City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 2/3/2026

FOCUS AREA: Legal
STAFF CONTACT: Ron Shaver
SUBJECT: Public hearing and STAR Bond pledge ordinance.

TITLE:
Public hearing and consideration of Ordinance No. 26-06 electing to participate in a STAR Bond project by specifying a pledge of local sales and use taxes as a source of repayment of STAR Bonds to be issued by the Kansas Development Finance Authority and setting the base year revenue for local sales and use taxes, all pursuant to K.S.A. 12-17,160 et seq., as amended.

SUMMARY:
On December 22, 2025, the Kansas Legislative Coordinating Council (the "LCC") approved a STAR Bond district agreement (Project Monitor 2.0) with the Kansas City Chiefs Football Club, Inc. (the "Team") that had been established by the Kansas Secretary of Commerce (the "Secretary"). The agreement outlined various projects to be constructed by the Chiefs in Kansas, including construction of a new, state-of-the-art, indoor/outdoor practice facility and corporate headquarters for the Team with total estimated costs of approximately $300 million to be located in Olathe (the "HQ").

The Kansas STAR Bond Act (K.S.A. 12-17,160 *et seq*.) provides that the governing body of a city or county may elect to participate in a STAR bond project established independently by the Secretary pursuant to an agreement authorized by the LCC by pledging local sales, use and transient guest tax revenues for the repayment of STAR bonds (the "Bonds") issued by the Kansas Development Finance Authority ("KDFA"). If the governing body of the city or county elects to participate, the governing body of the city or county shall hold a public hearing and pass an appropriate ordinance or resolution specifying the city or county's pledge of such local revenues that meet any requirements of the secretary and the Kansas development finance authority. Such ordinance or resolution shall be passed not later than 60 days after the date of approval of the agreement by the LCC, or the secretary may proceed without the city or county's participation to establish the STAR bond project district and undertake the STAR bond project plan without further public notice or hearing.

The City has received a letter from the Secretary that generally describes the boundaries of the portion of the proposed STAR bond project district within the City for which the State has requested, and the City desires to pledge, certain revenues (the "Base Revenue Area"). This area only includes certain land located at the northwest corner of College Boulevard and Ridgeview Road.

The ordinance (Attachment A) pledges the following new revenues from only within the Base Revenue Area (collectively, the "Pledged Revenue") to be generated by the project to support the repayment of the Bonds to be issued by the KDFA:

A. For a period of up to thirty (30) years, all of the City's general sales and use tax that is

not committed to other uses by election of voters or pledged to bond repayment (currently 1%) from within the Base Revenue Area.

B. For a period of up to thirty (30) years, all of the City's share (currently 17.63%) of the Johnson County sales tax that is not committed to other uses by election of voters or pledged to bond repayment (currently 0.5%) from within the Base Revenue Area.

C. For a period of up to thirty (30) years, 7% of the City's current 9% transient guest taxes (less any State administrative fees) with respect to sleeping accommodations in any hotel, motel, or tourist court located within the Base Revenue Area.

The ordinance excludes from the Pledged Revenue the City's street maintenance sales tax (0.375%), park sales tax (0.125%), any other retail sales and compensating use taxes that are committed to other uses by election of voters, any sales taxes generated by existing or future special taxing districts aside from the Base Revenue Area (e.g., community improvement districts, tax increment financing districts, or transportation development districts), incremental transient guest tax revenue produced from a levy exceeding 7% not already pledged within any existing tax increment financing districts, and all revenue produced outside of the Base Revenue Area.

The City's pledge of the Pledged Revenue is contingent on (a) the HQ locating within the Base Revenue Area, and (b) issuance of a series of Bonds by KDFA or another governmental issuer to finance the STAR Bond Project no later than December 31, 2030.

FINANCIAL IMPACT:

The project will generate significant new capital investment in Olathe, with the total economic impact to be determined at a later date. No full faith and credit bonds will be issued by the City to pay the costs of the STAR Bond Project. In no event will the Bonds be deemed to constitute a debt or liability of the City, and the issuance of the Bonds will not obligate the City to levy any form of taxation or to budget or make any appropriation for repayment of the Bonds.

ACTION NEEDED:

Approve Ordinance No. 26-06 electing to participate in a STAR Bond project by specifying a pledge of local sales and use taxes as a source of repayment of STAR Bonds to be issued by the Kansas Development Finance Authority and setting the base year revenue for local sales and use taxes, all pursuant to K.S.A. 12-17,160 et seq., as amended.

ATTACHMENT(S):

A: Ordinance