



**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). 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. 20-1069 and contact Bond Council for a more detailed explanation of the fees.

## Hedge 175 Associates, LLC

**Applicant's Name**

**kblock@blockllc.com**

**(816) 932-5551**

**Applicant's Email Address**

**Telephone Number**

**c/o Block Real Estate Services, 4622 Pennsylvania Ave, Suite 700, Kansas City, MO 64112**

**Applicant's Address**

**Ken Block, Manager**

**(816) 932-5551**

**Name and Title of Responsible Officer/Contact**

**Telephone Number**

**Address (if other than corporate address)**

**Curtis M. Holland, Polsinelli PC**

**Attorney for Applicant**

**cholland@polsinelli.com**

**(913) 234-7411**

**Attorney's Email Address**

**Telephone Number**

**900 West 48th Place, Suite 900, Kansas City, MO 64112**

**Attorney's Address**

**TBD**

**Bond Purchaser/Underwriter for Applicant**

**Bond Purchaser/Underwriter's Address**

**Telephone Number**

**Curtis M. Holland, Polsinelli PC**

**Bond Counsel for Applicant**

**See above**

**Bond Counsel's Address**

**Telephone Number**

## **I. BUSINESS INFORMATION**

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

Real estate development.

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

Corporation (LLC)

C. Year and State of incorporation 2008, Kansas

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

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

Kenneth G. Block, Manager

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 is the new construction of an approximately 1,123,470 +/- square foot building on approximately 56.1 +/- acres to be used for bulk distribution, industrial, and warehouse purposes located within the planned development located at the northwest corner of 175th Street and Hedge Lane.

### A. Approximate amount requested for:

Land (Attach a legal description of property as <u>Exhibit A</u> )	\$ 6,000,000
Building	\$ 59,000,000
Machinery and Equipment	\$
Pollution Control Facilities	\$
Other Costs*	\$
Total	\$ 65,000,000

\* 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.

### 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?

Northwest corner of 175th Street and Hedge Lane

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:

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

The building will be used for bulk distribution, industrial, and warehouse purposes. Machinery and equipment will be determined by tenants.

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:

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:

N/A

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:

Will consider using City of Olathe solid waste service based upon tenant need.

K. What percentage of usable floor space will be occupied by applicant? 0%

What percentage will be occupied by other occupants? 100% If known, indicate each occupant below:

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

General contractor TBD.

Alan Johnson Design, LLC, 3511 Locust Street, Kansas City, Missouri 64109

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

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):

TBD - commensurate with other comparable uses in the area.

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?

TBD - commensurate with other comparable uses in the area.

P. What percentage of sales will be sold locally? N/A 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?

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? 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?
8. What portion of the project will be financed from funds other than bond proceeds, and what is the source of such funds?  
None.
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.

Wendee Peres or Nancy McConnell  
BOKF, N.A.  
2405 Grand Blvd, Suite 840  
Kansas City, MO 64108

12. Proposed date of issuing bonds: 11/1/2021

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 years Percentage requested 50 %

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

TBD.

- 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.

This application pertains to the initial building of this development, which is planned to be approximately 1,123,470 +/- square feet. Upon full build-out, this project will be very beneficial to the City of Olathe by creating new jobs, increasing the property tax base, and increasing sales tax revenues. The Applicant is a well-known real estate developer with the knowledge and expertise to develop this project and to bring desirable tenants to the City.



## 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 No. 20-1069.**

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 5th day of February, 2021, 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

Manager

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, N/A

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: