City of Joplin **City Council Agenda Item**

REQUESTED COUNCIL MEETING DATE: August 21, 2023 (Ch 100 hearing/1st reading)
September 4, 2023 (final readings)

ITEM: Council Bill No. 2023-012 approving a Chapter 100 plan, authorizing the City of Joplin, Missouri, to issue its Taxable Industrial Development Revenue Bonds and authorizing the execution of other documents connected therewith.

ORIGINATING DEPARTMENT: Legal Department
ATTACHMENTS: Council Bill No. 2023-012; copy of Chapter 100 Plan, Bond Purchase Agreement; Trust Indenture; Lease Agreement; Performance Agreement.

DEPARTMENT HEAD:	Peter C. Edwards	**DATE:**
FINANCE DIRECTOR:	Leslie Haase	**DATE:**
PLANNING, DEVELOPMENT:	Troy Bolander	**DATE:**
CITY MANAGER:	Nicholas Edwards	**DATE:**

INTRODUCTION:

The Council Bill approves a Plan for Industrial Development, or "Chapter 100 Plan"; authorizes the execution of documents; and authorizes the issuance of Bonds in one or more series for the purpose of constructing, improving, purchasing, equipping and installing an expansion to an existing manufacturing, warehouse and distribution facility (the "Project") for ILPT Joplin LLC (the "Company") to be operated by the Refresco Group ("Refresco"). The Project will be located at 3502 Enterprise Avenue, Joplin, Missouri (the "Project Site") and used in the manufacturing, warehouse and distribution processes of Refresco. The existing manufacturing, warehouse and distribution facility operated by Refresco is subject to Chapter 100 abatement that terminates at the end of 2024. The Council Bill authorizes the City to enter into certain agreements in connection with the issuance of the Bonds.

DISCUSSION:

The project involves the expansion of an existing facility with an estimated cost of $7,790,000 for real property improvements (the "Project Improvements") and the acquisition and installation of approximately $29,110,000 in equipment and other personal property (the "Project Equipment").

No Abatement on Land Value

The Project Site will not be subject to abatement. The City will not take title to the land underlying the Project, but will take title to the Project itself.

Abatement on Project Improvements

The Project Improvements will be subject to 80% abatement starting in 2024 and ending with tax year 2033. This is calculated to provide 10 years of abatement after completion of the Project Improvements. The estimated value of abatement for the Project Improvements is $952,305.

Abatement on Project Equipment

The Project Equipment will be subject to 80% abatement starting in 2025 and ending with tax year 2034. This is calculated to provide 10 years of abatement after installation of the Project Equipment. The estimated value of abatement for the Project Equipment is $1,538,224.

Total Chapter 100 Incentive

The Company will also receive the benefit of applying the City's tax exemption certificate to purchases of construction materials for the Project. The total estimated benefit of the Chapter 100 incentive to the Company is as follows:

Abatement on Project Improvements	$952,305
Abatement on Project Equipment	1,538,224
Sales and Use Tax Exemption on Construction Materials	366,450
Total Estimated Local Incentive	$2,856,979

Jobs and Wage Requirements

The Company is expected to add 40 jobs to the Joplin economy in connection with the Project. Under the Performance Agreement, the Company will be required to maintain certain minimum jobs and wage requirements at the Project. The Company must also provide benefits commensurate with the benefits paid to other employees of the Company in similar positions. If these requirements are not met, the Company will be required to make penalty payments to the taxing jurisdictions proportionate to the percentage of failure.

Other Benefits to the Joplin Area

Refresco has stated that it is committed to utilizing local contractors and suppliers when financially and practically feasible. Further, Refresco is committed to being a strong community partner wherever it has facilities. In the Joplin area, that has previously included (1) participating in holiday gift drives sponsored by Fostering Hope, Division of Family Services, and Toys for Tots, (2) active engagement in multiple local professional organizations and chambers, (3) donations to Shop with a Cop, Burgers for Badges and local food banks, (4) providing school supplies, donations, and support for local teachers, and (5) providing mock interviews for local high school students entering the work force.

Chapter 100 Bonds

Chapter 100 Bonds will be offered at a public sale in accordance with the City's charter. It is anticipated that the Company and/or an affiliate or a related entity will place a bid to purchase the Bonds in the estimated aggregate principal amount of $36,960,000 to pay for the project costs and the costs of completing the Chapter 100 Bond transaction.

Chapter 100 Bonds are authorized pursuant to Chapter 100 of the Missouri Revised Statutes. This tax abatement tool provides for the City to be the actual owner of the Project. The Project is then leased to the Company. During the time the Bonds remain unpaid and the City owns the Project, it is exempt from property taxes because title is held by the City as a tax-exempt entity. Chapter 100 Bonds are paid solely from revenue received from the lease of the Project and such Bonds are not an obligation or debt of the City, except for the obligation to apply lease payments to the bond debt service. Thus, in the unlikely event that the Company was to default on the payment of its obligations under the Bond documents, the City is not liable to make such payments from any source other than revenue received from the lease. In addition, because such Bonds do not constitute a debt of the City within the meaning of any constitutional or statutory limitation, the bonding capacity of the City is not affected by their issuance.

Under the Bond documents, the Company will agree to indemnify the City against any losses or liability that might arise out of the City's ownership of the Project. The Company is also required to carry liability insurance to cover the City in an amount equal to the Missouri limits for waiver of sovereign immunity.

RECOMMENDATION:

Staff recommends this be placed on First Reading.