

**First Amendment to
Development Plan
of the Big Mac Redevelopment Project
Moberly, Missouri**

Prepared for

The City Council of the City of Moberly, Missouri

on behalf of

Moberly Redevelopment Corporation



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Moberly Redevelopment Corporation**

Introduction

This First Amendment to Development Plan of the Big Mac Redevelopment Project (the “**First Amendment**”) in the City of Moberly, Missouri (the “**City**”) supplements and otherwise amends the original Development Plan approved by the City in Ordinance No. 9465 on July 16, 2018 (the “**Original Plan**”). All defined terms used in this First Amendment shall have the same meaning as in the Original Plan, unless otherwise noted. The Original Plan and the First Amendment shall together be referred to as the “**Plan**”.

The Original Plan set forth a program of redevelopment intended to eliminate or mitigate certain factors which had caused an area containing approximately eleven (11) acres, plus adjacent right-of-way to the centerline, located at 1311 E. Highway 24 in the City of Moberly, Missouri and referred to as the Redevelopment Area to constitute a “blighted area,” as that term is used and defined in the Urban Redevelopment Corporations Law, Chapter 353 of the Revised Statutes of Missouri, as amended (“**Chapter 353**”).

The Redevelopment Area encompasses one (1) tract of land now owned by Mac Rak, Inc. (the “**End-User**”). The End-User has complied with the requirements of the Original Plan in all material respects. This has resulted in the location and construction of new manufacturing operations within the Redevelopment Area, which included substantial cleanup of site and the purchase of machinery and equipment with a market value of at least \$800,000. This work also directly resulted in the creation of at least 35 new jobs.

The End-User now desires to commence a new project to expand the capacity of its manufacturing plant within the Redevelopment Area. This planned expansion is referred to herein as **Phase II** of the Redevelopment Project. The work planned to be performed by the End-User in Phase II is expected to include the purchase of machinery and equipment with a market value of at least \$700,000, other personal property purchases of an estimated \$100,000, and improvements to existing buildings of \$200,000. This new investment into the site is expected to result in creation of at least 27 new jobs.

Chapter 353 Provisions and Requirements

Chapter 353 as a redevelopment tool is available to all Missouri cities regardless of size. Chapter 353 encourages redevelopment by providing for real property tax abatement for properties within designated redevelopment areas. Under Chapter 353, real property acquired by an Urban Redevelopment Corporation (as that term is used in Chapter 353) and used in accordance with an approved redevelopment plan may receive tax relief in the form of partial real property tax abatement for a period of up to twenty-five years. Taxation of personal property remains unaffected.

Before authorizing a redevelopment project, and granting property tax abatement, the governing body of a city must schedule and hold a public hearing, notify affected taxing districts in writing, and provide to the taxing districts a written statement identifying the estimated impact of the proposed property tax abatement. Following the public hearing, the city may approve the project and the tax abatement by ordinance. The ordinance must set the time for acquisition of property by the Urban Redevelopment Corporation and for expiration of the development rights granted.

Redevelopment Objectives

The principal objectives of the Original Plan have been accomplished. Before the Redevelopment Project, the Redevelopment Area was characterized overall by economic underutilization. The main was vacant except for a single room rented out for office use and some truck parking.

The Redevelopment Project reduced or eliminated blighted conditions, including renovation of existing buildings, regrading and improved drainage, cleanup of debris and trash from the site, and the addition of personnel, equipment, furnishings, and fixtures necessary to support light manufacturing and assembly operations. This has resulted in new manufacturing use of the site that has created new jobs and enhanced the future tax base.

Phase II of the Project will build upon the accomplishments made pursuant to the Original Plan by adding even greater investment into the building improvements and machinery and equipment within the Redevelopment Area. Phase II will also add more new jobs.

Description of Phase II of the Redevelopment Project

A. Phase II Project Activities

Phase II of the Redevelopment Project envisions expanding the manufacturing capacity of the End-User's approximately 68,000 square manufacturing facility. This work is anticipated to include building improvements, new equipment, energy efficiency upgrades, and improvements to working conditions and employee safety. In addition to new investment in the subject real estate and the purchase of new personal property, it is anticipated that the completion of Phase II of the Redevelopment Project will initially generate 12 new full-time jobs within the Redevelopment Area and will ultimately produce at least 27 full time equivalent jobs at the site, all in addition to the jobs created pursuant to the Original Plan. Some minor activities have already begun in preparation of full implementation of Phase II, subject to and dependent upon approval of this First Amendment and the grant of tax abatement proposed for Phase II. Full implementation of Phase II will be unlikely to occur without the incentives offered in this First Amendment.

No use of eminent domain was necessary under the Original Plan, and none will be needed for this First Amendment.

B. Redevelopment Terms and Proposed Limitations on Tax Abatement

Chapter 353 allows for grants of real property tax abatement for a total maximum period of twenty-five years. The Original Plan called for a grant of abatement 100% of taxes on real property only within the Redevelopment Area for a limited period of ten (10) years. This period will run through the 2027 calendar year. Under the Original Plan, the End-User will begin to pay taxes based upon the then current true value of the land and improvements in 2028.

This First Amendment calls for a grant of abatement of 50% of taxes on real property only within the Redevelopment Area for a limited period of six years, to begin in 2028. Even with the addition of this period of 50% abatement, the total abatements within this Redevelopment Area remain substantially lower than the maximum level of abatement permissible by Chapter 353 to encourage redevelopment.

Throughout the entire 10-year period of 100% abatement and the following six-year period of 50% abatement, and thereafter, all affected taxing districts will continue to receive personal property taxes on existing and new equipment and personalty within the Redevelopment Area.

Land Use Plan

The Redevelopment Area lies within the City's "M-1" zoning district classification. The City's Zoning Code provides that the M-1 district is "intended for the purpose of allowing a range of industrial uses from low-intensity to basic to primary industries which is generally compatible with office or commercial activity" (See Moberly Code § 46-86). Permitted uses in the M-1 district include assembly, warehousing, light manufacturing, wholesaling, support trucking and related uses. The proposed uses of both the Original Plan and this First Amendment, light manufacturing and assembly, are permitted as of right under the M-1 district regulations. Accordingly, Phase II remains consistent with the City's Zoning Code and requires no prior zoning approvals or any other land use approvals for implementation.

Duration of Plan

This Plan and all development rights hereunder shall expire at the end of the sixteen-year term of granted tax abatement that began in 2018. No abatement shall occur pursuant to the Plan in 2034 or thereafter.

Plan Amendments

This Plan may be amended from time to time by the City Council by ordinance. Any such amendment that substantially departs from the terms of any redevelopment agreement between the City and the End-User, shall additionally require approval by any affected developer or sub-developer.