



CITY OF OLATHE, KANSAS
APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
(IRB)
Sales Tax Exemption Only

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 sheet(s), if any, are submitted as Exhibit A 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. The IRB application review process will not start until the application in full is received. 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 or more than \$250,000). 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 or more than \$250,000). 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.22-1080 and contact Bond Counsel for a more detailed explanation of the fees.

Dillon Companies, LLC

Applicant's Name

danielle.polak@kroger.com

Applicant's Email Address

1014 Vine Street, Cincinnati, OH 45202

Telephone Number

Applicant's Address

Danielle Polak, Economic Development Director

(513) 587-5370

Name and Title of Responsible Officer/Contact

Telephone Number

Address (if other than corporate address)

Donnie Warner

Attorney for Applicant

dwarner@fbtlaw.com

(513) 651-6939

Attorney's Email Address

Telephone Number

3300 Great American Tower, 301 E 4th St Cincinnati OH 45202

Attorney's Address

Bond Purchaser/Underwriter for Applicant

Bond Purchaser/Underwriter's Address

Telephone Number

Donnie Warner

Bond Counsel for Applicant

dwarner@fbtlaw.com

(513) 651-6939

Bond Counsel's Address

Telephone Number

I. BUSINESS INFORMATION

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

Dillons is a regional grocery supermarket chain based in Hutchinson, KS, and is a division of the Kroger Co.

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

Corporation (LLC)



C. Year and State of incorporation 1921, Kansas

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

Dillon Companies, LLC is a wholly owned subsidiary of The Kroger Co., a public company.

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

Ronald Sargent, Interim CEO

David Kennerley, CFO

Mary Ellen Adcock, Chief Merchant and Marketing Officer

Yael Cosset, Chief Digital Officer

Timothy Massa, Chief People Officer

E. Are you pursuing an other incentives offered by another government entity? No

If yes, please indicate below what the other incentives are.

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 Dillons Division of the Kroger Co. is proposing to build a net new ~99,000 SF Marketplace store with a 7 MPD fuel center in Olathe, KS.

A. Approximate amount requested for:

Land (Attach a legal description of property as <u>Exhibit A</u>)	\$ 5,000,000
Building	\$ 31,800,000
Machinery and Equipment	\$ 9,250,000
Pollution Control Facilities	\$ _____
Other Costs*	\$ 3,200,000
Total	\$ 49,250,000

* State other costs:

Fuel Center

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

No If yes, please describe below.

C. Will you be relocating from your existing Olathe facilities to new facilities constructed by this project?

No If yes, what will you be doing with your existing facilities after relocating?

D. Where is the location of the project?

College Blvd. & Sunnybrook Blvd.

E. 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:

F. Describe the type of buildings to be constructed and type of machinery and equipment to be financed:

This is a single-story commercial retail building constructed with a steel frame and concrete slab foundation. exterior will include mastony or brick veneer, metal panels, and glass front areas. Machinery and equipment includes standard food prep and storage units, display shelves and cases, technology systems for checkout, and pallet jacks and forklifts for stock movement.

G. Will the applicant be in direct competition with other local firms? Yes

If yes, name the firms and describe the nature of the competition:

McKeever Price Chopper's, Hy-Vee, Aldi, and Walmart are grocery competitors in the area.

H. Are adequate public streets and utilities available to the proposed site? Yes

I. Specify if unusual demands for water and sewer will be made:

J. Per the City IRB policy, an applicant is required to use City of Olathe solid waste service upon the start of the abatement period. Please indicate that you understand this requirement by answering yes: Yes

If you have a current existing contract with another contractor, please indicate below when that will expire. If you have any extenuating circumstances that would result in the City not being able to adequately serve your needs, please indicate those below:

K. What percentage of usable floor space will be occupied by applicant? 99,000 SF

What percentage will be occupied by other occupants? 0 If known, indicate each occupant below:

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

TBD

M. How many persons will be employed at the project? 200

Will this project represent an increase in employment opportunities in Olathe, Kansas? Yes

** Please complete Appendix I on page 10.*

N. Briefly describe the approximate number of persons to be employed by the project at all levels.

(e.g. - management, office, skilled and unskilled):

Full Time = 45 (9 Salaried; 36 Hourly)

Part Time = 155 (155 Hourly)

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

P. What percentage of sales will be sold locally? 100 Is this percentage increasing, decreasing, or remaining stable from the current trend? Increasing

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

TBD

R. Is there likelihood for expansion of the proposed facility within three (3) years? No

If such expansion is contemplated, please describe below:

III. FINANCING

A. Have arrangements been for the marketing of the bonds? No

If yes, please proceed to answer 1 - 7.

If no, please proceed to answer 8 - 12.

1. Describe interest rate structure and term of bonds below:

tbd

2. Will the applicant pledge any assets other than the project itself to secure the bonds?

n/a

3. Will a bond and interest reserve be provided for? No If yes, state amount and source of funding.

4. 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 yes, describe below:

5. Has a bond underwriter determined whether or not the bonds are marketable? No

If yes, describe its determination below:

6. Indicate whether bonds will be publicly or privately placed. Privately

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

n/a

8. What portion of the project will be financed from funds other than bond proceeds, and what is the source of such funds?

tbd

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

tbd

10. Has the applicant considered conventional financing? Yes _____

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

tbd

12. Proposed date of issuing bonds: _____

B. List below previous participation in IRB financing:

n/a

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 issuance of the industrial revenue bonds and filing with the state board of tax appeals for a tax abatement on the project.

IV. 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. Applicant agrees to comply with Section 2(D) of Policy No. F-5, Resolution No. 22-1080.

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 January 2024, is true and correct to the best of my knowledge.

Applicant understands that the City reserves the right to ask for additional financial information, including, but not limited to financial reports, credit ratings, shareholder reports, on-going litigation information and proforma statements.

Signed Danielle Polak

Name

By Director, Economic Development

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. 0

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

EXHIBIT A

Insert or attach here:

TBD