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Lake Ozark, Missouri
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Presenters:

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Legal Theory

- Property owned by political subdivisions is exempt from real and personal property taxation (Art. X, Sec. 6, Mo. Const.; Section 137.100(2))
- Bond issue prevents taxable “bonus value”
* At Company’s option, lease payments and bond payments can be set-off. If so, the Company is not required to make physical payments to the Issuer/Bond Trustee.
Chapter 100 Structure

Diagram:
- **Company**
  - Mortgage Loan Proceeds
- **Issuer**
  - Construction Loan Proceeds Fund Purchase of Bonds
  - Leased Payments
- **Bond Trustee**
  - Bond Proceeds
  - Bond Payments
- **Lease**
  - Deed
  - Lease Payments
- **Indenture**
  - Bond Proceeds
- **Construction Lender**
  - Bondholder/Company

Diagram Flow:
- Bond Proceeds
- Lease
- Indenture

Legend:
- Blue: Company
- Yellow: Issuer
- Purple: Bond Trustee
- Pink: Lease
- Red: Construction Lender
- Orange: Bondholder/Company
Basic Bond Documents

- Trust Indenture
- Bond Purchase Agreement
- Deed/Bill of Sale
- Lease
- Performance Agreement
Possible Issuers

• County Chapter 100
• Municipality (within County) Chapter 100
• Port Authority
• LCRA
• PIEA
Sales Tax Exemption

- Personal Property
- Construction materials
Chapter 100 in Lee’s Summit

- Redevelopment / reinvestment
- New Development
- Real Property
- Personal Property (factor in depreciation on PILOT)
- Sales Tax Exemption
- Economic Development Incentive Policy
  - Attraction & retention of jobs
  - Targeted businesses
Economic Development Policy

• Minimum investment: $5m new / $3m existing

• 50% abatement for 10 years (real property)

• 50% abatement for 5 years (personal/business equipment)

• “To qualify for site specific incentives over the 50% base level of participation for the initial 10 years and/or abatement beyond the initial 10 years, the applicant must demonstrate extraordinary qualifications.”
Western Electric / AT&T
“Summit Technology Campus”

- $100m redevelopment of Western Electric / AT&T microelectronics facility.
- Real property abatement
- Roof replacement, mechanical, electrical, plumbing
- Complete interior renovation
- Exterior renovations & enhancements / demolition of center building
“Summit Technology Campus”
“Summit Technology Campus”
Cerner
Cerner

- $390m business equipment/personal investment
- $106m real property investment
- 50% abatement over 10 years
- Minimal job creation
Bennett Packaging

• $6m in business equipment/personal
• First piece of equipment of this type in the western hemisphere
• 50% abatement over 10 years
Residences @ New Longview
Residences @ New Longview

The Residences at New Longview
Residences @ New Longview

- $35m new luxury multi-family development
- 309 units
- 10 year fixed PILOTS
- Sales tax exemption on construction materials
Summit Square Apartments
Summit Square Apartments
Summit Square Apartments

- $36m new luxury multi-family development
- 310 units
- 10 year fixed PILOTS
- Sales tax exemption on construction materials
Chapter 100 in St. Peters

- Expansion
- New Development
- Speculative Development
- Industrial and Commercial Projects
- Real Property
- Personal Property
- Sales Tax Exemption for Construction Materials
Why do we do Chapter 100

- **Economic growth.** To expand our tax base and keep our local economy strong. New revenues allow the city to maintain our low tax rates and high level of services.
- **Jobs.** Most important reason is to provide new quality jobs for our community.
- **Current economic environment.** Everyone else is offering incentives so it is necessary for the city to compete.
# Economic Development Policy

## Personal Property Tax Abatement
1% of abatement per 2 new quality jobs

<table>
<thead>
<tr>
<th>NEW JOBS CREATED</th>
<th>NEW REVENUE TO TAXING DISTRICTS IN FORM OF PILOTS</th>
<th>ABATEMENT</th>
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</thead>
<tbody>
<tr>
<td>Minimum of 25</td>
<td>87.5%</td>
<td>12.5%</td>
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<tr>
<td>27</td>
<td>86.5%</td>
<td>13.5%</td>
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<tr>
<td>29</td>
<td>85.5%</td>
<td>14.5%</td>
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<tr>
<td>31</td>
<td>84.5%</td>
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<td>75</td>
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<td>37.5%</td>
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<tr>
<td>100</td>
<td>50.0%</td>
<td>MAXIMUM 50.0%</td>
</tr>
</tbody>
</table>

## Real Property Tax Abatement
1% of abatement per 2 new quality jobs

<table>
<thead>
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<th>NEW JOBS CREATED</th>
<th>NEW REVENUE TO TAXING DISTRICTS IN FORM OF PILOTS</th>
<th>ABATEMENT</th>
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</thead>
<tbody>
<tr>
<td>Minimum of 125</td>
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<tr>
<td>127</td>
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<td>175</td>
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<td>37.5%</td>
</tr>
<tr>
<td>200</td>
<td>50.0%</td>
<td>MAXIMUM 50.0%</td>
</tr>
</tbody>
</table>
Economic Development Strategy

- We negotiate based on investment and “quality” jobs for project specific incentives over the 50% maximum level or longer than 10 years.
Alpla
Alpla (2010)

- Purchase of vacant 85,000 s.f. building in industrial park.
- Investment of $23,500,000 in equipment
- Personal property abatement only
- 49 initial jobs increasing to 82 jobs
- 1% for every 2 jobs
- 7 years
Alpla (2012)

• Expansion of existing building
• Purchase of second building
• Add’l investment of $38,500,000 in property & equipment
• Real & personal property abatement
• 1% for every 2 jobs
• 12 years
Seyer Industries
Seyer Industries

- 65,500 s.f. expansion of existing 94,146 s.f. building
- Investment of $25,500,000 in building and equipment.
- Real and personal property abatement
- Sales tax exemption for construction materials
- 170 jobs
- 1% for every 2 jobs
- 10 years
Duke Spec Building
Duke Spec Building

- Construction of 300,000 s.f. spec building
- Investment of $9,800,000
- Sales tax exemption only
Grove Collaborative

• Occupying 50% of Duke spec building
• Investment of $1 million in tenant improvements & equipment.
• 75% Real and personal property
• Minimum of 100 jobs
• 5 years
FedEx Ground

- Investment of $100 million in land, building & equipment.
- Real property abatement only
- 148 jobs
- 1% for every 2 jobs
- 10 years
Amazon
Amazon
Any Questions?