



CITY OF OLATHE, KANSAS
APPLICATION FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
(IRB)
Master Park Resolution - New Business to Olathe

This application is being submitted under a Master Resolution of Intent approved for Mahaffie Business Park by the City Council on May 3, 2016.

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.

Business Garage Authority, Inc.

Applicant's Name

oneillcity@gmail.com

913-915-9885

Applicant's Email Address

Telephone Number

13003 Walmer Street Overland Park, KS 66209

Applicant's Address

Scott O'Neill / President

913-915-9885

Name and Title of Responsible Officer/Contact

Telephone Number

Address (if other than corporate address)

Matthew Gough

Attorney for Applicant

Mgough@barberemerson.com

785-843-6600

Attorney's Email Address

Telephone Number

1211 Massachusettes Street Lawrence, KS 66044

Attorney's Address

Business Garage Authority, Inc.

Bond Purchaser/Underwriter for Applicant

13003 Walmer Street Overland Park, KS 66209

913-915-9885

Bond Purchaser/Underwriter's Address

Telephone Number

Matthew Gough

Bond Counsel for Applicant

1211 Massachusettes Street Lawrence, KS 66044

785-843-6600

Bond Counsel's Address

Telephone Number

4.15.20

RECEIVED

JUL 16 2020

CITY OF OLATHE
CITY CLERK OFFICE

Resolution No. 19-1071

I. BUSINESS INFORMATION

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

Development and operating of an incubator/industrial flex space to provide a cost effective space for start-up businesses to intermediate light industrial businesses or other businesses. With many flex unit sizes, this facility will allow the company to grow without moving their business.

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

Corporation (LLC)

C. Year and State of incorporation 2019 Kansas

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

Scott A. O'Neill - 51%

Lori A. Boyajian-O'Neill - 49%

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

Scott A. O'Neill President/CEO & Treasurer

Lori A. Boyajian-O'Neill Vice President & Secretary

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 applicant purposes to develop and operate an industrial flex space building to provide a cost effective option for start-up/small/intermediate businesses. This project will provide many high-end features such as: WIFI, Community meeting room with kitchenette and bathroom, Optional A/C and Heat, additional Parking, fire alarm system, security surveillance, facility dumpster, and PO Box.

Phase 1: This phase is made up of two 12,000 SF buildings, with a total of 17 flex units. The dimensions range from 800 SF to 3000 SF. The rental rates range from \$640 to \$3000 per month.

Phase 2: This phase is projected to have an additional 24,000 SF and approximately 17 more flex units.

A. Approximate amount requested for:

Land (Attach a legal description of property as <u>Exhibit A</u>)	\$ 463000	0
Building	\$ 2,575,000	1,200,000
Machinery and Equipment	\$	
Pollution Control Facilities	\$	
Other Costs*	\$	
Total	\$ 3,038,000	1,200,000

* State other costs:

Left column is phase 1

Right column is phase 2

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?

15571 South Mahaffie 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:

No Zoning changes required.

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

Pre-manufactured Steel buildings with the facade made up of stucco, brick, stone, and Profile metal panels. No equipment or machinery will be financed.

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:

Similar to Contractors Garage in concept. The major differences are:

1) Flexibility of the unit sizes with sore fronts. This will allow the CEO (tenant) the opportunity to determine the required square footage for her or his business.

2) More amenities: Community meeting room with kitchenette, bathroom, and media ctr; wifi; fire alarm system; 24/7 video surveillance; Dumpster; upgraded landscaping, etc.

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? 5%

What percentage will be occupied by other occupants? 95% If known, indicate each occupant below:

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

Woody Palmer - General Contractor: 5439 W 164th Place Overland Park, KS 66085

Jim Sullivan - Architect: (Sullivan Palmer Architects) 8621 Johnson Drive Mission, KS 66202

M. How many persons will be employed at the project? Approx. 78

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):

This facility will provide the affordable, flexible space for business owners. Businesses hire new employees as the business grows. Skill levels will vary, based upon the type of business that moves into the units. All type of workers will be hired, including professionals, management, office, admin, skilled and unskilled labor.

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?

Business Garage Authority plans to lease flex units to tenants. After completion of the project, the applicant estimates \$34,000,000 (\$100,000 Avg. Rev. x 34 Units x 10 Years) in sales by the tenants.

P. What percentage of sales will be sold locally? 90% 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?

Approximately \$10,000 to \$20,000.

R. Is there likelihood for expansion of the proposed facility within three (3) years? Yes

If such expansion is contemplated, please describe below:

Phase 2 is expected to comprise of approximately 24,000 additional square feet.

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?
IRBs will be purchased by the applicant to fully finance all improvements. The applicant will use equity and construction financing to purchase IRBs.
9. What will be the applicant's equity investment? Please describe:
Applicant, Business Garage Authority, provides \$425,000 in equity investment.
10. Has the applicant considered conventional financing? Yes

11. Indicate name of primary officer, institution name, and address of trustee and/or fiscal agent.
Security Bank of Kansas City, as bond trustee.

12. Proposed date of issuing bonds: January of 2021

B. List below previous participation in IRB financing:
None

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:

No Fixed Pilot.

- 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.

A benefit would be the sales tax generated by 17 flex units in phase 1 and approximately 17 flex units in Phase 2. When all 34 units are leased, the potential sales revenue would be approximately \$3,400,000/yr (34 Flex Units x \$100,000 Approx. Rev. Flex Unit). \$3,400,000 in sales revenue from all flex units would generate approximately \$322,000 (\$3,400,000 Sales Rev. x 9.48% Sales Tax) in sales tax per year.

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 15th day of July 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 Sandra O'Neill
Name

President
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. ^{None} _____

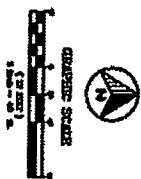
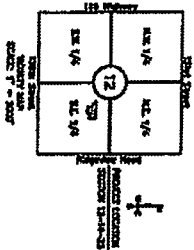
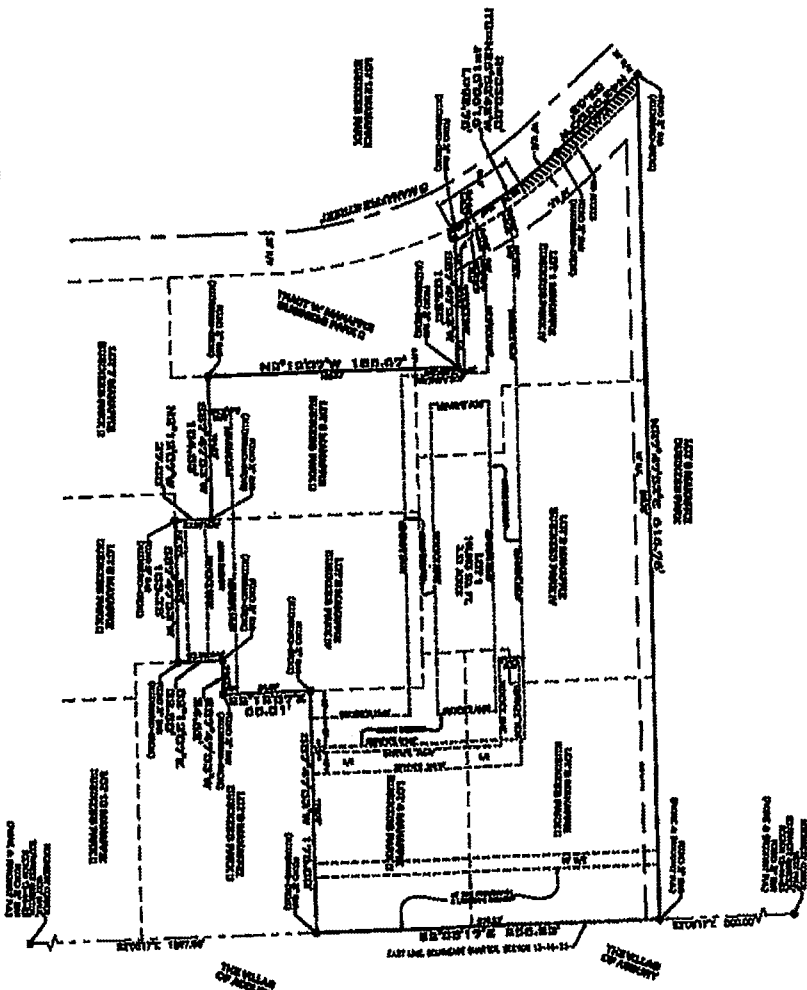
Occupational Classification	Total	Average Starting Wage	Average Maximum Wage	Number By County of Residence *
				Johnson
				Other
				Johnson
				Other
				Johnson
				Other
				Johnson
				Other
				Johnson
				Other
				Johnson
				Other

EXHIBIT A

Insert or attach here:

Exhibit E

FINAL PLAT OF MAHAFFIE BUSINESS PARK VI A REPLAT OF LOTS 3, 4 & 6 MAHAFFIE BUSINESS PARK II AND LOTS 1, 2 & 3 MAHAFFIE BUSINESS PARK IV CITY OF OLATHE JOHNSON COUNTY, KANSAS



THESE LOTS ARE BEING PLATED FOR THE CITY OF OLATHE, KANSAS, AND THE CITY ENGINEER HAS REVIEWED THE PLAT AND FOUND IT TO BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE KANSAS PLAT ACT, CHAP. 12, SECTIONS 1-10, AND THE CITY ENGINEER HAS ISSUED THIS PLAT.



MAHAFFIE BUSINESS PARK VI

AD
LAND SURVEYORS - LAND PLANNERS
14 N. PULASKI
SUITE 100
OLATHE, KANSAS 64601
TEL: (913) 241-0000
FAX: (913) 241-0001

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