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Bruce Eddy Jackson Co. Mental Health Fund 1627 Main, Suite 500 KCMO 64106	Troy Schulte 29 <sup>th</sup> Floor, City Hall 414 E 12 <sup>th</sup> Street Kansas City, MO 64106
Debbie Siragusa Kansas City Public Library 14 West 10 <sup>th</sup> Street Kansas City, MO 64105	Everett "Jake" Jacobs Development Disability Services 8511 Hillcrest Rd, Ste 300 Kansas City, MO 64138
Ruth Peterson Blind Pension Fund 301 W. High Street, Rm. 330 Jefferson City, MO 65101	Caleb Clifford Jackson County Courthouse 415 E. 12 <sup>th</sup> St., 2 <sup>nd</sup> Floor Kansas City, MO 64106
Kerrie Tyndall City Hall, 29 <sup>th</sup> Floor 414 E. 12 <sup>th</sup> Street Kansas City, MO 64106	Linda Falk Kansas City Zoo 6800 Zoo Drive Kansas City, MO 64132

### CERTIFIED MAIL

### NOTICE TO TAXING JURISDICTIONS Waddell & Reed Financial, Inc

On behalf of the City of Kansas City, Missouri ("City"), all affected taxing jurisdictions are invited to attend a meeting where a City Council committee will consider an ordinance to approve an Industrial Development Plan for Waddell & Reed Financial, Inc. The plan was introduced to City Council on Thursday, October 31, 2019 and assigned to the Neighborhoods, Planning, and Development Committee. The NPD meeting will be held on Wednesday, December 4, 2019 at 1:30 pm on the 26th Floor, City Hall, 414 East 12th Street, Kansas City, Missouri. The plan may be available for full approval by the City Council on Thursday, December 5, 2019.

The Project presents the opportunity to add a major employer in the City's central business district, add density to the downtown working population, and allow for additional employment

and apprenticeship opportunities. The Project will add 939 jobs in year 1 and an additional 100 over the following 5 years with an average wage of approximately \$155,000 by the sixth year. Total investment will be approximately \$148 million with approximately \$45 million invested in construction materials, \$10 million invested in personal property, and the remaining \$93 million invested in acquisition and construction costs. The Company is requesting sales tax exemption on construction materials for the construction period, which is less than the standard abatement stated in the City's Chapter 100 Policy.

The total cost of the Project is expected to be approximately \$148 million. The City has offered the issuance of a maximum of \$50 million of Chapter 100 bonds (the "Bonds") to fund the construction material costs associated with the construction, improvement and renovation of the Project. The issuance of the Bonds is designed to provide a sales tax exemption solely on construction materials for the Project. The real property improved and renovated 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 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 a 75% real property tax abatement via the EEZ program, an Economic Activity Tax redirection through the City, and MoWorks benefits through the State of Missouri.

The sales tax on construction materials exemption for the Project will be for a period of 24 months for all construction materials included in the Project. City staff estimates total sales tax exemption to be \$2,752,313 during the construction period, of which \$840,938 will come from the City. This is an estimate 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.

Taxing jurisdictions are invited to attend the hearing to provide oral testimony and/or submit written comments on the Industrial Development Plan for review and consideration by the Kansas City, Missouri City Council. All comments should be sent to [dmoye@edckc.com](mailto:dmoye@edckc.com) or to the mailing address below. All comments of the taxing districts will be fairly and duly considered by the City.

Dated: November 11, 2019

Economic Development Corporation  
Attention: Dan Moye  
300 Wyandotte, Suite 400  
Kansas City, Missouri 64105  
(816) 691-2134

## **Chapter 100 Industrial Development Plan Waddell & Reed Financial, Inc.**

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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 Waddell & Reed Financial, Inc., a Delaware Corporation (the "Company"), for the construction, improvement and renovation of a headquarters facility (the "Project") in downtown 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 \$50,000,000 for the Project.

In addition, the Plan provides information related to the value of partial tax abatement under the City's Enhanced Enterprise Zone ("EEZ") program, as further described herein.

### **A. Plan requirements per Missouri State Statute 100.050**

#### **1) Project Description**

The Company is a well-known local financial services firm seeking to build a headquarters facility in downtown Kansas City. The project will consist of constructing a new facility in downtown Kansas City at a site to be determined with state of the art, Class A offices. The Project will allow the Company to expand by approximately 10% over the next 5 years and will ultimately provide office space for approximately 1,039 employees.

The Project presents the opportunity to add a major employer in the City's central business district, add density to the downtown working population, and allow for additional employment and apprenticeship opportunities. The Project will add 939 jobs in year 1 and an additional 100 over the following 5 years with an average wage of approximately \$155,000 by the sixth year. Total investment will be approximately \$148 million with approximately \$45 million invested in construction materials, \$10 million invested in personal property, and the remaining \$93 million invested in acquisition and construction costs. The Company is requesting sales tax exemption on construction materials for the construction period, which is less than the standard abatement stated in the City's Chapter 100 Policy.

The total cost of the Project is expected to be approximately \$148 million. The City has offered the issuance of a maximum of \$50 million of Chapter 100 bonds (the "Bonds") to fund the construction material costs associated with the construction, improvement and renovation of the Project. The issuance of the Bonds is designed to provide a sales tax exemption solely on construction materials for the Project. The real property improved and renovated 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 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 a 75% real property tax abatement via the EEZ

program, an Economic Activity Tax redirection through the City, and MoWorks benefits through the State of Missouri.

The sales tax on construction materials exemption for the Project will be for a period of 24 months for all construction materials included in the Project. City staff estimates total sales tax exemption to be \$2,752,313 during the construction period, of which \$840,938 will come from the City. This is an estimate 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

<b>COST CATEGORIES</b>	<b>TOTAL AMOUNT</b>	<b>COSTS FINANCED WITH BOND PROCEEDS</b>
Acquisition	\$7,146,316	
Site work	Included in Construction/Renovation	
Construction/Renovation	\$130,646,595	\$45,000,000
Tenant Improvements		
Furniture and Fixtures	\$10,000,000	
Machinery and Equipment		
Other (including interest)		
Contingency		
<b>TOTAL PROJECT COSTS</b>	<b>\$147,792,911</b>	<b>\$45,000,000</b>

See Attachment 1 for the annualized cost breakdown.

## 3) Sources of Funds

<b>SOURCES</b>	<b>AMOUNT</b>
Bond Proceeds	\$45,000,000
Other Financing	\$0
Company Funds	\$102,792,911
<b>TOTAL</b>	<b>\$147,792,911</b>

## 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 real property during the term of the Lease. While the real property is owned by the City and is subject to the Lease, the Company's leasehold interest will be exempt from all real property taxes. Following completion of the construction Project, the Project shall be conveyed by the City to the Company, which shall be

conveyed no later than the 2<sup>nd</sup> anniversary of the Company's first conveyance to the City (or sooner at the Company's option in accordance with the terms of the Lease).

## 5) Affected Taxing Jurisdictions

The following taxing jurisdictions will be affected by the Project: the City of Kansas City, Missouri, Jackson County, Missouri, Kansas City Public Schools, Tri-County Mental Health Services, Development Disabilities Fund, State of Missouri, State Blind Pension Fund, Kansas City Public Library, and Metropolitan Community College.

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

Real Property: \$552,960

Personal Property: N/A

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

Real Property			Personal Property		
Year	Appraised Value	Equalized Assessed Value	Year	Appraised Value	Equalized Assessed Value
		32%			33%
2023	\$77,149,450	\$24,687,824	2023	\$8,571,840	\$2,856,994
2024	\$77,149,450	\$24,687,824	2024	\$6,824,650	\$2,274,656
2025	\$78,692,439	\$25,181,580	2025	\$5,451,930	\$1,817,128
2026	\$78,692,439	\$25,181,580	2026	\$4,331,060	\$1,443,542
2027	\$80,266,288	\$25,685,212	2027	\$3,197,940	\$1,065,873
2028	\$80,266,288	\$25,685,212	2028	\$2,052,570	\$684,122
2029	\$81,871,614	\$26,198,916	2029	\$1,177,180	\$392,354
2030	\$81,871,614	\$26,198,916	2030	\$10,003,370	\$3,334,123
2031	\$83,509,046	\$26,722,895	2031	\$7,941,268	\$2,646,825
2032	\$83,509,046	\$26,722,895	2032	\$6,321,564	\$2,106,977
2033	\$85,179,227	\$27,257,353	2033	\$5,003,407	\$1,667,635
2034	\$85,179,227	\$27,257,353	2034	\$3,683,428	\$1,227,687
2035	\$86,882,811	\$27,802,500	2035	\$2,357,758	\$785,841
2036	\$86,882,811	\$27,802,500	2036	\$1,352,210	\$450,692
2037	\$88,620,467	\$28,358,550	2037	\$11,490,727	\$3,829,859



**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	135,705,171	69,281,851	66,423,319
Jackson County	19,033,454	11,485,178	7,548,276
Mental Health Fund	508,430	536,448	(28,018)
EITAS	623,287	548,549	74,738
Blind Pension Fund	321,568	158,863	162,705
Kansas City Public Library	2,836,419	2,208,834	627,584
Kansas City Zoo District	1,356,304	339,459	1,016,846
Kansas City Public Schools	26,938,257	24,021,324	2,916,934
Metro Community Colleges	1,855,406	1,828,364	27,042
State of Missouri	547,911,811	103,985,733	443,926,079

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

**8) Anticipated PILOTs and Disposition of Payments**

Year	Appraised Value	Equalized Assessed Value	Full Taxes	25% PILOT
		32%	9.5658%	
2023	\$77,149,450	\$24,687,824	\$2,361,588	\$590,397
2024	\$77,149,450	\$24,687,824	\$2,361,588	\$590,397
2025	\$78,692,439	\$25,181,580	\$2,408,820	\$602,205
2026	\$78,692,439	\$25,181,580	\$2,408,820	\$602,205
2027	\$80,266,288	\$25,685,212	\$2,456,996	\$614,249
2028	\$80,266,288	\$25,685,212	\$2,456,996	\$614,249
2029	\$81,871,614	\$26,198,916	\$2,506,136	\$626,534
2030	\$81,871,614	\$26,198,916	\$2,506,136	\$626,534
2031	\$83,509,046	\$26,722,895	\$2,556,259	\$639,065
2032	\$83,509,046	\$26,722,895	\$2,556,259	\$639,065
2033	\$85,179,227	\$27,257,353	\$2,607,384	\$651,846
2034	\$85,179,227	\$27,257,353	\$2,607,384	\$651,846
2035	\$86,882,811	\$27,802,500	\$2,659,532	\$664,883
2036	\$86,882,811	\$27,802,500	\$2,659,532	\$664,883
2037	\$88,620,467	\$28,358,550	\$2,712,722	\$678,181

\*Real Property tax savings reflect the use of the EEZ Program. Real Property projections are estimates only and will be based on actual assessed values upon construction.

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

### **1) Project Integration with FOCUS**

Company will be locating in the Southern Urbanizing Zone.

### **2) 15-Year Cost/Benefit of the Project (Amounts Below are Net Benefits/(Costs), see Attachment 2)**

<b>Taxing Authority</b>	<b>Public Benefits:</b>	<b>Public Costs &amp; Incentives:</b>	<b>Net Benefits (Costs):</b>
City of Kansas City	135,705,171	69,281,851	66,423,319
Jackson County	19,033,454	11,485,178	7,548,276
Mental Health Fund	508,430	536,448	(28,018)
EITAS	623,287	548,549	74,738
Blind Pension Fund	321,568	158,863	162,705
Kansas City Public Library	2,836,419	2,208,834	627,584
Kansas City Zoo District	1,356,304	339,459	1,016,846
Kansas City Public Schools	26,938,257	24,021,324	2,916,934
Metro Community Colleges	1,855,406	1,828,364	27,042
State of Missouri	547,911,811	103,985,733	443,926,079

See Attachment 2 for complete cost/benefit analysis.

### **3) Project Compliance with City Affirmative Action Policies**

The Company will comply, and will cause its contractors to comply, with the nondiscrimination and equal employment requirements of the City, and with affirmative action in employment requirements applicable to the Project.

### **4) Other Evaluation Criteria**

#### **a) Number of New Jobs/Retained Jobs**

The proposed Project will result in the creation of 1,039 new jobs in the City in the first 6 years.

#### **b) Total Amount of Projected Investment**

Total investment is approximately \$148 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 a blended average wage of approximately \$155,000 by the sixth year of the Company's operations at the Project.

**d) Capability to Attract sales from Outside KCMO**

The Company is an international financial services firm providing services across the world. No direct sales will be generated at this location.

**e) Financial Strength of the Business**

The Company is a reputable financial services firm with an excellent company history and a solid financial position.

**f) Additional Residents to the Area**

The Project is unlikely to generate any new residents at construction. However, it is anticipated that the addition of 100 new jobs over the next 5 years may attract new residents.

**g) Potential for Future Expansion**

The Company anticipates 939 employees in year one and 1,039 by year six. Additional expansion is possible after year six, but the Company is unable to project any specific level of job growth at this time.

**h) Existing versus New Business to the City**

The Company is a new business 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**

Sales tax exemption is the only incentives being offered to the company via Chapter 100. In a separate transaction, the Project will receive economic activity tax redirection through the City and real property tax abatement through the EEZ program. 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 in conjunction with other incentives was a deciding factor in the Company's decision to locate 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**

2020	\$34,448,228
2021	\$68,896,455
2022	\$44,448,228
Total Budget	\$147,792,911

## **ATTACHMENT 2:**

### **COST/BENEFIT ANALYSIS**

Cost-Benefit Analysis

**Cost-Benefit Summary - 15-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	Kansas City Public Library	Kansas City Zoo District	Kansas City Public Schools	Metro Community Colleges	State of Missouri
Sales Taxes:										
Property Taxes:	\$ 18,438,716	\$ 11,251,991	--	--	--	--	\$ 1,146,010	--	--	\$ 42,723,129
Income Taxes:	\$ 7,859,862	\$ 3,071,177	\$ 496,967	\$ 305,674	\$ 147,837	\$ 2,779,515	--	\$ 24,426,147	\$ 1,008,051	\$ --
Other Revenues:	\$ 78,667,616	--	--	--	--	--	--	--	--	\$ 428,789,775
Total Revenues:	\$ 30,738,977	\$ 4,710,287	\$ 11,462	\$ 317,612	\$ 173,730	\$ 56,903	\$ 210,294	\$ 2,512,110	\$ 847,315	\$ 76,398,907
	\$ 135,705,171	\$ 19,033,454	\$ 508,430	\$ 623,287	\$ 321,568	\$ 2,836,419	\$ 1,356,304	\$ 26,938,257	\$ 1,855,406	\$ 547,911,811
<b>Costs</b>										
Costs for Services:	\$ 48,419,893	\$ 9,099,656	\$ 184,654	\$ 332,168	\$ 54,162	\$ 239,071	\$ 297,271	\$ 6,711,212	\$ 1,113,959	\$ 102,369,670
Incentives:	\$ 20,861,959	\$ 2,385,522	\$ 351,793	\$ 216,381	\$ 104,700	\$ 1,969,763	\$ 42,188	\$ 17,310,112	\$ 714,406	\$ 1,616,063
Total Costs:	\$ 69,281,851	\$ 11,485,178	\$ 536,448	\$ 548,549	\$ 158,863	\$ 2,208,834	\$ 339,459	\$ 24,021,324	\$ 1,828,364	\$ 103,985,733
<b>Net Cost/Benefit</b>										
Public Benefits:	\$ 135,705,171	\$ 19,033,454	\$ 508,430	\$ 623,287	\$ 321,568	\$ 2,836,419	\$ 1,356,304	\$ 26,938,257	\$ 1,855,406	\$ 547,911,811
Public Costs & Incentives:	\$ 69,281,851	\$ 11,485,178	\$ 536,448	\$ 548,549	\$ 158,863	\$ 2,208,834	\$ 339,459	\$ 24,021,324	\$ 1,828,364	\$ 103,985,733
Net Benefits (Costs):	\$ 66,423,319	\$ 7,548,276	\$ (28,018)	\$ 74,738	\$ 162,705	\$ 627,584	\$ 1,016,846	\$ 2,916,934	\$ 27,042	\$ 443,926,079
Present Value of Public Benefits:	\$ 86,080,492	\$ 12,238,283	\$ 325,921	\$ 396,005	\$ 204,187	\$ 1,818,476	\$ 895,314	\$ 17,245,948	\$ 1,179,430	\$ 345,299,041
Present Value of Incentives:	\$ 13,479,167	\$ 1,619,181	\$ 225,361	\$ 138,612	\$ 67,066	\$ 1,261,868	\$ 42,188	\$ 11,089,259	\$ 457,657	\$ 1,616,063

# ATTACHMENT 3:

## PILOT SCHEDULE

Real Property				
Year	Appraised Value	Equalized Assessed Value	Full Taxes	25% PILOT
		32%	9.5658%	
2020	Property is currently under appeal. Developer will pay final 2019 taxable value through construction once appeal is settled.			
2021				
2022				
2023	\$77,149,450	\$24,687,824	\$2,361,588	\$590,397
2024	\$77,149,450	\$24,687,824	\$2,361,588	\$590,397
2025	\$78,692,439	\$25,181,580	\$2,408,820	\$602,205
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2037	\$88,620,467	\$28,358,550	\$2,712,722	\$678,181

\*PILOT figures are estimates based on 2019 levy rates and not guarantees. Real Property projections are estimates only and will be based on actual assessed values upon construction.

## 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 = 1,039    # Retained Jobs = 0
- 2) **Focus on AdvanceKC Target Sectors**  
The Company is a financial services firm.
- 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 \$155,000 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**  
This project was a jobs-based project.
- 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 central business district will help facilitate the goals of drawing residents to the downtown core.
- 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 4.
- 7) **Support projects that increase density in the urban core with a greater emphasis within the streetcar corridors**  
This project represents support for infill development.

### **C. Fiscal Responsibility Policies:**

- 1) **Promote good stewardship of the City’s resources**  
This project will help to expand the city’s current tax base and create jobs. This project is anticipated to generate \$66,423,3199 in net new public revenues to the City over a fifteen year period. Based upon a 100% sales tax exemption on construction materials, the total amount of exemption for this project from all taxing jurisdictions is estimated at \$2,752,313. The overall financial impact is positive for the city.
- 2) **Provide incentives for real estate projects only as necessary to fill the financial gap**  
The Project is a competitive attraction project and as a jobs based project, not subject to financial analysis.
- 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 attract over 1,000 high paying jobs to the downtown core without leveraging the highest levels available to a development of this type.
- 7) **All projects should meet the “but for” test, either financially or competitively or should address the City Council’s strategic priorities.**  
Sales tax exemption projects are not subject to financial analysis through the Ch. 100 program.
- 8) **Promote a positive fiscal impact on taxing jurisdictions in the use of incentives**  
The ad valorem taxing jurisdictions are not affected by sales tax exemption.
- 9) **Direct earnings tax incentives are prohibited**  
50% of earnings taxes will be redirected as a part of a larger economic activity tax redirection through the City of Kansas City.

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

The project is seeking less than the statutorily available amount of incentives in order to lessen the impact on the City and other taxing jurisdictions and maximize private investment.

**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.