

CERTIFICATION OF CLERK

I, Brenda K. Wolf, the duly appointed, qualified, and City Clerk of Manhattan, Kansas, do hereby certify that the foregoing Resolution was duly adopted at a meeting of the City of Manhattan, Kansas, held on the 5th day of October, 2021, and that said Resolution has been compared by me with the original thereof on file and of record in my office, is a true copy of the whole of said original.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City of Manhattan, Kansas, 6th day of October, 2021.



Brenda K. Wolf

Brenda K. Wolf, CMC, City Clerk

POLICY MANUAL
RESOLUTION NO. 100521-C
CITY OF MANHATTAN, KANSAS

SUBJECT

EFFECTIVE DATE

Speculative Industrial Building IRB Program

October 5, 2021

A. BACKGROUND AND PURPOSE:

K.S.A. 12-1740 *et seq.* authorizes the City of Manhattan to issue Industrial Revenue Bonds (IRBs) to authorized entities and to grant property and sales tax exemptions related thereto. The City has previously adopted Policy Manual Resolution No. 070103-D (“IRB Policy”), setting forth the requirements for an entity to obtain IRBs from the City, and Policy Manual Resolution No. 070103-C (“Tax Abatement Policy”), setting forth the requirements for tax abatements.

This Policy is in addition to, and separate from, the City’s IRB and Tax Abatement Policies. If there is a conflict between a provision in the IRB Policy and this Policy, the provision in this Policy must apply.

The purpose of this Policy is to supplement the IRB and Tax Abatement Policies by creating the Speculative Industrial Building IRB Program (“Program”), which provides tax abatements to developers who are willing to construct industrial facilities on a speculative basis, without leases in place. This Policy establishes the official position and procedures of the City of Manhattan for considering applications for the Program.

B. DEFINITION:

Speculative industrial building: an industrial building developed and constructed without any preleasing in place, with the intended use for manufacturing, research and development, production, warehousing/storage and distribution of goods.

C. POLICY:

1. **Goal:** The primary goal of the Program is to attract new jobs to the City in manufacturing, research and development, production, warehousing/storage and distribution of goods by providing an incentive to developers to construct speculative industrial buildings needed in Manhattan for economic development and job recruitment.
2. **Eligibility:** In addition to the requirements for eligibility pursuant to Kansas law, the IRB Policy and the Tax Abatement Policy, to be eligible for the Program:

- a. Each proposed speculative industrial building must comply with the following:
 - Must be located within the city of Manhattan;
 - Must not have any preleasing in place;
 - Must specifically identify the intended use(s), which are limited to manufacturing, research and development, production, warehousing/storage, and distribution of goods; and,
 - Must start construction within 120 days of the issuance of the building permit, and must complete construction within 15 months of the issuance of the building permit.
- b. Each proposed speculative industrial building is preferred to meet the following:
 - A minimum size of 50,000 sq. ft. of useable industrial space (which can include space for uses supporting the primary use, such as offices, restrooms and common areas);
 - A minimum clear height of 28 ft. and a minimum clear span of 30 ft; and,
 - A primary or first lease subdivision of a minimum of 25,000 sq. ft.

3. Tax Abatements:

- a. **Property Tax:** If a Program application is approved, the property tax abatement using IRBs may occur pursuant to the following schedule:
 - For years one through five: 95% property tax abatement; and,
 - For years six through ten: 50% property tax abatement, if the speculative industrial building has at least 50% of its industrial space leased. If less than 50% is leased, then no property tax abatement may apply for that year, but the property tax abatement may apply in future years if the leasing requirement is met.

The annual property tax abatement may also be subject to the creation of new jobs within the speculative industrial building, and if so, the job creation formula must be included in the agreement between the City and the applicant.

- b. **Sales Tax:** If a Program application is approved, the sales tax abatement may provide for construction sales tax exemption on materials during the initial construction of the speculative industrial building.

D. PROCEDURES:

1. **Formal Application.** Applicants must submit a complete application on a form provided by the City. A fee of \$2,500 is due upon filing to help defray the City's costs in processing the application. The fee must be paid regardless of the governing body's action on the application or if the bond issue closes. The application will also be deemed an application per the IRB and Tax Abatement Policies, and the

\$2,500 fee includes the fees for those policies. Provided that, the applicant must also pay the fees of bond counsel.

2. **Agreement.** Applicants who are approved must enter into an agreement with the City, binding upon the real estate upon which the speculative industrial building is located, which contains, at a minimum, the following provisions:
 - a. That the speculative industrial building must meet the eligibility parameters of Section C(2), as approved as part of the application;
 - b. The formula and requirements for the property tax and sales tax abatements;
 - c. That, for five years following final completion of the speculative industrial building, the industrial space may not be leased through the relocation of existing Manhattan businesses located within 10 miles of the speculative industrial building. Provided that, the agreement may give the governing body the authority to waive this requirement; and,
 - d. Provisions regarding the sale of the speculative industrial building, and the terms which will allow the tax abatements to remain in effect following such sale.

E. WAIVER OF POLICY OR PROCEDURES:

Any portion of this Policy or the Program procedures outlined herein may be waived by the governing body, if it is in the City's best interests and in accordance with Kansas law.

**PASSED BY THE GOVERNING BODY OF THE CITY OF MANHATTAN,
KANSAS THIS 5TH DAY OF OCTOBER, 2021.**



WYNN BUTLER, Mayor

ATTEST:



BRENDA K. WOLF, CMC, City Clerk

