

AN ORDINANCE APPROVING THE I-470 AND VIEW HIGH TAX INCREMENT FINANCING PLAN, ESTABLISHING A REDEVELOPMENT AREA AND DESIGNATING THE REDEVELOPMENT AREA AS A BLIGHTED AREA.

WHEREAS, the City of Lee's Summit, Missouri (the "City") is a charter city and a political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri; and,

WHEREAS, pursuant to the Real Property Tax Increment Financing Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri (the "TIF Act"), Paragon Star, LLC (the "Developer") submitted the I-470 and View High Tax Increment Financing Plan (the "TIF Plan") to the City; and,

WHEREAS, on February 3, 2016, after due notice in accordance with the Act, the Tax Increment Financing Commission ("TIF Commission") opened a public hearing, at which all interested persons and taxing districts affected by the TIF Plan were afforded an opportunity to make comments, filed written objections, protests and be heard orally regarding adoption of the TIF Plan, and the TIF Commission continued the hearing to February 17, 2016; and,

WHEREAS, on February 17, 2016, the TIF Commission took additional evidence and testimony and, having heard and considered the objections, protests, comments and other evidence adduced at the public hearing, closed the public hearing and voted 11-0 to adopt Resolution 2016-1 which recommends that the Council make required findings, approve the TIF Plan, designate the proposed property as the Redevelopment Area for the TIF Plan, approve Redevelopment Project 1 by ordinance and designate the applicant as the developer of record for the Plan and the Redevelopment Projects and enter into a tax increment financing contract to implement the TIF Plan; and,

WHEREAS, on March 10, 2016, at a public meeting of the City Council, after the posting of proper notice of the consideration of this issue and after all parties in interest and citizens were provided the opportunity to be heard, the City Council considered the TIF Plan, the recommendation of the TIF Commission, the recommendations of City staff and consultants and considered the public objections, protests, comments and other evidence; and,

WHEREAS, having heard and considered the objections, protests, comments and other evidence adduced at the meeting, the evidence and testimony submitted at the TIF Commission public hearing, the recommendation of the TIF Commission and the recommendation of City staff, the City Council desires to approve the TIF Plan.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LEE'S SUMMIT, MISSOURI, as follows:

SECTION 1. The TIF Plan, a copy of which is on file in the Office of the City Clerk, is hereby approved and adopted. In the event of any conflict or inconsistency between the TIF Plan and this Ordinance, the provisions of this Ordinance shall control.

SECTION 2. The tract of land legally described in Exhibit A of this Ordinance is hereby designated as the Redevelopment Area.

SECTION 3. The City Council hereby finds that:

A. the TIF Plan sets forth in writing a general description of the program to be undertaken to accomplish its objectives, including the estimated redevelopment project costs, the anticipated sources of funds to pay the costs, evidence of the commitments to finance the project costs, the anticipated type and term of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued, the most recent equalized assessed valuation of the property within the Redevelopment Area which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to Section 99.845, RSMo, an estimate as to the equalized assessed valuation after redevelopment, and the general land uses to apply in the Redevelopment Area;

B. the Redevelopment Area is a blighted area, as such term is defined in Section 99.805(1), RSMo, due to the presence of blighting factors as set forth in the Blight Analysis attached as Exhibit 4 to the TIF Plan, including that the Redevelopment Area is characterized by defective and inadequate street layout, deterioration of site improvements, unsanitary and unsafe conditions which endanger life and property by fire or other causes, and which create an economic liability and social liability for the City in that the presence of the blighting factors lowers property values, increases public costs, lowers tax revenues, and results in economic underutilization of the Redevelopment Area and fails to generate adequate taxes for the applicable Taxing Districts. The TIF Plan is also accompanied by an affidavit signed by the Developer attesting to the blighting conditions of the Redevelopment Area;

C. the Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. The TIF Plan is accompanied by an affidavit signed by the Developer attesting to this statement;

D. the TIF Plan is in conformance with the Comprehensive Plan for the development of the City as a whole;

E. the TIF Plan contains both estimated dates of completion of the redevelopment projects and estimated dates for the retirement of obligations incurred to finance redevelopment project costs, and said dates are not more than twenty-three (23) years from the adoption of an ordinance approving tax increment financing within the Redevelopment Project Area;

F. a Relocation Assistance Plan has been developed for relocation assistance for businesses and residences, and the relocation of any business or residents in the Redevelopment Area, if necessary, will take place in accordance with the Relocation Assistance Plan attached to the TIF Plan as Exhibit 13;

G. the TIF Plan contains a cost-benefit analysis set forth in Exhibit 6 showing the economic impact of the TIF Plan on each taxing district and political subdivision within the Redevelopment Area if the proposed redevelopment project is built pursuant to the

TIF Plan or is not built, and evidence that the proposed redevelopment project is financially feasible to undertake with TIF assistance;

H. the TIF Plan does not include the initial development or redevelopment of any gambling establishment; and

I. the area selected for the Redevelopment Project includes only those parcels of real property and improvements thereon which will be directly and substantially benefited by the Redevelopment Project improvements.

SECTION 4. Paragon Star, LLC is hereby designated as a developer of record for the TIF Plan.

SECTION 5. Approval of the TIF Plan by this Ordinance is conditioned upon the developer of record entering into a tax increment financing redevelopment contract and a real estate contract with the City upon terms acceptable to the City to carry out the goals and objectives of the TIF Plan and to facilitate the transfer of City-owned property for Redevelopment Project 1. The City Manager is authorized and directed to negotiate a tax increment financing redevelopment contract and a real estate contract with the developer of record to implement the TIF Plan. Failure of the developer or record to enter into such contracts shall nullify and render void the approvals granted in this ordinance upon such declaration by the City Council.

SECTION 6. City officers and agents of the City are each hereby authorized and directed to take such action and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

SECTION 7. This Ordinance shall be in full force and effect from and after its passage, adoption, and approval by the Mayor.

PASSED by the City Council for the City of Lee's Summit, Missouri, this 10th day of March, 2016.



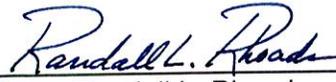
Mayor Randall L. Rhoads

ATTEST:



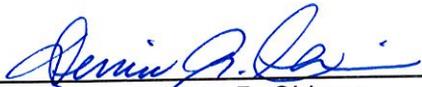
City Clerk Denise R. Chisum

APPROVED by the Mayor of said city this 15th day of March, 2016.



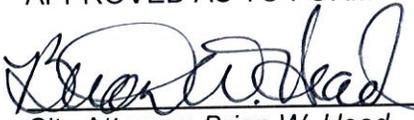
Mayor Randall L. Rhoads

ATTEST:



City Clerk Denise R. Chisum

APPROVED AS TO FORM:



City Attorney Brian W. Head

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

TIF Legal Description:

A tract of land situated in the Southwest Quarter, Northwest Quarter and Northeast Quarter of Section 34, and the South Half of the North Half of Section 35, Township 48 North, Range 32 West, in Lee's Summit, Jackson County, Missouri being more particularly described as follows:

Parcel No. 51-900-02-02-01-0-00-000

Owner: Jackson County, MO

Parcel No. 51-900-02-07-00-0-00-000

Owner: Happy Valley Properties, LLC

Parcel No. 51-900-02-10-00-0-00-000

Owner: Happy Valley Properties, LLC

Parcel No. 51-900-02-09-00-0-00-000

Owner: Happy Valley Properties, LLC

Parcel No. 51-900-02-08-00-0-00-000

Owner: Happy Valley Properties, LLC

Parcel No. 51-900-02-02-03-0-00-000

Owner: Jackson County, MO

Parcel No. 51-900-02-01-00-0-00-000

Owner: City of Lee's Summit, MO

Parcel No. 51-900-02-06-01-0-00-000

Owner: Jackson County, MO

Parcel No. 51-900-02-06-02-0-00-000

Owner: City of Lee's Summit, MO

Beginning at the Southwest corner of the Northwest Quarter of said Section 34; thence North 02°25'47" East, along the West line of said Quarter, a distance of 2632.77 feet, to the Northwest Corner of said Quarter; thence South 86°33'45" East, departing said West line, and along the North line of said Quarter, a distance of 2611.90 feet, to a point on the West line of the Kansas City Rock Island Railway right-of-way as recorded in Book 244, Page 79 in the recorder's office of Jackson County, Missouri, as now established; thence South 18°46'13" West, departing said North line, and along said West right-of-way line, a distance of 76.95 feet to a point of curvature; thence Southerly, continuing along said West right-of-way, and along a curve to the left,

having a radius of 2508.01 feet, and a central angle of 28°06'45", a distance of 1230.57 feet, to a point of tangency; thence South 09°20'32" East, continuing along said West right-of-way line, a distance of 30.31 feet; thence South 86°26'21" East, continuing along said right-of-way line, a distance of 16.41 feet, thence South 09°20'32" East, continuing along said right-of-way line, a distance of 354.98 feet, to a point on the East line of said Quarter; thence South 02°29'17" West, continuing along said West right-of-way line, and along said East line, a distance of 468.48 feet, to a point on the North right-of-way line of Interstate Route 470, as now established; thence departing said West right-of-way line and said East line, and along said North right-of-way line the following courses; North 85°05'37" West, a distance of 899.87 feet; thence North 75°10'03" West, a distance of 203.04 feet; thence South 77°15'22" West, a distance of 228.92 feet, to a point on the West line of the Southeast Quarter of said Quarter; thence South 02°29'01" West, departing said North right-of-way line, and along said West line of the Southeast Quarter, a distance of 410.64 feet, to a point on the South right-of-way line of Interstate Route 470, as now established; thence departing said West line of the Southeast Quarter, and along said South right-of-way line the following courses; North 71°05'22" West, 205.31 feet; thence North 85°05'37" West, 50.00 feet; thence South 85°33'47" West, 991.68 feet; thence South 19°44'16" West, 196.72 feet; thence South 21°11'08" West, 85.21 feet, to a point on the West line of the Southwest Quarter of said Section 34; thence North 02°27'40" East, along said West line, a distance of 265.01 feet to the Point of Beginning.

ALSO all that part of the Kansas City Rock Island Railway right-of-way as recorded in Book 244, Page 79 in the recorder's office of Jackson County, Missouri, lying in the North Half of said Section 34, and North of the North right-of-way line of Interstate Route 470, as now established.

AND ALSO:

Parcel No. 51-900-03-06-00-0-00-000

Owner: Happy Valley Properties, LLC

Parcel No. 51-900-03-02-00-0-00-000

Owner: Happy Valley Properties, LLC

Parcel No. 51-900-02-05-00-0-00-000

Owner: Happy Valley Properties, LLC

Commencing at the Northwest corner of the Southwest Quarter of said Section 34: thence South 02°27'40" West, along the West line of said Southwest Quarter, a distance of 265.01 feet to a point on the South right-of-way line of Interstate Route 470, as now established; thence departing said West line, and along said South right-of-way line the following courses; North 21°11'08" East, 85.21 feet; thence North 19°44'16" East, 196.72 feet; thence North 85°33'47" East, 991.68 feet; thence South

85°05'37" East, 50.00 feet; thence South 71°05'22" East, 205.31 feet, to a point on the East line of the Southwest Quarter of the Northwest Quarter of said Section 34; thence South 02°29'01" West, departing said South right-of-way line, and along said East line, a distance of 91.17 feet, to the Southeast corner of the said Quarter Quarter; thence South 02°25'07" West, along the East line of the Northwest Quarter of the Southwest Quarter, a distance of 1315.49 feet, to the Southeast corner of said Quarter Quarter; thence North 86°55'02" West, departing said East line of the Northwest Quarter of the Southwest Quarter, and along the South line of said Quarter Quarter, a distance of 190.87 feet, to the Northeast corner of Lot 2, Berkman Estates, a Subdivision in said City, County and State; thence South 02°20'24" West, departing said South line of said Quarter Quarter, and along the East line of said Lot 2, a distance of 788.05 feet, to the Southeast corner of said Lot 2, said corner also being the Northeast corner of Lot 3 of said Subdivision; thence North 87°34'12" West, departing said East line of said Lot 2, and along the North line of said Lot 3, a distance of 104.54 feet, to the Northwest corner of said Lot 3; thence South 02°28'35" West, departing said North line of Lot 3 and along the West line of said Lot 3, a distance of 345.61 feet, to the Southwest corner of said Lot 3, said corner also being on the Northerly right-of-way line of Chipman Road, as now established; thence Southwesterly, departing said West line of Lot 3, and along said Northerly right-of-way line of Chipman Road, and along a curve to the left, having a radius of 349.62 feet, a central angle of 08°02'32", and whose initial tangent bearing is South 64°38'25" West, a distance of 49.07 feet; thence South 56°47'29" West, continuing along said Northerly right-of-way line of Chipman Road, a distance of 9.51 feet, to the Southeast corner of Lot 1 in said Subdivision; thence North 02°22'36" East, departing said Northerly right-of-way line of Chipman Road, and along the East line of said Lot 1, a distance of 376.90 feet, to the Northeast corner of said Lot 1; thence North 87°31'35" West, departing said East line of Lot 1, and along the North line of said Lot 1, a distance of 115.09 feet, to the Northwest corner of said Lot 1, said point also being the Southwest corner of said Lot 2; thence North 02°22'54" East, departing said North line of Lot 1, and along the West line of said Lot 2, a distance of 791.12 feet, to the Northwest corner of said Lot 2; thence North 86°55'02" West, departing said West line of Lot 2, and along the South line of the Northwest Quarter of the Southwest Quarter, a distance of 858.18 feet, to the Southwest corner of said Quarter Quarter; thence North 02°27'40" East, departing said South line, and along the West line of said Quarter Quarter, a distance of 30.67 feet; thence Northeasterly, departing said West line, and along a curve to the right, having a radius of 236.70 feet, a central angle of 08°09'33", and whose initial tangent bearing is North 54°17'14" East, a distance of 33.71 feet; thence North 62°19'09" East, a distance of 456.02 feet; thence Northerly, along a curve to the left, having a radius of 180.00 feet, and a central angle of 83°28'00", a distance of 262.22 feet; thence North 21°08'51" West, a distance of 127.10 feet; thence Northwesterly, along a curve to the left, having a radius of 170.00 feet, and a central angle of 73°48'00", and whose initial tangent bearing is North 21°03'21" West, a distance of 218.97 feet; thence South 85°16'28" West, a distance of 47.25 feet; thence Westerly, along a curve to the right, having a radius of 210.00 feet, a central angle of 27°16'41", and whose initial tangent bearing is South 84°45'20"

West, a distance of 99.98 feet; thence South 55°18'29" West, a distance of 144.15 feet; thence North 88°44'22" West, a distance of 8.10 feet, to the West line of said Quarter Quarter; thence North 02°27'40" East, along the West line of said Quarter Quarter, a distance of 424.35 feet, to the Point of Beginning.

AND ALSO:

Parcel No. 51-900-01-03-00-0-00-000

Owner: Jackson County, MO

All that part of the West ½ of the Northeast ¼ of Section 34, Township 48, Range 32, in Lee's Summit, Jackson County, Missouri, described as follows: Beginning at the Northwest corner of the Northeast ¼ of Section 34, Township 48, Range 32, and running thence South 99 poles (1633.5 feet); thence North 55 ½° East 26 poles (429 feet); thence North 4° East 18 poles (297 feet); to a corner in the Little Blue River; thence South 88° East 24 poles (396 feet); thence South 39° East 24 poles (396 feet); thence North 49 1/2° East 23.2 poles (382.8 feet) to the East line of the West ½ of said ¼ section; thence North 70 poles (1155 feet); thence West 80 poles (1320 feet) to beginning, except the Chicago, Rock Island and Pacific Railway right-of-way, all being in Jackson County, Missouri, containing 30.4 acres, more or less.

AND ALSO:

Parcel No. 51-900-01-06-02-0-00-000

Owner: Jackson County, MO

All that part of the West ½ of the Northeast ¼ of Section 34, Township 48, Range 32, in Lee's Summit, Jackson County, Missouri, described as follows: Beginning at a point on the West line of said ¼ Section that is 99 poles (1633.5 feet) South of the Northwest corner thereof; thence North 55 degrees 30 minutes East 26 poles (429 feet); thence North 4° East, 18 poles (297 feet) to a corner in the Little Blue River; thence South 88 degrees East 24 poles (396 feet); thence South 39 degrees East 24 poles (396 feet); thence South 47 degrees West 24 poles (396 feet); thence South 72 degrees 30 minutes West 16 poles (264 feet); thence South 5 degrees 30 minutes West 380 feet, more or less to the North right of way line of Interstate Route 470, as now established; thence West along said right of way line 460 feet, more or less to the West line of said ¼ section; thence North to the point of beginning.

EXCEPTING any part in the Union Pacific Railroad recorded in Book 244, Page 79 and Book 244, Page 193 in the recorder's office of Jackson County, Missouri.

AND ALSO:**Parcel No. 51-900-01-06-01-0-00-000**

Owner: Kenneth L & S Kay Gerdtz

A tract of land situated in the West ½ of the Northeast ¼ of Section 34, Township 48, Range 32, in Lee's Summit, Jackson County, Missouri being more particularly described as follows:

Commencing at the Northeast corner of said Northeast ¼; thence North 88°44'52" West, along the North line of said Northeast ¼, 1314.32 feet to the Northeast corner of the West Half, of said Northeast ¼; thence South 00°00'00" West, along the East line of said West Half, 1319.88 feet to the Northeast corner of the Southwest ¼ of said Northeast ¼, said corner being the Point of Beginning of the tract to be described herein; thence South 00°00'00" West, continuing along said East line; 847.43 feet to the Northerly right-of-way line of Highway I-470; thence North 87°38'09" West, along said line, 220.00 feet from and parallel with the centerline thereof, 0.51 feet to a point opposite centerline station 329+15; thence North 78°48'22" West, continuing along said line, 521.18 feet to a point 300.00 feet from and opposite centerline station 324+00; thence North 87°38'09" West, continuing along said line, 300.00 feet from and parallel with the centerline thereof, 100.00 feet to a point opposite centerline station 323.00; thence South 71°48'29" West, continuing along said line, 213.60 feet to a point 225.00 feet from and opposite centerline station 321.00; thence North 87°38'09" West, continuing along said line, 225.00 feet from and parallel with the centerline thereof, 53.88 feet to the East line of a Tract described in a warranty deed recorded in Book 1123 at Page 1716 in the recorder's office of Jackson County, Missouri; thence North 05°30'00" East, along said line, 375.23 feet (deed = ±380'); thence North 72°30'00" East, 264.00 feet; thence North 47°00'00" East, 396.00 feet; thence North 49°30'00" East, 382.80 feet to a point on the East line of the West Half of said NE ¼; said point being South 00°00'00" West, along said line, 1154.88 feet (deed = 1155.00') from the Northeast corner of said West Half; thence South 00°00'00" West, along said line, 165.00 feet to the Point of Beginning. Containing 510,195 square feet or 11.7125 acres, more or less.

AND ALSO:**Parcel No. 51-900-01-11-00-0-00-000**

Owner: The Family Ranch, LLC

The North half of the Southeast Quarter of the Northeast Quarter of Section 34, Township 48, Range 32, Lee's Summit, Jackson County, Missouri, except that part in roads.

AND ALSO:**Parcel No. 51-900-01-09-00-0-00-000**

Owner: Jerry D & Deia S Rank

The Southwest Quarter of the Southeast Quarter of the Northeast Quarter of Section 34, Township 48, Range 32, EXCEPTING all that part South of the North R/W line of Interstate Route 470 by Suit No. 741042 in the Circuit Court of Jackson County, Missouri.

AND ALSO:**Parcel No. 51-900-01-10-00-0-00-000**

Owner: Brinton, George C.

The Southeast Quarter of the Southeast Quarter of the Northeast Quarter of Section 34, Township 48, Range 32, EXCEPTING all that part South of the North R/W line of Interstate Route 470 by Suit No. 741042 in the Circuit Court of Jackson County, Missouri.

AND ALSO:**Parcel No. 51-800-02-06-00-0-00-000**

Owner: Captain Fancy Two, LLC

Part of the Southwest Quarter of the Northwest Quarter of Section 35, Township 48 North, Range 32 West in Lee's Summit, Jackson County, Missouri, more particularly described as follows:

Beginning at the Northwest corner of said Quarter Quarter Section; thence South 86 degrees 36 minutes 33 seconds East along the North line of said Quarter Quarter Section, a distance of 1308.17 feet to a point being 20.00 feet Westerly of the East line of said Quarter Quarter Section; thence South 02 degrees 29 minutes 11 seconds West (South 03 degrees 00 minutes 16 seconds West-Deed) parallel with the East line of the Southwest Quarter of the Northwest Quarter of said Section 35, a distance 980.90 feet to a point on the existing North right of way line of I-470 Highway; thence North 85 degrees 08 minutes 16 seconds West (North 85 degrees 02 minutes 17 seconds West-Deed) along said existing North right of way line, a distance of 145.28 feet (127.64 feet-Deed) to a point being 150 feet left of Highway Station 354+00; thence North 78 degrees 00 minutes 46 seconds West (North 77 degrees 54 minutes 47 seconds West-Deed) continuing along said existing North right of way line of I-470 Highway, a distance of 201.56 feet to a point being 175 feet left of Highway Station 352+00; thence North 85 degrees 08 minutes 16 seconds West (North 85 degrees 02 minutes 17 seconds West-Deed) continuing

along said existing North right of way line of I-470 Highway, a distance of 966.76 feet (967.23 feet-Deed) to a point on the West line of said Quarter Quarter Section; thence North 02 degrees 36 minutes 11 seconds East (North 02 degrees 37 minutes 26 seconds East-Deed) along said West line, a distance of 922.17 feet (923.46 feet-Deed) to the point of beginning.

AND ALSO the East 20.00 feet of said Quarter Quarter, bounded on the South by the North R/W line of Interstate Route 470 by Suit No. 741042 in the Circuit Court of Jackson County, Missouri, and bounded on the North by the Westerly extension of the South line of a Tract described in a warranty deed recorded in Book 1123 at Page 1716 in the recorder's office of Jackson County, Missouri.

AND ALSO:

Parcel No. 51-800-02-21-00-0-00-000

Owner: The Family Ranch, LLC

All that part of Section 35, Township 48, Range 32, In Lee's Summit, Jackson County, Missouri, described as follows:

From the center of said Section 35, run South 43 rods (709.5 feet); thence North 75 degrees West 9 rods (148.5 feet) to the point of beginning of the tract described herein; thence North 30 degrees East 97 rods (1600.5 feet); thence North 58 degrees West 44-3/4 rods (738.38 feet); to the East line of the Southeast 1/4 of the Northwest 1/4 of said Section 35; thence North along said East line 10 rods (165 feet) to the Northeast corner of said 1/4 1/4 section; thence West along the North line of said 1/4 1/4 section 970 feet; more or less to a point 350 feet East of the Northwest corner of said 1/4 1/4 section; thence South parallel with the West line of said 1/4 1/4 section 124 feet; thence West parallel with the North line of said 1/4 1/4 section 350 feet to the West line of said 1/4 1/4 section; thence South along said West line, 1225.31 feet to a point 29.31 feet South of the Northwest corner of the Northeast 1/4 of Southwest 1/4 of said Section 35; thence East parallel with the North line of said 1/4 1/4 section, 265.30 feet; thence South parallel with the West line of said 1/4 1/4 section, 441.15 feet to a point in a line bearing South 75 degrees East end passing through the point of beginning, thence South 75 degrees East along said line to the point of beginning

EXCEPTING that part described as follows: All that part of the Southeast Quarter of the Northwest 1/4 of Section 35, Township 48, Range 32, described as follows: Beginning at a point 124 feet South of the Northwest corner of said Quarter Quarter Section; thence East 350 feet; thence South 124 feet; thence West 350 feet to the West line of said Quarter Quarter Section; thence North 124 feet to the point of beginning.

Also EXCEPTING all that part South of the North R/W line of Interstate Route 470 by Suit No. 741042 in the Circuit Court of Jackson County, Missouri.

AND ALSO:**Parcel No. 51-800-01-03-00-0-00-000**

Owner: The Family Ranch, LLC

A tract of land in the Southwest Quarter of the Northeast Quarter of Section 35, Township 48, Range 32, City of Lee's Summit, Jackson County, Missouri, more particularly described as follows:

Commencing at the Southwest corner of the Northeast Quarter of said Section 35; thence South 86 degrees 35 minutes 26 seconds East along the South line of said Northeast Quarter Section, a distance of 1311.71 feet to the Southeast corner of the Southwest Quarter of said Northeast Quarter Section, thence North 2 degrees 28 minutes 04 seconds East along the East line of the Southwest Quarter of said Northeast Quarter Section and parallel with the West line of said Northeast Quarter Section, a distance of 282.38 feet (282.15 feet Deed); thence North 52 degrees 58 minutes 43 seconds West, a distance of 18.00 feet (North 53 degrees 45 minutes 21 seconds West, a distance of 22.33 feet Deed) to a point on the North right of way line of Interstate No. 470 as now established, said point being the point of beginning; thence continuing North 52 degrees 58 minutes 43 seconds West, a distance of 833.08 feet (North 53 degrees 45 minutes 21 seconds West, a distance of 841.82 feet Deed); thence South 33 degrees 03 minutes 26 seconds West, a distance of 526.71 feet (South 31 degrees 23 minutes 25 seconds West, a distance of 517.25 feet, Deed) to a point on the North right of way line of said Interstate 470; thence South 84 degrees 53 minutes 05 seconds East, a distance of 561.37 feet (South 85 degrees 06 minutes 10 seconds East along said North Highway right of way line, a distance of 561.58 feet, Deed); thence North 87 degrees 59 minutes 25 seconds East, a distance of 201.56 feet (North 87 degrees 46 minutes 20 seconds East along said North right of way line, a distance of 201.56 feet, Deed); thence South 84 degrees 53 minutes 05 seconds East, a distance of 192.65 feet (South 85 degrees 06 minutes 10 seconds East along said North right of way line, a distance of 188.09 feet, Deed); to the point of beginning, subject to that part thereof in roads.

RESOLUTION NO. 2016-1

A RESOLUTION OF THE LEE'S SUMMIT TAX INCREMENT FINANCING COMMISSION RECOMMENDING THAT THE CITY COUNCIL APPROVE THE I-470 AND VIEW HIGH TAX INCREMENT FINANCING PLAN, APPROVE REDEVELOPMENT PROJECT 1 FOR THE PLAN AND TAKE OTHER RELATED ACTIONS TO IMPLEMENT THE PLAN.

WHEREAS, the Tax Increment Financing Commission of Lee's Summit, Missouri ("**TIF Commission**"), has been duly formed by the City Council of the City of Lee's Summit, Missouri ("**City Council**") pursuant to Section 99.820.2 of the Revised Statutes of Missouri ("**RSMo**");

WHEREAS, Paragon Star, LLC (the "**Developer**"), submitted a proposal for approval of the I-470 and View High Tax Increment Financing Plan (the "**TIF Plan**"), which was placed on file in the Office of the City Clerk on January 6, 2016, which proposes for redevelopment of the proposed Redevelopment Area, which contains approximately 309 acres of undeveloped property, through the development of a sports and entertainment complex and accompanying retail, commercial, office and residential uses through the use of tax increment financing and other public and private funding sources;

WHEREAS, on December 18, 2015, the City mailed written notices of the scheduled TIF Commission public hearing to all taxing districts from which taxable property is included in the proposed Redevelopment Area (the "**Taxing Districts**"), in compliance with Sections 99.825 and 99.830, RSMo;

WHEREAS, on January 8, 2016, the City published notice in the *Lee's Summit Journal* of the scheduled TIF Commission public hearing to consider the merits of the Plan, in compliance with Section 99.830, RSMo;

WHEREAS, on January 20, 2016, the City mailed written notices of the scheduled TIF Commission public hearing to all persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the Redevelopment Area of the Plan, in compliance with Section 99.830, RSMo;

WHEREAS, on January 26, 2016, notice of the TIF Commission meeting at which the public hearing will be held for consideration of the Plan was posted in compliance with the Missouri Sunshine Law, Sections 610.010 to 610.225, RSMo, and the special notice requirements set forth in Section 67.2725, RSMo;

WHEREAS, on January 27, 2016, the City again published notice in the *Lee's Summit Journal* of the scheduled TIF Commission public hearing to consider the merits of the Plan, in compliance with Section 99.830, RSMo;

WHEREAS, the public hearing conducted by the TIF Commission to consider the TIF Plan was open to the public, a quorum of the Commissioners was present and acted throughout, and the proper notice of such hearing was given in accordance with all applicable laws including Chapter 610, RSMo;

WHEREAS, a copy of the notice of the public hearing has been submitted to the Director of the Department of Economic Development, in compliance with Sections 99.825 and 99.830, RSMo.

WHEREAS, after considering the evidence and testimony received at the public hearing, the TIF Commission now desires to recommend that the City Council make required findings and take certain actions to adopt and implement the Plan.

NOW, THEREFORE, be it resolved by the Tax Increment Financing Commission for the City of Lee's Summit:

1. **Findings.** In accordance with Section 99.810, RSMo, the TIF Commission makes the following findings and recommends that the City Council by ordinance make the following findings regarding the TIF Plan:

A. the TIF Plan sets forth in writing a general description of the program to be undertaken to accomplish its objectives, including the estimated redevelopment project costs, the anticipated sources of funds to pay the costs, evidence of the commitments to finance the initial project costs which are expected to be incurred, the anticipated type and term of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued, the most recent equalized assessed valuation of the property within the Redevelopment Area which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to Section 99.845, RSMo, an estimate as to the equalized assessed valuation after redevelopment, and the general land uses to apply in the Redevelopment Area;

B. the Redevelopment Area is a blighted area, as such term is defined in Section 99.805(1), RSMo, due to the presence of several blighting factors as set forth in the Blight Study set forth in Exhibit 4 of the TIF Plan. The TIF Plan is also accompanied by an affidavit which is set forth in Exhibit 11, signed by the Developer, attesting to the conditions of the Redevelopment Area which qualify the area as a blighted area;

C. the proposed redevelopment satisfies the "but for" test set forth in Section 99.810, RSMo, in that the Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing, and the Plan is accompanied by an affidavit which is set forth in Exhibit 11, signed by the Developer, attesting to this statement;

D. the TIF Plan is in conformance with the Comprehensive Plan for the development of the City as a whole;

E. the TIF Plan contains estimated dates of completion of the redevelopment projects and estimated dates for the retirement of obligations incurred to finance redevelopment project costs, and said dates are not more than twenty-three (23) years from the adoption of an ordinance approving each Redevelopment Project within the Redevelopment Area;

F. there are no businesses existing in the Redevelopment Area that have been or will be required to relocate in order to implement the Plan. However, in the event relocation of any occupant is necessary, it will be carried out in accordance with Section 523.205 and pursuant to the Relocation Assistance Plan attached as Exhibit 13 to the TIF Plan;

G. the Plan is accompanied by a Cost Benefit Analysis and other evidence and documentation from Developer showing the economic impact of the Plan on each taxing district and political subdivision, and that the proposed projects are financially feasible, but only with TIF assistance, and the Plan and Redevelopment Projects are financially feasible for the developer only if TIF assistance is provided;

H. the TIF Plan does not include the initial development or redevelopment of any gambling establishment; and

I. the areas selected for the Redevelopment Projects include only those parcels of real property and improvements thereon which will be directly and substantially benefited by the Redevelopment Project improvements.

2. **Recommendations.** The TIF Commission recommends that the City Council take the following actions with respect to the TIF Plan:

A. adopt an ordinance to make the findings recommended in Section 1 above and adopt the Plan;

B. approve the TIF Plan;

C. designate the Redevelopment Area as a redevelopment area as provided in Section 99.805(12);

D. designate Redevelopment Project Area 1 and Redevelopment Project Area 1 by ordinance as described in the TIF Plan;

E. designate the applicant as the developer of record for the Plan and the Redevelopment Projects and enter into a tax increment financing contract with such developer for implementation of the TIF Plan.

APPROVED BY THE TAX INCREMENT FINANCING COMMISSION FOR THE CITY OF LEE'S SUMMIT THIS 2nd DAY OF FEBRUARY, 2016.

By: 
Mike Atcheson, Chair of the Tax Increment
Financing Commission

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OTHER OFFICES:
ST. LOUIS, MISSOURI
WICHITA, KANSAS
LINCOLN, NEBRASKA

March 3, 2016

TO: Lee's Summit City Council
FROM: David Bushek, Rich Wood
RE: Summary of I-470 and View High TIF Plan (the "**TIF Plan**")

Property: The Redevelopment Area contains approximately 309 acres generally located north of I-470, east of View High Drive and west of Pryor Road, and a portion located along the southeast corner of the intersection of I-40 and View High Drive, all within Jackson County, Lee's Summit, Missouri. The property owners in the Redevelopment Project Area are included in Exhibit A to this memorandum. Project Area 1 contains about 122.34 acres.

Developer: Paragon Star, LLC

Development: The Developer proposes to construct within the Project Area 1 the development listed in Exhibit B to this memorandum. The development in Project Area 1 is shown on the Preliminary Site Plan attached to the TIF Plan as Exhibit 3. This memo focuses on Project Area 1.

TIF Commission Recommendation: The Tax Increment Financing Commission voted 11-0 on February 17, 2016 to approve Resolution No. 2016-1, which recommends that the Council make required findings, approve the TIF Plan, designate the proposed property as the Redevelopment Area for the TIF Plan, approve Redevelopment Project 1 by ordinance and designate the applicant as the developer of record for the TIF Plan and the Redevelopment Projects and enter into a tax increment financing contract to implement the TIF Plan

Sources and Uses Summary: A detailed budget is included in the TIF Plan as Exhibit 7.

Financing Structure: The Plan, as amended through the TIF Commission hearing process, allows for a financing plan in which private lending sources will finance construction of the sports complex. When the project as a whole is completed, bonds can be issued by the City (or another issuer selected by the City) to provide for permanent financing of the sports complex. Only revenues bonds, repaid from TIF and CID revenues, are proposed to be issued. The City will not be requested to issue general obligation debt to finance construction of the sports complex, and City general revenues are not requested to fund the sports complex. The following is a summary of the funding sources for construction and then permanent financing of the project as a whole:

<u>Summary of Funding Sources</u>		
	Construction Financing	Permanent Financing
<u>Public Sources</u>		
Tax Increment Financing		\$13,141,000
Community Improvement District		\$4,038,000
Transportation Development District	\$20,500,000	\$20,500,000
State Funding		\$20,000,000
City General Obligation Bonds	\$1,000,000	\$1,000,000
Subtotal	\$21,500,000	\$58,679,000
<u>Private Sources</u>		
Paragon Star, LLC	\$16,608,000	\$16,608,000
Capital Management, Inc.	\$18,078,000	\$18,078,000
Van Trust Real Estate	\$81,500,000	\$81,500,000
First National Bank of Kansas	\$69,570,450	\$32,391,450
Central Bank of the Midwest	\$4,400,000	\$4,400,000
Subtotal	\$190,156,450	\$152,977,450
<u>Totals (rounded)</u>	\$211,660,000	\$211,660,000

Private Sources of Funding for Private Development: The Developer indicates that the following sources will initially fund the private project costs:

Developer Debt	\$105,770,000
Developer Equity	<u>\$46,330,000</u>
	\$152,100,000

Property Investment and Valuation:

- Current assessed valuation: \$80,885
- Total Project Costs: Approximately \$212 million
- Projected assessed valuation after Project is constructed: \$15,551,360

Ownership and Development Structure:

- City owns approximately 76 acres of property within the boundaries of Project Area 1. The City intends to enter into a Real Estate Agreement with the CID and Paragon Star to transfer ownership of the City-owned property to the CID for the portions that will become the sports complex, and transfer ownership to end users for the portions that will become privately developed areas of the project. Numerous conditions will need to be satisfied before any of the City-owned property is transferred to the CID or any other party, and those conditions are set forth below in this memorandum. These conditions serve as safeguards for the City to ensure that the project as a whole is ready to proceed, including all publicly-financed and privately-financed components, before the City transfers property to other parties.
- Jackson County, Missouri owns properties located within the boundaries of Redevelopment Project Area 1 and has expressed willingness to enter into an agreement with the Developer to use the property for shared parking and trail activities.
- The Redevelopment Area includes three redevelopment project areas, but only Project Area 1 is described in the Redevelopment Plan at this time. The Redevelopment Plan will consist of Project Area 1. No data or projections are provided in the Plan at this time for Projects 2 and 3, as they will be presented to the City as amendments to the Redevelopment Plan when those projects are ready to move forward. However, Project Area 2 is anticipated to contain office and commercial space, and Project Area 3 is anticipated to contain commercial space and possibly additional sports fields, hotel, retail and office spaces.

TIF Reimbursement and Financing Structure:

- **PILOTs:** 100% of PILOTs will be captured. The Developer projects that over the 23 year period that tax increment financing is in place, the TIF within Project Area 1 will generate \$35,678,435 in PILOTs.
- **EATs:** 50% of EATS will be captured. The Developer projects that over the 23 year period that tax increment financing is in place, the TIF within Project Area 1 will generate \$14,118,969 in EATS. It is assumed in the Redevelopment Plan that sales tax revenues will increase at a rate of 1.5% a year.
- **Reimbursable Project Costs:** TIF Revenue will reimburse \$13,140,705 of project costs, CID Sales Tax revenue will reimburse \$4,038,721 of the project costs and TDD Sales Tax revenue will reimburse \$21,904,476 of project costs.
- The Developer projects that Redevelopment Project 1 will last 23 years to provide full reimbursement for the costs associated with Project Area 1.
- No City “Super-TIF” contribution has been requested – 50% of all sales tax revenue will flow to the City as normal.
- Obligations are anticipated to be issued to finance the Redevelopment Project Costs according to the following chart:

Source	Net Bond Proceeds for Project	Developer's Projected Date
TDD Revenue Bonds	\$20,500,000	July 2016
City of Lee's Summit General Obligation Bonds for roads	\$1,000,000	--
City TIF and/or CID Revenue Bonds	\$17,179,000	2017

- The Redevelopment Plan proposes the City issue general obligation bonds in the amount of \$1,000,000 for the purpose of constructing road improvements at the intersection of I-470 and View High Drive, which the qualified voters of the City authorized in a past election.
- Annual sales after full build-out (year 2) are projected to be \$26.7 million, escalating to \$35.4 million in year 23.

CID:

- The CID is intended to be the owner of the Sports Complex component of Redevelopment Project 1 upon completion of construction of the Sports Complex. The CID will contract with third parties for the operation and maintenance of the Sports Complex.
- The CID is proposed to impose a 1.0% sales tax. The CID sales will be in effect in the retail portions of Redevelopment Project 1.
- The TIF Plan will capture half of all CID sales tax revenues as EATs, which can then be expended on TIF-eligible Reimbursable Project Costs. The Developer projects that over the 23 year period the revenue from the CID sales tax accounted for as an EATs will be \$3,627,750.
- The Developer projects that over the 23 year period that tax increment financing is in place, the CID will generate \$3,627,750 in sales tax revenues that are not captured by TIF. The Redevelopment Plan proposes that the non-captured revenue will be pledged for the reimbursement of Redevelopment Project Costs.
- The CID will apply for capital improvement financing from the State of Missouri in the amount of \$20,000,000 to be allocated towards the Redevelopment Project Costs related to the Sports Complex and walking trails.

TDD Reimbursement:

- The proposed TDD is anticipated to impose a 1% sales tax. The TDD will include the Summit Woods shopping center and other properties outside of the Project Area 1.
- No portion of the TDD area overlaps with the retail portions of Project Area 1 and the TDD sales tax. Only the CID overlaps with the retail portions of Project Area 1. As a result, none of the TDD sales tax revenues will be captured as EATs within Project Area 1 under the TIF Plan

- The TDD revenue bonds payable from the TDD sales tax revenues are estimated to contribute \$20,000,000 to fund approved transportation project costs.

Benefit to Taxing Districts: The Cost-Benefit Analysis attached to the TIF Plan as Exhibit 6 show the projected tax revenues to be generated by the Redevelopment Project for each taxing district if the project does not occur and if the project does occur with the use of TIF. Project Area 1 is divided between two school districts: Lee's Summit School District and Hickman Mills School District. 27% of the land area of Project Areas 1 is within the Lee's Summit School District and 73% of the land area of Project Areas 1 is within the Hickman Mills School District, if it is assumed that the railroad and highway rights-of-way areas are included, and 20% within the Lee's Summit School District and 80% within the Hickman Mills School District, if it is assumed that railroad and highway rights-of-way areas are not included in the land area calculations.

Required Findings: The following is a list of the findings required to be made by the City Council with a recommendation from the TIF Commission, along with references to the pages in the TIF Plan where supporting information may be found:

- **Blight:** The Redevelopment Area must be a blighted area, as such term is defined in Section 99.805(1), RSMo, as follows:
 - an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

The basis presented by the Developer in support of a blight finding is the presence of several blighting factors as set forth in the Blight Study prepared by the Developer (*Exhibit 4*). The Redevelopment Plan is also accompanied by an affidavit, signed by the Developer, attesting to the blighting conditions of the Redevelopment Area (*Exhibit 11*). The following is an overview of the blighting factors noted in the Blight Study:

- Defective or Inadequate Street Layout
 - Poor vehicular access in and around the Redevelopment Area.
 - Continued lack of internal circulation within the Redevelopment Area.
 - Limited points of ingress and egress for vehicular access, particularly emergency vehicles.
 - On existed roads within the Redevelopment Area, conditions exist which limit sight lines and contribute to insufficient lighting and unsafe road conditions for vehicles and pedestrians.
- Deterioration of Site Improvements
 - Deteriorated sit improvements primarily revolve around the abandoned mine.
 - The mine facility is rapidly deteriorating due to groundwater infiltration, ceiling deterioration and antiquated design.
 - Utilities to the mine are non-existent rendering access and use extremely hazardous.

- Unsanitary or Unsafe Conditions and Conditions which Endanger Life or Property be Fire or Other Causes
 - Significant percentage of the Redevelopment Area is impacted by an abandoned, underground quarry.
 - Portions of the mine are unsecured and portions of the mine roof systems are collapsing.
- Economic Liability and Economic Underutilization
 - In existing condition, the Redevelopment Area annually generated \$32,200 in ad valorem taxes and upon completion of the Redevelopment Projects, the estimated increase is approximately \$3,056,428.
 - There are extraordinary land development costs associated with the topographical features and lack of basic infrastructure, such as roads and utilities, within the Redevelopment Area.
- **But-For:** The proposed redevelopment must satisfy the “but for” test set forth in Section 99.810, RSMo, in that the Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment, and the TIF Plan is accompanied by an affidavit, signed by the Developer, attesting to this statement (*Exhibit 11*).
- **Cost-Benefit Analysis:** A cost-benefit analysis is required showing the economic impact of the TIF Plan on each taxing district and political subdivision within the Redevelopment Area if the project is built pursuant to the TIF Plan or is not built (*Exhibits 6*).
- **Financial Feasibility:** There must be evidence that the proposed project is financially feasible for the Developer to construct with TIF assistance (*Exhibit 11*).
- **TIF Plan Contents:** The TIF Plan must contain the following information:
 - A general description of the program to be undertaken to accomplish its objectives (*Pages 7-9*).
 - The estimated redevelopment project costs (*Page 9 and Exhibit 7*).
 - The anticipated sources of funds to pay the costs (*Page 9-12 and Exhibit 8*).
 - Evidence of the commitments to finance the project costs (*Exhibit 12*).
 - The anticipated type and term of the sources of funds to pay costs (*Pages 9-12 and Exhibit 8*).
 - The anticipated type and terms of the obligations to be issued (*Page 12*).
 - The most recent equalized assessed valuation of the property within the Redevelopment Area which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to Section 99.845, RSMo (*Page 12 and Exhibit 6*).
 - An estimate as to the equalized assessed valuation after redevelopment (*Page 13 and Exhibit 6*).

- The general land uses to apply in the Redevelopment Area (*Page 13*).
- Estimated dates for the retirement of obligations incurred to finance redevelopment project costs, and said dates are not more than twenty-three (23) years from the adoption of an ordinance approving a Redevelopment Project within the Redevelopment Area (*Pages 9-12, 14*).
- Estimated dates of completion of the redevelopment project (*Page 14*).
- **Plan Requirements:** The TIF Plan meets the following requirements:
 - The TIF Plan is in conformance with the Comprehensive Plan for the development of the City as a whole (*Page 14*).
 - A Relocation Assistance Plan has been developed for relocation assistance for businesses and residences, and the relocation of any business or residents in the Redevelopment Area, if necessary, will take place in accordance with the Relocation Assistance Plan (*Page 25 and Exhibit 13*).
 - The TIF Plan does not include the initial development or redevelopment of any gambling establishment (*Page 15*).
 - The areas selected for the Redevelopment Project include only those parcels of real property and improvements thereon which will be directly and substantially benefited by the Redevelopment Project improvements (*Pages 13-14*).

City Property: The real estate contract will be negotiated by the parties when the TIF contract is negotiated, after the TIF Plan has been approved. City staff has identified the following conditions that will need to be satisfied before the City's approximately 76-acre parcel will be transferred to the CID (or other end users, as appropriate) –

- The TIF contract has been executed by the City and Developer.
- The real estate contract has been executed by the City, the CID and Developer.
- The TDD has been formed, the TDD cooperative agreement has been executed, the TDD sales tax has been imposed, the TDD has issued debt to construct road improvements, and contracts have been executed for the construction of the road improvements to be funded by the TDD.
- The expenditure of proceeds from City general obligation bonds in the amount of \$1 million have been approved by the City for road improvements that serve the project.
- A plat has been approved for the City property and a preliminary development plan has been approved for all development in the project.
- The CID has completed all steps necessary to impose the CID sales tax.

- The City, CID and Developer have entered into a cooperative agreement which provides for the terms and conditions under which the CID will operate, the use of CID revenues, the issuance of debt that is repaid from CID revenues, the process for identifying and selecting a sports complex manager, and a process for providing all other approvals that are necessary to manage and operate the sports complex.
- The City has documentation that Developer's investors/partners have approved project budgets for their respective components of the project, and the City has documentation of binding commitments from Developer's investors/partners that they are prepared to commence construction upon delivery of the pad sites for their respective portions of the project.
- The City has documentation that all steps necessary for closing on all private financing by all of Developer's investors/partners have been completed and the closing on all private financing sources for the entire project are subject only to transfer of the City property to the CID or other appropriate parties.
- Plans and specifications for the sports complex have been completed and a contract with a guaranteed maximum price for construction of the sports complex has been executed with the selected contractor.
- The City has documentation that all steps necessary for closing on the private financing for the sports complex, by the appropriate investor/partner, has been completed and such closing is subject only to transfer of the City property to the CID.
- Documentation that state funding has been approved by the appropriate state agency, or alternative private funding sources have been identified in lieu of such state funding and the City has received documentation that the closing of such alternative private funding sources is subject only to the transfer of the City property to the CID.
- Restrictive covenants which limits use of appropriate portions of the City property for a sports complex have been recorded.
- The parties have coordinated for the issuance of building permits for all development within Project Area 1.
- Documentation that all required wetlands permits have been issued to construct all improvements within Redevelopment Project Area 1.
- Jackson County has granted all necessary approvals to use all County-owned property within Project Area 1.
- The Missouri Highways and Transportation Commission has provided approvals or authorization to make improvements to the I-470 and View High interchange.

The real estate contract will function like an "option contract" and will provide that Developer can market and arrange for the sale and mortgaging of appropriate portions of the property which are platted and intended to be developed with private uses, subject to satisfaction of the closing conditions listed above. The TIF contract and real estate contract will allow for grading and road construction to occur on the City-owned property prior to the date of transfer in order to facilitate the construction of road improvements according to the master schedule for the project.

Outstanding Issues: The following issues have been identified by City staff which will require further action or evaluation, as appropriate, for the project to move forward –

- **Regional TDD Formation:** The master schedule for the project called for the regional TDD to be formed before the TIF Plan is approved. The existing Summit Woods TDD needs to adopt a resolution of support for the regional TDD in order to file an action in circuit court to start the process to form the regional TDD. City staff is uncertain about the status of support for the regional TDD by the existing Summit Woods TDD Board of Directors. This issue has been raised with Developer by City staff.
- **Private Financing Commitments:** The letters submitted by Developer from several potential partners for the project are minimally sufficient for the Council to make a finding that the Plan is accompanied by evidence of commitments to finance the project, but City staff needs further explanation regarding these commitment letters and the arrangements under which partners will be involved with the project. The letters do not make clear what portion of each partner's investment is in the form of debt or equity funding. There is no supporting documentation from the partners indicating a willingness to make the equity investment listed on the spreadsheets that have been provided by Developer (Van Trust Real Estate, LLC, in the amount of \$24.3 million and Capital Management, LLC, in the amount of about \$5.4 million). City staff is not clear about the terms under which Paragon Star, LLC, will make an equity investment in the project in the amount of about \$16.6 million and what portion of the project costs are covered by this investment.
- **Project Cost Documentation for Private Development:** During the TIF Commission's consideration of the project, between the TIF Commission's two meeting dates in February, the total estimated project costs increased by about \$22 million. Developer indicated that the estimated project cost increases were related solely to the private components of the project based on information supplied by the Developer's partners, who will construct the various private components of the project (hotel, retail, office, residential, entertainment center, clubhouse, restaurant, parking garage). Developer has presented detail in the Plan regarding project cost estimates, but staff has not seen cost projections for the several private components of the project from the investors/partners that will construct those portions of the project.
- **MoDOT Evaluation:** The City has not seen documentation from MoDOT regarding MoDOT's evaluation of the road improvements on right-of-way within MoDOT's jurisdiction that must be constructed to serve the project.
- **Valuation for City-Owned Property:** Developer and City staff have not reached agreement on a valuation for the property owned by the City. This issue will need to be resolved for the terms of the real estate transfer to be completed. Developer has engaged an appraiser for the parties to evaluate this issue.
- **Master Developer coordination:** Developer has indicated that a consultant will be brought into the project to coordinate the planning, design and construction of the project, including coordination among the several investors/partners that will construct the private components of the project. The involvement of this consultant will be critical to the success of the project, but without knowledge of the company and persons that will perform this work, City staff cannot evaluate project coordination.

- **Retail Developer:** Developer has not identified a partner that will secure retail tenants for the project.

EXHIBIT A

PROPERTY OWNERSHIP IN TIF REDEVELOPMENT AREA

<u>Property Owner</u>	<u>Parcel Number</u>	<u>Project Area</u>	<u>Square Feet</u>
Jackson County, Missouri	51-900-02-02-01-0-00-000	1	98,405
Happy Valley Properties, LLC	51-900-02-07-00-0-00-000	1	405,354
Happy Valley Properties, LLC	51-900-02-10-00-0-00-000	1	73,465
Happy Valley Properties, LLC	51-900-02-09-00-0-00-000	1	81,258
Happy Valley Properties, LLC	51-900-02-08-00-0-00-000	1	108,639
Jackson County, Missouri	51-900-02-02-03-0-00-000	1	66,376
City of Lee's Summit, Missouri	51-900-02-01-00-0-00-000	1	3,412,490
Jackson County, Missouri	51-900-02-06-01-0-00-000	1	1,013,007
City of Lee's Summit, Missouri	51-900-02-06-02-0-00-000	1	81,182
Happy Valley Properties, LLC	51-900-03-06-00-0-00-000	2	232,165
Happy Valley Properties, LLC	51-900-03-02-00-0-00-000	2	1,427,991
Happy Valley Properties, LLC	51-900-02-05-00-0-00-000	2	93,180
Jackson County, Missouri	51-900-01-06-02-0-00-000	3	405,097
Jackson County, Missouri	51-900-01-03-00-0-00-000	3	1,315,102
Kenneth L. S. Kay Gerdts	51-900-01-06-01-0-00-000	3	515,598
The Family Ranch, LLC	51-900-01-11-00-0-00-000	3	839,993
Jerry D & Deia S Rank	51-900-01-09-00-0-00-000	3	127,839
George C. Brinton	51-900-01-10-00-0-00-000	3	155,968
The Family Ranch, LLC	51-800-02-06-00-0-00-000	3	1,180,113
The Family Ranch, LLC	51-800-02-21-00-0-00-000	3	1,602,813
The Family Ranch, LLC	51-800-01-03-00-0-00-000	3	235,381

EXHIBIT B

PROPOSED LAND USES IN PROJECT 1 AREA

<u>Use</u>	<u>Square Feet</u>	<u>Unit Size</u>
Multi-sport fields	--	10
Clubhouse	23,000	--
Sand Volleyball Courts	--	8
Multifamily residential project	--	220
Office Space	90,000	--
Hotel	--	120
Retail Space	79,000	--

Rate of Return

Project Completed with TIF				
	Revenue	Expense	TIF Reim.	Net Revenue
2015		(3,600,000)		(3,600,000)
2016		(6,904,938)		(6,904,938)
2017	9,726,948	0	2,405,938	12,132,886
Totals	9,726,948	(10,504,938)	2,405,938	1,627,948
			IRR	11.22%

Project Completed without TIF				
	Revenue	Expense	TIF Reim.	Net Revenue
2015		(3,600,000)		(3,600,000)
2016		(6,904,938)		(6,904,938)
2017	9,726,948	0	0	9,726,948
Totals	9,726,948	(10,504,938)	0	(777,990)
			IRR	-5.60%

Cost Inputs:

From Developer

Land value at date of transfer	2015	3,600,000
Wetlands Mitigation	2016	1,600,000
North Village Infrastructure	2016	694,000
South Village Infrastructure	2016	2,205,000
Developer Fee	2016	1,252,500
Soft Costs	2016	720,605
		10,072,105

From TIF

Sanitary Sewer right of way	2016	173,262
Storm Sewer within right of way	2016	97,194
Water Main within right of way	2016	110,220
Primary Electrical Duct Bank within right of way	2016	52,157
		432,833
		Total Costs Input: 10,504,938

TIF Reimbursement

TIF Costs from above	2016	432,833
Developer Fee	2016	1,252,500
Soft Costs	2016	720,605
		Total TIF Reimbursement: 2,405,938

Lot Sales		Number of	Square Feet	Price	Total Sales
		Acres	Being Sold	Sq Ft	Price
Happy Valley North Sales	2017	3.0	130,680	11	1,437,480
Happy Valley North Sales	2017	2.0	87,120	11	958,320
Happy Valley North Sales	2017	3.0	130,680	11	1,437,480
Happy Valley North Sales	2017	2.0	87,120	11	958,320
Van Trust Development Lots	2017	5.2	226,512	11	2,491,632
Clubhouse Lot	2017	5.1	222,156	11	2,443,716
					9,726,948

Square Feet per Acre: 43,560

Price per square foot is an estimate and will be updated based upon a full appraisal.

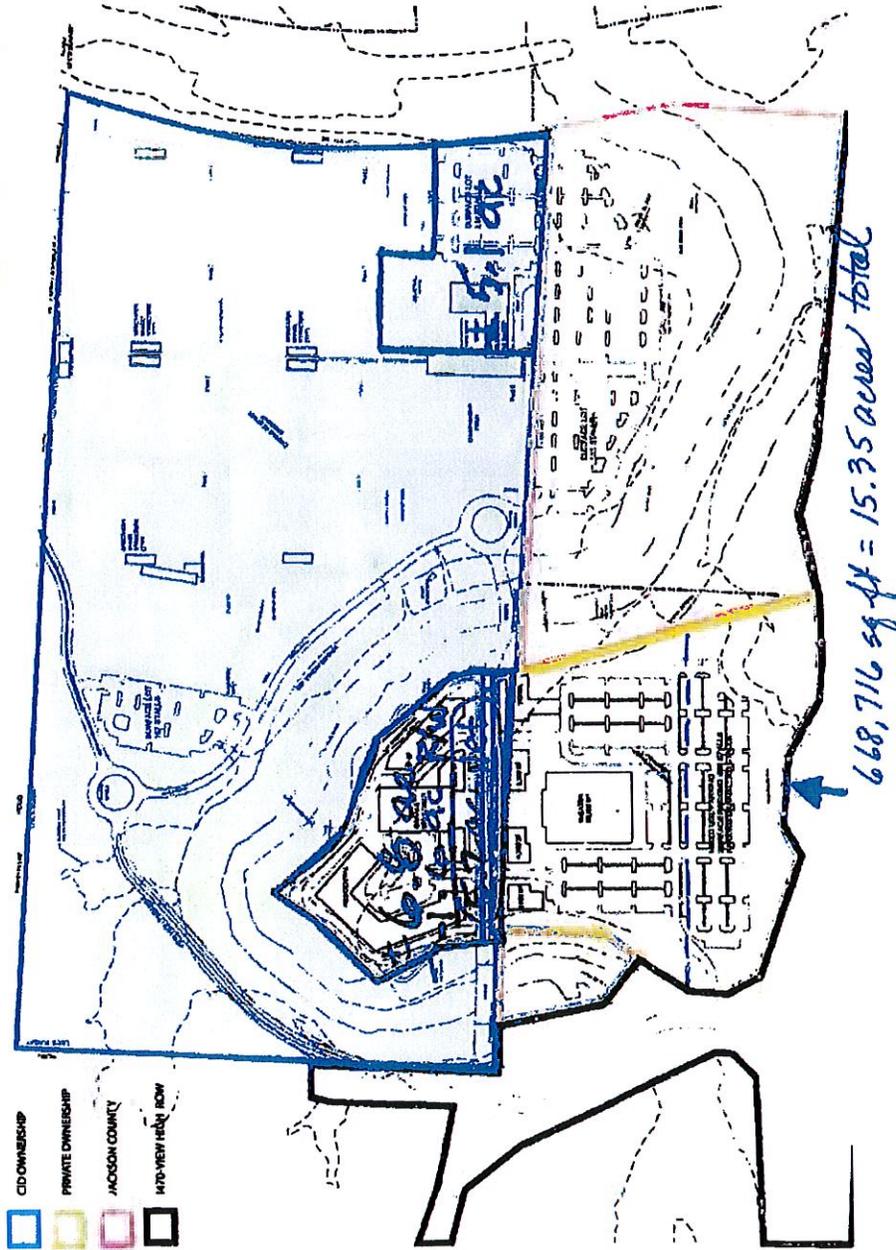
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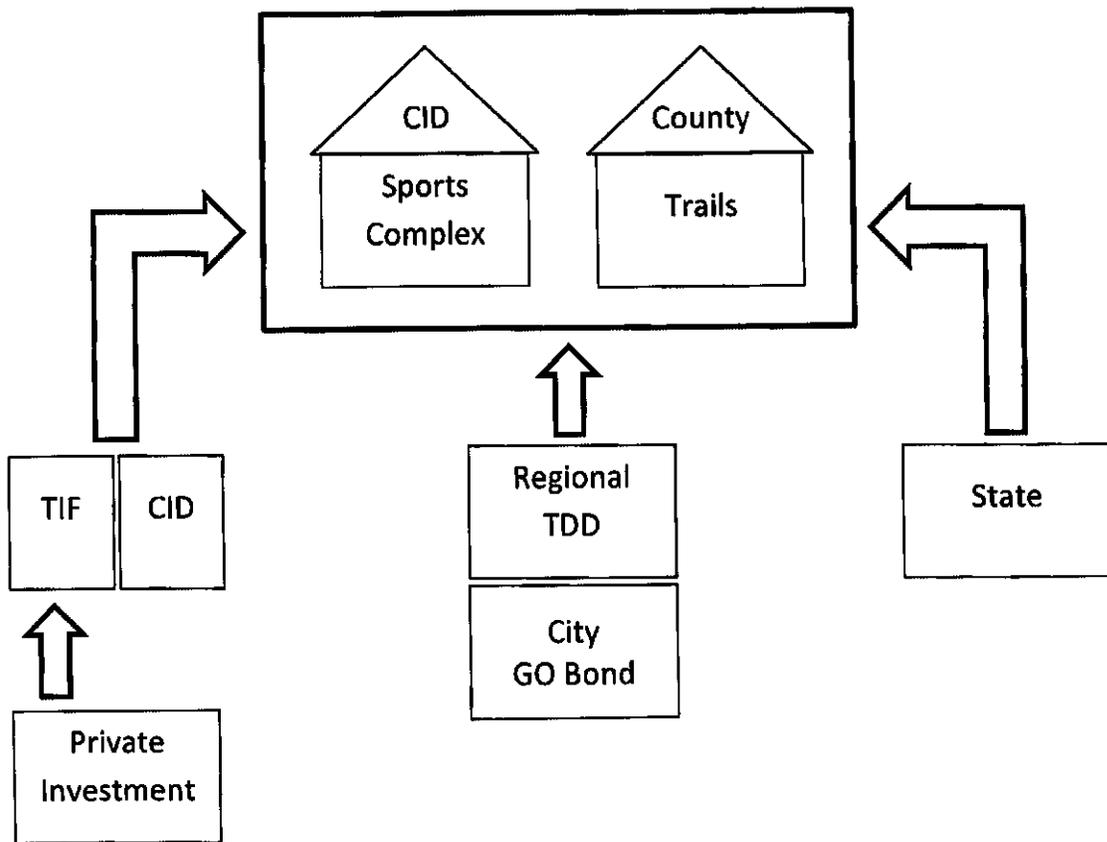
Approximate land areas of Private Development
w/1 City Parcel

Mixed use area: 5.2 ac net of R/W
Clubhouse & parking: 5.1 ac.

Exhibit B to development agreement
CID Partition



Paragon Star [Capital Improvement] TIF





NON-SCHOOL DISTRICT TAXING
\$10,000,000 MV @ 32% DISTRICTS

Exhibit 6 - TIF COST BENEFIT ANALYSIS WITH
TIF ASSESSED, VALUES, LEVIES, AND
RESULTING TAXES BY YEAR
02-17-16

REAL PROPERTY TAX	CITY	STATE BLIND PENSION	MENTAL HEALTH	DISABLES SERVICES	SCHOOL DISTRICT	INVENTORY REPLACEMENT	METRO COLLEGE	LIBRARY	COUNTY GENERAL	TOTAL REAL PROPERTY
	1.5363%	0.0300%	0.1198%	0.0738%	6.5935%	1.4370%	0.2343%	0.3146%	0.4956%	
	49,162	960	3,834	2,362	0	45,984	7,498	10,067	15,859	135,725
	49,899	974	3,891	2,397	0	46,674	7,610	10,218	16,097	137,761
	50,648	989	3,949	2,433	0	47,374	7,724	10,371	16,339	139,827
	51,407	1,004	4,009	2,469	0	48,084	7,840	10,527	16,584	141,924
	52,178	1,019	4,069	2,507	0	48,806	7,958	10,685	16,832	144,053
	52,961	1,034	4,130	2,544	0	49,538	8,077	10,845	17,085	146,214
	53,755	1,050	4,192	2,582	0	50,281	8,198	11,008	17,341	148,407
	54,562	1,065	4,255	2,621	0	51,035	8,321	11,173	17,601	150,633
	55,380	1,081	4,319	2,660	0	51,801	8,446	11,341	17,865	152,893
	56,211	1,098	4,383	2,700	0	52,578	8,573	11,511	18,133	155,186
	57,054	1,114	4,449	2,741	0	53,366	8,701	11,683	18,405	157,514
	57,910	1,131	4,516	2,782	0	54,167	8,832	11,859	18,681	159,877
	58,779	1,148	4,584	2,824	0	54,979	8,964	12,037	18,962	162,275
	59,660	1,165	4,652	2,866	0	55,804	9,099	12,217	19,246	164,709
	60,555	1,182	4,722	2,909	0	56,641	9,235	12,400	19,535	167,180
	61,463	1,200	4,793	2,953	0	57,491	9,374	12,586	19,828	169,687
	62,385	1,218	4,865	2,997	0	58,353	9,514	12,775	20,125	172,233
	63,321	1,236	4,938	3,042	0	59,228	9,657	12,967	20,427	174,816
	64,271	1,255	5,012	3,087	0	60,117	9,802	13,161	20,733	177,439
	65,235	1,274	5,087	3,134	0	61,019	9,949	13,359	21,044	180,100
	66,214	1,293	5,163	3,181	0	61,934	10,098	13,559	21,360	182,802
	67,207	1,312	5,241	3,228	0	62,863	10,250	13,762	21,680	185,544
	68,215	1,332	5,319	3,277	0	63,806	10,403	13,969	22,006	188,327
PRESENT VALUE	1,338,432	26,136	104,370	64,295	0	1,251,921	204,123	274,081	431,769	3,695,127
	689,672	13,468	53,780	33,130	0	645,095	105,181	141,230	222,484	1,904,040

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[Handwritten signature]



Exhibit 6 - TIF COST BENEFIT ANALYSIS WITH
TIF ASSESSED, VALUES, LEVIES, AND
RESULTING TAXES BY YEAR
02-17-16

10,000,000 MVC @ 32%
WITH SCHOOL DISTRICTS

REAL PROPERTY TAX	CITY	STATE BLIND PENSION	MENTAL HEALTH	DISABLES SERVICES	SCHOOL DISTRICT	INVENTORY REPLACEMENT	METRO COLLEGE	LIBRARY	COUNTY GENERAL	TOTAL REAL PROPERTY
	1.5363%	0.0300%	0.1198%	0.0738%	6.5935%	1.4370%	0.2343%	0.3146%	0.4956%	
	49,162	960	3,834	2,362	210,992	45,984	7,498	10,067	15,859	346,717
	49,899	974	3,891	2,397	214,157	46,674	7,610	10,218	16,097	351,918
	50,648	989	3,949	2,433	217,369	47,374	7,724	10,371	16,339	357,196
	51,407	1,004	4,009	2,469	220,630	48,084	7,840	10,527	16,584	362,554
	52,178	1,019	4,069	2,507	223,939	48,806	7,958	10,685	16,832	367,993
	52,961	1,034	4,130	2,544	227,298	49,538	8,077	10,845	17,085	373,512
	53,755	1,050	4,192	2,582	230,708	50,281	8,198	11,008	17,341	379,115
	54,562	1,065	4,255	2,621	234,168	51,035	8,321	11,173	17,601	384,802
	55,380	1,081	4,319	2,660	237,681	51,801	8,446	11,341	17,865	390,574
	56,211	1,098	4,383	2,700	241,246	52,578	8,573	11,511	18,133	396,433
	57,054	1,114	4,449	2,741	244,865	53,366	8,701	11,683	18,405	402,379
	57,910	1,131	4,516	2,782	248,538	54,167	8,832	11,859	18,681	408,415
	58,779	1,148	4,584	2,824	252,266	54,979	8,964	12,037	18,962	414,541
	59,660	1,165	4,652	2,866	256,050	55,804	9,099	12,217	19,246	420,759
	60,555	1,182	4,722	2,909	259,891	56,641	9,235	12,400	19,535	427,070
	61,463	1,200	4,793	2,953	263,789	57,491	9,374	12,586	19,828	433,476
	62,385	1,218	4,865	2,997	267,746	58,353	9,514	12,775	20,125	439,979
	63,321	1,236	4,938	3,042	271,762	59,228	9,657	12,967	20,427	446,578
	64,271	1,255	5,012	3,087	275,838	60,117	9,802	13,161	20,733	453,277
	65,235	1,274	5,087	3,134	279,976	61,019	9,949	13,359	21,044	460,076
	66,214	1,293	5,163	3,181	284,176	61,934	10,098	13,559	21,360	466,977
	67,207	1,312	5,241	3,228	288,438	62,863	10,250	13,762	21,680	473,982
	68,215	1,332	5,319	3,277	292,765	63,806	10,403	13,969	22,006	481,092
PRESENT VALUE	1,338,432	26,136	104,370	64,295	5,744,288	1,251,921	204,123	274,081	431,769	9,439,415
	689,672	13,468	53,780	33,130	2,959,940	645,095	105,181	141,230	222,484	4,863,980

	%	% of 1.6M	50%
1,600,000			
City	1.5363%	24,581	12,290
State (Blind Pension)	0.0300%	480	240
Mental Health	0.1198%	1,917	958
Board of Disabled Services	0.0738%	1,181	590
School District	6.5935%	105,496	52,748
Inventory Replacement	1.4370%	22,992	11,496
Metro Community College	0.2343%	3,749	1,874
Mid-Continent Library	0.3146%	5,034	2,517
Jackson County General	0.4953%	7,925	3,962

RESOLUTION NO. 2016-1

A RESOLUTION OF THE LEE'S SUMMIT TAX INCREMENT FINANCING COMMISSION RECOMMENDING THAT THE CITY COUNCIL APPROVE THE I-470 AND VIEW HIGH TAX INCREMENT FINANCING PLAN, APPROVE REDEVELOPMENT PROJECT 1 FOR THE PLAN AND TAKE OTHER RELATED ACTIONS TO IMPLEMENT THE PLAN.

WHEREAS, the Tax Increment Financing Commission of Lee's Summit, Missouri ("**TIF Commission**"), has been duly formed by the City Council of the City of Lee's Summit, Missouri ("**City Council**") pursuant to Section 99.820.2 of the Revised Statutes of Missouri ("**RSMo**");

WHEREAS, Paragon Star, LLC (the "**Developer**"), submitted a proposal for approval of the I-470 and View High Tax Increment Financing Plan (the "**TIF Plan**"), which was placed on file in the Office of the City Clerk on January 6, 2016, which proposes for redevelopment of the proposed Redevelopment Area, which contains approximately 309 acres of undeveloped property, through the development of a sports and entertainment complex and accompanying retail, commercial, office and residential uses through the use of tax increment financing and other public and private funding sources;

WHEREAS, on December 18, 2015, the City mailed written notices of the scheduled TIF Commission public hearing to all taxing districts from which taxable property is included in the proposed Redevelopment Area (the "**Taxing Districts**"), in compliance with Sections 99.825 and 99.830, RSMo;

WHEREAS, on January 8, 2016, the City published notice in the *Lee's Summit Journal* of the scheduled TIF Commission public hearing to consider the merits of the Plan, in compliance with Section 99.830, RSMo;

WHEREAS, on January 20, 2016, the City mailed written notices of the scheduled TIF Commission public hearing to all persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the Redevelopment Area of the Plan, in compliance with Section 99.830, RSMo;

WHEREAS, on January 26, 2016, notice of the TIF Commission meeting at which the public hearing will be held for consideration of the Plan was posted in compliance with the Missouri Sunshine Law, Sections 610.010 to 610.225, RSMo, and the special notice requirements set forth in Section 67.2725, RSMo;

WHEREAS, on January 27, 2016, the City again published notice in the *Lee's Summit Journal* of the scheduled TIF Commission public hearing to consider the merits of the Plan, in compliance with Section 99.830, RSMo;

WHEREAS, the public hearing conducted by the TIF Commission to consider the TIF Plan was open to the public, a quorum of the Commissioners was present and acted throughout, and the proper notice of such hearing was given in accordance with all applicable laws including Chapter 610, RSMo;

WHEREAS, a copy of the notice of the public hearing has been submitted to the Director of the Department of Economic Development, in compliance with Sections 99.825 and 99.830, RSMo.

WHEREAS, after considering the evidence and testimony received at the public hearing, the TIF Commission now desires to recommend that the City Council make required findings and take certain actions to adopt and implement the Plan.

NOW, THEREFORE, be it resolved by the Tax Increment Financing Commission for the City of Lee's Summit:

1. **Findings.** In accordance with Section 99.810, RSMo, the TIF Commission makes the following findings and recommends that the City Council by ordinance make the following findings regarding the TIF Plan:

A. the TIF Plan sets forth in writing a general description of the program to be undertaken to accomplish its objectives, including the estimated redevelopment project costs, the anticipated sources of funds to pay the costs, evidence of the commitments to finance the initial project costs which are expected to be incurred, the anticipated type and term of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued, the most recent equalized assessed valuation of the property within the Redevelopment Area which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to Section 99.845, RSMo, an estimate as to the equalized assessed valuation after redevelopment, and the general land uses to apply in the Redevelopment Area;

B. the Redevelopment Area is a blighted area, as such term is defined in Section 99.805(1), RSMo, due to the presence of several blighting factors as set forth in the Blight Study set forth in Exhibit 4 of the TIF Plan. The TIF Plan is also accompanied by an affidavit which is set forth in Exhibit 11, signed by the Developer, attesting to the conditions of the Redevelopment Area which qualify the area as a blighted area;

C. the proposed redevelopment satisfies the "but for" test set forth in Section 99.810, RSMo, in that the Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing, and the Plan is accompanied by an affidavit which is set forth in Exhibit 11, signed by the Developer, attesting to this statement;

D. the TIF Plan is in conformance with the Comprehensive Plan for the development of the City as a whole;

E. the TIF Plan contains estimated dates of completion of the redevelopment projects and estimated dates for the retirement of obligations incurred to finance redevelopment project costs, and said dates are not more than twenty-three (23) years from the adoption of an ordinance approving each Redevelopment Project within the Redevelopment Area;

F. there are no businesses existing in the Redevelopment Area that have been or will be required to relocate in order to implement the Plan. However, in the event relocation of any occupant is necessary, it will be carried out in accordance with Section 523.205 and pursuant to the Relocation Assistance Plan attached as Exhibit 13 to the TIF Plan;

G. the Plan is accompanied by a Cost Benefit Analysis and other evidence and documentation from Developer showing the economic impact of the Plan on each taxing district and political subdivision, and that the proposed projects are financially feasible, but only with TIF assistance, and the Plan and Redevelopment Projects are financially feasible for the developer only if TIF assistance is provided;

H. the TIF Plan does not include the initial development or redevelopment of any gambling establishment; and

I. the areas selected for the Redevelopment Projects include only those parcels of real property and improvements thereon which will be directly and substantially benefited by the Redevelopment Project improvements.

2. **Recommendations.** The TIF Commission recommends that the City Council take the following actions with respect to the TIF Plan:

A. adopt an ordinance to make the findings recommended in Section 1 above and adopt the Plan;

B. approve the TIF Plan;

C. designate the Redevelopment Area as a redevelopment area as provided in Section 99.805(12);

D. designate Redevelopment Project Area 1 and Redevelopment Project Area 1 by ordinance as described in the TIF Plan;

E. designate the applicant as the developer of record for the Plan and the Redevelopment Projects and enter into a tax increment financing contract with such developer for implementation of the TIF Plan.

APPROVED BY THE TAX INCREMENT FINANCING COMMISSION FOR THE CITY OF LEE'S SUMMIT THIS 2nd DAY OF FEBRUARY, 2016.

By: 
Mike Atcheson, Chair of the Tax Increment
Financing Commission