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February 23, 2018

TO: Mayor and City Council

FROM: Rich Wood

RE: Summary of the Tax Increment Financing Redevelopment Agreement (“**TIF Redevelopment Agreement**”) between the City of Lee’s Summit, Missouri (“**City**”) and Parrot Properties, LLC (“**Developer**”) for the Village at View High Development

On August 24, 2017, the City Council approved by Ordinance No. 8232 the Village at View High Tax Increment Financing Plan (“**TIF Plan**”). The approving Ordinance provides that approval of the TIF Plan is conditioned upon the Developer and the City entering into the TIF Redevelopment Agreement.

This Memo summarizes the key components of the TIF Redevelopment Agreement, which will be on the agenda for consideration at the March 15, 2018, City Council meeting. Capitalized terms are defined in Section 1.02 of the TIF Redevelopment Agreement.

Generally, the TIF Redevelopment Agreement establishes the rights, duties and obligations of the City and the Developer regarding design, construction and operation of the Redevelopment Projects and implementation of the TIF Plan. The following is an Article by Article overview of the key provisions. This Memo is not intended to describe each term of the TIF Redevelopment Agreement, but instead is intended only to provide an overview of the key components.

Article 2: Representations and Warranties

This Article provides certain representations and warranties of the Developer and the City with respect to the TIF Plan and the TIF Redevelopment Agreement. The Article also provides that the Developer will advance all costs necessary to acquire the property and complete the Redevelopment Projects and for the continued funding of City administrative costs resulting from the TIF Plan. This Article further provides that the Developer owns, or has the ability to acquire, the property in Redevelopment Project Areas I through V, and that the Developer is designated as the developer to perform the work in accordance with the TIF Plan and the TIF Redevelopment Agreement.

Article 3: Reimbursement of Developer Costs

Reimbursement. This Article establishes the process by which the City will use TIF Revenues to reimburse the Developer for Reimbursable Project Costs.

Reimbursable Project Costs Cap. The amount of overall TIF reimbursement is capped at \$4,903,717, unless the Developer constructs a “Destination Grocery Store”, in which case the TIF reimbursement cap is increased to \$7,975,797.

Reimbursement of Interest. Developer Reimbursable Project Costs which have been certified by the City through an approved Application for Reimbursable Project Costs will accrue simple interest at a rate equal to 5.25%. Interest on construction financing for the project is a separate item of reimbursement which is included in the amounts subject to the Reimbursable Project Costs Cap, and is limited to the amount shown in the line item for “Construction Interest and Financing Costs” in Exhibit C (\$1,195,000.00).

Estimated Project Costs. The Developer is required to follow the Project Budget (Exhibit C) when constructing the Redevelopment Projects. Reimbursable amounts may be transferred among line items in Exhibit C, all subject to the Reimbursable Project Costs Cap, except that the following line items shall not be increased: (i) “Site Grading”, (ii) “Material Import”, (iii) “Rock Blasting”, (iv) Finish Grading, Utilities, Parking Lot, Landscaping”, (v) “Contingency”, (vi) “Legal Fees – Development”, (vii) “Developer Fee”, and (viii) “Funding Agreement Fees & Costs”, and (ix) “Construction Interest and Financing Costs”.

Article 4: Tax Increment Financing

This Article sets forth the manner in which the City will impose tax increment financing and the Projects will be financed.

Redevelopment Area. The Redevelopment Area will be developed as six (6) Redevelopment Projects. After the City initiates tax increment financing for each Redevelopment Project, the Developer will perform the Work to complete the Redevelopment Project.

Bonds. The City may, in its sole discretion, issue Bonds to reimburse the Developer for Reimbursable Project Costs.

Payments in lieu of taxes (PILOTs). The assessed value of all real property in a Redevelopment Project Area is frozen during the year that the City adopts a Redevelopment Project ordinance. All increased assessments for the real property are collected by the City as PILOTs, which are, in turn, used to pay Reimbursable Project Costs. The obligation to make PILOTs runs with the land and creates a lien in favor of the City. Fifty percent (50%) of PILOTs will be declared as surplus and returned to the taxing districts.

Economic Activity Taxes (EATs). Fifty percent (50%) of all EATs in the Redevelopment Area are captured by the City and used to pay for Developer Reimbursable Project Costs. The obligation to make EATs payments runs with the land and the City can enforce collection of the EATs in the same manner as the collection of sales taxes.

Disbursements from Special Allocation Fund. The order of disbursement of TIF revenues from the Special Allocation Fund is set out in Section 4.08.

Article 5: Construction and Operation of the Projects

Construction. The Developer is required to design and construct the Redevelopment Projects. Exhibit D contains the schedule for construction of the Redevelopment Projects. The Developer is

required to obtain all required governmental approvals for the Redevelopment Projects. The Developer is further required to comply with applicable laws in its design and construction of the Redevelopment Projects, including laws governing prevailing wages and competitive bidding.

Prohibition on Relocation. The Developer is not allowed to lease or sell any property in the Redevelopment Area to a business that is already located in the City without the sales tax base for the business being transferred as provided in the TIF Act.

Lease and Sale of Project Property. Each lease or sale contract by the Developer must contain specific language that provides actual notice to the tenants or buyers regarding the existence and operation of the TIF district.

Restrictions on Transfers to Tax Exempt Entities. The Developer is not authorized to transfer property within the Redevelopment Area to tax exempt entities without the consent of the City.

Land Use Restrictions. Exhibit G contains a list of uses that are prohibited within the Redevelopment Area.

Article 6: Community Improvement District

Formation. It is anticipated that a community improvement district will be formed over the Redevelopment Area.

Sales Tax. The CID will impose a one percent (1%) sales tax within its boundaries. CID sales tax revenues will be used to fund administrative costs of the district and to pay Reimbursable Project Costs.

Article 7: General Covenants

Indemnity. The Developer agrees to indemnify the City with respect to its actions related to implementation of the Redevelopment Projects.

Assignment. There are limitations on the ability of the Developer to assign rights under the TIF Redevelopment Agreement to another entity as set forth in Section 7.02.