
CITY OF LEE'S SUMMIT, MISSOURI

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST-BENEFIT ANALYSIS**

**FOR THE

MILHAUS APARTMENTS PROJECT**

SENT: JUNE 17, 2025

I. PURPOSE OF THIS PLAN

The City Council of the City of Lee's Summit, Missouri (the "City") will consider ordinances approving this Plan (defined below) and authorizing the issuance by the City of its taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$64,200,000 (the "Bonds"), to finance costs of a multifamily apartment project (the "Project") for Hwy 150 & Ward Road, LLC, and/or its assignees or designees (altogether, the "Company") as more fully described herein. The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

This Plan for an Industrial Development Project and Cost-Benefit Analysis (the "Plan") has been prepared to satisfy requirements of the Act and to analyze the potential costs and benefits, including the related tax impact on all affected taxing jurisdictions, of using industrial development revenue bonds to finance the Project.

II. GENERAL DESCRIPTION OF CHAPTER 100 FINANCINGS

General. The Act authorizes cities, counties, towns and villages to issue industrial development revenue bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities. The leasing of residential property for a profit is a commercial undertaking.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from the project. The municipality issues its bonds and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of the bonds, the landowner will convey to the municipality title to the property included in the project. At the same time, the municipality will lease the property, including the project, back to the benefited company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the municipality, to use the bond proceeds to pay the costs or reimburse the costs of purchasing, constructing and installing the project, as applicable.

Under the lease agreement, the benefitted company typically: (1) will unconditionally agree to make payments sufficient to pay the principal of and interest on the bonds as they become due; (2) will agree, at its own expense, to maintain the project, to pay all un-abated taxes and assessments with respect to the project, and to maintain adequate insurance; (3) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (4) may assign its interests under the lease agreement or sublease the project while remaining responsible for payments under the lease agreement; (5) will covenant to maintain its corporate existence during the term of the bond issue; and (6) will agree to indemnify the municipality for any liability the municipality might incur as a result of its participation in the transaction.

Property Tax Abatement. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. In a typical transaction, the municipality holds fee title to the project and leases the project to the benefited company. Under this Plan, the Company will agree to make "payments in lieu of taxes" in an amount equal to a portion of the taxes that would be due on the Project were it not for ownership by the City. The payments in lieu of taxes are payable in December of each year, and are distributed to the

municipality and to each political subdivision within the boundaries of the Project in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

III. DESCRIPTION OF THE PARTIES

The Company. Hwy 150 & Ward Road, LLC is a special purpose entity formed to construct and operate the Project, which is affiliated with Milhaus, a developer of mixed-use and multifamily residential buildings headquartered in Indianapolis, Indiana. Milhaus develops, builds and manages its assets. Milhaus has a regional office in Kansas City and has developed 12 projects in the Kansas City region. Overall, Milhaus has approximately \$2.1 billion dollars in assets under management, and has developed 51 projects with a total of approximately 12,800 units developed or under construction.

City of Lee's Summit, Missouri. The City is a constitutional home rule charter city and municipal corporation organized and existing under the laws of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend and improve certain projects (as defined in the Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

IV. REQUIREMENTS OF THE ACT

Description of the Project. The Project to be financed by the Bonds consists of an approximately 272-unit multifamily apartment complex spanning six three-story garden-style buildings and one four-story, elevator-serviced low-rise building (the "Project"). The Project will include approximately 458 parking stalls, a resident lounge and clubhouse, a swimming pool, bicycle storage area, fire pits, a grill station, a fitness/yoga studio, co-working space, and a pet spa, and units will include stainless steel appliances, tile backsplashes and in-unit washers/dryers. The Project will be located at the southwest corner of the intersection of SW Arborwalk Boulevard and SW Ward Road in the City (the "Project Site," the approximate boundaries of which are shown in the map below).

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Estimate of the Costs of the Project. The Project is expected to cost approximately \$64,200,000. The investments are anticipated to be made primarily in 2025 through 2028, although the actual years of investment may vary based on Project implementation.

Source of Funds to be Expended for the Project. The sources of funds to be expended for the Project will be the proceeds of the Bonds in a principal amount not to exceed \$64,200,000, to be issued by the City and purchased by the Company and, if needed, other available funds of the Company. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project. The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The City will hold title to the Project Site under the Chapter 100 transaction. The City will lease the Project to the Company for lease payments equal to the principal and interest payments on the Bonds. Under the terms of the lease agreement with the City, the Company will have the option to purchase the Project at any time and will have the obligation to purchase the Project at the termination of the lease.

Affected Taxing Districts. The Lee's Summit R-VII School District is the school district, Jackson County, Missouri is the county, the City is the city, and the Junior College District of Metropolitan Kansas City, Missouri is the community college district affected by the Project. There is no fire or ambulance district affected by the Project. The Cost-Benefit Analysis attached hereto for the Project identifies all other taxing districts affected by the Project.

Assessed Valuation. The most recent equalized assessed valuation of the Project Site is \$3,162 (for tax year 2024, estimated by acreage as part of a larger tract). The estimated total equalized assessed valuation of the Project site after development of the Project is \$11,267,549.

Payments in Lieu of Taxes. If this Plan is approved by the City Council, the City intends to issue Bonds in 2025 or 2026. The Company will make payments in lieu of taxes ("PILOTS") for the Project as follows: (1) prior to construction, the amount calculated to equal the taxes that would have been due on the unimproved land were it in private ownership, (2) during construction, an amount calculated from a starting point of \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2027, for units under construction, pro-rated by percentage of completion, and (3) from and after completion, for a period of 10 years, a fixed PILOT calculated from a starting point of \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2027.

The total PILOT payments and the resulting tax abatement amounts are estimated in the Cost-Benefit Analysis attached hereto. The actual Project implementation and abatement timing may vary from what is shown in the Cost-Benefit Analysis. PILOT payments will be distributed to the taxing jurisdictions by or at the direction of the City.

Cost-Benefit Analysis. In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, this Plan has been prepared to show the costs and benefits to the City and to other taxing jurisdictions affected by the Project. This Plan does not attempt to quantify the overall economic impact of the Project. The tax rates used in this Plan reflect the rates in effect for the tax year 2024. The actual years and PILOT amounts may vary based on Project implementation.

V. SALES AND USE TAX EXEMPTION

Sales and Use Tax Exemption on Construction Materials. Qualified building materials purchased for the construction of the Project are expected to be exempt from sales and use tax pursuant to the provisions of Section 144.062 of the Revised Statutes of Missouri and the underlying Bond documents upon delivery of a project exemption certificate by the City to the Company. For purposes of determining the impact of the sales and use tax exemptions for the qualified building materials on the affected taxing jurisdictions, it is assumed that the total amount of qualified building materials purchased will be \$25,600,000 and that the situs of sale for the purchases will be as follows: 5.0% within the City, 22.5% within Jackson County but outside the City, 22.5% within Missouri but outside Jackson County, and 50% outside Missouri. Please note that any variance in these assumptions will alter the fiscal impact of the sales and use tax exemptions on the affected taxing jurisdictions.

Based on the assumptions set forth above, the fiscal impact on the affected taxing jurisdictions of the sales and use tax exemptions for qualified building materials is as follows:

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	Sales Tax Rate	Estimated Sales Tax Revenues Subject to Exemption	Use Tax Rate	Estimated Use Tax Revenues Subject to Exemption
State of Missouri	4.225%	\$540,800	4.225%	\$540,800
Jackson County				
General	0.500	35,200	n/a	-
Drug Task Force	0.250	17,600	n/a	-
Sports Complex	0.375	26,400	n/a	-
Zoological District	0.125	8,800	n/a	-
City of Lee's Summit				
General	1.000	12,800	1.000	128,000
Parks	0.250	3,200	0.250	32,000
Capital Projects	0.500	6,400	0.500	64,000
Transportation	0.500	6,400	0.500	64,000
Public Safety	0.500	6,400	0.500	64,000
Children's Services Fund	0.250	17,600	n/a	-
Total	8.475%	\$681,600	6.975%	\$892,800

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**Lee's Summit, MO
(Milhaus Apartments Project)**

**COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT**

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This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a “municipal advisor” as defined in the Securities Exchange Act of 1934, as amended.

Project Assumptions

♦ Initial year taxes assessed		2025
♦ 2025 Assessed Value of Existing Site (Commercial)	\$	3,257
♦ 2026 Assessed Value of Existing Site (Residential)	\$	1,934
♦ 2027 Assessed value of Project Improvements (30% complete)	\$	3,380,265
♦ 2028 Assessed value of Project Improvements (100% complete)	\$	11,267,549
♦ Biennial growth rate of appraised value of real property		3.0%
♦ Assessed value as a percentage of appraised value (real)		32.0%
♦ Fixed PILOT:		
2025-2026	\$	282
2027	\$	134,477
2028	\$	448,256
2029-2030	\$	461,704
2031-2032	\$	475,555
2033-2034	\$	489,821
2035-2036	\$	504,516
2037	\$	519,652

Summary of Cost Benefit Analysis

Taxing Jurisdiction	Tax Rate	Projected Taxes			
		Taxes on Existing Site without Project	on Property without Abatement	Projected PILOTS	Projected Abatement
Board of Disabled Services	0.0732	\$ 34	\$ 91,370	\$ 50,345	\$ 41,025
City - Lees Summit	1.2877	593	1,607,333	885,638	721,694
Jackson County	0.5056	233	631,100	347,735	283,365
Lee's Summit R-7 School District	4.7309	2,177	5,905,203	3,253,759	2,651,444
Mental Health	0.0974	45	121,577	66,989	54,588
Metro Junior College	0.1806	83	225,428	124,211	101,218
Mid-Continent Library	0.3152	145	393,439	216,784	176,655
State Blind Pension	0.0300	14	37,447	20,633	16,814
Surtax	1.4370	661	47	47	-
	8.6576	\$ 3,984	\$ 9,012,943	\$ 4,966,140	\$ 4,046,802

Taxes on Existing Site without Project

Estimated Assessed Value of Existing Site		\$3,257	\$3,257	\$3,354	\$3,354	\$3,455	\$3,455	\$3,559	\$3,559	\$3,665	\$3,665	\$3,775	\$3,775	\$3,889		
Taxing Jurisdiction		Tax Rate per \$100														Total
Board of Disabled Services	0.0732	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 34
City - Lees Summit	1.2877	42	42	43	43	44	44	46	46	47	47	49	49	50		593
Jackson County	0.5056	16	16	17	17	17	17	18	18	19	19	19	19	20		233
Lee's Summit R-7 School District	4.7309	154	154	159	159	163	163	168	168	173	173	179	179	184		2,177
Mental Health	0.0974	3	3	3	3	3	3	3	3	4	4	4	4	4		45
Metro Junior College	0.1806	6	6	6	6	6	6	6	6	7	7	7	7	7		83
Mid-Continent Library	0.3152	10	10	11	11	11	11	11	11	12	12	12	12	12		145
State Blind Pension	0.0300	1	1	1	1	1	1	1	1	1	1	1	1	1		14
Surtax	1.4370	47	47	48	48	50	50	51	51	53	53	54	54	56		661
	8.6576	\$ 282	\$ 282	\$ 290	\$ 290	\$ 299	\$ 299	\$ 308	\$ 308	\$ 317	\$ 317	\$ 327	\$ 327	\$ 337		\$3,984

Projected Taxes on Project without Abatement

Estimated Assessed Value of Project		\$3,257	\$1,934	\$ 3,380,265	\$11,267,549	\$11,605,575	\$11,605,575	\$11,953,743	\$11,953,743	\$12,312,355	\$12,312,355	\$12,681,726	\$12,681,726	\$13,062,177		
	Tax Rate per															
Taxing Jurisdiction	\$100	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total	
Board of Disabled Services	0.0732	\$ 2	\$ 1	\$ 2,474	\$ 8,248	\$ 8,495	\$ 8,495	\$ 8,750	\$ 8,750	\$ 9,013	\$ 9,013	\$ 9,283	\$ 9,283	\$ 9,562	\$ 91,370	
City - Lees Summit	1.2877	42	25	43,528	145,092	149,445	149,445	153,928	153,928	158,546	158,546	163,303	163,303	168,202	1,607,333	
Jackson County	0.5056	16	10	17,091	56,969	58,678	58,678	60,438	60,438	62,251	62,251	64,119	64,119	66,042	631,100	
Lee's Summit R-7 School District	4.7309	154	91	159,917	533,056	549,048	549,048	565,520	565,520	582,485	582,485	599,960	599,960	617,959	5,905,203	
Mental Health	0.0974	3	2	3,292	10,975	11,304	11,304	11,643	11,643	11,992	11,992	12,352	12,352	12,723	121,577	
Metro Junior College	0.1806	6	3	6,105	20,349	20,960	20,960	21,588	21,588	22,236	22,236	22,903	22,903	23,590	225,428	
Mid-Continent Library	0.3152	10	6	10,655	35,515	36,581	36,581	37,678	37,678	38,809	38,809	39,973	39,973	41,172	393,439	
State Blind Pension	0.0300	1	1	1,014	3,380	3,482	3,482	3,586	3,586	3,694	3,694	3,805	3,805	3,919	37,447	
Surtax	1.4370	47	-	-	-	-	-	-	-	-	-	-	-	-	47	
		8.6576	\$ 282	\$ 140	\$ 244,075	\$ 813,585	\$ 837,992	\$ 837,992	\$ 863,132	\$ 863,132	\$ 889,026	\$ 889,026	\$ 915,697	\$ 915,697	\$ 943,168	\$ 9,012,943

Projected PILOTS

PILOT Payment		\$ 282	\$ 282	\$ 134,477	\$ 448,256	\$ 461,704	\$ 461,704	\$ 475,555	\$ 475,555	\$ 489,821	\$ 489,821	\$ 504,516	\$ 504,516	\$ 519,652	
	Tax Rate per														
Taxing Jurisdiction	\$100	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total
Board of Disabled Services	0.0732	\$ 2	\$ 3	\$ 1,363	\$ 4,544	\$ 4,681	\$ 4,681	\$ 4,821	\$ 4,821	\$ 4,966	\$ 4,966	\$ 5,115	\$ 5,115	\$ 5,268	\$ 50,345
City - Lees Summit	1.2877	42	50	23,982	79,941	82,339	82,339	84,809	84,809	87,353	87,353	89,974	89,974	92,673	885,638
Jackson County	0.5056	16	20	9,416	31,388	32,329	32,329	33,299	33,299	34,298	34,298	35,327	35,327	36,387	347,735
Lee's Summit R-7 School District	4.7309	154	185	88,109	293,695	302,506	302,506	311,581	311,581	320,928	320,928	330,556	330,556	340,473	3,253,759
Mental Health	0.0974	3	4	1,814	6,047	6,228	6,228	6,415	6,415	6,607	6,607	6,806	6,806	7,010	66,989
Metro Junior College	0.1806	6	7	3,364	11,212	11,548	11,548	11,894	11,894	12,251	12,251	12,619	12,619	12,997	124,211
Mid-Continent Library	0.3152	10	12	5,870	19,568	20,155	20,155	20,759	20,759	21,382	21,382	22,024	22,024	22,684	216,784
State Blind Pension	0.0300	1	1	559	1,862	1,918	1,918	1,976	1,976	2,035	2,035	2,096	2,096	2,159	20,633
Surtax	1.4370	47	-	-	-	-	-	-	-	-	-	-	-	-	47
	8.6576	\$ 282	\$ 282	\$ 134,477	\$ 448,256	\$ 461,704	\$ 461,704	\$ 475,555	\$ 475,555	\$ 489,821	\$ 489,821	\$ 504,516	\$ 504,516	\$ 519,652	\$ 4,966,140

Projected Abatement

Taxing Jurisdiction	Tax Rate per														
	\$100	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total
Board of Disabled Services	0.0732	\$ -	\$ (1)	\$ 1,111	\$ 3,704	\$ 3,815	\$ 3,815	\$ 3,929	\$ 3,929	\$ 4,047	\$ 4,047	\$ 4,168	\$ 4,168	\$ 4,293	\$ 41,025
City - Lees Summit	1.2877	-	(25)	19,545	65,152	67,106	67,106	69,119	69,119	71,193	71,193	73,329	73,329	75,529	721,694
Jackson County	0.5056	-	(10)	7,674	25,581	26,348	26,348	27,139	27,139	27,953	27,953	28,792	28,792	29,655	283,365
Lee's Summit R-7 School District	4.7309	-	(93)	71,808	239,361	246,542	246,542	253,939	253,939	261,557	261,557	269,403	269,403	277,486	2,651,444
Mental Health	0.0974	-	(2)	1,478	4,928	5,076	5,076	5,228	5,228	5,385	5,385	5,546	5,546	5,713	54,588
Metro Junior College	0.1806	-	(4)	2,741	9,138	9,412	9,412	9,694	9,694	9,985	9,985	10,284	10,284	10,593	101,218
Mid-Continent Library	0.3152	-	(6)	4,784	15,948	16,426	16,426	16,919	16,919	17,426	17,426	17,949	17,949	18,488	176,655
State Blind Pension	0.0300	-	(1)	455	1,518	1,563	1,563	1,610	1,610	1,659	1,659	1,708	1,708	1,760	16,814
Surtax	1.4370	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	8.6576	\$ -	\$ (142)	\$ 109,599	\$ 365,329	\$ 376,288	\$ 376,288	\$ 387,577	\$ 387,577	\$ 399,204	\$ 399,204	\$ 411,181	\$ 411,181	\$ 423,516	\$4,046,802