax) to all destination and non-destination users. The use of STAR Bonds and the development that will ensue will help every business in Marion and throughout the region while also creating thousands of new jobs.

¹ (50 ILCS 470/10 Innovation Development and Economy Act., “Destination User”)

Frequently Asked Questions

3. Q: WHY MILLENNIUM?

- a. This opportunity has been available to any developer for more than a decade in Marion, but no one has positioned themselves to undertake the project. Millennium's principals have invested in building their other brands which has been huge for Marion. They have already proven that they can bring in people from nearly every state in the nation to purchase products here in Marion. They give back to the community in a multitude of ways. While the City would be excited for any developer to come to the table, Millennium and the impressive team they have assembled are local and they have already demonstrated an enormous amount of investment into Marion. Most importantly, the Act requires the City to appoint a Master Developer. The Master Developer is required to own or control a minimum of 50% of the real estate within the STAR Bond District. Millennium is the only such entity to do so.

4. Q: HOW DOES THE DEBT GET PAID BACK FOR THIS DEVELOPMENT?

- a. The legislation allows us to bond these monies without an obligation to pay it back, except SOLELY from the projected NEW sales tax revenue only within the STAR Bond District itself. The City is NOT obligated to pay the bonds from ANY existing funds. The risk here is not on the city or the taxpayer, the risk is on the buyers of the bonds. They have to rely upon the feasibility study, and their own due diligence, and ultimately believe that there will be enough sales tax to cover the bond payments. Experts chosen by the State have studied the feasibility of Millennium's plan and the State and City have determined it is feasible. The potential buyers of the bonds will view that opinion, make their own determination, and take on the risk based on their faith or risk tolerance that the developments proposed will produce the necessary sales tax to pay back the bonds. Because there is no risk to existing funds, this is a transformational opportunity for the City. All the City is "risking", is the future sales tax that the developments will produce that the City does not currently have now anyway.

5. Q: WHY IS THIS GOOD FOR THE REGION?

- a. The whole goal of STAR Bonds is to create a destination that will draw people in from 70 miles or more from Marion to spend their money here and support the jobs these developments will create as well as support our existing businesses. The City knows that local people will shop here as well, but the majority will come outside of that 70-mile radius. The holy grail of economic development is having other people, in this case tourists, pay for our services. The City of Marion's government services are funded solely by sales tax, the City does not levy a property tax, so if a development can attract people to Marion to pay sales tax, they are funding our police, our fire, our infrastructure, essentially every facet of our government. That is a huge plus for the taxpayers. Furthermore, these visitors will not just spend money in the STAR Bond District, they will stay in our hotels, they will eat at other restaurants, they will shop at other retailers and will spend money downtown with our merchants. Another win is that the mall property will be a viable part of our local economy once again. Much like when it was built, the businesses around the mall will see an influx of visitors who will want to bypass the "chain" spots for a taste of our local offerings. This is a huge opportunity for every sector of our business community and local officials and business leaders could not be more excited for it. It is also likely that the folks that are traveling here will also check out Walker's Bluff, the Shawnee

Frequently Asked Questions

National Forest, the Crab Orchard National Wildlife Refuge, SIU, the Shawnee Wine Trail, and businesses in many other southern Illinois communities making an enormous economic boost for our entire region a reality. Additionally, the feasibility study predicts that hundreds of jobs will be created as a result of this development affecting every community in our region.

6. Q: WHAT IS THE PROJECT?

- a. Millennium is essentially creating their own retail destination. They have secured multiple franchises that will allow them to sell everything from boats, to ATVs, to modular homes and all the furnishings and accessories that go along with those industries. Additionally, they will offer unique opportunities within the former mall for entertainment like indoor rock climbing, multiple food options, and other unique experiential offerings. There are also ongoing commitments and discussions with well known national retailers to come or expand their business in Marion to a new shopping center that will be located south of Joseph Cannon Way. Lastly, Millenium has secured a commitment from Mammoth Development to build an interactive multi-story driving range and entertainment complex featuring pickleball courts, mini-golf, and other activities. There are other projects that are anticipated and this will be a multi-year development that will transform the mall and will lead to the development of undeveloped land on Marion's west end.

7. Q: WHO BENEFITS FROM THIS OTHER THAN THE DEVELOPER AND THE CITY?

- a. Virtually all taxing bodies benefit from the additional real estate tax revenue of the new development. Additionally, the county school districts stand to benefit **immensely** from this development. The legislation provides a specific provision that 15% of all real estate tax growth will be deposited into a special fund titled the STAR Bond School Improvement and Operations Fund. Those funds are distributed to the Regional Superintendent annually who will distribute those funds to each school within ROE. Furthermore, with the increased sales tax produced by this development the county school 1% building fund tax is projected to see an increase OF MILLIONS in revenue. So literally, every school district in the county will benefit with real estate tax and sales tax, and every taxing body will benefit from the substantial property tax that is projected to be paid inside the STAR Bond District.

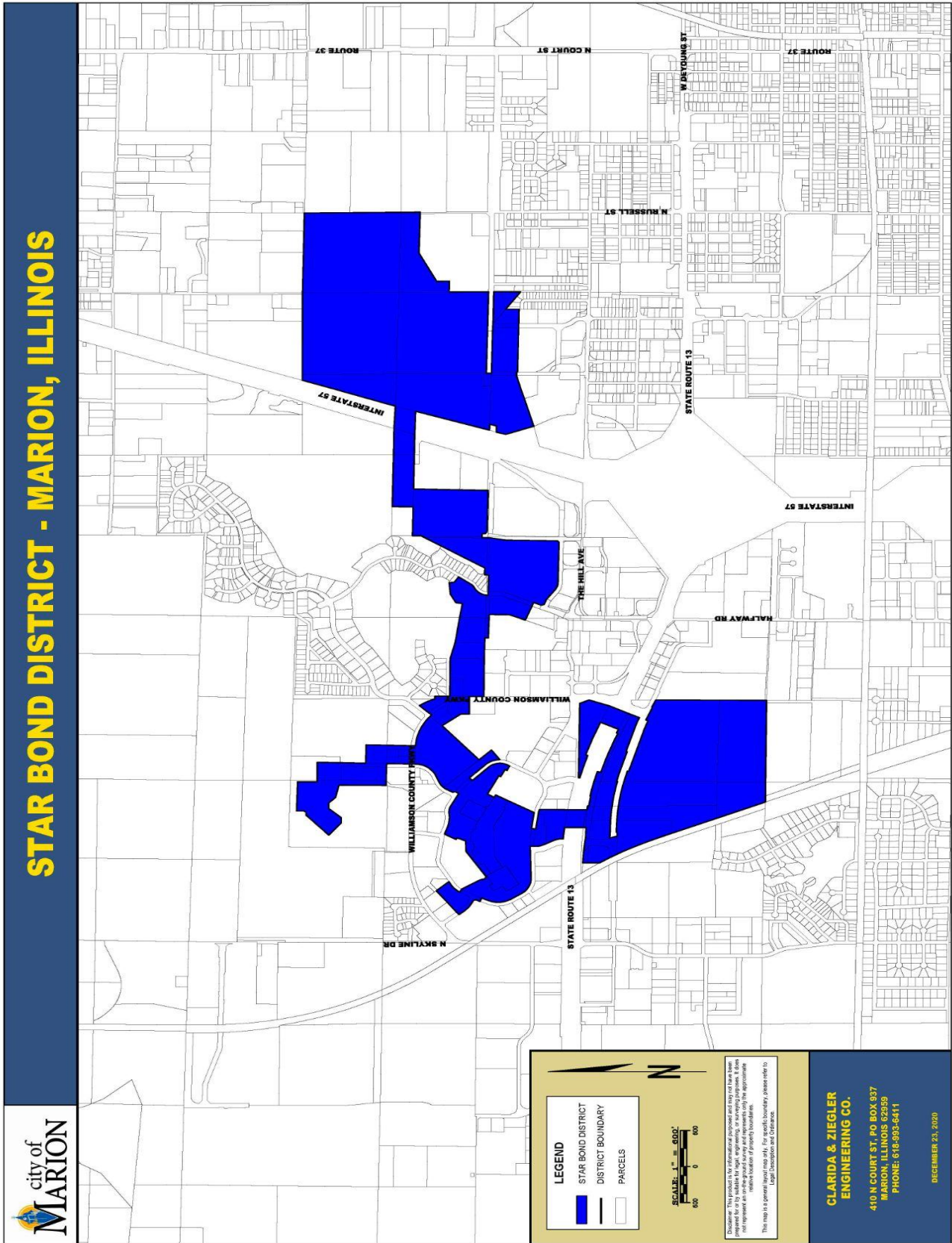
8. Q: HOW LONG DOES THIS LAST?

- a. The legislation allows for the sales tax generated by each project to be dedicated to the bond repayment for 23 years from the first sales tax receipt. If the state is agreeable, it could be extended to as many as 35 years.

9. Q: WHAT IS THE BOUNDARY OF THE STAR BOND DISTRICT?

- a. See map below

Frequently Asked Questions



STAR BOND DISTRICT - MARION, ILLINOIS



LEGEND

- STAR BOND DISTRICT
- DISTRICT BOUNDARY
- PARCELS

SCALE: 1" = 600'

600 0 600

Disclaimer: This product is for informational purposes and may not have been prepared by or on behalf of the City of Marion. It is not intended to be used as a legal document or to replace a professional survey or other legal document. The City of Marion is not responsible for the accuracy of the information shown on this map. This map is a general land map only. For specific boundary, please refer to Legal Description and Certificate.

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DECEMBER 23, 2020

Frequently Asked Questions

LINKS

Legislation: [50 ILCS 470/ Innovation Development and Economy Act.](#)

Project Plan: [Plan, Feasibility Study, and Approval from Illinois Department of Revenue](#)

Presentation: [Slide Deck for Public Hearing Presentation held on September 12, 2023](#)