



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 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. 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. 21-1074 and contact Bond Counsel for a more detailed explanation of the fees.

1918, LLC

Applicant's Name

ross.benitz@us.gt.com

Applicant's Email Address

Telephone Number

200 S. 6th Street, STE 1400, Minneapolis, MN 55402

Applicant's Address

Ross Benitz (applicant representative)

Name and Title of Responsible Officer/Contact

Telephone Number

Address (if other than corporate address)

In-House Counsel

Attorney for Applicant

Attorney's Email Address

Telephone Number

Attorney's Address

TBD

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

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

1918, LLC is a subsidiary of a retail company. The parent company conducts business in several strategic merchandise units, including grocery. The company's grocery merchandise unit consists of a full line of grocery items, including meat processing.

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

Corporation (LLC)

C. Year and State of incorporation Delaware, 2022

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

N/A

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


E. Are you pursuing an other incentives offered by another government entity? Yes
If yes, please indicate below what the other incentives are.

State of Kansas (High Performance Incentive Program (HPIP), Promoting Employment Across Kansas (PEAK) Rebate)

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.

If approved, Project Sandhills would result in the construction of a state-of-the-art, high-volume, case ready beef production facility. The operation would be unique to the food industry, combining the latest in meat production design with best-in-class packaging and material handling systems. The facility would use sustainable design solution and provide the company with reliability and flexibility in raw material storage, track and trace, wet and dry processing, palatalizing, and finished project handling systems. The facility would not be a kill site, but instead process and pack sub-primal cuts of beef into retail ready cuts and products. Animals are to be raised and processed in another state.

The Olathe operation would take over production of the Choice Beef cuts for most company stores in states including, MT, 

A. Approximate amount requested for:

Land (Attach a legal description of property as <u>Exhibit A</u>)	\$ 25,000,000
Building	\$ 152,000,000
Machinery and Equipment	\$ 80,000,000
Pollution Control Facilities	\$
Other Costs*	\$
Total	\$ 257,000,000

* State other costs:

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

No If yes, please describe below.

There are, however, retail locations in the city.

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

N/A If yes, what will you be doing with your existing facilities after relocating?

D. Where is the location of the project?

Lone Elm Rd & 167th Street Olathe, KS, 66062

E. 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:

N/A

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

A building will be constructed which is intended to house a meat processing facility. The facility will be designed with an eye towards temperature control in order to meet FDA requirements. Furthermore, the machinery and equipment will meet FDA standards.

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

No

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

N/A

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:

Water - 7,300,000 Gallons per Month, Sewer - 2,700,000 Gallons per Month

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:

N/A

K. What percentage of usable floor space will be occupied by applicant? 100%

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

N/A

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

TBD - Contract has not been awarded.

M. How many persons will be employed at the project? 667

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):

Management - 40

Office - 0

Skilled - 156

Unskilled - 471



O. 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?

Please see data sheet estimated annual sales revenue; >50% of US sales

P. What percentage of sales will be sold locally? 10% 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?

\$7.5 Million

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

If such expansion is contemplated, please describe below:

The company is continually identifying and executing on potential growth opportunities. As the company continues to vertically integrate its grocery, and specifically, its meat producing capacity, Project Sandhills would position the Olathe site for future growth considerations.

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:

2. Will the applicant pledge any assets other than the project itself to secure the bonds?
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?
Yes
8. What portion of the project will be financed from funds other than bond proceeds, and what is the source of such funds?
The project will be internally funded to the extend funds other than bond proceeds are needed.
9. What will be the applicant's equity investment? Please describe:
The entirety of the project will be funded through applicant equity and working capital.
10. Has the applicant considered conventional financing? No ☒

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

12. Proposed date of issuing bonds: 2/1/2025

B. List below previous participation in IRB financing:

Not Applicable

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.

V. TAXES

A. What is the requested tax abatement term in years? 10 Percentage requested
50 %

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

TBD. The company is interested in working with the city and its assessor in developing a fixed PILOT payment plan that would also include a pro-rata portion of the bond issuance fee.

- 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 company conducts business in three strategic merchandise units, including, grocery. The company continually works to enhance the quality of its products, particularly meat and creating an end-to-end supply chain allows for better control of quality and transparency of its beef products. If approved, Project Sandhills would result in the construction of a state-of-the-art, high-volume, case ready beef production facility. The operation would be unique to the food industry, combining the latest in meat production design with best-in-class packaging and material handling systems. The facility would use sustainable design solution and provide the company with reliability and flexibility in raw material storage, track and trace, wet and dry processing, palatalizing, and finished product handling systems. The facility would not be a kill site, but instead process and pack sub-primal cuts of beef into retail ready cuts and products. Animals are to be raised and processed in another state. The company will spend an estimated \$257,000,000 building the facility and purchasing machinery and equipment.

The Olathe operation would take over production of the Choice Beef cuts for most retail stores in states including, MT, WY, CO, ND, NE, OK, MN, WI, IA, MO, AR. This plant would service the Choice Beef in 100% of Kansas stores.

In order to properly support Project Sandhills, the site under consideration is approximately 60 acres and the newly constructed building would be approximately 320,000 sq. ft.

The project will result in the creation of approximately 667 permanent, full-time jobs and an estimated 650 construction jobs. The permanent full time jobs will have an estimated total annual payroll of \$23.5 Million.

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. Applicant agrees to comply with Section 2(D) of Policy No. F-5, Resolution 21-1074.

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 23rd day of February 2023, 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 _____
Name

By _____
Title of Responsible ~~Officer~~ Contact

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
				Johnson
				Other

EXHIBIT A

Insert or attach here: