

# CHAPTER 100 POLICY

## CITY OF ASHLAND

### BOONE COUNTY, MISSOURI

ADOPTED MARCH 15, 2005

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#### INTRODUCTION/STATEMENT OF PURPOSE

In an effort to retain significant high quality employers, encourage expansion of those employers, attract significant new capital investment creating high skilled, high paying employment opportunities in the City of Ashland, County of Boone, has adopted this policy. It is our intent that this Chapter 100 Policy will be used as an economic development tool only when absolutely necessary due to competitive situations.

The issuance of revenue bonds under Chapter 100 of the Missouri Revised Statutes "Chapter 100" is one tool available to the City of Ashland to encourage economic development. Chapter 100 authorizes municipalities to issue bonds for *"the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, industrial plants and commercial development including the real estate either within or without the limits of such municipalities, buildings, fixtures and machinery.* In a Chapter 100 transaction, the project is owned by the municipality and usually leased to the beneficiary company. The revenue bonds are payable solely from revenue (usually rentals) received from the project (the beneficiary company is the underlying credit on the bonds), and the revenue bonds are *not a general obligation of the municipality.* The revenue bonds may be secured by a mortgage on the project. Because the municipality holds title to the project, the project is exempt from real and personal property taxation (although the leasehold interest may be subject to taxation if it determined that there is a "bonus value" under the lease). Although a project is 100% exempt from real and personal property taxes, the City proposes negotiated grants or equivalent contributions of at least 50 % from the beneficiary company to taxing jurisdictions. The beneficiary company will enter into an agreement with the municipality pursuant to which it agrees to make grants or equivalent contributions to the municipality and other taxing jurisdictions.

The City has prepared the following program criteria in an effort to provide guidance as to projects and the level of assistance the City will consider under Chapter 100.

The City of Ashland is under no obligation to approve any requested incentive. The City must balance its goal of fostering a healthy business climate with the objective of maintaining a high quality of life.

## ELIGIBILITY QUALIFICATIONS

- Applicant must meet the following minimum amount of capital investment:
  - A business new to the municipality - \$3 million minimum capital investment for the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, industrial plants and commercial development including the real estate either within or without the limits of such municipalities, buildings, fixtures and machinery.
  - A business currently located in the municipality - \$1.5 million minimum capital investment for the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, industrial plants and commercial development including the real estate either within or without the limits of such municipalities, buildings, fixtures and machinery.
- Project must locate or expand in the municipality.
- Term of the grants or equivalent contributions in any amount less than 100% is the life of the asset, but not to exceed 10 years.
- Percentage of grants or equivalent contributions shall be not less than 50%.
- Either real and/or personal property investment is eligible for the City of Ashland Chapter 100 Program.

If the City approves the application for a Chapter 100 transaction, the applicant shall agree to follow all current zoning and development regulations and processes once it is located in the City. Applicant's signature on application shall guarantee that applicant agrees to acknowledge and comply with all current zoning and development regulations and processes.

The applicant must demonstrate that the project will not occur (*e.g.*, the business will not locate in the City or an existing business will leave or will not expand or reinvest in the City) or that the project will occur only on a significantly smaller scale or the project will not be as financially stable *but for the tax relief*.

### **COST BENEFIT ANALYSIS**

All City of Ashland Chapter 100 Program applications will include a Cost Benefit Analysis, which shall include, but not be limited to:

- A report prepared by the Assessor of the County of Boone and forwarded to the City of Ashland Board of Aldermen explaining the amount of expected increased property tax revenue to the City and other taxing jurisdictions as a result of the project. This analysis shall include expected property tax revenue to the city and other taxing jurisdictions compared to the amount of the proposed property exemption.

### **COMMUNITY IMPACT STATEMENT AND FUNDING CONSIDERATIONS**

A Community Impact Statement shall be generated by the applicant to aid the Ashland Board of Aldermen in evaluating the issuance of Chapter 100 revenue bonds. A Community Impact Statement shall be performed on all Chapter 100 projects. The intent of the Community Impact Statement is to provide the Board of Aldermen with a holistic picture of the project's impact. Upon receipt of a Chapter 100 bond application, the City of Ashland may ask the applicant to provide additional information.

City staff will review issues involved with development of the project and share pertinent information with authorities of the appropriate taxing entities. Taxing entities will have an opportunity to review the proposed project before any formal request for Chapter 100 revenue bond financing is made to the governing body of the municipality. Upon completion of this review, affected taxing entities will submit a report projecting the impact of the proposed project on said taxing jurisdictions during the requested abatement period. This report will be a part of the Community Impact Statement submitted to the governing body as part of the final approval process. The review and report of impacts by the taxing jurisdictions will be made in a timely fashion as determined by the company's site selection timetable. All parties must be responsive based on the prospect's site selection timeline.

The applicant's responses relating to the following considerations will be considered in determining whether the use of Chapter 100 revenue bond financing will be pursued:

1. Employment Impact – In evaluating the employment potential of a given enterprise, the following will be taken into consideration:
  - a. Number of additional employees.
  - b. Number of expected additional residents to the County as a result of the project.
  - c. Skill and education levels of such employees.
  - d. Range of salaries and compensation of employees.
2. Financial strength of the beneficiary company.
3. The impact of the project on schools, existing businesses and infrastructure.
4. Anticipated revenues and tax generation as a result of the project.
5. Quality of life concerns (the impact of new business on the region).
6. Compatibility of uses/zoning issues (due deference is given to the participating municipality), including evidence of applicant’s compliance with all current development processes and procedures in the City of Ashland and the potential of the beneficiary company to be willing and able to comply with all land-use and zoning requirements and building codes to operate the facility.
7. Desirable industry (*i.e.*, the intended end-use of the project is within or related to an industry that the municipality is seeking).
8. Willingness of beneficiary company to accept “clawbacks,” or base requirements on employment, wages and penalties for breach of agreement as determined through negotiation.
9. Extent to which new or expanded business will compete with existing business in the area, including the potential impact on other existing employers.
10. Discussion of the effect, if the beneficiary company currently operates in the municipality different from the area of the proposed project, on operations in the business’s current location.
11. The beneficiary company’s willingness to address community impacts caused by the scope of the proposed project.
12. Potential for future expansion of the project.
13. General environmental impact on the area using current local development standards for environmental assessments.
14. The applicant must demonstrate that the project will not occur (*e.g.*, the business will not locate in the City or an existing business will leave or will not expand or reinvest in the City) or that the project will occur only on a significantly smaller scale or the project will not be as financially stable *but for the tax exemption*.

15. An Economic Impact Analysis, prepared by the Missouri Department of Economic Development, to show the total effect of the project (*i.e.*, sales tax, construction jobs, etc.). It is a Missouri Department of Economic Development practice not to offer state incentives for an intra-state relocation without a substantial company expansion.

#### **APPLICATION FEES AND PROCESSES**

All costs and fees are borne by the beneficiary company or developer seeking to use Chapter 100 financing. A \$1,000 non-refundable pre-application fee will be collected by the City. The beneficiary company or developer seeking to use Chapter 100 financing will be required to execute a predevelopment agreement. Such agreement shall provide for the payment of costs and attorneys' fees incurred any Chapter 100 project.

# THE CITY OF ASHLAND, MISSOURI

## APPLICATION FOR THE ISSUANCE OF CHAPTER 100 REVENUE BONDS

*Please attach additional pages when necessary.*

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Applicant (Firm Name) Date of Request

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Firm Address

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City State Zip Telephone Number

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Official Title of Responsible Officer Telephone Number

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Address

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City State Zip

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Attorney for, or Authorized Representative of, the Applicant

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Address

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City State Zip Telephone Number

Date by which applicant needs proceeds of Chapter 100 Revenue Bonds

Estimated Amount of  
Issue \_\_\_\_\_

### FINANCIAL RESPONSIBILITY

1. How many years has the applicant been in business?

\_\_\_\_\_

2. What portion of the project is being financed from other funds (in addition to the bond proceeds)?

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**ORGANIZATION OF APPLICANT**

3. What type of entity is the applicant? *(please choose one)*

Corporation \_\_\_\_\_ Partnership \_\_\_\_\_

Limited Liability Company \_\_\_\_\_ Other \_\_\_\_\_

(Please attach copies of organizational documents)

4. In what state was the applicant organized?

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5. List the names of the principal owners (including percentage of ownership) of the applicant:

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6. List the names of the principal officers or partners of the applicant:

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7. In what type of business will the project be used? (NAICS code)

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8. Does the applicant have a single or multiple plant operation?

\_\_\_\_\_ List other locations:

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12. What type and size of building will be acquired/constructed?

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13. Name and address of contractor and/or architect:

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14. What type of equipment will be financed? *Please provide a detailed list in Exhibit A.*

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**MEASURE OF ECONOMIC GROWTH AND BENEFITS**

15. What dollar amount of sales is contemplated?

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16. What percent of sales will be sold locally?

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17. How many people will the beneficiary company employ?

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18. If this is a proposed expansion, state size of current operation. If this is a proposed relocation or replacement, state size and location of present operation:

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**EFFECT OF PROJECT ON EMPLOYMENT**

19. Number of temporary jobs (including construction) created a result of the project:

Number \_\_\_\_\_ Average Hourly Wage \_\_\_\_\_

20. Number of permanent, full-time new jobs created as a result of the project:

Number \_\_\_\_\_ Average Hourly Wage \_\_\_\_\_

*“New job” refers to a full-time position (minimum of 40 hours) created beginning on the date the Columbia City Council and/or The County of Boone Commission approves the application.*



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26. Please provide information on school-age children of the company's employment base to help determine the impact on local schools:

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**LOCATION**

27. Is the applicant presently located in Missouri?

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28. Address or legal description of existing and proposed locations:

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29. Is the prospective property properly zoned?

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30. If a zoning change is pending, cite application number and present status. If application has not been made, briefly describe what change will be needed and plans for submitting application:

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**MARKETING OF BONDS**

31. Have arrangements for the sale of the bonds been made? \_\_\_\_ If yes, please describe:

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Applicant's signature on application guarantees that applicant agrees to acknowledge and comply with all current zoning and development regulations and processes.

DATED : \_\_\_\_\_, 20\_\_\_\_.

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Company or Firm Name

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Name

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Official Title

## **EXHIBIT A**

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1. Description of Project Site

2. Description of Project Improvements

3. Description of Project Equipment