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TO: Lee's Summit City Council
FROM: David Bushek
RE: Summary of 740 NW Blue Parkway CID Cooperative Agreement

The following is an overview of the key provisions of the proposed Cooperative Agreement with the 740 NW Blue Parkway Community Improvement District (the "District") and 740 Parkway Investors, LLC (the "Developer") which will provide for the redevelopment of the property that is currently occupied by the Bank of the West building. This Agreement implements the CID which was approved by the Council on November 2, 2017.

Redevelopment Project:

- Developer has indicated that the existing building will be demolished in December if first reading occurs on December 7th.
- Once the site is cleared, Developer plans to sell the property for development of two restaurants which was discussed at the Council meeting when the Petition was approved by the Council.

Transfers of the Redevelopment Area:

- The Developer must give notice of the existence of the District and the sales tax in the event of any sale or lease of property within the District.
- The obligation to notify of the existence of the District is a covenant that runs with the land and is enforceable against all future owners.

District Sales Tax:

- The District will adopt a resolution imposing a 1% sales tax within the boundaries of the District.
- District sales tax revenues will be collected by the Department of Revenue and then remitted to the City.
- The City will administer the sales tax revenues and use the revenues to pay District costs and reimburse the Developer for Reimbursable Project Costs incurred by the Developer in the construction of the Redevelopment Project. The Reimbursable Project Costs will be limited to those categories of blight remediation costs as set forth in the budget attached to the Agreement as Exhibit C.
- District formation costs incurred by the City and the Developer will be reimbursed from District revenues.

- Operating costs of the District will also be paid from District revenues.
- The City will receive an administrative fee of 1.5% for administering the funds.
- District revenues will be disbursed by the City monthly in the following order of priority:
 - City administrative fee;
 - Operating Costs of the District;
 - City and Developer Costs of Formation;
 - Debt service on CID Obligations (if any); and
 - Reimbursement of Reimbursable Project Costs on a “pay as you go” basis.
- Once all Reimbursable Project Costs are fully reimbursed, with interest, the District will be terminated.
- The Developer has the right to pledge District revenues to the repayment of a construction loan to the extent the loan pays for Reimbursable Project Costs.

CID Board of Directors:

- The Board of Directors of the District will have five members.
- Two members of the Board of Directors will be representatives of the City.
- The Mayor, with the consent of the Council, will appoint successor members to the Board of Directors.
- The District is required to maintain officers’ liability insurance for the District Board of Directors.

Reimbursement to Developer:

- Reimbursement to the Developer is limited to the following:
 - The maximum amount of Reimbursable Project Costs, which is \$1,320,000, plus Costs of Formation, Operating Costs, and any indemnification costs;
 - Interest at the maximum interest reimbursement rate of 5.25%;
- Reimbursable Project Costs will be as indicated in the CID Budget and is limited to the Blight Remediation categories of costs.
- The Developer must submit an application for certification of Reimbursable Project Costs to the City for approval.
- Reimbursable Project Costs will be reimbursed on a “pay as you go” basis, unless bonds are issued with the City’s approval.