Legislation Details (With Text)

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Type:	Ordinance			**Status:**	Passed
File created:	3/27/2024			**In control:**	Council
On agenda:	4/11/2024			**Final action:**	4/11/2024
Title:	Sponsor: City Manager Approving an Industrial Development Plan for Americold Logistics LLC (together with its successors or assigns, the "Company") for an industrial development project consisting of the construction and equipping of an approximately 335,000 square feet cold storage production and distribution warehouse (the "Project") located upon land located at 3301 East 147th Street, Kansas City, Missouri 64147 in Kansas City, Missouri (the "Project Site"); authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Company; authorizing the issuance of taxable industrial revenue bonds in an amount not to exceed $127,500,000.00; authorizing and approving other documents; and authorizing certain other actions in connection with the issuance of said bonds.				
Sponsors:	City Manager's Office				
Indexes:					
Code sections:					
Attachments:	1. Docket Memo 240341, 2. Project Smoke IDP - Final, 3. CERTIFIED MAIL 240341, 4. Authenticated Ordinance 240341				

Date	Ver.	Action By	Action	Result
4/11/2024	1	Council	Passed	Pass
4/10/2024	1	Finance, Governance and Public Safety Committee	Adv and Do Pass	
3/28/2024	1	Council	referred	

ORDINANCE NO. 240341

Sponsor: City Manager

Approving an Industrial Development Plan for Americold Logistics LLC (together with its successors or assigns, the "Company") for an industrial development project consisting of the construction and equipping of an approximately 335,000 square feet cold storage production and distribution warehouse (the "Project") located upon land located at 3301 East 147th Street, Kansas City, Missouri 64147 in Kansas City, Missouri (the "Project Site"); authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Company; authorizing the issuance of taxable industrial revenue bonds in an amount not to exceed $127,500,000.00; authorizing and approving other documents; and authorizing certain other actions in connection with the issuance of said bonds.

WHEREAS, the City of Kansas City, Missouri, a constitutional charter city and municipal corporation of the State of Missouri (the "City") is authorized pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended, and the City of Kansas City Charter (collectively, the "Act"), to issue its revenue bonds for carrying out a project or projects under the Act, such revenue bonds to be paid solely from revenue received

from such project, and to enter into leases of certain property associated with the project to be financed with the proceeds of such revenue bonds with any person, firm or corporation; and

WHEREAS, the City therefore desires to encourage the Project for the purposes of promoting economic growth in the City and creating jobs; and

WHEREAS, the Company anticipates creating 187 jobs with an average wage of approximately $63,578.00; and

WHEREAS, the Company requests the issuance of the Bonds for the purposes described herein; and

WHEREAS, the real property comprising the Project Site will be owned throughout the term of the transaction described herein by Kansas City Southern Railway, and will not be part of the transaction; and

WHEREAS, improvements and equipment on the Project Site which comprise the Project that are purchased and constructed with Bond proceeds will be owned by the City and leased back to Company pursuant to a Lease Agreement between the City and the Company (the "Lease"), which Lease shall terminate at the conclusion of the term described therein, or sooner at Company's option as described in the Lease; and

WHEREAS, the City has heretofore prepared and approved plans for the industrial development for the City and desires to approve an Industrial Development Plan (the "Plan") for the purpose of carrying out the Project for Company; and

WHEREAS, the City intends to issue its Taxable Industrial Revenue Bonds (Americold Logistics Project) (the "Bonds") for the purpose of furthering the Project located on the Project Site; and

WHEREAS, notice of the Project was given to the taxing jurisdictions in accordance with Section 100.059.1 of the Revised Statutes of Missouri and the City Council has fairly and duly considered all comments submitted to the City Council regarding the proposed Plan; and

WHEREAS, the Council has heretofore and does hereby find and determine that it is desirable for the economic development of the city and within the public purposes of the Act that the Council approve a Chapter 100 Industrial Development Plan as proposed by the Company; and that the City issue the Bonds, as more fully described in the Indenture and the Lease, as hereinafter defined and authorized; and

WHEREAS, the principal amount of the Bonds will be issued as taxable Chapter 100 bonds over a period of time which will be repaid solely by the Company under the terms of the Lease (defined herein); and

WHEREAS, for a Chapter 100 bond issuance, the City Council has previously established a policy (Ordinance No. 041033) as reaffirmed by Second Committee Substitute for Ordinance No. 160383, as amended, as modified by Second Committee Substitute for Ordinance 200497, as amended, (the" Chapter 100 Policy") for the review and approval of these projects, one component of which suggests a maximum bond term of 10 years and another of which suggests payments-in-lieu-of-taxes (PILOTS) at a level of no less than 50% of the amount that would have been paid on the property if it had been fully taxed, to the affected taxing jurisdictions during the term of the bonds; and

WHEREAS, the Chapter 100 Policy caps the amount of real property tax abatement for Chapter 100 projects at 50% for ten (10) years and requiring the preparation of a financial return analysis to determine the economic viability of economic development projects and whether and to what extent such projects warrant

public assistance; and

WHEREAS, the City Council wishes to confirm its acceptance of the cost benefit analysis prepared by the Economic Development Corporation of Kansas City to satisfy the intent of the Chapter 100 Policy with respect to the Project; and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the Project and the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Approval of Plan. The City Council hereby finds and determines that the Project will promote the economic well-being and industrial development of the City and the Project will be in furtherance of the public purposes set forth in the Act. The City Council hereby approves the Plan for the Project, which includes the following provisions:

(a) Construction, acquisition, equipping and installation of the Project located on the Project Site in the City;

(b) A total estimated project cost of approximately $127,500,000.00;

(c) A sales tax exemption for construction materials associated with the construction of the Project;

(d) A sales tax exemption on personal property which has been approved by the Missouri Department of Economic Development;

(e) 50% property tax abatement for 10 years on personal property and real property associated with the Project on the Project Site; and

(f) The Project Site will continue to be owned by the current owner, Kansas City Southern Railway, and will not be a part of the Chapter 100 transaction.

Section 2. The City is hereby authorized to enter into the following documents for the Bonds (collectively, the "City Documents"), in such form as shall be approved by the officials of the City executing such documents, with such officials' signatures thereon being conclusive evidence of their approval thereof:

(a) a Trust Indenture (the "Indenture") between the City and the trustee named therein (the "Trustee") pursuant to which the Bonds shall be issued and the City shall pledge the Project, and assign certain of the payments, revenues and receipts received pursuant to the Lease to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Indenture;

(b) a Lease Agreement, between the City and Company, under which the City will lease the Project to the Company (the "Lease"). The Bonds will be repaid solely by Company under the terms of the Lease, and the maximum term of the Lease will be approximately 12 years, with the precise length to account for a 2-year construction period and a 10 year abatement period thereafter;

(c) Purchase Agreement, as defined below, under which the purchaser named therein agrees to purchase the Bonds; and

(d) The costs of constructing, acquiring, equipping and installing the Project that will be funded from proceeds of the sale of up to $127,500,000 maximum principal amount of Taxable Industrial Revenue Bonds to be issued by the City and purchased by the Company or other purchaser named in the herein-defined Purchase Agreement.

Section 3. Authorization of the Bonds. The City is hereby authorized to issue and to sell its Taxable Industrial Revenue Bonds (Americold Logistics Project), in a maximum aggregate principal amount not to exceed $127,500,000.00, for the purpose of providing funds for the purposes described herein. The Bonds shall be issued and secured pursuant to the herein authorized Indenture and shall bear such date, shall mature at such time, shall be in such denomination, shall bear interest at such rates, shall be in such form, shall be subject to redemption and other terms and conditions, and shall be issued in such manner, subject to such provisions, covenants and agreements, as are set forth in the Indenture.

Section 4. Sale and Terms of Bonds; Authorization and Execution of Bond Purchase Agreement. The Bonds will be sold to the Company or other purchaser under the terms of a Bond Purchase Agreement between the City and the Company or other purchaser (the "Purchase Agreement"). The maximum principal amount of the Bonds shall be $127,500,000.00, the interest rate on the Bonds shall not exceed 7.00%, principal shall be payable in accordance to the terms of the Lease, the maturity date shall be no later than December 1, 2037, the Bonds shall be purchased at 100% of the principal amount thereof and the Bonds may be redeemed at any time at a redemption price equal to the principal amount thereof plus accrued interest. The Director of Finance or the City Treasurer is each authorized to execute the Purchase Agreement for or on behalf of and as the act and deed of the City.

Section 5. Limitation on Liability. The Bonds and the interest thereon shall be limited obligations of the City payable solely out of certain payments, revenues and receipts derived by the City from the Lease described herein, and such payments, revenues and receipts shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri. The Bonds shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not payable in any manner by taxation.

Section 6. Creation of Bond Fund. The City is hereby authorized to establish with the Trustee pursuant to the Indenture, a special trust fund in the name of the City to be designated the "City of Kansas City, Missouri, Bond Fund - Americold Logistics Project" and the City shall cause all sums required by the Indenture to be deposited therein and shall create all accounts therein required by the Indenture.

Section 7. Execution of Documents. The Mayor is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Director of Finance is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk or a deputy City Clerk, of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

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Section 8. Further Authority. The Mayor, Director of Finance and other officials, agents and employees of the City as required, are hereby authorized and directed to take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds, the City Documents, and tax redirection.

Approved as to form:

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Emalea Black
Associate City Attorney