



CITY OF OLATHE, KANSAS
APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
 (IRB)
 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 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 \$2,000 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.

EYMANN DEVELOPMENT INC.
Applicant's Name

CRAIG @ AMB CONST. COM 913-383-8899
Applicant's Email Address Telephone Number

4444 W. 89th ST., PRAIRIE VILLAGE, KS 66207
Applicant's Address

CRAIG EYMANN 913-980-1767
Name and Title of Responsible Officer/Contact Telephone Number

Address (if other than corporate address)

SONNEN, NATH & ROSENTHAL
Attorney for Applicant

JOHN.SYNDER@DENTONS.COM 816-460-2400
Attorney's Email Address Telephone Number

4520 MAIN, KC MO 64111
Attorney's Address

APPLICANT
Bond Purchaser/Underwriter for Applicant

Bond Purchaser/Underwriter's Address Telephone Number

GILMORE & BELL
Bond Counsel for Applicant

2405 GRAND, STE 1100, KC, MO 816-218-7532
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?

REALESTATE DEVELOPMENT

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

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

CRAIG EYMANN - 50%
KEITH EYMANN - 50%

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

CRAIG EYMANN - PRESIDENT
KEITH EYMANN - VICE PRESIDENT
RHONDA EYMANN - SECRETARY

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.

MARES NELSON

F. Have the applicant's credit instruments been rated by a rating service? Yes 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: - NONE

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.

18,250 # OFFICE BLD FOR EXISTING TENANT SMITH BOUCHER - HAS OUTGROWN IT'S CURRENT 10,000 # AND WILL SIGN A 10 YR LEASE. THEY ARE A MECHANICAL ENGINEERING FIRM.

A. Approximate amount requested for:

Land (Attach a legal description of property as Exhibit E)	\$ <u>588,000</u>
Building	\$ <u>3,678,000</u>
Machinery and Equipment	\$ _____
Pollution Control Facilities	\$ _____
Other Costs*	\$ _____
Total	\$ <u>4,266,000</u>

* State other costs:

B. Does the applicant, or its parent, presently have offices or industrial facilities located in Olathe, Kansas? Yes If so, describe.

WE CURRENTLY OWN 6 OTHER OFFICE BUILDINGS & 225 ACRES OF COMMERCIAL ZONED OFFICE PROPERTY IN THE CITY OF OLATHE.

C. Where is the location of the project?

CEDAR CREEK CORPORATE PARK

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:

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

OFFICE BUILDING

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

THIS BUILDING WILL BE OCCUPIED BY A TENANT THAT ALREADY IS LOCATED IN ONE OF THE APPLICANTS OTHER BLDGS.
Describe the nature of the competition:

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?

NO

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:

J. What percentage of usable floor space will be occupied by applicant? 100 What percentage will be occupied by other occupants? NONE Indicate each occupant, if known.

SMITH BOUCOER NAUITAS

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

ARCHITECT - WEBSTER ARCH
CONTRACTOR - AMBASSADOR CONST.

L. How many persons will be employed at the project? 40 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):

MGMT - SKILLED -
OFFICE - UNSKILLED -
PROFESSIONAL -

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

\$ 22,500,000 - 100%

O. What percentage of sales will be sold locally? 90% ^{IN STATE OF KS} Is this percentage increasing, decreasing, or remaining stable from the current trend? Increasing

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

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

THE BUILDING IS BEING BUILT LARGE ENOUGH FOR THE TENANTS GROWTH OVER

R. Has, or will, an environmental audit be performed for the site? Yes THE NEXT 10 YRS.

III. FINANCING

A. Will the applicant pledge any assets other than the project itself to secure the bonds? Yes
If so, what?

B. Will a bond and interest reserve be provided for? Yes State amount and source of funding.

THE BOND / LOAN - INTEREST WILL BE PAID BY THE RENT INCOME OF THE BLD.

C. What portion of the project will be financed from funds other than bond proceeds?

25%

What is the source of such funds?

EQUITY FROM THE APPLICANT.

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

1 MILLION DOLLARS - EQUITY IN THE LAND & THE FEE'S GENERATED TO DEV & CONSTRUCT THE PROJECT.

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? Yes
If so, please describe:

IT WILL HAVE A 10 YEAR LEASE WITH THE TENANT,

F. List previous participation in IRB financing:

① CEDAR CREEK BLD II ③ ATMOS BUILDING
② CEDAR CREEK BLD III CEDAR CREEK VIII

G. Has a bond underwriter determined whether or not the bonds are marketable? Yes If so, describe its determination and attach statement as Exhibit F.

WILL BE BOUGHT BY A BANK LOAN PROCURED BY THE APPLICANT.

H. Have arrangements been made for the marketing of the bonds? Yes Describe interest rate structure and term of bonds.

THE BONDS WILL BE PURCHASED BY PRIVATE BANK FINANCING.

I. Indicate whether bonds will be publicly or privately placed.

PRIVATELY.

J. Has the applicant considered conventional financing?

NO

K. Does the applicant, or its parent, intend to purchase all or any part of the proposed bond issue?

YES

L. Indicate name of primary officer, institution name, and address of trustee and/or fiscal agent.

NOT YET SELECTED.

M. Proposed date of issuing the bonds: ASAP

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 55 %

B. If a Fixed PILOT payment is proposed for the project, please outline proposed structure:

- 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 ABATEMENT/BONDS WILL ALLOW THE APPLICANT TO BUILD A NEW OFFICE BUILDING FOR AN EXISTING TENANT THAT HAS OUTGROWN THEIR CURRENT SPACE LOCATED IN CHATTAHOOCHEE AND WAS GOING TO MOVE TO ANOTHER CITY IN A NEW BUILDING WITH BELOW MARKET RENTS BECAUSE OF THE TAX INCENTIVES PROVIDED BY THAT CITY TO THAT DEV. SLOPER.

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 29 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 Craig Eyma By PRESIDENT
Name 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. _____

Occupational Classification	Total	Average Starting Wage	Average Maximum Wage	Number By County of Residence *	
				Johnson	Other
				Johnson	Other
				Johnson	Other
				Johnson	Other
				Johnson	Other
				Johnson	Other
				Johnson	Other

Smith Boucher

10/28/2019

GENERAL INFORMATION

Tenant - Smith Boucher

103 rd Street

Gross Square Footage

18,250

Acreage - 1.5 acres

65,340.00

BUILDING - HARD COSTS

Land Cost	9.00	588,060.00
Site Cost	30.00	547,500.00
Building Cost (shell + Tenant finish)	145.00	2,646,250.00
Total	207.22	3,781,810.00

BUILDING - SOFT COSTS

FEES -

Development Fee (2%)	4.14	75,636.20
Architectural Fee	2.00	36,500.00
Engineering Fee	1.64	30,000.00
Builder Fee (10%)	14.50	264,625.00
Realtor Fee	0.00	0.00
Legal Fee	0.27	5,000.00
Bond Fees	0.82	15,000.00
City Fees		20,000.00
Interior Design Fee	0.00	0.00
Environmental Survey	0.00	0.00
Misc. Fees	0.00	0.00
Total	20.34	371,125.00

MISC. COSTS

Appraisal	0.27	5,000.00
Loan Fees / Points	0.00	0.00
Construction Time Period - 10 mos.		
Construction Interest (5%)	5.48	100,000.00
Property Tax	0.08	1,500.00
Title Insurance	0.08	1,500.00
Builder Risk Insurance	0.55	10,000.00
Misc. Costs	0.00	0.00
Total	6.47	113,000.00

Total Soft Costs \$26.80 \$484,125.00

TOTAL BUILDING COST - **\$234.02** **\$4,265,935.00**

RENT INFORMATION

Gross Square Footage		18,270
Rentable Square Footage		18,000
Net Efficiency		98.52%
Rent Load Factor		
Occupancy Rate		100%
Net Rent Rate		19.00
Operating Expense		6.00
Gross Rent Rate		25.00

Equity

EYMANN & EYMANN INVESTMENTS

Ground Value	\$9.00	588,060.00
Development Fee	2%	75,636.20
Builder Fee -	10%	<u>264,625.00</u>
	Equity	928,321.20

EXPENSES

Accounting / Legal		<u>2,500.00</u>
	Total Expenses	2,500.00

DEBT

Loan Amount (75%)		3,199,451.25
Loan to Value	75%	
Loan Equity		1,066,483.75
Loan Interest Rate - 10 yr Fixed	4.50%	
Loan Amortization	20 yrs	175,000.00
Loan Interest Expense		143,975.31

ESTIMATED PROFITABILITY

INCOME -

Gross Rent Income (GRI)		\$450,000.00
Effective Rental Income (ERI)		\$450,000.00
Net Operating Income (NOI)		\$342,000.00
Value - Cash Basis		\$4,265,935.00
Value - Income Basis @ 8% Cap	8.00%	\$4,275,000.00
Equity @ Market Value		\$1,075,548.75
Cash Flow - Before Taxes/Prin payment		\$195,524.69
ROI		18%