

East Village Redevelopment



LEE'S SUMMIT
MISSOURI

DEVELOPER +



Streets of West Pryor – Lee’s Summit, MO



Vanguard Villas - Lee’s Summit, MO



International Tap House – Lee’s Summit, MO



Jack Henry – Kansas City, MO

DEVELOPING REAL ASSETS KINDLY & EFFICIENTLY

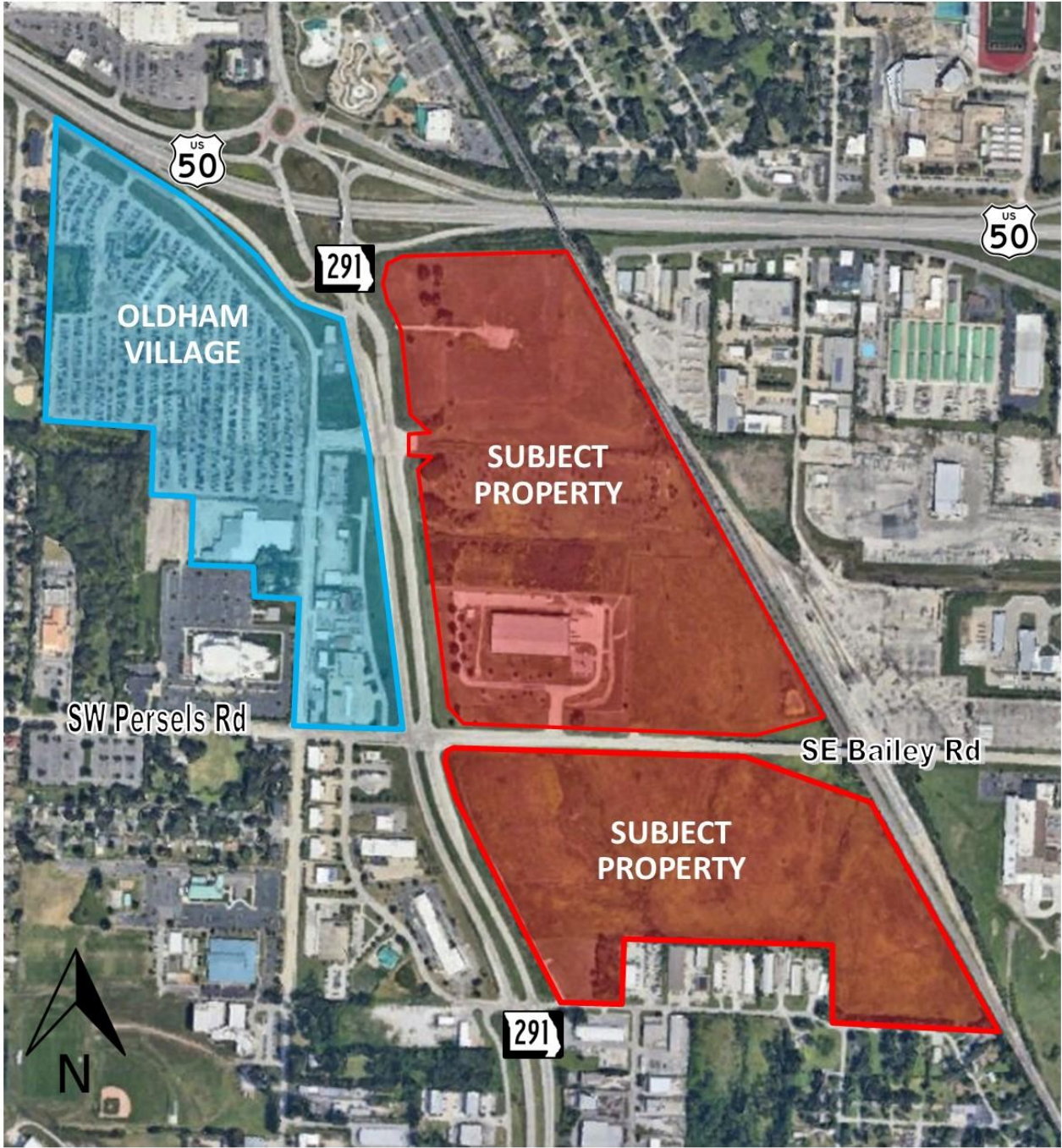
drake development is a full-service commercial real estate development group located in Overland Park, KS. The company is actively engaged in all phases of the development process including site selection, acquisition, site planning, leasing, construction, and investment sales.

With the ever-increasing demand from municipalities and patrons alike for dense, walkable, mixed-use developments, Drake Development has begun focusing on fulfilling this desire. Drake has recognized the absence of mixed-use projects in smaller and mid-sized communities. To respond to this void and make such projects economically feasible, a strong public-private partnership is critical.

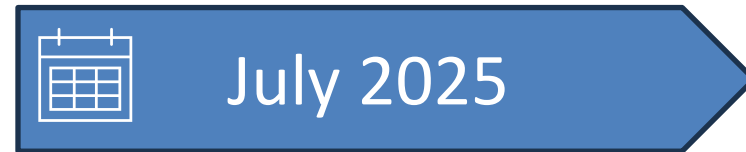
Drake Development has extensive experience partnering with mid-sized communities to develop the infrastructure necessary to support a first-class, mixed-use development. Drake is currently involved in the development of various mixed-use projects aiming to provide a live, work, and play environment for mid-sized communities experiencing growth.

DRAKE
DEVELOPMENT

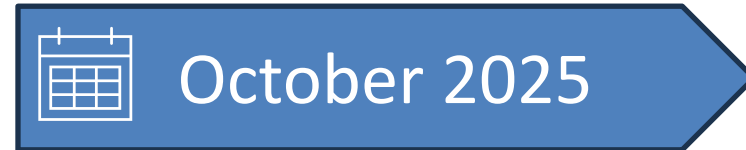
PROJECT BOUNDARIES +



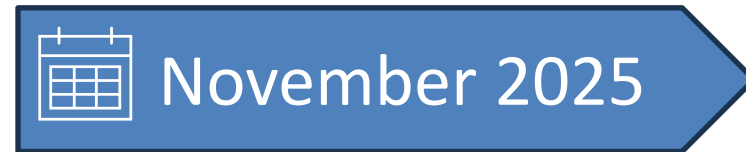
PROJECT SCHEDULE +



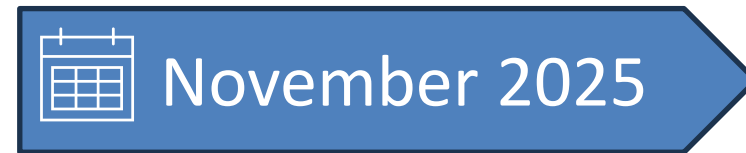
Conceptual Presentation



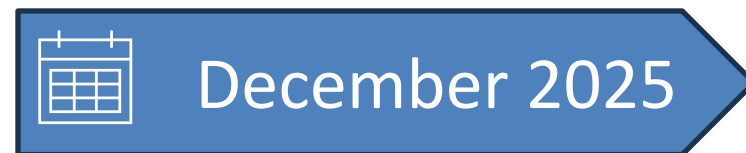
Submit Preliminary Development Plan



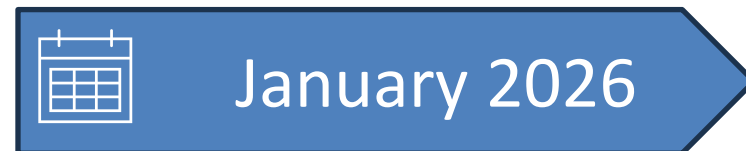
Planning Commission Meeting



TIF Commission Meeting



City Council Meetings



Construction Start



Wholesaler Grand Opening

PROJECT OPPORTUNITY +



Today: Failed / Stalled Developments & Industrial



Opportunity: Dynamic Mixed-Use Community

PROPERTY CHALLENGES +

- Regional Blight + Failed / Stalled Development Plans
- Unknown Building Remnants Requiring Off-Site Disposal (i.e., underground storage tank removal)
- Complex Property Assemblage
- Multi-Parcel Coordination Required to Establish Right-of-Way for Oldham Extension
- Existing Sewer Invert Depths Requiring Extensive Grading to Extend Service
- Roadway Extension + Improvements per EnVision Lee's Summit Area Development Plan
- Grading & Elevation

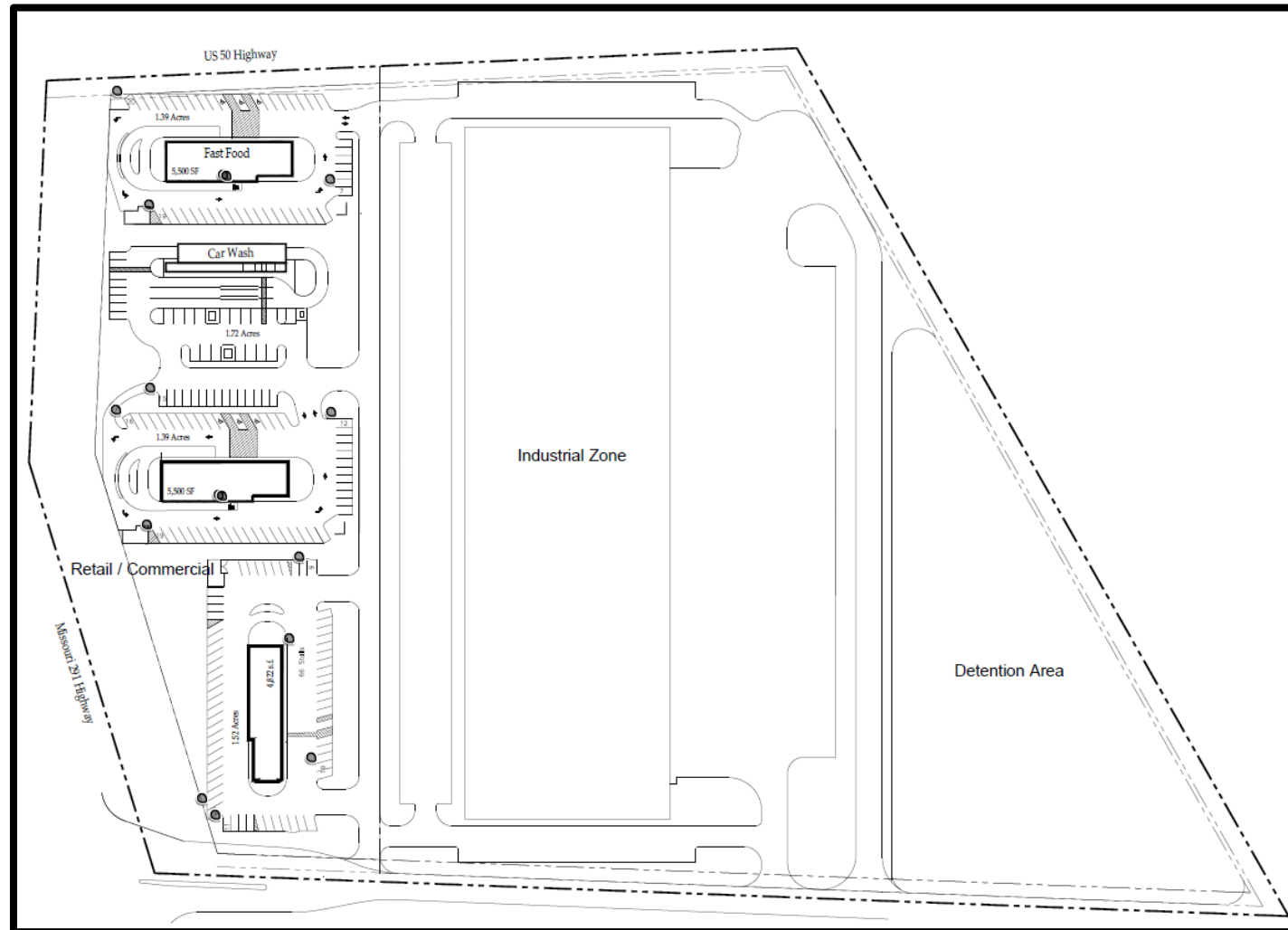
PROPERTY CHALLENGES +

Regional Blight + Building Remnants + Off-Site Disposal



PROPERTY CHALLENGES +

Failed / Stalled Developments



Proposed: Industrial
Approval Date: N/A
Construction Start Date: N/A

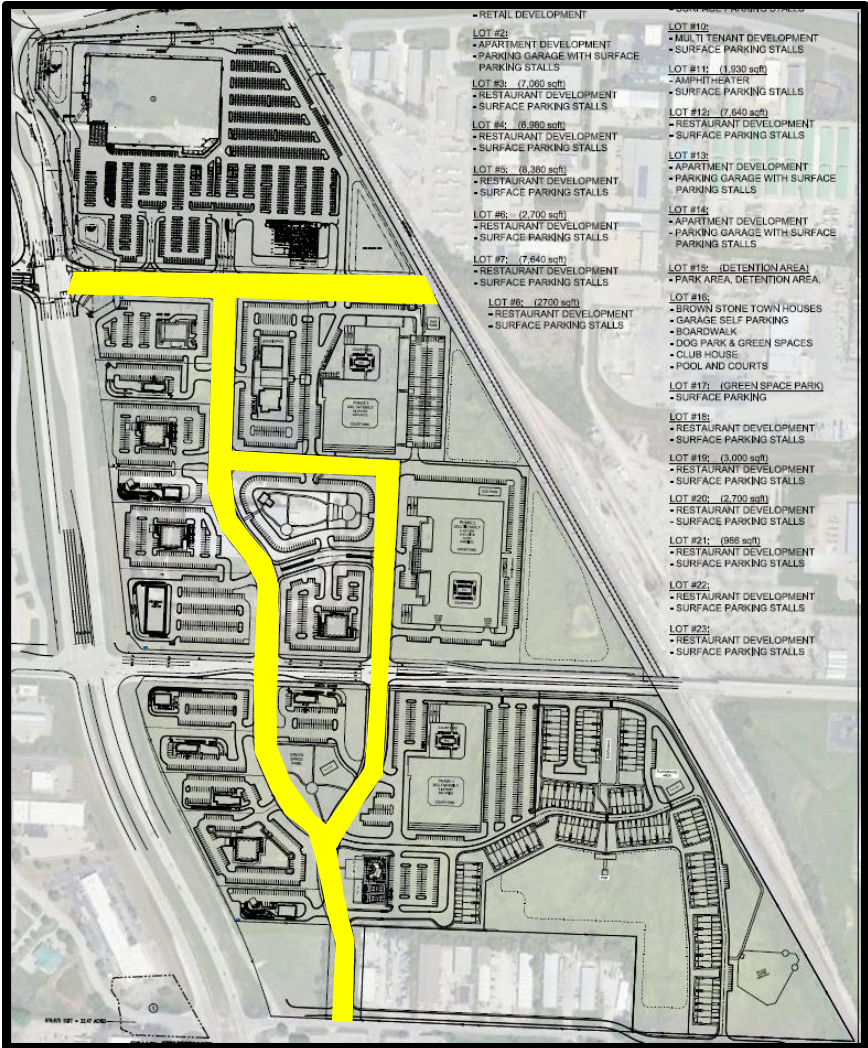
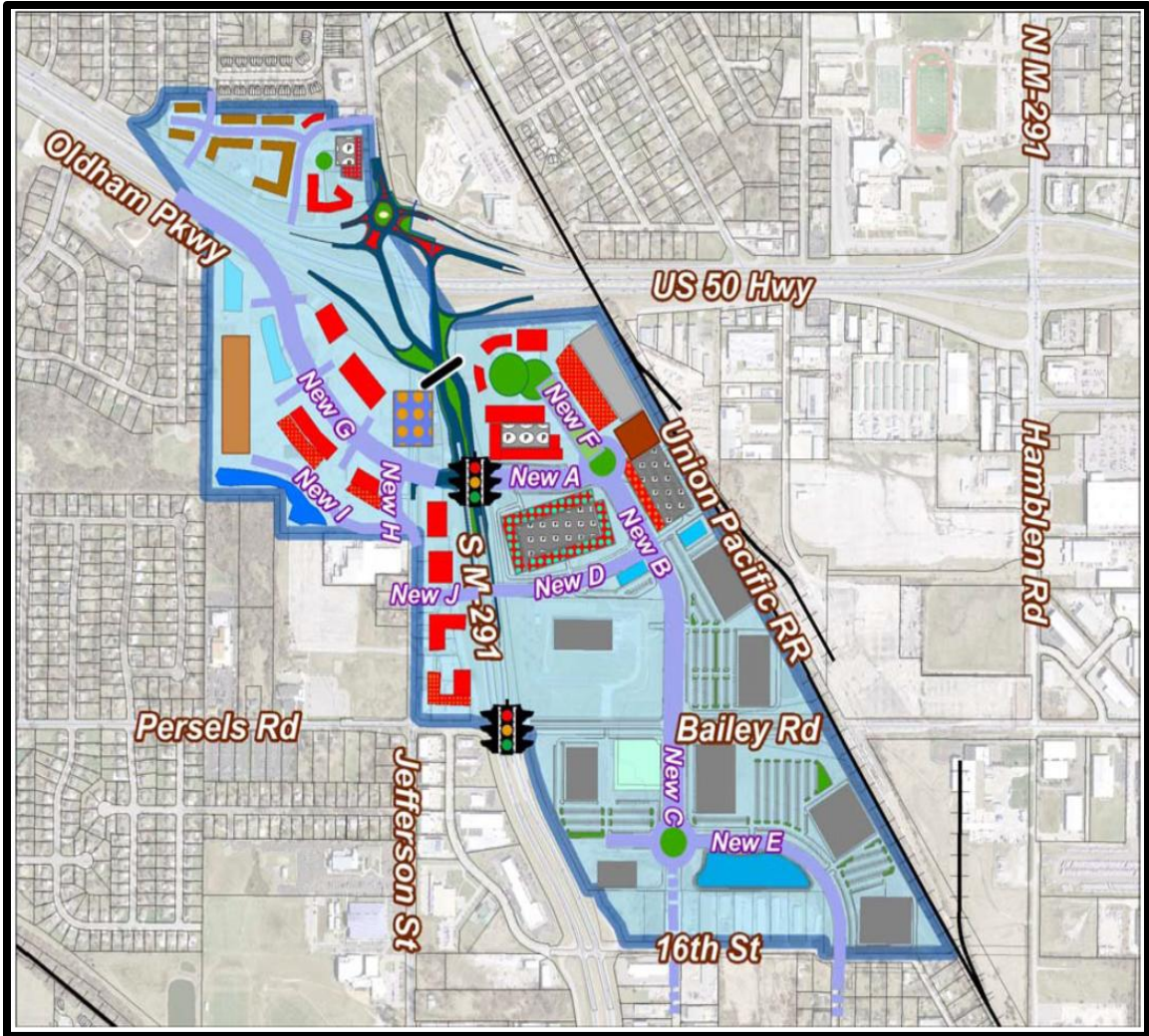


Proposed: Mixed-Use
Approval Date: November 2016
Construction Start Date: N/A

Multi-Parcel Coordination Required to Establish Right-of-Way for Oldham Extension

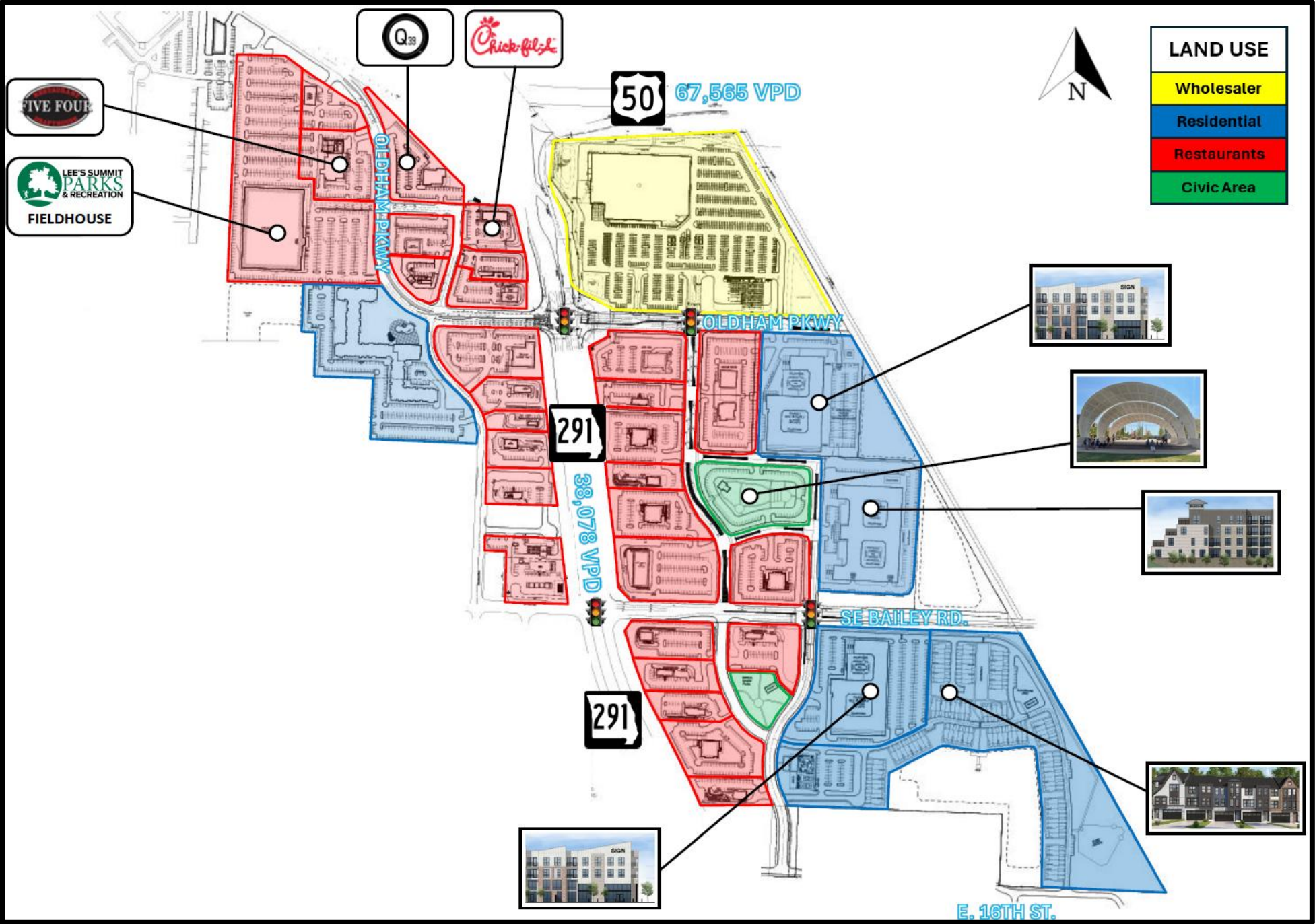


Roadway Relocation + Improvements per EnVision Lee’s Summit Area Development Plan



- ✓ Comprehensive Development of Property near South M-291 & US 50 Highway Interchange
- ✓ Establish High Quality Gateway Community at Prime Commercial Location
- ✓ Promote Walking & Bicycling with better connectivity to parks, multifamily units and shopping centers
- ✓ Adjacent Public Park, Greenway, or other public or civic use
- ✓ Diverse range of commercial, residential and civic uses within the ADP

DEVELOPMENT PLAN +





Promote Walking & Bicycling with better connectivity to parks, multifamily units and shopping centers



CITY GOALS +

Adjacent Public Park, Greenway, or other public or civic use



- Achieves market driven development in harmony with the EnVision Lee's Summit Area Development Plan
- Allows development of property that has been underutilized and blighted
- Seizes critical window of opportunity allowing development of entire south side of intersection
- Creates new tax revenues for the City, new jobs, & more

PROJECT RENDERINGS +



PROJECT RENDERINGS +



PROJECT RENDERINGS +



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FINANCIAL GAP

- Delivering the Project Vision requires an estimated investment of \$492 million
- The project's estimated return without incentives is 1.06%, resulting in a Gap to financial feasibility
- Tools need to fill the "Gap"
 - TIF on Commercial Only
 - 50% capture to reimburse Project
 - LCRA – Sales Tax Exemption on Construction Materials for Full Project & Property Tax Abatement on the Apartments
- Using these tools, the estimated rate of return is 6.72% with incentives
- We respectfully request the TIF Commission's recommendation of approval of the TIF Plan to the City Council as a key component to creating a signature development for the City on a site that would otherwise remain dormant and blighted

PUBLIC PRIVATE PARTNERSHIP +

BUDGET SUMMARY			STABILIZED OPERATING PROFORMA		
Acquisition	\$	29,103,682	Gross Revenue		
Building Construction	\$	305,338,210	Potential Commercial Net Rent	\$	3,848,400
Tenant Improvements & FFE	\$	4,276,000	Potential Residential Net Rent	\$	14,058,671
Site Construction	\$	59,833,704	Effective Gross Revenue	\$	17,907,071
Soft Costs - (Professional Services / Financing / Other)	\$	94,179,944			
TOTAL DEVELOPMENT COSTS	\$	492,731,540	Operating Expenses		
Less: Sales Tax Exemptions	\$	10,015,510	Management Expense	\$	111,988
Less: Cost by Others	\$	23,531,202	Miscellaneous Expenses	\$	24,708
Less: Sales Tax Exemption - Cost by Others	\$	703,098	Vacancies	\$	115,452
TOTAL DEVELOPER COSTS	\$	458,481,730	Total Operating Expenses	\$	252,149
			Net Operating Income	\$	17,654,923

CASHFLOW WITH NO ECONOMIC DEVELOPMENT INCENTIVES		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CASHFLOW												
Net Operating Income (NOI)	2.5%	\$ -	\$ -	\$ 334,596	\$ 5,551,796	\$ 6,680,994	\$ 12,155,347	\$ 14,442,441	\$ 17,654,923	\$ 18,096,296	\$ 18,548,703	\$ 19,000,921
SOURCES / USES												
Uses												
Total Development Costs		\$ 32,794,807	\$ 65,589,614	\$ 70,274,586	\$ 93,699,448	\$ 70,274,586	\$ 89,014,476	\$ 46,849,724	\$ -	\$ -	\$ -	\$ -
Releasing Costs	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Uses		\$ 32,794,807	\$ 65,589,614	\$ 70,274,586	\$ 93,699,448	\$ 70,274,586	\$ 89,014,476	\$ 46,849,724	\$ -	\$ -	\$ -	\$ -
Sources												
Public Finance Proceeds		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pad Sale Proceeds		\$ 6,753,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital		\$ 26,041,619	\$ 65,589,614	\$ 70,274,586	\$ 93,699,448	\$ 70,274,586	\$ 89,014,476	\$ 46,849,724	\$ -	\$ -	\$ -	\$ -
Total Sources		\$ 32,794,807	\$ 65,589,614	\$ 70,274,586	\$ 93,699,448	\$ 70,274,586	\$ 89,014,476	\$ 46,849,724	\$ -	\$ -	\$ -	\$ -
REVERSION												
Net Reversion Proceeds (x% Net Cap Rate)	5.00%											\$ 380,248,414
UNLEVERAGED CASH FLOW ANALYSIS (i.e. Before Debt)		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flows with No Economic Development Incentives		\$ (6,041,246)	\$ (16,589,614)	\$ (69,939,990)	\$ (88,147,652)	\$ (63,593,592)	\$ (76,859,129)	\$ (32,407,283)	\$ 17,654,923	\$ 18,096,296	\$ 18,548,703	\$ 399,260,835
Internal Rate of Return (IRR)		1.06%										

CASHFLOW WITH ECONOMIC DEVELOPMENT INCENTIVES		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CASHFLOW												
Net Operating Income (NOI)	2.5%	\$ -	\$ -	\$ 334,596	\$ 5,937,647	\$ 7,066,844	\$ 13,035,086	\$ 15,527,968	\$ 19,097,593	\$ 19,538,966	\$ 20,020,227	\$ 20,483,945
SOURCES / USES												
Uses												
Total Development Costs		\$ 32,794,807	\$ 65,589,614	\$ 70,274,586	\$ 93,699,448	\$ 70,274,586	\$ 89,014,476	\$ 46,849,724	\$ -	\$ -	\$ -	\$ -
Sales Tax Exemptions		\$ (701,086)	\$ (1,402,171)	\$ (1,502,326)	\$ (2,003,102)	\$ (1,502,326)	\$ (1,902,947)	\$ (1,001,551)	\$ -	\$ -	\$ -	\$ -
Releasing Costs	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Uses		\$ 32,093,721	\$ 64,187,442	\$ 68,772,260	\$ 91,696,346	\$ 68,772,260	\$ 87,111,529	\$ 45,848,173	\$ -	\$ -	\$ -	\$ -
Sources												
Public Finance Proceeds		\$ 21,800,000	\$ 43,600,000	\$ -	\$ -	\$ -	\$ 21,800,000	\$ -	\$ -	\$ -	\$ -	\$ -
Pad Sale Proceeds		\$ 6,753,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital		\$ 3,540,533	\$ 20,587,442	\$ 68,772,260	\$ 91,696,346	\$ 68,772,260	\$ 87,111,529	\$ 45,848,173	\$ -	\$ -	\$ -	\$ -
Total Sources		\$ 32,093,721	\$ 64,187,442	\$ 68,772,260	\$ 91,696,346	\$ 68,772,260	\$ 87,111,529	\$ 45,848,173	\$ -	\$ -	\$ -	\$ -
REVERSION												
Net Reversion Proceeds (x% Net Cap Rate)	5.00%											\$ 409,678,891
UNLEVERAGED CASH FLOW ANALYSIS (i.e. Before Debt)		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flows with Economic Development Incentives		\$ (6,041,246)	\$ (16,589,614)	\$ (68,437,663)	\$ (85,758,699)	\$ (61,705,415)	\$ (52,276,442)	\$ (30,320,205)	\$ 19,097,593	\$ 19,538,966	\$ 20,020,227	\$ 430,162,836
Internal Rate of Return (IRR)		6.72%										

Project WITHOUT Incentives
1.06% Internal Rate of Return

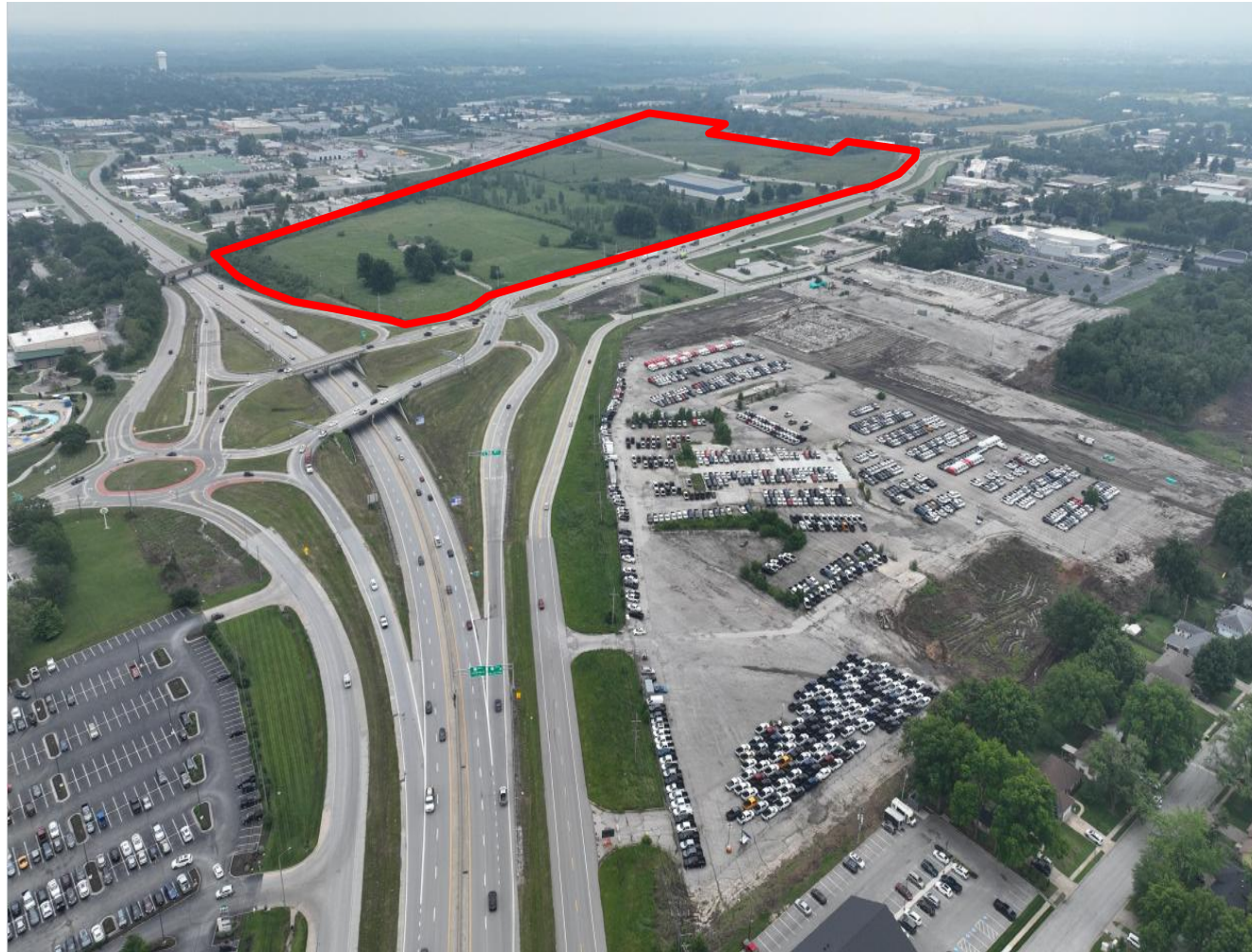
Project WITH Incentives
6.72% Internal Rate of Return

TAXING JURISDICTION BENEFITS | FINANCIAL

Taxing District	Benefit with Redevelopment	Benefit without Redevelopment	Net Benefit of Project
City of Lee's Summit	\$ 200,202,307	\$ 1,067,629	\$ 199,134,678
Jackson County	125,512,014	512,443	\$ 124,999,571
State of Missouri	471,386,037	27,631	\$ 471,358,406
Mid-Continent Library	1,288,741	273,060	\$ 1,015,681
Jackson County Mental Health	390,456	83,195	\$ 307,261
Jackson County Board of Disabled Services	470,270	71,534	\$ 398,735
Metropolitan Junior College	894,925	180,263	\$ 714,662
Lee's Summit R-7 School District	17,803,081	3,864,177	\$ 13,938,904
Kansas City Zoological District	8,875,107	-	\$ 8,875,107
291 South Regional Community Improvement District	48,402,449	-	\$ 48,402,449
All Taxing Districts	\$ 875,225,387	\$ 6,079,932	\$ 869,145,454

****Benefits are projected over a 30-year period****

PROJECT OPPORTUNITY +



Today: Failed / Stalled Developments & Industrial



Opportunity: Dynamic Mixed-Use Community

Thank You