

Legislation Text

File #: BILL NO. 16-101, **Version:** 1

AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN RED LEE'S SUMMIT EAST, LLC, RED SUMMIT FAIR, LLC, SAHARA PAVILION SOUTH SC, LLC, AND THE CITY OF LEE'S SUMMIT, MISSOURI, FOR THE TRANSFER OF PROPERTY IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA

Key Issues:

The City and RED Lee's Summit East, LLC, executed the Amended and Restated Tax Increment Financing Contract on May 27, 2008 (as amended, the "**TIF Contract**") to implement the Lee's Summit East (Summit Fair) Tax Increment Financing Plan (the "**TIF Plan**"), for development of the Summit Fair Shopping Center. Section 32 of the TIF Contract provides that no sales of property in the TIF Redevelopment Area may be made to certain proposed buyers that are not directly affiliated with the Developer, while TIF bonds remain outstanding, without the prior written approval of the City. Section 32 also provides that these buyers (designated as "transferees" in the TIF Contract) are required to enter into a transferee agreement to confirm the transferees' obligations to comply with certain provisions of the TIF Contract as it relates to the transferred property.

Under Section 32 of the TIF Contract, when the City considers the proposed transfer of property to an entity that is not included in the pre-approved user list in the TIF Contract, the City may require that the transferee demonstrate to City's reasonable satisfaction that it has sufficient financial, management, property ownership and operation capabilities, and that it is interested in the long-term viability of the subject land use and the Redevelopment Plan as a whole. This provision provide a measure of protection for the City in the process of evaluating proposed transferees while the TIF Plan is in effect and TIF bonds remain outstanding.

RED proposed to transfer certain parts of the shopping center to two buyers. The attached map illustrates the applicable portion of the shopping center that is proposed for transfer. The proposed transferees are (1) an entity related to the existing Developer, which will take a 20% interest in the transferred property, and (2) a company unrelated to RED which is a subsidiary of BIG Shipping Centers USA, Inc. that invests in shopping center property, who will take an 80% interest in the transferred property. The company related to BIG Shipping Centers USA, Inc., has submitted documentation to the Financing Department, which has been reviewed in a confidential manner, for the City to evaluate whether the company has sufficient financial, management, property ownership and operation capabilities, and that it is interested in the long-term viability of the subject land use and the Redevelopment Plan as a whole. The Finance Director has confirmed that the documentation submitted by the proposed transferee satisfies this standard in the TIF Contract.

Proposed City Council Motion:

FIRST MOTION: I move for second reading of AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN RED LEE'S SUMMIT EAST, LLC, RED SUMMIT FAIR, LLC, SAHARA PAVILION SOUTH SC, LLC, AND THE CITY OF LEE'S SUMMIT, MISSOURI, FOR THE TRANSFER OF PROPERTY IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA

SECOND MOTION: I move for adoption of AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN RED LEE'S SUMMIT EAST, LLC, RED SUMMIT FAIR, LLC, SAHARA PAVILION SOUTH SC, LLC, AND THE CITY OF LEE'S SUMMIT,

MISSOURI, FOR THE TRANSFER OF PROPERTY IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA

Recommendation: *Staff recommend approval.*