

Legislation Text

File #: BILL NO. 23-069, **Version:** 1

An Ordinance approving a Funding Agreement between the City of Lee's Summit, Missouri and RED Lee's Summit East, LLC, for proposed amendments to the Amended and Restated Summit Fair Tax Increment Financing Contract.

(First read by Council on March 21, 2023. Passed by unanimous vote.)

Issue/Request:

Approval of a funding agreement to pay for third-party costs incurred by the City (bond counsel, financial advisor and revenue study) to conduct due diligence and process a request by RED Lee's Summit East, LLC, to amend the Summit Fair TIF Contract to ease restrictions on non-retail uses in the shopping center.

Key Issues:

Approval of a funding agreement to cover costs incurred by the City to evaluate and process Developer's request to amend the TIF Contract.

Proposed City Council Motion:

I move for adoption of An Ordinance Approving a Funding Agreement between the City of Lee's Summit, Missouri and RED Lee's Summit East, LLC, for proposed Amendments to the Amended and Restated Summit Fair Tax Increment Financing Contract.

Background:

RED Lee's Summit East, LLC (the "Developer") is a Missouri limited liability company that engaged in the business of land development that has developed the Summit Fair Shopping Center in Lee's Summit (the "Project"). The City approved the Lee's Summit East Amended and Restated Tax Increment Financing Plan through the adoption of Ordinance No. 6620 on April 17, 2008 (the "Redevelopment Plan") and subsequently entered into the Amended and Restated Tax Increment Financing Contract dated May 27, 2008 (as amended, the "Redevelopment Contract")

To provide financing in support of the Redevelopment Plan, the City issued its Special Obligation Tax Increment and Special District Refunding and Improvement Bonds (Summit Fair Project), Series 2017 (the "Bonds").

The City has been requested by Developer to consider amending the Redevelopment Agreement (the request by the Company referenced herein as the "Request"), which would require the consent of the bondholders of the Bonds pursuant to Section 1102 of the Trust Indenture dated December 1, 2017 between the City and UMB Bank, N.A. (the "Indenture").

The City does not have a source of funds to cover costs incurred by the City to evaluate, consider and approve the Request. In order for the City to fully consider and evaluate the Request, the Developer seeks to deposit funds with the City to be used by the City to pay for actual and reasonable expenses necessary to perform a full evaluation of the Request.

Impact/Analysis:

This funding agreement is for the purpose of RED funding City costs related to work to be performed by the City's bond counsel and financial advisor, and to fund a study to be performed by a third-party consultant which will be presented to the bondholders as justification for the proposed amendments. This funding agreement only provides a funding source for the City and does not obligate the City to take any actions except process the Request in the normal course of business.

The City Council will see the proposed amendments to the TIF Contract at a later date, and retains full legislative discretion on that request from the Developer. The requested amendments will be to ease the non-retail restrictions under the TIF Contract to allow more non-retail, thereby filling in vacant tenant spaces and increase shopper traffic which would enhance sales in the shopping center.

Timeline:

Developer seeks to take the requested actions this year to fill the vacant tenant spaces with more non-retail users.

David Bushek, Chief Counsel of Economic Development and Planning

Staff recommends approval of the ordinance.