
BEFORE THE

CITY COUNCIL

OF THE

CITY OF JOPLIN, MISSOURI

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
FOR SCHAEFFLER GROUP USA, INC.**

Mailed November 27, 2018

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
FOR SCHAEFFLER GROUP USA, INC.**

TO: THE CITY COUNCIL OF THE CITY OF JOPLIN, MISSOURI

A plan for an industrial development project as described herein has been proposed to the City of Joplin, Missouri (the “City”), for approval, to be carried out pursuant to Article VI, Section 27(b) of the Missouri Constitution, as amended, Sections 100.010 to 100.200, inclusive, of the Missouri Revised Statutes, as amended, and in support of said application the following is submitted:

1. Description of the Project and the Company. The project consists of acquiring and installing equipment to manufacture bearings (the “Project Equipment”) in a facility located within the City and operated by Schaeffler Group USA, Inc. (“Schaeffler Group”). The Project Equipment will be located at 3900 Range Line Road Joplin, MO 64804. The Project Equipment is designed to be used in the manufacturing of products sold by Schaeffler Group, a Delaware corporation that provides roller and spherical bearings for automotive and industrial applications.

2. Estimate of the Cost of the Project Equipment. The total cost of the installed Project Equipment is estimated to be \$67,140,000. The Company (defined below under paragraph 4) may make improvements to its Joplin facility to accommodate the installation of the Project Equipment, but will not receive tax abatement incentives with respect to any real property improvements. The personal property abated will include only the Project Equipment. Real and personal property currently owned and not part of the Project Equipment will not receive abatement under this plan.

3. Source of Funds to be Expended for the Project Equipment. The source of funds to be expended for the Project Equipment will be the proceeds of \$67,215,000 estimated aggregate principal amount of taxable industrial revenue bonds (the “Bonds”), to be issued by the City for the Project Equipment and to pay costs of issuing the Bonds.

4. Statement of the Terms Upon Which the Project Equipment is to be Leased and Otherwise Disposed of by the City. The City will take legal ownership of the Project Equipment as it is acquired. The Project Equipment will be leased by the City (with an option to purchase the City’s interest in the Project Equipment) to Schaeffler Group, or an affiliate thereof (the “Company”). The lease payments will equal the principal and interest on the Bonds. The Bonds will be payable solely from the revenues derived by the City from the lease to the Company or other disposition of the Project Equipment and the Bonds will not be an indebtedness or general obligation, debt or liability of the City.

5. Bond Purchase Arrangements. The Company or a related entity will purchase the Bonds in the estimated aggregate principal amount of \$67,215,000.

6. Affected School District, Community College District, County, City and Emergency Services Districts. The Joplin R-VIII School District of Jasper County, Missouri; Newton County, Missouri; and the Newton County Ambulance District are the school district, county and ambulance district board affected by the project. All other taxing districts affected by project are described in the Cost Benefit Analysis attached hereto as **Exhibit A**. No fire district or community college district is affected by the project. The City does not levy its ad valorem taxes on personal property.

7. **Equalized Assessed Valuation.** No real property is included in the project. The most recent equalized assessed valuation of the Project Equipment is \$-0-. The estimated total equalized assessed valuation of the Project Equipment after completion of the Project Equipment is as follows (showing valuation as of the first day of each year based on acquisitions to such point and depreciation of prior acquisitions):

<u>Year</u>	<u>Estimated A.V.</u>
2019	\$1,159,166
2020	3,548,770
2021	7,163,529
2022	10,901,382
2023	11,262,403
2024	9,652,898

8. **Cost Benefit Analysis.** Attached hereto as **Exhibit A** is the Cost Benefit Analysis for the affected taxing jurisdictions, which assumes 100% tax abatement, except as described below for the Newton County Ambulance District, for the following property for the following periods:

3-year depreciable property	5 years
7-year depreciable property	7 years

Each component of the Project Equipment will be subject to abatement for either 5 or 7 years based on its depreciable life, starting with the tax year after the year in which it is placed in service. After the abatement period ends for a particular component, it will be subject to taxation.

9. **Payments in Lieu of Taxes.** This plan provides for 100% tax abatement for the Project Equipment components for 5 or 7 years depending on the depreciable life for such components; provided that the Newton County Ambulance District shall have the right during the time that the law so requires and during such time as the Newton County Ambulance District imposes property tax in the area in which the Project Equipment is located, to reimbursement of amounts that would otherwise be payable to the Newton County Ambulance District in absence of this plan. The attached Cost Benefit Analysis assumes receipt by the Newton County Ambulance District of 100% of the taxes that would be due if the Project Equipment were completed without abatement. This plan does not create a contractual right of the Newton County Ambulance District to such funds and the amount of such payments shall vary in accordance with the actual implementation of the Project Equipment, the then-current levy rate of the Newton County Ambulance District in each year and the continued imposition of property tax by the Newton County Ambulance District in the area in which the Project Equipment is located.

* * *

EXHIBIT A

COST BENEFIT ANALYSIS

The accompanying spreadsheet shows the detailed cost/benefit amounts of the proposed project. The 2018 personal property tax levy rates were utilized for all taxing jurisdictions. Amounts shown for any particular taxing jurisdiction are subject to change based on the then-current levy rates of all relevant taxing jurisdictions.

**City of Joplin, Missouri
(Schaeffler Expansion Project)**

COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT

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This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a “municipal advisor” as defined in the Securities Exchange Act of 1934, as amended.

Project Assumptions

♦ Initial year taxes assessed 2019

♦ Annual investments of personal property (Project Equipment)	3-Year	7-Year
	2018 \$	\$
	-	3,895,000
	2019 600,000	8,360,000
	2020 1,500,000	13,585,000
	2021 2,000,000	16,530,000
	2022 1,200,000	9,025,000
	2023 4,200,000	515,000

♦ Assessed value as a percentage of appraised value (personal) 33.33%

♦ Terms of abatement:

Years 1-5 (3-year property)	100.0%
Years 1-7 (7-year property)	100.0%

♦ Personal property is depreciated using the following 3-year and 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 and on	5.00%	10.00%	10.00%	15.00%	15.00%	20.00%

Summary of Tax Impact Analysis

Taxing Jurisdiction	Tax Rate	Tax Revenue for Project Equipment Without Abatement	Revenue Generated from PILOT Payments	Value of Abatement
Newton County - Mental Health	0.0833	\$ 49,171	\$ -	\$ 49,171
Newton County Sheltered Workshop	0.0501	29,574	-	29,574
Newton County - County Fair	0.0100	5,903	-	5,903
Newton County - Health Department	0.0500	29,514	-	29,514
Joplin R-VIII School District	3.6964	2,181,946	-	2,181,946
Joplin Special Road District	0.2270	133,996	-	133,996
Neosho Newton County Library	0.1000	59,029	-	59,029
Newton County Ambulance District	0.1919	113,277	113,277	-
State of Missouri	0.0300	17,709	-	17,709
	4.4387	\$ 2,620,118	\$ 113,277	\$ 2,506,842

**Projected Tax Revenues Without Abatement
on Project Equipment**

Estimated Assessed Value of Project Equipment	\$1,159,166	\$3,548,770	\$7,163,529	\$10,901,382	\$11,262,403	\$9,652,898	\$6,803,328	\$4,411,193	\$2,550,379	\$1,226,391	\$ 332,352	\$ 17,165		
Taxing Jurisdiction	Tax Rate per \$100													
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
Newton County - Mental Health	0.0833	\$ 966	\$ 2,956	\$ 5,967	\$ 9,081	\$ 9,382	\$ 8,041	\$ 5,667	\$ 3,675	\$ 2,124	\$ 1,022	\$ 277	\$ 14	\$ 49,171
Newton County Sheltered Workshop	0.0501	581	1,778	3,589	5,462	5,642	4,836	3,408	2,210	1,278	614	167	9	29,574
Newton County - County Fair	0.0100	116	355	716	1,090	1,126	965	680	441	255	123	33	2	5,903
Newton County - Health Department	0.0500	580	1,774	3,582	5,451	5,631	4,826	3,402	2,206	1,275	613	166	9	29,514
Joplin R-VIII School District	3.6964	42,847	131,177	264,793	402,959	416,303	356,810	251,478	163,055	94,272	45,332	12,285	634	2,181,946
Joplin Special Road District	0.2270	2,631	8,056	16,261	24,746	25,566	21,912	15,444	10,013	5,789	2,784	754	39	133,996
Neosho Newton County Library	0.1000	1,159	3,549	7,164	10,901	11,262	9,653	6,803	4,411	2,550	1,226	332	17	59,029
Newton County Ambulance District	0.1919	2,224	6,810	13,747	20,920	21,613	18,524	13,056	8,465	4,894	2,353	638	33	113,277
State of Missouri	0.0300	348	1,065	2,149	3,270	3,379	2,896	2,041	1,323	765	368	100	5	17,709
	4.4387	\$ 51,452	\$ 157,519	\$ 317,968	\$ 483,880	\$ 499,904	\$ 428,463	\$ 301,979	\$ 195,800	\$ 113,204	\$ 54,436	\$ 14,752	\$ 762	\$2,620,118

Personal Property Assessed Value (3-Year Depreciation)												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	600,000	-	149,985	74,993	24,998	9,999	9,999	-	-	-	-	-
2020	1,500,000	-	-	374,963	187,481	62,494	24,998	24,998	-	-	-	-
2021	2,000,000	-	-	-	499,950	249,975	83,325	33,330	33,330	-	-	-
2022	1,200,000	-	-	-	-	299,970	149,985	49,995	19,998	19,998	-	-
2023	4,200,000	-	-	-	-	-	1,049,895	524,948	174,983	69,993	69,993	-
	9,500,000	-	149,985	449,955	712,429	622,438	1,318,202	633,270	228,311	89,991	69,993	-

Personal Property Assessed Value (7-Year Depreciation)												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2018	3,895,000	1,159,166	910,820	715,700	556,670	397,640	238,610	129,820	-	-	-	-
2019	8,360,000	-	2,487,966	1,954,930	1,536,136	1,194,803	853,471	512,138	278,639	-	-	-
2020	13,585,000	-	-	4,042,944	3,176,761	2,496,221	1,941,555	1,386,890	832,224	452,788	-	-
2021	16,530,000	-	-	-	4,919,387	3,865,429	3,037,359	2,362,452	1,687,544	1,012,637	550,945	-
2022	9,025,000	-	-	-	-	2,685,872	2,110,436	1,658,328	1,289,844	921,360	552,876	300,803
2023	515,000	-	-	-	-	-	153,266	120,429	94,630	73,603	52,576	31,549
	51,910,000	1,159,166	3,398,785	6,713,574	10,188,953	10,639,965	8,334,696	6,170,058	4,182,882	2,460,388	1,156,398	332,352
												17,165

**Projected PILOT Amount
on Project Equipment**

Estimated Assessed Value of Personal Property Acquired in 2018	\$1,159,166	\$ 910,820	\$ 715,700	\$ 556,670	\$ 397,640	\$ 238,610	\$ 129,820								
PILOT Payment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
Estimated Assessed Value of Personal Property Acquired in 2019		\$2,637,951	\$2,029,922	\$1,561,133	\$1,204,802	\$ 863,470	\$ 512,138	\$ 278,639							
PILOT Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
Estimated Assessed Value of Personal Property Acquired in 2020			\$4,417,907	\$3,364,242	\$2,558,714	\$1,966,553	\$1,411,887	\$ 832,224	\$ 452,788						
PILOT Payment			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
Estimated Assessed Value of Personal Property Acquired in 2021				\$5,419,337	\$4,115,404	\$3,120,684	\$2,395,782	\$1,720,874	\$1,012,637	\$550,945					
PILOT Payment				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
Estimated Assessed Value of Personal Property Acquired in 2022					\$2,985,842	\$2,260,421	\$1,708,323	\$1,309,842	\$ 941,358	\$552,876	\$300,803				
PILOT Payment					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Estimated Assessed Value of Personal Property Acquired in 2023							\$1,203,161	\$ 645,377	\$ 269,613	\$ 143,596	\$122,569	\$ 31,549	\$ 17,165		
PILOT Payment							0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

Taxing Jurisdiction	Tax Rate per \$100	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Newton County - Mental Health	0.0833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Newton County Sheltered Workshop	0.0501	-	-	-	-	-	-	-	-	-	-	-	-	-
Newton County - County Fair	0.0100	-	-	-	-	-	-	-	-	-	-	-	-	-
Newton County - Health Department	0.0500	-	-	-	-	-	-	-	-	-	-	-	-	-
Joplin R-VIII School District	3.6964	-	-	-	-	-	-	-	-	-	-	-	-	-
Joplin Special Road District	0.2270	-	-	-	-	-	-	-	-	-	-	-	-	-
Neosho Newton County Library	0.1000	-	-	-	-	-	-	-	-	-	-	-	-	-
Newton County Ambulance District	0.1919	2,224	6,810	13,747	20,920	21,613	18,524	13,056	8,465	4,894	2,353	638	33	113,277
State of Missouri	0.0300	-	-	-	-	-	-	-	-	-	-	-	-	-
	4.4387	\$ 2,224	\$ 6,810	\$ 13,747	\$ 20,920	\$ 21,613	\$ 18,524	\$ 13,056	\$ 8,465	\$ 4,894	\$ 2,353	\$ 638	\$ 33	\$113,277

*Newton County Ambulance District assumed to receive full PILOT. See Paragraph 9 of the Plan for a discussion of related assumptions.

**Projected Tax Abatement
on Project Equipment**

Estimated Assessed Value of Personal Property Acquired in 2018	\$1,159,166	\$ 910,820	\$ 715,700	\$ 556,670	\$ 397,640	\$ 238,610	\$ 129,820							
Abatement Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%							
Estimated Assessed Value of Personal Property Acquired in 2019		\$2,637,951	\$2,029,922	\$1,561,133	\$1,204,802	\$ 863,470	\$ 512,138	\$ 278,639						
Abatement Percentage		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%						
Estimated Assessed Value of Personal Property Acquired in 2020			\$4,417,907	\$3,364,242	\$2,558,714	\$1,966,553	\$1,411,887	\$ 832,224	\$ 452,788					
Abatement Percentage			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					
Estimated Assessed Value of Personal Property Acquired in 2021				\$5,419,337	\$4,115,404	\$3,120,684	\$2,395,782	\$1,720,874	\$1,012,637	\$550,945				
Abatement Percentage				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%				
Estimated Assessed Value of Personal Property Acquired in 2022					\$2,985,842	\$2,260,421	\$1,708,323	\$1,309,842	\$ 941,358	\$552,876	\$300,803			
Abatement Percentage					100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%			
Estimated Assessed Value of Personal Property Acquired in 2023							\$1,203,161	\$ 645,377	\$ 269,613	\$ 143,596	\$122,569	\$ 31,549	\$ 17,165	
Abatement Percentage							100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

Taxing Jurisdiction	Tax Rate per \$100	Year													Total
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
Newton County - Mental Health	0.0833	\$ 966	\$ 2,956	\$ 5,967	\$ 9,081	\$ 9,382	\$ 8,041	\$ 5,667	\$ 3,675	\$ 2,124	\$ 1,022	\$ 277	\$ 14	\$ 49,171	
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Newton County - Health Department	0.0500	580	1,774	3,582	5,451	5,631	4,826	3,402	2,206	1,275	613	166	9	29,514	
Joplin R-VIII School District	3.6964	42,847	131,177	264,793	402,959	416,303	356,810	251,478	163,055	94,272	45,332	12,285	634	2,181,946	
Joplin Special Road District	0.2270	2,631	8,056	16,261	24,746	25,566	21,912	15,444	10,013	5,789	2,784	754	39	133,996	
Neosho Newton County Library	0.1000	1,159	3,549	7,164	10,901	11,262	9,653	6,803	4,411	2,550	1,226	332	17	59,029	
Newton County Ambulance District	0.1919	-	-	-	-	-	-	-	-	-	-	-	-	-	
State of Missouri	0.0300	348	1,065	2,149	3,270	3,379	2,896	2,041	1,323	765	368	100	5	17,709	
Total	4.4387	\$ 49,227	\$ 150,709	\$ 304,221	\$ 462,960	\$ 478,292	\$ 409,939	\$ 288,924	\$ 187,334	\$ 108,310	\$ 52,082	\$ 14,114	\$ 729	\$ 2,506,842	