

Chapter 100 Industrial Development Plan Americold Logistics, LLC

This Chapter 100 Industrial Development Plan (the “Plan”) provides information required by Missouri State Statute Section 100.050 and Committee Substitute for Resolution No. 041033. The Plan supports the issuance of Chapter 100 bonds for Americold Logistics LLC, a Georgia Limited Liability Corporation (the “Company”), for the construction of a 335,000 square foot cold storage production and distribution warehouse (the “Project”) in Kansas City, Missouri (the “City”). Ordinance approval of the Chapter 100 Plan also authorizes the City to issue its Chapter 100 Taxable Industrial Revenue Bonds in an amount not to exceed \$127,500,000 for the Project.

A. Plan requirements per Missouri State Statute 100.050

1) Project Description

The Company operates and manages cold storage warehouses and offers supply chain management for clients. The Project will consist of constructing a new facility at 3301 East 147th Street, Kansas City, MO 64147. The company will lease land from the Kansas City Southern Railway Co.

The Project presents the opportunity to add density to the City’s working population and allow for additional employment opportunities. The Project will create 187 jobs with an average wage of approximately \$63,578. Total investment will be approximately \$127.5 million with approximately \$90 million invested in construction and renovation and the remaining \$47.5 million invested in furniture, fixtures, machinery and equipment. The Company has been approved for Sales Tax Exemption on Personal Property by the Missouri Department of Economic Development, the cost of which personal property is included in the Ch. 100. The City has also offered 10 years, 50% abatement on Real Property and Personal Property and Sales Tax Exemption on Construction Materials.

The total cost of the Project is expected to be approximately \$127.5 million. The City has offered the issuance of a maximum of \$127.5 million of Chapter 100 bonds (the “Bonds”) to fund the Project. The improvements to real property funded with the proceeds of the Bonds will be owned by the City and leased back to the Company pursuant to a Lease Agreement (the “Lease”). The underlying real property will continue to be owned by Kansas City Southern Railway Co. and is not part of the Chapter 100 transaction. The Bonds will be repaid solely by the Company under the terms of the Lease, and do not create an obligation of the City and do not reflect on the City’s credit rating. The Project will also benefit from MoWorks benefits through the State of Missouri.

The sales tax on construction materials exemption for the Project will be available for a construction period of 24 months for all construction materials included in the Project. EDC staff estimates total sales tax exemption on construction materials to be valued at \$4,081,000. The sales tax exemption on personal property purchases for the project is estimated by EDC staff to

be approximately \$3,281,615. The personal property tax abatement for 10 years at 50% is estimated at a value of \$1,836,579. The real property tax abatement for 10 years at 50% is estimated at a value of \$10,011,740. These are estimates and not a guarantee.

The Company will be subject to operational/performance standards commensurate with the anticipated investment for this Project, which standards will be incorporated into the Lease.

2) Cost Estimate

COST CATEGORIES	TOTAL AMOUNT	COSTS FINANCED WITH BOND PROCEEDS
Acquisition	\$0 (Lease)	\$0
Site work	Included in Construction/Renovation	
Construction/Renovation	\$90,000,000	\$90,000,000
Tenant Improvements	Included in Construction/Renovation	
Furniture and Fixtures	\$9,263,858	\$9,263,858
Machinery and Equipment	\$28,236,142	\$28,236,142
Other (including interest)	\$0	\$0
TOTAL PROJECT COSTS	\$127,500,000	\$127,500,000

See Attachment 1 for the annualized cost breakdown.

3) Sources of Funds

The Project will be funded by the proceeds of the Bonds, and if needed other available funds of the Company, and the Bonds will be purchased by the Company with funds available through an existing line of credit. No additional debt is anticipated as a result of this plan.

4) Lease/Disposal Terms

The Company will renovate and construct improvements on the project site in accordance with the Lease. The City shall be the sole, titular owner of the improvements to real property during the term of the Lease. The underlying real property will continue to be owned by Kansas City Southern Railway Co. and is not part of the Chapter 100 transaction. While the real property improvements are owned by the City and are subject to the Lease, the Company’s leasehold interest should be exempt from all real property taxes. The term of the Lease will be approximately 12 years, with the precise length to account for a 2-year construction period and a 10 year abatement period thereafter. (The Lease term can be shortened at the Company’s option in accordance with the terms of the Lease). The Company will comply with City Code Section 74:12.

5) Affected Taxing Jurisdictions

The following taxing jurisdictions will be affected by the Project: The City of Kansas City, Missouri, Jackson County, Missouri, Grandview C-4 School District, Jackson County Mental Health Fund, EITAS, State of Missouri, State Blind Pension Fund, Mid-Continent Public Library, and Metropolitan Community College.

6) a) Equalized Assessed Valuation of Real Property in Project – Before Development

Real Property: \$0 - There are currently no real property improvements on the site, and as described herein the underlying real property is not being included in the Chapter 100 transaction.

Personal Property: \$0

b) Equalized Assessed Valuation of Personal Property in Project – After Development

Personal Property		
		Equalized
Year	Appraised Value	Assessed Value
		33%
1	\$28,236,142	\$9,317,927
2	\$22,199,255	\$7,325,754
3	\$18,870,214	\$6,227,171
4	\$16,040,952	\$5,293,514
5	\$13,573,113	\$4,479,127
6	\$11,105,275	\$3,664,741
7	\$8,637,436	\$2,850,354
8	\$6,169,597	\$2,035,967
9	\$4,235,421	\$1,397,689
10	\$4,235,421	\$1,397,689

*Class Life of equipment being purchased is 3, 5, 7, and 10 years. Depreciation schedules applied from RSMo 137.122(3)

c) Equalized Assessed Valuation of Improvements to Real Property in Project – After Development

<u>Year</u>	<u>Assessed Value</u>	<u>Full RP Taxes</u>	<u>RP Tax Savings</u>	<u>PILOT Payments</u>
1	\$ 23,040,000.00	\$1,923,840.00	\$961,920.00	\$961,920.00
2	\$ 23,040,000.00	\$1,923,840.00	\$961,920.00	\$961,920.00
3	\$ 23,500,800.00	\$1,962,316.80	\$981,158.40	\$981,158.40
4	\$ 23,500,800.00	\$1,962,316.80	\$981,158.40	\$981,158.40
5	\$ 23,970,816.00	\$2,001,563.14	\$1,000,781.57	\$1,000,781.57
6	\$ 23,970,816.00	\$2,001,563.14	\$1,000,781.57	\$1,000,781.57
7	\$ 24,450,232.32	\$2,041,594.40	\$1,020,797.20	\$1,020,797.20
8	\$ 24,450,232.32	\$2,041,594.40	\$1,020,797.20	\$1,020,797.20
9	\$ 24,939,236.97	\$2,082,426.29	\$1,041,213.14	\$1,041,213.14
10	\$ 24,939,236.97	\$2,082,426.29	\$1,041,213.14	\$1,041,213.14
TOTAL	\$239,802,171	\$20,023,481.24	\$10,011,740.62	\$10,011,740.62

7) 10 Year Cost/Benefit Analysis (Average Costs – Amounts below are Net Benefits/(Costs))

Taxing Authority	Public Benefits:	Public Costs & Incentives:	Net Benefits (Costs):
City of Kansas City	13,147,157	9,449,404	3,697,753
Jackson County	3,867,857	2,469,252	1,398,604
Mental Health Fund	392,859	276,421	116,438
EITAS	353,541	245,639	107,902
Blind Pension Fund	109,182	68,457	40,725
MCPL	1,029,901	705,052	324,849
Kansas City Zoo District	135,558	102,123	33,435
Grandview C-4 School District	19,071,609	13,220,676	5,850,933
Metro Community Colleges	822,183	593,553	228,630
State of Missouri	23,244,504	10,480,013	12,764,491

See Attachment 2 for cost/benefit analysis. These estimates provide partial abatement under EEZ.

8) Anticipated PILOTs and Disposition of Payments

<u>Year</u>	<u>Assessed Value</u>	<u>Full PP Taxes</u>	<u>PP Tax Savings</u>	<u>PILOT Payments</u>
1	\$ 9,317,926.86	\$778,046.89	\$389,023.45	\$389,023.45
2	\$ 7,325,754.10	\$611,700.47	\$305,850.23	\$305,850.23
3	\$ 6,227,170.52	\$519,968.74	\$259,984.37	\$259,984.37
4	\$ 5,293,514.25	\$442,008.44	\$221,004.22	\$221,004.22
5	\$ 4,479,127.44	\$374,007.14	\$187,003.57	\$187,003.57
6	\$ 3,664,740.63	\$306,005.84	\$153,002.92	\$153,002.92
7	\$ 2,850,353.83	\$238,004.54	\$119,002.27	\$119,002.27
8	\$ 2,035,967.02	\$170,003.25	\$85,001.62	\$85,001.62
9	\$ 1,397,689.03	\$116,707.03	\$58,353.52	\$58,353.52
10	\$ 1,397,689.03	\$116,707.03	\$58,353.52	\$58,353.52
TOTAL	\$43,989,933	\$3,673,159.38	\$1,836,579.69	\$1,836,579.69

<u>Year</u>	<u>Assessed Value</u>	<u>Full RP Taxes</u>	<u>RP Tax Savings</u>	<u>PILOT Payments</u>
1	\$ 23,040,000.00	\$1,923,840.00	\$961,920.00	\$961,920.00
2	\$ 23,040,000.00	\$1,923,840.00	\$961,920.00	\$961,920.00
3	\$ 23,500,800.00	\$1,962,316.80	\$981,158.40	\$981,158.40
4	\$ 23,500,800.00	\$1,962,316.80	\$981,158.40	\$981,158.40
5	\$ 23,970,816.00	\$2,001,563.14	\$1,000,781.57	\$1,000,781.57
6	\$ 23,970,816.00	\$2,001,563.14	\$1,000,781.57	\$1,000,781.57
7	\$ 24,450,232.32	\$2,041,594.40	\$1,020,797.20	\$1,020,797.20
8	\$ 24,450,232.32	\$2,041,594.40	\$1,020,797.20	\$1,020,797.20
9	\$ 24,939,236.97	\$2,082,426.29	\$1,041,213.14	\$1,041,213.14
10	\$ 24,939,236.97	\$2,082,426.29	\$1,041,213.14	\$1,041,213.14
TOTAL	\$239,802,171	\$20,023,481.24	\$10,011,740.62	\$10,011,740.62

B. Community Impact Statement Requirements (Resolution No. 041033)

1) Project Integration with Area Plans

Project will Comply with the Martin City/Richards-Gebaur Area Plan.

2) 10-Year Cost/Benefit of the Project (Amounts Below are Net Benefits/(Costs), see Attachment 2)

Taxing Authority	Public Benefits:	Public Costs & Incentives:	Net Benefits (Costs):
City of Kansas City	13,147,157	9,449,404	3,697,753
Jackson County	3,867,857	2,469,252	1,398,604
Mental Health Fund	392,859	276,421	116,438
EITAS	353,541	245,639	107,902
Blind Pension Fund	109,182	68,457	40,725
MCPL	1,029,901	705,052	324,849
Kansas City Zoo District	135,558	102,123	33,435
Grandview C-4 School District	19,071,609	13,220,676	5,850,933
Metro Community Colleges	822,183	593,553	228,630
State of Missouri	23,244,504	10,480,013	12,764,491

See Attachment 2 for complete cost/benefit analysis.

3) Project Compliance with City Contracting Program and Non-Discrimination Policies

The Company will comply and will cause its contractors to comply with all City Code requirements, including, but not limited to, the Affirmative Action, MBE/WBE Workforce, Construction Workforce, and non-discrimination requirements for the Project. The company will pay prevailing wage pursuant to Code § 3-622.

4) Other Evaluation Criteria

a) Number of New Jobs/Retained Jobs

The proposed Project will result in the creation of 187 jobs in the City.

b) Total Amount of Projected Investment

Total investment is approximately \$127.5 million. This includes all items associated with the acquisition, renovation, construction and equipping/furnishing associated with the Project.

c) Average Wage

The jobs created in association with the Project will have an average wage of approximately \$63,578.

d) Capability to Attract sales from Outside KCMO

The Company is a cold storage warehouse and logistics company. This purpose of the project for the company is to support the first cross-border inter-modal refrigerated service between Mexico and the US.

e) Financial Strength of the Business

The Company is an established cold storage and logistics company, operating 240 locations globally.

f) Additional Residents to the Area

The Project is unlikely to generate any new residents at construction but provides 187 new jobs to the area.

g) Potential for Future Expansion

The Project sits in a location that could see additional expansion if needed. This new building will span over 335,000 square feet.

h) Existing versus New Business to the City

The Company is new to Kansas City

i) General Environmental Impact on the Area

The Company is not aware of any detrimental environmental impact that will result from the proposed Project.

j) Use of Federal and State Incentives for the Project

The Company will also leverage MoWorks benefits at the state level.

k) Evidence of the Need for Chapter 100 Bonds

The availability of Chapter 100 exemption is a deciding factor in the Company's decision to construct the Project in Kansas City, Missouri.

l) Evidence of Support by Affected Taxing Jurisdictions

All taxing jurisdictions will be notified in accordance with Missouri State Statute 100.059. In addition, EDC staff and the Company will respond to questions regarding the Project with the taxing jurisdictions in advance of the City Council hearing.

m) Estimated Impact to Proximate Businesses/Competition in KCMO

It is not anticipated that this Project will have any substantial negative impacts on other businesses in the City.

ATTACHMENT 1:

**ANNUALIZED
ESTIMATED COST BREAKDOWN**

Year 1	\$100,000,000
Year 2	\$27,500,000
Total Budget	\$127,500,000

ATTACHMENT 2:

COST/BENEFIT ANALYSIS

Cost-Benefit Analysis

Cost-Benefit Summary - 10-year analysis

Per-capita impacts calculated at 100% of total average revenues and costs.

Benefits	City of Kansas City	Jackson County	Mental Health Fund	EITAS	Blind Pension Fund	MCPL	Kansas City Zoo District	Grandview C-4 School District	Metro Community Colleges	State of Missouri
Sales Taxes:	\$ 3,067,292	\$ 1,381,914	--	--	--	--	\$ 118,251	--	--	\$ 5,534,068
Property Taxes:	\$ 5,127,295	\$ 2,127,809	\$ 391,991	\$ 329,490	\$ 96,155	\$ 1,025,651	--	\$ 18,889,933	\$ 760,905	\$ -
Income Taxes:	\$ 2,588,054	--	--	--	--	--	--	--	--	\$ 11,978,849
Other Revenues:	\$ 2,364,516	\$ 358,134	\$ 868	\$ 24,050	\$ 13,027	\$ 4,250	\$ 17,307	\$ 181,676	\$ 61,278	\$ 5,731,587
Total Revenues:	\$ 13,147,157	\$ 3,867,857	\$ 392,859	\$ 353,541	\$ 109,182	\$ 1,029,901	\$ 135,558	\$ 19,071,609	\$ 822,183	\$ 23,244,504
Costs										
Costs for Services:	\$ 3,698,798	\$ 688,511	\$ 13,566	\$ 24,695	\$ 3,979	\$ 17,290	\$ 24,198	\$ 485,354	\$ 80,561	\$ 7,654,059
Incentives:	\$ 5,750,606	\$ 1,780,742	\$ 262,854	\$ 220,944	\$ 64,478	\$ 687,762	\$ 77,924	\$ 12,735,322	\$ 512,991	\$ 2,825,954
Total Costs:	\$ 9,449,404	\$ 2,469,252	\$ 276,421	\$ 245,639	\$ 68,457	\$ 705,052	\$ 102,123	\$ 13,220,676	\$ 593,553	\$ 10,480,013
Net Cost/Benefit										
Public Benefits:	\$ 13,147,157	\$ 3,867,857	\$ 392,859	\$ 353,541	\$ 109,182	\$ 1,029,901	\$ 135,558	\$ 19,071,609	\$ 822,183	\$ 23,244,504
Public Costs & Incentives:	\$ 9,449,404	\$ 2,469,252	\$ 276,421	\$ 245,639	\$ 68,457	\$ 705,052	\$ 102,123	\$ 13,220,676	\$ 593,553	\$ 10,480,013
Net Benefits (Costs):	\$ 3,697,753	\$ 1,398,604	\$ 116,438	\$ 107,902	\$ 40,725	\$ 324,849	\$ 33,435	\$ 5,850,933	\$ 228,630	\$ 12,764,491
Present Value of Public Benefits:	\$ 10,160,467	\$ 3,044,080	\$ 289,424	\$ 260,280	\$ 80,335	\$ 758,736	\$ 109,886	\$ 14,049,485	\$ 605,263	\$ 18,275,552
Present Value of Incentives:	\$ 4,668,926	\$ 1,434,954	\$ 193,635	\$ 162,762	\$ 47,496	\$ 506,661	\$ 77,924	\$ 9,383,529	\$ 377,971	\$ 2,825,954

ATTACHMENT 3:

PILOT SCHEDULE

<u>Year</u>	<u>PILOT Payments</u>
1	\$389,023.45
2	\$305,850.23
3	\$259,984.37
4	\$221,004.22
5	\$187,003.57
6	\$153,002.92
7	\$119,002.27
8	\$85,001.62
9	\$58,353.52
10	\$58,353.52
TOTAL	\$1,836,579.69

<u>Year</u>	<u>RP PILOT Payments</u>
1	\$961,920.00
2	\$961,920.00
3	\$981,158.40
4	\$981,158.40
5	\$1,000,781.57
6	\$1,000,781.57
7	\$1,020,797.20
8	\$1,020,797.20
9	\$1,041,213.14
10	\$1,041,213.14
TOTAL	\$10,011,740.62

ATTACHMENT 4:

AdvanceKC Analysis (Ordinance No. 140031)

A. Jobs-Based Project Priorities:

Compete for Quality Jobs

- 1) **Retained jobs are as valuable as new jobs**
New Jobs = 187 # Retained Jobs = 0
- 2) **Focus on AdvanceKC Target Sectors**
The Company is a cold storage warehouse provider and logistics company.
- 3) **Focus jobs in growth sectors**
The Company is in a targeted growth sector.
- 4) **Focus on companies that provide competitive wages for their industry**
At approximately \$63,578 a year, Company's wages are competitive compared to the industry average.
- 5) **Promote comprehensive opportunities for education, skill development and lifelong learning to preserve and enhance Kansas City's workforce**
N/A.

B. Site-Based Project Priorities:

- 1) **Provide incentives for real estate projects to encourage economic, social, and environmental sustainability**
The project creates a cold storage warehouse that is being build to support a cross-border inter-modal refrigerated logistics line.
- 2) **Maintain and develop quality and workforce housing opportunities consistent with market needs of existing and prospective residents**
N/A
- 3) **Support projects that benefit surrounding neighborhoods**
Additional jobs in the Martin City/Richards-Gebaur area will help facilitate the goals of drawing commercial density to the area with well paying jobs.
- 4) **Support projects that are consistent with City Area Plans and the City's Consolidated Plan**
This project is consistent with the City's Area Plan of record for the area.
- 5) **Support early risk takers, especially in City Council priority development areas**
N/A

- 6) **Target areas of historic underinvestment**
 - a. **Focus on areas of long term declining property values**
N/A.
 - b. **Encourage geographic equity of development patterns** – This facility is located within Council District 6.
- 7) **Support projects that increase density in the urban core with a greater emphasis within the streetcar corridors**
N/A.

C. Fiscal Responsibility Policies:

- 1) **Promote good stewardship of the City’s resources**
This project will create 187 new jobs. This job will also expand an inter-modal cold storage logistics line that crosses the US-Mexico border. The overall financial impact indicated in the Cost Benefit Analysis is positive for the city.
- 2) **Provide incentives for real estate projects only as necessary to fill the financial gap.**
This project is a business development project for personal property.
- 3) **Support pay-as-you-go projects and discourage the use of City debt**
Ch. 100 bonds are conduit debt and do not involve any guarantees or obligations of the City.
- 4) **Super TIF should be used with great discretion and requires the support of a super majority (two-thirds) of the City Council, except when needed to access incentives from other public jurisdictions or to promote quality residential development**
N/A
- 5) **Encourage retail projects that result in capture of net new consumer spending versus substitution of spending from other markets within KCMO**
N/A
- 6) **Limit the use of incentives to reasonable and appropriate project expenses which have a public benefit and are essential to the successful completion of projects**
The Project will create 187 jobs and expand the cold storage market in the region. This project is supporting an expanding shipping line.
- 7) **All projects should meet the “but for” test, either financially or competitively or should address the City Council’s strategic priorities.**
Project addresses City Council’s strategic priorities by creating jobs, expanding markets, and filling in commercial/industrial space with appropriate projects.
- 8) **Promote a positive fiscal impact on taxing jurisdictions in the use of incentives**
The project shows a net benefit to all affected taxing jurisdictions.
- 9) **Direct earnings tax incentives are prohibited**
No earnings tax redirections are anticipated.

10) The City's incentives should be used to maximize private investment

The project is seeking 10 years at 50% on personal property, exemption on Sales Tax on Construction Materials, and exemption on Sales Tax on Personal Property purchases in the first 2 years. This will allow for the \$127.5 million project to proceed.

11) Business types ineligible for incentives include: the sale of package liquor* or firearms*, pawn shops, short term loan establishments, gambling, blood/plasma centers, "adult-oriented" businesses, cigarette*/smoke shops and hookah lounges, scrap metal operations, tattoo/piercing parlors, and used car lots

*** These business types are only ineligible when the indicated (*) product comprises more than 30% of retail sales or the sales display area (Example: A liquor store would be ineligible but a grocery store that sells liquor would be eligible)**

The Project is an allowable business type.