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TO: Lee's Summit City Council
FROM: Rich Wood
RE: Summary of Pine Tree CID Cooperative Agreement

The following is an overview of the key provisions of the proposed Cooperative Agreement with the Pine Tree Community Improvement District (the "District") and Northern States Investments, LLC (the "Developer").

Redevelopment Project:

- The Developer is obligated to design and construct the Redevelopment Project in furtherance of removal of blight within the District.
- The Developer is also obligated to maintain the buildings within the area during the time the District is in existence.

Transfers of the Redevelopment Area:

- The Developer must give notice of the existence of the District and the sales tax in the event of any sale or lease of property within the District.
- The obligation to notify of the existence of the District is a covenant that runs with the land and is enforceable against all future owners.

District Sales Tax:

- The District is obligated to adopt a resolution imposing a one percent sales tax within the boundaries of the District.
- District sales tax revenues will be collected by the Department of Revenue and then remitted to the City.
- The City will administer the sales tax revenues and use the revenues to pay District costs and reimburse the Developer for Reimbursable Project Costs incurred by the Developer in the construction of the Redevelopment Project.

- District formation costs incurred by the City and the Developer will be reimbursed from District revenues.
- Operating costs of the District will also be paid from District revenues.
- The City will receive an administrative fee of 1.5% for administering the funds.
- District revenues will be disbursed by the City monthly in the following order of priority:
 - City administrative fee;
 - Operating Costs of the District;
 - City and Developer Costs of Formation;
 - Debt service on CID Obligations (if any); and
 - Reimbursement of Reimbursable Project Costs on a “pay as you go” basis.
- Once all Reimbursable Project Costs are fully reimbursed, with interest, the District will be terminated.
- The Developer has the right to pledge District revenues to the repayment of a construction loan to the extent the loan pays for Reimbursable Project Costs.

CID Board of Directors:

- The Board of Directors of the District will have five members.
- Two members of the Board of Directors will be representatives of the City.
- The Mayor, with the consent of the Council, will appoint successor members to the Board of Directors.
- The District is required to maintain officers’ liability insurance for the District Board of Directors.

Reimbursement to Developer:

- Reimbursement to the Developer is limited to the following:
 - The maximum amount of Reimbursable Project Costs, which is \$2,410,225;
 - Interest at the maximum interest reimbursement rate of the United States Department of Treasury Daily Long-Term Composite Rate, from the date Reimbursable Project Costs are certified by the City;
 - Costs of Issuance for debt which finances Reimbursable Project Costs.
- Reimbursable Project Costs must be costs which fall within one of the columns labeled “CID Reimbursable” in the CID Budget.

- The Developer must submit an application for certification of Reimbursable Project Costs to the City for approval.
- Reimbursable Project Costs will be reimbursed on a “pay as you go” basis, unless bonds are issued with the City’s approval.

Issuance of Obligations:

- The District is authorized to issue Obligations only with the City’s approval. This includes any indebtedness of the District.
- The term of the debt is limited to 20 years, which is the life of the District.
- The principal amount of the debt cannot exceed the maximum amount of Reimbursable Project Costs, plus costs of issuance.