

Impact/Analysis:

The Project is expected to cost approximately \$70,500,000. The investment is anticipated to be made in 2024 through 2027 as stated in the Plan. 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 2024.

The sources of funds to be expended for the Project will be the proceeds of the Bonds in a principal amount not to exceed \$70,500,000 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.

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 \$27,336,000 and that the situs of sale for the purchases will be as follows: 5.0% within the City, 22.5% within Jackson County but outside the City, 22.5% within Missouri but outside Jackson County, and 50% outside Missouri. The sales and use tax exemption is projected to be a savings of about \$1,671,000 for the Developer, and the projected impact to the City from this exemption is approximately \$423,000 which is about 26% of the total sales and use tax savings for Developer.

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

- (1) prior to construction, the amount calculated to equal the taxes that would have been due on the unimproved land as if it was in private ownership,
- (2) during construction, an amount calculated from a starting point of \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025, for units under construction, prorated by percentage of completion, and
- (3) from and after completion, for a period of 10 years, a fixed PILOT calculated from a starting point of \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025.

The total PILOT payments are estimated in the Cost-Benefit Analysis. The projected impact to the City and the projected benefit to Developer is set forth in the summary sheets in the public hearing packet.

Timeline:

If the Chapter 100 incentive is approved, the project is expected to begin in 2024 and the construction will last through 2027.

Curt Petersen, Polsinelli Law Firm
Andy Mackey, Chapel Ridge Apartments, LLC
David Bushek, Chief Counsel of Economic Development and Planning
Ryan Elam, Assistant City Manager