

# GENERAL

## Ordinance Fact Sheet

201040

Ordinance Number

**Brief Title** **Approval Deadline** **Reason**

Approving an Industrial Development Plan for Melaleuca Inc.

To provide for the acquisition and installation of machinery and equipment for the creation of a distribution facility at 11401 N. Congress Ave.

Details	Positions/Recommendations	
<p>Approving an Industrial Development Plan for Melaleuca, Inc., an Idaho corporation (or an affiliate or other designee thereof), for the purpose of developing or redeveloping a project for industrial development consisting of the acquisition, equipping and construction of a centralized distribution center that will also encompass an assembly operation, to be located at 11401 N. Congress Avenue, Kansas City, Missouri; authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Melaleuca, Inc. (or an affiliate or other designee thereof); authorizing the issuance of taxable industrial revenue bonds in a maximum aggregate principal amount not to exceed \$[14,000,000]; authorizing and approving certain other documents; and authorizing certain other actions in connection with the issuance of said bonds.</p> <p>The project will assume approximately 508,000 square feet in the industrial building located at 11401 N Congress Ave in Kansas City, Missouri (the "Project Site"). The project will create 202 new jobs the first two years with an average wage of approximately \$40,500. Total investment will be around \$35.5 million with around \$13 million invested in personal property, machinery and equipment and the remaining \$21.5 million invested in real estate and tenant finishes. Company is requesting 75% personal property tax abatement for 10 years, which is above the standard length and term of abatement set forth in the City's existing Chapter 100 Policy.</p> <p>The total cost of the project is expected to be approximately \$35.5 million. The City has offered to issue its Taxable Industrial Revenue Bonds in the maximum principal amount of \$14 million(the "Bonds") to fund the acquisition and installation of certain personal property, machinery and equipment to be installed and used at the Project Site (collectively, the "Equipment"). The Equipment purchased with Bond proceeds will be owned by the City and leased back to Company. The Bonds will be repaid solely by Company under the terms of that certain lease agreement entered into between the City and Company (the</p>	<b>Sponsor</b>	Economic Development Corp. of KC
	<b>Programs, Departments, or Groups Affected</b>	
	<b>Applicants / Proponents</b>	<b>Applicant</b>  <b>City Department</b>  <b>Other</b>
	<b>Opponents</b>	<b>Groups or Individuals</b>  None Known
	<b>Staff (EDC Staff) Recommendation</b>	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against  <b>Reason Against</b>
	<b>Board or Commission Recommendation</b>	<b>By</b> <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken  <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)  <input type="checkbox"/> Not Applicable
<b>Council Committee Actions</b>	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold <input type="checkbox"/> Do not pass	

**Details (contd.)**

The project will not benefit from any real property tax exemption or abatement. The City's personal property tax exemption will be for a period of ten years at 75% for all personal property purchased within the first ten years following project commencement. Staff estimates total personal property tax abatement to be \$836,069 during the tax exemption period. Staff estimates total personal property sales tax exemption to be \$1,118,000. This is an estimate and not a guarantee.

**Policy/Program Impact**

<b>Policy or Program Change</b>	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
<b>Operational Impact Assessment</b>	Not Applicable

**Finances**

<b>Cost &amp; Revenue Projections -- Including Indirect Costs</b>	
<b>Financial Impact</b>	Chapter 100 Bond issuances are considered "conduit debt" of the City solely repaid by Melaleuca Inc. The bond issue will not count against the city's debt capacity and will only appear on the City's financial statements as a footnote. Payment of principal and interest is payable solely out of certain payments derived by the City from the lease.
<b>Fund Source (s) and Appropriation Account Codes</b>	
<b>Is this Ordinance or Resolution Good for the Children?</b>	

**Applicable Dates:**

**Fact Sheet Prepared by:**

Brandon Smith, EDC

**Reviewed by:**

**Reference Numbers**