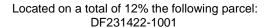
April 15, 2025

Master Resolution Multi-Series Bond Request & First-Series Bond Request

Aspen Funds, LLC and assigns
Industrial Revenue Bond & Tax Phase-In Project
Executive Summary





Introduction

The City has received a \$140,350,000 industrial revenue bond application from Aspen Funds, LLC and assigns ("Applicant") for the construction of approximately six industrial and warehouse facilities on 98-acres on the southeast corner of 167th Street & Hedge Lane. The Applicant anticipates construction of approximately 1,092,315 square feet of space to accommodate industrial uses in a business park setting. The Applicant seeks a master resolution over the entire project so that each series receives an approximate 10-year, 50% property tax phase-in in conjunction with the issuance of the City's industrial revenue bonds. This project is applying for and falls under the City's tax abatement policy for a new business abatement, Resolution 24-1075 and Policy F-5 with an investment of over \$10 million.

Bonds for this multi-phase project are expected to be issued in several series. The bonds to be issued would allow the Applicant to construct a total of 1,092,315 square feet of warehouse and industrial facilities on a total of 98-acres. The Applicant requests issuance of an amount not to exceed \$140,350,000 of industrial revenue bonds for construction of the buildings. The proceeds from the bonds would be divided as follows: \$5,350,000 of the bonds would cover costs to acquire the land and \$135,000 of the bonds would cover costs to construct the buildings.

The first series application was submitted and is requesting \$28,600,000 in bonds to cover the cost of land and building construction. The proceeds of the bonds would be divided as follows: \$645,774 for land and \$27,954,226 of the bonds would cover costs to construct the building. The first project will construct a 217.685 square foot facility on approximately 11.84 acres of the overall site.

The following information about this request relates to the projected impacts of the first project planned for construction and was derived from the attached application materials.

Employment

The first project is expected to create 164 new jobs over the next 10 years. The average salaries are expected to be \$48,000 in the first year, growing to \$74,464 in year 10. These jobs would create approximately \$94 million in new wages to the Olathe economy over the life of the abatement.

Machinery & Equipment

This application does not include any funds in bond proceeds to purchase furniture, fixtures and equipment in this request. However, it is expected that tenants will make purchases that will likely create sales tax revenue.

IRB Request

This master resolution request is to issue industrial revenue bonds in multiple series not to exceed \$140,350,000 for the construction of a total of 1,092,315 square feet of industrial and warehouse space. The first series of bonds under the master resolution is requesting bonds not to exceed \$28,600,000 for the construction of a 217,685 square foot facility. It is anticipated that the bonds will be taxable industrial revenue bonds backed by the revenue generated from the facility. The applicant plans to purchase the bonds.

Tax Abatement Request

The Applicant is requesting an approximate 10-year, 50% property tax-phase in for its project, under the City's Tax Abatement Resolution 24-1075 and Policy F-5. The abatement would be for the new investment in improvements associated with the request to issue bonds for each series of the project. The level of capital investment meets the criteria for a 10-year property tax abatement for a new business under the City's tax abatement policy as the industrial facility will result in a total investment of over \$10 million.

Taxes

Current estimated property taxes generated at the site for the first project under this master resolution (all jurisdictions): \$1,019 (city portion of taxes - \$207) based on a 2025 appraised value of \$34,926 and an assessed value of \$8,894). The future property taxes generated by this first series project have been computed using a targeted level of real property estimated appraised value at build out that is \$18,000,000 (65% of investment in the building only (real property)). This investment will result in approximately \$515,075 in annual property taxes at full value for all taxing jurisdictions, and \$104,925 in property taxes to the City. With a 50% property tax abatement, the tax revenue will be approximately \$2,575,375 for all jurisdictions over the 10-year abatement period, and \$524,625 to the City over the 10-year abatement period.

<u>Sales</u>

The project will increase new annual sales throughout the duration of the project for the tenant and are projected to be \$326,528 in each year of the tax phase-in. A total of \$3,265,288 million in additional sales in attributed to this project.

Special Assessments

There are currently no special assessments associated with this property.

Franchise Fees

It is expected that the project will generate \$17,249 in new franchise fees each year of the 10-year period.

Wastewater & Garbage

The applicant anticipates generating an additional \$10,820 in revenue from increased trash and sewer service during the 10-year abatement period.

Local Competition

The applicant will be in competition with other local development projects of similar nature.

Annual Purchases

The applicant has projected that the project would generate approximately \$784,931 in new operating expenditures over the life of the tax phase-in.

Cost-Benefit Analysis

As required by Kansas law, staff completed a cost-benefit analysis of the project on the City of Olathe. The Kansas, Inc. model reflects the impact upon the city, county, school districts, and state. A variety of information concerning the firm, the construction, and the community was input into the model.

The cost-benefit model shows that the facility will have a benefit to cost ratio of 1.75 to 1 for the City of Olathe, which translates into an annual rate of return on the City's investment of taxes abated of 174.56%. The payback period for incentives and taxes abated will be approximately 5 years.

County & School District Impact

It is expected that the project will bring approximately 213 total new jobs (direct and in-direct) to the City, with 227 new residents moving into Johnson County over the next 10 years. This project will be located in the Gardner-Edgerton School District. Of the new residents, 30% are expected to move into the Gardner-Edgerton District. The impact on the school districts would be about 18 new students over the next 10 years. Per Kansas law, the City will provide written information to the County and the School Districts pertaining to this request.

Performance Agreement

The applicant has been informed that a performance agreement will be required as part of a tax abatement for the project which is locating on parcels: DF231422-1001. The minimum targeted expenditures would be approximately 80% of the projected bond issuance for this first project, or \$22,880,000. The minimum targeted expenditure for the entire master resolution would be approximately \$112,280,000.