



**CITY COUNCIL WORK SESSION
MEETING AGENDA
Wednesday, September 27, 2023 at 6:00 p.m.**

**CITY HALL
6090 Woodson Street
Mission, KS 66202**

Meeting In Person and Virtually via Zoom

This meeting will be held in person at the time and date shown above. This meeting will also be available virtually via Zoom (<https://zoom.us/join>). Information will be posted, prior to the meeting, on how to join at <https://www.missionks.org/calendar.aspx>.

If you require any accommodations (i.e. qualified interpreter, large print, reader, hearing assistance) in order to attend this meeting, please notify the Administrative Office at 913-676-8350 no later than 24 hours prior to the beginning of the meeting.

AGENDA

1. 58/Nall Tax Abatement Request – Laura Smith

John Moffit (MOJO Built, LLC) has submitted an application for consideration of Industrial Revenue Bonds (IRBs) for the purpose of tax abatement in connection with the development of a three story, 77-unit apartment project located at the corner of 58th Street and Nall Avenue.

During the work session we will review the project, share information from the City's financial advisor regarding: (1) an analysis of the project's financials; (2) the anticipated need for incentives; and (3) review of the Cost Benefit Analysis (CBA) for the project impacts. Additionally, staff and the City's Land Use Attorney will discuss the key components of a performance agreement.

This item is anticipated to come forward as an Action Item on the October 4, 2023 Finance & Administration Committee meeting. Packet materials will be provided on Monday, September 25, 2023.

City of Mission	Item Number:	1.
DISCUSSION ITEM SUMMARY	Date:	September 27, 2023
Administration	From:	Laura Smith

Discussion items allow the committee the opportunity to freely discuss the issue at hand.

RE: Review and Discussion of 58/Nall Tax Abatement Request

DETAILS: In the Economic Development Revenue Bonds Act of 1961, codified as amended at K.S.A. 12-1740 *et seq.*, the Kansas Legislature created industrial revenue bonds (IRBs) as an economic development tool for cities to stimulate economic prosperity and to promote economic stability, by providing greater employment opportunities and diversification of industry. Cities, may consider, and issue IRBs when a proposed project furthers the economic goals and objectives of the City. The statutes provide for the use of IRBs to grant a property tax exemption or to grant a sales tax exemption on the purchase of materials and some labor.

Mission approved a tax abatement policy (Council Policy 116) in May 2007, which to date, has not been used for the abatement of property taxes as contemplated by State statute. The IRB sales tax exemption has been granted in connection with most major private redevelopment projects undertaken in Mission during the past 15-20 years.

Recently, two developers have indicated their intent to apply for consideration of tax abatement. This prompted Council to direct Staff to develop an updated policy with clearer parameters and guidance for both developers and the Governing Body. The new tax abatement policy (Policy 131) was adopted in July 2023.

John Moffitt, Jr., of MOJO Built has formally submitted an application for consideration of both sales and property tax abatement in connection with a proposed 77-unit multi-family project located at 58th Street and Nall. The Developer’s team has been sharing and coordinating information with staff and the City’s outside consultants, and is it now appropriate to share more specific details and considerations with the Governing Body for potential action in October. The packet includes:

- City Council Policy 131 (final approved)
- Memo from Bruce Kimmel, the City’s financial advisor
- Cost-Benefit Analysis (CBA) prepared by Municipal Consulting, LLC
- Memo recapping IRB process and specific considerations to be included in a project Performance Agreement

During the September 27 work session Mr. Kimmel will share a PowerPoint presentation detailing and discussing how to evaluate the information provided in the cost-benefit analysis report. The intent of the work session is to introduce and update

Related Statute/City Ordinance:	K.S.A. 12-1740 <i>et seq.</i>
Line Item Code/Description:	NA
Available Budget:	NA

City of Mission	Item Number:	1.
DISCUSSION ITEM SUMMARY	Date:	September 27, 2023
Administration	From:	Laura Smith

Discussion items allow the committee the opportunity to freely discuss the issue at hand.

the Council on the conversations held with the developer to date, and more specifically those occurring after the adoption of the revised City of Mission Tax Abatement Policy in July. The City’s land use attorney, Pete Heaven, will be available to answer questions as well as Mr. Kimmel who will be participating virtually.

Staff is seeking input from the Governing Body in order to finalize an Action Item for the October 4, 2023 Finance & Administration Committee meeting. Notice of the public hearing to be held on October 18 at the City Council meeting would be published in the Legal Record on October 10, as well as being communicated via the City’s website.

CFAA IMPACTS/CONSIDERATIONS: Access to quality housing for individuals of all ages, abilities and income levels is an important pillar of the Community for All Ages initiative. The proposed redevelopment projects currently seeking consideration of a property tax abatement will provide additional housing options for residents of Mission, contribute to the goals of increased density throughout the community, and address the removal of several blighted or aging properties.

Related Statute/City Ordinance:	K.S.A. 12-1740 <i>et seq.</i>
Line Item Code/Description:	NA
Available Budget:	NA



MEMORANDUM

Date: September 25, 2023
To: Mayor and City Council
From: Laura Smith, City Administrator
RE: 58/Nall Tax Abatement Request

Background

Under Kansas law, various economic development incentives are available to assist cities in achieving their economic development goals. In the Economic Development Revenue Bonds Act of 1961 (the “Act”), codified as amended at K.S.A. 12-1740 *et seq.*, the Kansas Legislature created industrial revenue bonds (IRBs) as an economic development tool for cities to stimulate economic prosperity and to promote economic stability, by providing greater employment opportunities and diversification of industry. Cities may consider and issue IRBs when a proposed project furthers the economic goals and objectives of the City. The statutes provide for the use of IRBs to grant a property tax exemption and/or to grant a sales tax exemption on the purchase of materials and taxable labor.

As referenced above, the IRBs may be used to grant a sales tax exemption, a property tax exemption or both for a particular project. A brief overview of the differences is highlighted below:

- **Sales Tax Exemption.** Upon approval of a resolution of intent, the applicant may obtain a sales tax exemption certificate which may be used by the applicant and its contractor(s) to purchase construction materials, machinery and equipment, or other taxable services if purchased or reimbursed with the proceeds of the revenue bonds. The purchases are then exempt from sales tax which might be charged by any taxing entity. The current sales tax rate in the City is 9.725% and is comprised of 6.50% allocated to the State, 1.475% allocated to the County, and 1.75% allocated to the City.
- **Property Tax Exemption.** Upon issue of revenue bonds, property that is acquired or constructed with the proceeds of revenue bonds may be 100% exempt from property taxation, except for a school district’s capital outlay levy (in an amount not to exceed 8 mills) for a period of up to ten years. Although the abatement is always for 100% under State law, the City may require the applicants to make payments

in lieu of taxes. Kansas law requires all payments in lieu of taxes to be distributed to all taxing jurisdictions on a pro-rata basis, according to the jurisdiction's allocable mill levy rate.

When considering a request for a property tax abatement, the IRB Act requires the Issuer (City) to prepare a cost benefit report, conduct a public hearing, adopt an ordinance authorizing the issuance of the revenue bonds and follow certain other procedural requirements prior to issuing revenue bonds.

City of Mission Tax Abatement Policy

Mission approved a tax abatement policy (Council Policy 116) in May 2007, which to date has not been used for the abatement of property taxes as contemplated by State statute. The IRB sales tax exemption has been granted in connection with most major private redevelopment projects undertaken in Mission during the past 15-20 years.

Over the last 12-18 months, two developers have indicated their intent to apply for consideration of a property tax abatement. This prompted Council to direct Staff to develop an updated policy with clearer parameters and guidance for both developers and the Governing Body as Council Policy 116 didn't seem to align with the Council's goals and objectives related to redevelopment and incentives. A new tax abatement policy (Council Policy 131) was developed, reviewed, and eventually adopted in July 2023.

The new policy seeks to clearly define the purpose, scope and policy statements for the Governing Body's consideration of property tax abatement requests. It is important to note that, like any other economic development incentive, the decision to approve the tax abatement tool is completely discretionary, and no decision to grant or deny property tax abatement and/or tax incentives serves as a precedent for any future decisions.

Mission's policy sets out a baseline standard of a 45% real property tax abatement, assuming the project meets all the other criteria outlined in Section 3. The policy requires a project to have a minimum capital investment of \$3 million to even be considered, and a minimum capital investment of \$10 million to be considered for the full abatement (up to 75%). The policy then outlines additional abatement criteria and potential adjustments (over the 45% baseline) that could be earned by a developer.

The criteria were developed to provide some flexibility for both the City and a developer when evaluating each project on a case-by-case basis. Additionally, the criteria (or the percentages) can be adjusted over time to be reflective of the City's highest redevelopment and community investment priorities.

The policy also speaks generally to the procedure to be followed, includes the obligations of the developer to cover costs incurred by the City in the review and evaluation of any request, and the bond origination fees to be paid by the developer should the City approve the request for a tax abatement.

58/Nall Tax Abatement Request

With a new policy in place, staff and Council attention has been able to turn to evaluation of the specific components of individual developer requests or applications.

John Moffitt, Jr., of MOJO Built, LLC has formally applied for consideration of both sales and property tax abatement in connection with a proposed 77-unit multi-family project located at 58th Street and Nall. The Developer's team has been sharing and coordinating information with staff and the City's outside consultants and is it now appropriate to share more specific details and considerations with the Governing Body for potential action in October. The intent of the work session is to introduce and update the Council on the conversations held with the developer to date.

58/Nall Performance Agreement

Working from the updated Council Policy and through on-going conversations with Mr. Moffitt and his team, preliminary terms for a performance agreement have been developed. The performance agreement is the document which contains all the specific details of the abatement to be granted and is like a redevelopment agreement adopted in connection with a tax increment financing or community improvement district incentive request. The Council Policy 131 allows the Council to mandate one or more of the additional criteria for a project to receive consideration, and the 58/Nall project was required to include both an attainable housing component and a sustainability certification.

The memo included in the packet from Bruce Kimmel outlines the evaluation of the project's underlying need for incentives as well as the staff and City consultant team's analysis and scoring of the project against the additional abatement criteria to reach a recommended abatement percentage of 70% over 10 years. The City's application of its policy criteria and adjustments yielded the following potential tax abatement percentage:

Baseline – Meets Policy Criteria	45%
Capital Investment Adjustment	5%
Target Area Adjustment	5%
Attainable Housing Adjustment	10%
Environmental Design Adjustment	5%
Total Abatement Percentage	70%

Key highlights to be included in draft a performance agreement for the 58/Nall Project are bulleted below:

- The Developer agrees that, for each calendar year during the exempt period, they will make a payment in lieu of ad valorem taxes to the City. **The City and all other impacted taxing entities receive 30% of the taxes due, and 70% of the taxes will be abated in accordance with the performance agreement.**
- The tax abatement does not apply to special assessments (specifically the property will continue to be responsible for the City’s stormwater utility fee) or the school district’s capital outlay levy of not to exceed eight mills.
- The City and the Developer will agree to a schedule for commencement and completion of the project. Failure of the developer to actually commence or complete construction of the Project in accordance with the schedule included in the performance agreement shall constitute an event of default under the agreement.
- While the Bonds are outstanding, the developer shall maintain not less than 10% Attainable Units, with a mix of units to be agreed upon between studio, one-bedroom and two-bedroom. By no later than May 1 of each year during the term of the performance agreement, the developer shall submit an annual report to the City for the prior calendar year or portion of any prior calendar year that the Attainable Units start or cease being required under the terms of this agreement with a certification that the project complies with this agreement. The annual report shall, at a minimum, include the following information for each Attainable Unit in the Project: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) dates of any vacancies during the previous year; (v) number of people residing in the unit; and (vi) total gross household income of all residents living in the unit.

- The agreement specifies that the developer shall honor the terms of tenancies in effect at the time of the expiration of the term. For avoidance of doubt, if at the time of the expiration of the term, there are two years or more remaining on a lease of an Attainable Unit, Company shall continue to observe the requirements of the relevant section/provisions for the balance of the lease term. In the event during the term of a lease the income of the household member(s) of an Attainable Unit exceeds 60% of the AMI, developer may continue to honor the lease, however if two or more years remain in the lease term, the unit will no longer be considered an attainable unit.
- The developer shall cause all components of the project to obtain at least a "One Globe" certification issued by the Green Building Initiative ("GBI") Green Globe rating system, or if such certification or rating system shall be discontinued, a reasonably equivalent certification reasonably designated by City and reasonably approved by the developer. The project must maintain at least a One Globe certification for operations and management throughout the term of the agreement. If such certification or rating system shall be discontinued, then an equivalent certification reasonably designated by City and reasonably approved by the developer must be put in place. Initial certification shall be obtained within twelve (12) months of completion of the Project with proof of certification provided to City upon receipt.
- If any one or more of the following events shall occur and be continuing, it will be deemed an "Event of Default" under the terms of the performance agreement:
 - (1) the developer shall fail to perform any of its obligations outlined in the performance agreement;
 - (2) the developer shall breach any covenant contained herein or any representation of the developer contained herein shall prove to be materially false or erroneous;
 - (3) the developer shall be in default under the Project Lease.
- Upon the occurrence of an event of default, the developer shall be given sixty (60) days (or such longer period as the City and the developer may agree), following written notice by the City to the developer of the occurrence of such event of default, to cure such event of default. If an event of default is not cured within the prescribed time, the performance agreement may be terminated by written notice to the developer from the City, and termination shall be effective immediately following delivery of the written notice. As an alternative to termination of the

agreement, the City may adjust the amount of abatement downward.

- Any payments due under the agreement which are not paid when due shall bear interest at the interest rate imposed by Kansas law on overdue ad valorem taxes from the date such payment was first due and shall be subject to the same penalties imposed by Kansas law on overdue ad valorem taxes.
- The agreement requires the developer to acknowledge and agree that other projects may receive terms more favorable than those provided for in their performance agreement. As a condition of the City entering into the agreement, the developer waives any claim it may have against the City as a result of the City granting tax abatement to other projects with terms that are more favorable. Additionally, the developer agrees that it will not request the City to modify the agreement because the City plans to grant or has granted tax abatement to another project or projects on terms that are more favorable than the terms provided for in this agreement.

Also included in the packet is a Cost Benefit Analysis for the project. The cost-benefit analysis was conducted in accordance with the City policy and statutory provisions and estimates the economic impact of the project taking into account the public costs (tax abatement and other) and the public benefits (property tax base, sales tax base, and other spin-off benefits).

During the work session, we will review the cost-benefit analysis in more detail and outline how it should be considered in concert with the other factors as the Council reviews the abatement request. The developer will be present to answer questions, and the City's land use attorney, Pete Heaven will also be available in person. Mr. Kimmel will join the meeting virtually.

Next Steps


The work session packet includes the following:

- City Council Policy 131 (final approved)
- Memo from Bruce Kimmel, Mission's financial advisor
- Cost-Benefit Analysis (CBA) prepared by Municipal Consulting, LLC
- This memo recapping the IRB process and specific considerations to be included in a project Performance Agreement

Following the work session, an action item will be prepared for the October 4, 2023

Finance & Administration Committee meeting, with the required public hearing and consideration of the Resolution of Intent moving forward to the October 18, 2023 City Council meeting. Procedural steps which remain include:

- **Notice to Taxing Jurisdictions/Public Hearing.** Prior to granting any tax abatement, the City Council shall hold a public hearing. Notice of the public hearing shall be published once in the official City newspaper at least seven days prior to the hearing. In addition to the public hearing notice, the City Clerk shall notify in writing the Board of County Commissioners and the School Board about the public hearing and the proposed abatement at least seven days prior to the public hearing, but as early as possible, and provide the two taxing jurisdictions with a copy of the cost-benefit analysis and background materials. The notice will be published in The Legal Record on October 10 for the October 18 public hearing. Materials will be mailed to the BOCC and the School Board following the October 4, 2023 Committee meeting.
- **Resolution of Intent.** Following the public hearing, the Governing Body, at i discretion, may adopt a Resolution of Intent authorizing the issuance of the bonds and execution of the Performance Agreement. Upon adoption of the resolution, the City will request a sales tax exemption certificate for the project from the Department of Revenue.
- **Construction.** Applicant will construct the project within the terms of the Performance Agreement.
- **Preparation of Bond Documents.** Upon substantially completion of the project, the applicant will approach the City to issue the bonds and effect the property tax abatement. Bond Counsel drafts the lease agreements, the indenture of trust, the bond ordinance, and all other documents related to the bond issuance.
- **Ordinance and Performance Provisions.** The City Council will consider adoption of an ordinance authorizing issuance of industrial revenue bonds.
- **Bond Issuance.** Basic bond documents are executed by the City and the applicant, and the applicant will purchase the bonds. At closing of the bonds, applicant pays origination fee to City and any other related fees or costs outstanding.
- **Submission of Application to the Kansas Board of Tax Appeals.** After the bonds are issued, the City Clerk will forward all necessary documentation to County Appraiser's Office, which will then be filed with the Kansas Board of Tax Appeals (BOTA) early in the calendar year following issuance of the bonds. The City Council's decision to grant an abatement is subject to the final determination of the Kansas Board of Tax Appeals.
- **Annual Certification.** After the first year of the abatement, and by March 1 each



year thereafter, the City's consulting team will review the abatement to certify that use of the property is still in accordance with Kansas law and that all other provisions of the abatement are being met. The applicant will be required to complete and submit all necessary documentation to the City Clerk for annual submission to the County Appraiser's Office. It is the applicant's obligation to see that the appropriate annual information is filed for the abatement to continue.

If you have questions prior to the work session, please do not hesitate to contact me.

Memo

To: City of Mission, Kansas
From: Bruce Kimmel, Senior Municipal Advisor
Date: September 22, 2023
Subject: **58 / Nall Project – Proforma Analysis and Tax Abatement Policy**

Ehlers, the City's development finance advisor, has engaged with MOJO BUILT LLC, the Developer of the proposed Mojo Apartments at 58th and Nall, to analyze the Developer's fiscal projections and proposed Industrial Revenue Bond (IRB) sales tax exemption and property tax abatement agreement between the City and Developer.

This memo is intended to inform the City Council's September 27 work session regarding the Mojo Apartments and its IRB incentive proposal, prior to Committee and Council consideration of actual IRB assistance terms next month.

Baseline Need for City Assistance

The Developer submitted to Ehlers a comprehensive Excel workbook detailing its assumptions for the project's development budget, debt and equity financing plan, unit composition and planned rents, and operating revenues and expenses – and projecting its return on investment. Ehlers evaluated each assumption and calculation, asked the Developer to provide further detail in certain areas, and determined that:

- the Mojo Apartments financing plan was valid, with no missing or unconnected pieces that caused us to question the project's fundamental viability;
- the Developer's pre-development estimates were reasonable and comparable to similar apartment projects with which Ehlers is familiar; and
- there was a demonstrated economic gap and rationale for City assistance, in order to achieve a market rate of return – including some level of the Developer's proposed Industrial Revenue Bond (IRB) sales tax exemption on project construction materials and abatement of property taxes.

City Tax Abatement Policy

As noted above, Ehlers' baseline analysis indicated it was unlikely that the Developer would undertake the project without some level of City incentives via the proposed sales tax exemption and tax abatement mechanisms. For example, with only the sales tax exemption and no tax abatement, we estimated the Developer's average cash-on-cash return at 7.92%, vs. an industry threshold of 10-12% for multifamily housing projects. Tax abatement levels of 70% and 80%, meanwhile, yielded average cash-on-cash returns of 10.26% and 11.29%, respectively.

On a working basis, therefore, we determined that a tax abatement in the range of 70-80%, for a term of 10 years, would allow the Developer to achieve a market-appropriate rate of return.

Concurrently but separately this past summer, the City completed and adopted a new policy relating to the granting of tax abatements. Among other things, this policy lays out eligibility criteria for the provision of tax abatement assistance, and states: “It shall be the policy of the City that, regardless of the percentage amount of abatement an applicant may be eligible for, the maximum percentage of tax abatement provided for any Project shall not exceed 75% for 10 years, except in extraordinary circumstances.” (Section 3)

Note also that Policy Section 3H state that applicants “may be asked to demonstrate that without the requested tax abatement, the Project, or certain features thereof, cannot be constructed with an appropriate return on investment”.

The City’s application of its policy criteria and adjustments (see Section 4) yielded the following potential tax abatement percentage:

Baseline – Meets Policy Criteria	45%
Capital Investment Adjustment	5%
Target Area Adjustment	5%
Attainable Housing Adjustment	10%
Environmental Design Adjustment	5%
Total Abatement Percentage	70%

This is an instance in which the policy guidance of a 70% abatement happens to coincide with Ehlers’ economic need indication of a 70-80% abatement for 10 years. We anticipate there will be instances in which the demonstrated economic need exceeds the regular policy adjustments, leading the Council to consider whether and how to surpass the 75% policy maximum. And conversely, there likely will be other projects for which the policy criteria point to a percentage that surpasses the actual need for assistance, leading the Council to deviate downward.

In this case, however, Ehlers’ analysis supports the 70% abatement indicated by the City’s evaluation of the project through the lens of its policy criteria.

Please contact me at bkimmel@ehlers-inc.com or 651-697-8572 with any questions about this memo, and thank you for the opportunity to be of assistance to the City.

A Tax Abatement Cost-Benefit Analysis of MOJO BUILT LLC for the City of Mission

Revised by
Municipal Consulting, LLC
9/25/2023

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ABOUT THIS REPORT:

This report uses data that was collected from the firm involved and budget reports from each of the taxing entities where the project is to be located. This data is summarized on pages 4 and 5. In addition, various calculations were applied to the data using rates and information gathered from the current economic and financial conditions.

DEFINITIONS USED:

Rate of Return: Incentives and tax abatements granted by taxing entities are equivalent to a public investment in the firm. Comparing these investments to the various benefits received over the 10-year period by the public entity produces an average annual rate of return for the period. Generally, a rate of return that exceeds the entity's cost of capital would be an acceptable investment in the project.

Net Present Value: This is the amount that a future series of payments is worth today, given an assumed discount rate. The only way to accurately compare payments to be made or received in the future to the dollar value at present is with Net Present Value. Generally a positive net present value represents an acceptable investment opportunity.

Benefit - Cost Ratio: Typically referred to as the "Cost-Benefit Ratio," this is the ratio of the public entity benefits received over the 10-year project life to the public costs incurred over the same period. If the ratio is above 1.0, then the benefits exceed the costs, and if it is less than 1.0, the costs exceed the benefits. Generally, a public entity would like to have a Benefit-to-Cost ratio of 1.3 or better in order to grant a tax abatement. However, the governing body may take into account the other economic benefits of the project in making that decision.

DISCLAIMER:

This report is prepared using a variety of assumptions regarding discount rate, inflation rate, and other economic variables. It also uses information submitted by the firm based on its best estimates of what they expect to occur. Future business results and economic factors are not and cannot be guaranteed. Therefore, we provide no guarantee on the future performance of the tenants/employers, or that conditions within the taxing entities will remain as they are today. The governing body should make its decision on the best information presented, while fully recognizing that future performance could be substantially different.

COMMENTS SPECIFIC TO THIS PROJECT:

The overall costs and benefits for each taxing entity are:

<u>Taxing Entity</u>	<u>Benefit to Cost Ratio</u>	<u>Average Return on Investment</u>
City of Mission	1.64	6%
Johnson County	2.84	18%
Shawnee Mission USD 512	3.33	23%
Johnson Co. Comm. Coll.	2.72	17%
County Parks & Recreation	2.48	15%
Johnson County Library	2.27	13%
Johnson Co. CFD #2	2.63	16%
State of Kansas	2.22	12%

Each taxing entity has a positive benefit-to-cost ratio in excess of the desired 1.3. This analysis assumes that the city of Mission would grant a property tax abatement of 70% for 10 years. The analysis assumes that the city, county and state sales taxes would remain at the existing levels. A PILOT payment equal to the existing property taxes is included in this analysis. The projected salaries of the created jobs would be significantly less than the county average salary and we have adjusted retail spending by the same ratio. We projected retail spending of the new apartment tenants at the county average wage.

If there are questions about this report my contact information can be found below.

R. Steven Robb, Sole Owner
Municipal Consulting, LLC
Cell: 620-704-6495 E-Mail: steverobb@ckt.net
2207 N. Free King Hwy, Pittsburg, KS 66762-8418

COST-BENEFIT ANALYSIS PROJECT SUMMARY		
PROJECT NAME:	MOJO BUILT LLC	
DATE:	9/25/2023	
GOVERNMENTAL ENTITIES INVOLVED:		
CITY:	City of Mission	
COUNTY:	Johnson County	
SCHOOL DISTRICT:	Shawnee Mission USD 512	
SPECIAL TAXING DISTRICT #1	Johnson Co. Comm. Coll.	
SPECIAL TAXING DISTRICT #2	Johnson County Parks	
SPECIAL TAXING DISTRICT #3	Johnson County Library	
SPECIAL TAXING DISTRICT #4	Johnson Co. CFD #2	
SPECIAL TAXING DISTRICT #5	None	
STATE:	State of Kansas	
INFLATION RATE:	2.20%	DISCOUNT RATE 7.50%

The assumed inflation rate is based on the lower of the 2023 estimated rate or the previous 7-year average without the highest or lowest annual rates. The discount rate is based on current commercial loan rates.

EXECUTIVE SUMMARY

The project consists of the construction of a 77-unit apartment complex and numerous amenities. The complex will include 10 studio units, 55 one bedroom units and 12 two-bedroom units. There will be 25 enclosed parking spaces, 67 surface parking spaces and 5 parallel parking spaces. Amenities will include a dog park, bicycle storage, fitness center and charging stations for electric vehicles. The developer and the city have agreed on a 70% property tax abatement for 10 years. The taxing entity mill levy rates have been as published for the respective budget hearings and could possibly change slightly. None of the changes are expected to have a significant impact on the cost-benefit results.

MOJO BUILT LLC

Community Data Inputs:								
	City of Mission	Johnson County	USD 512	Comm. Coll.	County Parks	County Library	County CFD#2*	State
Mill Levy	18.500	17.522	50.799	8.116	3.021	3.815	16.072	1.500
Sales Tax	1.750%	1.475%	n/a	n/a	n/a	n/a	n/a	6.50%
Transient Guest Tax	9.00%	0.00%	n/a	n/a	n/a	n/a	n/a	n/a
Utility Revenue/HsHld	\$0.00	\$156.83	n/a	n/a	n/a	n/a	n/a	n/a
Franchise Fees/HsHld	\$143.49	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other Revenues/Res.	\$500.81	\$342.15	n/a	\$210.71	\$49.81	\$52.50	\$494.14	\$2,462
Marg. Cost/Res./Student	\$363.50	\$167.65	\$1,463.40	\$60.49	\$14.94	\$14.72	\$143.26	\$943
Other Revenues/Worker	\$382.84	\$261.55	n/a	\$161.07	\$38.07	\$40.13	\$377.73	\$2,086
Marginal Cost/New Worker	\$277.87	\$128.15	n/a	\$46.24	\$11.42	\$11.26	\$109.51	\$799
State Funding/Pupil	n/a	n/a	\$8,181.06	n/a	n/a	n/a	n/a	\$10,800
Federal Funding/Pupil	n/a	n/a	\$6,452.96	n/a	n/a	n/a	n/a	\$2,114
Visitor Daily Spending	\$75.00	\$75.00		Total Mill Levy				\$75
Average Hotel Room Rate	\$105	\$105		119.345				n/a
Retail Pull Factor	1.29	1.25						n/a
Percent of County Share	2.00%	100.00%		* 2023 levy - 2024 levy not published as of the report date.				n/a
Ann. Local Per Capita Sales/Use Tax	\$82	\$348						n/a
Ann. State Per Capita Sales/Use Tax	\$1,758	\$1,402						\$1,779
Annual Per Capita Retail Sales	\$20,963	\$17,255						\$27,367
Average Household Size	2.96	2.57						2.49
Avg. Wage-All Occupations	\$56,808	\$56,808						\$52,850

COST-BENEFIT ANALYSIS PROJECT SUMMARY									
PROJECT NAME:		MOJO BUILT LLC					Ratio of		
DATE:		9/25/2023					NPV of Net		
				Net	NPV	Benefits to	Actual	Avg.	
				Present	of	NPV of	Benefit to	Annual	
		Total		Value	Incentives	Incentives	Actual	Rate	
	Total	Costs &	Net	of Net	& Taxes	and Taxes	Cost	of	
Entity	Benefits	Incentives	Benefits	Benefits	Abated	Abated	Ratio	Return	
City of Mission	\$1,302,814	\$794,564	\$508,250	\$318,322	\$222,149	1.43	1.64	6%	
Johnson County	\$1,635,384	\$575,410	\$1,059,974	\$673,753	\$206,348	3.27	2.84	18%	
Shawnee Mission USD 512	\$1,853,959	\$556,599	\$1,297,359	\$852,604	\$320,397	2.66	3.33	23%	
Johnson Co. Comm. Coll.	\$545,229	\$200,412	\$344,817	\$224,152	\$60,757	3.69	2.72	17%	
Johnson County Parks	\$150,539	\$60,724	\$89,815	\$58,693	\$22,615	2.60	2.48	15%	
Johnson County Library	\$139,365	\$61,385	\$77,981	\$51,367	\$28,559	2.26	2.27	13%	
Johnson Co. CFD #2	\$952,684	\$362,224	\$590,460	\$384,599	\$120,317	3.20	2.63	16%	
State of Kansas	\$1,051,036	\$472,744	\$578,292	\$323,450	\$383,642	0.84	2.22	12%	
Totals	\$7,631,010	\$3,084,063	\$4,546,947	\$2,886,939	\$1,364,785	2.12	2.47	14.74%	

SUMMARY OF COSTS AND BENEFITS FOR:
PROJECT: MOJO BUILT LLC
DATE: 9/25/2023

City of Mission

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:

1.64

Ratio of Present Value of Total Benefits to Present Value of Total Costs:

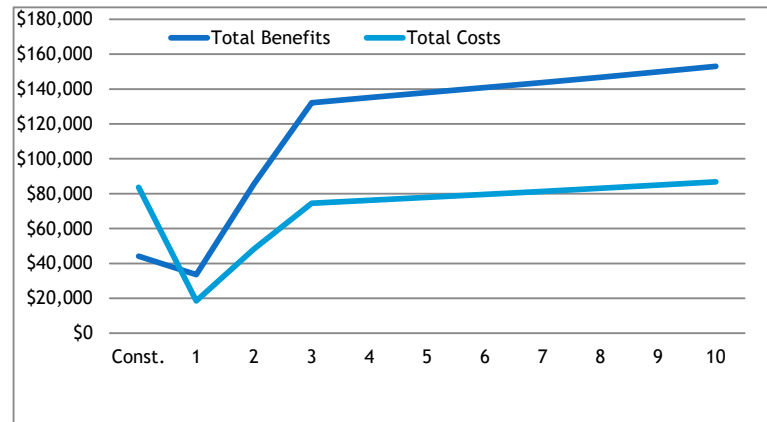
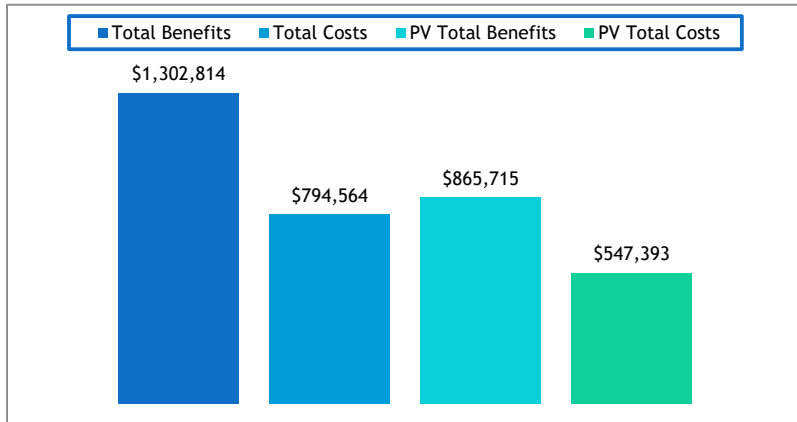
1.58

DISCOUNT RATE: 7.50%

(Typical desired ratio would be 1.3 to 1)

Average Return on Investment: 6.40%

Year	Sales and Transient Guest Taxes	New Property Taxes	Utilities and Franchise Fees	PILOT	Other City Revenues	Total Benefits	Net Present Value of Total Benefits	Cost of Various City Services	Incentives and Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Incentives & Taxes Abated
Const.	\$44,172	\$0	\$0	\$0	\$0	\$44,172	\$44,172	\$0	\$83,656	\$83,656	\$83,656	-\$39,484	-\$39,484	-\$39,484	\$83,656
1	\$0	\$26,423	\$0	\$7,145	\$0	\$33,567	\$31,226	\$0	\$18,496	\$18,496	\$17,205	\$15,072	-\$24,412	\$14,020	\$17,205
2	\$6,403	\$27,004	\$4,519	\$7,145	\$40,475	\$85,546	\$74,025	\$29,378	\$18,903	\$48,280	\$41,779	\$37,265	12,853	\$32,247	\$16,357
3	\$12,148	\$27,598	\$9,218	\$7,145	\$76,052	\$132,161	\$106,384	\$55,200	\$19,319	\$74,519	\$59,985	\$57,642	70,495	\$46,400	\$15,551
4	\$12,417	\$28,205	\$9,629	\$7,145	\$77,726	\$135,121	\$101,179	\$56,415	\$19,744	\$76,158	\$57,027	\$58,963	129,458	\$44,151	\$14,784
5	\$12,691	\$28,826	\$9,847	\$7,145	\$79,435	\$137,945	\$96,087	\$57,656	\$20,178	\$77,834	\$54,216	\$60,111	189,569	\$41,871	\$14,055
6	\$12,972	\$29,460	\$10,071	\$7,145	\$81,183	\$140,830	\$91,253	\$58,924	\$20,622	\$79,546	\$51,543	\$61,284	250,852	\$39,710	\$13,362
7	\$13,258	\$30,108	\$10,299	\$7,145	\$82,969	\$143,779	\$86,664	\$60,221	\$21,076	\$81,296	\$49,002	\$62,483	313,336	\$37,662	\$12,703
8	\$13,552	\$30,770	\$10,533	\$7,145	\$84,794	\$146,794	\$82,308	\$61,545	\$21,539	\$83,085	\$46,586	\$63,709	377,045	\$35,722	\$12,077
9	\$13,851	\$31,447	\$10,772	\$7,145	\$86,660	\$149,875	\$78,172	\$62,899	\$22,013	\$84,913	\$44,289	\$64,962	442,007	\$33,883	\$11,482
10	\$14,157	\$32,139	\$11,016	\$7,145	\$88,566	\$153,024	\$74,246	\$64,283	\$22,497	\$86,781	\$42,105	\$66,243	508,250	\$32,141	\$10,916
Total	\$155,621	\$291,981	\$85,903	\$71,448	\$697,861	\$1,302,814	\$865,715	\$506,522	\$288,043	\$794,564	\$547,393	\$508,250	\$508,250	\$318,322	\$222,149



SUMMARY OF COSTS AND BENEFITS FOR:

Johnson County

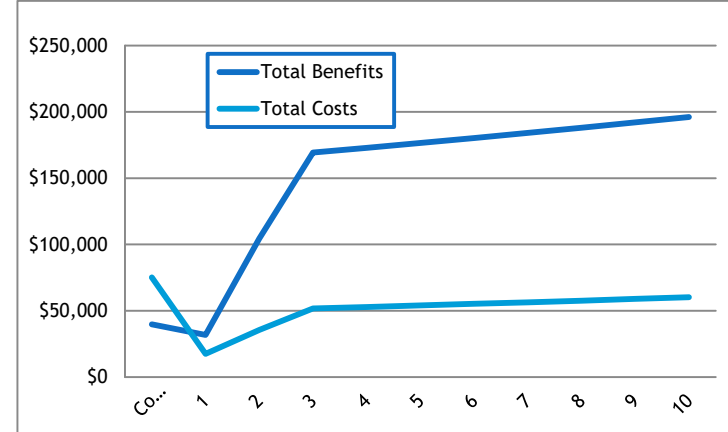
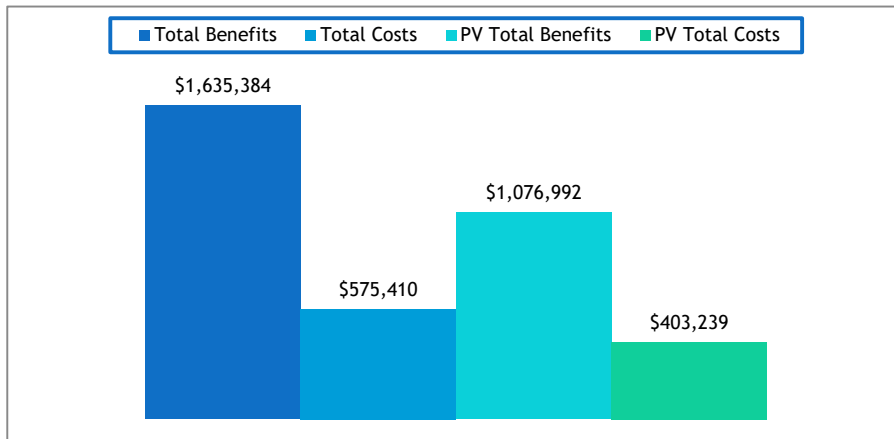
PROJECT: MOJO BUILT LLC

DATE: 9/25/2023

DISCOUNT RATE: 7.50%

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: 2.84
Ratio of Present Value of Total Benefits to Present Value of Total Costs: 2.67
 (Typical desired ratio would be 1.3 to 1) **Average Return on Investment: 18.42%**

Year	Enterprise Funds and Sales Taxes	New Property Taxes	PILOT	Other County Revenues	Total Benefits	Net Present Value of Total Benefits	Cost of Various County Services	Incentives and Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
Const.	\$39,713	\$0	\$0	\$0	\$39,713	\$39,713	\$0	\$75,176	\$75,176	\$75,176	-\$35,464	-\$35,464	-\$35,464	\$75,176
1	\$0	\$25,026	\$6,767	\$0	\$31,793	\$29,575	\$0	\$17,518	\$17,518	\$16,296	\$14,275	-\$21,189	\$13,279	\$16,296
2	\$35,883	\$25,576	\$6,767	\$36,179	\$104,405	\$90,345	\$17,727	\$17,904	\$35,630	\$30,832	\$68,775	\$47,586	\$59,513	\$15,492
3	\$68,204	\$26,139	\$6,767	\$68,219	\$169,330	\$136,304	\$33,425	\$18,297	\$51,723	\$41,635	\$117,607	\$165,193	\$94,669	\$14,729
4	\$69,710	\$26,714	\$6,767	\$69,720	\$172,912	\$129,476	\$34,161	\$18,700	\$52,861	\$39,582	\$120,051	\$285,244	\$89,894	\$14,003
5	\$71,249	\$27,302	\$6,767	\$71,254	\$176,572	\$122,993	\$34,912	\$19,111	\$54,024	\$37,631	\$122,549	\$407,793	\$85,362	\$13,312
6	\$72,822	\$27,903	\$6,767	\$72,822	\$180,314	\$116,836	\$35,680	\$19,532	\$55,212	\$35,775	\$125,102	\$532,895	\$81,061	\$12,656
7	\$74,430	\$28,516	\$6,767	\$74,424	\$184,138	\$110,990	\$36,465	\$19,961	\$56,427	\$34,012	\$127,711	\$660,605	\$76,978	\$12,032
8	\$76,074	\$29,144	\$6,767	\$76,061	\$188,046	\$105,438	\$37,268	\$20,401	\$57,668	\$32,335	\$130,377	\$790,983	\$73,103	\$11,439
9	\$77,754	\$29,785	\$6,767	\$77,734	\$192,040	\$100,165	\$38,088	\$20,849	\$58,937	\$30,741	\$133,103	\$924,086	\$69,424	\$10,875
10	\$79,470	\$30,440	\$6,767	\$79,445	\$196,122	\$95,157	\$38,925	\$21,308	\$60,234	\$29,225	\$135,889	\$1,059,974	\$65,932	\$10,339
Total	\$665,310	\$276,545	\$67,671	\$625,859	\$1,635,384	\$1,076,992	\$306,652	\$268,758	\$575,410	\$403,239	\$1,059,974	\$1,059,974	\$673,753	\$206,348



SUMMARY OF COSTS AND BENEFITS FOR:

Shawnee Mission USD 512

PROJECT: MOJO BUILT LLC

DATE: 9/25/2023

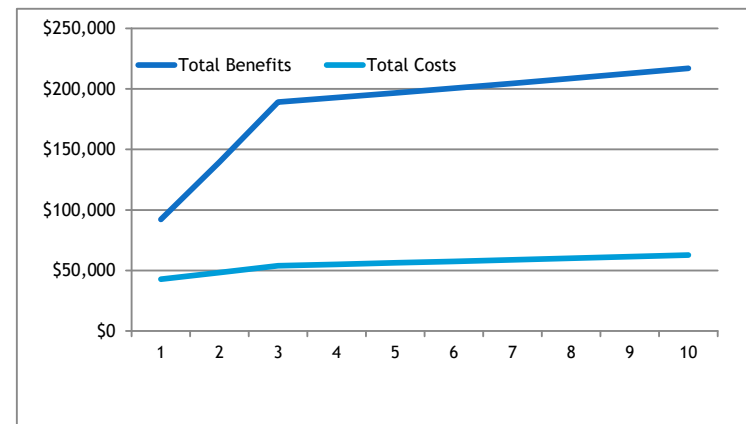
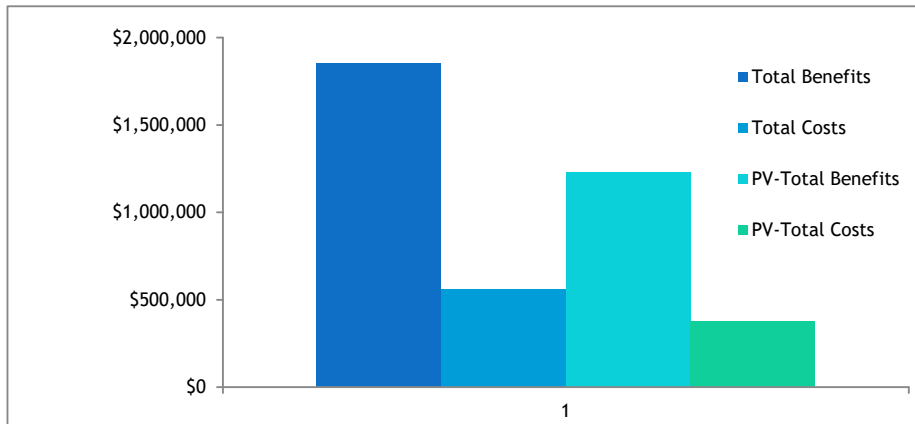
DISCOUNT RATE: 7.500%

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: 3.33

Ratio of Present Value of Total Benefits to Present Value of Total Costs: 3.28

(Typical desired ratio would be 1.3 to 1) **Average Return on Investment:** 23.31%

Year	New Property Taxes	PILOT	District Capital Outlay Taxes	Additional State, Federal and Other Funding	Total Benefits	Net Present Value of Total Benefits	New Student Marginal Costs	Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
1	\$61,128	\$19,619	\$11,426	\$0	\$92,173	\$85,742	\$0	\$42,789	\$42,789	\$39,804	\$49,383	\$49,383	\$45,938	\$39,804
2	\$62,473	\$19,619	\$11,677	\$45,855	\$139,624	\$120,821	\$4,487	\$43,731	\$48,218	\$41,724	\$91,406	\$140,789	\$79,097	\$37,842
3	\$63,847	\$19,619	\$11,934	\$93,728	\$189,128	\$152,240	\$9,171	\$44,693	\$53,864	\$43,358	\$135,264	\$276,053	\$108,882	\$35,976
4	\$65,252	\$19,619	\$12,197	\$95,790	\$192,857	\$144,411	\$9,373	\$45,676	\$55,049	\$41,221	\$137,808	\$413,861	\$103,191	\$34,202
5	\$66,687	\$19,619	\$12,465	\$97,897	\$196,668	\$136,991	\$9,579	\$46,681	\$56,260	\$39,188	\$140,408	\$554,269	\$97,803	\$32,516
6	\$68,154	\$19,619	\$12,739	\$100,051	\$200,563	\$129,957	\$9,790	\$47,708	\$57,498	\$37,256	\$143,066	\$697,335	\$92,701	\$30,913
7	\$69,654	\$19,619	\$13,020	\$102,252	\$204,544	\$123,290	\$10,005	\$48,758	\$58,763	\$35,419	\$145,781	\$843,116	\$87,870	\$29,389
8	\$71,186	\$19,619	\$13,306	\$104,501	\$208,612	\$116,969	\$10,225	\$49,830	\$60,055	\$33,673	\$148,557	\$991,673	\$83,296	\$27,940
9	\$72,752	\$19,619	\$13,599	\$106,800	\$212,770	\$110,977	\$10,450	\$50,927	\$61,377	\$32,013	\$151,394	\$1,143,067	\$78,964	\$26,562
10	\$74,353	\$19,619	\$13,898	\$109,150	\$217,020	\$105,297	\$10,680	\$52,047	\$62,727	\$30,435	\$154,293	\$1,297,359	\$74,862	\$25,253
Total	\$675,485	\$196,188	\$126,262	\$856,024	\$1,853,959	\$1,226,696	\$83,760	\$472,840	\$556,599	\$374,093	\$1,297,359	\$1,297,359	\$852,604	\$320,397



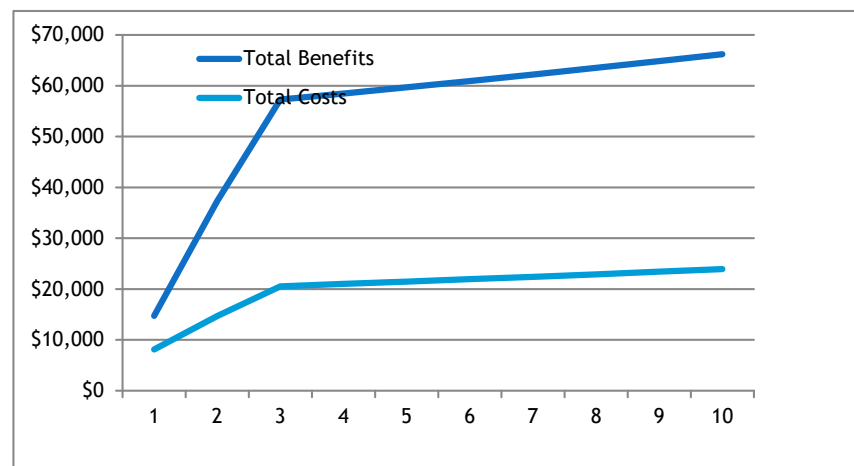
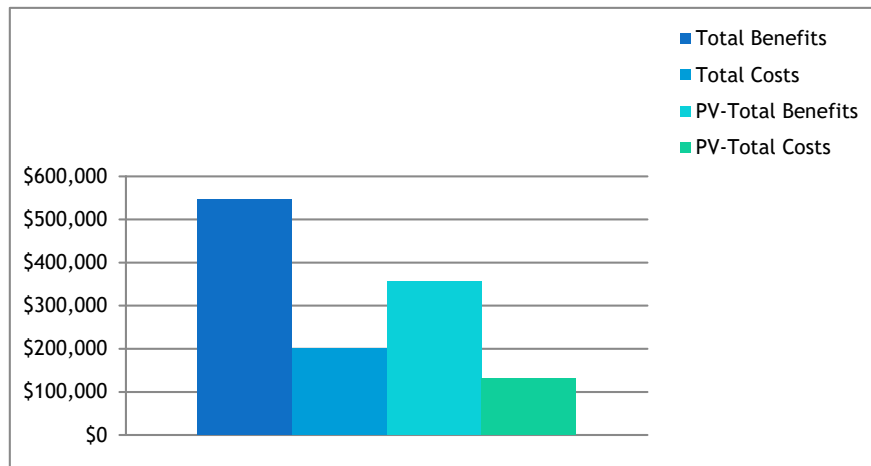
SUMMARY OF COSTS AND BENEFITS FOR: Johnson Co. Comm. Coll.
PROJECT: MOJO BUILT LLC

DATE: 9/25/2023

DISCOUNT RATE: 7.50%

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: 2.72
Ratio of Present Value of Total Benefits to Present Value of Total Costs: 2.70
 (Typical desired ratio is 1.3 to 1) **Average Return on Investment:** 17.21%

Year	New District Property Taxes	PILOT	Other District Revenues	Total Benefits	Net Present Value of Total Benefits	Other District Costs	District Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
1	\$11,592	\$3,134	\$0	\$14,726	\$13,699	\$0	\$8,114	\$8,114	\$7,548	\$6,612	\$6,612	\$6,151	\$7,548
2	\$11,847	\$3,134	\$22,306	\$37,287	\$32,266	\$6,403	\$8,293	\$14,696	\$12,717	\$22,591	\$29,203	\$19,549	\$7,176
3	\$12,107	\$3,134	\$42,051	\$57,293	\$46,119	\$12,071	\$8,475	\$20,547	\$16,539	\$36,746	\$65,950	\$29,579	\$6,822
4	\$12,374	\$3,134	\$42,976	\$58,485	\$43,793	\$12,337	\$8,662	\$20,999	\$15,724	\$37,486	\$103,436	\$28,070	\$6,486
5	\$12,646	\$3,134	\$43,922	\$59,702	\$41,586	\$12,608	\$8,852	\$21,461	\$14,949	\$38,242	\$141,677	\$26,638	\$6,166
6	\$12,924	\$3,134	\$44,888	\$60,947	\$39,491	\$12,886	\$9,047	\$21,933	\$14,212	\$39,014	\$180,691	\$25,280	\$5,862
7	\$13,208	\$3,134	\$45,876	\$62,219	\$37,503	\$13,169	\$9,246	\$22,415	\$13,511	\$39,803	\$220,495	\$23,992	\$5,573
8	\$13,499	\$3,134	\$46,885	\$63,519	\$35,615	\$13,459	\$9,449	\$22,908	\$12,845	\$40,610	\$261,105	\$22,770	\$5,298
9	\$13,796	\$3,134	\$47,917	\$64,847	\$33,823	\$13,755	\$9,657	\$23,412	\$12,212	\$41,435	\$302,539	\$21,612	\$5,037
10	\$14,100	\$3,134	\$48,971	\$66,205	\$32,122	\$14,058	\$9,870	\$23,927	\$11,609	\$42,277	\$344,817	\$20,513	\$4,789
Total	\$128,093	\$31,344	\$385,792	\$545,229	\$356,017	\$110,747	\$89,665	\$200,412	\$131,865	\$344,817	\$344,817	\$224,152	\$60,757



SUMMARY OF COSTS AND BENEFITS FOR:

Johnson County Parks

PROJECT: MOJO BUILT LLC

DATE: 9/25/2023

DISCOUNT RATE: 7.50%

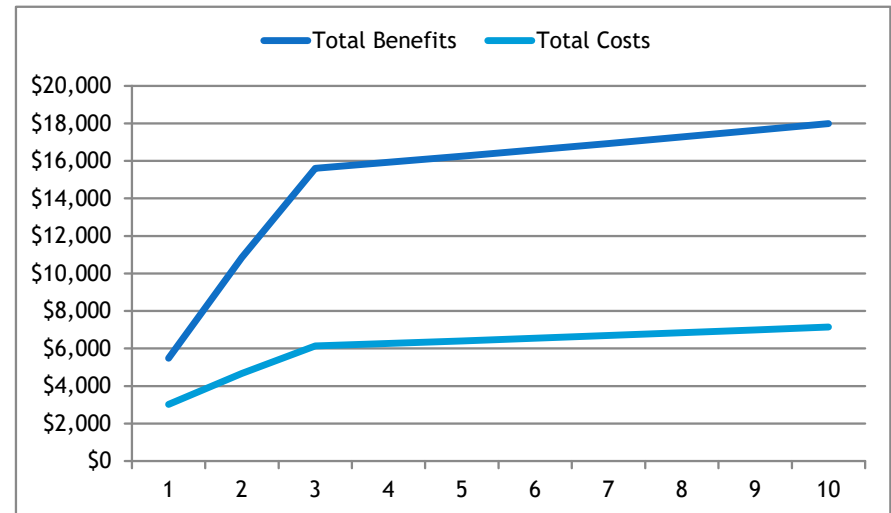
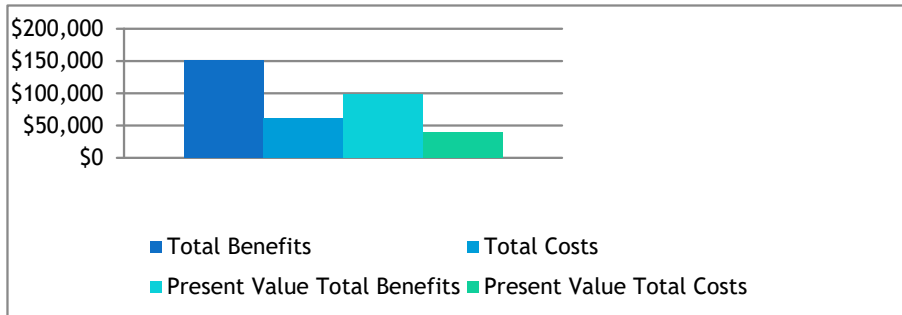
Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: 2.48

Ratio of Present Value of Total Benefits to Present Value of Total Costs: 2.46

(Typical desired ratio would be 1.3 to 1)

Average Return on Investment: 14.79%

Year	New District Property Taxes	PILOT	Other District Revenues	Total Benefits	Net Present Value of Total Benefits	Other District Costs	District Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
1	\$4,315	\$1,167	\$0	\$5,481	\$5,099	\$0	\$3,020	\$3,020	\$2,810	\$2,461	\$2,461	\$2,289	\$2,810
2	\$4,410	\$1,167	\$5,273	\$10,849	\$9,388	\$1,581	\$3,087	\$4,668	\$4,039	\$6,181	\$8,642	\$5,349	\$2,671
3	\$4,507	\$1,167	\$9,940	\$15,613	\$12,568	\$2,981	\$3,155	\$6,136	\$4,939	\$9,478	\$18,120	\$7,629	\$2,539
4	\$4,606	\$1,167	\$10,159	\$15,931	\$11,929	\$3,047	\$3,224	\$6,271	\$4,695	\$9,661	\$27,780	\$7,234	\$2,414
5	\$4,707	\$1,167	\$10,382	\$16,256	\$11,323	\$3,114	\$3,295	\$6,409	\$4,464	\$9,847	\$37,628	\$6,859	\$2,295
6	\$4,811	\$1,167	\$10,611	\$16,588	\$10,748	\$3,182	\$3,368	\$6,550	\$4,244	\$10,038	\$47,666	\$6,505	\$2,182
7	\$4,917	\$1,167	\$10,844	\$16,927	\$10,203	\$3,252	\$3,442	\$6,694	\$4,035	\$10,234	\$57,900	\$6,168	\$2,074
8	\$5,025	\$1,167	\$11,083	\$17,274	\$9,686	\$3,324	\$3,517	\$6,841	\$3,836	\$10,433	\$68,333	\$5,850	\$1,972
9	\$5,135	\$1,167	\$11,326	\$17,628	\$9,195	\$3,397	\$3,595	\$6,991	\$3,647	\$10,637	\$78,970	\$5,548	\$1,875
10	\$5,248	\$1,167	\$11,576	\$17,991	\$8,729	\$3,471	\$3,674	\$7,145	\$3,467	\$10,845	\$89,815	\$5,262	\$1,782
Total	\$47,680	\$11,667	\$91,192	\$150,539	\$98,868	\$27,348	\$33,376	\$60,724	\$40,175	\$89,815	\$89,815	\$58,693	\$22,615



SUMMARY OF COSTS AND BENEFITS FOR: Johnson County Library

PROJECT: MOJO BUILT LLC

DATE: 9/25/2023

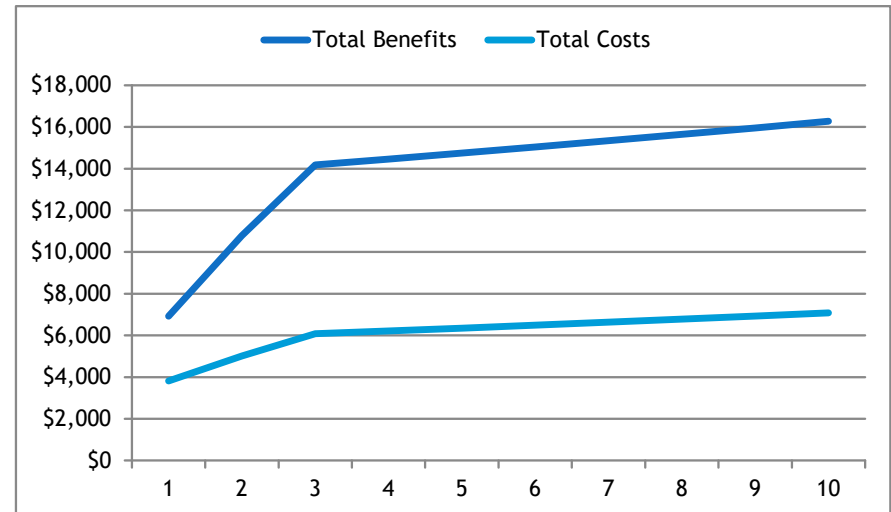
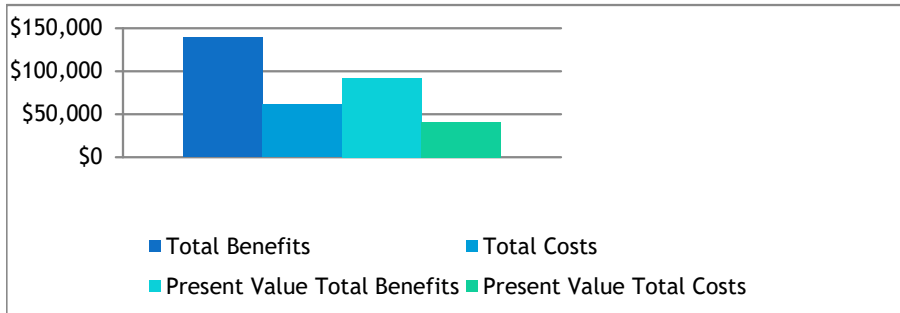
DISCOUNT RATE: 7.50%

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: **2.27**

Ratio of Present Value of Total Benefits to Present Value of Total Costs: **2.26**

(Typical desired ratio would be 1.3 to 1) Average Return on Investment: **12.70%**

Year	New District Property Taxes	PILOT	Other District Revenues	Total Benefits	Net Present Value of Total Benefits	Other District Costs	District Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
1	\$5,449	\$1,473	\$0	\$6,922	\$6,439	\$0	\$3,814	\$3,814	\$3,548	\$3,108	\$3,108	\$2,891	\$3,548
2	\$5,569	\$1,473	\$3,743	\$10,785	\$9,333	\$1,117	\$3,898	\$5,015	\$4,339	\$5,770	\$8,878	\$4,993	\$3,373
3	\$5,691	\$1,473	\$7,020	\$14,184	\$11,418	\$2,096	\$3,984	\$6,080	\$4,894	\$8,104	\$16,982	\$6,524	\$3,207
4	\$5,816	\$1,473	\$7,174	\$14,464	\$10,831	\$2,142	\$4,071	\$6,214	\$4,653	\$8,250	\$25,232	\$6,178	\$3,049
5	\$5,944	\$1,473	\$7,332	\$14,750	\$10,274	\$2,190	\$4,161	\$6,351	\$4,424	\$8,399	\$33,631	\$5,850	\$2,898
6	\$6,075	\$1,473	\$7,493	\$15,042	\$9,746	\$2,238	\$4,253	\$6,490	\$4,205	\$8,551	\$42,183	\$5,541	\$2,756
7	\$6,209	\$1,473	\$7,658	\$15,340	\$9,246	\$2,287	\$4,346	\$6,633	\$3,998	\$8,707	\$50,890	\$5,248	\$2,620
8	\$6,345	\$1,473	\$7,827	\$15,645	\$8,772	\$2,337	\$4,442	\$6,779	\$3,801	\$8,866	\$59,756	\$4,971	\$2,490
9	\$6,485	\$1,473	\$7,999	\$15,957	\$8,323	\$2,389	\$4,539	\$6,928	\$3,614	\$9,029	\$68,785	\$4,709	\$2,368
10	\$6,628	\$1,473	\$8,175	\$16,276	\$7,897	\$2,441	\$4,639	\$7,081	\$3,435	\$9,195	\$77,981	\$4,461	\$2,251
Total	\$60,211	\$14,734	\$64,420	\$139,365	\$92,279	\$19,237	\$42,148	\$61,385	\$40,912	\$77,981	\$77,981	\$51,367	\$28,559



SUMMARY OF COSTS AND BENEFITS FOR: **Johnson Co. CFD #2**

PROJECT: **MOJO BUILT LLC**

DATE: 9/25/2023 (Phases 1 & 2)

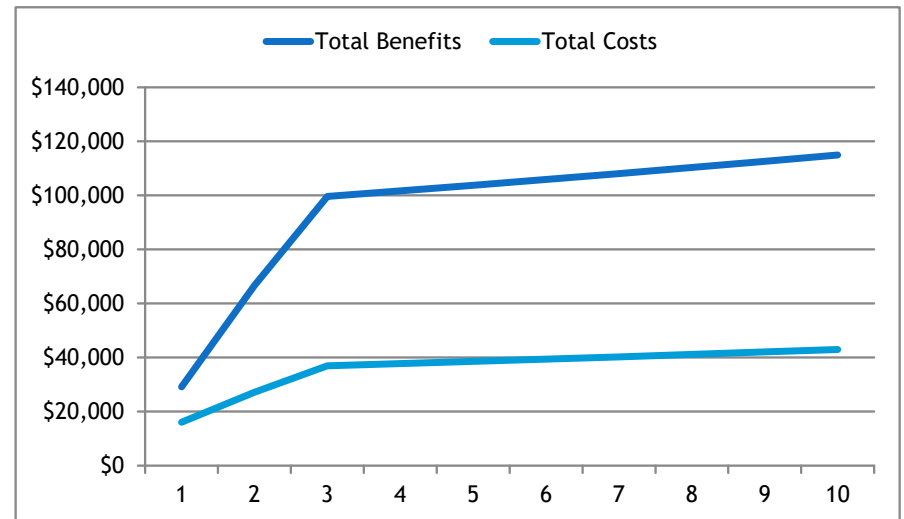
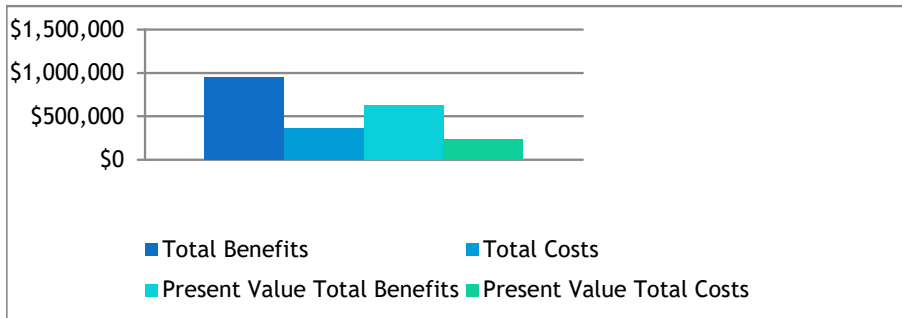
DISCOUNT RATE: 7.50%

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: **2.63**

Ratio of Present Value of Total Benefits to Present Value of Total Costs: **2.61**

(Typical desired ratio would be 1.3 to 1) Average Return on Investment: **16.30%**

Year	New District Property Taxes	PILOT	Other District Revenues	Total Benefits	Present Value of Total Benefits	Other District Costs	District Property Taxes Abated	Total Costs	Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$22,955	\$6,207	\$0	\$29,162	\$27,127	\$0	\$16,068	\$16,068	\$14,947	\$13,094	\$13,094	\$12,180	\$14,947
2	\$23,460	\$6,207	\$36,981	\$66,648	\$57,673	\$10,721	\$16,422	\$27,143	\$23,488	\$39,505	\$52,598	\$34,185	\$14,210
3	\$23,976	\$6,207	\$69,410	\$99,593	\$80,169	\$20,123	\$16,783	\$36,906	\$29,708	\$62,687	\$115,285	\$50,461	\$13,510
4	\$24,503	\$6,207	\$70,937	\$101,648	\$76,114	\$20,566	\$17,152	\$37,718	\$28,243	\$63,930	\$179,215	\$47,870	\$12,844
5	\$25,043	\$6,207	\$72,498	\$103,747	\$72,266	\$21,018	\$17,530	\$38,548	\$26,851	\$65,199	\$244,414	\$45,415	\$12,211
6	\$25,594	\$6,207	\$74,093	\$105,893	\$68,615	\$21,481	\$17,915	\$39,396	\$25,527	\$66,497	\$310,912	\$43,088	\$11,609
7	\$26,157	\$6,207	\$75,723	\$108,086	\$65,150	\$21,953	\$18,310	\$40,263	\$24,269	\$67,824	\$378,735	\$40,881	\$11,036
8	\$26,732	\$6,207	\$77,389	\$110,328	\$61,861	\$22,436	\$18,712	\$41,148	\$23,072	\$69,179	\$447,915	\$38,789	\$10,492
9	\$27,320	\$6,207	\$79,091	\$112,618	\$58,740	\$22,930	\$19,124	\$42,054	\$21,935	\$70,565	\$518,479	\$36,805	\$9,975
10	\$27,921	\$6,207	\$80,831	\$114,959	\$55,778	\$23,434	\$19,545	\$42,979	\$20,853	\$71,980	\$590,460	\$34,924	\$9,483
Total	\$253,660	\$62,071	\$636,953	\$952,684	\$623,492	\$184,662	\$177,562	\$362,224	\$238,893	\$590,460	\$590,460	\$384,599	\$120,317



SUMMARY OF COSTS AND BENEFITS FOR:

State of Kansas

PROJECT: MOJO BUILT LLC

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: 2.22

DATE: 9/25/2023

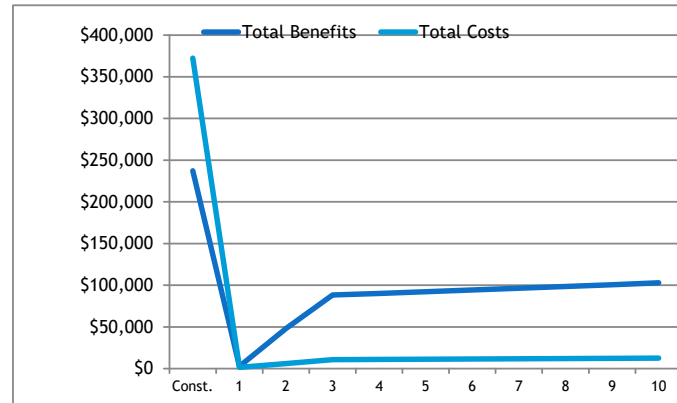
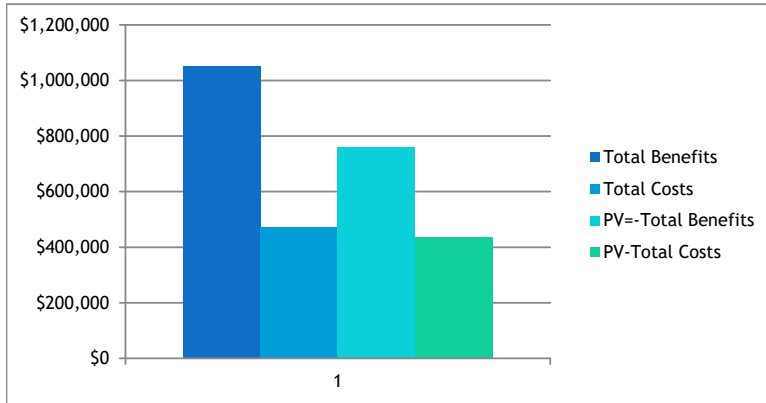
DISCOUNT RATE: 7.50%

Ratio of Present Value of Total Benefits to Present Value of Total Costs: 1.74

(Typical desired ratio would be 1.3 to 1)

Average Return on Investment: 12.23%

Year	Sales Taxes	New Property Taxes	Corporate and Personal Income Taxes	PILOT	Other State Revenues	Total Benefits	Net Present Value of Total Benefits	Cost of Various State Services	Cost of Educating New Students	Property Taxes Abated	Other Incentives	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Present Value of Taxes Abated and Incentives
Const.	\$196,882	\$0	\$40,386	\$0	\$0	\$237,268	\$237,268	\$0	\$0	\$0	\$372,413	\$372,413	\$372,413	-\$135,145	-\$135,145	-\$135,145	\$372,413
1	\$0	\$2,142	\$0	\$579	\$0	\$2,722	\$2,532	\$0	\$0	\$1,500	\$0	\$1,500	\$1,395	\$1,222	-\$133,923	\$1,137	\$1,395
2	\$5,202	\$2,190	\$40,085	\$579	\$0	\$48,055	\$41,584	\$0	\$4,487	\$1,533	\$0	\$6,019	\$5,209	\$42,036	-\$91,887	\$36,375	\$1,326
3	\$9,106	\$2,238	\$76,282	\$579	\$0	\$88,205	\$71,001	\$0	\$9,171	\$1,566	\$0	\$10,737	\$8,643	\$77,467	-\$14,420	\$62,358	\$1,261
4	\$9,333	\$2,287	\$77,963	\$579	\$0	\$90,163	\$67,514	\$0	\$9,373	\$1,601	\$0	\$10,974	\$8,217	\$79,189	\$64,770	\$59,297	\$1,199
5	\$9,567	\$2,337	\$79,682	\$579	\$0	\$92,165	\$64,198	\$0	\$9,579	\$1,636	\$0	\$11,215	\$7,812	\$80,950	\$145,720	\$56,386	\$1,140
6	\$9,806	\$2,389	\$81,438	\$579	\$0	\$94,212	\$61,046	\$0	\$9,790	\$1,672	\$0	\$11,462	\$7,427	\$82,750	\$228,470	\$53,619	\$1,083
7	\$10,051	\$2,441	\$83,233	\$579	\$0	\$96,304	\$58,048	\$0	\$10,005	\$1,709	\$0	\$11,714	\$7,061	\$84,590	\$313,060	\$50,987	\$1,030
8	\$10,302	\$2,495	\$85,067	\$579	\$0	\$98,444	\$55,198	\$0	\$10,225	\$1,746	\$0	\$11,972	\$6,713	\$86,472	\$399,532	\$48,485	\$979
9	\$10,560	\$2,550	\$86,942	\$579	\$0	\$100,631	\$52,488	\$0	\$10,450	\$1,785	\$0	\$12,235	\$6,382	\$88,396	\$487,929	\$46,106	\$931
10	\$10,824	\$2,606	\$88,858	\$579	\$0	\$102,868	\$49,911	\$0	\$10,680	\$1,824	\$0	\$12,504	\$6,067	\$90,363	\$578,292	\$43,844	\$885
Total	\$281,633	\$23,674	\$739,936	\$5,793	\$0	\$1,051,036	\$760,787	\$0	\$83,760	\$16,572	\$372,413	\$472,744	\$437,337	\$578,292	\$578,292	\$323,450	\$383,642



MOJO BUILT LLC

Other Economic Impacts of the Project

	In the First Year	Over 10 Years
Permanent jobs created	0	3
Construction jobs created	134	
Number of New Residents in the Community	0	143
Number of Additional Students in the Local School District	0	6
Increase in Local Personal Incomes	\$0	\$25,549,743
Increase in Local Retail Sales	\$2,524,124	\$31,045,989
Increase in the Community's Property Tax Base	\$12,419,597	\$12,419,597
		Property Taxes
Estimated new annual tax revenues after 10 years:	City	\$32,846
	County	\$31,110
	School	\$90,192
	Comm. Coll.	\$14,410
	Co. Parks	\$5,364
	Co. Library	\$6,773
	CFD #2	\$27,921
	State	\$2,663
	Totals	\$211,280

MOJO BUILT LLC

OVERALL COST-BENEFIT SUMMARY

TAXING ENTITY	DIRECT REVENUES						TOTAL DIRECT REVENUES	ALL INDIRECT REVENUES	TOTAL ALL REVENUES	Incentives and Property Taxes Abated	ALL INDIRECT COSTS	TOTAL COSTS	NET BENEFITS
	Sales and Guest Taxes	PILOT	New Property Taxes	Additional School Funding	Corporate & Personal Income Taxes	Utilities & Franchise Fees							
City of Mission	\$155,621	\$71,448	\$291,981			\$85,903	\$604,953	\$697,861	\$1,302,814	\$288,043	\$506,522	\$794,564	\$508,250
Johnson County	\$665,310	\$67,671	\$276,545			\$0	\$1,009,526	\$625,859	\$1,635,384	\$268,758	\$306,652	\$575,410	\$1,059,974
Shawnee Mission USD 512		\$196,188	\$801,747	\$856,024			\$1,853,959	\$0	\$1,853,959	\$472,840	\$83,760	\$556,599	\$1,297,359
Johnson Co. Comm. Coll.		\$31,344	\$128,093				\$159,437	\$385,792	\$545,229	\$89,665	\$110,747	\$200,412	\$344,817
Johnson County Parks		\$11,667	\$47,680				\$59,347	\$91,192	\$150,539	\$33,376	\$27,348	\$60,724	\$89,815
Johnson County Library		\$14,734	\$60,211				\$74,945	\$64,420	\$139,365	\$42,148	\$19,237	\$61,385	\$77,981
Johnson Co. CFD #2		\$62,071	\$253,660				\$315,731	\$636,953	\$952,684	\$177,562	\$184,662	\$362,224	\$590,460
State of Kansas	\$281,633	\$5,793	\$23,674			\$739,936	\$1,051,036	\$0	\$1,051,036	\$388,984	\$83,760	\$472,744	\$578,292
TOTALS	\$1,102,564	\$460,915	\$1,883,591	\$856,024	\$739,936	\$85,903	\$5,128,933	\$2,502,077	\$7,631,010	\$1,761,376	\$1,322,687	\$3,084,063	\$4,546,947

CITY OF MISSION, KANSAS

CITY COUNCIL POLICY MANUAL

POLICY NO. 131

POLICY RELATING TO THE GRANTING OF TAX ABATEMENTS

Section 1. Purpose. This Tax Abatement Policy is designed to create a positive business environment to stimulate economic growth and development in order to encourage capital investment, employment opportunities, and quality services for the benefit of the community. The objectives of the Tax Abatement Policy are:

- Attract and retain quality businesses for the community;
- Add and retain employment opportunities for residents;
- Attract projects to grow the local tax base;
- Diversify the local economy;
- Provide attainable housing opportunities; and
- Reward quality and environmentally “green” design

Section 2. Scope. This Policy shall apply to the granting of real property tax abatements in accordance with Kansas law. The granting of property tax abatements for real property is a privilege, not a right, and the City recognizes that use of such exemptions and incentives should be considered in a prudent, judicious, and selective manner based upon the economic and community benefits of an economic development project (a “Project”) to the City. No decision to grant or deny property tax abatements and/or tax incentives shall serve as precedent for any future decision with respect to the grant or denial of property tax abatements and/or tax incentives. The authority and decision whether or not to grant tax abatements is vested solely with the Governing Body, is entirely discretionary, and shall be considered on a case-by-case basis. The Governing Body is under no obligation to approve any requested bond issuance and/or tax abatement and reserves the right to deviate from the policies and criteria contained herein if, in the opinion of the Governing Body, circumstances exist to warrant such deviation, so long as such deviation does not conflict with Kansas law. This policy does not create any entitlement and property owners, applicants, and others are cautioned not to rely upon receipt of a tax abatement until all steps for granting an abatement have been approved, including but not limited to evaluation of all factors by the City and adoption of a Resolution of Intent after notice and public hearing; preparation of a cost-benefit analysis; and approval of a Performance Agreement and compliance of all terms and conditions therewith by the applicant.

Section 3. Policy Statement. To meet the economic development and other goals of the community, it shall be the policy of the City to typically provide a 45% real property tax abatement (such percentage referring only to mills that are eligible for property tax abatement under Kansas law) for portions of a Project that qualify for tax abatement under Kansas law so long as the Project meets the criteria established by the City and this Policy. It shall be the policy of the City that, regardless of the percentage amount of abatement an applicant may be eligible for, the maximum percentage of tax abatement provided for any Project shall not exceed 75% for 10 years, except in extraordinary circumstances.

It shall also be the policy of the City that economic development Projects shall have a positive financial impact on the community, and the City reserves the right to approve the cost-benefit analysis model used to determine the financial impact of the proposed Project. In the exercise of its discretion, the Governing Body of the City shall give consideration to the following factors when determining whether to grant property tax abatements.

- A. **Minimum Capital Investment.** The minimum capital investment required for consideration of a tax abatement is \$3,000,000. In order to receive the maximum tax abatement allowed under this policy, the minimum capital investment required is \$10,000,000. The term capital investment shall apply to the acquisition cost of land and building improvements, but not to personal property.
- B. **Existence of Economic Benefit.** The Project must be of economic benefit to the community and must provide a positive fiscal impact.
- C. **Type of Business.** The Project must be of a nature that is desirable and meets the development goals of the City.
- D. **Compatibility with Adopted Plans.** The Project must be consistent with the City's Comprehensive Plan, any applicable corridor plans, and other plans of the City that may be relevant to the Project.
- E. **Maintain Existing Tax Base.** Except in extraordinary circumstances, the amount of existing property taxes on the land and facilities shall not be reduced or abated.
- F. **Transfer of Ownership.** The owner or lessee of any property that is subject to a tax abatement shall not assign or transfer such exemption in connection with the conveyance of the property without the prior written consent of the City; such consent may be denied or subject to additional conditions or abatement adjustments in the City's sole discretion. Provided, however, that the foregoing shall not apply to conveyances to a parent, affiliate, or related entity.
- G. **Non-Litigation.** The Governing Body may choose not to consider an application for issuance of industrial revenue bonds if the applicant, its principals or officers, or any related, affiliated, or parent company of the applicant, is currently engaged in or has threatened a suit, action, or proceeding against the City.
- H. **Return on Investment.** The applicant may be asked to demonstrate that without the requested tax abatement, the Project, or certain features thereof, cannot be constructed with an appropriate return on investment.

Section 4. Abatement Criteria and Adjustments. Adjustments made to increase the total amount of abatement are intended to be provided as an extra incentive to exceed certain criteria when others may not be met and to fulfill certain goals of the community. The following are the criteria for adjustments to the total amount of abatement; the Governing Body reserves the right to require performance of one or more of the criteria in connection with any request for abatement.

- A. **Project Investment Adjustment.** It is a goal to strengthen the local economy through growth of the local tax base. Capital investments produce a long-term tax benefit to the community;

therefore a major Project may be eligible for an additional abatement percentage determined by the level of capital investment. Depending upon the Project's capital investment, an increase in the abatement may be considered as follows:

- a. Capital Investment of \$10,000,000 to \$24,999,999 may receive an adjustment of up to 5%;
 - b. Capital Investment of \$25,000,000 to \$49,999,999 may receive an adjustment of up to 10%; and
 - c. Capital Investment of \$50,000,000 and above may receive an adjustment of up to 15%
- B. Target Area Adjustment.** It is a goal to encourage development / redevelopment in distressed areas of the community. An abatement adjustment of up to 10% may be considered for Projects that locate in an area targeted for economic development or redevelopment. Target areas shall be determined from time to time by the Governing Body.
- C. Job Creation Adjustment.** It is a goal to create new high-quality employment opportunities for the community. An abatement adjustment of 5% to 10% will be considered depending on the new jobs a Project will create. To be considered for this abatement adjustment a minimum of 35 total jobs must be created in the first year of operation. To maintain this abatement adjustment, the company will be required to provide an annual certification of the number of employees and any other reasonable information requested by the City.
- D. Attainable Housing Adjustment.** It is a goal to offer attainable housing opportunities in the City. An abatement adjustment of up to 10% may be awarded based on the commitment of the applicant to make available dwelling units of varying sizes for occupants earning 60% or less than the Kansas City Area Median Income (AMI) at rental rates no greater than the maximum affordable rental rates published annually by the U.S. Department of Housing and Urban Development for a minimum of number of years as set forth in the Performance Agreement.
- E. Environmental Design Adjustment.** It is a goal to create quality and sustainable developments / structures throughout the City. The Governing Body, in its sole discretion, may require higher standards for the design of buildings and grounds, and materials used for Projects receiving property tax abatement. An abatement adjustment may be given to businesses whose new construction achieves a U.S. Green Building Council LEED Certification or comparable certification. This abatement adjustment shall range from 5% to 10% depending on the level of certification.
- F. Community Benefit Adjustment.** All applicants will agree to actively participate in the civic, charitable, educational, philanthropic, and economic development of the City of Mission as provided in the Performance Agreement. Such participation is expected, and shall not receive an abatement adjustment except in extraordinary circumstances.

Section 5. Commencement of Abatement.

The abatement term for Projects under authority of Section 13 of Article 11 of the Kansas Constitution shall begin in the calendar year after the calendar year in which the business commences its operations or the calendar year in which expansion of an Existing Business is completed, as the case requires. The abatement term for Projects under authority of K.S.A. 12-1740 through 12-1749 and 79-201a shall begin in the calendar

year after the calendar year in which the industrial revenue bonds are issued. Projects which include multiple phases shall have an expiration date for the commencement of the term of the abatement for all phases as determined by the Governing Body at the time of the adoption of the Resolution of Intent.

Section 6. Procedure. The Governing Body will consider granting a tax abatement pursuant to this Policy after receipt of a complete application in a form prescribed by the City together with the application fee. The application shall be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the Project's preliminary site plans and building elevations, to prepare a fiscal impact analysis, and to contact the school district.

Based on each application and such additional information as may be requested by the City, the City shall prepare or cause to be prepared a fiscal impact analysis of the proposed tax abatement on the City, County, and State of Kansas. Prior to formal action on each Resolution of Intent, the Governing Body shall conduct a public hearing to be scheduled at least seven days after publication of notice or as otherwise provided by law. Notice of the hearing shall also be sent to the Johnson County Clerk's Office and the Shawnee Mission School District.

Section 7. Performance Agreement. The Performance Agreement will set forth the terms and conditions of the granting of the tax abatement, including the amount the applicant must pay "in lieu" of the abated taxes to reach 100%. For example, if the taxes eligible for abatement are \$1,000 and a tax abatement of 75% (\$750.00) is granted, the applicant will be required to pay \$250.00 each year in lieu of such taxes.

- A. Continued Compliance.** The Performance Agreement will provide that any granted tax abatement is subject to annual review and determination by the City Administrator that the conditions qualifying the business for the abatement continue to exist. The City at any time may review information provided by the owner, its lessee, or State of Kansas, or may request additional information to determine compliance with the Performance Agreement. If the Governing Body finds that the business or Project is not in compliance, then the tax abatement may be modified pursuant to the Performance Agreement or eliminated as the Governing Body deems appropriate. Each Performance Agreement shall contain a notice and waiver stating that the City reserves the right to grant future tax abatements on comparable Projects in amounts different than the exemption or abatement granted in the Performance Agreement. Such notice and waiver shall include a provision that the applicant waives any right to request a modification or amendment of such exemption or abatement based upon such differences.
- B. Clawbacks.** Each Performance Agreement shall provide that the percentage of property tax abatement or the abatement term shall be scaled back if the applicant has not incurred the required capital investment within the time set forth therein or has otherwise not complied with any or all of the requirements of the Performance Agreement. Further, the Performance Agreement may address the consequences of selling the Project during the tax abatement period.
- C. Costs.** It shall be the responsibility of the applicant to reimburse the City in full for all costs and fees associated with economic analyses and bond issuance, including an application fee of \$2,500.00 and the fees of the City financial advisors, consultants and bond counsel.

Section 8. Origination Fee Schedule. Origination fees assessed by the City (as authorized by K.S.A. 12-1742 as amended) are the responsibility of the applicant. This fee is due upon closing of the debt issue, and will be reduced by the amount of the application fee. The fee is calculated as outlined in the tables below.

Commercial Property Debt Issues

Par Amount of Bond Issue	Fee Calculation
First \$10 million	.0025 of par amount
Second \$10 million	\$25,000 + .0020 of par amount over \$10 million
Amounts in excess of \$20 million	\$45,000 + .0010 of par amount over \$20 million
Refunding Bond Issues	Fee is 50% of the amount that would be calculated for a new money issue of the same par amount
MAXIMUM FEE is \$250,000 (including both new money and refunding portions of issue.)	

Multi-Family Housing Debt Issues

Par Amount of Bond Issue	Fee Calculation
First \$10 million	.0040 of par amount
Second \$10 million	\$40,000 + .0020 of par amount over \$10 million
Amounts in excess of \$20 million	\$60,000 + .0010 of par amount over \$20 million
Refunding Bond Issues	Fee is 50% of the amount that would be calculated for a new money issue of the same par amount
MAXIMUM FEE is \$250,000 (including both new money and refunding portions of issue.)	

Section 9. Sales Tax Exemption on Building Materials and/or Personal Property. The Governing Body may consider issuance of industrial revenue bonds for the sole purpose of enabling a project to obtain a sales tax exemption certificate on its building materials, taxable labor and/or personal property (with no real property tax abatement). This consideration may include many factors which may induce the City to issue such bonds. These factors include, but are not limited to, whether a project will result in the adaptive re-use of an underutilized property; whether a Project is included in a tax increment financing district (TIF) or community improvement district (CID); and whether the Project will bring significant capital investment to the City. The Governing Body may decline to consider issuance of bonds to obtain a sales tax exemption certificate on building materials, taxable labor and personal property for project costs of less than the minimum Investment Amount under Section 3. The Governing Body may adjust or waive the origination fees above for industrial revenue bonds issued solely for sales tax exemption.

Section 10. Authority of the Governing Body. The Governing Body reserves the right to deviate from this Policy, but not any procedural requirements of Kansas law, when it considers a Project to be of exceptional benefit to the City or extraordinary circumstances prevail such that the Governing Body believes such deviation is in the best interests of the City.

Section 11. Repeal. City Council Policy No. 116, “Policy Relating to the Issuance of Tax Abatements,” is hereby repealed.

Section 12. Effective Date. This Policy shall take effect on the 19 day of July 2023.