

PARAGON STAR VILLAGE GARAGE LCRA REDEVELOPMENT PLAN

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

JUNE 22, 2022

This Paragon Star Village Garage 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 Paragon Star, LLC (“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 and property tax benefits for the City and Developer based upon the City’s exemption from ad valorem taxes on real estate, however, this tax abatement will not apply to personal property, if any, related to the Project other than construction materials that are used in the construction of the Project or that become fixtures which are deemed to be part of the real property of the Project Site pursuant to applicable laws.

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) and once constructed to maintain public ownership and lease the Project to the Developer for a period of twenty-five years to facilitate the ad valorem real property tax exemption for the Project. 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 0.68 acres platted as Lot 7B of Paragon Star Fourth Plat. The Property includes the parking garage to be constructed as part of the Redevelopment Project 1 of the TIF Plan.

The “Project” will consist of land acquisition, engineering, site preparation, construction of any necessary public infrastructure improvements, and the design and construction of a parking garage with approximately 523 parking spaces 145 spaces will be dedicated by restrictive covenant filed of record to public parking to serve the Paragon Star Village and 378 spaces will be reserved for use by the apartment tenants. The Paragon Star Village in which the Parking Garage is located is generally depicted on Exhibit 2 attached hereto.

3. Description of the Parties

The Developer and Affiliated Companies. The Developer is a limited liability company organized and existing under the laws of the State of Missouri. The benefitting companies will be the Developer and

other affiliates entities of Developer. During the 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 and for a period of twenty-five years after construction of the Project 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 original TIF Plan, Exhibit 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 November 2022, with a completion target in early 2023.

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 is under contract to purchase the property from the current owner.

Estimated Costs –

Land acquisition: Approximately \$ 43,624 (unimproved)
Site Preparation and Garage: Approximately \$10,500,000

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

A. Sales and Use Tax Exemption.

The total cost of the Project is estimated to be approximately \$10,500,000 (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:

Sales Tax Exemption Impact Analysis	
Total Estimated Project Costs	\$ 10,500,000.00
Est. Materials Percentage	48%
Est. Materials Cost	\$ 5,040,000.00
Total Sales and Use Tax Rate	10.35%
Est. Sales and Use Tax Savings	\$ 218,660.40
City Sales and Use Tax Rate	2.750%
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%
Est. Allocation of Material Purchases:	
Lee's Summit	5.000%
Missouri (outside of Lee's Summit)	61.000%
Outside Missouri	34.000%
Lee's Summit Sales Tax Savings	\$ 6,930.00
Lee's Summit Use Tax Savings	\$ 47,124.00
Total Lee's Summit Sales and Use Tax	\$ 54,054.00
County Sales Tax Savings	\$ 6,300.00
State Sales Tax Rate Savings	\$ 140,540.40
Stadium Sales Tax Rate Savings	\$ 630.00
CID Sales and Use Tax Rate Savings	\$ 17,136.00
TDD Sales Tax Rate Savings	\$ -
Lee's Summit % of Total Savings	24.72%

The financial benefit of all sales and use taxes is approximately 2.08% of the total Project costs. The Lee's Summit sales and use tax financial benefit is approximately 0.51% of the total Project costs.

B. Real Property Tax Exemption

The Project will be constructed on vacant land located within the TIF Plan. The subject property is currently owned by a tax exempt entity and generates no real property tax revenue. Pursuant to the TIF Plan the base assessed value for real property tax purposes is \$0. The real property taxing districts are currently receiving no property tax revenue from the property and will not after construction for the base is \$0. Under the TIF Plan, after the Village Garage construction, only Payments in Lieu of Taxes (PILOTS) will be paid by the Developer in an amount attributable to the increase in assessed valuation for the Village Garage. The PILOTS are captured by the TIF Plan, deposited into the Special Allocation Fund and disbursed to the Developer to reimburse the Developer for eligible redevelopment project costs. During the life of tax increment financing under the TIF Plan, the real property tax taxing districts will receive no revenue from the Village Garage. Therefore, providing real property tax abatement through public ownership of the Project and lease to the Developer does not adversely impact the taxing districts.

The City and Developer benefit from the use of the public ownership structure in that it will assist in meeting and maintaining the Internal Revenue Code (IRC) requirements for tax exempt bond financings. Portions of the bond proceeds will be used for reimbursement of approximately 50% of the garage construction costs. The Paragon Village Garage is listed as an eligible reimbursable redevelopment project cost under the TIF Plan and is also listed as a transportation project for the I-470 Western Gateway Transportation Development District. In the aggregate approximately \$5,250,000 in garage project costs have been identified in the TIF Plan to be financed by these tax-exempt bond financings.

In the short term the Developer benefits from real property tax exemption, however, in the long term, the Developer bears the risk that the TIF revenue collection over the life of the TIF may be short for reimbursement in the amount of the projected real property tax exemption. The TIF Plan

projected a NPV estimate of PILOTS attributable to the Village Garage as approximately \$1,342,997, but this amount may change depending upon Jackson County's evolving policy with respect to the assignment of land values for parking structures.

This financial benefit to the developer may be approximately **12.8%** of the total project costs, or a net **0%** depending on the ultimate construction of the TIF Plan Redevelopment Project Area 1 improvements and related TIF revenues.

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EXHIBIT 1

DEPICTION OF THE PROPERTY*

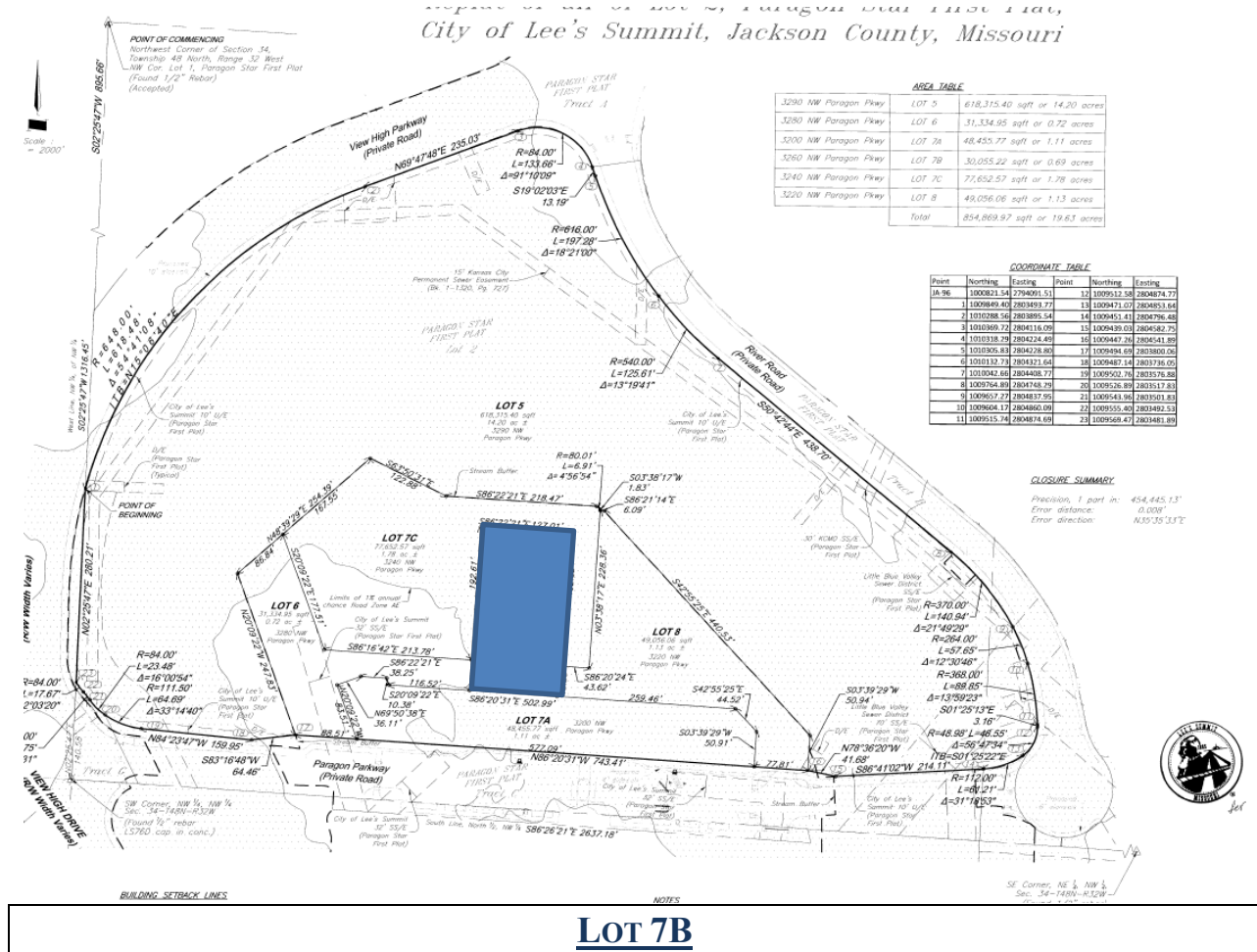


EXHIBIT 2

GENERAL DEPICTION OF THE PROJECT

