



March 24, 2023

Dear Dave,

I wanted to take this opportunity to memorialize our recent discussions on the topic of public incentives for our potential multi-family project.

When we went under contract last fall to acquire land from you for our project, we did not anticipate our project would require a public-private partnership with the City.

After months of site investigation and due diligence, we have determined that we cannot deliver this multi-family community without public incentives. Unexpected, extraordinary costs that the project will now have to address include:

- Additional stormwater improvements related to existing conditions downstream;
- Geopiering in response to our discovery of undocumented fill;
- Relocation of an existing sanitary sewer line bisecting the site; and the fact that
- Financing costs have dramatically increased and the expected relief from high construction costs has not materialized.

None of these costs were anticipated when we executed our land contract last year.

During the course of our due diligence, we have also studied the County's valuation history for new multi-family communities in recent years. The steep increases and inconsistency in valuations have given us significant concerns. We cannot afford to face this level of uncertainty about property tax levels when making a more than \$70 million investment – the financial risk is too severe.

Even with all of these challenges, we still want to find a way to build one of our communities on your property in Lee's Summit. We intend to submit a request to the City for Chapter 100 incentives, including sales tax exemption on construction and a predictable 10-year PILOT, to allow this project to move forward.

We look forward to working with you and the City on this request.

Kind Regards,

Devon Coffey
Milhaus Development

CC John McGurk
Curt Petersen