

**EXHIBIT C**  
**AN ORDINANCE SUPPORTING THE DESIGNATION FOR AN ENHANCED ENTERPRISE ZONE (EEZ),  
AND ESTABLISHING THE REAL PROPERTY TAX ABATEMENT RATE AND THE DESIGNATION OF  
THE JOHNSON COUNTY ENHANCED ENTERPRISE ZONE**

**Program Guidelines**

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**Overview:**

The Missouri Enhanced Enterprise Zone (EEZ) program gives cities and counties the authority to provide financial incentives for qualifying projects.

The EEZ enables economic development leaders to promote a wide variety of business development projects using local property tax abatements and state tax credits under the Missouri Works – Zone Works category.

**RSMo. Authorizing Statutes for Reference:**

Development projects proposed for EEZ benefits must meet statutory conditions required by the State of Missouri in Sections 135.950 to 135.973, RSMo.

**1. Types of Projects Eligible for Possible Participation:**

Qualifying projects must meet defined standards for participation in the EEZ program. Eligibility criteria are:

(a) Minimum investment and employment criteria, in accordance with state and local guidelines, must be met in order for projects to qualify for the program. The minimum investment and employment criteria are:

- New or expanded business facility - 2 new employees and \$100,000 new investment
- Replacement business facility – 2 new employees and \$1,000,000 new investment.

(b) Businesses must fall within the North American Industry Classification System (NAICS) industry codes.

**2. Establishments NOT eligible for participation in the Program are:**

- Gaming establishments (NAICS sector 7132)
- Retail trade (NAICS sectors 44 and 45)
- Educational Services (NAICS sector 61)
- Religious organizations (NAICS sector 8131)
- Public administration (NAICS sector 92)
- Adult Entertainment (NAICS subsector of 71399)
- Food and drinking places (NAICS subsector 722)

However, headquarters or administrative offices of an otherwise excluded business may qualify for benefits if the offices serve a multistate territory.

Note: Service industries may be eligible only if a majority of its annual revenue will be derived from out of the state.

For a list of Service Industries, go to: <https://www.census.gov/cgi-bin/sssd/naics/naicsrch>

**3. Industry codes ELIGIBLE for the Johnson County EEZ program are listed below:**

- Greenhouse, Nursery, and Floriculture Production (NAICS 1114)
- Utilities (NAICS 22)
- Construction (NAICS 23)
- Manufacturing (NAICS 31-33)
- Wholesale Trade (NAICS 42)
- Transportation and Warehousing (NAICS 48-49)
- Information (NAICS 51)
- Commercial and Industrial Machinery and Equipment Rental and Leasing (NAICS 5324)
- Professional, Scientific and Technical Services (NAICS 54)
- Management of Companies and Enterprise (NAICS 55)
- Administrative and Support and Waste Management and Remediation Disposal Services (NAICS 56 with the exclusion of NAICS 562112 – Hazardous Waste Collection, 562119 – Other Waste Collection, 562211 – Hazardous Waste Treatment and, 562219 – Other Nonhazardous Waste Treatment and Disposal)
- Health Care and Social Assistance (NAICS 62)
- Arts, Entertainment, and Recreation (NAICS 71 with the exclusion of the NAICS group 7132 – Gambling Establishments and 71399 – Adult Entertainment subsector only)

**4. Zone will also be designated as a “Renewable Energy Generation Zone”** which contains land, improvements or lock and dam site which is utilized for the production, generation, conversion and conveyance of electrical energy from a renewable energy resource.

The following “renewable energy resources” may be eligible:

- Wind
- Solar Thermal Sources or photovoltaic cells and panels;
- Dedicated crops grown for energy production
- Cellulosic agricultural residues
- Plant residues
- Methane from landfills, agricultural operations, or wastewater treatment;
- Thermal depolymerization or pyrolysis for converting waste material to energy
- Clean and untreated wood such as pallets
- Hydroelectric power, which shall include electrical energy produced or generated by hydroelectric power generating equipment
- Fuel cells using hydrogen
- Other sources of energy, not including nuclear, that are certified as renewable by the Missouri Department of Natural Resources

**5. Zone Benefits: The Enhanced Enterprise Zone program is a DISCRETIONARY program offering local real estate only property tax abatement.**

<b>NEW or EXPANDED BUSINESS FACILITY<sup>1</sup> – EXISTING TAX BASE CANNOT BE ABATED*</b>	
<b>QUALIFICATION REQUIREMENTS</b>	<b>ABATEMENT LEVEL / TERM</b>
Minimum Requirements – 2 net new employees <sup>2</sup> , AND \$100K minimum Investment	50% abatement for 10 years*
<b>ADDITIONAL ABATEMENT INCREMENTAL BENEFITS</b>	
<b>NEW JOBS</b>	
3 to 9 Net New Employees	5% additional abatement
10 to 19 Net New Employees	10% additional abatement
20 to 29 Net New Employees	15% additional abatement
30 to 49 Net New Employees	20% additional abatement
50 to 99 Net New Employees	30% additional abatement
100 + Net New Employees	25% additional abatement + 5 years*
<b>AVERAGE PAYROLL (until 7/01/17)</b>	
<b>Johnson County Average Wage as established by DED is \$28,862 per year</b>	
Average new payroll 81% to 99% of County Average Wage	0% additional abatement
Average new payroll at 100% to 109% of County Average Wage	5% additional abatement
Average new payroll at 110% to 119% of County Average Wage	10% additional abatement
Average new payroll at 120% to 129% of County Average Wage	15% additional abatement
Average new payroll at 130% to 139% of County Average Wage	10% additional abatement + 5 years*
<b>INVESTMENT</b>	
Capital Investment \$500K to \$1.59 million	5% additional abatement
Capital Investment \$1.6 to \$3 million	10% additional abatement
Capital Investment \$3.1 to \$5 million	15% additional abatement
Capital Investment \$5.1 to \$7.5 million	20% additional abatement
Capital Investment exceeding \$7.6 to \$10 million	15% additional abatement + 5 years*

Note 1: A project can combine one qualifier from each of the additional incremental abatement categories (New Jobs, Payroll and Investment) however; the total project benefit cannot exceed the maximum of 100% real estate property tax abatement for 25 years or the remaining life of the zone, whichever comes first.

Note 2: Employees of an enhanced business enterprise must be scheduled to work an average of at least 1000 hours per year, earn an average of 80% of the County Average Wage, as annually reported by the Missouri Department of Economic Development, and at all times be offered health insurance which is partially paid for by the employer. For example, 80% of Johnson County's County Average Wage (until 7/1/2016) is \$23,090 per year (or \$11.10 per hour based on 2080 hours per year)

\*As established by RSMo. 135.960 Section 3, the enhanced enterprise zone shall expire in twenty-five (25) years from the point of acceptance by the Department of Economic Development. Therefore, the term of the abatement CANNOT extend beyond the life of the zone.

**6. Discretionary Ability to Compete:**

In the event a business is considering multiple locations across Missouri and has received a written proposal that includes an EEZ program benefit, the tax abatement benefits proposed under the Johnson County EEZ would have the discretionary ability to match or exceed those offered by the other location.

**7. Taxes or Payments Owed:**

Any company that is delinquent in the payment of any non-protested taxes or any other amounts due in state or federal government or any other political subdivision of this state is not a qualified company.

**8. Bankruptcy:**

- a. Any company requesting benefits that has filed for or has publicly announced its intention to file for bankruptcy protection is not a qualified company. However, a company that has filed for or has publicly announced its intention to file for bankruptcy, may be a qualified company provided that such company:
  - i. Certifies to the Program Administrator of plans to reorganize and not to liquidate; and;
  - ii. After its bankruptcy petition has been filed, it produces proof, in a form and at times satisfactory to the Program Administrator, that it is not delinquent in filing any tax returns or making any payment due, including but not limited to all tax payments due after the filing of the bankruptcy petition and under the terms of the plan of reorganization.
- b. Any taxpayer who is awarded benefits under this subsection and who files for bankruptcy under Chapter 7 of the United States Bankruptcy Code, Title 11 U.S.C., shall immediately notify the Program Administrator and shall forfeit such benefits.

**9. E-Verify:**

Per Section 285.530 RSMo, any business receiving benefits must enroll in the E-Verify Program. The program is designed to provide employment status information to determine the applicant's eligibility for employment. The E-Verify Program, conducted jointly by the U.S. Department of

Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS) Verification Division and the Social Security Administration (SSA), is designed to provide employment status information to determine the eligibility of applicants for employment.

E-Verify program requires participating commercial employers use the automated Verification Information System (VIS) to check the SSA and the USCIS databases to verify the employment authorization of ALL newly hired employees.

The Memorandum of Understanding Certification certifies that your organization does not employ illegal immigrants (undocumented workers) and the information contained in the application is true, correct, and complete.

To certify that your business / organization do not employ illegal immigrants, all applicants must:

- Enroll in E-Verify. Currently an employer's participation in E-Verify is free.  
To access E-Verify website, go to: <https://e-verify.uscis.gov/enroll/>
- Check the box on the Certification confirming enrollment and participation in E-Verify.
- Provide supporting documentation by including a copy of the executed Memorandum of Understanding to the Program Administrator.

#### **10. Multiple Companies:**

If more than one company is located at the project facility, all may qualify as one project as long as certain conditions are met. These conditions include that the companies located at the project facility must be wholly owned subsidiaries of the same parent company. The parent company must be listed as the applicant, with the subsidiaries listed in the appropriate section of the application. A copy of the organization chart illustrating the company ownership structure must be attached to the Application.

#### **11. Annual Report Required:**

Benefiting enterprises receiving tax abatements must report annually to the Program Administrator on or before May 1 following the end date of construction.

The report must include the following:

- a. Notarized affidavit of proof of at least the number of net new employees employed by the organization as designated in the agreement establishing the level of incentives offered. The affidavit shall include documentation as follows:
  - 1. Copy of W-2 for each net new employee (last four digits of the social security number ONLY) and**
  - 2. Copy of State and federal quarterly reports (last four digits of the social security number ONLY)**Annually, proof of employee retention shall be supplied in the same manner.
- b. Actual total number of employees
- c. Actual total amount of investment (both real estate and personal property)
- d. Actual Average Wage for the Facility for the 12 months proceeding.

**12. Non-performance and/or Closure:**

- a. If the industry fails to meet the minimum of two (2) net new employees at a minimum of 80% of the County Average Wage and \$100,000 of investment required on May 1 following the end of construction, it will be ineligible for any abatement through the Enhanced Enterprise Zone from that date forward.
- b. If at any time the enterprise doesn't maintain the minimum level of at least two (2) net new employees at a minimum of 80% of the County Average Wage, the enterprise will be placed on the tax roll. The enterprise may also be required to repay previous years of abatement plus interest and penalties.
- c. If the enterprise maintains the minimum level of employment, average wage and investment, but does not achieve the higher level of net new employees, investment and/or maintain an average wage designated in the agreement justifying the higher level of tax abatement offered, the Enhanced Enterprise Zone Advisory Board has the discretion to decrease the amount of tax abatement benefit or place the property back on the tax roll.
- d. Any abatement or exemption provided within the Enhanced Enterprise Zone on an individual parcel of real property shall cease after a period of thirty (30) days of business closure, work stoppage, major reduction in force, or a significant change in the type of business conducted at such location. For the purposes of this Enhanced Enterprise Zone, "work stoppage" shall not include strike or lockout or time necessary to retool a plant, and a "major reduction in force" is defined as a reduction of ninety-five percent (95%) or more in the number of persons actually working at the location.

**13. Transfer to Non-related Taxpayer:**

Discretionary tax abatement benefits are based on the actions and responsibilities of the applying taxpayer. Therefore, tax abatement benefits cannot be transferred to a non-related taxpayer. However, the non-related taxpayer is encouraged to apply for tax abatement benefits.

**14. Return Environment to Preconstruction Status:**

If any county, city, or village road, street or other public infrastructure is used during or after construction is not up to or better than preconstruction standards for any industry receiving abatement, restitution will be made for their repair or maintenance not less than 60 days following the end of construction or the identification of a concern by inspection. Inspection and approval of the road, street or other public infrastructure will be made by the respective authority or jurisdiction. If preconstruction status of the road, street or other public infrastructure is not achieved, property tax abatement will be null and void.

## APPLICATION PROCESS SUMMARY

### JOHNSON COUNTY, MISSOURI, ENHANCED ENTERPRISE ZONE

APPLICATION FORM UTILIZED WILL BE PROVIDED BY THE MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT'S MOST CURRENT PROJECT INFORMATION QUESTIONNAIRE, NOTICE OF INTENT OR OTHER MOST APPROPRIATE APPLICATION FORM.

Step 1: Applicants for the Enhanced Enterprise Zone (EEZ) must make application to the EEZ Advisory Board. It is recommended that the application process be completed prior to any improvements being made to the property to receive the fullest benefit. Timing of improvements should be carefully considered. The application must contain a construction timeline with an anticipated end date of construction. It must also contain a description of the scope of business.

Step 2: Once the application is received, the Johnson County EEZ Advisory Board will review the application to determine if the applicant meets the qualifications of the Johnson County EEZ as set forth in the ordinance.

Step 3: Should the application be recommended for approval by the EEZ Advisory Board, the Johnson County Commission will consider a resolution which establishes the level of abatement based on job created, investment made, and wages paid. Once resolution is approved the Johnson County Commission, the approved amount of taxes on improvements to real property will be abated from the date of the resolution approval. The construction period will count toward the years of total abatement.

Step 4: Immediately following the approval of the resolution, an assessment of the existing property (real and personal) to be improved shall be obtained from the County Assessor to establish the assessment of both real estate and personal property base. After the base is established, the property will be assessed in accordance with the normal County Assessor schedule.

Step 5: The industry must notify the EEZ Advisory Board in writing when construction is completed. If extenuating circumstances prevent the industry from meeting the construction end date in the original application approved by the EEZ Advisory Board, notification in the form of a letter detailing the circumstances that prevented the completion of construction must be made to the EEZ Advisory Board prior to the construction end date provided in the original application. The EEZ Advisory Board will review the circumstances and determine if an extension should be granted.

Step 6: Benefiting enterprises receiving tax abatements must report annually to the Program Administrator on or before May 1 following the end date of construction.

The report must include the following:

- a. Notarized affidavit of proof of at least the number of net new employees employed by the organization as designated in the agreement establishing the level of incentives offered. The affidavit shall include documentation as follows:
  - 1. Copy of W-2 for each net new employee (last four digits of the social security number ONLY) and**
  - 2. Copy of State and federal quarterly reports (last four digits of the social security number ONLY)**Annually, proof of employee retention shall be supplied in the same manner.
- b. Actual total number of employees
- c. Actual total amount of investment (both real estate and personal property)
- d. Actual Average Wage for the Facility for the 12 months proceeding.

#### REQUIRED ATTACHMENTS

1. E-Verify Memorandum of Understanding (MOU) - A copy of the executed MOU between the company / organization and the Department of Homeland Security, United States Citizenship and Immigration Services (DHS-USCIS) and the Social Security Administration (SSA). Must be electronically signed by company & DHS-USCIS. See Section 9 of the EEZ Program Guidelines for more information.
2. Base Employees - Shall include employee name, last 4 of SSN and date hired of all current employees
3. Related Facility Employees - List of employees (same information as above) for each facility within Missouri. Sort by facility location.
4. Health Insurance - Copy of employer paid health insurance benefits; include eligibility start date for new hires and % of premium paid by employer.

#### FOR MORE INFORMATION:

Johnson County Enhanced Enterprise Zone Advisory Board  
Attn: Program Administrator  
300 N. Holden Street, Suite 301  
Warrensburg MO 64093  
Phone: 660-747-0244 Fax: 660-747-0620  
www.growjocomo.com  
E-mail: brantner@growjocomo.com

#### CONFIDENTIALITY:

If this application package contains any materials that the Company considers to be closed records pursuant to Section 620.014 RSMo, each page must be clearly marked as 'Confidential' and the Company must provide written support that releasing the information would endanger the competitiveness of the business.