

Legislation Details (With Text)

File #: BILL NO. 22-130
Name:
Type: Ordinance
Status: Passed
File created: 6/7/2022
In control: City Council - Regular Session
On agenda: 6/14/2022
Final action: 6/21/2022
Title: An Ordinance authorizing the City of Lee's Summit, Missouri to issue taxable Industrial Development Revenue Bonds in a principal amount not to exceed \$27,500,000 in connection with the Logistics Park Project (Phase III); and authorizing certain documents and actions in connection therewith. (Note: First read by Council on June 14, 2022. Passed by unanimous vote.)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Attachments to Ordinance: Indenture, Lease and Bond Purchase Agreement

Date	Ver.	Action By	Action	Result
6/21/2022	1	City Council - Regular Session	adopted and numbered	Pass
6/14/2022	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance authorizing the City of Lee's Summit, Missouri to issue taxable Industrial Development Revenue Bonds in a principal amount not to exceed \$27,500,000 in connection with the Logistics Park Project (Phase III); and authorizing certain documents and actions in connection therewith. (Note: First read by Council on June 14, 2022. Passed by unanimous vote.)

Issue/Request:

Ordinance to approve the Chapter 100 transaction for Phase III of the Lee's Summit Logistics Park industrial project, for the third building in the project.

Key Issues:

This ordinance will authorize the issuance of the Chapter 100 bonds for Phase III in order to provide the requested incentives for the industrial development, in the form of sales and use tax exemption on the purchase of construction materials for the project and real property tax abatement.

Proposed City Council Motion:

I move for adoption of an Ordinance Authorizing the City of Lee's Summit, Missouri to Issue Taxable Industrial Development Revenue Bonds in a Principal Amount Not to Exceed \$27,500,000 in Connection with the Logistics Park Project (Phase III); and Authorizing Certain Documents and Actions In Connection Therewith.

Background:

The City Council approved Ordinance No. 9315 on January 4, 2022, which approved the Plan for an Industrial Development Project for the Logistics Park Project (the "Plan") for the developer Scannell Properties ("Developer"). As approved, the Plan allows for the Developer to use the City's sales tax exemption certificate

for the purchase of construction materials used in the construction of the project improvements, and also provides real property tax abatement for 20 years.

The City Council passed Ordinance No. 9336 on February 22, 2022 which authorized the issuance of bonds for Phase 1 of the project in the principal amount not to exceed \$42,000,000. The Developer is ready to move forward with the second and third buildings in the project.

Impact/Analysis:

The Project is expected to cost approximately \$82,177,663, consisting of investments made in the years 2022 through 2023, although the actual years of investment may vary based on Project implementation. The Project to be financed by the Bonds consists of three industrial buildings and related public improvements, specifically one building anticipated to be 431,460 square feet, a second building anticipated to be 113,400 square feet and a third building anticipated to be 238,140 square feet, each of which will be used for warehousing, distribution, and /or manufacturing purposes. Additionally, the Project will include the relocation of that portion of NW Main Street and accompanying public water main, sidewalks, lighting and related public improvements located between NW Victoria Drive and Tudor Road.

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. Under this Plan, the City intends to issue the Bonds in 2022 and subsequent years. Each major component of the Project will likely be split into a separate bond issuance and be leased to a special purpose entity designated by Scannell Properties #603, LLC (each being a "Company").

The Companies will make payments in lieu of taxes ("PILOTS") for each component of the Project as follows:

- (1) during all years, a PILOT based on the existing value of the land included in the applicable lease in the year prior to conveyance of such land to the City,
- (2) during the project period, a PILOT calculated to represent 5.0% of the taxes that would otherwise be due on the partially completed Project improvements component,
- (3) in years 1 through 10 after project completion, a PILOT calculated to represent 5% of the taxes that would otherwise be due on the completed Project improvements component, and
- (4) in years 11 through 20 after project completion, a PILOT calculated to represent 25% of the taxes that would otherwise be due on the completed Project improvements component.

Timeline:

The project has been started and the construction will last through 2024.

David Bushek, Chief Counsel of Economic Development & Planning
Mark Dunning, Assistant City Manager
David Martin, City bond counsel with Gilmore & Bell, P.C.

Recommendation: Staff recommends approval of the ordinance to implement the Plan.

Committee Recommendation: Not applicable; only Council action occurs for Chapter 100 incentives.