

FIRST PUBLISHED IN THE WICHITA EAGLE ON MAY 15, 2015

ORDINANCE NO. 50-010

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF R & R HOLDINGS, INC./R & R AEROSPACE SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, R & R Holdings, Inc./R & R Aerospace, requests an ad valorem tax exemption on a proposed expansion project of 91% for a five-plus-five year term on the expansion and equipping of a facility; and

WHEREAS, R & R Holdings, Inc./R & R Aerospace has operated within the City for more than ten years as a manufacturer; and

WHEREAS, R & R Holdings, Inc./R & R Aerospace, proposes a \$5,075,000 expansion and equipping of a building located at 2605 W. Esthner Avenue in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by R & R Holdings, Inc./R & R Aerospace, has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on May 5, 2015; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. R & R Holdings, Inc./R & R Aerospace is an existing business located in Wichita, Kansas, and intends to expand its business by the expansion and equipping of an existing building.

2. The expansion and equipping for which the exemption is given occurred after January 1, 2015. No exemption will be given for expansion and equipping which occurred before that date.

3. Such expansion and equipping is to be used exclusively for manufacturing and distribution of articles of commerce.

4. By such expansion, R & R Holdings, Inc./R & R Aerospace will retain 18 employees and create new employment for 28 employees within five years after the start of the project.

5. Tax exemption will be given only for the expansion and equipping of the existing building.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council of the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by R & R Holdings, Inc./R & R Aerospace is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing and distribution of articles of commerce.

2. R & R Holdings, Inc./R & R Aerospace is hereby granted an ad valorem tax exemption of 91% for a five-year term on the expansion and equipping of an existing building and 91% for a second five years, subject to approval by the then current governing body, located within the Wichita City limits at 2605 W. Esthner Avenue in southwest Wichita, at an estimated cost of \$5,075,000. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and R & R Holdings, Inc./R & R Aerospace may be required to repay amounts previously abated), in the event of any failure by R & R Holdings, Inc./R & R Aerospace, to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and R & R Holdings, Inc./R & R Aerospace is hereby approved.

4. The Office of Urban Development shall be responsible for monitoring the performance of R & R Holdings, Inc./R & R Aerospace and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in R & R Holdings, Inc./R & R Aerospace's written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and as stated in R & R Holdings, Inc./R & R Aerospace's annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that R & R Holdings, Inc./R & R Aerospace no longer is entitled to such exemption in accordance with the Economic Development Incentive Agreement, which R & R Holdings, Inc./R & R Aerospace has executed with the City.

7. The City Council may, at its discretion, require R & R Holdings, Inc./R & R Aerospace to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which R & R Holdings, Inc./R & R Aerospace has executed with the City.

8. Upon finding that R & R Holdings, Inc./R & R Aerospace has failed to meet its obligations under the Economic Development Incentive Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on R & R Holdings, Inc./R & R Aerospace's expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 12th day of May, 2015.

Jeff Longwell, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Jennifer Magana, Director of Law