Kingman, AZ Opportunity Zone Prospectus

Table of Contents

3 About Kingman
7 Kingman Opportunity Zone
9 Commerce Drive
16 Industrial Boulevard
23 Interstate 40 & Beverly Avenue
33 Planned Investments
34 Incentives & Assistance Programs
35 Kingman Stats
36 Contacts

Disclaimer: The use of the word “prospectus” for the purpose of the work contained herein is not to advertise, endorse, or in any other way promote or offer specific investment opportunities. This prospectus has been prepared for discussion purposes and not to induce anyone to enter into any agreement or transaction. For the avoidance of any debt, the distribution of this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any assets or equity securities or any investment of any kind.

About Kingman, Arizona

Kingman, the seat of government for Mohave County, is located 105 miles southeast of Las Vegas, Nevada and 165 miles northwest of the state capital Phoenix. Its excellent location and transportation network makes Kingman the premier location in northwestern Arizona for industry, distribution, and recreation.

The Kingman Airport and Industrial Park is just nine miles from the city center on historic State Route 66. The Industrial Park is served by BNSF Railway and the Kingman Terminal Railroad short line operated by Patriot Rail.

Passenger rail service is provided by the Amtrak Southwest Chief route, daily service between Los Angeles and Chicago.

Kingman is at the heart of the longest, uninterrupted and most scenic section of historic Route 66. The city typically hosts about two million visitors a year, nearly 40% are international travelers.

The city is surrounded by outdoor recreation opportunities. Within a 60-mile radius are dozens of destinations for hiking, biking, rock climbing, cultural and historic exploration, geologic sites, and desert and mountain vistas—including the Grand Canyon.

KINGMAN Northwestern Arizona's Strategic Location

One-day access to all major southwestern markets

Interstate 40 links Los Angeles with the east coast

Interstate 11/U.S. Highway 93 links Phoenix to Las Vegas

BNSF Mainline and short line railways serve Industrial Park

Kingman Municipal Airport

Bullhead Laughlin Airport

Phoenix Sky Harbor International Airport

Las Vegas McCarran International Airport

Kingman Airport

Once one of the nation's largest World War II U.S. Army Air Force training fields, today the city-managed Kingman Airport serves 400 general aviation and private aircraft including air ambulance, the Bureau of Land Management, and the Mohave County Sheriff's Department. Nearly all military buildings have been removed and the site redeveloped into a civil airport and industrial park.

- 4,000 acres
- Two asphalt runways
  6,827 x 150 ft and 6,725 x 75 ft
- 3,449 ft elevation
- Services: charters, fuel, tiedowns, major airframe service
- Eight miles NE of Kingman
- Five miles from I-40 and SR 93

"Henry Co has been operating in Kingman AZ since 1999. In the last 20 years Henry Co has expanded western operations consolidating four other western plants into the Kingman footprint…The Kingman facility reports records in employee safety, sales, and world-class quality metrics. Out of 13 sites throughout North America, Henry Co Kingman is the second largest volume of all and the largest of the 'pail' plants."

Rob Franklin, Director of Operation
Henry Co

American Woodmark
cabinet manufacturing

Laron
industrial machine shop

Cantex
pipe manufacturing

Cascade Tissue
manufacturing, distribution

True Value
distribution

Dillon Transportation
trucking

Insteel
manufacturing

Pepsi Cola
distribution

Star Foam
manufacturing

Shelves West
plastics manufacturing

Interstate Group
trailer manufacturing

West Coast Netting
manufacturing

Honeywell
aviation braking system

Kingman Airline Services
storage and maintenance

Kingman Airport Industrial Park

The majority of industrial activity in Mohave County is in the Kingman area, specifically, the Kingman Airport Industrial Park.

World-class companies in manufacturing, distribution and logistics locate here because of the unparalleled access to the major western markets.

The services and aviation talent available at the industrial park and the adjacent airport make the Kingman Airport Industrial Park the perfect location for manufacturing, distribution and for companies serving the aviation industry in operations, maintenance, restoration, or equipment.

BNSF and short line provider Patriot Rail provide excellent service to park tenants that require rail.

- 1,100 acres of developed land
- 1,500-acre planned expansion
- Master Plan underway
- Millions in planned improvements to the airport and industrial park
- Kingman Industrial Park Substation recent upgrades double the capacity from 22.4 MVA to 80 MVA
- BNSF main line and over three miles of industrial park rail operated by Patriot Rail
- Five miles to current I-40 and future Interstate 11 which will connect Mexico, U.S. and Canada
- Same-day deliveries to Phoenix, Tucson, Las Vegas, Southern California
- Home to 65 companies and 2,500 employees
- 54,000 employed within 50 miles

Kingman Opportunity Zone

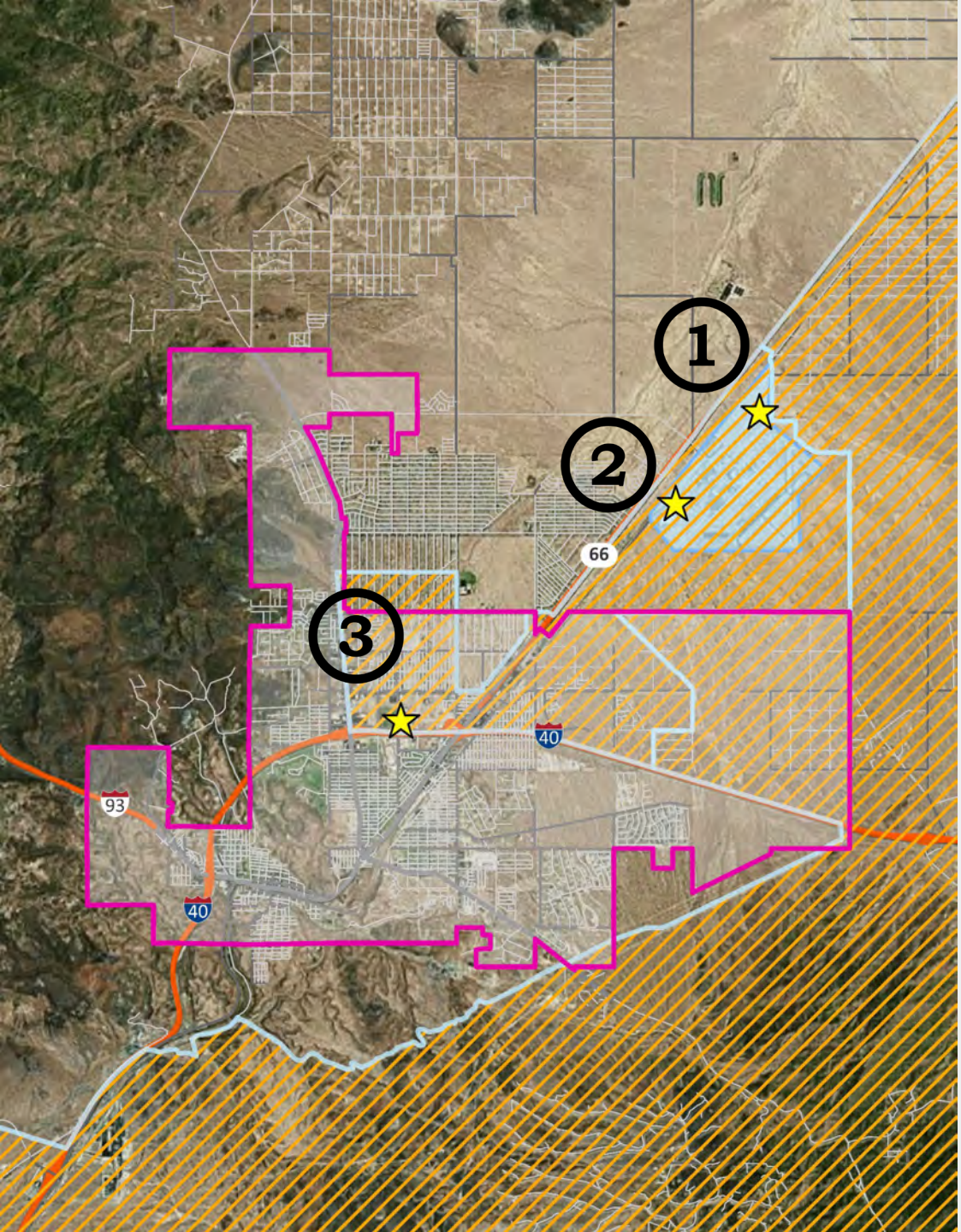
Opportunity Zones (OZ) are a federal program designed to spur community investment by providing tax benefits to investors who hold their investment five to ten years. (IRS Code Section 1400OZ).

- Deferral – capital gains invested in an OZ Fund do not need to be recognized when the investment is sold or exchanged or until December 31, 2026.
- Reduction – after holding an investment in an OZ Fund for seven years, the tax on the original capital gains is reduced by 15 percent.
- Exclusion – after holding an investment in the OZ Fund for at least ten years, disposition of the OZ investment does not result in additional federal income taxes.

Eligibility for the tax benefit requires the investment be made through a qualified Opportunity Fund—a privately managed investment vehicle organized specifically for and holding at least 90 percent of its assets in an Opportunity Zone.

Secondly, the investment must be derived from a gain in another investment and transferred into an Opportunity Fund within 180 days of realizing the gain.

Check here for more tax and Opportunity Zone information.



Opportunity Zone Development Sites

The City of Kingman presents three of the many development sites within the Kingman Opportunity Zone as investment priorities.

1. Commerce Drive in the Kingman Airport Industrial Park — 79.53 acres
2. Industrial Boulevard in the Kingman Airport Industrial Park — 16.27 acres
3. Interstate 40 @ Beverly Avenue & Harrison Street — 8.75 acres

Kingman City Limits

Opportunity Zone

Kingman Airport and Industrial Park

Site 2. Industrial Boulevard

Size: 16.27 acres | 708,721 Square Feet

Dimensions: 1,100' x 650'

Permitted Uses: manufacturing, distribution, wholesale, sales and service facilities

Preferred Use: manufacturing and distribution

Utilities and Services: electrical service and natural gas is provided by UniSource Energy Services and available at the site; water and wastewater are managed by the City and are available at the site

Neighboring Uses: (3 miles) construction, heavy industrial manufacturing, wholesale, distribution

Transportation Access: Route 66 (1 mile), Interstate 40 (6 miles)

Industrial Blvd. Utilities

Water:

- 16” AC water main along Industrial Blvd
- 8” PVC water line at north property

Sewer:

- 8” VCP sewer main along Industrial Blvd
- 8” VCP sewer main at north properties

Fire Hydrants:

- Located along Industrial Blvd and north property line

Water System Valves
Sewer Manholes
Hydrant Valves
Hydrants

Water Mains
12"
8"
6
Sewer Mains

N

Industrial Blvd. Zoning

The Industrial Boulevard parcel and all surrounding parcels are zoned for heavy industry.

The Kingman Airport and the Kingman Airport Industrial Park is directly to the northeast of the Industrial Boulevard parcel where dozens of strong national manufacturing firms are located.

The City of Kingman strives to maintain a balance of land uses that will serve future population and economic growth while preserving the public's health, safety, convenience and quality of life.

Industrial Blvd. Development Standards

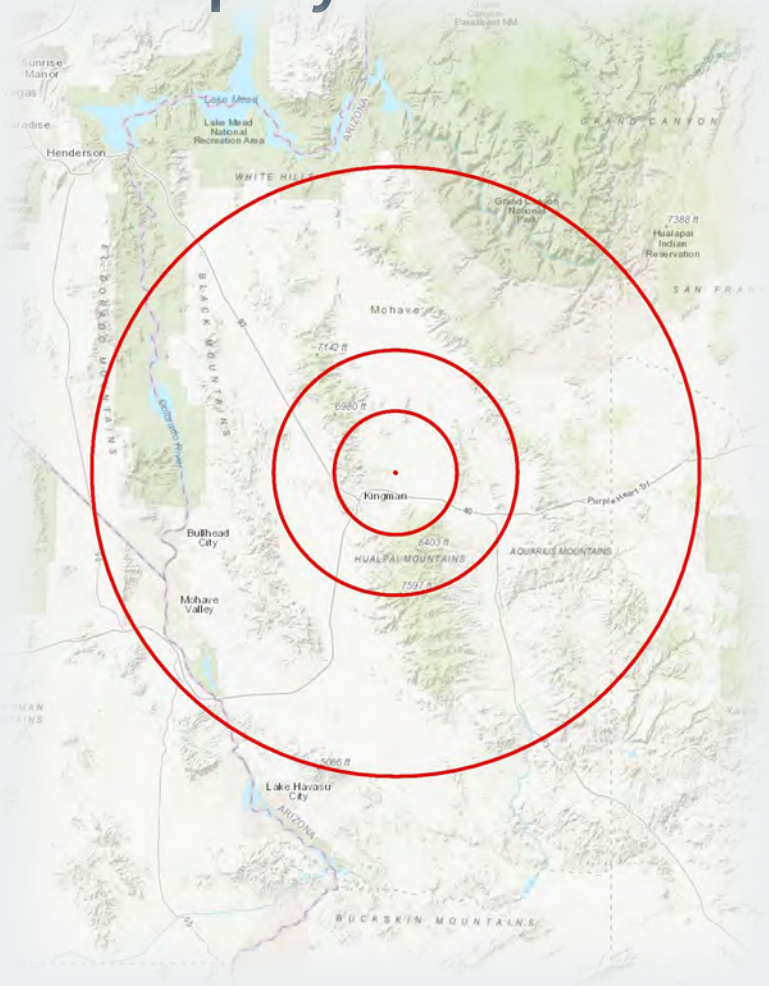
Airport Development (AD)

Parcel	310-21-058		
Size	16.27 Acres	708,721 SF	
Minimum Lot Size	20,000 SF when serviced by public, franchised water		
Uses Permitted Outright (per BMC 17.28.020)	• Manufacturing plants that produce no noise, which emit no particulates, smoke, or dust, and which cause no glare • Distribution • Aircraft firms including manufacturing sales, service, and rental • Wholesale stores		
Uses Requiring a “Special Use Permit” (not permitted outright)	• Block plant manufacturing, concrete batch plants, and the associated storage of related materials • Storage of mineral production related materials • Storage of flammable liquids, gases, and bulk fuels • Any use involving a high concentration or assemblage of people, whether permanent of temporary		
Maximum Height	100’ Buildings exceeding 60’ shall have increased setbacks in accordance with Section 35.B		
Setbacks	Front: 25’	Side: 5’	Rear: 15’
Parking Requirements (per section 36)			
Stall Dimensions	Standard: 9’ x 19’	Drive Aisle: 25’	
Industrial	One space for each two employees on the largest shift, plus one space for each vehicle kept in connection with the use		
Offices, Businesses, Professional	Three per 1,000 SF gross leasable floor area		

Industrial Blvd. Market and Employment Data

	10 Miles	20 Miles	50 Miles
Total Employed 16 years +	19,131	23,584	54,659
Manufacturing	6.6%	7.3%	4.8%
Transportation, Utilities	9.0%	8.6%	7.8%
Construction, Mining	6.0%	6.5%	7.4%
Information Tech	2.1%	1.8%	1.3%
Other	76.3%	75.7%	78.6%
White Collar Occupations	55.55	55.3%	50.7%
Service Occupations	22.85	22.4%	27.7%
Blue Collar Occupations	21.75	22.3%	21.6%
Total Population 25 years+	36,624	51,631	120,149
High School, GED, Training	63.4%	64.7%	63.6%
Associate Degree	8.4%	8.2%	7.9%
Bachelor's Degree	8.6%	8.3%	8.3%
Graduate or Professional Degree	5.5%	4.7%	4.4%
Median Age	45.9	48.2	50.7`

Source: ESRI, U.S. Census Bureau, Census 2010 Summary File 1; ESRI forecasts for 2019



Opportunity for Manufacturing and Distribution

This site located in the Kingman Opportunity Zone was selected for the growth potential in its strong manufacturing, distribution, and aviation sectors. Investing in the Industrial Boulevard project provides an early return on the initial capital investment and a longer-term return through the tax savings earned by investing in an Opportunity Zone Fund.

Opportunity Zone Fund managers have choices to invest in communities throughout the U.S. Projects that are near ready and can be completed quickly will interest OZ Fund managers looking to produce the best economic results for their OZ Funds.

Industrial Boulevard Investment Scenario Distribution/Manufacturing 2.1% IRR On Project Cost

Assumptions

16.27 acres	Lot Size (708,721 SF)
200,000 SF	Industrial Building (gross)
170,000 SF	Building, One-Story (net)
106,308 SF	Parking Footprint (400 sp)
134,657 SF	Landscaping /Open Space
40	Employees
$779,593	Land Cost ($1.10/SF)
$20,320,000	Construction ($100/SF)
$5,043,870	Soft Costs
$708,721	Site Development
$100,000	Additional Infrastructure
$7 / SF	Lease Rate (NNN)

Look here for more information on the proforma assumptions. This IRR is based on a series of assumptions with respect to general business, economic, market and financial conditions, and other matters which are impossible to predict and beyond the City of Kingman's control. Accordingly, actual results may be materially greater or less than those contained in the financial models provided here.

Kingman's Visitor Market

Visitors are welcomed to Kingman year round from all across the U.S. and from all around the globe. The tourism industry is a significant component of the city's economy and confidence in Kingman's future as a destination is strong.

- The city is situated between possibly the two greatest visitor magnets in the southwest—the Grand Canyon and Las Vegas/Hoover Dam
- Kingman is the heart of the longest, continuous and most scenic section of Historic Route 66
- The number of visitors to Kingman is estimated to be 2 million; the Powerhouse Visitor Center greets 150,000 visitors a year, seven days a week; overnight visitors are estimated at 900,000 a year
- The city is within 60 miles of over 30 significant outdoor recreation destinations that attract a young, active generation with disposable income
- Kingman is the center of the Sun Corridor Trail that links multiple regional trails and is initiating a large-scale global marketing campaign

City of Kingman Five-Year Capital Improvement Projects

See the FY 2019 Capital Improvement Plan

$20 M in state funds is earmarked for the Rancho Sante Fe intersection and additional entrance to the Kingman Airport Industrial Park

$33.4 million in the City of Kingman's FY 2019-20 Capital Improvement Projects budget is allocated for improvements in and around the Kingman Airport and the Airport Industrial Park; including

- Environmental assessment on two sites (1,800 and 16 acres) freeing them up for development
- Completion of the Airport Master Plan
- Repaving three industrial park roads
- Runway improvements

$9.1 million is earmarked for future improvements to the airport and industrial park from 2021 to 2024

Planned upgrades to the utility infrastructure in and around the Airport Industrial Park

Five-year citywide infrastructure projects include:

- $58.0 million for water, wastewater, stormwater, and sanitation improvements and/or expansions
- $66.6 million for street projects
- $16.1 million for parks and recreation projects
- $9.2 million for public safety projects

Incentives and Assistance Programs

Quality Jobs Tax Credit offers up to $9,000 of Arizona income or premium tax credits spread over a three-year period for each net new quality job Claims for the Quality Jobs Tax Credit are capped at 10,000 jobs each year and are allocated on a first-come, first-served basis.

Job Training Program offers reimbursement to employers providing custom training; reimbursement for up to 75% of eligible training expenses for applications received by December 2020.

Qualified Facility program provides a refundable tax credit to taxpayers expanding or locating a facility in Arizona in which at least 80% of the property and payroll is dedicated to qualified manufacturing or related operations. Tax credits are authorized on a first-come, first-served basis until December 2022.

Computer Data Center program provides Transaction Privilege Tax (TPT) and Use Tax exemptions at the state, county, and local level on qualifying equipment purchases.

R&D Tax Credit for 2011 through 2022 is equal to 24% of the first $2.5 million in qualifying expenses plus 15% of the qualifying expenses in excess of $2.5 million. After 2023 the tax credit rates will be 20% plus 11% respectively.

Renewable Energy Tax Credit provides up to a 10% refundable income tax credit and up to a 75% reduced property tax rate for companies in the solar, wind, geothermal, and other renewable energy industries.

Additional Depreciation reduces the taxable value for most personal property devoted to commercial, industrial, and agricultural uses.

Government Property Lease Excise Tax reduces a project's operating costs by replacing the real property tax with an excise tax calculated on the gross square footage of the building.

Sales Tax Exemption are available for certain machinery or equipment used in manufacturing, power production, research and development.

"Shelves West is part of American Plastics who operations injection molding companies across the country. The growing city of Kingman was chosen to facilitate our growing company needs as we have expanded our market to include all 50 states as well as the US territories. We take great pride in calling Kingman our home and look forward to many great years in this wonderful community."

Clarence Higgins, Plant Manager
Shelves West Kingman Arizona

City of Kingman Stats

POPULATION	AGE	INCOME	HOME PRICE	OWNERSHIP
29,566 2019	43.8 Median	$47,831 Median Household	$142,500 Median, All Properties	67% Owner Occupied

LABOR FORCE	EMPLOYED	COMMUTE	EDUCATION
11,551 2019	10,148 2019	16 Minutes	30% Some College or Post-Secondary Training

VISITORS	PARKS / REC AREAS	HOTEL ROOMS	CLIMATE
~2 million Annually	11,447 Acres, City-Managed	~1,700	32° – 96° Average Low / High

Contacts

Bennett Bratley, Economic Development Manager
City of Kingman
bbratley@cityofkingman.gov
928.565.1416

Gary Kellogg, Planning and Economic Development Director
City of Kingman
gkellogg@cityofkingman.gov
928.565.1259

Becky Fawson, President/CEO
Kingman Area Chamber of Commerce
becky@kingmanchamber.com
928.753.6253

www.choosekingman.com | www.choosekingmandata.com