



CITY OF OLATHE, KANSAS
 APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
 Existing Olathe Business

This application is submitted in conformance with the city's tax abatement policy. It is understood that the city may require in lieu payments for property which becomes tax exempt. The attached sheets, if any, are submitted as part of this application. Application must be submitted within sufficient time to meet procedural requirements of the abatement policy, (refer to the tax abatement calendar).

A non-refundable \$1,000 application / filing fee must accompany this application. *If bonds are issued, the City will require an issuance fee of .25% of the first \$10 million of bonds issued and .1% of the amount of bonds issued in excess thereof (which amount shall not be less than \$1,500 and not more than \$100,000). Additionally, the applicant shall be responsible for bond counsel fees, trustee fees and other fees associated with the issuance of the bonds. See Section 6 of Resolution No. 06-1177 and contact Bond Council for a more detailed explanation of the fees.*

Olathe Medical Center, Inc. _____

Applicant's Name

20333 West 151st Street, Olathe, Kansas 66061 _____ (913) 791-4200
Applicants Address Telephone Number

Tierney L. Grasser, Chief Financial Officer _____ (913) 791-4461
Name and Title of Responsible Officer/Contact Telephone Number

Jason Hannagan _____
Attorney for Applicant

20333 West 151st Street, Olathe, Kansas 66061 _____ 913.791.3559
Attorney's Address Telephone Number

Kansas City Financial Corporation (UMB Bank, N.A. affiliate) _____ (816) 860-7143
Bond Purchaser Telephone Number

Piper Jaffray & Co. _____ (913) 345-3370
Placement Agent Telephone Number

Scott Waller, Gilmore & Bell, P.C. _____
Bond Counsel for Applicant

2405 Grand Boulevard, Suite 1100, Kansas City, Missouri 64108 _____ (816) 218-7591
Bond Counsel's Address Telephone Number

I. BUSINESS INFORMATION

If the applicant corporation or its parent is a publicly-held corporation and regularly files annual reports on Form 10-K, respectively attach as a part of this application, a copy of the most recent Form 10-K and the applicant's most recent annual report to shareholders.

A. In what line or lines of business is the applicant engaged? _____
 Health Care, i.e., Acute Care Hospital

B. Is the applicant (or its parent) a proprietorship, partnership, or corporation (LLC)? _____
 (501)(c)(3) Corporation

- C. Year and State of incorporation 1948 in the State of Kansas
 If proprietorship, partnership, or close corporation, list the names of owners and the approximate amounts owned by each of its principal stockholders. N/A – Not for Profit Hospital
- D. List the names and titles of the officers of the applicant firm: _____
Stan Holm – President/CEO
Tierney L. Grasser – Chief Financial Officer
Jeff Dossett – Chief Operating Officer
- E. List the name of the certified public accounting firm (or firms) which has performed audits of the applicant firm (or its parent) books and records for the past three (3) years. Attach financial reports (income statements, retained earnings statements, changes in working capital, balance sheets, etc.) for same years. BKD, LLP - Audit Reports are available upon request.
- F. Have the applicant's credit instruments been rated by a rating service? Yes
 Indicate name of rating service and types of instruments. Attach most recent copy of credit rating report. The Corporation maintains an "A+" S&P Global Ratings underlying rating last affirmed by S&P in the attached report dated August 6, 2019.
- G Describe all outstanding or threatened litigation: The nature of the applicant's business generates claims and litigation against the applicant arising in the ordinary course of its activities. At any given time, the applicant may have lawsuits pending against it, based on alleged medical malpractice. The applicant retains special counsel to defend its interest in such suits. The applicant is presently not a party to any pending litigation and management knows of no claims made against the applicant which, if asserted, would not be covered by insurance.

II. THE PROJECT

Briefly describe the nature of the proposed project, including information as to the structure itself (size of building, amount of land to be purchased, etc.), whether it is an expansion of an existing facility or the construction of a new facility, and what products or services are to be manufactured or provided there.

- A. Approximate amount requested for:
Plan of finance for the purposes of (1) paying for all or a portion of the costs related to the acquisition, construction, improvement, extension, repair, equipping and furnishing of certain health facilities and related facilities, including without limitation, Olathe Medical Center projects, including medical office building project at Olathe Medical Park and miscellaneous capital improvements (collectively, the "Projects"), (2) refunding all or any portion of the Series 2017B Bonds (the "Refunded Bonds") previously issued by the Issuer for the benefit of the Corporation and its affiliates, and (3) paying certain costs of issuance (in an amount expected not to exceed 2% of the proceeds of the Bonds), all for the benefit of and in furtherance of the Corporation, Olathe Health Physicians, Inc. (formerly Olathe Medical Services, Inc.), Miami County Medical Center, Inc., and Olathe Health System, Inc., each a Kansas not-for-profit corporation.
- B. Does the applicant or its parent presently have offices or industrial facilities located in Olathe, Kansas? If so, describe. Yes, Olathe Medical Center is a 300 licensed bed acute care hospital and owns related medical office buildings. Olathe Health Physicians, Inc. also owns several clinics in the Olathe area.
- C. Where is the location of the project? The primary location of the project is Olathe Medical Park campus, the principal address for which is 20333 West 151st Street, Olathe, Kansas, and which is approximately located at 151st street, Lone Elm Road and Interstate 35 in Olathe, Kansas. The project may include other locations in the Olathe area.
- D. Is the prospective location properly zoned? Yes If a zoning change is pending, cite application number and present status. If application has not been made, briefly describe what change will be needed and plans for submitting application: N/A

- E. Describe the type of building to be constructed and type of machinery and equipment to be financed? Please see project description above.
- F. Will the applicant be in direct competition with other local firms? Yes If so name the firms: Other health care systems (hospitals, physicians and free standing healthcare centers). Describe the nature of the competition: health care systems and providers
- G. Are adequate public streets and utilities available to the proposed site? Yes
- H. Specify if unusual demands for water and sewer will be made? N/A
- I. Does the applicant plan to use the City of Olathe solid waste service? If not, please identify special solid waste requirements or arrangements already made. No - Deffenbaugh
- J. What percentage of usable floor space will be occupied by applicant? 67%
What percentage will be occupied by other occupants? 33%
Indicate each occupant, if known. anticipating nonprofit health provider
- K. Name and address of construction contractor and/or architect: N/A.
- L. How many persons will be employed at the project? 1,789 now employed at main facility.
Will this project represent an increase in employment opportunities in Olathe, Kansas? No
Please complete Appendix I if your company currently has operations in the KC Metro area.
Not Applicable – No abatement requested.
- M. Briefly describe the approximate numbers of persons to be employed at the project at all levels (management, office, skilled and unskilled, for example): See attached 2018 EEOC Report, Section D – Employment Data
- N. What dollar amount, and percentage of the applicant's total projected annual sales for the next 10 years, is expected to be generated by the project? N/A
- O. What percentage of sales will be sold locally? N/A Is this percentage increasing, decreasing, or remaining stable from the current trend? _____
- P. What is the estimated annual amount of merchandise and services purchased locally by the applicant? various medical supplies and services
- Q. Is there likelihood for expansion of the proposed facility within 3 years? Yes If such expansion is contemplated, please describe ? Expanded hospital facilities or additional clinics.
- R. Has or will an environmental audit be performed for the site? No

III. FINANCING

- A. Will the applicant pledge any assets other than the project itself to secure the bonds? If so, what? Secured on a parity with prior bonds issued by the City for the benefit of the hospital.
- B. Will a bond and interest reserve be provided for? No State amount and source of funding. Past issues have not had a funded debt service reserve fund.
- C. What portion of the project will be financed from funds other than bond proceeds? 30% estimated
What is the source of such funds? equity investment of applicant and its affiliates
- D. What will be the applicant's equity investment? Describe N/A

- E. Does the applicant have any major contractual arrangements that would tend to assure, or be a detriment to, the successful financing and marketing of the proposed bonds? No
If so, please describe. _____
- F. List previous participation in IRB financing:
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2019A
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2017B
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2017A
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2014B
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2014A
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2012C
City of Olathe, Kansas Health Facilities Revenue Bonds (Olathe Medical Center) Series 2012A
- G. Has a bond underwriter determined whether or not the bonds are marketable? If so, describe its determination and attach statement. The Series 2019B Bonds will be issued as a private placement with the purchaser named herein and are not expected to be rated or remarketed.
- H. Have arrangements been made for the marketing of the bonds? N/A Describe interest rate structure and term of bonds. Fixed Rate Bonds (subject to adjustment) issued under a private placement with purchaser named herein.
- I. Indicate whether bonds will be publicly or privately placed. Privately
- J. Has the applicant considered conventional financing? Yes
- K. Does the applicant or its parent, intend to purchase all or any part of the proposed bond issue? No
- L. Indicate name of primary officer, institution name, and address of trustee and/or fiscal agent. Scott Mathews, UMB Bank, N.A., 1010 Grand Boulevard, Fourth Floor, Kansas City, Missouri 64106
- M. Proposed date of issuing the bonds. On or around November 15, 2019
- N. ***Prior to the contractor starting construction on the project***, the applicant shall **notify the City Clerk** whether or not to proceed with an application for a **sales tax exemption** from the state of Kansas. ***Prior to or at completion of the project***, the applicant shall **inform the City Clerk** to proceed with the appropriate **filing with the state board of tax appeals for a tax abatement on the project**. N/A

IV. FINANCIAL PLAN

Attach, as part of this application, **projected proforma statements** for the first ten (10) years of operations which include revenue projections, operating expense projections, and debt amortization schedule.
N/A

V. TAXES

No abatement is requested. The Hospital is exempt under K.S.A. 79-201(b) First.

- A. What is the requested tax abatement term in years? N/A Percentage requested N/A %
- B. Under normal circumstances, the City will require payment in lieu of payments for property which becomes tax exempt. If tax abatement is requested, please describe special features or benefits of the project which would justify tax abatements at the requested percentage and term. Include information about other local revenues associated with the project, such as sales taxes and franchise fees. N/A

VI. CERTIFICATION OF APPLICANT

It is agreed that the applicant will be responsible for any legal fees incurred by the city relating to this application.

It is understood that a performance agreement shall be required as set forth in the city's tax abatement policy. I hereby swear that the foregoing and attached information dated this 25th day of October 2019, is true and correct to the best of my knowledge.

Further, it is understood that additional information may be requested by the city to assist the Governing Body in its consideration of this matter.

APPLICANT:

OLATHE MEDICAL CENTER, INC.

Signed: 
By: Tierney L. Grasser
Title of Responsible Officer: Chief Financial Officer