

Legislation Text

File #: BILL NO. 16-106, **Version:** 3

AN ORDINANCE AUTHORIZING THE ISSUANCE OF TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BONDS, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$6,500,000, TO PAY THE COSTS OF AN INDUSTRIAL DEVELOPMENT PROJECT FOR KC SUMMIT TECHNOLOGY LLC, A DELAWARE LIMITED LIABILITY COMPANY; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS.

Issue/Request:

The City has prepared a plan for industrial development for KC Summit Technology with respect to a project consisting of the design and construction of potential improvements to the south building of the Lee's Summit Technology Center and associated site work and infrastructure related thereto, all at a cost of approximately \$6,500,000. Additional Taxable Industrial Development Revenue Bonds under the Original Indenture will be issued and the fixed Payments in Lieu of Taxes will be extended to 2028.

Key Issues:

The City Council approved the 2016 Redevelopment Plan in March 2016 and the Company now requests that the City approve the debt instrument to finance the improvements which will increase the size and scope of the 2007 Project,

This requires the issuance of additional Taxable Industrial Development Revenue Bonds under the Original Indenture in the principal amount of not to exceed \$6,500,000 increasing the authorized amount of the Bonds to a maximum principal amount of \$58,090,988.52.

This will extend the term of the ad valorem real property tax abatement on the 2007 Project and the amounts of the payments in lieu of taxes payable by the Company under the Original Lease through December 31, 2028.

Proposed City Council Motion:

I move to approve an ordinance authorizing the issuance of Taxable Industrial Development Revenue Bonds, in a principal amount not to exceed \$6,500,000, to pay the costs of an industrial development project for KC Summit Technology LLC, a Delaware Limited Liability Company; authorizing and approving certain documents and authorizing certain other actions in connection with the issuance of the bonds.

I move for second reading

I move for adoption

Background:

On December 17, 2015, the Company sold a portion of the 2007 Project consisting of the north building of the

Lee's Summit Technology Center (the "North Building"), together with the real property on which the North Building is located, to Cerner Properties, Inc., a Delaware corporation ("Cerner"); and,

In connection with the sale of the North Building to Cerner, the Company and the City entered into the First Supplemental Lease Agreement dated as of December 1, 2015 (the "First Supplemental Lease"), for the purpose of (i) modifying the amounts of the payments in lieu of taxes payable by the Company under the Original Lease (to account for the removal of the North Building), (ii) amending the legal description of the 2007 Project (to remove the North Building), and (iii) making other conforming changes thereto; and

The City Council passed Ordinance No. 7850 on March 31, 2016, which Ordinance approved the 2016 Redevelopment Plan.

Impact/Analysis:

The Payments in Lieu of Taxes for the two remaining years of the 2007 bonds will continue and an increased PILOT reflecting the improvements will begin in 2018 through 2028.

Presenter: Conrad Lamb

Recommendation: Staff recommends approval

Committee Recommendation: No Committee action