

DENTONS

Victory Hyundai of Lee's Summit

Presented to the City of Lee's Summit

March 2024



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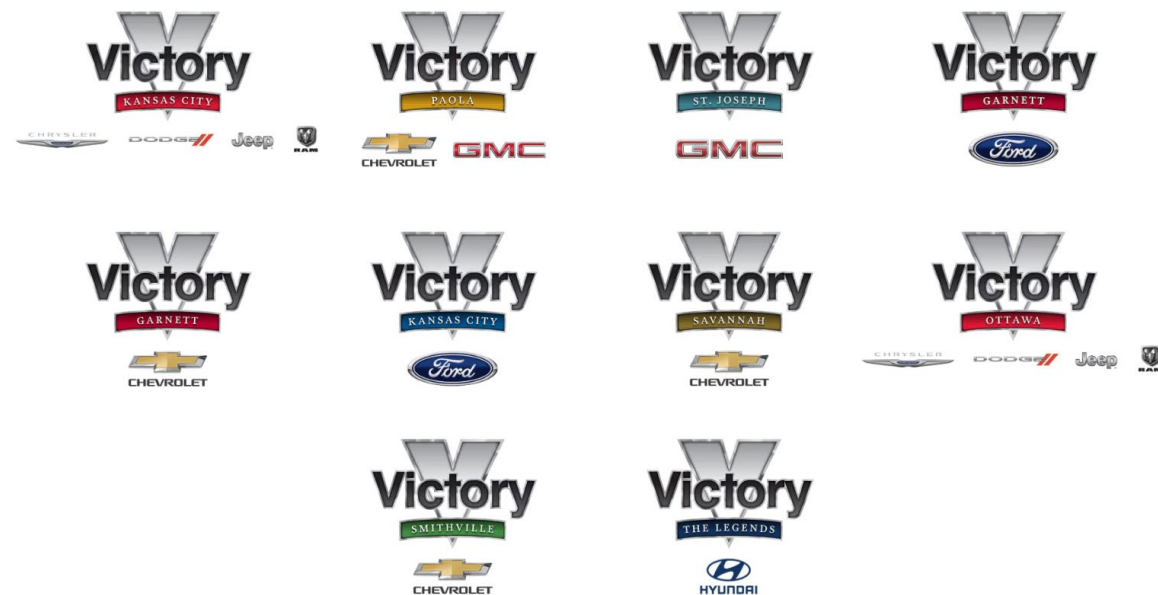


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Victory Auto Group KC Presence

Victory Auto Group is a full-service automotive group serving the Kansas City metropolitan and surrounding areas with a total of 10 dealership locations. **Victory Hyundai of Lee's Summit** would be the 11th Victory car dealership and 2nd Victory Hyundai car dealership in the KC market

Victory Auto Group is a proud member of the Premier Automotive family of car dealerships



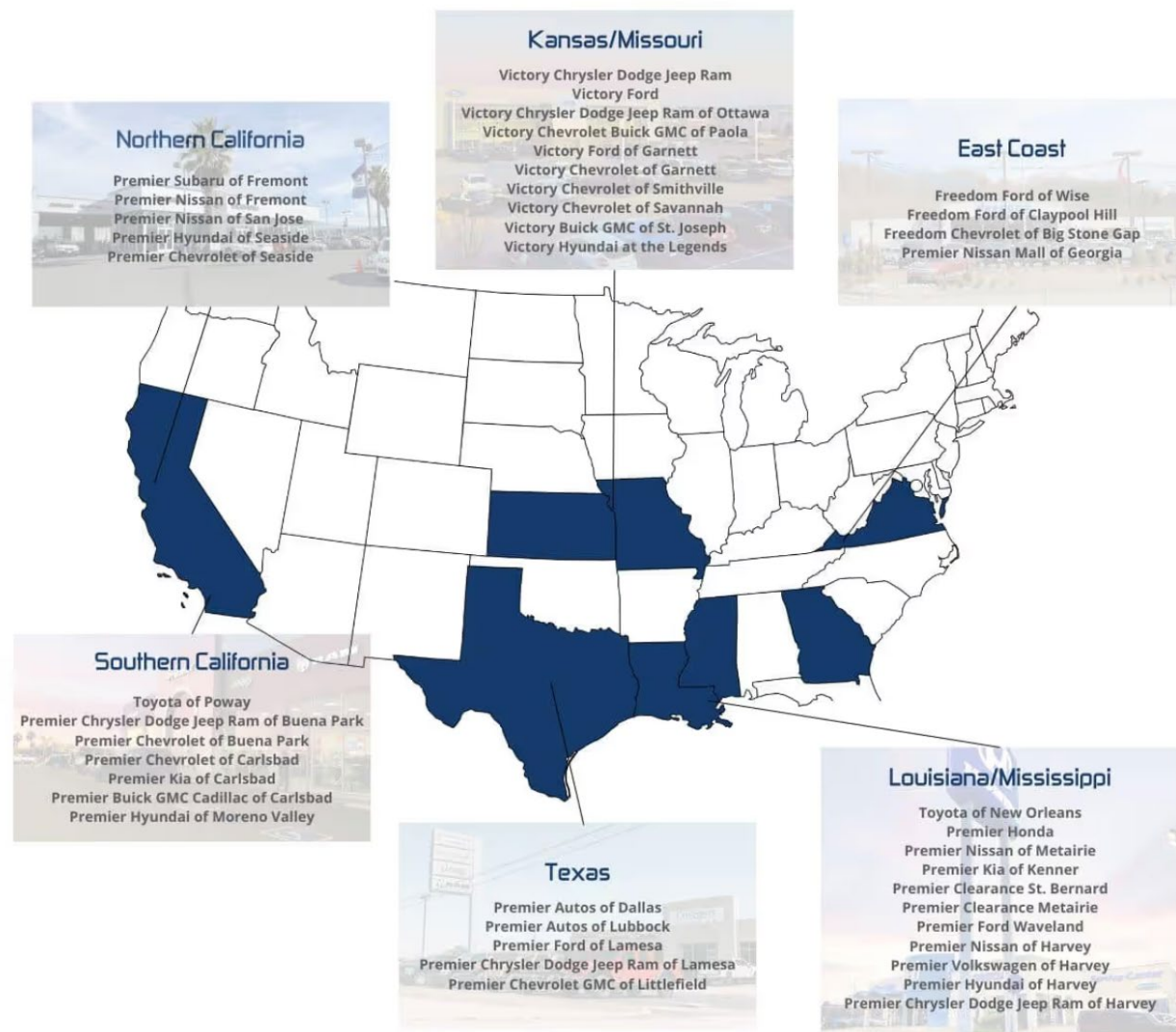


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Overview of Premier Automotive

Premier Automotive was established in 1995 as a Toyota dealership located in the heart of New Orleans. Since then, we have expanded our reach and now have over 30 locations across California, Kansas, Louisiana, Texas, **Missouri**, Virginia, Mississippi, and Georgia

The organization was founded by Troy Duhon, who had dreamt of becoming a car dealer. We strive to help others achieve their dreams as well by offering opportunities for talented individuals to become leaders in our dealerships. We encourage them to seek a greater purpose in life beyond financial gain.





Community Involvement

Premier Automotive is a proud partner of Giving Hope and Women of Hope Unite as part of our mission to promote 'profit for a purpose'

Giving Hope, founded by Troy and Tracy Duhon, is non-profit that believes in helping other people every day by meeting their basic needs for food, clothing, shelter, fellowship and freedom. Giving Hope feeds over 11,000 people a day all across the USA, including Kansas City.

Women of Hope Unite is a faith-based woman's organization associated with the Giving Hope Foundation. It is a network of women who invest their time, talent, and treasure to impact women and children of all ages, creating a legacy for her generation and the generations to come.



2024 IMPACT

7.7M

total pounds of groceries distributed

35k+

people reached

\$14M+

total value of food distributed

335k+

hot meals served

2024 IMPACT

\$24k+

distributed through the Hope for Children Fund





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Recent Project

Victory Auto Group recently completed another dealership in Ottawa, Kansas, just southwest of the KC metro

The facility features an expansive show floor and lot for inventory, offices and a state-of-the-art maintenance center with service bays

Victory Chrysler Dodge Jeep RAM of Ottawa, Kansas

Project Costs: \$9,148,000

Public Incentives: \$2,773,000





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Potential Victory Hyundai Sites

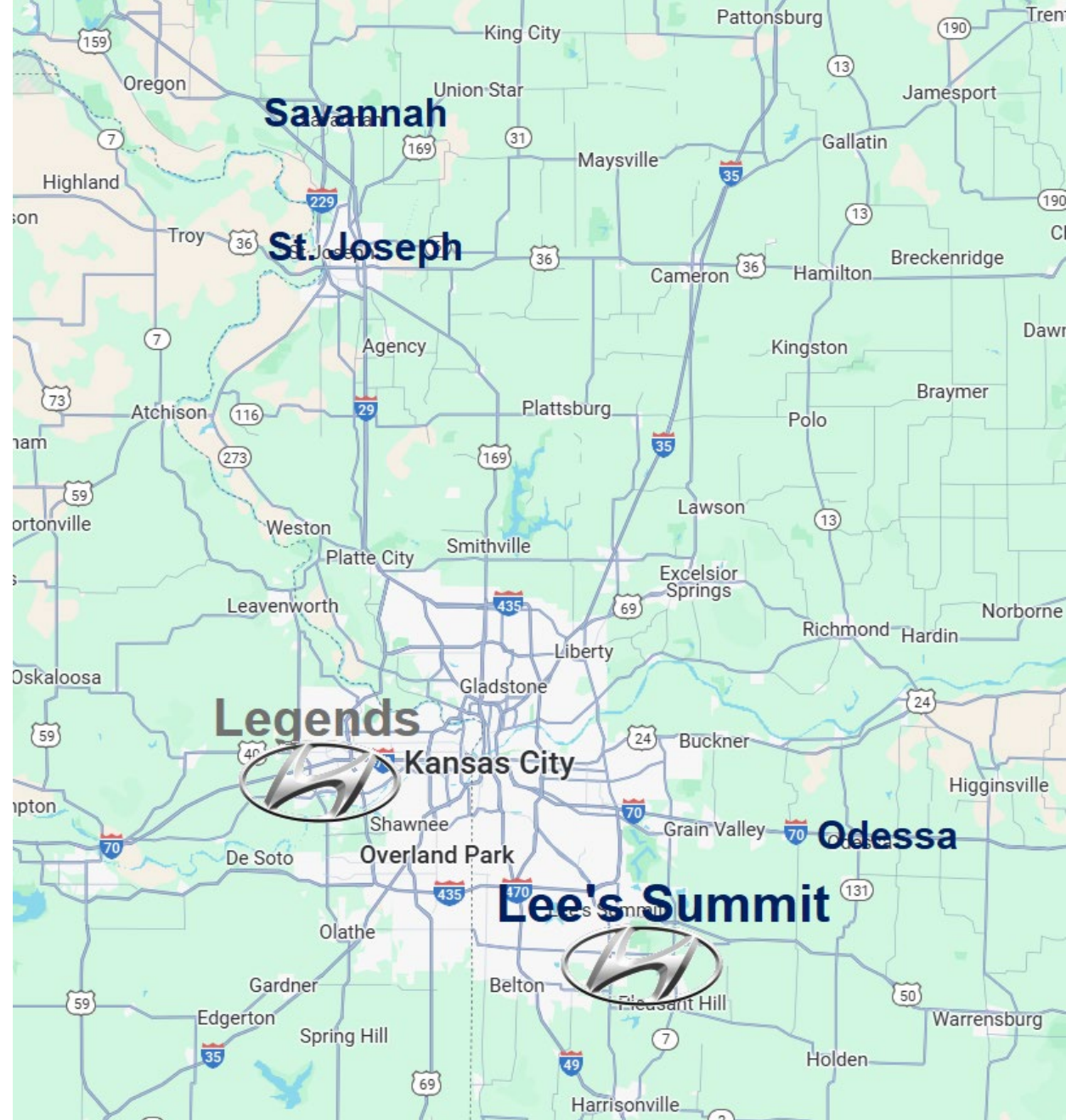
Victory Auto Group is evaluating 4 potential sites for its second Hyundai dealership in the Kansas City metro and surrounding areas, with the **Lee's Summit** site as the current frontrunner

Savannah, Missouri

St. Joseph, Missouri

Odessa, Missouri

Lee's Summit, Missouri





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Site Development Plan

1 Building

Showroom and service

21,815 square feet

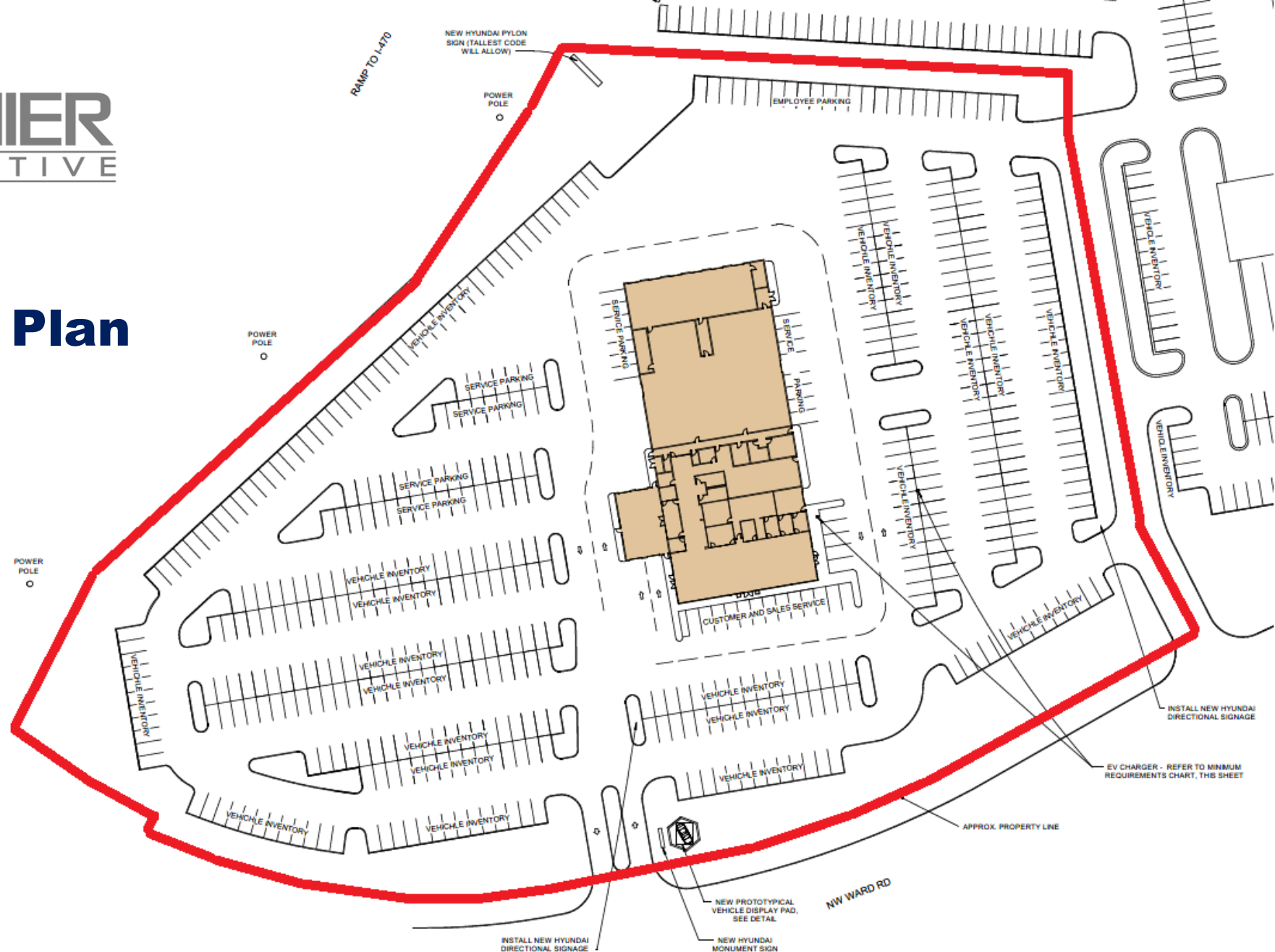
470 Parking Spaces

18 sales parking spaces

62 service parking spaces

319 vehicle display parking spaces

71 employee parking spaces





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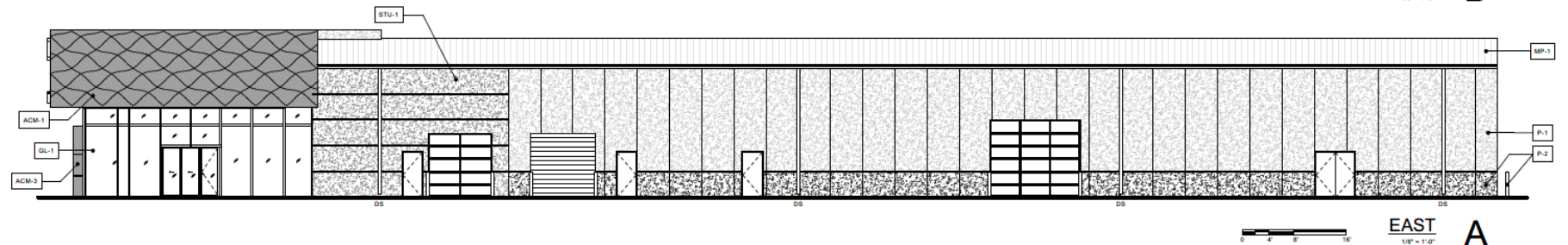
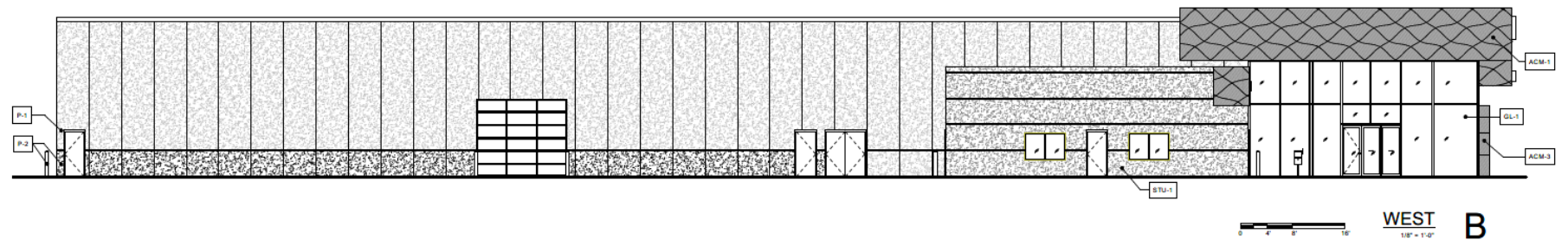
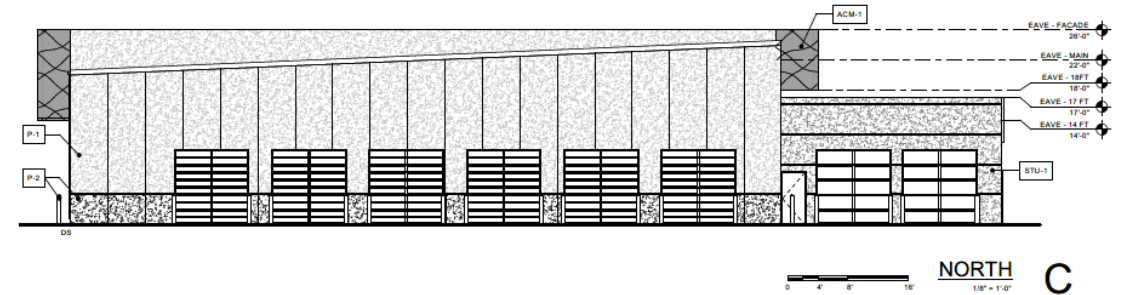
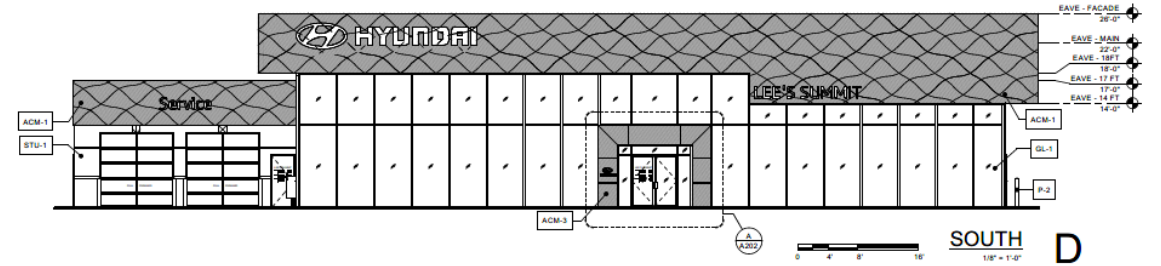
Floor Plan





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Elevations





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Renderings





Public Benefit

Scope of project includes public site improvements and amenities

Traffic light

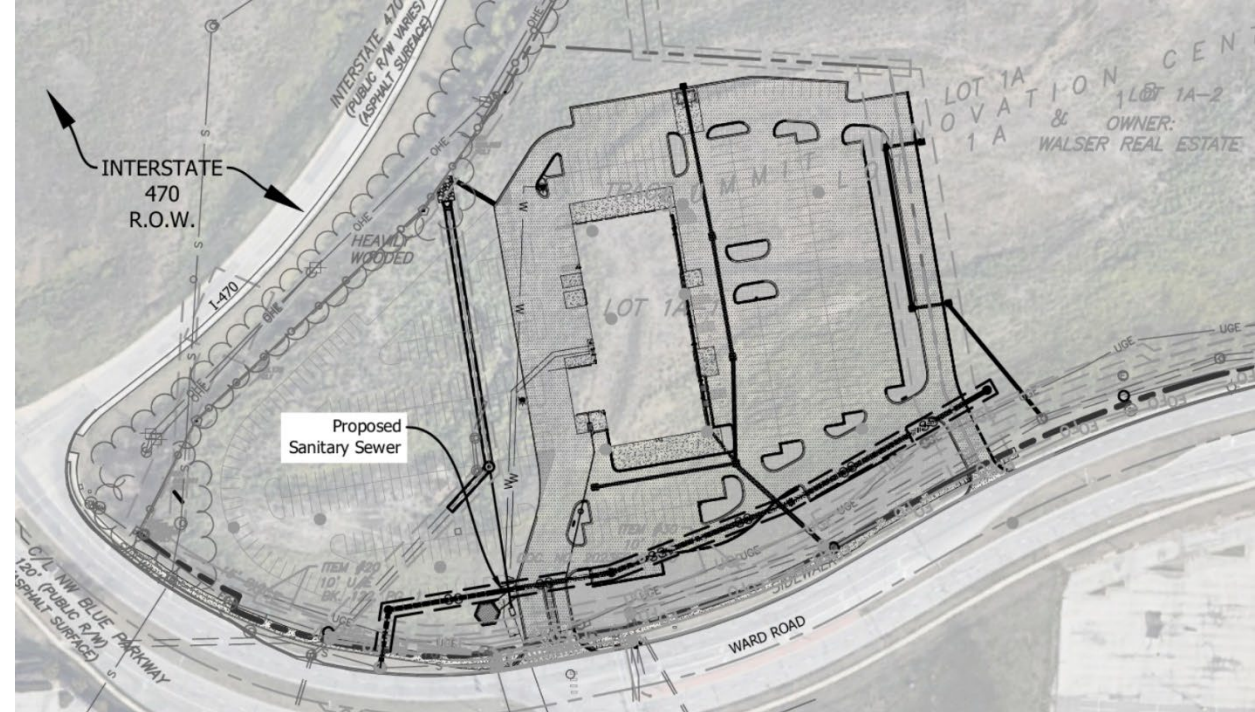
Turning lane

Shared access road

Storm and sanitary sewer

Charging stations

Both level 2 (requires 240V outlet), and Level 3 (DC fast charging, provides the quickest charging) for the public to utilize and charge their vehicles in a family safe environment





Sources and Uses Analysis

Company is requesting ~\$1M in public finance incentives

Requested public finance incentives represent only 7% of total estimated project costs

More than 15% of total projects costs will be funded from company equity

80% of the requested incentive is projected to fund public infrastructure improvements

SOURCES AND USES

Sources

Company Equity	\$	2,338,938	18%
Private Bank Loan	\$	10,000,000	75%
Public Finance Incentives	\$	941,087	7%
		Total	\$ 13,280,025

Uses

Land	\$	3,260,674	25%
Design	\$	313,500	2%
Additional Soft Costs	\$	700,251	5%
Public Site Improvements	\$	751,600	6%
Building Construction	\$	7,099,000	53%
Additional Hard Costs	\$	1,155,000	9%
		Total	\$ 13,280,025



Project Cost Breakdown

Total Project Costs are projected to be **\$13,130,025**

Public site improvements, which include a **new traffic light, turning lane and a new shared road**, represent 6% of the total project costs

PROJECT BUDGET

Land					
		Total	\$	3,260,674	25%
Design					
Architectural / Civil Design	\$	306,000			
Survey / Geotechnical Report	\$	7,500			
		Total	\$	313,500	2%
Additional Soft Costs					
Construction Administration	\$	142,000			
Construction Permit	\$	33,700			
Tap Fees	\$	370,192			
Performance Bond	\$	54,359			
Financing, Legal, etc.	\$	100,000			
		Total	\$	700,251	5%
Public Site Improvements					
Traffic Light and Turning Lane Design	\$	30,000			
Traffic Light and Turning Lane Installation	\$	532,600			
New Shared Road	\$	189,000			
		Total	\$	751,600	6%
Building Construction					
Materials (55%)	\$	3,623,079			
Labor (45%)	\$	2,964,338			
Fees and Overhead	\$	511,583			
		Total	\$	7,099,000	53%
Additional Hard Costs					
Furniture, Fixtures & Equipment	\$	250,000			
Signage / Car Wash	\$	905,000			
		Total	\$	1,155,000	9%

TOTAL PROJECT BUDGET \$ 13,280,025



Property Tax Abatement Projections

Requested property tax abatement of 75% for an approximate incentive net present value projected to be ~\$600k

Assumes 2% annual increases in appraised values, adjusted every 2 years, and a mill levy rate of 7.2206%

PROPERTY TAX ABATEMENT

Project Year	Base Appraised	Base Assessed Value	Base Real Estate Tax	Projected Appraised	Projected Assessed Value	Projected Real Estate Tax	75%		25%	
							Abated Real Estate Tax		PILOTS	
0	\$ 122,100.00	\$ 23,199.00	\$ 1,675.11	\$ 122,100.00	\$ 23,199.00	\$ 1,675.11	\$ -	\$ -	\$ -	\$ -
1	\$ 126,984.00	\$ 24,126.96	\$ 1,742.11	\$ 4,375,000.00	\$ 1,400,000.00	\$ 101,088.58	\$ 75,816.44	\$ 25,272.15	\$ 25,272.15	\$ 25,272.15
2	\$ 126,984.00	\$ 24,126.96	\$ 1,742.11	\$ 4,375,000.00	\$ 1,400,000.00	\$ 101,088.58	\$ 75,816.44	\$ 25,272.15	\$ 25,272.15	\$ 25,272.15
3	\$ 132,063.36	\$ 25,092.04	\$ 1,811.80	\$ 4,550,000.00	\$ 1,456,000.00	\$ 105,132.12	\$ 78,849.09	\$ 26,283.03	\$ 26,283.03	\$ 26,283.03
4	\$ 132,063.36	\$ 25,092.04	\$ 1,811.80	\$ 4,550,000.00	\$ 1,456,000.00	\$ 105,132.12	\$ 78,849.09	\$ 26,283.03	\$ 26,283.03	\$ 26,283.03
5	\$ 137,345.89	\$ 26,095.72	\$ 1,884.27	\$ 4,732,000.00	\$ 1,514,240.00	\$ 109,337.41	\$ 82,003.06	\$ 27,334.35	\$ 27,334.35	\$ 27,334.35
6	\$ 137,345.89	\$ 26,095.72	\$ 1,884.27	\$ 4,732,000.00	\$ 1,514,240.00	\$ 109,337.41	\$ 82,003.06	\$ 27,334.35	\$ 27,334.35	\$ 27,334.35
7	\$ 142,839.73	\$ 27,139.55	\$ 1,959.64	\$ 4,921,280.00	\$ 1,574,809.60	\$ 113,710.91	\$ 85,283.18	\$ 28,427.73	\$ 28,427.73	\$ 28,427.73
8	\$ 142,839.73	\$ 27,139.55	\$ 1,959.64	\$ 4,921,280.00	\$ 1,574,809.60	\$ 113,710.91	\$ 85,283.18	\$ 28,427.73	\$ 28,427.73	\$ 28,427.73
9	\$ 148,553.32	\$ 28,225.13	\$ 2,038.03	\$ 5,118,131.20	\$ 1,637,801.98	\$ 118,259.34	\$ 88,694.51	\$ 29,564.84	\$ 29,564.84	\$ 29,564.84
10	\$ 148,553.32	\$ 28,225.13	\$ 2,038.03	\$ 5,118,131.20	\$ 1,637,801.98	\$ 118,259.34	\$ 88,694.51	\$ 29,564.84	\$ 29,564.84	\$ 29,564.84
Totals							\$ 1,095,056.73	\$ 821,292.55	\$ 273,764.18	\$ 273,764.18

TOTAL NET PRESENT VALUE @ 6%

\$ 598,997.36



Sales Tax Abatement Projections

Requested sales tax abatement on construction materials projected to be ~\$350k

Materials estimate of \$4M is based on 55% of hard costs of both building and public site improvements

SALES TAX ABATEMENT

Estimated Construction Materials \$ 4,036,459

Jurisdiction	Rate	Exemption
MISSOURI	4.2250%	\$ 170,540.39
JACKSON COUNTY	1.3750%	\$ 55,501.31
LEES SUMMIT	2.7500%	\$ 111,002.62
KANSAS CITY ZOOLOGICAL DISTRICT	0.1250%	\$ 5,045.57
Total	8.4750%	\$ 342,089.90



Cash Flow Analysis

Initial operating losses

In the first few years of operation, the company will sustain operating losses, which the tax abatement incentives will help to offset

Car dealership slim profit margins

Due to the slim margins of car dealerships, adding another \$100,000 in annual expenses will have a substantial impact on the company’s financial statement

ANNUAL CASH FLOW (YEAR 1)

Gross Income			
		Total	\$ 6,321,000
Gross Expenses			
New Vehicle Sales Expense	\$	2,608,200	
Used Vehicle Sales Expense	\$	2,024,880	
Service Sales Expense	\$	561,600	
Parts	\$	464,400	
Fixed	\$	2,069,385	
Other	\$	240,000	
		Total	\$ 7,968,465
Operating Profit (Loss)			
		Total	\$ (1,647,465)
Public Finance Incentives			
Property Tax Abatement	\$	75,816	
Sales Tax Abatement (amortized)	\$	34,209	
		Total	\$ 110,025
Adjusted Operating Profit (Loss)			
		Total	\$ (1,537,440)



Consistencies with City's Economic Development Incentive Policy

Total project costs exceed \$5M

Property tax abatement does not exceed 10 years

Public benefit through expansion of public infrastructure

New signal, shared access, storm and sanitary sewer infrastructure improvements, EV charging stations

More than 15% of total project costs funded from company equity

Creation of new jobs

75 FTE / 15 PTE in first year and 85 FTE / 15 PTE in second year

Immediate generation of direct and indirect new tax revenues for Lee's Summit and other taxing jurisdictions

Real and personal property PILOTs and sales taxes on automobiles, which sales are projected to be over \$50M per year



Case for Incentives

Benefits

Attracts a good company to make substantial investment in Lee's Summit rather than surrounding community

Benefits an operating business directly creating jobs

Encourages development of a site where prior incentives were unsuccessful in spurring development

Needs

Offsets unexpected construction costs due to shared and public infrastructure required for project

Without abatement, projected real estate tax expenses will significantly cut into the company's slim operating profit margins



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ARCHITECTS

Thank you!!

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MISSOURI®



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