



CITY OF OLATHE, KANSAS
 APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
 (IRB)
 New Business to Olathe

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 Exhibits A-G of this application. This application must be submitted within sufficient time to meet procedural requirements of the abatement policy, (refer to the tax abatement calendar).

A non-refundable \$4,000 application / filing fee must accompany this application. If bonds are issued, the City will require an issuance fee of .0025 of the first \$40 million of bonds issued plus .0020 of the amount of bonds issued in excess of \$40 million (issuance fee shall not be less than \$2,500. For warehouse distribution or logistics-type projects the City will require an issuance fee of .0030 of the par amount of bonds being issued (which amount shall not be less than \$2,500). 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.18-1111 and contact Bond Council for a more detailed explanation of the fees.

Milhaus Properties LLC, or assigns

Applicant’s Name

tadd.miller@milhaus.com (317) 226-9500

Applicant’s Email Address

Telephone Number

460 Virginia Avenue, Indianapolis, IN 46203

Applicant’s Address

Tadd M. Miller, Manager (317) 226-9500

Name and Title of Responsible Officer/Contact

Telephone Number

Same as above.

Address (if other than corporate address)

Korb Maxwell, Polsinelli PC

Attorney for Applicant

kmaxwell@polsinelli.com (816) 360-4327

Attorney’s Email Address

Telephone Number

900 West 48th Place, Suite 900, Kansas City, MO 64112

Attorney’s Address

Applicant or its lender is expected to be the bond purchaser.

Bond Purchaser/Underwriter for Applicant

TBD

Bond Purchaser/Underwriter’s Address

Telephone Number

TBD

Bond Counsel for Applicant

TBD

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: Exhibit A - a copy of the most recent Form 10-K, and Exhibit B - the applicant's most recent annual report to shareholders.

A. In what line or lines of business is the applicant engaged?

Real Estate Development.

B. Is the applicant (or its parent) a proprietorship, partnership, or corporation (LLC)?

Corporation (LLC)

C. Year and State of incorporation 2011, Indiana

If proprietorship, partnership, or close corporation, list the names of owners and the approximate amounts owned by each of its principal stockholders.

Please see I(D) below.

D. List the names and titles of the officers of the applicant firm:

The Applicant is a national real estate development firm with numerous offices and projects across the county. Tadd M. Miller is the Chief Executive Officer of Milhaus. Additional information can be provided upon request.

E. List the name of the certified public accounting firm (or firms) which has performed audits of the applicant's (or its parent's) 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 as Exhibit C.

Please see I(D) above.

F. Have the applicant's credit instruments been rated by a rating service? No

Indicate name of rating service and types of instruments. Attach most recent copy of credit rating report as Exhibit D.

G Describe all outstanding or threatened litigation:

The Applicant is not aware of any pending or threatened litigation affecting the Project.

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.

The Applicant is proposing to purchase and redevelop a mixed-use/residential redevelopment project (the "Project") on the Property (defined below in Section II(D)).

A. Approximate amount requested for:

Land (Attach a legal description of property as <u>Exhibit E</u>)	\$ 10
Building	\$ 36,606,785
Machinery and Equipment	\$
Pollution Control Facilities	\$
Other Costs*	\$
Total	\$ 36,606,795

* State other costs:

B. Does the applicant, or its parent, presently have offices or industrial facilities located in Olathe, Kansas? No If so, describe.

N/A.

C. Where is the location of the project?

The Project will be located on certain real property consisting of four tax parcels of land comprising a combined 1.98+/- acres generally located at the southeast corner of E Park Street and N Chestnut Street in the City, having Tax Parcel IDs: DP520000500001A, DP520000500006, DP779900500006A, and DP520000500001.

D. Is the prospective location properly zoned? No. 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:

The following rezoning and final plat applications are pending: (1) South Tract Rezoning: RZ19-0021; and (2) South Tract Final Plat: FP19-0019.

E. Describe the type of buildings to be constructed and type of machinery and equipment to be financed?

Mixed-use/residential uses.

F. Will the applicant be in direct competition with other local firms? No. If so, name the firms:

There are other mixed-use and residential buildings in the City; however, the Project is distinguishable based on its superior design and location, and quality of service.

Describe the nature of the competition:

N/A.

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? Yes. If not, please identify special solid waste requirements or arrangements already made:

N/A.

J. What percentage of usable floor space will be occupied by applicant? 0. What percentage will be occupied by other occupants? 100%. Indicate each occupant, if known.

Prospective mixed-use/residential tenants.

K. Name and address of construction contractor and/or architect:

Contractor - TBD

Architect - Davidson Architecture & Engineering, 4301 Indian Creek Parkway, Overland Park, KS 66207.

L. How many persons will be employed at the project? 5 Will this project represent an increase in employment opportunities in Olathe, Kansas? Yes
* Please complete Appendix I on page 10.

M. Briefly describe the approximate number of persons to be employed by the project at all levels (e.g. - management, office, skilled and unskilled):

The Project is expected to facilitate increased employment opportunities for positions commensurate with mixed-use and/or similar operations of this scope and nature, in addition to an estimated 286 temporary construction jobs.

N. What dollar amount, and percentage of the applicant's total projected annual sales for the next ten (10) years, is expected to be generated by the project?

N/A. The Applicant is a real estate development firm that is constructing this project for prospective mixed-use/residential tenants.

O. What percentage of sales will be sold locally? N/A Is this percentage increasing, decreasing, or remaining stable from the current trend? N/A

P. What is the estimated annual amount of merchandise and services purchased locally by the applicant?

TBD.

Q. Is there likelihood for expansion of the proposed facility within three (3) years? TBD.
If such expansion is contemplated, please describe:

TBD.

R. Has, or will, an environmental audit be performed for the site? Yes

III. FINANCING

A. Will the applicant pledge any assets other than the project itself to secure the bonds? No
If so, what?

N/A.

B. Will a bond and interest reserve be provided for? No State amount and source of funding.
N/A.

C. What portion of the project will be financed from funds other than bond proceeds?
None.

What is the source of such funds?
N/A.

D. What will be the applicant's equity investment? Please describe:
TBD.

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:
N/A.

F. List previous participation in IRB financing:
The Applicant, and its principals and consultants, have substantial experience with IRB financing and a variety of other similar financing tools.

G. Has a bond underwriter determined whether or not the bonds are marketable? No If so, describe its determination and attach statement as Exhibit F.

H. Have arrangements been made for the marketing of the bonds? No Describe interest rate structure and term of bonds.
TBD based on market conditions.

- I. Indicate whether bonds will be publicly or privately placed.
Privately placed. The Applicant or its lender are expected to purchase the bonds.
- 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?
The Applicant or its lender are expected to purchase all or a portion of the proposed bond issue.
- L. Indicate name of primary officer, institution name, and address of trustee and/or fiscal agent.
TBD.
- M. Proposed date of issuing the bonds: TBD (upon completion of the Project).
- 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.

IV. FINANCIAL PLAN

Attach, as Exhibit G 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.

V. TAXES

- A. What is the requested tax abatement term in years? 10 Percentage requested 100 %
- B. If a Fixed PILOT payment is proposed for the project, please outline proposed structure:
N/A.

- C. 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.

The Applicant and the City are parties to that certain Real Estate Contract and Development Agreement dated as of July 31, 2019 (the "Development Agreement"). The Development Agreement contemplates the issuance of industrial revenue bonds ("IRBs") for a 10-year, 100% real property tax abatement and a retail sales tax exemption for the purchase of building materials and equipment for the Project. The City was willing to enter into the Development Agreement and support the aforementioned tax abatement due to the significant benefits expected to be realized from the Project, such as, but not limited to:

- High quality, attractively-designed Class A mixed-use/residential development in Downtown Olathe;
- Increased housing and quality employment opportunities for the City's residents;
- Creation of synergies with surrounding businesses and development that will facilitate an environment to help support local business creation, retention, and expansion;
- Promotion of economic diversification through the Project's mixed-use development and the addition of new Class A residential housing opportunities in Downtown Olathe;
- Property tax revenues following the abatement period that the City would not otherwise receive since the Property is currently owned by the City and is thus exempt and producing no property tax revenue for the City or other taxing jurisdictions; and
- Other benefits to flow, both directly and indirectly, from locating a project of this scope and caliber in the heart of Downtown Olathe.

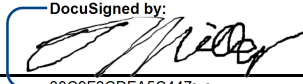
VI. CERTIFICATION OF APPLICANT

Applicant understands and agrees to pay all fees described on Page 1 of this application.

Applicant agrees to comply with the provisions of Chapter 2.82 of the Olathe Municipal Code (the "Code") regarding Public Art for the Project or to pay the necessary payment to the City's Public Art Fund.

It is understood that a performance agreement shall be required, as set forth in the City's tax abatement policy, for applications requesting tax abatement. I hereby swear that the foregoing and attached information dated this 1st 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 of Olathe to assist the Governing Body in its consideration of this matter.

Signed  _____
DocuSigned by:
30C9F3CDFA5C447 Name

By Tadd M. Miller, Manager _____
Title of Responsible Officer

APPENDIX I*
EMPLOYMENT INFORMATION
APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS

State law requires a fiscal impact analysis be performed prior to the issuance of a tax abatement. Information provided in sections below of Appendix I is essential in order for the city to meet this requirement.

Current number of employees at firm’s present site. N/A

Occupational Classification	Total	Average Starting Wage	Average Maximum Wage	Number By County of Residence *
Temporary Construction	286	\$31,200	\$45,000	Johnson 30%
				Other 70%
Full-time Employees (Direct On-site)	5	\$31,200	\$45,000	Johnson 30%
				Other 70%
		\$31,200	\$45,000	Johnson 30%
				Other 70%
		\$31,200	\$45,000	Johnson 30%
				Other 70%
		\$31,200	\$45,000	Johnson 30%
				Other 70%

EXHIBIT A

Insert or attach here:

EXHIBIT B

Insert or attach here:

EXHIBIT C

Insert or attach here:

EXHIBIT D

Insert or attach here:

EXHIBIT E

Insert or attach here:

EXHIBIT E

Legal Description – South Chestnut

All of Lots 1, 2, 3, 4 and 5, WILLIAMS AND DEVENPORTS SUBDIVISION and all of Lots 6, 7, 8, 9, 10 and 11, CITY OF OLATHE, both being subdivisions of land and the vacated alleyway by Ordinance dated August 1, 1930 as Document No. 179760 in Misc. Book 17 at Page 394 as shown on the recorded plat, all in the Northeast Quarter of Section 35, Township 13 South, Range 23 East of the 6th Principal Meridian in the City of Olathe, Johnson County, Kansas, being bounded and described as follows: Beginning at the Northeast corner of said Lot 1, said corner being the intersection of South right-of-way line of E Park Street, as now established and the West right-of-way line of Water Street, as now established; thence South 02°02'51" East, along said West right-of-way line of said Water Street, 317.00 feet to the Southeast corner of said Lot 11; thence South 87°56'03" West, along the South line of said Lot 11 and the South line of said Lot 10, 272.50 feet to the Southwest corner of said Lot 10, said corner also being a point on the East right-of-way line of Chestnut Street, as now established; thence North 02°02'51" West, along said East right-of-way line, 317.00 feet to the Northwest corner of said Lot 5, said corner also being a point on the South right-of-way line of said E Park Street; thence North 87°56'03" East, along said South right-of-way line, 272.50 feet to the Point of Beginning. Containing 86,382 square feet or 1.98 acres, more or less.

EXHIBIT F

Insert or attach here:

EXHIBIT G

Insert or attach here:

Olathe Gateway

Annual Project Summary

Total Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Project Costs											
Land Costs	10	10	-	-	-	-	-	-	-	-	-
Site-Work	1,562,997	605,661	937,798	19,537	-	-	-	-	-	-	-
Construction Costs	27,379,943	10,609,728	16,427,966	342,249	-	-	-	-	-	-	-
Options and Selections	200	78	120	3	-	-	-	-	-	-	-
Amenities	-	-	-	-	-	-	-	-	-	-	-
Construction Management	60,000	27,500	30,000	2,500	-	-	-	-	-	-	-
FF&E	350,000	135,625	210,000	4,375	-	-	-	-	-	-	-
Due Diligence	77,020	77,020	-	-	-	-	-	-	-	-	-
Applications and Permits	65,000	65,000	-	-	-	-	-	-	-	-	-
Legal	225,000	87,188	-	-	-	-	-	-	-	-	-
Engineering	152,500	59,094	135,000	2,813	-	-	-	-	-	-	-
Architectural	1,507,437	584,132	904,462	18,843	-	-	-	-	-	-	-
Accounting	13,150	5,096	7,890	164	-	-	-	-	-	-	-
Finance Costs, Interest & Operations	1,618,208	564,717	963,025	90,466	-	-	-	-	-	-	-
Insurance and Other Operations Taxes	180,984	70,131	108,590	2,262	-	-	-	-	-	-	-
Marketing	150,000	58,125	90,000	1,875	-	-	-	-	-	-	-
Commercial Marketing	9	3	5	0	-	-	-	-	-	-	-
Other Development Costs	54,000	20,925	32,400	675	-	-	-	-	-	-	-
Warranty and Reserves	-	-	-	-	-	-	-	-	-	-	-
Developer Fee	1,519,515	696,444	759,757	63,313	-	-	-	-	-	-	-
Hard Cost Contingency (Excludes Land)	1,447,157	560,773	868,294	18,089	-	-	-	-	-	-	-
Soft Cost Contingency	223,665	89,043	131,862	2,760	-	-	-	-	-	-	-
Total Fees	3,190,337	1,346,261	1,759,914	84,163	-	-	-	-	-	-	-
Total Project Cost	36,606,795	14,336,293	21,698,670	571,831	-	-	-	-	-	-	-

Financing											
Milhaus Funding	1,281,238	1,281,238	-	-	-	-	-	-	-	-	-
Other Equity Funding	11,531,140	11,531,140	-	-	-	-	-	-	-	-	-
Total Equity Funding	12,812,378	12,812,378	-	-	-	-	-	-	-	-	-
Check	-	-	-	-	-	-	-	-	-	-	-
Preferred Equity	-	-	-	-	-	-	-	-	-	-	-
Construction Period Funding	23,794,417	1,523,915	21,698,670	571,831	-	-	-	-	-	-	-
Draws	(23,794,417)	-	-	-	-	-	-	-	-	-	-
Amortization or Repayment from Refinancing	-	-	-	-	(23,794,417)	-	-	-	-	-	-
Permanent Loan	32,946,115	-	-	-	32,946,115	(403,369)	(506,713)	(532,637)	(559,888)	(588,533)	(618,643)
Draws	(3,209,783)	-	-	-	-	(403,369)	(506,713)	(532,637)	(559,888)	(588,533)	(618,643)
Amortization	(329,461)	-	-	-	(329,461)	-	-	-	-	-	-
Cost of Refinancing	-	-	-	-	-	-	-	-	-	-	-

Operations											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Net Rental Income	-	252,028	2,342,901	3,570,780	3,600,891	3,674,125	3,748,285	3,823,941	3,901,125	3,979,867	4,060,198
Net Retail Income	-	2	15	18	18	18	19	19	20	20	21
Utility Reimbursements	-	-	-	-	-	-	-	-	-	-	-
Parking / Garage / Storage	-	4,305	39,560	62,544	63,851	65,140	66,455	67,796	69,165	70,561	71,985
Trash Removal	-	2,284	20,976	33,163	33,856	34,539	35,237	35,948	36,673	37,414	38,169
Other Miscellaneous Income	-	25,294	235,136	374,832	382,948	390,736	398,623	407,347	415,569	423,957	432,514
Bad Debt	-	-	-	-	-	-	-	-	-	-	-
Other Income Total	-	31,885	295,687	470,556	480,673	490,434	500,333	511,110	521,426	531,951	542,688
Effective Gross Income	-	283,913	2,638,587	4,041,335	4,081,564	4,164,559	4,248,618	4,335,051	4,422,552	4,511,818	4,602,886
Controllable Expenses	-	405,577	742,894	866,754	884,249	902,097	920,305	938,881	957,831	977,165	996,888
Real Estate Taxes	0	143,596	309,984	316,184	322,508	328,958	335,537	342,248	349,578	355,256	362,427
Real Estate Tax Abatement	(0)	(143,596)	(309,984)	(316,184)	(322,508)	(328,958)	(335,537)	(342,248)	(349,578)	(355,256)	(362,427)
Franchise Tax	-	-	-	-	-	-	-	-	-	-	-
Association Dues	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	27,038	54,890	55,998	57,128	58,282	59,458	60,658	61,882	63,131	64,406
Ground Lease	-	-	-	-	-	-	-	-	-	-	-
Management Fee	-	45,000	105,992	124,583	122,447	124,937	127,459	130,052	132,677	135,355	138,087
Asset Management Fee	176,170	192,186	192,186	192,186	192,186	192,186	192,186	192,186	192,186	192,186	192,186
Total Operating Expenses	176,170	669,801	1,095,962	1,239,521	1,256,010	1,277,501	1,299,407	1,321,776	1,344,576	1,367,836	1,452,474
Net Operating Income	(176,170)	(385,888)	1,542,625	2,801,814	2,825,554	2,887,058	2,949,211	3,013,276	3,077,976	3,143,982	3,150,412
Less Reserves	-	-	23,985	48,694	49,677	50,680	51,703	52,746	53,811	54,897	55,005
NOI Less Reserves	(176,170)	(385,888)	1,518,641	2,753,120	2,775,877	2,836,379	2,897,508	2,960,529	3,024,165	3,089,085	3,095,407