Pub. Imp. _____
Govt. Grnt. _____
Emer. _____
P. Hrngs. _____
Pgs. 23
Filed: 08-16-16

Sponsored by: McClure

First Reading: _____ Second Reading: _____

COUNCIL BILL NO. 2016- 200 SPECIAL ORDINANCE NO. _____

AN ORDINANCE

AUTHORIZING An Amended and Restated Plan for an Industrial Development Project and Cost Benefit Analysis for, and a First Amendment to Performance Agreement with, Kraft Heinz Foods Company, related to $26,000,000 (Aggregate Maximum Principal Amount) City of Springfield, Missouri, Industrial Development Revenue Bonds (Kraft Foods Group, Inc. Project) Series 2012.

WHEREAS, the City of Springfield, Missouri, (the "City") is a constitutional home rule charter city and political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri and the City's Charter; and

WHEREAS, the City is authorized under the provisions of Article VI, Section 27 of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended (collectively, the "Act"), to purchase, construct, extend and improve certain projects (as defined in the Act) for the purposes set forth 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 shall deem advisable; and

WHEREAS, the City, in accordance with Section 100.050 of the Act, has previously approved a plan for industrial development (the "Plan") for Kraft Foods Group, Inc. (together with any successors or assigns, the "Company"), with respect to a project consisting of the acquisition and installation of new equipment at the Company's existing plant (the "Project"), after notice of the Project was given to the taxing jurisdictions in accordance with Section 100.059.1 of the Act; and

WHEREAS, pursuant to the Act, the City adopted Special Ordinance No. 26112 on August 27, 2012, authorizing the issuance of its Industrial Development Revenue Bonds in an aggregate principal amount not to exceed $26,000,000 (the "2012 Bonds"), for the purpose of acquiring new equipment to be installed at the Company's existing plant located in Springfield, Missouri (the "Project Improvements"); and

WHEREAS, pursuant to such Ordinance, the City and Company entered into a Performance Agreement (the "Performance Agreement") on October 1, 2012 to grant the Company certain rights and establish obligations with respect to the abatement of ad valorem personal property taxes on the Project; and

WHEREAS, the Company has requested that the City approve an Amended and Restated Plan for an Industrial Development Project and Cost-Benefit Analysis (the "Amended and Restated Plan") to account for the cost of the Project being less than as set forth in the Plan, establish the maximum amount of 2012 Bonds to be issued at $18,980,000, and to adjust the Payments in Lieu of Taxes based on the reduced amount of the 2012 Bonds; and

WHEREAS, the Company has requested that the City enter into a First Amendment to Performance Agreement (the "First Amendment of Performance Agreement") to modify the amounts to be paid by the Company.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – Approval and Authorization of Documents. The Amended and Restated Plan attached hereto as "Exhibit A" and the First Amendment to Performance Agreement attached hereto as "Exhibit B" are hereby approved in a form substantially similar to the documents attached hereto.

Section 2 – Execution of City Documents. The City is hereby authorized to enter into and the Mayor, City Manager, Director of Finance, City Clerk, and City Attorney are hereby authorized and directed to execute and deliver, for and on behalf of and as the act and deed of the City, the First Amendment to Performance Agreement attached hereto as "Exhibit B," and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 3 – Severability. The sections, paragraphs, sentences, clauses and phrases of this Ordinance shall be severable. In the event that any such section, paragraph, sentence, clause or phrase of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining portions of this Ordinance are valid, unless the court finds the valid portions of the Ordinance are so essential to and inseparably connected with and dependent upon the void portion that it cannot be presumed that the City Council has enacted the valid portions without the void ones, or unless the court finds that the valid portions, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

Section 4 – Further Authority. The officers of the City, including the Mayor, the City Manager, the Director of Finance, the City Clerk, and the City Attorney are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 5 – Governing Law. This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Missouri.

Section 6 – Effective Date. This Ordinance shall take effect and be in full force from and after the date of its passage by the City Council.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to Form: _____, Assistant City Attorney

Approved for Council Action: _____, City Manager

EXPLANATION TO COUNCIL BILL NO: 2016-200

FILED: 08-16-16

ORIGINATING DEPARTMENT: Planning and Development

PURPOSE: To approve an amended plan for an industrial development project for Kraft Heinz Foods Company (Kraft Heinz), a Pennsylvania corporation, which was funded by Taxable Industrial Development Revenue Bonds (Kraft Foods Group, Inc. Project), Series 2012, and approving an amended Performance Agreement with Kraft Heinz relating to said amended Plan.

BACKGROUND INFORMATION: Chapter 100 bonds provide personal property tax abatement on equipment purchases. Chapter 100 bonds are not an obligation of the City of Springfield.

In 2012, the City authorized the issuance of up to $26 million in Industrial Development Revenue ("Chapter 100") bonds for the purchase of equipment for the Springfield Plant of Kraft Foods Group, Inc. (now Kraft Heinz Foods Group), by Special Ordinance No. 26112. This equipment is in use in the Springfield, Missouri plant.

On January 25, 2016, the City Council approved Special Ordinance No. 26681, which authorized the City Manager to execute a Preliminary Funding Agreement between the City and Kraft Heinz Foods Company (Kraft Heinz), because Kraft Heinz desired to amend its Chapter 100 Plan to reflect the true cost of purchases made under the Plan, which will reduce its PILOT payments. The PILOT payments set in the Plan were based on the estimated cost of the equipment purchases. The revised Plan reflects PILOTS based on the actual cost of the equipment.

REMARKS: Kraft Heinz has audited its project costs related to the 2012 bond issue, and its equipment costs were slightly lower than projected, while "soft costs" such as materials and installation were higher than expected. Kraft Heinz desires to amend its Chapter 100 Plan to reflect the true cost of equipment purchased under that Plan, which will reduce its PILOT payments that are based on equipment cost. The maximum amount of the 2012 bond issue will now be capped at $18,980,000.

The related amendment to the Performance Agreement with Kraft Heinz reflects this reduced cap and adjusts provisions in the Performance Agreement to modify the amount of its PILOT payments.

Using the funds provided by Kraft Heinz pursuant to the Preliminary Funding Agreement, the City retained Gilmore & Bell, P.C. to prepare the necessary documents for amending the Plan and Performance Agreement to reflect the true costs of the project.

This ordinance supports the following Field Guide 2030 goal(s): Chapter 3, Economic Development; Major Goal 2, Aggressively use Economic Development Incentives to encourage investment in the community and to encourage job creation and retention; Objective 2b, Continue to explore creative and flexible methods to attract and retain jobs and business investment in the community.

Staff recommends approval.

Submitted by:

Sarah Kerner

Sarah Kerner, Interim Economic Development Director

Recommended by:

Mary Lilly Smith

Mary Lilly Smith, Planning Director

Approved by:

Greg Burris

Greg Burris, City Manager

Exhibit A

FIRST AMENDMENT TO PERFORMANCE AGREEMENT

THIS FIRST AMENDMENT TO PERFORMANCE AGREEMENT ("**First Amendment**") is made and entered into as of this _____ day of _____, 2016, by and between the **CITY OF SPRINGFIELD, MISSOURI,** a constitutional home rule charter city and municipal corporation organized and existing under the laws of the State of Missouri (the "**City**") and **KRAFT HEINZ FOODS COMPANY,** a Pennsylvania corporation, authorized to do business in Missouri (the "**Company**")(All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Performance Agreement defined below).

RECITALS

A. On October 1, 2012, the City and Kraft Foods Group, Inc. entered into a Performance Agreement (the "**Performance Agreement**") with respect to the issuance of $26,000,000 (Aggregate Maximum Principal Amount) City of Springfield, Missouri, Industrial Development Revenue Bonds (Kraft Goods Group, Inc. Project) Series 2012 (the "**2012 Bonds**"), which were authorized pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended.

B. Kraft Foods Group, Inc. has subsequently merged with H.J. Heinz Holding Corporation to become Kraft Heinz Foods Company, a wholly owned subsidiary of The Kraft Heinz Company.

C. The City and the Company have agreed to cap the amount of the 2012 Bonds which may be issued at $18,980,000 and adjust the PILOTS based on the reduced amount of the 2012 Bonds.

D. The City and the Company desire to enter into this First Amendment in order to modify the amounts of the PILOTS to be paid by the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein and other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the City and the Company agree as follows:

Section 1. The Performance Agreement is hereby amended by the addition of the following definition to Section 1.1, which shall read as follows:

> "**Amended Cost-Benefit Analysis**" means the Amended and Restated Plan for an Industrial Development Project and Cost-Benefit Analysis for Kraft Heinz Foods Company, approved by the City pursuant to ~~Resolution~~ Ordinance No. ____.

Section 2. The Performance Agreement is hereby amended by the deletion of existing Section 3.2 and the insertion of a new Section 3.2 which shall read as follows:

Section 3.2. Payments In Lieu of Taxes for Project. The Company and the City agree that each item of personal property financed with the Bonds shall be exempt from ad valorem taxes for a period not exceeding ten years. Personal property financed with the Bonds includes personal property acquired after January 1, 2012 in connection with the Project. The Project Equipment would otherwise be exempt from ad valorem taxes during the entire term of the Lease (which term will end not later than December 1, 2023), therefore the Company agrees that it shall make a PILOT to the City on or before December 31 of each year in an amount equal to the applicable percentage shown below times the value assigned to the Project in the Cost-Benefit Analysis for years 2012-15 and in the Amended Cost-Benefit Analysis for years 2016-2023, as depreciated as shown in the Cost-Benefit Analysis and the Amended Cost-Benefit Analysis, and then multiplied by the then current tax rates for each taxing district.

Abatement Year	**For Personal Property Acquired in Year**	**Tax/Calendar Years**	**Percentage of PILOTS**
1-10	2012	2013-2022	50%
	2012	2023 and thereafter	100%
1-10	2013	2014-2023	50%
	2013	2024 and thereafter	100%

Section 3. The terms of the Performance Agreement shall remain in full force and effect, except as modified herein.

Section 4. The parties hereto acknowledge and agree that this First Amendment may be executed in one or more original counterparts, each of which when taken together shall constitute one and the same instrument.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed in their respective corporate names, all as of the date first above written.

CITY OF SPRINGFIELD, MISSOURI

By: _____
Name: Greg Burris
Title: City Manager

[SEAL]

ATTEST:

By: _____
Name: Anita Cotter
Title: City Clerk

Approved as to Form:

By: _____
Name: Frank Romines
Title: City Attorney

KRAFT HEINZ FOODS COMPANY,
a Pennsylvania corporation

By: _____
Name: _____
Title: _____

Exhibit B

SPRINGFIELD, MISSOURI

AMENDED AND RESTATED PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT AND COST-BENEFIT ANALYSIS

FOR

KRAFT HEINZ FOODS COMPANY

RELATED TO $26,000,000 (AGGREGATE MAXIMUM PRINCIPAL AMOUNT) CITY OF SPRINGFIELD, MISSOURI INDUSTRIAL DEVELOPMENT REVENUE BONDS (KRAFT FOODS GROUP, INC. PROJECT) SERIES 2012

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* * *

SPRINGFIELD, MISSOURI

AMENDED AND RESTATED PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT AND COST-BENEFIT ANALYSIS FOR KRAFT HEINZ FOODS COMPANY

I. PURPOSE OF THIS AMENDED AND RESTATED PLAN

Through the adoption of Resolution No. 9973 on July 30, 2012, the City Council of Springfield, Missouri (the "City") approved a Chapter 100 Plan for Industrial Development (the "Original Plan") for Kraft Foods Global, Inc., an affiliate entity of Kraft Foods Group, Inc., which has subsequently merged with H.J. Heinz Holding Corporation to become Kraft Heinz Foods Company, a wholly owned subsidiary of The Kraft Heinz Company (the "Company"). The Original Plan authorized the issuance of taxable industrial development revenue bonds in the aggregate principal amount of not to exceed $26,000,000 to finance the costs of an industrial development project (the "2012 Bonds"). The 2012 Bonds were authorized pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

This Amended and Restated Plan for an Industrial Development Project and Cost-Benefit Analysis (the "Amended Plan") has been prepared to account for the cost of the Project (defined below) being less than as set forth in the Original Plan. The maximum amount of the 2012 Bonds which may be issued will be capped at $18,980,000 and the Payments in Lieu of Taxes will be adjusted based on this reduced amount of the 2012 Bonds. This Amended Plan will satisfy the requirements of the Act and analyze the potential costs and benefits, including the related tax impact on all affected taxing jurisdictions, of the reduced amount of industrial development revenue bonds to finance the Project (defined below) and to facilitate the abatement of ad valorem personal property 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 revenue 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 to the municipality title to the property included in the project. (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 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 pay the costs or reimburse the costs of purchasing, constructing and installing the project, as applicable. The property involved may be real and/or personal property. This Project involves only personal property, as further described herein.

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, 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. 1968)(*en banc*) and *St. Louis County v. State Tax Commission*, 406 S.W.2d 644 (Mo. 1966)(*en banc*). 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 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.

III. DESCRIPTION OF THE PARTIES

Kraft Heinz Foods Company. The Company has been a part of the Springfield community for almost 75 years. It began producing processed cheese in 1939 on the second floor of a building on West Mill Street before moving to its current location in 1954. It has expanded its physical plant and production lines several times and currently operates a 780,000 square feet production and distribution plant in Springfield with 33 production lines. The plant makes several hundred million pounds of products annually, including such popular foods as Kraft Macaroni and Cheese, Velveeta, and Cheez Whiz. The Springfield facility employs approximately 975 full-time people. Annual turnover is less than 4% and the average years of service is 14 years. The average wage for employees is above the Greene County average wage. The Company is active in the community, donating to nonprofit organizations focused on fighting hunger and promoting healthy lifestyles, among others.

Springfield, Missouri. The City is a constitutional home rule charter city and municipal corporation organized and existing under the laws of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend 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

Description of the Project. The Company requests City Council authorization of up to $18,980,000 in Industrial Development Revenue Bonds as an incentive to purchase new manufacturing equipment and expand product lines at the Springfield plant (the "Project"). The Project is competitive with other Company locations and the incentive is necessary in order for the Project to locate in Springfield. The 2012 bonds were drawn down in amounts of $9,541,400 in 2012 and $9,438,600 in 2013. The Company is requesting that the City approve personal property tax exemption of 50% for 10 years beginning in the year following each annual investment in personal property. This is consistent with the City's adopted policy. This Project positions the facility to meet the growing consumer demand for existing and new products. While it is not anticipated that the Project will lead to immediate job creation, it will help retain the existing workforce in Springfield and help protect the long-term viability of the facility.

Estimate of the Costs of the Project. The Project Equipment cost $18,980,000, which was invested $9,541,400 in 2012 and $9,438,600 in 2013.

Source of Funds to be Expended for the Project. The sources of funds to be expended for the Project will be the proceeds of the 2012 Bonds in a principal amount of not to exceed $18,980,000, issued by the City and purchased by the Company (the "Bondholder") and, if needed, other available funds of the Company. The 2012 Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project (as further described below). The 2012 Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The Company has or will transfer the Project Equipment to the City pursuant to a bill of sale, subject to any permitted encumbrances. The City has or will lease the Project Equipment to the Company for lease payments equal to the principal and interest payments on the 2012 Bonds. Under the terms of the lease agreement with the City, the Company will have the option to purchase the Project Equipment at any time and will have the obligation to purchase the Project Equipment at the termination of the lease. The lease between the City and the Company will terminate in 2023, unless terminated sooner pursuant to the terms of the lease.

Affected School District, Community College District, County and City. Springfield R-12 School District is the school district affected by the Project. Greene County, Missouri is the county affected by the Project. Ozarks Technical College is the community college district affected by the Project. Springfield is the city affected by the Project. The Cost-Benefit Analysis attached hereto identifies all other taxing districts affected by the Project.

Current Assessed Valuation. The most recent equalized assessed valuation of the Project Equipment is $0 (because no existing Project Equipment is included in the Project). The estimated total equalized assessed valuation for the Project Equipment after completion of the Project (2014) is $5,040,153, after application of depreciation. These valuations were calculated based upon the Company's investment of $18,980,000 in the Project Equipment, multiplied by the applicable assessment rate of 33.33% for the Project Equipment.

Payments in Lieu of Taxes. If this Amended Plan is approved by the City Council, the City intends to extend tax abatement to the Company of 50% for 10 years beginning in the year following each

annual investment in personal property. The Company will make fixed annual payments in lieu of taxes in the amounts set forth in **Exhibit 4**.[1] The annual payments in lieu of taxes will be fixed as set forth in **Exhibit 4** irrespective of (1) any annual appraisal or assessment which may be rendered by the County Assessor's Office with respect to the Project or (2) the actual amount or timing of investments in the Project. The amounts of the fixed payments in lieu of taxes set forth in **Exhibit 4** have been calculated based on 50% of the property taxes that would otherwise be due on the Project Equipment.

Cost-Benefit Analysis and Discussion of Exhibits. In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, this Amended 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. The following is a summary of the exhibits attached to this Amended Plan that show the direct tax impact the Project is expected to have on each taxing jurisdiction. This Amended Plan does not attempt to quantify the overall economic impact of the Project.

Project Assumptions. **Exhibit 1** presents a list of the assumptions related to the determination of assessed valuations and the tax formulas.

Summary of Cost-Benefit Analysis. **Exhibit 2** 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 ("PILOT Amounts") to be made by the Company for the proposed abatement period and (3) the total estimated value of the abatement to the Company.

Personal Property Tax Revenues. **Exhibit 3** provides the projected tax revenues that would be generated from the Project Equipment without tax abatement. **Exhibit 4** provides the projected value of PILOT Amounts to be paid by the Company with respect to the Project Equipment. **Exhibit 5** provides the projected value of the personal property tax abatement to the Company.

V. ASSUMPTIONS AND BASIS OF PLAN

In preparing this Amended Plan, key assumptions have been made to estimate the fiscal impact of the abatement and exemptions proposed for the Project. See **ATTACHMENT A** for a summary of these assumptions.

Information necessary to complete this Amended Plan, has been furnished by representatives of the City, representatives of the Company and its counsel, the Bondholder and other persons deemed appropriate and such information has not been independently verified for accuracy, completeness or fairness.

* * *

[1] Payments in lieu of taxes were paid or will be paid for years 2013, 2014, and 2015 pursuant to the Original Plan and the actual amounts paid do not match the amounts shown in the attached Cost Benefit Analysis for those years. The payments in lieu of taxes for years 2013, 2014, and 2015 were calculated in the Original Plan based on Project costs of $26,000,000 and in this Amended Plan based on adjusted Project costs of $18,980,000. The payments in lieu of taxes for years 2013, 2014, and 2015 will not be reduced from the amounts shown in the Original Plan and the Company will not receive any credits or refunds with respect to the difference between the payments in lieu of tax amounts stated in the Original Plan and in this Amended Plan for those years.

ATTACHMENT A

SUMMARY OF KEY ASSUMPTIONS

1. The cost of acquiring and equipping the Project Equipment is $18,980,000, which was invested $9,541,400 in 2012 and $9,438,600 in 2013.

2. The acquiring and equipping of the Project Equipment occured partially in 2012 which became taxable in 2013 and partially in 2013 which became taxable in 2014.

3. The Project will be owned by the City and leased to the Company with an option to purchase. As long as the Project is owned by the City, it will be exempt from ad valorem personal property taxes.

4. The Project will be excluded from the calculation of ad valorem property taxes for a period of ten years beginning in the year following each annual investment in the Project.

5. During the entire term of the Bonds through 2023, the Company will make payments in lieu of taxes in accordance with that portion of Section IV above in the Plan entitled "Payments in Lieu of Taxes."

6. Commercial property taxes are calculated using the following formula:

(Assessed Value * Tax Rate)/100

7. The assessed value of the Project Equipment is calculated using the following formula:

(Cost * Depreciation Factor) * Assessment Ratio of 33.33%

8. For the Project Equipment, a depreciation factor is applied at the end of each year which depends on the recovery period of such Project Equipment. The Project Equipment has a seven-year recovery period. The depreciation factors used for such Project Equipment are as follows:

	Recovery Period (Years)
Year	**7**
0	100.00%
1	89.29
2	70.16
3	55.13
4	42.88
5	30.63
6	18.38
7	10.00
8	10.00
9	10.00
10	10.00

9. The tax rates used in this Plan reflect the rates in effect for the tax year 2015. The tax rates were held constant through the 2023 tax year.

* * *

City of Springfield, Missouri
(Kraft Foods)

COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT

GILMORE BELL

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Exhibit 1
Project Assumptions

- Initial year taxes assessed — 2012
- Appraised value of personal property acquired in 2012 — $ 9,541,400
- Appraised value of personal property acquired in 2013 — $ 9,438,600
- Annual growth rate of appraised value of personal property — 0.0%
- Assessed value as a percentage of appraised value (personal) — 33.33%
- Terms of abatement:
  Personal property
  Years 1 to 10 — 50%
- Personal property is depreciated using the following 7 year recovery period schedule:

Year	Recovery Period in Years					
	3	5	7	10	15	20
0	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1	75.00%	85.00%	89.29%	92.50%	95.00%	96.25%
2	37.50%	59.50%	70.16%	78.62%	85.50%	89.03%
3	12.50%	41.65%	55.13%	66.83%	76.95%	82.35%
4	5.00%	24.99%	42.88%	56.81%	69.25%	76.18%
5	5.00%	10.00%	30.63%	48.07%	62.32%	70.46%
6	5.00%	10.00%	18.38%	39.33%	56.09%	65.18%
7	5.00%	10.00%	10.00%	30.59%	50.19%	60.29%
8	5.00%	10.00%	10.00%	21.85%	44.29%	55.77%
9	5.00%	10.00%	10.00%	15.00%	38.38%	51.31%
10	5.00%	10.00%	10.00%	15.00%	32.48%	46.85%
11	5.00%	10.00%	10.00%	15.00%	26.57%	42.38%
12	5.00%	10.00%	10.00%	15.00%	20.67%	37.92%
13	5.00%	10.00%	10.00%	15.00%	15.00%	33.46%
14	5.00%	10.00%	10.00%	15.00%	15.00%	29.00%
15	5.00%	10.00%	10.00%	15.00%	15.00%	24.54%
16	5.00%	10.00%	10.00%	15.00%	15.00%	20.08%
17	5.00%	10.00%	10.00%	15.00%	15.00%	20.00%

Exhibit 2
Summary of Cost Benefit Analysis
(Personal Property)

Tax Distribution	Tax Rate	Tax Revenue for Personal Property Without Abatement	Revenue Generated from PILOT Payments	Value of Abatement
City of Springfield	0.6094	$ 133,567	$ 66,784	$ 66,784
Springfield-Green County Library	0.2443	53,545	26,773	26,773
Ozarks Technical College	0.1494	32,745	16,373	16,373
Green County General	0.1160	25,425	12,712	12,712
Green County Road & Bridge	0.1160	25,425	12,712	12,712
State of Missouri	0.0300	6,575	3,288	3,288
Sheltered Workshop	0.0468	10,258	5,129	5,129
Senior Services	0.0494	10,827	5,414	5,414
Springfield R-12	4.0693	891,901	445,951	445,951
	5.4306	$ 1,190,269	$ 595,134	$ 595,134

Exhibit 3
Projected Tax Revenues Without Abatement on Project Equipment

Estimated Assessed Value of Personal Property		$2,839,555	$ 5,040,153	$3,960,369	$3,097,974	$2,323,035	$1,548,096	$ 896,229	$ 632,603	$ 632,603	$ 632,603	$ 314,589	
Taxing Jurisdiction	Tax Rate per $100	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
City of Springfield	0.6094	$ 17,304	$ 30,715	$ 24,134	$ 18,879	$ 14,157	$ 9,434	$ 5,462	$ 3,855	$ 3,855	$ 3,855	$ 1,917	$ 133,567
Springfield-Green County Library	0.2443	6,937	12,313	9,675	7,568	5,675	3,782	2,189	1,545	1,545	1,545	769	53,545
Ozarks Technical College	0.1494	4,242	7,530	5,917	4,628	3,471	2,313	1,339	945	945	945	470	32,745
Green County General	0.1160	3,294	5,847	4,594	3,594	2,695	1,796	1,040	734	734	734	365	25,425
Green County Road & Bridge	0.1160	3,294	5,847	4,594	3,594	2,695	1,796	1,040	734	734	734	365	25,425
State of Missouri	0.0300	852	1,512	1,188	929	697	464	269	190	190	190	94	6,575
Sheltered Workshop	0.0468	1,329	2,359	1,853	1,450	1,087	725	419	296	296	296	147	10,258
Senior Services	0.0494	1,403	2,490	1,956	1,530	1,148	765	443	313	313	313	155	10,827
Springfield R-12	4.0693	115,550	205,099	161,159	126,066	94,531	62,997	36,470	25,743	25,743	25,743	12,802	891,901
	5.4306	$ 154,205	$ 273,711	$ 215,072	$ 168,239	$ 126,155	$ 84,071	$ 48,671	$ 34,354	$ 34,354	$ 34,354	$ 17,084	$1,190,269

		Personal Property Assessed Value										
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
7-Year Property	9,541,400	2,839,555	2,231,192	1,753,216	1,363,648	974,080	584,511	318,015	318,015	318,015	318,015	
	9,438,600	-	2,808,961	2,207,153	1,734,327	1,348,956	963,585	578,214	314,589	314,589	314,589	314,589
	18,980,000	2,839,555	5,040,153	3,960,369	3,097,974	2,323,035	1,548,096	896,229	632,603	632,603	632,603	314,589

Exhibit 4
Projected PILOT Amounts on Project Equipment

Estimated Assessed Value of Personal Property (Acquired in 2012)		$ 2,839,555	$ 2,231,192	$ 1,753,216	$ 1,363,648	$ 974,080	$ 584,511	$ 318,015	$ 318,015	$ 318,015	$ 318,015			
PILOT Payment		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%			
Estimated Assessed Value of Personal Property (Acquired in 2013)			$ 2,808,961	$ 2,207,153	$ 1,734,327	$ 1,348,956	$ 963,585	$ 578,214	$ 314,589	$ 314,589	$ 314,589	$ 314,589		
PILOT Payment			50%	50%	50%	50%	50%	50%	50%	50%	50%	50%		
Taxing Jurisdiction	Tax Rate per $100	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	
City of Springfield	0.6094	$ 8,652	$ 15,357	$ 12,067	$ 9,440	$ 7,078	$ 4,717	$ 2,731	$ 1,928	$ 1,928	$ 1,928	$ 959	$ 66,784	
Springfield-Green County Library	0.2443	3,469	6,157	4,838	3,784	2,838	1,891	1,095	773	773	773	384	26,773	
Ozarks Technical College	0.1494	2,121	3,765	2,958	2,314	1,735	1,156	669	473	473	473	235	16,373	
Green County General	0.1160	1,647	2,923	2,297	1,797	1,347	898	520	367	367	367	182	12,712	
Green County Road & Bridge	0.1160	1,647	2,923	2,297	1,797	1,347	898	520	367	367	367	182	12,712	
State of Missouri	0.0300	426	756	594	465	348	232	134	95	95	95	47	3,288	
Sheltered Workshop	0.0468	664	1,179	927	725	544	362	210	148	148	148	74	5,129	
Senior Services	0.0494	701	1,245	978	765	574	382	221	156	156	156	78	5,414	
Springfield R-12	4.0693	57,775	102,549	80,580	63,033	47,266	31,498	18,235	12,871	12,871	12,871	6,401	445,951	
	5.4306	$ 77,102	$ 136,855	$ 107,536	$ 84,119	$ 63,077	$ 42,035	$ 24,335	$ 17,177	$ 17,177	$ 17,177	$ 8,542	$ 595,134	

Exhibit 5
Projected Tax Abatement on Project Equipment

Estimated Assessed Value of Personal Property (Acquired in 2012)		$ 2,839,555	$ 2,231,192	$ 1,753,216	$ 1,363,648	$ 974,080	$ 584,511	$ 318,015	$ 318,015	$ 318,015	$ 318,015		
Abatement Percentage		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%		
Estimated Assessed Value of Personal Property (Acquired in 2013)			$ 2,808,961	$ 2,207,153	$ 1,734,327	$ 1,348,956	$ 963,585	$ 578,214	$ 314,589	$ 314,589	$ 314,589	$ 314,589	
Abatement Percentage			50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
Taxing Jurisdiction	Tax Rate per $100	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
City of Springfield	0.6094	$ 8,652	$ 15,357	$ 12,067	$ 9,440	$ 7,078	$ 4,717	$ 2,731	$ 1,928	$ 1,928	$ 1,928	$ 959	$ 66,784
Springfield-Green County Library	0.2443	3,469	6,157	4,838	3,784	2,838	1,891	1,095	773	773	773	384	26,773
Ozarks Technical College	0.1494	2,121	3,765	2,958	2,314	1,735	1,156	669	473	473	473	235	16,373
Green County General	0.1160	1,647	2,923	2,297	1,797	1,347	898	520	367	367	367	182	12,712
Green County Road & Bridge	0.1160	1,647	2,923	2,297	1,797	1,347	898	520	367	367	367	182	12,712
State of Missouri	0.0300	426	756	594	465	348	232	134	95	95	95	47	3,288
Sheltered Workshop	0.0468	664	1,179	927	725	544	362	210	148	148	148	74	5,129
Senior Services	0.0494	701	1,245	978	765	574	382	221	156	156	156	78	5,414
Springfield R-12	4.0693	57,775	102,549	80,580	63,033	47,266	31,498	18,235	12,871	12,871	12,871	6,401	445,951
	5.4306	$ 77,102	$ 136,855	$ 107,536	$ 84,119	$ 63,077	$ 42,035	$ 24,335	$ 17,177	$ 17,177	$ 17,177	$ 8,542	$ 595,134