
CITY OF LEE'S SUMMIT, MISSOURI

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST-BENEFIT ANALYSIS**

FOR THE

CLOVER SENIOR INDEPENDENT LIVING PROJECT

SENT: OCTOBER 17, 2023

I. PURPOSE OF THIS PLAN

The City Council of the City of Lee's Summit, Missouri (the "City") will consider an ordinance approving this Plan (defined below) and authorizing the issuance by the City of its taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$23,150,000 (the "Bonds"), to finance costs of a senior living apartment project (the "Project") for Clover Communities Lee's Summit LLC, and/or its assignees or designees (altogether, the "Company") as more fully described herein. The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

This Plan for an Industrial Development Project and Cost-Benefit Analysis (the "Plan") has been prepared to satisfy requirements of the Act and to analyze the potential costs and benefits, including the related tax impact on all affected taxing jurisdictions, of using industrial development revenue bonds to finance the Project.

II. GENERAL DESCRIPTION OF CHAPTER 100 FINANCINGS

General. The Act authorizes cities, counties, towns and villages to issue industrial development revenue bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities. The leasing of residential property for a profit is a commercial undertaking.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from the project. The municipality issues its bonds and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of a series of the bonds, the landowner will convey to the municipality title to the property included in the project. At the same time, the municipality will lease the property, including the project, back to the benefited company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the municipality, to use the bond proceeds to pay the costs or reimburse the costs of purchasing, constructing and installing the project, as applicable.

Under the lease agreement, the benefitted company typically: (1) will unconditionally agree to make payments sufficient to pay the principal of and interest on the bonds as they become due; (2) will agree, at its own expense, to maintain the project, to pay all un-abated taxes and assessments with respect to the project, and to maintain adequate insurance; (3) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (4) may assign its interests under the lease agreement or sublease the project while remaining responsible for payments under the lease agreement; (5) will covenant to maintain its corporate existence during the term of the bond issue; and (6) will agree to indemnify the municipality for any liability the municipality might incur as a result of its participation in the transaction.

Property Tax Abatement. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. In a typical transaction, the municipality holds fee title to the project and leases the project to the benefited company. Under this Plan, the Company will agree to make "payments in lieu of taxes" in an amount calculated to equal a portion of the taxes that would be due on the Project were it not for ownership by the City. The payments in lieu of taxes are payable in December of each year, and are distributed to the

municipality and to each political subdivision within the boundaries of the Project in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

III. DESCRIPTION OF THE PARTIES

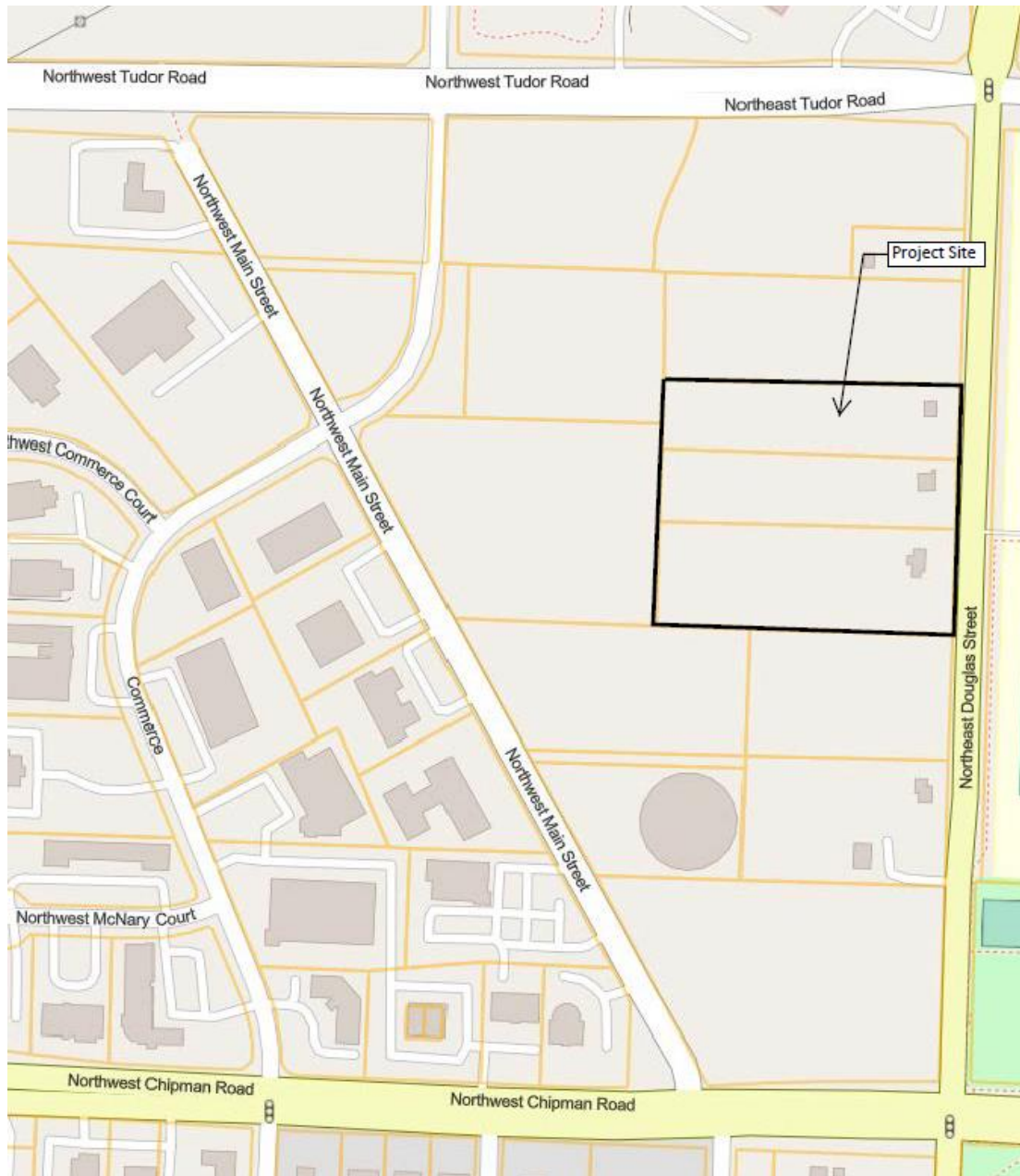
The Company. Clover Communities Lee's Summit LLC is a company affiliated with Clover Group, which has 38 years of experience in development, construction, and property management. The group operates 47 market-rate independent living communities containing more than 6,000 units in 8 states.

City of Lee's Summit, Missouri. The City is a constitutional home rule charter city and municipal corporation organized and existing under the laws of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend and improve certain projects (as defined in the Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

IV. REQUIREMENTS OF THE ACT

Description of the Project. The Project to be financed by the Bonds consists of a senior living apartment complex of approximately 128 units to be located on approximately 7 acres situated to the west of Douglas Street between Tudor Road to the north and Chipman Road to the south. The Project is anticipated to include a mix of one and two bedroom apartments with modern kitchens including a breakfast bar and pantry, stainless steel appliances, walk-in showers, private patios or balconies, indoor mailboxes, a controlled building entry system and emergency pull-cords in each unit. On-site amenities will include a community room, reading room, outdoor space for recreation and events, fitness center, beauty salon, coffee bar and on-site parking. The properties making up the Project site are shown below (improvements shown on included parcels have been demolished):

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Estimate of the Costs of the Project. The Project is expected to cost approximately \$23,150,000. The investments are anticipated to be made in 2024 and 2025, as shown in the attached Cost-Benefit Analysis, although the actual years of investment may vary based on Project implementation.

Source of Funds to be Expended for the Project. The sources of funds to be expended for the Project will be the proceeds of the Bonds in a principal amount not to exceed \$23,150,000, to be issued by the City and purchased by the Company and, if needed, other available funds of the Company. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project. The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The City will hold title to the Project site under the Chapter 100 transactions. The City will lease the Project to the Company for lease payments equal to the principal and interest payments on the Bonds. Under the terms of the lease agreement with the City, the Company will have the option to purchase the Project at any time and will have the obligation to purchase the Project at the termination of the lease.

Affected Taxing Districts. The Lee’s Summit R-VII School District is the school district, Jackson County, Missouri is the county, the City is the city, and the Junior College District of Metropolitan Kansas City, Missouri is the community college district affected by the Project. There is no fire or ambulance district affected by the Project. The Cost-Benefit Analysis attached hereto for the Project identifies all other taxing districts affected by the Project.

Assessed Valuation. The most recent equalized assessed valuations of the Project site are \$11,706 (2022) and \$17,716 (2023). The estimated total equalized assessed valuation of the Project site after development of the Project is \$3,428,808.

Payments in Lieu of Taxes. If this Plan is approved by the City Council, the City intends to issue the Bonds for the Project in 2023 or 2024. The Company will make payments in lieu of taxes (“PILOTS”) for the Project as follows: (1) prior to construction, the amount calculated to equal the taxes that would have been due on the unimproved land were it in private ownership, (2) during construction, an amount calculated from a starting point of \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025, for units under construction, pro-rated by percentage of completion, and (3) from and after completion, for a period of 10 years, a fixed PILOT calculated from a starting point of \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025.

The total PILOT payments are estimated in the Cost-Benefit Analysis attached hereto. The actual Project implementation and abatement timing may vary from what is shown in the Cost-Benefit Analysis. PILOT payments will be distributed to the taxing jurisdictions by or at the direction of the City.

Cost-Benefit Analysis. In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, this Plan has been prepared to show the costs and benefits to the City and to other taxing jurisdictions affected by the Project. This Plan does not attempt to quantify the overall economic impact of the Project. The tax rates used in this Plan reflect the rates in effect for the tax year 2022. The actual years and PILOT amounts may vary based on Project implementation.

V. SALES AND USE TAX EXEMPTION

Sales and Use Tax Exemption on Construction Materials. Qualified building materials purchased for the construction of the Project are expected to be exempt from sales and use tax pursuant to the provisions of Section 144.062 of the Revised Statutes of Missouri and the underlying Bond documents upon delivery of a project exemption certificate by the City to the Company. For purposes of determining the impact of the sales and use tax exemptions for the qualified building materials on the affected taxing jurisdictions, it is assumed that the total amount of qualified building materials purchased will be \$6,650,000 and that the situs of sale for the purchases will be as follows: 5.0% within the City, 22.5% within Jackson County but outside the City, 22.5% within Missouri but outside Jackson County, and 50% outside Missouri. Please note that any variance in these assumptions will alter the fiscal impact of the sales and use tax exemptions on the affected taxing jurisdictions.

Based on the assumptions set forth above, the fiscal impact on the affected taxing jurisdictions of the sales and use tax exemptions for qualified building materials is as follows:

	Sales Tax Rate	Estimated Sales Tax Revenues Subject to Exemption	Use Tax Rate	Estimated Use Tax Revenues Subject to Exemption
State of Missouri	4.225%	\$140,481	4.225%	\$140,481
Jackson County				
General	0.500	9,144	n/a	-
Drug Task Force	0.250	4,572	n/a	-
Sports Complex	0.375	6,858	n/a	-
Zoological District	0.125	2,286	n/a	-
City of Lee's Summit				
General	1.000	3,325	1.000	33,250
Parks	0.250	831	0.250	8,313
Capital Projects	0.500	1,663	0.500	16,625
Transportation	0.500	1,663	0.500	16,625
Public Safety	0.500	1,663	0.500	16,625
Children's Services Fund	0.250	4,572	n/a	-
Total	8.475%	\$177,056	6.975%	\$231,919

* * *

**City of Lee's Summit, Missouri
(Clover Senior Independent Living Project)**

**COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT**



Table of Contents

Project Assumptions	1
Summary of Cost Benefit Analysis	2
Taxes on Existing Site without Project	3
Projected Taxes on Project without Abatement	4
Projected PILOTS	5
Projected Abatement	6

This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a “municipal advisor” as defined in the Securities Exchange Act of 1934, as amended.

Project Assumptions

♦ Initial year taxes assessed 2023

♦ Starting Point for Calculation of Assessed Value of Improvement

Units	\$ per Doors	Assessed Value *
128	\$ 2,091	\$ 3,315,553

♦ Percent Complete 1/1/2024 0%
1/1/2025 50%
1/1/2026 100%

♦ Biennial growth rate of appraised value of real property 3.0%

♦ PILOT as described below:

	Calendar Year	PILOT**
Pre-construction	2023	\$ 1,583
Construction	2024	1,081
Construction	2025	118,656
Abatement Year 1	2026	237,312
Abatement Year 2	2027	244,431
Abatement Year 3	2028	244,431
Abatement Year 4	2029	251,764
Abatement Year 5	2030	251,764
Abatement Year 6	2031	259,317
Abatement Year 7	2032	259,317
Abatement Year 8	2033	267,097
Abatement Year 9	2034	267,097
Abatement Year 10	2035	275,110

* 3.0% biennial growth rate applied during construction period to account for inflation in value prior to project completion.

** PILOT on improvements starts at \$1,800 dollars per door in 2023 dollars, subject to 3.0% biennial inflation during and after construction period.

Summary of Cost Benefit Analysis

Taxing Jurisdiction	Tax Rate	Taxes on Existing Site without Project	Projected Taxes on Project without Abatement	Revenue Generated from PILOT Payments	Value of Abatement
Board of Disabled Services	0.0836	\$ 209	\$ 32,359	\$ 27,742	\$ 4,617
City - Lees Summit	1.4199	3,555	549,594	471,185	78,409
Jackson County	0.5920	1,482	229,143	196,451	32,691
Lee's Summit R-7 School District	5.3089	13,291	2,054,892	1,761,725	293,167
Mental Health	0.1113	279	43,080	36,934	6,146
Metro Junior College	0.2028	508	78,497	67,298	11,199
Mid-Continent Library	0.3240	811	125,409	107,517	17,892
State Blind Pension	0.0300	75	11,612	9,955	1,657
Surtax	1.4370	2,164	153	153	-
	9.5095	\$ 22,373	\$ 3,124,739	\$ 2,678,961	\$ 445,778

Taxes on Existing Site without Project

Estimated Assessed Value of Existing Site (Residential Lots)	\$ 7,060	\$ 7,060	\$ 7,272	\$ 7,272	\$ 7,490	\$ 7,490	\$ 7,715	\$ 7,715	\$ 7,947	\$ 7,947	\$ 8,185	\$ 8,185	\$ 8,430			
Estimated Assessed Value of Existing Site (Commercial Lot)	\$ 10,656	\$ 10,656	\$ 10,976	\$ 10,976	\$ 11,305	\$ 11,305	\$ 11,644	\$ 11,644	\$ 11,993	\$ 11,993	\$ 12,353	\$ 12,353	\$ 12,724			
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total	
Board of Disabled Services	0.0836	\$ 15	\$ 15	\$ 15	\$ 15	\$ 16	\$ 16	\$ 16	\$ 16	\$ 17	\$ 17	\$ 17	\$ 17	\$ 18	\$ 209	
City - Lees Summit	1.4199	252	252	259	259	267	267	275	275	283	283	292	292	300	3,555	
Jackson County	0.5920	105	105	108	108	111	111	115	115	118	118	122	122	125	1,482	
Lee's Summit R-7 School District	5.3089	941	941	969	969	998	998	1,028	1,028	1,059	1,059	1,090	1,090	1,123	13,291	
Mental Health	0.1113	20	20	20	20	21	21	22	22	22	22	23	23	24	279	
Metro Junior College	0.2028	36	36	37	37	38	38	39	39	40	40	42	42	43	508	
Mid-Continent Library	0.3240	57	57	59	59	61	61	63	63	65	65	67	67	69	811	
State Blind Pension	0.0300	5	5	5	5	6	6	6	6	6	6	6	6	6	75	
Surtax	1.4370	153	153	158	158	162	162	167	167	172	172	178	178	183	2,164	
		9.5095	\$ 1,583	\$ 1,583	\$ 1,631	\$ 1,631	\$ 1,680	\$ 1,680	\$ 1,730	\$ 1,730	\$ 1,782	\$ 1,782	\$ 1,835	\$ 1,835	\$ 1,891	\$ 22,373

Projected Tax on Project without Abatement

Estimated Assessed Value of Land	\$ 17,716	\$ 13,387	\$ 13,789	\$ 13,789	\$ 14,203	\$ 14,203	\$ 14,629	\$ 14,629	\$ 15,068	\$ 15,068	\$ 15,520	\$ 15,520	\$ 15,985		
Estimated Assessed Value of Improvements	\$ -	\$ -	\$ 1,707,510	\$ 3,415,019	\$ 3,517,470	\$ 3,517,470	\$ 3,622,994	\$ 3,622,994	\$ 3,731,684	\$ 3,731,684	\$ 3,843,634	\$ 3,843,634	\$ 3,958,943		
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Board of Disabled Services	0.0836	\$ 15	\$ 11	\$ 1,439	\$ 2,866	\$ 2,952	\$ 2,952	\$ 3,041	\$ 3,041	\$ 3,132	\$ 3,132	\$ 3,226	\$ 3,226	\$ 3,323	\$ 32,359
City - Lees Summit	1.4199	252	190	24,441	48,686	50,146	50,146	51,651	51,651	53,200	53,200	54,796	54,796	56,440	549,594
Jackson County	0.5920	105	79	10,190	20,299	20,908	20,908	21,535	21,535	22,181	22,181	22,846	22,846	23,532	229,143
Lee's Summit R-7 School District	5.3089	941	711	91,382	182,032	187,493	187,493	193,118	193,118	198,911	198,911	204,879	204,879	211,025	2,054,892
Mental Health	0.1113	20	15	1,916	3,816	3,931	3,931	4,049	4,049	4,170	4,170	4,295	4,295	4,424	43,080
Metro Junior College	0.2028	36	27	3,491	6,954	7,162	7,162	7,377	7,377	7,598	7,598	7,826	7,826	8,061	78,497
Mid-Continent Library	0.3240	57	43	5,577	11,109	11,443	11,443	11,786	11,786	12,139	12,139	12,504	12,504	12,879	125,409
State Blind Pension	0.0300	5	4	516	1,029	1,060	1,060	1,091	1,091	1,124	1,124	1,158	1,158	1,192	11,612
Surtax	1.4370	153	-	-	-	-	-	-	-	-	-	-	-	-	153
	9.5095	\$ 1,583	\$ 1,081	\$ 138,952	\$ 276,791	\$ 285,094	\$ 285,094	\$ 293,647	\$ 293,647	\$ 302,457	\$ 302,457	\$ 311,530	\$ 311,530	\$ 320,876	\$ 3,124,739

Note: Reduction in assessed valuation assumption from 2023 to 2024 is due to conversion of all portions of the project area to residential use for property taxation purposes. Currently one of the three lots is taxed as commercial property.

Projected PILOTS

PILOT Payment	\$ 1,583	\$ 1,081	\$ 118,656	\$ 237,312	\$ 244,431	\$ 244,431	\$ 251,764	\$ 251,764	\$ 259,317	\$ 259,317	\$ 267,097	\$ 267,097	\$ 275,110		
	Tax Rate per														
Taxing Jurisdiction	\$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Board of Disabled Services	0.0836	\$ 15	\$ 11	\$ 1,229	\$ 2,458	\$ 2,531	\$ 2,531	\$ 2,607	\$ 2,607	\$ 2,686	\$ 2,686	\$ 2,766	\$ 2,766	\$ 2,849	\$ 27,742
City - Lees Summit	1.4199	252	190	20,871	41,742	42,994	42,994	44,284	44,284	45,612	45,612	46,981	46,981	48,390	471,185
Jackson County	0.5920	105	79	8,702	17,403	17,925	17,925	18,463	18,463	19,017	19,017	19,588	19,588	20,175	196,451
Lee's Summit R-7 School District	5.3089	941	711	78,034	156,069	160,751	160,751	165,573	165,573	170,541	170,541	175,657	175,657	180,927	1,761,725
Mental Health	0.1113	20	15	1,636	3,272	3,370	3,370	3,471	3,471	3,575	3,575	3,683	3,683	3,793	36,934
Metro Junior College	0.2028	36	27	2,981	5,962	6,141	6,141	6,325	6,325	6,515	6,515	6,710	6,710	6,911	67,298
Mid-Continent Library	0.3240	57	43	4,762	9,525	9,811	9,811	10,105	10,105	10,408	10,408	10,720	10,720	11,042	107,517
State Blind Pension	0.0300	5	4	441	882	908	908	936	936	964	964	993	993	1,022	9,955
Surtax	1.4370	153	-	-	-	-	-	-	-	-	-	-	-	-	153
	9.5095	\$ 1,583	\$ 1,081	\$ 118,656	\$ 237,312	\$ 244,431	\$ 244,431	\$ 251,764	\$ 251,764	\$ 259,317	\$ 259,317	\$ 267,097	\$ 267,097	\$ 275,110	\$ 2,678,961

Projected Abatement

Taxing Jurisdiction	Tax Rate per															Total
	\$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035		
Board of Disabled Services	0.0836	\$ -	\$ -	\$ 210	\$ 409	\$ 421	\$ 421	\$ 434	\$ 434	\$ 447	\$ 447	\$ 460	\$ 460	\$ 474	\$ 4,617	
City - Lees Summit	1.4199	-	-	3,570	6,944	7,152	7,152	7,367	7,367	7,588	7,588	7,816	7,816	8,050	78,409	
Jackson County	0.5920	-	-	1,488	2,895	2,982	2,982	3,071	3,071	3,164	3,164	3,259	3,259	3,356	32,691	
Lee's Summit R-7 School District	5.3089	-	-	13,348	25,963	26,742	26,742	27,544	27,544	28,371	28,371	29,222	29,222	30,098	293,167	
Mental Health	0.1113	-	-	280	544	561	561	577	577	595	595	613	613	631	6,146	
Metro Junior College	0.2028	-	-	510	992	1,022	1,022	1,052	1,052	1,084	1,084	1,116	1,116	1,150	11,199	
Mid-Continent Library	0.3240	-	-	815	1,585	1,632	1,632	1,681	1,681	1,731	1,731	1,783	1,783	1,837	17,892	
State Blind Pension	0.0300	-	-	75	147	151	151	156	156	160	160	165	165	170	1,657	
Surtax	1.4370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	9.5095	\$ -	\$ -	\$ 20,296	\$ 39,479	\$ 40,663	\$ 40,663	\$ 41,883	\$ 41,883	\$ 43,139	\$ 43,139	\$ 44,433	\$ 44,433	\$ 45,766	\$ 445,778	