

PETITION FOR THE CREATION OF A COMMUNITY IMPROVEMENT DISTRICT

To the City of Lee's Summit, Missouri:

The undersigned petitioner (the "**Petitioner**") is the owner or representative of the owners of record of more than fifty percent (50%) (a) by assessed value of all real property within the hereinafter described community improvement district, and (b) per capita of all owners of real property within the hereinafter described community improvement district. Petitioner hereby petitions and requests that the City of Lee's Summit, Missouri (the "**City**"), create a community improvement district as described herein, to be known as the **PINE TREE COMMUNITY IMPROVEMENT DISTRICT** (the "**District**"), pursuant to the authority of the Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the "**CID Act**").

1. The proposed District is contiguous and located entirely within the City.
2. A legal description of the proposed District is set forth as **Exhibit A**, attached hereto and incorporated herein by reference. A map illustrating the boundaries of the proposed District is set forth as **Exhibit B**, attached hereto and incorporated herein by reference.
3. The name of the proposed District is the Pine Tree Community Improvement District.
4. The proposed District consists of one (1) parcel, as more particularly described in **Exhibit A** and **Exhibit B**, attached hereto and incorporated by reference herein.
5. The proposed District consists of approximately 12.2 acres and all real property located within the proposed District has a total current assessed value of \$2,411,646, per the preliminary 2017 assessment notice.
6. The Petitioner represents more than 50% per capita of all owners of the real property located within the boundaries of the District, and more than 50% of all real property within the boundaries of the proposed District by assessed value.
7. Property within the District is located within the US 50/M291 Urban Renewal Project Area, declared as a blighted area pursuant to the provisions of the Land Clearance for Redevelopment Authority Law, Sections 99.300 through 99.660 RSMo., as amended, and City Ordinance NO. 7108, incorporated herein by reference
8. The proposed District shall be formed as a political subdivision governed by a board of directors composed of five directors appointed by the Mayor, with the consent of the City Council. Each director shall, during his or her term, meet the qualifications of Section 67.1451.2(1)-(2) of the CID Act. In addition, so long as NSI Investments LLC owns any interest in real property within the District, at least three of the five directors shall be legally authorized representatives of NSI Investments LLC. Two of the directors shall always be

representatives of the City of Lee's Summit. Successor directors shall be appointed in the same manner. Successor directors shall serve for a term of four years.

9. The initial directors and their respective terms of office shall be as follows:

Name	Initial Term
<u>Trent Overhue</u>	Four years
<u>Tammy Miller</u>	Four years
<u>Adam Winqvist</u>	Two years
<u>City Representative</u>	Two years
<u>City Representative</u>	Two years

The date of appointment of each of the initial directors shall be the date of passage of an ordinance by the City establishing the District.

10. Petitioner seeks the limitations on the borrowing capacity of the District stated in the attached five-year plan.
11. Petitioner does not seek limitations on the revenue generation of the District.
12. The District shall have all powers provided in the CID Act, except as otherwise provided in this Petition.
13. The proposed District may, upon approval by the qualified voters of the District, impose a sales and use tax (the "**Sales Tax**") at a rate of up to of one percent (1%) on all eligible retail sales made in the proposed District in accordance with Section 67.1545 of the CID Act, for the duration permitted by the CID Act.
14. The Petitioner does not intend to petition the District for the levy of special assessments and, therefore, the maximum rates of special assessments proposed in this Petition are zero.
15. The Petitioner does not intend to submit real property taxes or business license taxes to the qualified voters for approval and, therefore, the maximum rates of real property taxes and business license taxes proposed in this Petition are zero.
16. A five-year plan stating a description of the purposes of the proposed District, the improvements it will make and an estimate of costs of these improvements to be incurred (collectively, the "**CID Project**"), is set forth in **Exhibit C**, attached hereto and incorporated herein by reference. It is anticipated that the District will use the CID Revenues to finance and reimburse those eligible CID Project costs incurred on its behalf.
17. The estimated cost of the CID Project is \$2,410,225 (excluding costs of financing, underwriters' fees and discounts, costs of printing any notes, bonds or other obligations and any official statements relating thereto, interest, capitalized interest, debt service reserves and the fees of any rating agency, placement fees, or other costs of issuance of

any obligations issued by the proposed District), as further defined in **Exhibit C**, attached hereto and incorporated herein by reference.

18. The term of the District shall be 20 years.
19. The signatures of the signers to this Petition may not be withdrawn later than seven days after this Petition is filed with the City Clerk.
20. Petitioner respectfully requests that the proposed District be established pursuant to the CID Act.

Dated this 26 day of June, 2017.

EXHIBIT A

CID LEGAL DESCRIPTION

TRACT 1: A tract of land in the Northeast quarter of Section 7, Township 47, Range 31, in Lee's Summit, Jackson County, Missouri, more particularly described as follows:

Commencing at the Southwest corner of the East one half of the Northeast Quarter of said Section 7; thence North 0 degrees 00 minutes 00 Seconds East, along the West line of the East one half of said Northeast Quarter of said Section 7, 990.24 feet to a point on the West line of Mission Road, said point being the Southeast corner of Lot 116, of Lots 109 to 117, BAYLES ADDITION, a subdivision in the City of Lee's Summit, Jackson County, Missouri and being the Northeast corner of the second of the two tracts described in Document No. I-584524 in Book I-1341 at page 1036, and being the point of beginning; thence South 0 degrees 00 minutes 00 seconds East along the West line of the East one half of the Northeast quarter of said Section 7 and the West line of Mission Road, a distance of 74.83 feet to the Northwest corner of the tract as described in Document No. I-584525 in Book I-1341 at page 1037; thence North 88 degrees 45 minutes 20 seconds East, along the North line of said tract, 789.36 feet to the Northeast corner of said tract; thence South 1 degree 14 minutes 40 seconds East, along the East line of said tract, 102.01 feet to the Northwest corner of the tract as described in document No. I-604652 in Book I-1380 at Page 2240; thence North 88 degrees 45 minutes 20 seconds East, along the North line of said tract, 125.07 feet; thence North 1 degree 14 minutes 40 seconds West, along said Northerly line, 11.00 feet thence North 88 degrees 45 minutes 29 seconds East, along said Northerly line 101.07 feet to the Northeast corner of said tract, and being on the West line of Jefferson Street; thence South 5 degrees 06 minutes 12 seconds East, along the West line of Jefferson Street, 169.90 feet to the Southeast corner of the tract as described in Document No. 678928 in Book 1226 at Page 318 thence South 88 degrees 45 minutes 20 seconds West, along the south line of said tract, 300.00 feet to the Southwest corner of said tract and being on the East line of the tract as described in Document No. I-5584524 in Book I-1341 at Page 1036; thence South 5 degrees 06 minutes 12 seconds East, along said East line and the East line of the tract as described in Document No. I-344326 in Book I-867 at Page 1796, 323.75 feet to the Southeast corner of said tract and the Northerly right-of-way line of U.S. Highway 50; thence South 87 degrees 41 minutes 37 seconds West along said Northerly right-of-way line, 9.91 feet; thence South 87 degrees 56 minutes 47 seconds West, along said Northerly right-of-way line 179.91 feet thence North 80 degrees 08 minutes 13 seconds West along said Northerly right-of-way line, 199.27 feet; thence North 62 degrees 52 minutes 34 seconds West along said Northerly right-of-way line, 689.64 feet; thence continuing along said Northerly right-of-way line Northwesterly on a 5,663.62 feet radius chord curve to the right at a distance of 271.94 feet (long Chord = North 61 degrees 16 minutes 58 seconds West 271.91 feet) to a point on a curve on the Easterly line of Madison Street; thence Northeasterly on a 193.27 feet radius curve to the left a distance of 281.01 feet (Long chord = North 49 degrees 50 minutes 23 seconds East 256.90 feet) along the East line of said Madison Street to the Southwest corner of Lot 117 of Lots 109 to 117, BAYLES ADDITION said being the Northwest corner of the second of the two tracts described in Document: No. I-58424 in Book I-1341 at Page 1036; thence North 89 degrees 23 minutes 32 seconds East, along the South line of Lots 117 and 116 a distance 280.63 feet to the Point of Beginning except the following described tract.

TRACT 2: A parcel of land in the East half of the Northeast quarter of section 7, Township 47, Range 31, Jackson County, Missouri described as commencing at the Southwest corner of said East half, thence North 00 degrees 00 minutes 00 seconds East along the West line of said East half a distance of 567.86 feet to the North right-of-way line of Missouri U.S. Highway 50; thence South 62 degrees 52 minutes 34 seconds East along said Right-of-way line a distance at 180.64 feet to the Point of Beginning; thence North 27 degrees 05 minutes 39 seconds East a distance of 112.00 feet; thence South 62 degrees 52 minutes 34 seconds East a distance of 75.25 feet; thence South 27 degrees 05 minutes 39 seconds West a distance of 112.00 feet to the North right-of-way line Missouri U.S. Highway 50; thence North 62 degrees 52 minutes 34 seconds West along said right-of-way line a distance of 75.25 feet to the Point of Beginning.

EXHIBIT B

BOUNDARY MAP OF THE PROPOSED DISTRICT

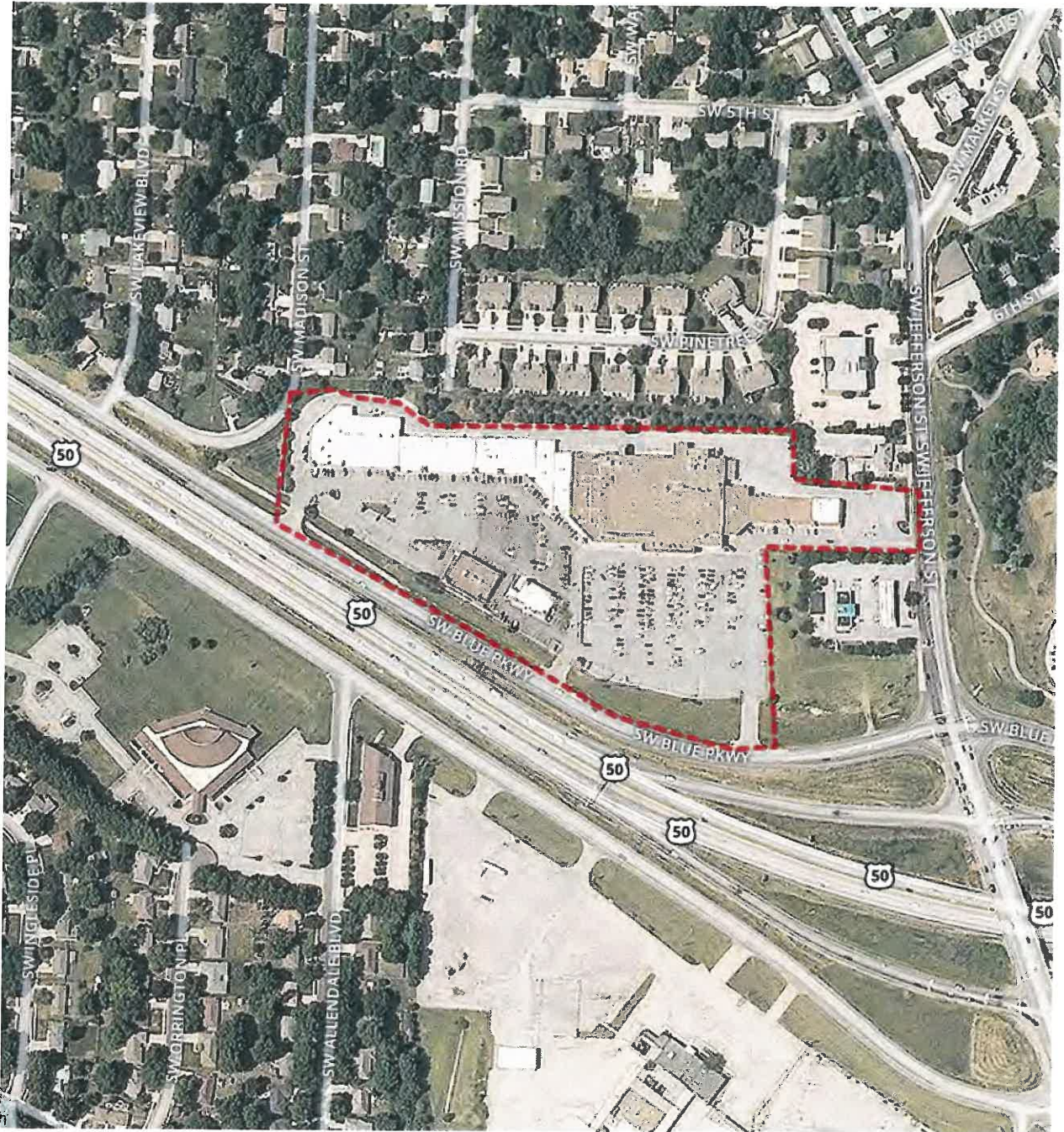


EXHIBIT C

Five Year Plan

(Attached hereto.)

FIVE YEAR PLAN

PINE TREE
COMMUNITY IMPROVEMENT DISTRICT

LEE'S SUMMIT, MISSOURI

Pursuant to Section 67.1421.2(d) of the Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended, the following is a five-year plan for the proposed Pine Tree Community Improvement District Lee's Summit, Missouri which contains the following: (a) a description of the purposes of the proposed District; (b) a description of the improvements it will make and (c) an estimate of costs of the services and improvements to be incurred.

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SECTION I: INTRODUCTION

NSI Investments, LLC, a Missouri limited liability company, (the “Petitioner”) proposes to redevelop the Pine Tree Community Improvement District (the “District”) pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the “CID Act”). Section 67.1421 of the CID Act requires that the petition for the creation of the District be accompanied by a five-year plan which includes a description of the purposes of the proposed District, the services it will provide, the improvements it will make and an estimate of the costs of these services and improvements to be incurred. This Five-Year Plan (the “Plan”) is presented in order to comply with the statutory requirement referenced above.

Generally, a community improvement district is a statutory tool a municipality may implement in order to allow a specific area or section of the municipality to fund (either in part or in whole) certain improvements and services within certain defined boundaries by securing a portion of the area’s own economic activity.

This Plan contains the following: (1) a description of the purposes of the District, (2) a description of the improvements it will make, (3) an estimate of the costs of the improvements, and (4) a timeline for creation of the District, implementation of its funding sources and financing of the improvements. This Plan is an integral and composite part of the Petition for the Creation of a Community Improvement District (the “Petition”) to which it is attached.

SECTION II: PURPOSES OF THE DISTRICT

The proposed District consists of two (2) parcels, totaling approximately 12.2 acres of real property, owned or under contract by the Petitioner. The proposed District is located within the City of Lee’s Summit, Missouri (the “City”). The proposed improvements to be undertaken by the District are intended to compliment the vision and strategic directions of numerous planning documents adopted by the City, including the City’s Comprehensive Plan (2005) as amended, Historic Preservation Plan (2002), and the Land Clearance Redevelopment Authority Strategic Plan, (2011).

The District is proposed as a political subdivision of the State of Missouri and, pursuant to the CID Act, is empowered to finance a number of improvements within its boundaries. The District may also contract with the Petitioner to demolish and remove, renovate, reconstruct or rehabilitate any building or structure owned by Petitioner in order to remediate the blighting conditions existing within the District and thereby serve a public purpose. These improvements, as well as the demolition and removal, renovation, reconstruction and rehabilitation of any building or structure, will be paid from revenues of taxes imposed by the District within its boundaries.

The District is proposed to raise revenues by imposing an additional sales and use tax (the "District Sales Tax") at a rate of up to one percent (1%) on all taxable retail sales within its boundaries which are subject to taxation pursuant to Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, except sales of motor vehicles, trailers, boats or outboard motors and sales to or by public utilities and providers of communications, cable or video services. The imposition of the District Sales Tax is subject to approval by the qualified voters within the District. To the extent that there are no registered voters within the District, the CID Act provides that the qualified voters are the owners of one or more parcels of real property located within the District per the county tax records as of the thirtieth day before the date of the applicable election. Once the District is established by ordinance of the City, the District's board of directors will submit the question of whether it shall be authorized to impose the District Sales Tax to the qualified voters for approval.

The District shall be governed by a board of directors, which shall consist of five members, two of which will be representatives of the City, and shall have all powers set forth in the CID Act as further described in the Petition, including without limitation the following:

- (a) Adopting bylaws, passing resolutions, and otherwise governing the District in the manner required by the CID Act and the Revised Statutes of the State of Missouri;
- (b) Developing funding sources, including the imposition of the District Sales Tax in order to pay for the costs and expenses of the District in a manner authorized by the CID Act;
- (c) Providing such accountings, reports, and communications as required by the CID Act;
- (d) Employing or contracting for necessary agents, attorneys, engineers, appraisers, construction managers, environmental inspectors and experts of various types and descriptions in order to obtain competent plans and contracts for the construction of the improvements as described in this Plan;
- (e) Contract with the Petitioner to demolish and remove, renovate, reconstruct or rehabilitate any building or structure owned by Petitioner in order to remediate the blighting conditions existing within the District and thereby serve a public purpose; and
- (f) Exercising any authorized purpose of the District pursuant to and in accordance with the CID Act.

SECTION III: IMPROVEMENTS

The District may undertake public improvements as defined in the CID Act. The District may also contract with the Petitioner to demolish and remove, renovate, reconstruct or rehabilitate any building or structure owned by Petitioner in order to remediate the blighting

conditions existing within the District. The District is authorized to provide funding for, undertake the public improvements, and demolish and remove, renovate, reconstruct or rehabilitate buildings or structures owned by Petitioner within the District in order to remediate the blighting conditions existing within the District, set forth in the column labelled “CID Project Estimates” in the Project Budget below, (which are hereafter referred to as the “Project”):

Pine Tree Community Improvement District Project Estimates

Description	Total Project Cost	
	Estimates	CID Project Estimates
Acquisition of Land and Existing Buildings	\$ 3,937,000	
Exterior Improvements:		
Front Façade	\$ 1,690,000	\$ 1,690,000
Roofing	\$ 595,380	\$ -
Paving and Landscaping:		
Parking Lot	\$ 221,225	\$ 221,225
Signage - at front of center	\$ 49,000	\$ -
Signage - along Jefferson	\$ 35,000	\$ -
Landscape	\$ 150,000	\$ -
Lighting	\$ 150,000	\$ -
Handicap/Repair broken curbing	\$ 105,000	\$ 105,000
Site Work	\$ 50,000	\$ -
Storm Water Improvements	\$ 35,000	\$ -
Current Price Chopper into Three Suites		
Demo, New HVAC, Gas, Electric, Sewer, Water Meters, Restrooms for each Suite, Concrete Flooring, Dividing Walls, Divide out building into two separate tenants and get to white box condition	\$ 1,125,000	
Vacant Unit Improvements:		
Suite 276, 280, 286, 298	\$ 100,000	
Suite 300 - Planet Fitness	\$ 300,000	
Suite 300 - Harbor Fitness	\$ 250,000	
Suite 300 - Middle Section	\$ 200,000	
Suite 306, 316, 318, 324, 340, 354	\$ 255,000	
Interior Improvements		\$ 394,000
Capitalized Interest (From _____ to _____)		
Cost of Issuance (i.e. accounting, legal, etc.)		
Contingency/Professional Fees	\$ 60,000	\$ -
Total Project Costs	\$ 9,307,605	\$ 2,410,225

25.9%

The District is not authorized to make any improvements or provide any services other than those listed in the column labelled “CID Project Estimates” in the Project Budget above. In order to undertake the improvements set forth above, pursuant to Section 67.1461 of the CID Act, the District may acquire by purchase, lease, gift, grant, bequest, devise or otherwise, any real property within its boundaries, personal property, or any interest in such property. The District may also sell, lease, exchange, transfer, assign, mortgage, pledge, hypothecate, or otherwise encumber or dispose of any real or personal property or any interest in such property. The District may dedicate to the City, with the City’s consent, streets, sidewalks, parks, and other real property and improvements located within its boundaries for public use. In addition, the District may enter into one or more agreements with the City for the purpose of abating any public nuisance within the boundaries of the District, including without limitation the

stabilization, repair or maintenance or demolition and removal of buildings or structures, provided that the City has declared the existence of a public nuisance.

The Project will be undertaken in connection with the Petitioner's redevelopment, operation, and maintenance of a retail center within the boundaries of the District.

The CID Act mandates that existing City services will continue to be provided within a proposed District at the same level as before the District was created (unless services are decreased throughout the City) and that any District services shall be in addition to existing City services. The Petitioner anticipates that City services will continue to be provided within the District at the same level as before the District was created, and the District will not cause the level of City services within the District to diminish. Without the additional funding provided by the District, the Petitioner would not be able to adequately develop, operate and maintain the Project.

SECTION IV: ESTIMATE OF REVENUES AND COSTS

Revenues - It is anticipated the District will collect approximately \$150,000 in District Sales Tax revenues in 2018 with the objective of growing retail sales as the Project is completed and the Petitioner is able to secure tenants for the development. District Sales Tax revenues are projected to grow over time and produce the revenue set forth in the following chart:

CID Sales Tax Rate	1.000%				
	Year	Year	Year	Year	Year
	1	2	3	4	5
Gross CID Sales Tax Revenue	150,000	185,000	237,581	239,957	242,357
2% Timely Pymt Discount	(3,000)	(3,700)	(4,752)	(4,799)	(4,847)
Net CID Sales Tax Revenue	\$ 147,000	\$ 181,300	\$ 232,830	\$ 235,158	\$ 237,510
	Year	Year	Year	Year	Year
	6	7	8	9	10
Gross CID Sales Tax Revenue	244,780	247,228	249,700	252,197	254,719
2% Timely Pymt Discount	(4,896)	(4,945)	(4,994)	(5,044)	(5,094)
Net CID Sales Tax Revenue	\$ 239,885	\$ 242,283	\$ 244,706	\$ 247,153	\$ 249,625

The District may fund any portion of the costs of acquisition, design, construction, operation and maintenance of the Project. District Sales Tax revenues may be used to fund in part either direct costs of the Project or financing costs of the Project, or both, although it is anticipated that the District will issue obligations to finance the costs of the Project.

On an annual basis, the District Sales Tax revenues will be applied as follows: (a) first, to fund the on-going administrative costs of the District, the amount of which will be determined by the District's Board of Directors in connection with the adoption of the annual budget of the District, and (b) second, to fund the costs of the Project or any obligations issued by the District

to finance the costs of the Project. This formula will be applied throughout the term of the District.

Expenditures - The estimated cost of the Project is \$2,410,225. The amount in each budget category is an estimate. Savings in one budget category may be applied to additional costs incurred in other budget categories, but the maximum amount of District Sales Tax revenues which may be used to reimburse the costs of the Project will be capped at \$2,410,225, plus costs of issuance and accrued interest on any obligations issued by the District to finance the Project.

Financing of Project Costs - To fund any or all of its activities in connection with the Project, the District may (1) pledge its revenues to the repayment of loans obtained by any entity for the purpose of funding the costs of the Project, (2) borrow money from any public or private source for the purpose of funding the costs of the Project, or (3) issue obligations and provide security for repayment of the same as provided in the CID Act, provided that the District shall obtain the written approval of the City prior to borrowing any money from any public or private source or issuing obligations where the proceeds will be used to repay the costs of the Project. It is anticipated that the Petitioner will enter into a contract with the District, pursuant to which the Petitioner will undertake the Project and the District will agree to issue obligations to reimburse the Petitioner for the costs of the Project. Any obligations of the District shall have a maturity date that is no more than 20 years from the date of issuance or the expiration of the term of the District, whichever is less. The principal amount of the District's obligations shall not exceed \$2,410,225, plus the costs of issuance of the obligations. The borrowing rate of any borrowing from any public or private source shall bear interest at a rate not to exceed the United States Department of Treasury Daily Long-Term Composite Rate as of the initial date of issuance of the obligations.

SECTION V: DISTRICT TIMELINE

YEAR ONE (2017) – The District will coordinate with the Petitioner to undertake the Project in conjunction with the Petitioner's redevelopment, operation and maintenance of a retail center within the boundaries of the District. It is anticipated the Project will be completed within one year after the date of the City's adoption of an ordinance creating the District. The District will implement the District Sales Tax, monitor the collection of the District Sales Tax by the retailers within the boundaries of the District and apply such District Sales Tax as provided for in Section IV of this Plan. The District will review and approve the Petitioner's eligible Project costs as such costs are incurred. The District may engage a third-party administrator to assist in any or all of the above activities.

Year Two (2018) – The District will confirm Petitioner's completion of the Project and will review and approve the remainder of Petitioner's eligible Project costs. The District will issue its obligations to reimburse the Petitioner for such costs. The District will continue to monitor the collection of the District Sales Tax by the retailers within the boundaries of the District and apply such District Sales Tax as provided for in Section IV of this Plan.

Year Three (2019) – The District will continue to monitor the collection of the District Sales Tax by the retailers within the boundaries of the District and apply such District Sales Tax as provided

for in Section IV of this Plan. The District will examine the potential for the issuance of bonds to refund any obligations previously issued to the Petitioner.

Year Four (2020) – The District will continue to monitor the collection of the District Sales Tax by the retailers within the boundaries of the District and apply such District Sales Tax as provided for in Section IV of this Plan. The District will examine the potential for the issuance of bonds to refund any obligations previously issued to the Petitioner.

Year Five (2021) – The District will continue to monitor the collection of the District Sales Tax by the retailers within the boundaries of the District and apply such District Sales Tax as provided for in Section IV of this Plan. The District will examine the potential for the issuance of bonds to refund any obligations previously issued to the Petitioner. The District may engage a third-party administrator to assist in any or all of the above activities.