

CHAPTER 100 POLICY

BOONE COUNTY, MISSOURI

STATEMENT OF PURPOSE

This policy is adopted in an effort to attract life sciences, related high tech companies or other basic companies as defined in the Eligibility Qualifications section, all of which would bring or retain significant new capital investment and/or create high tech, high skilled, high paying employment opportunities in the County of Boone. This Chapter 100 Policy will be used as an economic development tool only when absolutely necessary due to competitive situations. Geographically, the County of Boone Chapter 100 Program described in this Chapter 100 Policy is available at any location inside the County of Boone. The actual site selection process is governed by the individual needs of the company/project. The applicant understands that the Chapter 100 Revenue Bond approval process is public in nature and that information provided by the applicant will be open material and subject to public review.

The issuance of revenue bonds under Chapter 100 of the Missouri Revised Statutes ("Chapter 100") is one tool available to the County of Boone to encourage economic development. Chapter 100 authorizes the County of Boone 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, and industrial plants, including the real estate either within or without the limits of such municipalities, buildings, fixtures and machinery." Article VI, Section 27(b) of the Missouri Constitution also allows revenue bonds to be issued for "commercial" purposes, but this policy excludes retail projects. In a Chapter 100 transaction, the assets are owned by the County of Boone 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 County of Boone. The County of Boone will accept no credit risk in issuing bonds for the proposed project. The revenue bonds may be secured by a mortgage on the project. Because the County of Boone 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, a negotiated "grant" payment of at least 50% from the beneficiary company shall be made to all impacted taxing jurisdictions. The Boone County Commission may designate an economic development project as a "critical or substantial benefit project". Projects so designated may qualify for additional flexibility under this policy as determined by the Boone County Commission in consultation with REDI and the impacted taxing entities as defined in this policy. The term all "impacted taxing jurisdictions" may include, but is not limited to, fire

protection districts, library districts, road districts, etc, in addition to city, school and county. The intent of this policy is not to exclude any impacted taxing entity. The beneficiary company will enter into an agreement with the County of Boone pursuant to which it agrees to make “grant” payments or equivalent contributions to the County of Boone and all other impacted taxing jurisdictions as detailed in the following Eligibility Qualifications.

The State of Missouri already allows sales tax exemptions for machinery and equipment to establish new or expand existing manufacturing, mining or fabricating plants if used directly in manufacturing, mining or fabrication of a product which is intended to be sold ultimately for final use of consumption. Other possible Boone County Chapter 100 Revenue Bond sales tax exemptions are described below:

Sales tax exemption on purchases of tangible personal property and materials used to construct, repair, or remodel facilities under the Boone County Missouri Chapter 100 Policy may be granted if the project:

- 1) Has been offered competing incentive proposals
- 2) Pays wages above the average county wage
- 3) Has committed state incentives commensurate with local incentives
- 4) Provides a positive County Impact
- 5) And receives prior approval of the county and the impacted taxing entities as detailed in this policy.

To receive sales tax exemption on non-manufacturing tangible personal property not otherwise defined in this policy, the qualifying project must have been determined to meet the eligibility criteria as established by the Missouri Department of Economic Development, and receive certification of Missouri Department of Economic Development project sales tax exemption.

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

ELIGIBILITY QUALIFICATIONS

1. Life Sciences and Technology Related Companies

The term “life sciences”, as it relates to this policy, is similar to the University of Missouri-Columbia’s interdisciplinary approach. Bringing together six schools and colleges (the College of Agriculture, Food and Natural Resources; the College of Arts and Sciences; the College of Engineering; the College of Human Environmental Sciences; the School of Medicine and the College of Veterinary Medicine), the University of Missouri focuses on research and education regarding:

1. The supply and quality of food

2. Prevention and treatment of disease
3. Protection and improvement of our environment

Other sources define “life sciences companies” as those in the fields of biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, nutraceuticals, cosmeceuticals, food processing, environmental and biomedical devices.

Simply put, “life sciences” generally encompasses all sciences that have to do with organisms (plants, animals and human beings).

2. Basic Sector Employers

The Basic Jobs Sector is also referred to as the Primary or Contributory Sector. This Sector is made up of industries that contribute or import money into a local economy. Basic Employers; sell or export their products or services outside of the area and are not dependent upon local customers, import new money into the community and have greater potential to create spin-off jobs. Manufacturing firms, regional or corporate offices, research and development firms and warehouse and distribution companies meeting capital investment criteria and providing jobs above the county average wage.

Applicants must meet the following minimum amount of capital investment:

- New Companies
 - A life sciences, related high tech business, basic employers and other eligible companies as defined in the eligibility section new to the municipality -\$10 million new minimum capital investment.
- Existing Companies
 - A business currently located in the County of Boone - \$5 million new 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, and industrial plants, including the real estate either within or without the limits of such municipalities, buildings, fixtures and machinery.
- Manufacturing Reinvestment Projects
 - To encourage new capital investment in vacated, or threatened to be vacated, manufacturing facilities for companies investing at least \$3 million in a Boone County manufacturing building. The company must create or retain at least 50 jobs.
- Project must locate or expand in the County of Boone.

- Percentage of grant payments shall be at least 50% of the normal tax revenues generated from real and personal property taxes, during the incentive period, which shall not exceed 10 years. Annual grant payments may be set up on a variable payment schedule, but shall total at least 50% of the normal tax revenues during the incentive period.
- At the end of the incentive period, which shall not exceed 10 years, the applicant will make grant payments equal to 100% of the normal tax revenues for real and personal property until the real and personal property returns to the tax roles.
- Either real and/or personal property investment is eligible for the County of Boone Chapter 100 Program.
- On personal property, the incentive period will equal the depreciable life of the asset, but cannot exceed 10 years.
- Replacement of equipment financed under a previous Boone County Chapter 100 Bond issuance is not eligible.
- Grant payments are due on the same date that personal and real property taxes are due in Boone County. Late payments will be dealt with using the County's existing late fee schedule. Grant payments will be determined each year based on the levy.

If the governing body of the County of Boone 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 County of Boone. 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 County of Boone or an existing business will leave or will not expand or reinvest in the County of Boone) 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. The company must include documentation to justify their request for the use of Chapter 100 Revenue Bonds. For a company with locations only in Boone County, the applicant should submit evidence of competing offers from other states or localities.

COST BENEFIT ANALYSIS

All County of Boone 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 Collector of the County of Boone explaining the amount of expected increased property tax revenue to the County and

all impacted taxing jurisdictions as a result of the project. This analysis shall include expected property tax revenue to all impacted taxing jurisdictions compared to the amount of the proposed property exemption.

- The assessor and the applicant will mutually agree to a depreciation schedule for all assets that are a part of the Chapter 100 Bond issuance.

COMMUNITY IMPACT STATEMENT AND FUNDING CONSIDERATIONS

A Community Impact Statement shall be generated by the applicant to aid the County Commission of the County of Boone 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 County Commission of the County of Boone with a holistic picture of the project's impact. Upon receipt of a Chapter 100 bond application, the County of Boone may ask the applicant to provide additional information.

REDI staff will review issues involved with development of the project and share pertinent information with authorities of all impacted taxing jurisdictions. The Boone County Commission, in conjunction with REDI, will establish a Chapter 100 Review Panel consisting of a representative of each taxing jurisdiction impacted by the specific Chapter 100 proposal, before any formal request is submitted to the County of Boone. The review panel shall consist of those taxing entities providing direct services to the impacted site. The representative of the taxing jurisdiction shall be the chief elected official, chief appointed official, executive director, or officially designated representative of the taxing jurisdiction. After review of the preliminary project information by the review panel, a majority vote of the review panel is required before the applicant submits a formal application to the Boone County Commission. Upon completion of this review, impacted taxing entities may also submit a response form 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 County Commission of the County of Boone 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 a mutually agreed upon timetable.

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 and number of employees retained due to the expansion.

- 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. The company's average wage for the project will be measured against the average Boone County wage as published annually by the Missouri Department of Economic Development.
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 County of Boone 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. Willingness of beneficiary company to accept "clawbacks," or base requirements on employment, wages and penalties for breach of agreement as determined through negotiation.
8. Extent to which new or expanded business will compete with existing business in the area, including the potential impact on other existing employers.
9. Discussion of the impact of any relocation of the applicant within the County.
10. The beneficiary company's willingness to address community impacts caused by the scope of the proposed project.
11. Potential for future expansion of the project.
12. General environmental impact on the area using current local development standards for environmental assessments.
13. The applicant must demonstrate that the project will not occur (e.g., the business will not locate in the County of Boone or an existing business will leave or will not expand or reinvest in the County of Boone) 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.

14. The applicant is strongly encouraged to maintain a payroll account with a financial institution with a physical location in Boone County.

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 REDI. 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 in connection with any Chapter 100 project. If Chapter 100 Bonds are issued, the applicant will provide to REDI and Boone County employment, wage and other information needed to determine compliance with the Boone County Chapter 100 Policy on an annual basis.