

November 12, 2024

Michael Wilkes
City Manager
City of Olathe
100 E. Santa Fe Street
Olathe, Kansas 66061

Re: STAR Bond Project Plan – Project Area 1

Dear Mr. Wilkes:

Thank you for the City of Olathe's (the "City") STAR Bond District Project Plan related to Project Area 1 of the City of Olathe's STAR Bond District (the "Gateway Project"), formally submitted on or about November 6, 2024. After having reviewed the project plan and pursuant to K.S.A. 12-17,160 *et seq.* (the "Act"), I take the following actions:

- (1) find and determine that the Gateway Project includes a "major commercial entertainment and tourism area" and a "major multi-sport athletic facility" and is an "eligible area" within the meaning of K.S.A. 12-17,165.
- (2) approve the STAR Bond District Project Plan and designate the Gateway Project as a "STAR bond project" within the meaning of K.S.A. 12-17,162(aa); and
- (3) approve the issuance of "up to" \$65,000,000 (exclusive of approved financing costs) in STAR bond financing for the Gateway project.

In considering whether an area proposed for a project constitutes a "major multi-sport athletic complex" and a "major commercial entertainment and tourism area" and therefore an eligible area within the meaning of the Act, I evaluated project criteria, including, the variety of destination sporting, and entertainment uses. I also considered the projected visitation, economic impact, city and developer investment commitment, uniqueness of the project, prospects for long-term profitability, significance as a travel destination, integration and collaboration with other resources or businesses, the quality of the experience to be provided and project accountability.

The Gateway Project is identified as an area within the City more fully described in Ordinance No. 24-35, adopted by the Olathe City Council. The development contemplated for the project area will be approximately 130 acres located at the intersection of 119th Street and Renner Boulevard. The Gateway Project described in the project plan will include a 195,000 square foot, 5,000 seat multi-sport athletic complex, an ultra-accessible amusement park, other mixed and commercial development that will include retail uses, restaurant uses, hotel uses, and commercial and residential uses. The multi-sport athletic complex can host a variety of events including hockey, MMA tournaments, dance tournaments, cheerleading, and other sports and community events.

The proposed financial structure includes "up to" \$65,000,000 of net STAR Bond financing, which is 20 percent of the over \$320 million in total project costs for the development. The City has satisfied the Commerce policy that STAR bond applicants pledge all available sales tax revenue generated within the STAR Bond Project District to repay STAR bonds used for the Gateway Project as well as 100% of its share of county sales tax.

Further, the City and others are investing over \$240 million in the Gateway Project, which represents a true public/private partnership benefiting the region and the state.

The feasibility study that was commissioned by Commerce reflects that the Gateway Project is a unique travel destination that will attract visitors from throughout the country. The amusement park and the multi-sport athletic complex are projected to bring over 600,000 visitors annually and of those visitors approximately 37% are originating from outside of Kansas. Accounting for unique visitors, the multi-sport athletic complex and the amusement park are each expected to draw over 25% of visitors who originate from a community more than 100 miles away. The feasibility study further demonstrates that the Gateway Project will generate significantly more sales tax revenue over the life of the bonds than is necessary to support the “up to” \$65,000,000 net proceeds STAR bond issue. The total economic impact of the Gateway Project businesses and their employees on the area economy is substantial, including over 1,200 direct full-time jobs with over \$68 million in annual payroll. At build out, the Gateway Project is forecast to generate annual retail sales over \$130 million.

Based on all the above, it is my determination that the Gateway Project constitutes a major multi-sport athletic complex and a major commercial entertainment and tourism area and is therefore an “eligible area” within the meaning of the Act. The Gateway Project is hereby designated a “STAR bond project” within the meaning of the Act and the STAR Bond Project Plan is approved. I further approve the issuance of “up to” \$65,000,000 of STAR bonds (exclusive of approved financing costs) to finance the Gateway Project as submitted in the STAR bond project plan, provided that: 1) the City takes all lawfully required actions to implement the STAR Bond Project Plan; 2) STAR bonds shall be used to finance eligible project costs to implement the STAR Bond Project Plan; 3) the City implements an approved “Sources and Uses” allocation and budget and Commerce approves in writing a final line-item budget for the expenditure of any STAR bonds; 4) all financing costs and certain project expenses to be financed with STAR bond proceeds related to any Cost Contingency items are set forth in the project plan and budget shall be subject to prior approval by the Secretary of Commerce; 6) the Secretary of Commerce approves the terms and conditions of each issuance of STAR bonds; 7) the City commits to pledging all available City sales tax, City’s share of county sales tax generated within the STAR bond district and all available transient guest tax revenue; 8) the transfer of any title to any land acquired with STAR bond proceeds shall be approved by the Secretary of Commerce; and 9) the expenditure of STAR bond proceeds shall at all times be less than 50% of the total funds invested in the Project.

We look forward to working with you on this exciting project.

Sincerely,

Robert North

David C. Toland
Lt. Governor and Secretary