

AN ORDINANCE APPROVING THE PARAGON STAR APARTMENTS LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY (LCRA) REDEVELOPMENT PLAN.

WHEREAS, the City of Lee's Summit, Missouri (the "**City**") is a charter city and a political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri; and,

WHEREAS, pursuant to the Land Clearance for Redevelopment Act set forth in Sections 99.400 through 88.715, RSMo ("**LCRA Act**"), Gold Crown Properties, Inc. (the "**Developer**") submitted the Paragon Star Apartments LCRA Redevelopment Plan to the City (the "**LCRA Redevelopment Plan**"); and,

WHEREAS, on June 22, 2022 after due notice in accordance with the Act, the Land Clearance for Redevelopment Authority Board of Commissioners (the "**LCRA**") opened a public hearing, at which all interested persons were afforded an opportunity to make comments, file written objections, protests and be heard orally regarding adoption of the LCRA Redevelopment Plan, and thereafter the LCRA adopted Resolution 2022-2 which recommended that the City Council approve the LCRA Redevelopment Plan, make the required findings to adopt the LCRA Redevelopment Plan, designate Developer as the developer of record for the LCRA Redevelopment Plan, and delegated to the City all of the authority, powers and functions of the LCRA as granted to the LCRA under the LCRA Act with respect to the planning and undertaking of the LCRA Plan and the land clearance project authorized therein within the Redevelopment Area, and the City will thereby be authorized to carry out and perform such authority, powers and functions for the LCRA;

WHEREAS, on July 12, 2022, at a public meeting of the City Council, after the posting of proper notice of the consideration of this issue and after all parties in interest were provided the opportunity to be heard, the City Council considered the LCRA Redevelopment Plan, the recommendation of the LCRA, the recommendations of City staff and consultants and considered the public objections, protests, comments and other evidence; and

WHEREAS, having heard and considered the objections, protests, comments and other evidence adduced at the meeting, the evidence and testimony submitted at the LCRA public hearing, the recommendation of the LCRA and the recommendation of City staff, the City Council desires to approve the LCRA Redevelopment Plan.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LEE'S SUMMIT, MISSOURI, as follows:

SECTION 1. The Paragon Star Apartments LCRA Redevelopment Plan, a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference, is hereby approved and adopted. In the event of any conflict or inconsistency between the LCRA Redevelopment Plan and this Ordinance, the provisions of this Ordinance shall control.

SECTION 2. The tract of land legally described in **Exhibit A** of this Ordinance is hereby designated as the Redevelopment Area for the LCRA Redevelopment Plan.

SECTION 3. The City Council hereby finds that:

A. The LCRA Plan sets forth all required elements of a "Redevelopment Plan" and an "urban renewal plan" as required by the LCRA Act, which are set forth in detail in Section 5 of the LCRA Redevelopment Plan, and the redevelopment work described in the LCRA Redevelopment Plan qualifies as an "urban renewal project" under the LCRA Act;

B. The Redevelopment Area remains a blighted area as previously determined by the City Council, in that:

1. The City Council found that the Redevelopment Area is a blighted area pursuant to the Real Property Tax Increment Allocation Redevelopment Act which is set forth in Chapter 99 of the Revised Statutes of Missouri (the "**TIF Act**") through the adoption of Ordinance No. 7833 which was approved on March 15, 2016, and which was re-affirmed through the approval of the First Amendment to the TIF Plan through the adoption of Ordinance No. 8946 on September 8, 2020.

2. The definition of "blighted area" under the LCRA Act is identical the same definition as it appears in the TIF Act, and the City Council's prior blight finding is therefore applicable to the LCRA Redevelopment Plan.

C. Redevelopment of the Redevelopment Area is necessary and in the interests of the public health, safety, morals and welfare of the residents of the City;

D. The LCRA Plan is in conformance with the Comprehensive Plan of the City based on the following:

1. A Preliminary Development Plan for the Redevelopment Project and property adjacent to the Redevelopment Project was approved by the City Council on June 11, 2019 pursuant to Ordinance No. 8644 (the "Preliminary Development Plan") and the proposed land uses for the Redevelopment Project are in conformance with the approved Preliminary Development Plan. In approving the Preliminary Development Plan, the City made findings that the proposed land uses within the Redevelopment Project were consistent with the City's Comprehensive Plan.

2. The City's Comprehensive Plan presents a "workable program" as required by the LCRA Act for this property in that it provides for an official plan of action for effectively dealing with the problem in insanitary, blighted, deteriorated or deteriorating areas within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life, for utilizing appropriate private and public resources to eliminate and prevent the development or spread of insanitary, blighted, deteriorated or deteriorating areas, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, insanitary, deteriorated and deteriorating areas, and undertaking such activities as may be suitably employed to achieve the objectives of such a program.

SECTION 4. Gold Crown Properties, Inc., is hereby designated as a developer of record for the LCRA Redevelopment Plan.

SECTION 5. Approval of the LCRA Redevelopment Plan by this Ordinance is conditioned upon the developer of record entering into a redevelopment agreement with the City upon terms acceptable to the City to carry out the goals and objectives of the LCRA Redevelopment Plan. The City Manager and his designees are authorized and directed to negotiate a redevelopment agreement with the developer of record to implement the LCRA Redevelopment Plan. Failure of the developer of record to enter into such contract shall nullify and render void the approvals granted in this ordinance upon such declaration by the City Council.

SECTION 6. The City Council hereby accepts for the City the delegation all of the authority, powers and functions of the LCRA as granted to the LCRA under the LCRA Act with respect to the planning and undertaking of the LCRA Plan and the land clearance project authorized therein within the Redevelopment Area, and the City is hereby authorized to carry out and perform such authority, powers and functions for the LCRA, as delegated to the City by the LCRA pursuant to LCRA Resolution 2022-2 on June 22, 2022.

SECTION 7. City officers and agents of the City are each hereby authorized and directed to take such action and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

SECTION 8. This Ordinance shall be in full force and effect from and after its passage, adoption, and approval by the Mayor.

PASSED by the City Council for the City of Lee's Summit, Missouri, this 19th day of July, 2022.



ATTEST:

Stacy Lombardo
City Clerk *Trisha Fowler Arcuri*

W. Baird
Mayor *William A. Baird*

APPROVED by the Mayor of said city this 21st day of July, 2022.

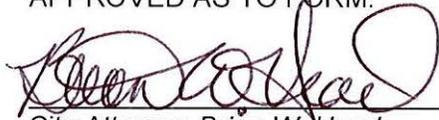


Mayor William A. Baird

ATTEST:

Deputy Stacy Lombardi
City Clerk ~~Trisha Fowler-Areuri~~

APPROVED AS TO FORM:



City Attorney Brian W. Head



EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

Lot 7C of the plat entitled "Final Plat of Lots 5, 6, 7A, 7B, 7C and 8, Paragon Star Fourth Plat" a subdivision in Lee's Summit, Jackson County, Missouri, along with certain air rights over Lots 6 and 7A of the same Paragon Star Fourth Plat.

BILL NO. 22-140

ORDINANCE NO. 9467

EXHIBIT B

LCRA REDEVELOPMENT PLAN

[See attached]

PARAGON STAR APARTMENTS LCRA REDEVELOPMENT PLAN

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
OF THE CITY OF LEE'S SUMMIT, MISSOURI**

JUNE 8, 2022

This Paragon Star Apartments LCRA Redevelopment Plan (the “LCRA Redevelopment Plan”) has been prepared with references to the I-470 and View High Tax Increment Financing Plan submitted by Paragon Star, LLC and approved by the City on March 10, 2016, as subsequently amended on September 8, 2020 (the “First Amendment,” and collectively the “TIF Plan”). This LCRA Redevelopment Plan hereby incorporates by reference the entirety of the TIF Plan.

1. Purpose Of This Redevelopment Plan

This Redevelopment Plan has been prepared in accordance with the Land Clearance for Redevelopment Authority Act which is set forth in Sections 99.300 through 99.715 of the Revised Statutes of Missouri (the “LCRA Act”) for the redevelopment of the property (the “Property”) by Altus Equity Group Inc. or its assigns (“Developer”), which is a portion of the property legally described in the TIF Plan, and which is depicted on Exhibit 1 attached hereto. The purpose of this LCRA Redevelopment Plan is to:

- carry out the policy statement of the LCRA Act which is set forth in Section 99.310, RSMo, and more particularly to redevelop the Property to cure the blighted conditions described in the TIF Plan; and
- provide sales tax exemption on construction materials while maintaining property tax benefits for the City and other taxing jurisdictions during the construction period at a level equivalent to what would have been provided under the TIF Plan in the absence of this LCRA Redevelopment Plan.

The mechanism to achieve these purposes is to establish public ownership during the construction of improvements on the Property and for Developer to receive and use a sales tax exemption certificate for the purchase of construction materials that are used in the construction of the Project (as defined below). This LCRA Redevelopment Plan satisfies the requirements of the LCRA Act, and the items set forth below follow and discuss the requirements of a “redevelopment plan” as defined in the LCRA Act.

2. Description of the Project

This LCRA Redevelopment Plan provides for the redevelopment of the Property, which is located in the northeast quadrant of View High Drive and I-470 in Lee’s Summit, Missouri. The Property consists of approximately 1.8 acres plus certain air rights. The Property includes the apartment buildings that will be occupied by residential tenants and the associated amenity spaces that serve the residential tenants, but does not include the parking garage that is attached to the apartment structures or the first floor commercial space below a portion of the apartments.

The “Project” will consist of land acquisition, engineering, site preparation, construction of any necessary public infrastructure improvements, and the design and construction of private improvements consisting of an approximately 380-unit apartment complex along with associated site improvements, as generally depicted on Exhibit 2 attached hereto.

3. Description of the Parties

The Developer and Affiliated Companies. The Developer is a corporation existing under the laws of the State of Delaware. The benefitting companies will be the Developer and other affiliated entities of Developer, including its joint venture with Gold Crown Properties, Inc., a Kansas corporation, to develop, construct, own, and operate the Project. During the effective period of City ownership, the Developer will lease the Property from the City pursuant to a Lease Agreement that will be approved by the City Council.

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 will lease the property to Developer during the construction period pursuant to the Lease Agreement.

4. Power and Authority Under the LCRA Act

The LCRA and the City are authorized and empowered pursuant to Section 99.420, RSMo, and other provisions of the LCRA Act, to exercise the following powers which are relevant to this LCRA Redevelopment Plan:

- Execute contracts to implement its authority: “[T]o make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority” (99.420(1))
- Acquire blighted property for development and redevelopment: ““Land clearance project”, any work or undertaking: (a) To acquire blighted, or insanitary areas or portions thereof, including lands, structures, or improvements the acquisition of which is necessary or incidental to the proper clearance, development or redevelopment of the blighted or insanitary areas or to the prevention of the spread or recurrence of substandard or insanitary conditions or conditions of blight” (99.320(10))
- The LCRA may prepare redevelopment plans and recommend approval to City Council – “To prepare or cause to be prepared and recommend redevelopment plans and urban renewal plans to the governing body” (99.420(2))
- Build and repair public improvements – “To arrange or contract for the furnishing or repair, by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities or other facilities for or in connection with a land clearance project or urban renewal project” (99.420(3))
- Acquire, buy, sell, mortgage and lease real estate and execute contracts for real estate – (4) “Within its area of operation, to purchase, lease, obtain options upon, acquire by gift, grant, bequest, devise, eminent domain or otherwise, any real or personal property or any interest therein, including fee simple absolute title, together with any improvements thereon, necessary or incidental to a land clearance project or urban renewal project *** to sell, lease, exchange, transfer, assign, subdivide, retain for its own use, mortgage, pledge, hypothecate or otherwise encumber or dispose of any real or personal property or any interest therein; to enter into contracts with redevelopers of property and with other public agencies containing covenants, restrictions and conditions regarding the use of such property for residential, commercial, industrial, recreational purposes or for public purposes in accordance with the redevelopment or urban renewal plan *** and to enter into any contracts necessary to effectuate the purposes of this law...” (99.420(4))
- Approve plans for redevelopment of existing structures – “To make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, plans for the enforcement of state and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements” (99.420(6))
- Hold public hearings – “Acting through one or more commissioners or other persons designated by the authority, to conduct examinations and investigations and to hear testimony and take proof under oath at public or private hearings on any matter material for its information” (99.420(9))
- Spend public funds – “To make such expenditures as may be necessary to carry out the purposes of this law” (99.420(12))

- City Council can exercise all LCRA powers after delegation by LCRA – “To delegate to a municipality or other public body any of the powers or functions of the authority with respect to the planning or undertaking of a land clearance project or urban renewal project in the area in which the municipality or public body is authorized to act, and the municipality or public body is hereby authorized to carry out or perform such powers or functions for the authority” (99.420(13))
- Exercise general municipal powers to implement the redevelopment plan – The LCRA has “all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this law” (Section 99.420, introductory clause) and may “exercise all powers or parts or combinations of powers necessary, convenient or appropriate to undertake and carry out land clearance, redevelopment and urban renewal plans and projects and all the powers herein granted.” (99.420(14))

Other grants of power and authority under the LCRA Act may become applicable to the implementation of this LCRA Redevelopment Plan. The LCRA Act defines “redevelopment plans” and “urban renewal plans” and the definition of these terms in Section 99.320, RSMo, which each cross-reference the other definition. All of the procedural requirements and legal authority for each type of plan apply to LCRA redevelopment plans.

5. Requirements of the LCRA Act

Section 99.430, RSMo, requires that each LCRA redevelopment plan contain certain data and information. This section sets forth the several statutory requirements for a redevelopment plan under the LCRA Act along with (1) a reference to the appropriate portion of the TIF Plan that contains the relevant data or information for the requirement or (2) an additional statement or additional data and information to satisfy the requirement.

Relationship to definite local objectives as to appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities and other public improvements.

Appropriate land uses –

See the First Amendment, Section III (page 3).

Improved traffic, public transportation, public utilities –

The City has approved Application #**PL2019-071 – PRELIMINARY DEVELOPMENT PLAN** – Paragon Star Village by Ordinance No. 8644 on June 11, 2019 (“**Preliminary Development Plan**”). The Preliminary Development Plan addresses traffic, transportation issues, utilities and all other public services and improvements that are needed to address the impacts of the Project. The Preliminary Development Plan and all related documents considered by the Planning Commission when reviewing the Preliminary Development Plan will be entered into evidence concurrently with consideration of this LCRA Redevelopment Plan.

The Planning Commission’s consideration and recommendation of the Preliminary Development Plan satisfied the requirements in Section 99.430 of the LCRA Act which requires the Planning Commission to review and provide a recommendation to the City Council on the conformance of this LCRA Redevelopment Plan with the general plan for the development of the community as a whole. The recommendation of the Preliminary Development Plan addresses other requirements of the LCRA Act as discussed below.

Boundaries of the land clearance or urban renewal project area, with a map showing the existing uses and condition of the real property therein

See Exhibit 1 attached hereto.

A land use plan showing proposed uses of the area

The Preliminary Development Plan addresses this requirement.

Information showing the standards of population densities, land coverage and building intensities in the area after redevelopment or urban renewal

The Preliminary Development Plan addresses this requirement.

Statement of the proposed changes, if any, in zoning ordinances or maps, street layouts, street levels or grades, building codes and ordinances

No changes to the Property's zoning are proposed. The Preliminary Development Plan and the associated rezoning that has already occurred addresses all other requirements for this item.

Statement as to the kind and number of additional public facilities or utilities which will be required in the area after redevelopment or urban renewal

Traffic – The Traffic Impact Study prepared by GBA and dated July 11, 2016, as updated on February 13, 2019, which was submitted to the City in connection with consideration of the Preliminary Development Plan addresses all traffic issues. The Traffic Impact Analysis produced by the City's Traffic Engineer dated April 18, 2019 addresses traffic issues for the City. These documents are part of the City's Planning Commission meeting packet for consideration of the Preliminary Development Plan, and will be entered into evidence at the LCRA public hearing.

Other public facilities – Paragon Star, LLC entered into an Amended and Restated Development Agreement with the City dated January 5, 2021 providing for certain public facilities and utilities, including, for example, the construction of water, sanitary sewer, road, and interchange improvements.

A schedule indicating the estimated length of time needed for completion of each phase of the plan

The Project will occur in a single phase. The anticipated commencement date for construction of the project is 2022, with a completion target during 2024.

Submission to the Planning Commission for a determination as to whether the Redevelopment Plan is consistent with the Comprehensive Plan

As part of the Planning Commission's recommendation of approval of the Preliminary Development Plan, the Planning Commission has determined that the Redevelopment Plan is consistent with the Comprehensive Plan.

A statement of the proposed method and estimated cost of the acquisition and preparation for redevelopment or urban renewal of the land clearance or urban renewal project area

Method of acquisition –

Developer will purchase the property from the current owner.

Estimated Costs –

Land acquisition: Approximately \$4,000,000

Site Preparation and Improvements: Approximately \$55,000,000

The estimated proceeds or revenues from its disposal to redevelopers

The property will initially be acquired by Developer and then transferred for nominal consideration to the City for the Lease Agreement period. As a result, the LCRA and the City will not be disposing of the Property to other redevelopers.

A statement of the proposed method of financing the project

100% private financing (part debt, part equity).

A statement of a feasible method proposed for the relocation of families to be displaced from the land clearance or urban renewal project area

Not applicable to this Project.

A schedule indicating the estimated length of time needed for completion of each phase of the plan

The anticipated commencement date for construction of the project is 2022, with a completion target during 2024.

6. Statement of Financial Benefit

The total cost of the Project is estimated to be approximately \$72,800,000 (exclusive of permanent financing costs). Building materials purchased for the construction of the Project are expected to be exempt from Missouri sales and use tax pursuant to the provisions of Section 144.062, RSMo. The sales and use tax exemption benefit that would be the result of this LCRA Redevelopment Plan is estimated to be broken out as follows:

Est. Construction Budget	\$	55,000,000
Est. Materials Percentage		35.00%
Est. Materials Cost	\$	19,250,000
Total Sales and Use Tax Rate		10.35%
Est. Sales and Use Tax Savings	\$	1,261,597

City Sales and Use Tax Rate		2.750%	(As of
County Sales Tax Rate		1.250%	
State Sales Tax Rate		4.225%	
Stadium Sales Tax Rate		0.125%	
CID Sales and Use Tax Rate		1.000%	
TDD Sales Tax Rate		1.000%	
		10.350%	
Est. Allocation of Material Purchases:			
	Lee's Summit	8.00%	
	Missouri (outside Lee's Summit)	50.00%	
	Outside Missouri	42.00%	

Lee's Summit Sales Tax Savings	\$	42,350
Lee's Summit Use Tax Savings	\$	222,338
Total Lee's Summit Sales and Use Tax	\$	264,688
County Sales Tax Savings	\$	79,406
State Sales and Use Tax Savings	\$	813,313
Stadium Sales Tax Savings	\$	7,941
CID Sales and Use Tax Savings	\$	96,250
TDD Sales Tax Savings	\$	-
Lee's Summit % of Total Savings		20.98%

This financial benefit is approximately **1.73%** of the total project costs.

* * *

EXHIBIT 2

GENERAL DEPICTION OF THE PROJECT

