

816-221-1000
FAX: 816-221-1018
WWW.GILMOREBELL.COM


GILMORE BELL
GILMORE & BELL, A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
2405 GRAND BOULEVARD, SUITE 1100
KANSAS CITY, MISSOURI 64108-2521

OTHER OFFICES:
ST. LOUIS, MISSOURI
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August 24, 2016

TO: Lee's Summit City Council

FROM: David Bushek, Rich Wood

RE: Summary of the Summit Woods TDD Cooperative Agreement (the "**Agreement**")

The formation of the Southwest I-470 TDD (the "**Regional TDD**") is currently pending in the Circuit Court of Jackson County. The City and Paragon Star have negotiated an agreement with RED Development to set forth the terms and conditions under which the new Regional TDD will go into effect with a new 1% sales tax on the Summit Woods Shopping Center, and how the existing Summit Woods TDD and its 1% sales tax will be concurrently terminated. The agreement is complete except for one condition (#24) which is highlighted in Exhibit F, which was not completed as of the date that this agreement was delivered to the City Clerk. The key provisions of the Agreement are as follows:

- The final judgment for the Regional TDD will include provisions prohibiting the Regional TDD from imposing a Regional TDD Sales Tax and issuing obligations to finance the Regional TDD Phase 2 Projects until a set of conditions (the "**Sales Tax Conditions**") have been met.
- The Sales Tax Conditions generally mirror the conditions that will apply to the transfer of the City-owned real estate to the I-470 and View High Community Improvement District for construction of the sports complex, along with additional conditions that have been requested by RED Development and negotiated among the parties.
- If all the Sales Tax Conditions are satisfied, the Regional TDD will impose a Regional TDD Sales Tax at the rate of 1.0%. The Regional TDD Projects will include (1) all of the Summit Woods TDD road projects, in order to facilitate the repayment of the Summit Woods TDD debt, and (2) the public road improvements that will be constructed for the Paragon Star project.
- The Regional TDD will issue obligations to refinance and fully refund the currently outstanding Summit Woods TDD Bonds, and finance the Regional TDD Phase 2 Projects. Paragon Star anticipates incurring private debt to initially finance the road improvements for the Paragon Star project, which will later be taken out with the Regional TDD debt.
- The debt issued by the Regional TDD will satisfy all the obligations of the Summit Woods TDD and will allow the Summit Woods TDD to wind up its operations and be terminated.
- The Regional TDD will impose the Regional TDD Sales Tax no earlier than the date that the Summit Wood TDD Sales Tax is no longer imposed so that at no time will both sales taxes be in effect at the same time. The end result of this process is that a 1% TDD tax that has been in

effect within the Summit Woods Shopping Center from its inception will continue to be collected to fund the new regional road improvements for the Paragon Star project.