



August 17, 2022

*Via Certified Mail – Return Receipt*

Johnson County Board of Commissioners  
111 South Cherry Street, Suite 3300  
Olathe, KS 66061

Dear Commissioners:

The City of Merriam, Kansas (the “City”) will hold a public hearing at 7:00 p.m. on Monday, August 22, 2022, in the Council Chambers of the City Hall at 9001 West 62<sup>nd</sup> Street, Merriam, Kansas to consider the issuance by the City of its Federally Taxable Private Activity Revenue Bonds (Merriam Grand Station Apartments Project), in the principal amount of not to exceed \$93,000,000 (the “Bonds”), for the benefit of Merriam Grand Station, LLC, a Kansas limited liability company (the “Company”), and to consider the granting of a tax exemption on the property acquired with proceeds of the Bonds. The proceeds of the Bonds will be applied to finance the costs of the acquisition, construction and equipping of two multi-family residential buildings totaling approximately 200,000 square feet with no less than 350 Class A units, including real estate, buildings and improvements, including structured parking facilities and related infrastructure improvements, located at the southwest corner of Shawnee Mission Parkway and Antioch Road, within the City limits and within the boundaries of Unified School District No. 512.

The property acquired with proceeds of the Bonds will be eligible for an exemption from ad valorem taxes pursuant to K.S.A. 79-201a, *Second* or *Twenty-Fourth* and amendments thereto. The City expects to enter into a payment in lieu of tax agreement which will result in the granting of an exemption of ad valorem taxes on real property including improvements acquired with proceeds of the Bonds on a portion of the taxes that would otherwise be due and payable for the first ten calendar years after the Bonds are issued.

This notice is provided to you pursuant to K.S.A. 12-1749d. Should you have any questions or require additional information, please feel free to contact the City Administrator Chris Engel at (913) 322-5511.

Sincerely,

CITY OF MERRIAM

Juliana Pinnick  
City Clerk

cc: file  
Chris Engel, City Administrator  
Bryan Dyer, Community Development Director



**COLUMBIA CAPITAL**  
MUNICIPAL ADVISORS

6700 Antioch, Suite 250  
Merriam, Kansas 66204

**Jeff White**, Managing Member  
913.312.8077  
jwhite@columbiacapital.com

August 10, 2022

Mr. Chris Engel  
City Administrator  
City of Merriam  
9001 W. 62nd St.  
Merriam, Kansas 66202

*RE: Cost-Benefit Analysis for Merriam Grand Station, LLC*

Dear Chris:

Please find attached the results of our cost-benefit analysis related to a proposed property tax abatement to be granted by the City to Merriam Grand Station, LLC (Applicant) related to multifamily housing projects totaling approximately 350 units at the southwest corner of Shawnee Mission Parkway and Antioch (Project). The purpose of this analysis is to satisfy the City's requirement pursuant to KSA 12-1749d or KSA 79-251(a)(1) to undertake a cost-benefit analysis before granting a property tax abatement. Pursuant to its negotiations with the City, the Applicant requests a 10-year, 100% property tax abatement with an offsetting payment in lieu of taxes (PILOT) by the Applicant of \$24,741 per year, along with a sales tax exemption on construction materials and labor. The abatement request is part of an incentive package for the larger Merriam Grand Station development, including tax increment financing (TIF). The PILOT payment is intended as a hold-harmless for affected taxing jurisdictions based upon the value of the Project site in 1994, the base year for the associated TIF.

As KSA 12-1749d(2) requires notification of official abatements only to counties or school districts affected. As a result, our analysis focuses on financial impacts to the City, Johnson County and the Shawnee Mission schools. We have not calculated the cost-benefit on other taxing jurisdictions. State law also requires the analysis to include "the effect of the exemption on state revenues." Our modeling includes such an estimate.

#### **MODELING APPROACH**

Our modeling relies upon a number of key inputs from the Applicant related to property valuation, building costs, employment and utility usage at the Project. It also includes a number of key assumptions in the calculation of net present value benefit to the City, Johnson County and USD 512. Many of our assumptions are derived from public information. Key assumptions include:

- An evaluation of the *direct* costs and benefits of the Project only. Columbia's model does not include indirect or "spin-off" effects as a result of input-output multipliers, resulting in a conservative estimate of the Project's benefits.
- A ten-year analysis timeframe for the Project, matching the maximum permitted term of the abatement.
- Direct costs to affected taxing jurisdictions as estimated by Columbia based upon annual audits, proposed and adopted budgets, published tax rates and other publically available information for the taxing jurisdictions involved.
- Where applicable, reliance upon statistical data as reported by the United States Census Bureau and Kansas Department of Revenue.
- The use of a discount rate comprised of two components: a risk-free rate of return (the current yield of the on-the-run 10-year US Treasury) plus a risk premium of three (3) percent. The value of the discount rate is a proxy for the opportunity cost of the City (and other agencies) of foregoing the future property and/or sales tax revenues that would be generated by the development. Thought of another way, if the City had those revenues in hand and placed them in an alternative investment with the same risk characteristics, what would be its expected rate of return?

### **USING THE COST-BENEFIT MODELING RESULTS**

The output of the model is presented as the net present value benefit/(cost) of the Project for the City, County and school district over the 10-year life of the abatement. The net benefit (or, if negative, cost) of the tax abatement incentive is presented in today's dollars. The estimated impact on State revenues is presented in nominal (future value) terms.

The results of our cost-benefit analysis show positive net present value (NPV) benefit to the City, County and the school district. Our analysis shows a negative impact to State revenues but, as noted above, our model does not calculate indirect or spin-off benefits from the Project, its employees and its suppliers residing in and spending money in Kansas.

### **POLICY CONSIDERATIONS**

Importantly, in the preparation of this analysis, Columbia has relied upon the information provided to it by the Applicant and has not independently verified or validated these data. The City must draw its own conclusions as to the reliability of these data.

The intent of this analysis is to inform the governing body's policy debate about the value of the abatement and other incentives it is providing to the Applicant. The



Project's generation of a net present value benefit to the agencies affected should be but one of the many factors in the governing body's decision about whether and how much incentive to provide to any applicant.

Thank you in advance for your thoughtful consideration of the analysis attached. Please let me know if you have any questions.

Respectfully submitted,  
COLUMBIA CAPITAL MANAGEMENT, LLC

A handwritten signature in black ink, appearing to read "Jeff White", written over the company name.

Jeff White  
Managing Member

*attachment*



**SUMMARY OF COSTS AND BENEFITS**  
**City of Merriam, Kansas**

**APPLICANT INFORMATION:**

**Application Date:** 8/9/22  
**Firm Name:** Merriam Grand Station, LLC  
**Firm Address:** 7200 W 132nd St, Suite 150  
 Overland Park, KS 66213

**Summary of Incentives Provided:** 10-year, 100% property tax abatement through IRB with a payment-in-lieu-of-taxes of \$24,741 per year.

**Firm Contact:** Matt Pennington  
 913-662-2630

**Building Size (sf):** 200,000

**SUMMARY OF INCENTIVE PACKAGE (LOCAL GOVERNMENT IMPACTS ONLY):**

Year	Property Tax Abatement		Construction Sales Tax Abatement		Direct Incentives		
	(%)	(\$)	(%)	(\$)	City	County	School
2	100	590,649	100	297,012	0	0	0
3	100	590,649	100	0	0	0	0
4	100	590,649	100	0	0	0	0
5	100	590,649	100	0	0	0	0
6	100	590,649	100	0	0	0	0
7	100	590,649	100	0	0	0	0
8	100	590,649	100	0	0	0	0
9	100	590,649	100	0	0	0	0
10	100	590,649	100	0	0	0	0
11	100	590,649	100	0	0	0	0

**SUMMARY OF PRESENT VALUE BENEFITS:**

Year	City Summary			Net PV Benefit
	Total Benefits	Total Costs	Net Benefit	
2	312,140	212,074	100,066	89,413
3	201,214	176,120	25,094	21,195
4	201,242	176,120	25,122	20,057
5	201,271	176,120	25,151	18,981
6	201,300	176,120	25,180	17,964
7	201,330	176,120	25,210	17,001
8	201,361	176,120	25,241	16,090
9	201,393	176,120	25,273	15,229
10	201,426	176,120	25,306	14,414
11	201,459	176,120	25,339	13,643
	2,124,137	1,797,154	326,983	243,986

Year	County Summary			Net PV Benefit
	Total Benefits	Total Costs	Net Benefit	
2	385,174	374,026	11,148	9,961
3	117,056	112,967	4,088	3,453
4	117,076	112,967	4,109	3,280
5	117,097	112,967	4,130	3,117
6	117,119	112,967	4,152	2,962
7	117,141	112,967	4,174	2,815
8	117,164	112,967	4,196	2,675
9	117,187	112,967	4,220	2,543
10	117,211	112,967	4,244	2,417
11	117,236	112,967	4,268	2,298
	1,439,461	1,390,732	48,728	35,521

Year	School District Summary			Net PV Benefit
	Total Benefits	Total Costs	Net Benefit	
2	346,329	299,846	46,483	41,535
3	346,329	299,846	46,483	39,261
4	346,329	299,846	46,483	37,113
5	346,329	299,846	46,483	35,081
6	346,329	299,846	46,483	33,161
7	346,329	299,846	46,483	31,346
8	346,329	299,846	46,483	29,631
9	346,329	299,846	46,483	28,009
10	346,329	299,846	46,483	26,476
11	346,329	299,846	46,483	25,027
	3,463,294	2,998,459	464,835	326,640

**SUMMARY OF ECONOMIC IMPACT (over 10-year period):**

**Number of jobs to be created:** 6  
**Number of new residents:**  
 City: 3  
 County: 1  
 School District: 4

**Estimated impact on state revenues:** \$ (254,316)

# The Legal Record

1701 E. Cedar St., Ste. 111  
Olathe, KS 66062-1775

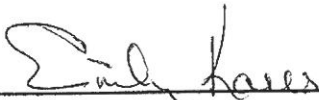
(913) 780-5790

CITY OF MERRIAM  
9001 W 62ND ST  
MERRIAM KS 66202-2883

## Proof of Publication

STATE OF KANSAS, JOHNSON COUNTY, SS;  
Emily Kares, of lawful age, being first duly sworn,  
deposes and says that she is Editorial Manager for  
The Legal Record which is a newspaper printed in  
the State of Kansas, published in and of general  
paid circulation on a weekly, monthly or yearly  
basis in Johnson County, Kansas, is not a trade,  
religious or fraternal publication, is published at  
least weekly fifty (50) times a year, has been so  
published continuously and uninterrupted in said  
County and State for a period of more than one  
year prior to the first publication of the notice  
attached, and has been entered at the post office  
as Periodicals Class mail matter. That a notice  
was published in all editions of the regular and  
entire issue for the following subject matter (also  
identified by the following case number, if any)  
for 1 consecutive week(s), as follows:

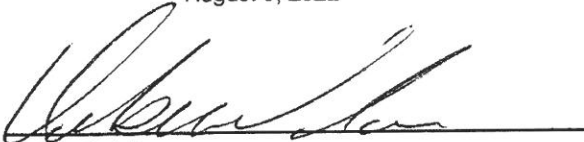
HEARING - MERRIAM GRAND STATION  
APARTMENTS PROJECT  
8/9/22



Emily Kares, Editorial Manager

Subscribed and sworn to before me on this date:

August 9, 2022



Notary Public

DEBRA VALENTI  
Notary Public-State of Kansas  
My Appt. Expires Aug. 21, 2023

First published in The Legal Record, Tuesday, August 9, 2022.

### CITY OF MERRIAM, KANSAS

### NOTICE OF PUBLIC HEARING

The City of Merriam, Kansas (the "City"), will hold a public hearing at 7:00 p.m., or as soon thereafter as possible, on Monday, August 22, 2022, in the City Council Chambers, 9001 W. 62nd Terrace, Merriam, Kansas, to consider issuance of its Federally Taxable Private Activity Revenue Bonds (Merriam Grand Station Apartments Project) (the "Bonds"), in the principal amount not to exceed \$93,000,000, for the benefit of Merriam Grand Station, LLC, a Kansas limited liability company (the "Company"), and to consider the granting of tax exemption incentives to the Company. The proceeds of the proposed Bonds will be applied to finance the costs of acquiring, constructing, and equipping two a multi-family residential buildings totaling approximately 200,000 square feet with no less than 350 Class A units, including real estate, buildings and improvements (collectively, the "Project"), to be leased to the Company, and to pay the costs of issuance of the Bonds.

The Project location will be generally at the southwest corner of Shawnee Mission Parkway and Antioch Road, within the City.

Notice is hereby given, pursuant to K.S.A. 12-1749d, that the City intends to grant tax exemption incentives to the Company.

A copy of the proposed Resolution to be considered by the City on August 22, 2022, expressing the intent of the Governing Body of the City relating to the financing of the Project is on file in the office of the City Clerk and is available for public inspection during normal business hours.

Interested members of the public may attend the public hearing in person and express their views orally or in writing on the matters for consideration; however, due to efforts to mitigate the spread of coronavirus (COVID-19) and implement social distancing, the City may limit the number of persons who may be present in the City Council Chambers during the meeting. As an alternative to physically attending the meeting, interested members of the public may attend via Zoom (please check the City's website for procedures) or may provide comments via e-mail to [jainitick@merriam.org](mailto:jainitick@merriam.org) by Noon on Monday, August 22, 2022.

DATED this August 4, 2022.

CITY OF MERRIAM, KANSAS  
By: Juliana Firodick, City Clerk

8/9

L98286

Publication Fees: \$33.29

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION DECLARING THE INTENT OF THE CITY OF MERRIAM, KANSAS, TO ISSUE FEDERALLY TAXABLE PRIVATE ACTIVITY REVENUE BONDS IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$93,000,000 FOR THE PURPOSE OF FINANCING THE COSTS OF ACQUIRING, CONSTRUCTION AND EQUIPPING MULTI-FAMILY RESIDENTIAL BUILDINGS LOCATED WITHIN THE CITY AND TO GRANT PROPERTY TAX EXEMPTION (MERRIAM GRAND STATION APARTMENTS PROJECT).**

**WHEREAS**, the City of Merriam, Kansas (the “City”), is authorized and empowered pursuant to the provisions of K.S.A. 12-1740 to 12-1749d, inclusive, as amended (the “Act”), to acquire, purchase, construct, improve, remodel, furnish and equip certain facilities (as defined in the Act) for the stated statutory purposes, to enter into leases or lease-purchase agreements with any person, firm or corporation for said facilities and to issue revenue bonds for the purpose of paying the cost of such facilities;

**WHEREAS**, pursuant to a redevelopment agreement between the City and Merriam Grand Station, LLC, a Kansas limited liability company (the “Company”), approved by the Governing Body of the City on July 11, 2022 (the “Redevelopment Agreement”), the City agreed to consider issuing federally taxable private activity revenue bonds in order to enable an exemption on sales taxes levied by Kansas governmental entities for construction materials, equipment and furnishings related to the development of property generally located at the southwest corner of Shawnee Mission Parkway and Antioch Road, within the City (the “Project Site”);

**WHEREAS**, the Company has requested the City to issue its federally taxable private activity revenue bonds in the principal amount not to exceed \$93,000,000, for the purpose to finance the costs of acquiring, constructing and equipping two multi-family residential buildings totaling approximately 200,000 square feet with no less than 350 Class A units, including real estate, buildings and improvements, including real estate (the “Project Site”), and buildings and improvements, including structured parking facilities and related infrastructure improvements as further described in the Redevelopment Agreement (collectively, the “Project Improvements”), and to lease the Project (defined below) to the Company, in order to promote, stimulate and develop the general economic welfare and prosperity of the City and its environs and the health of the citizens thereof and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas and the health of the citizens thereof;

**WHEREAS**, the Project Site and the Project Improvements are herein collectively referred to as the “Project”;

**WHEREAS**, subject to the provisions of **Section 3** of this Resolution, the City desires to finance the costs of the Project by the issuance of federally taxable private activity revenue bonds pursuant to the Act, said bonds to be payable solely out of the rentals, revenues and receipts derived from the lease of the Project by the City to the Company;

**WHEREAS**, the issuance of federally taxable private activity revenue bonds will allow the Company to obtain a sales tax exemption on sales taxes levied by Kansas governmental entities for the purchase of construction materials related to the Project with proceeds of the bonds; and

**WHEREAS**, the Company has also requested that the City consider granting an exemption from ad valorem taxes for the Project in accordance with K.S.A. 79-201a *Second* and/or *Twenty-Fourth* has indicated its intent to make payments in lieu of taxes upon terms to be mutually agreed to by the City and the Company.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MERRIAM, KANSAS, AS FOLLOWS:**

**SECTION 1.** Subject to the provisions of **Section 3** of this Resolution, it is hereby found and declared that the issuance of federally taxable private activity revenue bonds in the principal amount not to exceed \$93,000,000 (the “Bonds”) by the City for the purpose of financing the cost of the Project to be leased by the City to the Company will promote, stimulate and develop the general economic welfare and prosperity of the City and its environs and the health of the citizens thereof as well as further promoting, stimulating and developing the general economic welfare and prosperity of the State of Kansas and the health of the citizens thereof.

**SECTION 2.** Subject to the provisions of **Section 3** of this Resolution, the Governing Body of the City hereby intends to authorize the issuance of the Bonds pursuant to the Act and all necessary regulatory approvals and upon the conditions more fully set forth in **Section 3** hereof.

**SECTION 3.** Notwithstanding this Resolution of Intent of the City to issue the Bonds, the issuance of the Bonds is expressly subject to presentation, completion and final approval by the Governing Body of the City, of each of the conditions set forth in subparagraphs (a) through (e) below. In addition, the issuance of such Bonds is also conditioned on and subject to the reservations of rights set forth in subparagraphs (f) and (g) below:

(a) Satisfactory negotiation and approval of a lease agreement, trust indenture, bond ordinance and other documents necessary for the issuance of the Bonds, including a payment in lieu of tax agreement by and between the City and the Company, or its assigns as approved by the City, wherein the Company, or its assigns as approved by the City, agrees to pay the amount of \$24,741 for each year through the term of the Bonds, which provides all taxing jurisdictions deriving property taxes from the Project with the property tax revenues such taxing jurisdictions received in the base year of 1994, in lieu of the ad valorem taxes that would otherwise be payable on the Project, and in compliance by the Company with the terms of the Redevelopment Agreement; and

(b) Obtaining all necessary zoning and building permits and compliance with all necessary regulatory approvals and with the City ordinances; and

(c) Successful private placement of the Bonds or other purchase method approved by the City; and



(d) Approval of the Bonds by the City's Bond Counsel, Kutak Rock LLP, and approval of certain legal matters pertaining to the Bonds by counsel to the Company; and

(e) Adequate security for the payment of the Bonds; and

(f) The City hereby reserves the right to rescind this Resolution of Intent if the conditions specified in this **Section 3** hereof are not, in the sole judgment of the City, satisfied, or upon change of federal or state law or regulations affecting the City's issuing authority; and

(g) If the Bonds are not issued for any reason, including noncompliance with the conditions of this **Section 3** hereof, the City shall not be subject to any liability, whatsoever, to the Company.

**SECTION 4.** Subject to the conditions and prior approvals of **Section 3**, the Company is hereby authorized to proceed with all matters necessary to accomplish the purposes set forth in this Resolution.

**SECTION 5.** The Mayor, City Council, City Administrator, Finance Director, Bond Counsel and City Attorney are hereby directed to take such action as they deem necessary in cooperation with all persons involved with the financing of the Project in order to present the necessary documents to the Governing Body of the City for final action. In connection therewith, Bond Counsel for the City is directed to work with the Company and its counsel and all others necessary, to accomplish the purposes as set forth herein.

**SECTION 6.** The City and the Company expect to incur expenses in connection with the acquisition, construction and equipping of the Project prior to the issuance of the Bonds. The City and the Company reasonably expect to reimburse such expenditures in connection with the Project from the proceeds of the Bonds.

**SECTION 7.** This Resolution shall take effect and be in full force on the date it is adopted by the Governing Body of the City and signed by the Mayor. This Resolution shall be of no effect and shall be null and void on December 31, 2026, in the event the Bonds have not been issued by such date.

*[Remainder of Page Intentionally Left Blank]*

**ADOPTED** by the Governing Body of the City of Merriam, Kansas, on August 22, 2022.

CITY OF MERRIAM, KANSAS

\_\_\_\_\_  
Bob Pape, Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
Juliana Pinnick, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Ryan Denk, City Attorney

DRAFT