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October 12, 2016

TO: Lee's Summit City Council
FROM: David Bushek
RE: Summary of Paragon Star TIF Agreement and Real Estate Agreements

This memorandum is a summary of some of the key features of the TIF Agreement and the Real Estate Agreements for transfer of the City-owned property in Redevelopment Project Area 1.

TIF Agreement

TIF Plan Implementation: This Agreement implements the TIF Plan as approved by the City Council. The budget attached to the TIF Agreement matches the budget as it appears in the TIF Plan. The financing structure that is described in the TIF Plan, and as previously discussed with the City Council when the TIF Plan was approved, will be carried out by this TIF Agreement.

Financing Structure: Private lending sources will finance construction of the sports complex. When the project as a whole is completed, bonds can be issued to provide for permanent financing of the sports complex. Only revenues bonds, repaid from TIF and CID revenues, will be issued. City general revenues will not be used to fund the sports complex.

Uses of Funding: The TIF Agreement controls the reimbursement process for the TIF-funded portions of the project, including the sports complex construction, site work for the sports complex area, public improvements including water, sanitary sewer and storm sewer, engineering and professional fees for the sports complex, and a portion of the developer fee for the sports complex construction.

Administrative Costs: The City's administrative costs will be funded from an Advanced Funds Account that is funded and replenished by Developer. After bonds are issued, funds will be drawn from the Special Allocation Fund on an annual basis to cover the City's administrative costs.

Reimbursement Process: The Developer will be required to submit reimbursement requests with proof that eligible costs have actually been incurred. Reimbursement requests will be reviewed and approved by City staff. Reimbursement will not be provided until City staff verifies that costs are eligible and adequate documentation has been provided. Interest will not start to accrue on reimbursable costs until the City certifies such costs for reimbursement. If bonds are issued by the City, all costs which are funded from bond proceeds will require the same approvals by the City.

Limitation on Reimbursement: The TIF Plan included an estimate of all project costs, including the sports complex and public improvements that will be funded from TIF revenues. The TIF Plan budget

estimated that the TIF-reimbursable project costs would be about \$13.14 million. The TIF Plan budget is incorporated into the TIF contract. The TIF Agreement will allow for an adjustment of the total amount of TIF reimbursement to account for actual construction bids when received by developer, up to 105% of TIF-reimbursable costs as projected in the budget. Any reimbursement above 105% of the TIF budget will require a new TIF Commission hearing and then Council approval.

City Approval of Land Transfers: No sale, transfer or other conveyance of any fee interest in the Property in the Redevelopment Area may be made without the prior written consent of the City. The City shall be notified by Developer in writing of the proposed sale of property in the Redevelopment Area prior to the proposed effective date of the sale, along with a copy of the instrument affecting such sale. The rights, duties and obligations of Developer under the TIF Contract run with the land and are binding upon the successors and assigns of Developer.

Easements on City Land: The City will grant temporary grading and construction easements for work to commence on the City land for the scheduled road improvements. The construction process will follow all normally-applicable City requirements and procedures for the construction of public improvements.

Compliance with Laws for Public Projects: The public components of the project which are funded from public sources, including TIF reimbursement, will comply with all laws which are applicable to public improvements and public works projects, including the payment of prevailing wages and public bidding. The CID and Developer will use the City forms and documents to arrange for and contract for the design and construction of the Sports Complex and the Public Improvements, which shall include advertisements, bid documents and bidding manual, notice of award forms, performance bonds, payment bonds, applications for payment, certificates of completion, statements of general conditions, payroll affidavits, lien waivers, changes orders and other similar documents associated with the construction of public improvement projects.

Real Estate Agreements

Summary: The City owns about 78 acres of property in Redevelopment Project Area 1. There are two real estate agreements for (1) the transaction with the CID for the sports complex property (Lots 1, 3, 4 and Tract A) and (2) the transaction with the Developer for the private commercial development (Lot 2). A map attached to this memo illustrates the land areas for the transactions: the blue area is the City-owned property, the green area is Lot 4 which will initially remain in City ownership, and the red area is Lot 2 which will be transferred to Developer and combined with Lot 5 for commercial development. The purchase price for the sports complex property (Lots 1, 3, 4 and Tract A) will be \$288,644, and the purchase price for the Lot 2 property will be \$588,956. The Lot 4 property may be transferred to the CID at a later date for the purchase price of \$128,886 if the City later decides to release that lot for use as part of the soccer complex.

Conditions: All of the conditions discussed with the City Council in March 2016 have been incorporated into the real estate agreements. The City Land (both transactions discussed above) will not be transferred until all of the following conditions have been satisfied –

- **TIF Contract and Real Estate Contract** – Fully executed
- **TDD** – Formation complete, cooperative agreement executed, sales tax imposed, bonds issued, construction contracts executed for road construction
- **City GO Bonds for Roads** – Expenditure of \$1 million authorized by City

- **Plat and Preliminary Development Plan** – Fully approved by City to create parcels for transfer
- **Grading Permits** – City has granted easement for grading on City property and permits issued
- **Wetlands Permits** – Issued to construct all improvements in Redevelopment Project 1
- **MoDOT Approvals and Contracts** – Authorized improvements to I-470 & View High Interchange
- **CID** – Operating, sales tax approved, cooperative agreement executed
- **CID Cooperative Agreement** – Will cover use of CID revenues and issuance of debt, process for identifying and selecting sports complex manager, process to manage and operate sports complex
- **Investor/Partner Commitments** – Documentation that investors/partners have approved budgets and binding commitments to commence construction upon delivery of pad sites
- **Private Investment for Private Development** – All steps necessary for closing on all private financing completed and closing on all private financing subject only to transfer of City property
- **Sports Complex Construction** – Plans for the sports complex completed, all funds necessary for construction are on deposit with a trustee or escrow agent, competitive and complete bid has been received or construction contract has been executed
- **Private Investment for Sports Complex** – The City has documentation that all steps necessary for closing on the private financing for the sports complex, by the appropriate investor/partner, has been completed and such closing is subject only to transfer of the City property to the CID
- **State Funding** – State funding approved or alternative private funding arranged and closing subject only to transfer of property to CID for sports complex
- **Restrictive Covenants** – Covenants recorded which limit use of portions of City property for sports complex
- **Building Permits** – Parties have coordinated for issuance of building permits for all development in Redevelopment Project Area 1
- **Jackson County Approvals** – County granted all necessary approvals to use all County-owned property

