

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 190929

Authorizing the City Manager to enter into a Tax Contribution Agreement with Penn Seven, LLC for the purpose of incentivizing job creation and investments in Kansas City.

WHEREAS, Penn Seven, LLC (the Project) has identified a site to create a business presence in Kansas City, Missouri (Business Site), at which it anticipates employing approximately 568 net new full-time employees, with an anticipated average annual salary of \$117,000.00, which would generate a projected payroll of \$66,456,000.00 per year; and

WHEREAS, the Project also anticipates entering into a long-term lease (15 years with options to extend) for the Business Site; and

WHEREAS, the Project's job creation and investments in City would be economic activities that would result in tax revenues to City including, without limitation, expenditures of funds to construct, rehabilitate, remodel or otherwise improve the Business Site; increase in employment resulting in net new payroll to the City; investments in equipment to render the Business Site suitable for Project's intended use; business operations with resulting consumption of goods, services and utilities; employee activity in being located at or traveling to and from the Business Site through retail purchases, and the consumption of goods and services and patronage of restaurant, entertainment and other facilities in City; and

WHEREAS, the Project serves a primary purpose of participating in such investments serves a public municipal purpose because it will, without limitation, (i) result in 568 jobs within City and potentially create additional new jobs within City, (ii) establish or expand Project's economic presence in City, (iii) promote economic development in the area of City in which the Business Site is located, (iv) result in generation of tax revenues to City from the conduct of business and other activities in City that would not otherwise occur, (v) serve as a catalyst for additional investment in and further redevelopment and rehabilitation of the area of City in which the Business Site is located, and (vi) further City's policy of encouraging economic stability and growth; and

WHEREAS, PortKC retains certain revenues in conjunction with the AIM incentive program, which are estimated to be \$1.2 million for the Project; and

WHEREAS, the City therefore desires to encourage the Project for the purpose of realizing these predominantly public purposes by entering into an agreement to contribute certain revenues from City taxes generated by the Project in an amount needed to cause the Project to be undertaken; and

WHEREAS, the tax contributions contemplated by this Agreement are limited to those which have been determined to be needed for the purpose of ensuring that the

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Project proceeds, and but for their contribution, the Project would not proceed, to the detriment of the public interest; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized to execute a Tax Contribution Agreement in an amount not to exceed \$1,620,000.00 over 15 years with Penn Seven, LLC, in substantial form to that which is attached hereto. Such authorization to execute the Agreement shall not be effective until the City has received a written description from PortKC on how its revenues from the Project will be spent.

Section 2. Further Authority. The Mayor, the City Manager, the Director of Finance and other officials, agents and employees of the City as required, are hereby authorized to take such further actions, 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.

Approved as to form and legality:

Katherine Chandler
Assistant City Attorney