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FIVE YEAR PLAN

PINE TREE  
COMMUNITY IMPROVEMENT DISTRICT

LEE'S SUMMIT, MISSOURI

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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 Pinetree 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”):

<b>Pine Tree Community Improvement District Project Estimates</b>		
<b>Description</b>	<b>Total Project Cost Estimates</b>	<b>CID Project Estimates</b>
Acquisition of Land and Existing Buildings	\$3,937,000	
<b>Exterior Improvements:</b>		
Front Façade	\$1,690,000	\$1,690,000
Roofing	\$595,380	\$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 broking 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 279, 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	
Capitalized Interest (From     to     )		
Cost of Issuance (i.e. accounting, legal, etc.)		
Contingency/Professional Fees	\$60,000	
<b>Total Project Costs</b>	<b>\$9,307,605</b>	<b>\$2,611,605</b>

**28.1%**

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 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross CID Sales Tax Revenue	150,000	185,000	237,581	239,957	242,357	244,780	247,228	249,700	252,197	254,719
2% Timely Pymt Discount	(3,000)	(3,700)	(4,752)	(4,799)	(4,847)	(4,896)	(4,945)	(4,994)	(5,044)	(5,094)
Net CID Sales Tax Revenue	\$ 147,000	\$ 181,300	\$ 232,830	\$ 235,158	\$ 237,510	\$ 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 \$2,611,605. 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 \$2,611,605, 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 \$2,611,605, 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.