

NOTICE TO TAXING JURISDICTIONS

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
FOR THE HUB REDEVELOPMENT PROJECT**

On behalf of the City of Independence, Missouri (the “City”), please find enclosed a copy of a proposed plan for an industrial development project and cost benefit analysis (the “Plan”).

The City Council will consider an ordinance to approve the Plan during the City Council’s meeting on June 5, 2023, at 6:00 p.m. in the Council Chambers at City Hall, 111 E. Maple in Independence, Missouri.

The City invites you to submit written comments to the Council on the proposed Plan. All comments will be fairly and duly considered by the City. Comments will also be taken during a public hearing at the City Council meeting referred to above.

A copy of the Plan will be on file in the office of the City Clerk and will be available for public inspection during normal business hours.

Dated: May 15, 2023

Independence City Hall
111 E Maple Ave
Independence, MO 64050

Taxing Jurisdictions -- Distribution List

City Manager
City of Independence
111 E. Maple Ave.
Independence, MO 64050

Jackson County
County Executive
415 E. 12th Street
Kansas City, MO 64106

Jackson County Assessment Department
Director
Truman Courthouse
112 W. Lexington
1st Floor
Independence, MO 64050

Jackson County Collection Department
Director
Truman Courthouse
112 W. Lexington
Suite 114
Independence, MO 64050

Independence School District
Superintendent
201 N. Forest Ave
Independence, MO 64050

Mid Continent Public Library
Director
15616 E. Highway 24
Independence, MO 64050-2057

Metropolitan Community College
Chancellor
3200 Broadway
Kansas City, MO 64111

Jackson County Community Mental Health
Executive Director
1627 Main Street, Suite 500
Kansas City, MO 64108

The Kansas City Zoological District
Chair of the Board of Directors
6800 Zoo Drive
Kansas City, MO 64132

Jackson County Board of Disabled Services
Executive Director
8511 Hillcrest Road, Suite 300
Kansas City, MO 64138

Missouri Director of Revenue
County Tax Section
Merchants/Manufacturers Replacement Tax Fund
301 West High Street
Jefferson City, MO 65101

Jackson County Community Children's Services Fund
Executive Director
3100 Broadway Blvd., Suite 227
Kansas City, MO 64111

Missouri Department of Revenue
Tax Administration Bureau
301 West High Street
Jefferson City, MO 65101

Missouri Director of Revenue
County Tax Section
State Blind Pension Fund
301 West High Street
Jefferson City, MO 65101

CITY OF INDEPENDENCE, MISSOURI

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT

FOR THE

HUB REDEVELOPMENT PROJECT

HEARING DATE: JUNE 5, 2023

I. PURPOSE OF THIS PLAN

The City Council of the City of Independence, Missouri (the “City”) will consider an ordinance approving this plan (the “Chapter 100 Plan”) and authorizing the issuance by the City of taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$27,500,000 (the “Chapter 100 Bonds”) in one or more series, with respect to an industrial development project (the “Project”) within a redevelopment area to be created pursuant to the HUB Drive Tax Increment Financing Redevelopment Plan (the “TIF Plan”), which has been recommended for approval by the Tax Increment Financing Commission of Independence, Missouri. The Chapter 100 Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, “Chapter 100”). The TIF Plan is for the benefit of T-L HUB, LLC (the “Developer”) and provides for the capture of 50% of incremental property tax revenues (“TIF PILOTs”) and 50% of incremental sales tax revenues or “economic activity taxes,” as well as certain other special revenue sources, to reimburse the Developer for a portion of the costs of implementing the overall development described in the TIF Plan.

The purpose of this Chapter 100 Plan is to provide sales tax exemption on construction materials while maintaining property tax benefits for the Developer similar to what would have been provided in reimbursement under the TIF Plan, resulting in approximately \$14,731 in property tax abatement on improvements under construction for the Project (defined below).

This Chapter 100 Plan has been prepared to satisfy requirements of Chapter 100 and to analyze the potential costs and benefits, including the related tax impact on all affected taxing jurisdictions, of using industrial development revenue bonds to finance the Project.

II. GENERAL DESCRIPTION OF CHAPTER 100 FINANCINGS

General. Chapter 100 authorizes cities, counties, towns and villages to issue industrial development revenue bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to Chapter 100 do not require voter approval and are payable solely from revenues received from the project. The municipality issues its bonds and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of the Chapter 100 Bonds, the owner of the property underlying the Project will convey to the City title to such property. The City must be the legal owner of such property while such Chapter 100 Bonds are outstanding for the property to be eligible for the incentives discussed in this Chapter 100 Plan. At the same time, the City will lease such property, including the Project located thereon, back to the benefited company pursuant to a lease agreement. The lease agreement will require the benefited company, acting on behalf of the City, to use bond proceeds to pay the costs or reimburse the costs of purchasing, constructing and installing the Project.

Property Tax Abatement. 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. In order to establish the level of property tax abatement at less than 100%, the City and the benefited company will enter into an agreement to make payments in lieu of taxes (“Chapter 100 PILOTs”).

The anticipated amount of Chapter 100 PILOTs to be paid with respect to the Project is shown in the Cost-Benefit Analysis attached hereto. The payments in lieu of taxes are payable by December 1 of each year, and are distributed to the municipality and to each political subdivision within the Site (defined below) in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

III. DESCRIPTION OF THE PARTIES

The Developer and Benefitting Company. The Developer is a limited liability company organized and existing under the laws of the State of Delaware. The benefitting company will be the Developer, another developer and/or one or more end users of various portions of the Project that enters into or takes assignment of all or a portion of a lease agreement with the City to effect a portion of this Chapter 100 Plan.

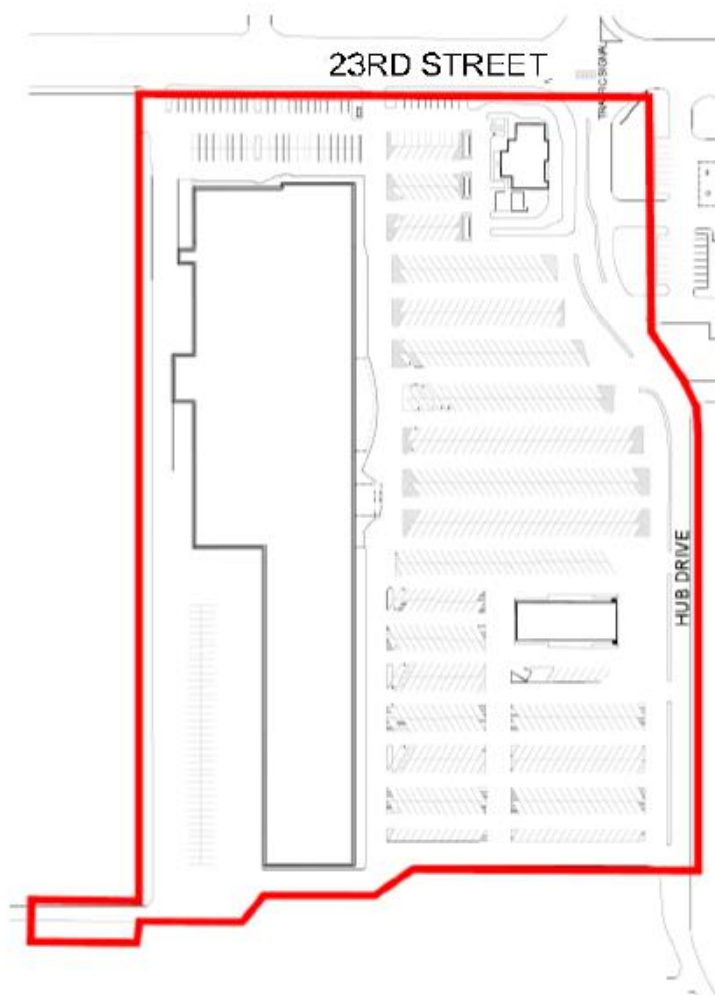
City of Independence, Missouri. The City is a constitutional home rule charter city and municipal corporation organized and existing under the laws of the State of Missouri. The City is authorized and empowered pursuant to the provisions of Chapter 100 to purchase, construct, extend and improve certain projects (as defined in Chapter 100) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

IV. REQUIREMENTS OF CHAPTER 100

Description of the Project. The Project to be financed by the Chapter 100 Bonds consists of the following project to be situated on approximately 16 acres of property plus adjacent street right of way located south of East 23rd Street S and West of Route 291 (as currently developed, the "Site") at the existing location of the HUB shopping center: remodeling and/or tearing down portions of the blighted buildings located on the Site and redeveloping the Site into a remodeled and newly constructed grocery-anchored shopping center development through remodeling of a portion of the existing improvements, demolition of a portion of the existing improvements, and construction of new commercial uses such as retail, restaurants and other uses, plus related street and other public improvements.

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Map of Site
(boundaries are approximate)



Estimate of the Costs of the Project. The Project to be financed by the Chapter 100 Bonds is estimated to cost approximately \$27,500,000. Investments in the Project are planned to be made in the years 2024 through 2025, and are assumed to be made in such years for purposes of the attached Cost Benefit Analysis. However, actual Project implementation may change the calendar years in which the investments are made.

Source of Funds to be Expended for the Project. The sources of funds to be expended for the Project will be the proceeds of the Chapter 100 Bonds in an aggregate principal amount not to exceed \$27,500,000, to be issued by the City. The Chapter 100 Bonds will be sold to the Developer or Benefited Company (each a “Bond Purchaser”). The Chapter 100 Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project. The Chapter 100 Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The City will hold title to such portions of the Site as are at any time subject to a bond issuance. The City will lease the Project to the Bond Purchasers (referred to as “Tenants” for purposes of leasing such

property from the City) for lease payments equal to the principal and interest payments on the allocable portion of the Bonds held by such Tenants as Bond Purchasers. Under the terms of the lease agreements the Tenants will have the option to purchase the portion of the Projects financed by Bonds purchased by them at any time and will have the obligation to purchase such portion of the Projects at the termination of their lease.

Leases entered into for the Project will be short term, the term of which will be tied to the construction period anticipated for the applicable portion of the Project being financed. Upon completion of the improvements described under such leases, the leases will be terminated and the applicable portion of the Project will be returned to the tax rolls and be subject to the TIF Plan.

Affected Taxing Districts. The Independence School District is the school district, Jackson County, Missouri is the county, the City is the city, and the Junior College District of Metropolitan Kansas City, Missouri is the community college district affected by the Project. There is no fire or ambulance district affected by the Project. The Cost-Benefit Analysis attached hereto for the Project identifies all other taxing districts affected by the Project.

Assessed Valuation. The most recent equalized assessed valuation of the Site with existing improvements is \$1,934,400. The estimated total equalized assessed valuation of the Project Site after development of the Project is \$12,026,610 (for tax year 2026).

Payments in Lieu of Taxes. Chapter 100 PILOTs will be due during the construction period for each component of the Site and Project then in City ownership pursuant to this Chapter 100 Plan, in an amount equal to 100% of the taxes that would be due on such portions of the Site and 50% of the taxes that would be due on such portions of the Project. The purpose of this is to provide a similar benefit as would be provided under the TIF Plan through the capture of TIF PILOTs, effectively providing the incremental property tax benefit that would otherwise be given under the TIF Plan, but in the way of tax abatement as opposed to payments under the TIF Plan (the fact that the merchants' and manufacturers' replacement tax and the blind pension tax can be abated under Chapter 100 but cannot be captured under the TIF Plan make the Chapter 100 abatement slightly more valuable). Upon completion of each component of the Project, the related portion of the Site and Project will be returned to the tax rolls and become subject to the TIF Plan.

Cost-Benefit Analysis. In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, this Chapter 100 Plan has been prepared to show the costs and benefits to the City and to other taxing jurisdictions affected by the tax abatements and exemptions of the Projects. A Cost Benefit Analysis for the Project is attached hereto. The tax rates used in this Chapter 100 Plan reflect the rates in effect for the tax year 2022.

V. SALES AND USE TAX EXEMPTIONS

Sales and Use Tax Exemption on Construction Materials. Building materials purchased for the construction of the Project are expected to be exempt from sales and use tax pursuant to the provisions of Section 144.062 of the Revised Statutes of Missouri and the underlying bond documents upon delivery of project exemption certificates by the City. Shown below are assumptions relating to the building materials to be purchased for the Project and the associated effects on taxing jurisdictions of the exemption from sales and use tax. Please note that any variance in these assumptions will alter the fiscal impact of the sales and use tax exemptions on the affected taxing jurisdictions.

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	Tax Rate	Estimated Sales/Use Tax Revenues Subject to Exemption
State of Missouri	4.225%	\$414,050
Jackson County		
General	0.500	49,000
Drug Task Force	0.250	24,500
Sports Complex	0.375	36,750
Zoo District	0.125	12,250
City of Independence		
General Revenue	1.000	98,000
Capital Improvement - Police	0.125	12,250
Fire Protection	0.500	49,000
Streets	0.500	49,000
Parks	0.250	24,500
Storm water	0.250	24,500
Children's Services	0.250	24,500
Total	8.350%	\$818,300

* * *

EXHIBIT A

COST BENEFIT ANALYSIS

The Cost Benefit Analysis shows the anticipated effect of the Project on the taxing jurisdictions affected by the Project. The calendar years shown in the attached Cost Benefit Analysis are for demonstrative purposes only and Project implementation may change the calendar years affected.

**City of Independence, Missouri
(HUB Redevelopment Project)**

COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT



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This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a “municipal advisor” as defined in the Securities Exchange Act of 1934, as amended.

Project Assumptions

♦ Initial year taxes assessed		2023
♦ Assessed value of existing base for 2023 and 2024	\$	1,934,400
♦ Assessed value of existing base for 2025	\$	191,259
♦ Assessed value of increment for 2023 and 2024	\$	19,344
♦ Assessed value of increment for 2025	\$	295,200
♦ Terms of abatement:		
Years 2023 - 2025	0% Base	
	50% Increment	

Summary

Taxing Jurisdiction	Tax Rate	Taxes on Existing Base without Project	Projected Taxes without Chapter 100	Projected Chapter 100 PILOTS	Projected Abatement
Jackson County - General	0.2455	\$ 9,967	\$ 10,787	\$ 10,377	\$ 410
Jackson County - Health Department	0.1647	6,687	7,237	6,962	275
Jackson County - Mental Health	0.1113	4,519	4,890	4,705	186
Jackson County - Parks & Rec	0.1100	4,466	4,833	4,650	184
Jackson County - Road & Bridge	0.0718	2,915	3,155	3,035	120
Board of Disabled Services	0.0836	3,394	3,673	3,534	140
Independence - General Revenue	0.4119	16,723	18,099	17,411	688
Independence - Health and Recreation	0.1940	7,877	8,524	8,200	324
Metropolitan Junior College	0.2028	8,234	8,911	8,572	339
Mid-Continent Library	0.3240	13,155	14,236	13,695	541
Independence School District - Operating	4.1190	167,234	180,987	174,110	6,876
Independence School District - Debt Service	1.3181	53,516	57,917	55,716	2,200
State of Missouri	0.0300	1,218	1,318	1,268	50
Surtax	1.4370	58,343	63,141	60,742	2,399
	8.8237	\$ 358,247	\$ 387,709	\$ 372,978	\$ 14,731

Taxes on Existing Base without Project

Estimated Assessed Value of Existing Base		\$1,934,400	\$1,934,400	\$ 191,259	
Taxing Jurisdiction	Tax Rate per				
	\$100	2023	2024	2025	Total
Jackson County - General	0.2455	\$ 4,749	\$ 4,749	\$ 470	\$ 9,967
Jackson County - Health Department	0.1647	3,186	3,186	315	6,687
Jackson County - Mental Health	0.1113	2,153	2,153	213	4,519
Jackson County - Parks & Rec	0.1100	2,128	2,128	210	4,466
Jackson County - Road & Bridge	0.0718	1,389	1,389	137	2,915
Board of Disabled Services	0.0836	1,617	1,617	160	3,394
Independence - General Revenue	0.4119	7,968	7,968	788	16,723
Independence - Health and Recreation	0.1940	3,753	3,753	371	7,877
Metropolitan Junior College	0.2028	3,923	3,923	388	8,234
Mid-Continent Library	0.3240	6,267	6,267	620	13,155
Independence School District - Operating	4.1190	79,678	79,678	7,878	167,234
Independence School District - Debt Service	1.3181	25,497	25,497	2,521	53,516
State of Missouri	0.0300	580	580	57	1,218
Surtax	1.4370	27,797	27,797	2,748	58,343
	<u>8.8237</u>	<u>\$ 170,686</u>	<u>\$ 170,686</u>	<u>\$ 16,876</u>	<u>\$ 358,247</u>

Projected Tax without Chapter 100

Estimated Assessed Value of Existing Base	\$	1,934,400	\$	1,934,400	\$	191,259
Estimated Assessed Value of Increment	\$	19,344	\$	19,344	\$	295,200

Taxing Jurisdiction	Tax Rate per				Total
	\$100	2023	2024	2025	
Jackson County - General	0.2455	\$ 4,796	\$ 4,796	\$ 1,194	\$ 10,787
Jackson County - Health Department	0.1647	3,218	3,218	801	7,237
Jackson County - Mental Health	0.1113	2,175	2,175	541	4,890
Jackson County - Parks & Rec	0.1100	2,149	2,149	535	4,833
Jackson County - Road & Bridge	0.0718	1,403	1,403	349	3,155
Board of Disabled Services	0.0836	1,633	1,633	407	3,673
Independence - General Revenue	0.4119	8,047	8,047	2,004	18,099
Independence - Health and Recreation	0.1940	3,790	3,790	944	8,524
Metropolitan Junior College	0.2028	3,962	3,962	987	8,911
Mid-Continent Library	0.3240	6,330	6,330	1,576	14,236
Independence School District - Operating	4.1190	80,475	80,475	20,037	180,987
Independence School District - Debt Service	1.3181	25,752	25,752	6,412	57,917
State of Missouri	0.0300	586	586	146	1,318
Surtax	1.4370	28,075	28,075	6,990	63,141
	8.8237	\$ 172,393	\$ 172,393	\$ 42,924	\$387,709

Projected Chapter 100 PILOTS

Estimated Assessed Value of Existing Base	\$ 1,934,400	\$ 1,934,400	\$ 191,259
PILOT Payment	100.00%	100.00%	100.00%
Estimated Assessed Value of Increment	\$ 19,344	\$ 19,344	\$ 295,200
PILOT Payment	50%	50%	50%

Taxing Jurisdiction	Tax Rate per				Total
	\$100	2023	2024	2025	
Jackson County - General	0.2455	\$ 4,773	\$ 4,773	\$ 832	\$ 10,377
Jackson County - Health Department	0.1647	3,202	3,202	558	6,962
Jackson County - Mental Health	0.1113	2,164	2,164	377	4,705
Jackson County - Parks & Rec	0.1100	2,138	2,138	373	4,650
Jackson County - Road & Bridge	0.0718	1,396	1,396	243	3,035
Board of Disabled Services	0.0836	1,625	1,625	283	3,534
Independence - General Revenue	0.4119	8,008	8,008	1,396	17,411
Independence - Health and Recreation	0.1940	3,772	3,772	657	8,200
Metropolitan Junior College	0.2028	3,943	3,943	687	8,572
Mid-Continent Library	0.3240	6,299	6,299	1,098	13,695
Independence School District - Operating	4.1190	80,076	80,076	13,958	174,110
Independence School District - Debt Service	1.3181	25,625	25,625	4,466	55,716
State of Missouri	0.0300	583	583	102	1,268
Surtax	1.4370	27,936	27,936	4,869	60,742
	8.8237	\$ 171,539	\$ 171,539	\$ 29,900	\$ 372,978

Projected Abatement

Estimated Assessed Value of Existing Base	\$	1,934,400	\$	1,934,400	\$	191,259
Estimated Assessed Value of Increment	\$	19,344	\$	19,344	\$	295,200

Taxing Jurisdiction	Tax Rate per			Total
	\$100	2023	2024	
Jackson County - General	0.2455	\$ 24	\$ 24	\$ 362
Jackson County - Health Department	0.1647	16	16	243
Jackson County - Mental Health	0.1113	11	11	164
Jackson County - Parks & Rec	0.1100	11	11	162
Jackson County - Road & Bridge	0.0718	7	7	106
Board of Disabled Services	0.0836	8	8	123
Independence - General Revenue	0.4119	40	40	608
Independence - Health and Recreation	0.1940	19	19	286
Metropolitan Junior College	0.2028	20	20	299
Mid-Continent Library	0.3240	31	31	478
Independence School District - Operating	4.1190	398	398	6,080
Independence School District - Debt Service	1.3181	127	127	1,946
State of Missouri	0.0300	3	3	44
Surtax	1.4370	139	139	2,121
	8.8237	\$ 853	\$ 853	\$ 13,024
				\$ 14,731