
CITY OF LEE'S SUMMIT, MISSOURI

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

FOR THE

PRYOR MIXED USE PROJECT

SENT: NOVEMBER 27, 2023

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 \$65,000,000 (the "Bonds"), to finance costs of a mixed use project (the "Project") for Griffin Riley Property Group, LLC, and/or its assignees or designees (altogether, 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. Griffin Riley Property Group, LLC is a commercial and residential real estate developer, leasing, and management company that operates several hundred units of residential rentals in the Kanas City area as well as four retail projects and two office/industrial projects.

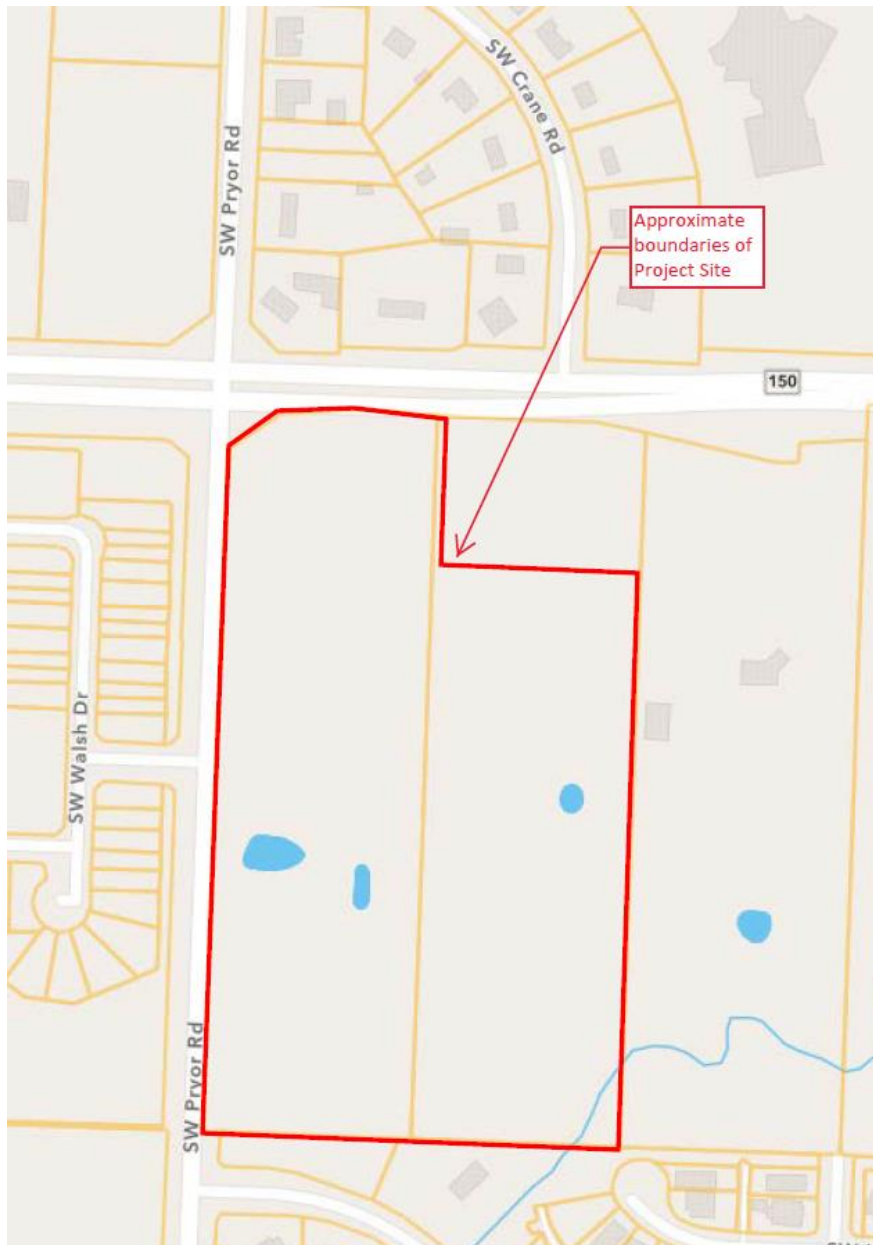
City of Lee's Summit, Missouri. The City is a constitutional home rule charter city and municipal corporation organized and existing under the laws of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend and improve certain projects (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 253 unit apartment complex comprising 4 multi-story buildings (the "Apartment Buildings"), one of which will include approximately 21,000 square feet of commercial space on the first floor (the "Commercial Space"). The Apartment Buildings will include a mix of studios, one-bedroom, two-bedroom and three-bedroom units with approximately 561 parking spaces (approximately 126 of which will be located in attached and detached garages), a clubhouse, a swimming pool with a swim-up bar and grilling area, a sun deck complete with multiple outdoor game options, a dog park, and playground and an outdoor area with a pond, picnic shelter and walking trail. Additionally, improvements will be made to Missouri Highway 150 and Pryor Road and a new Osage Drive connector roadway will be built in connection with the Project, as well as stormwater improvements.

The properties making up the Project site are shown below. There are two commercial pad sites that will occupy a portion of the east parcel but will not be included in the Project being financed with the Bonds and will not receive abatement under this Plan.

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Estimate of the Costs of the Project. The Project is expected to cost approximately \$65,000,000. The investments are anticipated to be made in 2024 through 2026, 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 \$65,000,000, 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. The

Commercial Space will remain in City ownership only during the construction period, after which it will be returned to private ownership and will return to the tax rolls.

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 \$1,564 (2023). The estimated total equalized assessed valuation of the Project site after development of the Project is \$9,748,769, which includes the land and the Apartment Buildings. The Commercial Space is estimated to have an assessed valuation of \$2,209,651 at completion, but will be excluded from the transaction at the end of the construction period.

Payments in Lieu of Taxes. If this Plan is approved by the City Council, the City intends to issue the Bonds for the Project in 2024. The Company will make payments in lieu of taxes (“PILOTS”) for the Apartment Buildings 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 \$1,600 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 \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025. During the construction period, a PILOT will be charged on the Commercial Space in an amount calculated to equal the taxes that would otherwise be due on the Commercial Space were it not owned by the City. Upon completion, the Commercial Space will be returned to private ownership and will return to the tax rolls.

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 2023. 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 \$25,159,161 and that the situs of sale for the purchases will be as follows: 5.0% within the City, 22.5% within Jackson County but outside the City, 22.5% within Missouri but outside Jackson County, and 50% outside Missouri. 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:

	Sales Tax Rate	Estimated Sales Tax Revenues Subject to Exemption	Use Tax Rate	Estimated Use Tax Revenues Subject to Exemption
State of Missouri	4.225%	\$531,487	4.225%	\$531,487
Jackson County				
General	0.500	34,594	n/a	-
Drug Task Force	0.250	17,297	n/a	-
Sports Complex	0.375	25,945	n/a	-
Zoological District	0.125	8,648	n/a	-
City of Lee's Summit				
General	1.000	12,580	1.000	125,796
Parks	0.250	3,145	0.250	31,449
Capital Projects	0.500	6,290	0.500	62,898
Transportation	0.500	6,290	0.500	62,898
Public Safety	0.500	6,290	0.500	62,898
Children's Services Fund	0.250	17,297	n/a	-
Total	8.475%	\$669,863	6.975%	\$877,426

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**City of Lee's Summit, Missouri
(Pryor Mixed Use Project)**

**COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT**



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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 2024
- ◆ Assessed Value of Existing Site without Project Improvement in 2024 \$ 2,476
- ◆ Starting Point for Calculation of Assessed Value of Improvement (Residential)

Units	\$ per Doors	Assessed Value *
253	\$ 2,603	\$ 9,186,674
- ◆ Starting Point for Calculation of Assessed Value of Improvement (Commercial)

Assessed Value *
\$ 2,082,809
- ◆ Percent Complete

1/1/2025	10%
1/1/2026	80%
1/1/2027	100%
- ◆ Biennial growth rate of appraised value of real property 3.0%

◆ PILOT as described below:

	Calendar Year	Residential PILOT Payment**	Commercial PILOT Percentage
Construction	2024	\$ 177	100%
Construction	2025	41,694	100%
Construction	2026	333,555	100%
Abatement Year 1	2027	429,452	
Abatement Year 2	2028	429,452	
Abatement Year 3	2029	442,336	
Abatement Year 4	2030	442,336	
Abatement Year 5	2031	455,606	
Abatement Year 6	2032	455,606	
Abatement Year 7	2033	469,274	
Abatement Year 8	2034	469,274	
Abatement Year 9	2035	483,352	
Abatement Year 10	2036	483,352	

* 3.0% biennial growth rate applied during construction period to account for inflation in value prior to project completion.
 ** PILOT on residential improvements starts at \$1,600 per door in 2023 dollars, subject to 3.0% biennial inflation during and after construction period.

Summary of Cost Benefit Analysis

Taxing Jurisdiction	Tax Rate	Taxes on Existing Site without Project	Projected Taxes on Project without Abatement	Revenue Generated from PILOT Payments	Value of Abatement
Board of Disabled Services	0.0716	\$ 25	\$ 81,602	\$ 50,681	\$ 30,921
City - Lee's Summit	1.2794	454	1,458,125	905,598	552,527
Jackson County	0.5116	181	583,068	362,126	220,942
Lee's Summit R-7 School District	4.7112	1,671	5,369,330	3,334,730	2,034,599
Mental Health	0.0953	34	108,613	67,456	41,157
Metro Junior College	0.1780	63	202,866	125,994	76,872
Mid-Continent Library	0.2911	103	331,765	206,049	125,716
State Blind Pension	0.0300	11	34,191	21,235	12,956
Surtax	1.4370	-	27,745	27,745	-
	8.6052	\$ 2,542	\$ 8,197,305	\$ 5,101,615	\$ 3,095,690

Taxes on Existing Site without Project

Estimated Assessed Value of Existing Site		\$ 2,476	\$ 2,550	\$ 2,550	\$ 2,627	\$ 2,627	\$ 2,705	\$ 2,705	\$ 2,787	\$ 2,787	\$ 2,870	\$ 2,870	\$ 2,956	\$ 2,956	
Taxing Jurisdiction	Tax Rate per \$100	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Board of Disabled Services	0.0716	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 25
City - Lee's Summit	1.2794	32	33	33	34	34	35	35	36	36	37	37	38	38	454
Jackson County	0.5116	13	13	13	13	13	14	14	14	14	15	15	15	15	181
Lee's Summit R-7 School District	4.7112	117	120	120	124	124	127	127	131	131	135	135	139	139	1,671
Mental Health	0.0953	2	2	2	3	3	3	3	3	3	3	3	3	3	34
Metro Junior College	0.1780	4	5	5	5	5	5	5	5	5	5	5	5	5	63
Mid-Continent Library	0.2911	7	7	7	8	8	8	8	8	8	8	8	9	9	103
State Blind Pension	0.0300	1	1	1	1	1	1	1	1	1	1	1	1	1	11
	7.1682	\$ 177	\$ 183	\$ 183	\$ 188	\$ 188	\$ 194	\$ 194	\$ 200	\$ 200	\$ 206	\$ 206	\$ 212	\$ 212	\$ 2,542

Projected Taxes on Project without Abatement (Residential)

Estimated Assessed Value of Land	\$ 2,476	\$ 2,550	\$ 2,550	\$ 2,627	\$ 2,627	\$ 2,705	\$ 2,705	\$ 2,787	\$ 2,787	\$ 2,870	\$ 2,870	\$ 2,956	\$ 2,956		
Estimated Assessed Value of Improvements	\$ -	\$ 946,227	\$7,569,820	\$9,746,143	\$9,746,143	\$10,038,527	\$10,038,527	\$10,339,683	\$10,339,683	\$10,649,873	\$10,649,873	\$10,969,370	\$10,969,370		
Taxing Jurisdiction	Tax Rate per \$100	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Board of Disabled Services	0.0716	\$ 2	\$ 679	\$ 5,422	\$ 6,980	\$ 6,980	\$ 7,190	\$ 7,190	\$ 7,405	\$ 7,405	\$ 7,627	\$ 7,627	\$ 7,856	\$ 7,856	\$ 80,220
City - Lee's Summit	1.2794	32	12,139	96,881	124,726	124,726	128,468	128,468	132,322	132,322	136,291	136,291	140,380	140,380	1,433,423
Jackson County	0.5116	13	4,854	38,740	49,875	49,875	51,371	51,371	52,912	52,912	54,499	54,499	56,134	56,134	573,190
Lee's Summit R-7 School District	4.7112	117	44,699	356,749	459,284	459,284	473,063	473,063	487,254	487,254	501,872	501,872	516,928	516,928	5,278,367
Mental Health	0.0953	2	904	7,216	9,291	9,291	9,569	9,569	9,856	9,856	10,152	10,152	10,457	10,457	106,773
Metro Junior College	0.1780	4	1,689	13,479	17,353	17,353	17,873	17,873	18,410	18,410	18,962	18,962	19,531	19,531	199,429
Mid-Continent Library	0.2911	7	2,762	22,043	28,379	28,379	29,230	29,230	30,107	30,107	31,010	31,010	31,940	31,940	326,145
State Blind Pension	0.0300	1	285	2,272	2,925	2,925	3,012	3,012	3,103	3,103	3,196	3,196	3,292	3,292	33,612
	7.1682	\$ 177	\$ 68,010	\$ 542,803	\$ 698,811	\$ 698,811	\$ 719,776	\$ 719,776	\$ 741,369	\$ 741,369	\$ 763,610	\$ 763,610	\$ 786,518	\$ 786,518	\$8,031,158

Projected PILOTS (Residential)

PILOT Payment		\$ 177	\$ 41,694	\$ 333,555	\$ 429,452	\$ 429,452	\$ 442,336	\$ 442,336	\$ 455,606	\$ 455,606	\$ 469,274	\$ 469,274	\$ 483,352	\$ 483,352	
	Tax Rate per														
Taxing Jurisdiction	\$100	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Board of Disabled Services	0.0716	\$ 2	\$ 416	\$ 3,332	\$ 4,290	\$ 4,290	\$ 4,418	\$ 4,418	\$ 4,551	\$ 4,551	\$ 4,687	\$ 4,687	\$ 4,828	\$ 4,828	\$ 49,298
City - Lee's Summit	1.2794	32	7,442	59,534	76,650	76,650	78,949	78,949	81,318	81,318	83,757	83,757	86,270	86,270	880,896
Jackson County	0.5116	13	2,976	23,806	30,650	30,650	31,570	31,570	32,517	32,517	33,492	33,492	34,497	34,497	352,248
Lee's Summit R-7 School District	4.7112	117	27,403	219,225	282,252	282,252	290,719	290,719	299,441	299,441	308,424	308,424	317,677	317,677	3,243,768
Mental Health	0.0953	2	554	4,435	5,710	5,710	5,881	5,881	6,057	6,057	6,239	6,239	6,426	6,426	65,616
Metro Junior College	0.1780	4	1,035	8,283	10,664	10,664	10,984	10,984	11,314	11,314	11,653	11,653	12,003	12,003	122,557
Mid-Continent Library	0.2911	7	1,693	13,546	17,440	17,440	17,963	17,963	18,502	18,502	19,057	19,057	19,629	19,629	200,429
State Blind Pension	0.0300	1	175	1,396	1,797	1,797	1,851	1,851	1,907	1,907	1,964	1,964	2,023	2,023	20,656
	7.1682	\$ 177	\$ 41,694	\$ 333,555	\$ 429,452	\$ 429,452	\$ 442,336	\$ 442,336	\$ 455,606	\$ 455,606	\$ 469,274	\$ 469,274	\$ 483,352	\$ 483,352	\$ 4,935,468

Projected Abatement (Residential)

Taxing Jurisdiction	Tax Rate per \$100	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Board of Disabled Services	0.0716	\$ -	\$ 263	\$ 2,090	\$ 2,691	\$ 2,691	\$ 2,771	\$ 2,771	\$ 2,854	\$ 2,854	\$ 2,940	\$ 2,940	\$ 3,028	\$ 3,028	\$ 30,921
City - Lee's Summit	1.2794	-	4,697	37,347	48,076	48,076	49,518	49,518	51,004	51,004	52,534	52,534	54,110	54,110	552,527
Jackson County	0.5116	-	1,878	14,934	19,224	19,224	19,801	19,801	20,395	20,395	21,007	21,007	21,637	21,637	220,942
Lee's Summit R-7 School District	4.7112	-	17,296	137,525	177,032	177,032	182,343	182,343	187,814	187,814	193,448	193,448	199,252	199,252	2,034,599
Mental Health	0.0953	-	350	2,782	3,581	3,581	3,689	3,689	3,799	3,799	3,913	3,913	4,031	4,031	41,157
Metro Junior College	0.1780	-	653	5,196	6,689	6,689	6,889	6,889	7,096	7,096	7,309	7,309	7,528	7,528	76,872
Mid-Continent Library	0.2911	-	1,069	8,498	10,939	10,939	11,267	11,267	11,605	11,605	11,953	11,953	12,312	12,312	125,716
State Blind Pension	0.0300	-	110	876	1,127	1,127	1,161	1,161	1,196	1,196	1,232	1,232	1,269	1,269	12,956
	7.1682	\$ -	\$ 26,316	\$ 209,247	\$ 269,359	\$ 269,359	\$ 277,440	\$ 277,440	\$ 285,763	\$ 285,763	\$ 294,336	\$ 294,336	\$ 303,166	\$ 303,166	\$ 3,095,690

Projected Taxes on Project without Abatement (Commercial)

Estimated Assessed Value of Improvements	\$	-	\$ 214,529	\$ 1,716,234		
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	Tax Rate					
Taxing Jurisdiction	per \$100		2024	2025	2026	Total
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Board of Disabled Services	0.0716	\$	-	\$ 154	\$ 1,229	\$ 1,382
City - Lee's Summit	1.2794		-	2,745	21,958	24,702
Jackson County	0.5116		-	1,098	8,780	9,878
Lee's Summit R-7 School District	4.7112		-	10,107	80,855	90,962
Mental Health	0.0953		-	204	1,636	1,840
Metro Junior College	0.1780		-	382	3,055	3,437
Mid-Continent Library	0.2911		-	624	4,996	5,620
State Blind Pension	0.0300		-	64	515	579
Surtax	1.4370		-	3,083	24,662	27,745
	8.6052	\$	-	\$ 18,461	\$ 147,685	\$ 166,146
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Projected PILOTS (Commercial)

PILOT Payment		\$	-	\$	18,461	\$	147,685
	Tax Rate per						
Taxing Jurisdiction	\$100		2024		2025		2026
							Total
Board of Disabled Services	0.0716	\$	-	\$	154	\$	1,229
City - Lee's Summit	1.2794		-		2,745		24,702
Jackson County	0.5116		-		1,098		9,878
Lee's Summit R-7 School District	4.7112		-		10,107		90,962
Mental Health	0.0953		-		204		1,840
Metro Junior College	0.1780		-		382		3,437
Mid-Continent Library	0.2911		-		624		5,620
State Blind Pension	0.0300		-		64		579
Surtax	1.4370		-		3,083		27,745
	8.6052	\$	-	\$	18,461	\$	147,685
						\$	166,146

Projected Abatement (Commercial)

Taxing Jurisdiction	Tax Rate per				Total
	\$100	2024	2025	2026	
Board of Disabled Services	0.0716	\$ -	\$ -	\$ -	\$ -
City - Lee's Summit	1.2794	-	-	-	-
Jackson County	0.5116	-	-	-	-
Lee's Summit R-7 School District	4.7112	-	-	-	-
Mental Health	0.0953	-	-	-	-
Metro Junior College	0.1780	-	-	-	-
Mid-Continent Library	0.2911	-	-	-	-
State Blind Pension	0.0300	-	-	-	-
	<u>7.1682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>