
CITY OF LEE'S SUMMIT, MISSOURI

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

FOR THE

TUDOR & DOUGLAS APARTMENTS PROJECT

MAILED: NOVEMBER 22, 2022

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 \$65,700,000 (the "Bonds"), to finance costs of a commercial development project (the "Project") for Archview Properties, LLC, or its assignee or designee (the "Company") as more fully described herein. The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

This Plan for an Industrial Development Project and Cost-Benefit Analysis (the "Plan") has been prepared to satisfy requirements of the Act and to analyze the potential costs and benefits, including the related tax impact on all affected taxing jurisdictions, of using industrial development revenue bonds to finance the Project.

II. GENERAL DESCRIPTION OF CHAPTER 100 FINANCINGS

General. The Act authorizes cities, counties, towns and villages to issue industrial development revenue bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities. The leasing of residential property for a profit is a commercial undertaking.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from the project. The municipality issues its bonds and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of a series of the bonds, the landowner will convey to the municipality title to the property included in the project. At the same time, the municipality will lease the property, including the project, back to the benefited company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the municipality, to use the bond proceeds to pay the costs or reimburse the costs of purchasing, constructing and installing the project, as applicable.

Under the lease agreement, the benefitted company typically: (1) will unconditionally agree to make payments sufficient to pay the principal of and interest on the bonds as they become due; (2) will agree, at its own expense, to maintain the project, to pay all un-abated taxes and assessments with respect to the project, and to maintain adequate insurance; (3) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (4) may assign its interests under the lease agreement or sublease the project while remaining responsible for payments under the lease agreement; (5) will covenant to maintain its corporate existence during the term of the bond issue; and (6) will agree to indemnify the municipality for any liability the municipality might incur as a result of its participation in the transaction.

Property Tax Abatement. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. In a typical transaction, the municipality holds fee title to the project and leases the project to the benefited company. Under this Plan, the Company will agree to make "payments in lieu of taxes" in an amount calculated to equal a portion of the taxes that would be due on the Project were it not for ownership by the City. The payments in lieu of taxes are payable in December of each year, and are distributed to the

municipality and to each political subdivision within the boundaries of the Project in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

III. DESCRIPTION OF THE PARTIES

The Company. Archview Properties, LLC is a company affiliated with Cityscape Residential, which has developed and operates apartment complexes containing over 13,800 units in Missouri, Kansas, Indiana and Kentucky, including multiple existing locations within the City.

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 an apartment complex with approximately 358 units spread across eight four-story apartment buildings, with a clubhouse and pool facility, pickleball and bocce ball courts, a business center, separate dog parks for large and small dogs, a maintenance building, onsite detention basin, and parking that includes detached garages for some units. The Project will be situated on approximately 13.2 acres located south of NW Tudor Road, between NW Commerce Drive and NE Douglas Street. A preliminary site plan is shown below:



Estimate of the Costs of the Project. The Project is expected to cost approximately \$65,700,000. The investments are anticipated to be made in 2023 and 2024, 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 \$65,700,000, to be issued by the City and purchased by the Company and, if needed, other available funds of the Company. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project. The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The City will hold title to the Project site under the Chapter 100 transactions. The City will lease the Project to the Company for lease payments equal to the principal and interest payments on the Bonds. Under the terms of the lease agreement with the City, the Company will have the option to purchase the Project at any time and will have the obligation to purchase the Project at the termination of the lease.

Affected Taxing Districts. The Lee's Summit R-VII School District is the school district, Jackson County, Missouri is the county, the City is the city, and the Junior College District of Metropolitan Kansas City, Missouri is the community college district affected by the Project. There is no fire or ambulance district affected by the Project. The Cost-Benefit Analysis attached hereto for the Project identifies all other taxing districts affected by the Project.

Assessed Valuation. The most recent equalized assessed valuation of the Project site is \$17,765 (portions of the Project site are currently owned by the City and are not subject to taxation). The estimated total equalized assessed valuation of the Project site after development of the Project is \$11,355,685.

Payments in Lieu of Taxes. If this Plan is approved by the City Council, the City intends to issue the Bonds in 2023. The Company will make payments in lieu of taxes ("PILOTS") for the Project as follows: (1) prior to construction, the amount calculated to equal the taxes that would have been due on the unimproved land were it in private ownership, (2) during construction, an amount calculated from a starting point of \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025, for units under construction, pro-rated by percentage of completion, and (3) from and after completion, for a period of 10 years, a fixed PILOT calculated from a starting point of \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025.

The total PILOT payments are estimated in the Cost-Benefit Analysis attached hereto. The actual Project implementation and abatement timing may vary from what is shown in the Cost-Benefit Analysis. PILOT payments will be distributed to the taxing jurisdictions by or at the direction of the City.

Cost-Benefit Analysis. In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, this Plan has been prepared to show the costs and benefits to the City and to other taxing jurisdictions affected by the Project. This Plan does not attempt to quantify the overall economic impact of the Project. The tax rates used in this Plan reflect the rates in effect for the tax year 2022. The actual years and PILOT amounts may vary based on Project implementation.

V. SALES AND USE TAX EXEMPTION

Sales and Use Tax Exemption on Construction Materials. Qualified building materials purchased for the construction of the Project are expected to be exempt from sales and use tax pursuant to the provisions of Section 144.062 of the Revised Statutes of Missouri and the underlying Bond documents upon delivery of a project exemption certificate by the City to the Company. For purposes of determining the impact of the sales and use tax exemptions for the qualified building materials on the affected taxing jurisdictions, it is assumed that the total amount of qualified building materials purchased will be \$18,620,000 and that the situs of sale for 8% of the purchases will be the Project Site or otherwise within the City. Please note that any variance in these assumptions will alter the fiscal impact of the sales and use tax exemptions on the affected taxing jurisdictions.

Based on the assumptions set forth above, the fiscal impact on the affected taxing jurisdictions of the sales and use tax exemptions for qualified building materials is as follows:

	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%	\$62,936	4.225%	\$723,759
Jackson County				
General	0.500	7,448	n/a	-
Drug Task Force	0.250	3,724	n/a	-
Sports Complex	0.375	5,586	n/a	-
Zoological District	0.125	1,862	n/a	-
City of Lee's Summit				
General	1.000	14,896	1.000	171,304
Parks	0.250	3,724	0.250	42,826
Capital Projects	0.500	7,448	0.500	85,652
Transportation	0.500	7,448	0.500	85,652
Public Safety	0.500	7,448	0.500	85,652
Children's Services Fund *	0.125	1,862	n/a	-
Total	8.350%	\$124,382	6.975%	\$1,194,845

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

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**City of Lee's Summit, Missouri
(Tudor & Douglas Apartments 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 (Existing Site) 2023
- ♦ Assessed Value of Existing Site without Project Improvements in 2023 (mixed use, partial municipal ownership) \$ 17,765
- ♦ Biennial growth rate of Existing Site without Project Improvements 2.0%
- ♦ Assessed Value of Site at start of Project (residential use, private ownership) \$ 557,365
- ♦ Starting Point for Calculation of Assessed Value of Improvements

Units	\$ per Doors	Assessed Value
358	\$ 2,486	\$ 11,024,937 *

- ♦ Percent Complete 1/1/2024 50%
1/1/2025 100%
- ♦ Biennial growth rate of appraised value of real property 3.0%
- ♦ Fixed PILOT as described below:

Abatement Year	Calendar Year	PILOT **
	2023	44,993
	2024	322,200
1	2025	663,732
2	2026	663,732
3	2027	683,644
4	2028	683,644
5	2029	704,153
6	2030	704,153
7	2031	725,278
8	2032	725,278
9	2033	747,036
10	2034	747,036

* 3.0% biennial growth rate starting in 2025.

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

Summary of Cost Benefit Analysis

Taxing Jurisdiction	Tax Rate	Taxes on Existing Site without Project Improvements	Projected Taxes without Abatement	Projected PILOTS	Projected Abatement
Board of Disabled Services	0.0836	\$ 187	\$ 105,877	\$ 76,790	\$ 29,088
City - Lees Summit	1.4199	3,182	1,798,269	1,304,229	494,040
Jackson County	0.5920	1,327	749,754	543,773	205,980
Lee's Summit R-7 School District	5.3089	11,899	6,723,593	4,876,415	1,847,179
Mental Health	0.1113	249	140,959	102,233	38,726
Metro Junior College	0.2028	455	256,841	186,279	70,562
Mid-Continent Library	0.3240	726	410,338	297,606	112,733
State Blind Pension	0.0300	67	37,994	27,556	10,438
	8.0725	\$ 18,093	\$ 10,223,626	\$ 7,414,880	\$ 2,808,746

Taxes on Existing Site without Project Improvements

Estimated Assessed Value of Existing Site without Project Improvements															
		\$	17,765	\$	17,765	\$	18,120	\$	18,120	\$	18,483	\$	18,483	\$	18,852
Taxing Jurisdiction	Tax Rate per \$100		2023		2024		2025		2026		2027		2028		2029
Board of Disabled Services	0.0836	\$	15	\$	15	\$	15	\$	15	\$	15	\$	15	\$	16
City - Lees Summit	1.4199		252		252		257		257		262		262		268
Jackson County	0.5920		105		105		107		107		109		109		112
Lee's Summit R-7 School District	5.3089		943		943		962		962		981		981		1,001
Mental Health	0.1113		20		20		20		20		21		21		21
Metro Junior College	0.2028		36		36		37		37		37		37		38
Mid-Continent Library	0.3240		58		58		59		59		60		60		61
State Blind Pension	0.0300		5		5		5		5		6		6		6
	8.0725	\$	1,434	\$	1,434	\$	1,463	\$	1,463	\$	1,492	\$	1,492	\$	1,522

Estimated Assessed Value of Existing Site without Project Improvements													
		\$	18,852	\$	19,229	\$	19,229	\$	19,614	\$	19,614		
Taxing Jurisdiction	Tax Rate per \$100		2030		2031		2032		2033		2034	Total	
Board of Disabled Services	0.0836	\$	16	\$	16	\$	16	\$	16	\$	16	\$	187
City - Lees Summit	1.4199		268		273		273		279		279		3,182
Jackson County	0.5920		112		114		114		116		116		1,327
Lee's Summit R-7 School District	5.3089		1,001		1,021		1,021		1,041		1,041		11,899
Mental Health	0.1113		21		21		21		22		22		249
Metro Junior College	0.2028		38		39		39		40		40		455
Mid-Continent Library	0.3240		61		62		62		64		64		726
State Blind Pension	0.0300		6		6		6		6		6		67
	8.0725	\$	1,522	\$	1,552	\$	1,552	\$	1,583	\$	1,583	\$	18,093

Projected Taxes Without Abatement

Estimated Assessed Value of Improvements		\$ 557,365	\$ 5,512,468	\$ 11,355,685	\$ 11,355,685	\$ 11,696,355	\$ 11,696,355	\$ 12,047,246
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029
Board of Disabled Services	0.0836	\$ 466	\$ 4,608	\$ 9,493	\$ 9,493	\$ 9,778	\$ 9,778	\$ 10,072
City - Lees Summit	1.4199	7,914	78,272	161,239	161,239	166,077	166,077	171,059
Jackson County	0.5920	3,300	32,634	67,226	67,226	69,242	69,242	71,320
Lee's Summit R-7 School District	5.3089	29,590	292,651	602,862	602,862	620,948	620,948	639,576
Mental Health	0.1113	620	6,135	12,639	12,639	13,018	13,018	13,409
Metro Junior College	0.2028	1,130	11,179	23,029	23,029	23,720	23,720	24,432
Mid-Continent Library	0.3240	1,806	17,860	36,792	36,792	37,896	37,896	39,033
State Blind Pension	0.0300	167	1,654	3,407	3,407	3,509	3,509	3,614
	8.0725	\$ 44,993	\$ 444,994	\$ 916,688	\$ 916,688	\$ 944,188	\$ 944,188	\$ 972,514

Estimated Assessed Value of Improvements		\$ 12,047,246	\$ 12,408,663	\$ 12,408,663	\$ 12,780,923	\$ 12,780,923	
Taxing Jurisdiction	Tax Rate per \$100	2030	2031	2032	2033	2034	Total
Board of Disabled Services	0.0836	\$ 10,072	\$ 10,374	\$ 10,374	\$ 10,685	\$ 10,685	\$ 105,877
City - Lees Summit	1.4199	171,059	176,191	176,191	181,476	181,476	1,798,269
Jackson County	0.5920	71,320	73,459	73,459	75,663	75,663	749,754
Lee's Summit R-7 School District	5.3089	639,576	658,764	658,764	678,526	678,526	6,723,593
Mental Health	0.1113	13,409	13,811	13,811	14,225	14,225	140,959
Metro Junior College	0.2028	24,432	25,165	25,165	25,920	25,920	256,841
Mid-Continent Library	0.3240	39,033	40,204	40,204	41,410	41,410	410,338
State Blind Pension	0.0300	3,614	3,723	3,723	3,834	3,834	37,994
	8.0725	\$ 972,514	\$ 1,001,689	\$ 1,001,689	\$ 1,031,740	\$ 1,031,740	\$ 10,223,626

Projected PILOTS

Estimated Assessed Value of Improvements	\$	557,365	\$	5,512,468	\$	11,355,685	\$	11,355,685	\$	11,696,355	\$	11,696,355	\$	12,047,246
PILOT Amount	\$	44,993	\$	322,200	\$	663,732	\$	663,732	\$	683,644	\$	683,644	\$	704,153

Taxing Jurisdiction	Tax Rate per \$100	2023 - 2029							
		2023	2024	2025	2026	2027	2028	2029	
Board of Disabled Services	0.0836	\$ 466	\$ 3,337	\$ 6,874	\$ 6,874	\$ 7,080	\$ 7,080	\$ 7,292	
City - Lees Summit	1.4199	7,914	56,673	116,746	116,746	120,249	120,249	123,856	
Jackson County	0.5920	3,300	23,629	48,675	48,675	50,135	50,135	51,639	
Lee's Summit R-7 School District	5.3089	29,590	211,896	436,505	436,505	449,600	449,600	463,088	
Mental Health	0.1113	620	4,442	9,151	9,151	9,426	9,426	9,709	
Metro Junior College	0.2028	1,130	8,094	16,674	16,674	17,175	17,175	17,690	
Mid-Continent Library	0.3240	1,806	12,932	26,640	26,640	27,439	27,439	28,262	
State Blind Pension	0.0300	167	1,197	2,467	2,467	2,541	2,541	2,617	
	8.0725	\$ 44,993	\$ 322,200	\$ 663,732	\$ 663,732	\$ 683,644	\$ 683,644	\$ 704,153	

Estimated Assessed Value of Improvements	\$	12,047,246	\$	12,408,663	\$	12,408,663	\$	12,780,923	\$	12,780,923
PILOT Amount	\$	704,153	\$	725,278	\$	725,278	\$	747,036	\$	747,036

Taxing Jurisdiction	Tax Rate per \$100	2030 - 2034						Total
		2030	2031	2032	2033	2034		
Board of Disabled Services	0.0836	\$ 7,292	\$ 7,511	\$ 7,511	\$ 7,736	\$ 7,736	\$ 76,790	
City - Lees Summit	1.4199	123,856	127,572	127,572	131,399	131,399	1,304,229	
Jackson County	0.5920	51,639	53,189	53,189	54,784	54,784	543,773	
Lee's Summit R-7 School District	5.3089	463,088	476,981	476,981	491,290	491,290	4,876,415	
Mental Health	0.1113	9,709	10,000	10,000	10,300	10,300	102,233	
Metro Junior College	0.2028	17,690	18,221	18,221	18,767	18,767	186,279	
Mid-Continent Library	0.3240	28,262	29,110	29,110	29,983	29,983	297,606	
State Blind Pension	0.0300	2,617	2,695	2,695	2,776	2,776	27,556	
	8.0725	\$ 704,153	\$ 725,278	\$ 725,278	\$ 747,036	\$ 747,036	\$ 7,414,880	

Projected Abatement

Estimated Assessed Value of Improvements		\$ 557,365	\$ 5,512,468	\$ 11,355,685	\$ 11,355,685	\$ 11,696,355	\$ 11,696,355	\$ 12,047,246
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029
Board of Disabled Services	0.0836	\$ -	\$ 1,272	\$ 2,620	\$ 2,620	\$ 2,698	\$ 2,698	\$ 2,779
City - Lees Summit	1.4199	-	21,599	44,493	44,493	45,828	45,828	47,203
Jackson County	0.5920	-	9,005	18,551	18,551	19,107	19,107	19,680
Lee's Summit R-7 School District	5.3089	-	80,756	166,357	166,357	171,348	171,348	176,488
Mental Health	0.1113	-	1,693	3,488	3,488	3,592	3,592	3,700
Metro Junior College	0.2028	-	3,085	6,355	6,355	6,545	6,545	6,742
Mid-Continent Library	0.3240	-	4,928	10,153	10,153	10,457	10,457	10,771
State Blind Pension	0.0300	-	456	940	940	968	968	997
	8.0725	\$ -	\$ 122,794	\$ 252,956	\$ 252,956	\$ 260,544	\$ 260,544	\$ 268,361

Estimated Assessed Value of Improvements		\$ 12,047,246	\$ 12,408,663	\$ 12,408,663	\$ 12,780,923	\$ 12,780,923	
Taxing Jurisdiction	Tax Rate per \$100	2030	2031	2032	2033	2034	Total
Board of Disabled Services	0.0836	\$ 2,779	\$ 2,863	\$ 2,863	\$ 2,948	\$ 2,948	\$ 29,088
City - Lees Summit	1.4199	47,203	48,619	48,619	50,078	50,078	494,040
Jackson County	0.5920	19,680	20,271	20,271	20,879	20,879	205,980
Lee's Summit R-7 School District	5.3089	176,488	181,783	181,783	187,236	187,236	1,847,179
Mental Health	0.1113	3,700	3,811	3,811	3,925	3,925	38,726
Metro Junior College	0.2028	6,742	6,944	6,944	7,152	7,152	70,562
Mid-Continent Library	0.3240	10,771	11,094	11,094	11,427	11,427	112,733
State Blind Pension	0.0300	997	1,027	1,027	1,058	1,058	10,438
	8.0725	\$ 268,361	\$ 276,411	\$ 276,411	\$ 284,704	\$ 284,704	\$ 2,808,746