

ORDINANCE 71416

BOARD BILL NUMBER 112 INTRODUCED BY: ALDERWOMAN CHRISTINE INGRASSIA

1 An Ordinance recommended by the Board of Estimate and Apportionment authorizing The
2 City of St. Louis, Missouri to issue its Taxable Industrial Development Revenue Bonds in one or
3 more series in a total principal amount of not to exceed \$37,000,000 for the purpose of providing
4 funds to pay the costs of acquiring, constructing, improving and equipping an industrial
5 development project in the City; approving a plan for such project; authorizing and directing the
6 Mayor and the Comptroller to execute certain documents related thereto; and authorizing and
7 directing the taking of other actions and approval and execution of other documents as are
8 necessary or desirable to carry out and comply with the intent hereof.

9 **WHEREAS**, The City of St. Louis, Missouri, a constitutional charter city and political
10 subdivision of the State of Missouri (the “City”), is authorized and empowered pursuant to the
11 provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through
12 100.200, inclusive, of the Revised Statutes of Missouri, as amended, and its charter (collectively,
13 the “Act”), to purchase, construct, extend, equip and improve certain projects (as defined in the
14 Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay
15 the costs of such projects and to lease or otherwise dispose of such projects to private persons or
16 corporations for manufacturing, commercial, office industry, warehousing and industrial
17 development purposes upon such terms and conditions as the City deems advisable; and

18 **WHEREAS**, the Act requires the City to prepare a plan in connection with any industrial
19 development project undertaken pursuant to the Act; and

20 **WHEREAS**, a Plan for an Industrial Development Project (the “Plan”) has been prepared
21 in the form of **Exhibit A** attached hereto; and

1 **WHEREAS**, notice of the City’s consideration of the Plan has been given in the manner
2 required by the Act, and the Board of Aldermen has fairly and duly considered all comments
3 submitted to the Board of Aldermen regarding the proposed Plan; and

4 **WHEREAS**, the Board of Aldermen hereby finds and determines that it is desirable for
5 the improvement of the economic welfare and development of the City and within the public
6 purposes of the Act that the City: (1) approve the Plan pursuant to the Act, (2) issue its Taxable
7 Industrial Development Revenue Bonds in one or more series in a total principal amount not to
8 exceed \$37,000,000 (the “Bonds”), for the purpose of acquiring, constructing, improving and
9 equipping an industrial development project (the “Project”) at facilities located at 2929 Chouteau
10 Avenue in the City owned by Villa Manchester LLC (the “Landlord”) and to be operated by Deli
11 Star Corporation and/or its affiliates (collectively, the “Company”), (3) lease the real estate portion
12 of the Project to the Landlord (for sublease to the Company) and the personal property portion of
13 the Project to the Company, and (4) enter into one or more performance agreements with the
14 Company and the Landlord, under which the Company and the Landlord will make certain
15 payments to the City in consideration of the City issuing the Bonds; and

16 **WHEREAS**, the Board of Aldermen further finds and determines that it is necessary and
17 desirable in connection with the issuance of the Bonds that the City enter into certain documents,
18 and that the City take certain other actions as herein provided;

19 **BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:**

20 **SECTION ONE.** The Board of Aldermen hereby approves the Plan for an Industrial
21 Development Project attached as **Exhibit A** hereto.

1 **SECTION TWO.** The City is hereby authorized to provide for the acquisition,
2 construction, improvement and equipping of the Project, as further described in the Plan.

3 **SECTION THREE.** The City is hereby authorized to issue and sell the Bonds as
4 described in the recitals hereto for the purpose of providing funds to pay the costs of the Project.

5 The Bonds shall:

6 (a) be issued in one or more series, provided that the cumulative maximum
7 principal amount of all series shall not exceed \$37,000,000;

8 (b) be sold initially only to the Company or the Landlord;

9 (c) have an interest rate of no greater than 5.00 percent per annum;

10 (d) have a final maturity date no later than then end of the tax abatement period
11 described in the Plan.

12 The Bonds shall be issued and secured pursuant to the Indentures described in Section Five below
13 and shall have such terms, provisions, covenants and agreements as are set forth in the Indentures.

14 **SECTION FOUR.** The Bonds and the interest thereon shall be limited obligations of the
15 City, payable solely out of certain payments, revenues and receipts derived by the City from the
16 Leases described in Section Five below. Such payments, revenues and receipts shall be pledged
17 and assigned to the trustee named in the Indentures (the “Trustee”), as security for the payment of
18 the Bonds as provided in the Indentures. The Bonds and the interest thereon shall not constitute
19 general obligations of the City, the State of Missouri (the “State”) or any political subdivision
20 thereof, and neither the City nor the State shall be liable thereon. The Bonds shall not constitute
21 an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or
22 restriction, and are not payable in any manner by taxation.

1 **SECTION FIVE.** In connection with the issuance of the Bonds, the City hereby
2 authorizes the Board of Estimate and Apportionment to approve, on behalf of the City, the
3 following documents (collectively, the “City Documents”), the terms of which shall be consistent
4 with Section Three above and the Plan:

5 (a) one or more Trust Indentures (the “Indentures”) between the City and the
6 Trustee, pursuant to which the applicable series of Bonds will be issued and the City will
7 pledge the applicable portion of the Project and assign certain of the payments, revenues
8 and receipts received pursuant to the applicable Lease to the Trustee for the benefit and
9 security of the owners of the Bonds upon the terms and conditions as set forth in the
10 applicable Indenture;

11 (b) one or more special warranty deeds or ground leases between the City and
12 the Landlord (or the Company, if the Company acquires the Landlord’s interest in the
13 applicable real property), pursuant to which the Landlord or the Company, as applicable,
14 will transfer an interest in the real property associated with the Project to the City;

15 (c) one or more Lease Agreements (the “Leases”) between the City and the
16 Company or the City and the Landlord, pursuant to which the City will lease the applicable
17 portion of the Project to the Company or the Landlord pursuant to the terms and conditions
18 therein, in consideration of rental payments by the Company or the Landlord, as applicable,
19 that will be sufficient to pay the principal of and interest on the corresponding series of
20 Bonds;

21 (c) one or more Bond Purchase Agreements between the City and the Company
22 or the City and the Landlord, pursuant to which the Company or the Landlord, as

1 applicable, will purchase the applicable series of Bonds from the City; and

2 (d) one or more Performance Agreements between or among the City, the
3 Company, and the Landlord, pursuant to which the Company and the Landlord will make
4 certain payments in lieu of taxes in consideration of the issuance of the applicable series of
5 Bonds. Said Performance Agreements shall include jobs and payroll requirements of
6 approximately 325 jobs at an average annual wage of \$65,582 and entering into a
7 memorandum of understanding with St. Louis Public School District to provide enhanced
8 opportunities for students and recent graduates as a condition for receiving the full amount
9 of tax abatement contemplated by the Plan.

10 The Mayor or her designated representatives and the Comptroller or her designated
11 representatives, with the advice and concurrence of the City Counselor and after approval by the
12 Board of Estimate and Apportionment, are hereby further authorized and directed to make any
13 changes to the documents, agreements and instruments approved and authorized by this Ordinance
14 as may be consistent with the intent of this Ordinance and necessary and appropriate in order to
15 carry out the matters herein authorized, with no further action of the Board of Aldermen or the
16 Board of Estimate and Apportionment necessary to authorize such changes made by the Mayor or
17 her designated representatives or the Comptroller or her designated representatives. Such changes
18 may include, but are not limited to, the substitution of an affiliated entity designated by Deli Star
19 Corporation or a successor owner of the applicable real property as a party to the applicable City

1 documents. The Mayor and the Comptroller’s signatures on the applicable City Documents shall
2 constitute approval of any such change.

3 **SECTION SIX.** The Mayor and the Comptroller are hereby authorized and directed to
4 execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of
5 and as the act and deed of the City in the manner provided in the Indentures. The Mayor and the
6 Comptroller are hereby authorized and directed to execute the City Documents and such other
7 documents, certificates and instruments as may be necessary or desirable to carry out and comply
8 with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The
9 City Register is hereby authorized to attest to and affix the seal of the City to the Bonds and the
10 City Documents and such other documents, certificates and instruments as may be necessary or
11 desirable to carry out and comply with the intent of this Ordinance.

12 **SECTION SEVEN.** The City shall, and the officials, agents and employees of the City
13 are hereby authorized to, take such further action, and execute such other documents, certificates
14 and instruments as may be necessary or desirable to carry out and comply with the intent of this
15 Ordinance and to carry out, comply with and perform the duties of the City with respect to the
16 Bonds and the City Documents. The Mayor and the Comptroller are hereby authorized, through
17 the term of the Leases, to execute all documents or take any other actions on behalf of the City
18 (including documents pertaining to the transfer of the Project) as may be required to carry out and
19 comply with the intent of this Ordinance, the Indentures and the Leases.

20 **SECTION EIGHT.** If any section, subsection, sentence, clause, phrase or portion of this
21 ordinance is held to be invalid or unconstitutional, or unlawful for any reason, by any court of
22 competent jurisdiction, such portion shall be deemed and is hereby declared to be a separate,

1 distinct and independent provision of this Ordinance, and such holding or holdings shall not affect
2 the validity of the remaining portions of this Ordinance.

3 **SECTION NINE.** After adoption of this Ordinance by the Board of Aldermen, this
4 Ordinance shall become effective on the 30th day after its approval by the Mayor or adoption over
5 her veto.

EXHIBIT A

PLAN FOR INDUSTRIAL DEVELOPMENT

**BOARD BILL NUMBER 112
EXHIBIT A**

THE CITY OF ST. LOUIS, MISSOURI

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST/BENEFIT ANALYSIS**

FOR

DELI STAR CORPORATION

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| I. PURPOSE OF THIS PLAN..... | 1 |
| II. DESCRIPTION OF CHAPTER 100 FINANCINGS | 1 |
| General..... | 1 |
| Issuance and Sale of Bonds | 1 |
| Property Tax Abatement..... | 2 |
| Sales and Use Tax Exemption..... | 2 |
| III. DESCRIPTION OF THE PARTIES..... | 2 |
| Deli Star Corporation | 2 |
| The City of St. Louis, Missouri..... | 2 |
| IV. REQUIREMENTS OF THE ACT | 2 |
| Description of the Project..... | 2 |
| Estimate of the Costs of the Project. | 3 |
| Source of Funds to be Expended for the Project..... | 3 |
| Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City..... | 3 |
| Affected School District, Community College District, Ambulance District, Fire District, County and City..... | 3 |
| Current Assessed Valuation..... | 3 |
| Payments in Lieu of Taxes. | 4 |
| Cost/Benefit Analysis and Discussion of Exhibits. | 4 |
| V. ASSUMPTIONS AND BASIS OF PLAN..... | 5 |
| ATTACHMENT A - SUMMARY OF KEY ASSUMPTIONS (REAL AND PERSONAL PROPERTY | |
| EXHIBIT 1 - SUMMARY OF COST/BENEFIT ANALYSIS (REAL AND PERSONAL PROPERTY) | |
| EXHIBIT 2 - PROJECTED PERSONAL PROPERTY TAX REVENUES WITHOUT | |
| ABATEMENT (PROJECT NOT BUILT) | |
| EXHIBIT 3 - PROJECTED PERSONAL PROPERTY TAX REVENUES WITHOUT | |
| ABATEMENT (PROJECT BUILT) | |
| EXHIBIT 4 - PROJECTED PAYMENT IN LIEU OF TAXES REVENUES (REAL PROPERTY) | |
| EXHIBIT 5 - PROJECTED PERSONAL PROPERTY TAX REVENUES (PROJECT BUILT) | |
| EXHIBIT 6 - PROJECTED PAYMENT IN LIEU OF TAXES REVENUES (PERSONAL | |
| PROPERTY) | |
| EXHIBIT 7 - PROJECTED VALUE OF SALES AND USE TAX EXEMPTION AND SUMMARY | |
| OF KEY ASSUMPTIONS (PROJECT IMPROVEMENTS) | |

THE CITY OF ST. LOUIS, MISSOURI

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST/BENEFIT ANALYSIS
DELI STAR CORPORATION

I. PURPOSE OF THIS PLAN

The City of St. Louis, Missouri (the “City”) intends to issue taxable industrial revenue bonds in a principal amount not to exceed \$37,000,000 (the “Bonds”) to finance the costs of a proposed industrial development project (the “Project”) for Deli Star Corporation (including its affiliates, the “Company”) located in a portion of the existing building at 3049 Chouteau Avenue in the City (the “Project Site”). The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, Article VI, Section 27(b) of the Missouri Constitution and the City Charter (collectively, the “Act”). The Bonds will initially be owned by the Company or the owner of the Project Site, Villa Manchester LLC (the “Landlord”), and cannot be transferred, other than to the Company’s or the Landlord’s affiliates and lenders, without the City’s prior approval.

This Plan for an Industrial Development Project and Cost/Benefit Analysis (this “Plan”) has been prepared to satisfy requirements of the Act and to analyze the potential costs and benefits, including the related tax impact on affected taxing jurisdictions, of using industrial development bonds to finance the Project and to facilitate abatement of ad valorem taxes on the bond-financed property.

II. DESCRIPTION OF CHAPTER 100 FINANCINGS

General. The Act authorizes cities, counties, towns and villages to issue industrial development bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from the project. The municipality issues its bonds and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of the bonds, the company will convey the personal property included in the project to the municipality (the municipality must be the legal owner of the property while the bonds are outstanding for the property to be eligible for tax abatement, as further described below). At the same time, the municipality will lease the personal property back to the benefited company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the municipality, to use the bond proceeds to purchase the personal property.

Under the lease agreement, the company typically: (1) will unconditionally agree to make payments sufficient to pay the principal of and interest on the bonds as they become due; (2) will agree, at its own expense, to maintain the project, to pay all taxes and assessments with respect to the project, and to maintain adequate insurance; (3) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (4) may assign its interests under the lease agreement or sublease the project while remaining responsible for payments under the lease agreement; (5) will covenant to maintain its corporate existence during the term of the bond issue; and (6) will agree to indemnify the municipality for

any liability the municipality might incur as a result of its participation in the transaction.

Property Tax Abatement. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, as amended, all property of any political subdivision is exempt from taxation. In a typical transaction, the municipality holds fee title to the project and leases the project to the benefited company. Although the Missouri Supreme Court has held that the leasehold interest is taxable, it is taxable only to the extent that the economic value of the lease is less than the actual market value of the lease. See *Iron County v. State Tax Commission*, 437 S.W.2d 665 (Mo. banc 1968) and *St. Louis County v. State Tax Commission*, 406 S.W.2d 644 (Mo. banc 1966). If the rental payments under the lease agreement equal the actual debt service payments on the bonds, the leasehold interest should have no “bonus value” and the bond-financed property should be exempt from ad valorem taxation and personal property taxation so long as the bonds are outstanding.

If the municipality and the company determine that partial tax abatement is desirable, the company may agree to make “payments in lieu of taxes.” The amount of payments in lieu of taxes is negotiable. The payments in lieu of taxes are payable by December 31 of each year, and are distributed to the municipality and to each political subdivision within the boundaries of the project in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

Sales and Use Tax Exemption. One of the purposes of this Plan is to provide a sales and use tax exemption on qualified building materials. Under the Act and other applicable state law, qualified building materials can be exempt from sales and use tax if approved by the City. The sales and use tax exemption is evidenced by a project exemption certificate issued by the City.

III. DESCRIPTION OF THE PARTIES

Deli Star Corporation. The Company was founded in 1987 and produces innovative food products, including deli meats and other proteins. The Company operates its Food Discovery Center at the City Foundry St. Louis development and a production facility in Belleville, Illinois. The Company intends to relocate its headquarters to the Project. More information about Company is available at <http://delistarcorporation.com>.

The City of St. Louis, Missouri. The City is a charter city and a political subdivision of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend, equip and improve certain projects (as defined in the Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

IV. REQUIREMENTS OF THE ACT

A. Description of the Project. The Project consists of the acquisition, construction, improvement of an approximately 110,000 square foot food manufacturing facility located at 3049

Chouteau Avenue (the “Project Improvements”)¹ and the acquisition and installation of equipment and other personal property for use in the Project Improvements (the “Project Equipment”). The Project is anticipated to be substantially completed in early 2022, although additional investment is expected to occur in subsequent years until full operational capacity is achieved. The City will acquire the Project with the Bond proceeds and will lease the Project Improvements to the Landlord (for sublease to the Company) and the Project Equipment to the Company.

B. Estimate of the Costs of the Project. Construction of the Project Improvements is expected to cost approximately \$17,000,000 and acquisition and installation of the Project Equipment is expected to cost approximately \$20,000,000.

C. Source of Funds to be Expended for the Project. The source of funds to be expended for the Project will be the proceeds of the Bonds in the maximum principal amount of \$37,000,000 and other available funds of the Company and the Landlord. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project to the Company and the Landlord (as further described below). The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

D. Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The City will lease the Project Site and the Project Improvements to the Landlord (for sublease to the Company) and the Project Equipment to the Company for lease payments equal to the principal and interest on the Bonds. Under the terms of the lease agreement with the City, (1) the Company and/or Landlord will have the option to purchase the Project Site and the Project Improvements (or portions thereof) at any time for nominal consideration and (2) the Company will have the option to purchase the Project Equipment (or portions thereof) at any time for nominal consideration. The lease will terminate on December 31, 2031, unless terminated sooner or extended due to construction delays pursuant to the terms thereof.

E. Affected School District, Community College District, Ambulance District, Fire District, County and City. The St. Louis Public School District is the school district affected by the Project. The Community College District of St. Louis, St. Louis County, Missouri is the community college district affected by the Project. No ambulance districts or fire districts are affected by the Project. The City of St. Louis is the city affected by the Project. Because the City is not located within a county, no county is affected by the Project. The Cost/Benefit Analysis attached hereto identifies all other taxing districts affected by the Project.

F. Current Assessed Valuation. The Project Site is located on a larger parcel and includes a portion of an existing building. The assessed value for 2020 of this parcel is \$2,816,700, of which, the City estimates approximately \$1,420,000 is attributable to the portion of the existing parcel and building to be occupied by the Company. Assessed values for calendar year 2021 have not yet been posted on the City Assessor’s webpage. Following completion of the Project Improvements, the assessed value attributable to the portion of the parcel and existing building occupied by the Company is expected to increase by \$2,175,000 (for a total assessed value of \$3,595,000 attributable to the portion of the existin parcel and

¹ The Project will be located in a portion of the existing building located at the Project Site. Currently, the building is not subdivided into separate condominium units. Accordingly, it may be necessary for the City to obtain title to the entire building to facilitate the tax exemptions described in this Plan. If the City does obtain title to the entire building, the Landlord will be required to pay payments in lieu of taxes equal to 100% of the real property taxes that would be due, but for the City’s ownership interest, on the portion of the building not occupied by the Company (i.e., due to contractual payments in lieu of taxes, effectively, only the portion of the building occupied by the Company will receive net tax abatement).

building to be occupied by the Company). The post-completion assessed value was estimated by St. Louis Development Corporation and is based on historical data for similar properties and investments.

The Project Equipment has not yet been acquired and installed; accordingly, the most recent equalized assessed valuation of the personal property included in the Project is \$0. The estimated total equalized assessed valuation of the Project Equipment after development of the Project is \$4,456,904. This valuation was calculated based upon the Company's anticipated investment of \$20,000,000 in personal property, the estimated schedule of such investment, depreciation, and an assessment rate of 33.33% for the Project Equipment.

G. *Payments in Lieu of Taxes.* If this Plan is approved by the Board of Aldermen, the City intends to issue the Bonds, take possession of the Project and extend tax abatement to the Company and the Landlord.

With respect to the Project Site and the Project Improvements, the Landlord will make payments in lieu of taxes equal to \$36,000 plus 50% of the ad valorem real property taxes that would otherwise be due, but for the City's ownership interest, on any assessed value over \$1,420,000 for a period of 10 years (from 2022 through 2031). The Company is expected to assume this obligation in its sublease with the Landlord.

With respect to the Project Equipment, the Company will make payments in lieu of taxes equal to 50% of the ad valorem personal property taxes that would otherwise be due, but for the City's ownership interest, for a period of 10 years (from 2022 through 2031).

To the extent that the City must acquire the entirety of the existing parcel and building to facilitate the tax exemptions contemplated by this Plan, the Landlord will be responsible for paying payments in lieu of taxes equal to 100% of the ad valorem real property taxes that would otherwise be due, but for the City's ownership interest, on the portion of existing parcel and building not occupied by the Company. Accordingly, the tax exemptions described in this Plan are intended only for the portion of the existing parcel and building to be occupied by the Company.

H. *Cost/Benefit Analysis and Discussion of Exhibits.* In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, as amended, this Plan has been prepared to show the costs and benefits to the City and to other taxing jurisdictions affected by the tax abatements and exemptions of the Project Equipment. The following is a summary of the exhibits attached to this Plan that shows the direct tax impact the Project is expected to have on each taxing jurisdiction. This Plan does not attempt to quantify the overall economic impact of the Project.

Summary of Cost/Benefit Analysis. **Exhibit 1** presents a summary for each affected taxing district of (1) the total estimated tax revenues that would be generated if the Project did not receive tax abatement, (2) the total estimated value of the payments in lieu of taxes for the proposed abatement period and (3) the total estimated value of the abatement. Please note that the actual value of the Project may differ from the estimated value assumed in this Plan and may impact the value of the payments in lieu of taxes to be made by the Company.

Real Property Tax Revenues. **Exhibit 2** provides the projected tax revenues that would be generated from the Project Site and the Project Improvements if the Project were never built. **Exhibit 3** provides projected tax revenues if the Project was completed, but not granted tax abatement. **Exhibit 4** provides the projected value of the real property payments in lieu of taxes.

Personal Property Tax Revenues. As noted above, no personal property tax revenues would occur if the Project is not completed. **Exhibit 5** provides the projected tax revenues that would be generated from the Project Equipment if the Project was not completed, but not granted tax abatement. **Exhibit 6** provides the projected value of the personal property payments in lieu of taxes.

Refer to **Attachment A** for the assumptions related to the determination of the assessed values and the property tax formulas.

Sales Tax Exemption on Construction Materials. **Exhibit 7** provides estimated values of the sales and use taxes exemption on construction materials purchased for the Project Improvements. Key assumptions for these estimated values are also included in **Exhibit 7**.

Ancillary Project Benefits. The Company estimates that completion of the Project will result in the creation or relocation (from another state) of approximately 325 full-time jobs at an average annual wage of \$65,582. Additionally, the Company will partner with the St. Louis Public School District (“SLPS”) on various training and hiring initiatives that will benefit SLPS students and graduates. The Cost/Benefit Analysis does not take into account these ancillary benefits.

V. ASSUMPTIONS AND BASIS OF PLAN

As described herein, this Plan includes assumptions that impact the amount of the property tax exemption, payments in lieu of taxes, and sales and use tax exemption proposed for the Project.

In addition to the foregoing, in order to complete this Plan, we have generally reviewed and relied upon information furnished to us by, and have participated in conferences with, representatives of the City, representatives of the Company and its counsel, and other persons as we have deemed appropriate. We do not assume any responsibility for the accuracy, completeness or fairness of any of the information provided to us; we have not independently verified the accuracy, completeness or fairness of such information.

* * *

ATTACHMENT A

SUMMARY OF KEY ASSUMPTIONS (REAL AND PERSONAL PROPERTY)

1. The Company and/or the Landlord will invest \$17,000,000 in constructing the Project Improvements. The Project Improvements are expected to be substantially completed by early 2022. Post-completion assessed values were estimated by St. Louis Development Corporation and are based on historical data for similar properties and investments.

2. The Project Site and the Project Improvements are expected to be owned by the City (making them exempt from taxation) and leased to the Landlord (who will sublease them to the Company).

3. During the period when the Project Site and the Project Improvements are exempt from taxation (assumed to be 2022 through 2031), the Landlord and/or the Company will make payments in lieu of taxes equal to \$36,000 plus 50% of the ad valorem real property taxes that would be due, but for the City's ownership interest, on any assessed value above \$1,420,000 (which is the estimated current assessed value of the portion of the existing parcel and building to be occupied by the Company).

4. The Company will invest \$20,000,000 in acquiring and installing the Project Equipment. The estimated time schedule and classification for this investment are detailed in **Exhibit 5**. The assessed value of the Project Equipment is calculated using the following formula:

$$(\text{Cost} * \text{Depreciation Factor}) * \text{Assessment Ratio of } 33\text{-}1/3\%$$

The statutory schedule for depreciation used in calculating the assessed values in **Exhibit 5** is set forth below:

| Year | 7-Year Depreciation | 5-Year Depreciation |
|------|---------------------|---------------------|
| 0 | 100.00% | 100.00% |
| 1 | 89.29% | 85.00% |
| 2 | 70.16% | 59.50% |
| 3 | 55.13% | 41.65% |
| 4 | 42.88% | 24.99% |
| 5 | 30.63% | 10.00% |
| 6 | 18.38% | 10.00% |
| 7 | 10.00% | 10.00% |
| 8 | 10.00% | 10.00% |
| 9 | 10.00% | 10.00% |
| 10 | 10.00% | 10.00% |

5. The Project Equipment is expected to be owned by the City and leased to the Company with an option to purchase. As long as the Project Equipment is owned by the City, it will be exempt from ad valorem taxes (including personal property taxes for non-manufacturing equipment and the manufacturers license taxes on manufacturing equipment).

6. During the period when the Project Equipment will be exempt from taxation (assumed to be 2022 through 2031), the Company will make payments in lieu of taxes equal to 50% of the personal property taxes and the manufacturers license taxes that would be due, but for the City's ownership of the applicable Project Equipment.

7. All projections of tax revenues and payments in lieu of taxes were made using 2020 tax rates. While these tax rates may fluctuate from year to year, the tax rates were assumed to remain at the 2020 levels.

* * *

EXHIBIT 1**SUMMARY OF COST/BENEFIT ANALYSIS (REAL AND PERSONAL PROPERTY)**

| Tax Distribution | Projected Real and Personal Property Tax if Project is Not Built | Projected Real and Personal Property Tax Revenues without Abatement if Project is Built | Revenue Generated from PILOT Payments | Value of Abatement |
|----------------------------------|---|--|--|---------------------------|
| State of Missouri | \$ 4,551 | \$ 17,654 | \$ 7,796 | \$ 9,859 |
| The City of St. Louis | 241,131 | 684,549 | 287,627 | 396,922 |
| St. Louis Public School District | 760,377 | 2,949,820 | 1,302,586 | 1,647,234 |
| Library | 82,506 | 320,075 | 141,339 | 178,736 |
| St. Louis Community College | 30,141 | 116,931 | 51,635 | 65,297 |
| Zoo - Museum District | 38,409 | 149,003 | 65,797 | 83,206 |
| MSD | 16,353 | 63,438 | 28,013 | 35,425 |
| Sheltered Workshop | 20,342 | 78,915 | 34,848 | 44,068 |
| Children's Service Fund | 27,957 | 108,457 | 47,893 | 60,564 |
| Senior Services | 7,403 | 28,718 | 12,681 | 16,037 |
| Mental Health | 13,228 | 51,316 | 22,660 | 28,656 |
| Commercial Surcharge | 248,777 | 596,616 | 241,928 | 354,688 |
| | \$ 1,491,174 | \$ 5,165,493 | \$ 2,244,802 | \$ 2,920,691 |
| | | | | |

EXHIBIT 2

PROJECTED REAL PROPERTY TAX REVENUES WITHOUT ABATEMENT (PROJECT NOT BUILT)

| Total Estimated Assessed Value of Real Property | | \$ 1,420,000 | \$ 1,448,400 | \$ 1,448,400 | \$ 1,491,852 | \$ 1,491,852 | \$ 1,536,608 | \$ 1,536,608 | \$ 1,582,706 | \$ 1,582,706 | \$ 1,630,187 | |
|---|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Taxing Jurisdiction | Total Tax Rate per \$100 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
| State of Missouri | 0.0300 | \$ 426 | \$ 435 | \$ 435 | \$ 448 | \$ 448 | \$ 461 | \$ 461 | \$ 475 | \$ 475 | \$ 489 | \$ 4,551 |
| The City of St. Louis | 1.5896 | 22,572 | 23,024 | 23,024 | 23,714 | 23,714 | 24,426 | 24,426 | 25,159 | 25,159 | 25,913 | 241,131 |
| St. Louis Public School District | 5.0126 | 71,179 | 72,603 | 72,603 | 74,781 | 74,781 | 77,024 | 77,024 | 79,335 | 79,335 | 81,715 | 760,377 |
| Library | 0.5439 | 7,723 | 7,878 | 7,878 | 8,114 | 8,114 | 8,358 | 8,358 | 8,608 | 8,608 | 8,867 | 82,506 |
| St. Louis Community College | 0.1987 | 2,822 | 2,878 | 2,878 | 2,964 | 2,964 | 3,053 | 3,053 | 3,145 | 3,145 | 3,239 | 30,141 |
| Zoo - Museum District | 0.2532 | 3,595 | 3,667 | 3,667 | 3,777 | 3,777 | 3,891 | 3,891 | 4,007 | 4,007 | 4,128 | 38,409 |
| MSD | 0.1078 | 1,531 | 1,561 | 1,561 | 1,608 | 1,608 | 1,656 | 1,656 | 1,706 | 1,706 | 1,757 | 16,353 |
| Sheltered Workshop | 0.1341 | 1,904 | 1,942 | 1,942 | 2,001 | 2,001 | 2,061 | 2,061 | 2,122 | 2,122 | 2,186 | 20,342 |
| Children's Service Fund | 0.1843 | 2,617 | 2,669 | 2,669 | 2,749 | 2,749 | 2,832 | 2,832 | 2,917 | 2,917 | 3,004 | 27,957 |
| Senior Services | 0.0488 | 693 | 707 | 707 | 728 | 728 | 750 | 750 | 772 | 772 | 796 | 7,403 |
| Mental Health | 0.0872 | 1,238 | 1,263 | 1,263 | 1,301 | 1,301 | 1,340 | 1,340 | 1,380 | 1,380 | 1,422 | 13,228 |
| Commercial Surcharge | 1.6400 | 23,288 | 23,754 | 23,754 | 24,466 | 24,466 | 25,200 | 25,200 | 25,956 | 25,956 | 26,735 | 248,777 |
| | 9.8302 | \$ 139,589 | \$ 142,381 | \$ 142,381 | \$ 146,652 | \$ 146,652 | \$ 151,052 | \$ 151,052 | \$ 155,583 | \$ 155,583 | \$ 160,251 | \$ 1,491,174 |

EXHIBIT 3

PROJECTED REAL PROPERTY TAX REVENUES WITHOUT ABATEMENT (PROJECT BUILT)

| Total Estimated Assessed Value of Real Property | | \$ 1,420,000 | \$ 3,595,000 | \$ 3,595,000 | \$ 3,760,000 | \$ 3,760,000 | \$ 3,922,000 | \$ 3,922,000 | \$ 4,080,000 | \$ 4,080,000 | \$ 4,245,000 | |
|---|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Taxing Jurisdiction | Total Tax Rate per \$100 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
| State of Missouri | 0.0300 | \$ 426 | \$ 1,079 | \$ 1,079 | \$ 1,128 | \$ 1,128 | \$ 1,177 | \$ 1,177 | \$ 1,224 | \$ 1,224 | \$ 1,274 | \$ 10,914 |
| The City of St. Louis | 1.5896 | 22,572 | 57,146 | 57,146 | 59,769 | 59,769 | 62,344 | 62,344 | 64,856 | 64,856 | 67,479 | 578,281 |
| St. Louis Public School District | 5.0126 | 71,179 | 180,203 | 180,203 | 188,474 | 188,474 | 196,594 | 196,594 | 204,514 | 204,514 | 212,785 | 1,823,534 |
| Library | 0.5439 | 7,723 | 19,553 | 19,553 | 20,451 | 20,451 | 21,332 | 21,332 | 22,191 | 22,191 | 23,089 | 197,865 |
| St. Louis Community College | 0.1987 | 2,822 | 7,143 | 7,143 | 7,471 | 7,471 | 7,793 | 7,793 | 8,107 | 8,107 | 8,435 | 72,285 |
| Zoo - Museum District | 0.2532 | 3,595 | 9,103 | 9,103 | 9,520 | 9,520 | 9,931 | 9,931 | 10,331 | 10,331 | 10,748 | 92,112 |
| MSD | 0.1078 | 1,531 | 3,875 | 3,875 | 4,053 | 4,053 | 4,228 | 4,228 | 4,398 | 4,398 | 4,576 | 39,217 |
| Sheltered Workshop | 0.1341 | 1,904 | 4,821 | 4,821 | 5,042 | 5,042 | 5,259 | 5,259 | 5,471 | 5,471 | 5,693 | 48,784 |
| Children's Service Fund | 0.1843 | 2,617 | 6,626 | 6,626 | 6,930 | 6,930 | 7,228 | 7,228 | 7,519 | 7,519 | 7,824 | 67,047 |
| Senior Services | 0.0488 | 693 | 1,754 | 1,754 | 1,835 | 1,835 | 1,914 | 1,914 | 1,991 | 1,991 | 2,072 | 17,753 |
| Mental Health | 0.0872 | 1,238 | 3,135 | 3,135 | 3,279 | 3,279 | 3,420 | 3,420 | 3,558 | 3,558 | 3,702 | 31,722 |
| Commercial Surcharge | 1.6400 | 23,288 | 58,958 | 58,958 | 61,664 | 61,664 | 64,321 | 64,321 | 66,912 | 66,912 | 69,618 | 596,616 |
| | 9.8302 | \$ 139,589 | \$ 353,396 | \$ 353,396 | \$ 369,616 | \$ 369,616 | \$ 385,540 | \$ 385,540 | \$ 401,072 | \$ 401,072 | \$ 417,292 | \$ 3,576,129 |

EXHIBIT 4

PROJECTED PAYMENTS IN LIEU OF TAXES (REAL PROPERTY)

| | | | | | | | | | | | | |
|---|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Estimated Assessed Value of Real Property | | \$ 1,420,000 | \$ 3,595,000 | \$ 3,595,000 | \$ 3,760,000 | \$ 3,760,000 | \$ 3,922,000 | \$ 3,922,000 | \$ 4,080,000 | \$ 4,080,000 | \$ 4,245,000 | |
| Incremental Assessed Value | | \$ - | \$ 2,175,000 | \$ 2,175,000 | \$ 2,340,000 | \$ 2,340,000 | \$ 2,502,000 | \$ 2,502,000 | \$ 2,660,000 | \$ 2,660,000 | \$ 2,825,000 | |
| PILOT Percentage (on Incremental Assessed Value Only) | | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | |
| Real Property PILOT Distribution | Total Tax Rate per \$100 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
| State of Missouri | 0.0300 | \$ 110 | \$ 436 | \$ 436 | \$ 461 | \$ 461 | \$ 485 | \$ 485 | \$ 509 | \$ 509 | \$ 534 | \$ 4,426 |
| The City of St. Louis | 1.5896 | 5,821 | 23,108 | 23,108 | 24,420 | 24,420 | 25,707 | 25,707 | 26,963 | 26,963 | 28,275 | 234,493 |
| St. Louis Public School District | 5.0126 | 18,357 | 72,869 | 72,869 | 77,004 | 77,004 | 81,065 | 81,065 | 85,025 | 85,025 | 89,160 | 739,443 |
| Library | 0.5439 | 1,992 | 7,907 | 7,907 | 8,355 | 8,355 | 8,796 | 8,796 | 9,226 | 9,226 | 9,674 | 80,234 |
| St. Louis Community College | 0.1987 | 728 | 2,889 | 2,889 | 3,052 | 3,052 | 3,213 | 3,213 | 3,370 | 3,370 | 3,534 | 29,312 |
| Zoo - Museum District | 0.2532 | 927 | 3,681 | 3,681 | 3,890 | 3,890 | 4,095 | 4,095 | 4,295 | 4,295 | 4,504 | 37,351 |
| MSD | 0.1078 | 395 | 1,567 | 1,567 | 1,656 | 1,656 | 1,743 | 1,743 | 1,829 | 1,829 | 1,917 | 15,902 |
| Sheltered Workshop | 0.1341 | 491 | 1,949 | 1,949 | 2,060 | 2,060 | 2,169 | 2,169 | 2,275 | 2,275 | 2,385 | 19,782 |
| Children's Service Fund | 0.1843 | 675 | 2,679 | 2,679 | 2,831 | 2,831 | 2,981 | 2,981 | 3,126 | 3,126 | 3,278 | 27,187 |
| Senior Services | 0.0488 | 179 | 709 | 709 | 750 | 750 | 789 | 789 | 828 | 828 | 868 | 7,199 |
| Mental Health | 0.0872 | 319 | 1,268 | 1,268 | 1,340 | 1,340 | 1,410 | 1,410 | 1,479 | 1,479 | 1,551 | 12,863 |
| Commercial Surcharge | 1.6400 | 6,006 | 23,841 | 23,841 | 25,194 | 25,194 | 26,522 | 26,522 | 27,818 | 27,818 | 29,171 | 241,928 |
| | 9.8302 | \$ 36,000 | \$ 142,903 | \$ 142,903 | \$ 151,013 | \$ 151,013 | \$ 158,976 | \$ 158,976 | \$ 166,742 | \$ 166,742 | \$ 174,852 | \$1,450,120 |

EXHIBIT 5

PROJECTED PERSONAL PROPERTY TAX REVENUES (PROJECT BUILT)

| Total Estimated Assessed Value of Mfg. Personal Prop. | | | \$ 4,166,450 | \$ 3,720,211 | \$ 3,369,646 | \$ 2,627,254 | \$ 1,919,258 | \$ 1,225,161 | \$ 711,645 | \$ 608,506 | \$ 566,610 | \$ 566,610 | |
|---|--|--|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|
| Total Estimated Assessed Value of Non-Mfg. Personal Prop. | | | \$ 290,454 | \$ 506,533 | \$ 667,817 | \$ 490,468 | \$ 342,099 | \$ 228,111 | \$ 148,335 | \$ 113,955 | \$ 99,990 | \$ 99,990 | |
| Taxing Jurisdiction | Mfg. Property Tax Rate per \$100 | Non-Mfg. Property Tax Rate per \$100 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
| State of Missouri | 0.0300 | 0.0300 | \$ 1,337 | \$ 1,268 | \$ 1,211 | \$ 935 | \$ 678 | \$ 436 | \$ 258 | \$ 217 | \$ 200 | \$ 200 | \$ 6,741 |
| The City of St. Louis | 0.3017 | 1.5896 | 17,187 | 19,276 | 20,782 | 15,723 | 11,228 | 7,322 | 4,505 | 3,647 | 3,299 | 3,299 | 106,269 |
| St. Louis Public School District | 5.0126 | 5.0126 | 223,407 | 211,870 | 202,382 | 156,279 | 113,353 | 72,847 | 43,107 | 36,214 | 33,414 | 33,414 | 1,126,286 |
| Library | 0.5439 | 0.5439 | 24,241 | 22,989 | 21,960 | 16,957 | 12,300 | 7,904 | 4,677 | 3,929 | 3,626 | 3,626 | 122,209 |
| St. Louis Community College | 0.1987 | 0.1987 | 8,856 | 8,399 | 8,022 | 6,195 | 4,493 | 2,888 | 1,709 | 1,436 | 1,325 | 1,325 | 44,646 |
| Zoo - Museum District | 0.2532 | 0.2532 | 11,285 | 10,702 | 10,223 | 7,894 | 5,726 | 3,680 | 2,177 | 1,829 | 1,688 | 1,688 | 56,892 |
| MSD | 0.1078 | 0.1078 | 4,805 | 4,556 | 4,352 | 3,361 | 2,438 | 1,567 | 927 | 779 | 719 | 719 | 24,222 |
| Sheltered Workshop | 0.1341 | 0.1341 | 5,977 | 5,668 | 5,414 | 4,181 | 3,032 | 1,949 | 1,153 | 969 | 894 | 894 | 30,131 |
| Children's Service Fund | 0.1843 | 0.1843 | 8,214 | 7,790 | 7,441 | 5,746 | 4,168 | 2,678 | 1,585 | 1,331 | 1,229 | 1,229 | 41,411 |
| Senior Services | 0.0488 | 0.0488 | 2,175 | 2,063 | 1,970 | 1,521 | 1,104 | 709 | 420 | 353 | 325 | 325 | 10,965 |
| Mental Health | 0.0872 | 0.0872 | 3,886 | 3,686 | 3,521 | 2,719 | 1,972 | 1,267 | 750 | 630 | 581 | 581 | 19,593 |
| | 6.9023 | 8.1902 | \$ 311,370 | \$ 298,266 | \$ 287,279 | \$ 221,511 | \$ 160,492 | \$ 103,247 | \$ 61,269 | \$ 51,334 | \$ 47,299 | \$ 47,299 | \$ 1,589,364 |
| Personal Property Assessed Value | | | | | | | | | | | | | |
| Manufacturing | | | | | | | | | | | | | |
| 7-Year Depreciation | | | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> | <u>2031</u> | |
| 2021 | 14,000,000 | | 4,166,450 | 3,273,806 | 2,572,476 | 2,000,867 | 1,429,257 | 857,648 | 466,620 | 466,620 | 466,620 | 466,620 | |
| 2022 | 1,500,000 | | | 446,405 | 350,765 | 275,622 | 214,379 | 153,135 | 91,891 | 49,995 | 49,995 | 49,995 | |
| 2023 | 1,500,000 | | | | 446,405 | 350,765 | 275,622 | 214,379 | 153,135 | 91,891 | 49,995 | 49,995 | |
| | 17,000,000 | | 4,166,450 | 3,720,211 | 3,369,646 | 2,627,254 | 1,919,258 | 1,225,161 | 711,645 | 608,506 | 566,610 | 566,610 | |
| Non- Manufacturing | | | | | | | | | | | | | |
| 7-Year Depreciation | | | | | | | | | | | | | |
| 2021 | 500,000 | | 148,802 | 116,922 | 91,874 | 71,460 | 51,045 | 30,630 | 16,665 | 16,665 | 16,665 | 16,665 | |
| 2022 | 500,000 | | | 148,802 | 116,922 | 91,874 | 71,460 | 51,045 | 30,630 | 16,665 | 16,665 | 16,665 | |
| 2023 | 500,000 | | | | 148,802 | 116,922 | 91,874 | 71,460 | 51,045 | 30,630 | 16,665 | 16,665 | |
| 5-Year Depreciation | | | | | | | | | | | | | |
| 2021 | 500,000 | | 141,653 | 99,157 | 69,410 | 41,646 | 16,665 | 16,665 | 16,665 | 16,665 | 16,665 | 16,665 | |
| 2022 | 500,000 | | | 141,653 | 99,157 | 69,410 | 41,646 | 16,665 | 16,665 | 16,665 | 16,665 | 16,665 | |
| 2023 | 500,000 | | | | 141,653 | 99,157 | 69,410 | 41,646 | 16,665 | 16,665 | 16,665 | 16,665 | |
| | 20,000,000 | | 290,454 | 506,533 | 667,817 | 490,468 | 342,099 | 228,111 | 148,335 | 113,955 | 99,990 | 99,990 | |

EXHIBIT 6

PROJECTED PAYMENTS IN LIEU OF TAXES (PERSONAL PROPERTY)

| | | | | | | | | | | | | | |
|---|--|--|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|------------|
| Total Estimated Assessed Value of Mfg. Personal Prop. | | | \$ 4,166,450 | \$ 3,720,211 | \$ 3,369,646 | \$ 2,627,254 | \$ 1,919,258 | \$ 1,225,161 | \$ 711,645 | \$ 608,506 | \$ 566,610 | \$ 566,610 | |
| Total Estimated Assessed Value of Non-Mfg. Personal Prop. | | | \$ 290,454 | \$ 506,533 | \$ 667,817 | \$ 490,468 | \$ 342,099 | \$ 228,111 | \$ 148,335 | \$ 113,955 | \$ 99,990 | \$ 99,990 | |
| PILOT Percentage | | | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | |
| Personal Property PILOT Distribution | Mfg. Property Tax Rate per \$100 | Non-Mfg. Property Tax Rate per \$100 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
| State of Missouri | 0.0300 | 0.0300 | \$ 669 | \$ 634 | \$ 606 | \$ 468 | \$ 339 | \$ 218 | \$ 129 | \$ 108 | \$ 100 | \$ 100 | \$ 3,370 |
| The City of St. Louis | 0.3017 | 1.5896 | 8,594 | 9,638 | 10,391 | 7,861 | 5,614 | 3,661 | 2,252 | 1,824 | 1,649 | 1,649 | 53,134 |
| St. Louis Public School District | 5.0126 | 5.0126 | 111,703 | 105,935 | 101,191 | 78,139 | 56,676 | 36,423 | 21,554 | 18,107 | 16,707 | 16,707 | 563,143 |
| Library | 0.5439 | 0.5439 | 12,121 | 11,495 | 10,980 | 8,479 | 6,150 | 3,952 | 2,339 | 1,965 | 1,813 | 1,813 | 61,105 |
| St. Louis Community College | 0.1987 | 0.1987 | 4,428 | 4,199 | 4,011 | 3,097 | 2,247 | 1,444 | 854 | 718 | 662 | 662 | 22,323 |
| Zoo - Museum District | 0.2532 | 0.2532 | 5,642 | 5,351 | 5,111 | 3,947 | 2,863 | 1,840 | 1,089 | 915 | 844 | 844 | 28,446 |
| MSD | 0.1078 | 0.1078 | 2,402 | 2,278 | 2,176 | 1,680 | 1,219 | 783 | 464 | 389 | 359 | 359 | 12,111 |
| Sheltered Workshop | 0.1341 | 0.1341 | 2,988 | 2,834 | 2,707 | 2,090 | 1,516 | 974 | 577 | 484 | 447 | 447 | 15,066 |
| Children's Service Fund | 0.1843 | 0.1843 | 4,107 | 3,895 | 3,721 | 2,873 | 2,084 | 1,339 | 792 | 666 | 614 | 614 | 20,705 |
| Senior Services | 0.0488 | 0.0488 | 1,087 | 1,031 | 985 | 761 | 552 | 355 | 210 | 176 | 163 | 163 | 5,482 |
| Mental Health | 0.0872 | 0.0872 | 1,943 | 1,843 | 1,760 | 1,359 | 986 | 634 | 375 | 315 | 291 | 291 | 9,797 |
| | 6.9023 | 8.1902 | \$ 155,685 | \$ 149,133 | \$ 143,639 | \$ 110,756 | \$ 80,246 | \$ 51,623 | \$ 30,634 | \$ 25,667 | \$ 23,649 | \$ 23,649 | \$ 794,682 |

EXHIBIT 7

PROJECTED VALUE OF SALES AND USE TAX EXEMPTION AND SUMMARY OF KEY ASSUMPTIONS (PROJECT IMPROVEMENTS)

The City will grant a sales and use tax exemption on the qualified building materials necessary to construct the Project Improvements. For purposes of determining the impact of the sales tax exemption on the qualified building materials on the affected taxing jurisdictions granted by the City, certain assumptions have to be made as to the total costs of the building materials and as to the business location of the vendor selling the building materials. The assumptions related to the business locations of the building materials vendors are important as wholly-intrastate sales are subject to state and local sales tax at the tax rate applicable at the vendors' business locations, while interstate sales made by non-Missouri vendors are subject to use tax at the tax rate applicable at the delivery location. It was assumed that:

- \$6,800,000 of the total costs of the Project Improvements will be allocated to construction material costs;
- the applicable sales tax rate is 9.679%, of which 4.225% is allocated to the State of Missouri and 5.454% is allocated to St. Louis City and various citywide taxing districts (i.e., Metrolink, St. Louis Public School District and Regional Parks and Trails);
- the applicable use tax rate is 9.013%, of which 4.225% is allocated to the State of Missouri and 4.788% is allocated to the City and various citywide taxing districts (i.e., Metrolink and Regional Parks and Trails; the St. Louis Public School District does not have a use tax);
- 80% of the qualified construction materials will be subject to the State's sales tax and 20% will be subject to the State's use tax; and
- 10% of the qualified construction materials will be subject to the City's sales tax and 20% will be subject to the City's use tax.

Please note that any variance in these assumptions will alter the net fiscal impact of the sales tax exemption on the affected taxing jurisdictions.

Based on the assumptions set forth above, the estimated net fiscal impact of the sales and use tax exemption on the qualified building materials granted by the City is approximately \$389,504, allocated as follows:

| | Materials Subject to | | | Materials Subject to | | | Total |
|--------------|----------------------|----------------|---------------------|----------------------|--------------|-------------------|------------|
| | Sales Taxes | Sales Tax Rate | Avoided Sales Taxes | Use Taxes | Use Tax Rate | Avoided Use Taxes | |
| State | \$ 5,440,000 | 4.225% | \$ 229,840 | \$ 1,360,000 | 4.225% | \$ 57,460 | \$ 287,300 |
| City | 680,000 | 5.454% | \$ 37,087 | 1,360,000 | 4.788% | \$ 65,117 | 102,204 |
| TOTAL | | 9.679% | \$ 266,927 | | 9.013% | \$ 122,577 | \$ 389,504 |

* * *

BOARD BILL NUMBER 112

FISCAL NOTE

Preparer's Name: St. Louis Development Corporation staff

Contact Information: Dale Ruthsatz
Director of Commercial Development
St. Louis Development Corporation
(314) 657-3732
ruthsatzd@stlouis-mo.gov

Bill Sponsor: Alderwoman Christine Ingrassia

| | |
|-------------------------|---|
| Bill Synopsis: | <p>This Board Bill authorizes the issuance of Taxable Industrial Revenue Bonds for Deli Star Corporation, which intends to invest \$37 million into a facility at 3049 Chouteau and create (or relocate from Illinois) approximately 325 jobs at an average wage of \$66,582 per year. The industrial revenue bond transaction will facilitate:</p> <ul style="list-style-type: none">• 10 years of partial real and personal property tax abatement• Sales and use tax exemption on qualified construction materials used for leasehold improvements <p>The Bonds are payable only from the lease revenues paid by the Company or its landlord and <i>not</i> from any City tax revenues. Incentives for this Project are contingent on the Company maintaining 325 jobs at an average wage of \$65,582 and entering into a memorandum of understanding with St. Louis Public School District to provide enhanced opportunities for students and recent graduates.</p> <p>On July 16, 2021, the Board of Aldermen adopted Resolution No. 57 stating its intent to issue the bonds and provide the incentives (subject to passage of this Board Bill when the Board returned from summer recess).</p> |
| Type of Impacts: | <p>The Project will receive partial real and personal property tax abatement. The real property abatement sets a base value of \$36,000 in real property taxes and abates 50% of any incremental growth for 10 years. The personal property tax abatement is 10 years at 50%. Additionally, the City will not collect any sales or use taxes on construction materials purchased for the Project.</p> |

| | |
|---------------------------|---|
| Agencies Affected: | The City, through various agencies, will cooperate in the development of the Project in generally the same manner as other projects (i.e., building permits, etc.). |
|---------------------------|---|

SECTION A

Does this bill authorize:

- An expansion of services which entails additional costs beyond that approved in the current adopted city budget? ___Yes __X__No.
- An undertaking of a new service for which no funding is provided in the current adopted city budget? ___Yes __X__No.
- A commitment of city funding in the future under certain specified conditions? ___Yes __X__No.
- An issuance of bonds, notes and lease-purchase agreements which may require additional funding beyond that approved in the current adopted city budget? ___Yes __X__No.

Note: The bonds to be issued are not payable from any tax revenues and, therefore, do not require any funding in the City budget.

- An execution or initiation of an activity as a result of federal or state mandates or requirements? ___Yes __X__No.
- A capital improvement project that increases operating costs over the current adopted city budget? ___Yes __X__No.
- A capital improvement project that requires funding not approved in the current adopted city budget or that will require funding in future years? ___Yes __X__No.

SECTION B

- Does the bill require the construction of any new physical facilities? __X__Yes ___No
 - If yes, describe the facilities and provide the estimated cost:

As part of the project, the Company will lease, improve and equip a food manufacturing facility. The expected investment is approximately \$37,000,000.

- Is the bill estimated to have a direct fiscal impact on any city department or office? ___Yes __X__No
- Does the bill create a program or administrative subdivision? ___Yes __X__No

- If yes, then is there a similar existing program or administrative subdivision?
_____Yes _____No
- If yes, explain the how the proposed programs or administrative subdivisions may overlap:
- Describe the annual operating, equipment, and maintenance costs that would result from the proposed bill, as well as any funding sources:

Not applicable.

Complete the chart below to list the total estimated expenditures required of the City resulting from the proposed board bill and any estimated savings or additional revenue.

SLDC will provide a financial analysis of the project.

| Financial Estimate of Impact on General Fund | | | |
|--|--------------------------------|----------------------|----------------------|
| Fiscal Impact | <u>Year 1 (current)</u> | <u>Year 2</u> | <u>Year 3</u> |
| Additional Expenditures | n/a | n/a | n/a |
| Additional Revenue | n/a | n/a | n/a |
| Net | n/a | n/a | n/a |
| Financial Estimate of Impact on Special Funds | | | |
| Fiscal Impact | <u>Year 1 (current)</u> | <u>Year 2</u> | <u>Year 3</u> |
| Additional Expenditures | n/a | n/a | n/a |
| Additional Revenue | n/a | n/a | n/a |
| Net | n/a | n/a | n/a |

- Describe any assumptions used in preparing this fiscal note:

Not applicable.

- List any sources of information (including any City officials, agencies, or departments) used in preparing this fiscal note:

SLDC relied on its knowledge of economic data and information from the Company to create its financial analysis.

- Have the financial estimates of this bill been verified by the City Budget Division?
_____Yes ___X___No

If yes, by whom? _____