



CITY OF OLATHE, KANSAS
APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
(IRB)
Existing Olathe Company

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 \$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.19-1071 and contact Bond Council for a more detailed explanation of the fees.

KidsTLC, Inc.

Applicant's Name

EDugan@kidstlc.org

913-764-2887

Applicant's Email Address

Telephone Number

480 S Rogers Road Olathe, KS 66062

Applicant's Address

Dr. Erin Dugan, President and CEO

913-324-3604

Name and Title of Responsible Officer/Contact

Telephone Number

480 S. Rogers Road, Olathe, Kansas 66062

Address (if other than corporate address)

480 S. Rogers Road, Olathe, Kansas 66062

Attorney for Applicant

Gary Church

913-324-3609

Attorney's Email Address

Telephone Number

480 S. Rogers Road, Olathe, Kansas 66062

Attorney's Address

Kansas City Financial Corporation / UMB Bank, N.A.

Bond Purchaser/Underwriter for Applicant

7109 W 80th Street, Overland Park, KS 66204

Bond Purchaser/Underwriter's Address

Telephone Number

Gilmore & Bell, P.C. - Scott Waller

Bond Counsel for Applicant

2405 Grand Boulevard Suite 1100 Kansas City Missouri 64108

816-221-1000

Bond Counsel's Address

Telephone Number

I. BUSINESS INFORMATION

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

KidsTLC, Inc. is a non-profit 501c3. KidsTLC, Inc. provides services addressing mental and behavioral health, developmental trauma and autism. KidsTLC also provides family support and training. Additional information regarding KidsTL is available at: <https://www.kidstlc.org/about-kidstlc/why-kidstlc/>

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

Corporation (LLC)

- C. Year and State of incorporation 1970 Kansas

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:

Erin Dugan - President & CEO, Mary Lynn Thomas - CFO, Mark Siegmund, CCOO, Shannon Wickliffe, CDO

- 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 project includes an expansion project by acquisition of approximately 6 acres of land adjacent to the applicant's existing campus together with an approximately 33,000 sq. ft. building thereon and related improvements and FF&E, as well as additional capital improvements. The plan of finance may also include refinancing of the \$1,686,732 outstanding City of Olathe, Kansas Lease Revenue Bonds (KidsTLC Project) Series 2013 which financed wellness center project construction and improvements on the existing KidsTLC campus. Approximate costs of the 2020 project are listed below.

A. Approximate amount requested for:

Land (Attach a legal description of property as <u>Exhibit A</u>)	\$ 1,000,000
Building	\$ 4,600,000
Machinery and Equipment	\$ 1,260,000
Pollution Control Facilities	\$
Other Costs*	\$ 140,000
Total	\$ 7,000,000

* State other costs:

Additionally, the applicant may fund capitalized interest, debt services reserves and issuance costs using bond proceeds or other available funds.

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

Yes If yes, please describe below.

KidsTLC's operations are based out of the campus facility ranging from 480 S Rogers Road Olathe Kansas to 620 S. Rogers Road, Olathe Kansas 66062 . Adjunct offices are located at 401 S. Clairborne Olathe Kansas

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?

This is a expansion plan - there is some consideration to closing the 401 S. Clairborne location, which is currently primarily being used for expanded office space. The final plans are to be determined.

D. Where is the location of the project?

400 S Rogers Rd to 620 S. Rogers Road, Olathe, Kansas 66062. 400 S Rogers is the expanded location

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:

Present zoning is understood to be permissible for existing operations

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

Acquisition of land and existing building for renovation to become additional facilities of the applicant to be used for the applicant's mission, including without limitation to provide 50 additional beds for the Psychiatric Residential facility which serves children from ages 5 to 18 years of age.

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:

KidsTLC does not believe they will be in direct competition with other local firms, as KidsTLC is the only PRTF in Johnson County that provides these services.

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:

None

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? 100%

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

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

This is still to be determined as bids are being placed for this contract.

M. How many persons will be employed at the project? 392

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):

In addition to the current staffing of 244 , we anticipate hiring an additional 148 people

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?

Approximately \$9M dollars a year will be generated for the expansion of this program and is expected to maintain this over the next 10 years. This represents approximately 37% of our annual sales

P. What percentage of sales will be sold locally? n/a Is this percentage increasing, decreasing, or remaining stable from the current trend? Remaining stable

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

n/a

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? Yes

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:

Adjustable rates fixed for five year periods and reset by formula

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

•Yes - pledge certain gross revenues and certain real mortgaged property (to be determined), subject and subordinate to certain permitted encumbrances, including a lien on certain receivables granted to an existing lender

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:

n/a Private Placement

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?
NO

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

KidsTLC anticipates 100% of the project will be funded over the next 5 years from a Capital Campaign fund that will begin later this year. This bond will be used for initial capital acquisition to allow for the development and expansion of our services.

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

KidsTLC anticipates equity and additional contributions may become available within the next few years to help fund the project. The amounts to be received are not yet known. The bonds may include redemption features allowing pre-payment to the extent of pledged contributions that may be received in the future.

10. Has the applicant considered conventional financing? Yes

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

Doug Hare UMB Bank, N.A., as bond trustee, 928 Grand Boulevard, 12th Floor

12. Proposed date of issuing bonds: June 2020

B. List below previous participation in IRB financing:

\$1,250,000 - March 2010

\$4,250,000 - August 2013

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? n/a Percentage requested
 %

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.

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 23rd day of April 2020, 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

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. 244

Occupational Classification	Total	Average Starting Wage	Average Maximum Wage	Number By County of Residence *
Administrative Support Workers	20	\$14.16 hourly	\$63,000 annual	Johnson <u>See Attachment</u> 10 Other 10
Executive/Senior Level Officials and Managers	4	\$120,000 annual	\$225,000 Annual	Johnson 3 Other 1
First/Mid-Level Officials and Managers	37	\$35,000 annual	\$120,000 Annual	Johnson 23 Other 14
Professionals	44	\$20.76 hourly	\$70,000 annual	Johnson 26 Other 18
Sales Worker	3	\$28 hourly	\$62,000 annual	Johnson 3 Other 0
Service Workers and Technicians	136	\$13.50 hourly	\$55,000	Johnson 69 Other 67

Exhibit "A"

Legal Description

Real property in the City of Olathe, County of Johnson, State of Kansas, described as follows:

TRACT 1:

ALL THAT PART OF TRACT B, BLOCK 1, HAVENCROFT INDUSTRIAL PARK, A SUBDIVISION IN THE CITY OF OLATHE, JOHNSON COUNTY, KANSAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF TRACT B; THENCE EAST ALONG THE NORTH LINE OF SAID TRACT 472.12 FEET; THENCE SOUTH PARALLEL TO THE EAST LINE OF SAID TRACT 418.39 FEET; THENCE WEST PARALLEL TO THE NORTH LINE OF SAID TRACT 571.42 FEET TO THE WEST LINE OF SAID TRACT; THENCE NORTHERLY ALONG THE WESTERLY LINE 430 FEET TO BEGINNING.

TRACT 2:

THE SOUTH 12 FEET OF THE NORTH 212 FEET OF THE EAST 472.12 FEET OF TRACT B, BLOCK 1, HAVENCROFT INDUSTRIAL PARK, A SUBDIVISION IN THE CITY OF OLATHE, JOHNSON COUNTY, KANSAS.

TRACT 3:

A NON-EXCLUSIVE EASEMENT FOR DRIVEWAY AND UTILITIES FOR THE BENEFIT OF TRACTS 1 AND 2, AS CREATED BY THE DRIVEWAY AND UTILITY EASEMENT DATED JULY 8, 1969, FILED JULY 10, 1969, AS FILE NO. 834413, IN MISC. BOOK 197, AT PAGE 557, OVER, UNDER AND ACROSS THE LAND DESCRIBED AS FOLLOWS:

THE SOUTH 10 FEET OF THE NORTH 222 FEET OF THE EAST 472.12 FEET OF TRACT B, BLOCK 1, HAVENCROFT INDUSTRIAL PARK, A SUBDIVISION IN THE CITY OF OLATHE, JOHNSON COUNTY, KANSAS, ACCORDING TO THE RECORDED PLAT THEREOF.

APN: DP30100001 000B4