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**CITY OF LEE'S SUMMIT, MISSOURI**

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

**FOR THE**

**SUMMIT SQUARE PHASE III APARTMENTS PROJECT**

MAILED: NOVEMBER 22, 2022

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## **I. PURPOSE OF THIS PLAN**

The City Council of the City of Lee's Summit, Missouri (the "City") will consider an ordinance 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 \$72,200,000 (the "Bonds"), to finance costs of a commercial development project (the "Project") for NorthPoint Development, LLC, or its assignee or designee (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 a series 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 calculated to equal 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.** NorthPoint Development, LLC (“NorthPoint”) is a substantial developer of commercial, industrial and multifamily properties around the country, including multiple existing locations within the City. NorthPoint operates seven multifamily communities containing nearly three thousand units.

**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 a two-building, multi-story apartment complex with approximately 324 units with brick and siding facades, including an integrated clubhouse with exercise facilities and a rock-climbing wall, approximately 562 parking stalls, a salt-water swimming pool, and greenspace surrounding a pond. The Project will be situated on approximately 11.38 acres located between Outerview Road and NW Ward Road, to the north of NW Chipman Road. A preliminary site plan is shown below:



***Estimate of the Costs of the Project.*** The Project is expected to cost approximately \$72,200,000. The investments are anticipated to be made in 2023, 2024 and 2025, as shown in the attached Cost-Benefit Analysis, 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 \$72,200,000, 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 transactions. 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 \$24,915 (allocated by acreage to the Project site from a larger parcel). The estimated total equalized assessed valuation of the Project site after development of the Project is \$10,277,212.

***Payments in Lieu of Taxes.*** If this Plan is approved by the City Council, the City intends to issue the Bonds in 2023. 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 \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025, 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 \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025.

The total PILOT payments 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 2022. 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 \$23,370,000 and that the situs of sale for 60% of the purchases will be the Project Site or otherwise within the City. 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:

	<b>Sales Tax Rate</b>	<b>Estimated Sales Tax Revenues Subject to Exemption</b>	<b>Use Tax Rate</b>	<b>Estimated Use Tax Revenues Subject to Exemption</b>
State of Missouri	4.225%	\$592,430	4.225%	\$394,953
Jackson County				
General	0.500	70,110	n/a	-
Drug Task Force	0.250	35,055	n/a	-
Sports Complex	0.375	52,583	n/a	-
Zoological District	0.125	17,528	n/a	-
City of Lee's Summit				
General	1.000	140,220	1.000	93,480
Parks	0.250	35,055	0.250	23,370
Capital Projects	0.500	70,110	0.500	46,740
Transportation	0.500	70,110	0.500	46,740
Public Safety	0.500	70,110	0.500	46,740
Children's Services Fund *	0.125	17,528	n/a	-
<b>Total</b>	<b>8.350%</b>	<b>\$1,170,837</b>	<b>6.975%</b>	<b>\$652,023</b>

\* Since 2017, a 0.125% sales tax has been imposed throughout Jackson County, Missouri for the benefit of the Children's Services Fund of Jackson County. This tax is administered under the same law and is applicable to the same taxable sales as other local sales taxes imposed by cities and counties in Missouri.

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**City of Lee's Summit, Missouri**  
**(Summit Square Phase III Apartments Project)**

COST BENEFIT ANALYSIS  
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT

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## Table of Contents

Project Assumptions	1
Summary of Cost Benefit Analysis	2
Taxes on Existing Site without Project Improvements	3
Projected Taxes without Abatement	4
Projected PILOTS	5
Projected Abatement	6

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 (Existing Site) 2023
- ♦ Assessed Value of Existing Site without Project Improvements in 2023 (agricultural use) \$ 24,915
- ♦ Biennial growth rate of Existing Site without Project Improvements 2.0%
- ♦ Assessed Value of Site at start of Project (residential use) \$ 39,448
- ♦ Starting Point for Calculation of Assessed Value of Improvements

Units	\$ per Doors	Assessed Value
324	\$ 2,486	\$ 9,977,876 *

- ♦ Percent Complete 1/1/2024 20%  
1/1/2025 60%  
1/1/2026 100%
- ♦ Biennial growth rate of appraised value of real property 3.0%
- ♦ Fixed PILOT as described below:

Abatement Year	Calendar Year	PILOT **
	2023	3,184
	2024	116,640
	2025	360,418
1	2026	600,696
2	2027	618,717
3	2028	618,717
4	2029	637,278
5	2030	637,278
6	2031	656,397
7	2032	656,397
8	2033	676,089
9	2034	676,089
10	2035	696,371

\* 3.0% biennial growth rate applied starting in 2025.

\*\* PILOT on improvements starts at \$1,800 dollars per door in 2022 dollars, subject to 3.0% biennial inflation starting in 2025.



**Summary of Cost Benefit Analysis**

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<b>Taxing Jurisdiction</b>	<b>Tax Rate</b>	<b>Taxes on Existing Site without Project Improvements</b>	<b>Projected Taxes without Abatement</b>	<b>Projected PILOTS</b>	<b>Projected Abatement</b>
Board of Disabled Services	0.0836	\$ 286	\$ 99,454	\$ 72,019	\$ 27,435
City - Lees Summit	1.4199	4,862	1,689,176	1,223,211	465,966
Jackson County	0.5920	2,027	704,270	509,994	194,275
Lee's Summit R-7 School District	5.3089	18,177	6,315,705	4,573,494	1,742,211
Mental Health	0.1113	381	132,407	95,882	36,525
Metro Junior College	0.2028	694	241,260	174,707	66,552
Mid-Continent Library	0.3240	1,109	385,445	279,118	106,326
State Blind Pension	0.0300	103	35,689	25,844	9,845
	<b>8.0725</b>	<b>\$ 27,640</b>	<b>\$ 9,603,407</b>	<b>\$ 6,954,271</b>	<b>\$ 2,649,136</b>

**Taxes on Existing Site without Project Improvements**

Estimated Assessed Value of Existing Site without Project Improvements															
		\$	24,915	\$	24,915	\$	25,413	\$	25,413	\$	25,922	\$	25,922	\$	26,440
Taxing Jurisdiction	Tax Rate per \$100		2023		2024		2025		2026		2027		2028		2029
Board of Disabled Services	0.0836	\$	21	\$	21	\$	21	\$	21	\$	22	\$	22	\$	22
City - Lees Summit	1.4199		354		354		361		361		368		368		375
Jackson County	0.5920		148		148		150		150		153		153		157
Lee's Summit R-7 School District	5.3089		1,323		1,323		1,349		1,349		1,376		1,376		1,404
Mental Health	0.1113		28		28		28		28		29		29		29
Metro Junior College	0.2028		51		51		52		52		53		53		54
Mid-Continent Library	0.3240		81		81		82		82		84		84		86
State Blind Pension	0.0300		7		7		8		8		8		8		8
	8.0725	\$	2,011	\$	2,011	\$	2,052	\$	2,052	\$	2,093	\$	2,093	\$	2,134

Estimated Assessed Value of Existing Site without Project Improvements															
		\$	26,440	\$	26,969	\$	26,969	\$	27,508	\$	27,508	\$	28,058		
Taxing Jurisdiction	Tax Rate per \$100		2030		2031		2032		2033		2034		2035		Total
Board of Disabled Services	0.0836	\$	22	\$	23	\$	23	\$	23	\$	23	\$	23	\$	286
City - Lees Summit	1.4199		375		383		383		391		391		398		4,862
Jackson County	0.5920		157		160		160		163		163		166		2,027
Lee's Summit R-7 School District	5.3089		1,404		1,432		1,432		1,460		1,460		1,490		18,177
Mental Health	0.1113		29		30		30		31		31		31		381
Metro Junior College	0.2028		54		55		55		56		56		57		694
Mid-Continent Library	0.3240		86		87		87		89		89		91		1,109
State Blind Pension	0.0300		8		8		8		8		8		8		103
	8.0725	\$	2,134	\$	2,177	\$	2,177	\$	2,221	\$	2,221	\$	2,265	\$	27,640

**Projected Taxes Without Abatement**

Estimated Assessed Value of Improvements								
		\$ 39,448	\$ 1,995,575	\$ 6,166,327	\$ 10,277,212	\$ 10,585,528	\$ 10,585,528	\$ 10,903,094
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029
Board of Disabled Services	0.0836	\$ 33	\$ 1,668	\$ 5,155	\$ 8,592	\$ 8,850	\$ 8,850	\$ 9,115
City - Lees Summit	1.4199	560	28,335	87,556	145,926	150,304	150,304	154,813
Jackson County	0.5920	234	11,814	36,505	60,841	62,666	62,666	64,546
Lee's Summit R-7 School District	5.3089	2,094	105,943	327,364	545,607	561,975	561,975	578,834
Mental Health	0.1113	44	2,221	6,863	11,439	11,782	11,782	12,135
Metro Junior College	0.2028	80	4,047	12,505	20,842	21,467	21,467	22,111
Mid-Continent Library	0.3240	128	6,466	19,979	33,298	34,297	34,297	35,326
State Blind Pension	0.0300	12	599	1,850	3,083	3,176	3,176	3,271
	8.0725	\$ 3,184	\$ 161,093	\$ 497,777	\$ 829,628	\$ 854,517	\$ 854,517	\$ 880,152

Estimated Assessed Value of Improvements								
		\$ 10,903,094	\$ 11,230,187	\$ 11,230,187	\$ 11,567,092	\$ 11,567,092	\$ 11,914,105	
Taxing Jurisdiction	Tax Rate per \$100	2030	2031	2032	2033	2034	2035	Total
Board of Disabled Services	0.0836	\$ 9,115	\$ 9,388	\$ 9,388	\$ 9,670	\$ 9,670	\$ 9,960	\$ 99,454
City - Lees Summit	1.4199	154,813	159,457	159,457	164,241	164,241	169,168	1,689,176
Jackson County	0.5920	64,546	66,483	66,483	68,477	68,477	70,532	704,270
Lee's Summit R-7 School District	5.3089	578,834	596,199	596,199	614,085	614,085	632,508	6,315,705
Mental Health	0.1113	12,135	12,499	12,499	12,874	12,874	13,260	132,407
Metro Junior College	0.2028	22,111	22,775	22,775	23,458	23,458	24,162	241,260
Mid-Continent Library	0.3240	35,326	36,386	36,386	37,477	37,477	38,602	385,445
State Blind Pension	0.0300	3,271	3,369	3,369	3,470	3,470	3,574	35,689
	8.0725	\$ 880,152	\$ 906,557	\$ 906,557	\$ 933,754	\$ 933,754	\$ 961,766	\$ 9,603,407

**Projected PILOTS**

Estimated Assessed Value of Improvements	\$	39,448	\$	1,995,575	\$	6,166,327	\$	10,277,212	\$	10,585,528	\$	10,585,528	\$	10,903,094
PILOT Amount	\$	3,184	\$	116,640	\$	360,418	\$	600,696	\$	618,717	\$	618,717	\$	637,278

Taxing Jurisdiction	Tax Rate per \$100	Year							
		2023	2024	2025	2026	2027	2028	2029	
Board of Disabled Services	0.0836	\$ 33	\$ 1,208	\$ 3,733	\$ 6,221	\$ 6,408	\$ 6,408	\$ 6,600	
City - Lees Summit	1.4199	560	20,516	63,395	105,659	108,828	108,828	112,093	
Jackson County	0.5920	234	8,554	26,431	44,052	45,374	45,374	46,735	
Lee's Summit R-7 School District	5.3089	2,094	76,709	237,030	395,049	406,901	406,901	419,108	
Mental Health	0.1113	44	1,608	4,969	8,282	8,531	8,531	8,787	
Metro Junior College	0.2028	80	2,930	9,055	15,091	15,544	15,544	16,010	
Mid-Continent Library	0.3240	128	4,681	14,466	24,110	24,833	24,833	25,578	
State Blind Pension	0.0300	12	433	1,339	2,232	2,299	2,299	2,368	
	8.0725	\$ 3,184	\$ 116,640	\$ 360,418	\$ 600,696	\$ 618,717	\$ 618,717	\$ 637,278	

Estimated Assessed Value of Improvements	\$	10,903,094	\$	11,230,187	\$	11,230,187	\$	11,567,092	\$	11,567,092	\$	11,914,105
PILOT Amount	\$	637,278	\$	656,397	\$	656,397	\$	676,089	\$	676,089	\$	696,371

Taxing Jurisdiction	Tax Rate per \$100	Year							Total
		2030	2031	2032	2033	2034	2035		
Board of Disabled Services	0.0836	\$ 6,600	\$ 6,798	\$ 6,798	\$ 7,002	\$ 7,002	\$ 7,212	\$ 72,019	
City - Lees Summit	1.4199	112,093	115,456	115,456	118,920	118,920	122,487	1,223,211	
Jackson County	0.5920	46,735	48,137	48,137	49,581	49,581	51,069	509,994	
Lee's Summit R-7 School District	5.3089	419,108	431,681	431,681	444,631	444,631	457,970	4,573,494	
Mental Health	0.1113	8,787	9,050	9,050	9,322	9,322	9,601	95,882	
Metro Junior College	0.2028	16,010	16,490	16,490	16,985	16,985	17,494	174,707	
Mid-Continent Library	0.3240	25,578	26,345	26,345	27,136	27,136	27,950	279,118	
State Blind Pension	0.0300	2,368	2,439	2,439	2,513	2,513	2,588	25,844	
	8.0725	\$ 637,278	\$ 656,397	\$ 656,397	\$ 676,089	\$ 676,089	\$ 696,371	\$ 6,954,271	

**Projected Abatement**

Estimated Assessed Value of Improvements		\$ 39,448	\$ 1,995,575	\$ 6,166,327	\$ 10,277,212	\$ 10,585,528	\$ 10,585,528	\$ 10,903,094
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029
Board of Disabled Services	0.0836	\$ -	\$ 460	\$ 1,423	\$ 2,371	\$ 2,442	\$ 2,442	\$ 2,515
City - Lees Summit	1.4199	-	7,819	24,161	40,268	41,476	41,476	42,720
Jackson County	0.5920	-	3,260	10,073	16,789	17,292	17,292	17,811
Lee's Summit R-7 School District	5.3089	-	29,234	90,335	150,558	155,074	155,074	159,727
Mental Health	0.1113	-	613	1,894	3,156	3,251	3,251	3,349
Metro Junior College	0.2028	-	1,117	3,451	5,751	5,924	5,924	6,102
Mid-Continent Library	0.3240	-	1,784	5,513	9,188	9,464	9,464	9,748
State Blind Pension	0.0300	-	165	510	851	876	876	903
	8.0725	\$ -	\$ 44,453	\$ 137,359	\$ 228,932	\$ 235,800	\$ 235,800	\$ 242,874

Estimated Assessed Value of Improvements		\$ 10,903,094	\$ 11,230,187	\$ 11,230,187	\$ 11,567,092	\$ 11,567,092	\$ 11,914,105	
Taxing Jurisdiction	Tax Rate per \$100	2030	2031	2032	2033	2034	2035	Total
Board of Disabled Services	0.0836	\$ 2,515	\$ 2,591	\$ 2,591	\$ 2,668	\$ 2,668	\$ 2,748	\$ 27,435
City - Lees Summit	1.4199	42,720	44,002	44,002	45,322	45,322	46,681	465,966
Jackson County	0.5920	17,811	18,346	18,346	18,896	18,896	19,463	194,275
Lee's Summit R-7 School District	5.3089	159,727	164,518	164,518	169,454	169,454	174,538	1,742,211
Mental Health	0.1113	3,349	3,449	3,449	3,553	3,553	3,659	36,525
Metro Junior College	0.2028	6,102	6,285	6,285	6,473	6,473	6,667	66,552
Mid-Continent Library	0.3240	9,748	10,040	10,040	10,342	10,342	10,652	106,326
State Blind Pension	0.0300	903	930	930	958	958	986	9,845
	8.0725	\$ 242,874	\$ 250,160	\$ 250,160	\$ 257,665	\$ 257,665	\$ 265,395	\$ 2,649,136