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TO: City Council for the City of Lee's Summit
FROM: David Bushek
RE: Summary of proposed 740 NW Blue Parkway Community Improvement District

Project and CID Summary

- The proposed project is the current Bank of the West property which is about 3.5 acres located at 740 NW Blue Parkway. The applicant proposed to demolish the bank building and redevelop the site into two lots with two new restaurants.
- The applicant's budget indicates that total project costs are anticipated to be about \$12.5 million, which includes blight remediation costs.
- The total requested CID reimbursement is \$1.32 million, which is about 10.6% of the total project costs.
- The CID is proposed for the purpose of providing reimbursement for blight remediation costs, which would bring the site to a "greenfield" state to facilitate new development with new users.
- The CID is proposed to fund only blight remediation costs which are itemized in the project budget, and in Exhibit 2 to the Five Year Plan which is attached to the Petition.

Formation and Operations

- The District will be a separate political subdivision of the state, not a department of the City.
- The District will be governed by a 5-member Board of Directors. Three initial directors are named in the Petition and two initial directors will be designated by the Mayor with the consent of the City Council. Successor directors will be appointed by the Mayor with the consent of the City Council.
- The initial term of each director is either 2 or 4 years, as established by the Petition. Successors will serve 4-year terms.
- Qualifications of a Director:
 - At least 18 years old
 - Resident of Missouri for at least 1 year prior to taking office
 - Business owner or property owner in the district, or a representative of a business owner or property owner in the district

- Two of the five director seats will be permanently controlled by the City, with City staff or City elected officials appointed to the two City seats. The Petition provides that the property owner will record a property owner designation form with the County Recorder that will run with the land and which will provide the City with the permanent right to designate two persons connected with the City to sit on the board as representatives of the property owner.

Project Financing

- Developer provide the initial financing for all project costs through private lending or private equity.
- The CID will serve as a reimbursement source for designated project costs, as discussed below.

Funding Source

- The District sales tax can be imposed in 1/8% increments up to a maximum amount of one percent (1.0%). Developer has expressed the intention to impose a 1% tax.
- An election must occur for the sales tax to be imposed. The election occurs after the District is formed. The qualified voters in the election will be the property owner(s) in the CID area. A majority of those casting ballots must approve the sales tax.

CID Reimbursable Costs

- The District will fund Blight Remediation costs as itemized in the Project Budget and in Exhibit 2 to the Five Year Management Plan (attached to the Petition).
- The maximum amount of reimbursement will be \$1,320,000, plus interest as provided in the cooperative agreement between the City and the CID.
- The CID will not fund property acquisition costs.
- The proposed maximum 25-year period of the CID is based on developer's amortization schedule of 20 years which does not include CID operating costs.

Evolution of the CID Budget and Reimbursable Costs

- This project and a proposed budget were presented as a Conceptual Economic Development Incentive Request to the City Council on July 27, 2017. During that presentation, the Council expressed concern that proposed CID reimbursement included property acquisition costs.
- City staff has discussed this issue with the applicant and the reimbursable portions of the budget has been revised to eliminate property acquisition costs (land and building). The proposed CID reimbursable items meets Developer's needs while also addressing the Council's concerns.
- The focus of the CID-reimbursable items are blight remediation costs, to bring the site to a "greenfield" state in order to facilitate redevelopment with new structures and users.
- Maximum CID reimbursement has decreased from \$1.4 million to \$1.32 million since the time of the conceptual presentation. The table below shows the changes in reimbursement from July to today.

	Total Project Costs	CID Eligible Costs	Maximum CID Reimbursement	Percentage of Costs Reimbursable	Interest Rate on Certified Costs
July Conceptual Discussion	\$12,238,962	\$3,545,973	\$1,400,000	11.44%	4.5%
Applicant 1 st Revision	\$12,474,027	\$4,336,527	\$1,200,000	9.62%	6.0%
Petition	\$12,474,027	\$4,336,527	\$1,320,000	10.58%	5.25%

Other Items of Note

- The sales tax imposed by the District only applies within the boundaries of the District and does not apply to other parts of the City.
- The City may not decrease the level of publicly funded services in the District existing prior to the creation of the District or transfer the financial burden of providing such services to the District unless the services at the same time are decreased throughout the City.