

Mark Dunning

From: David Bushek
Sent: Wednesday, May 11, 2022 11:58 AM
To: Raegan Long
Cc: Shannon McGuire; Ryan Elam; Mark Dunning
Subject: RE: Kensington Farms NID

Here is a summary of the status of the NID –

In 2006 and 2007, the City of Lee's Summit, Missouri (the "City") was working with Pulte Homes of Greater Kansas City, Inc., an affiliated company of Pulte Homes, Inc., a publicly traded company listed on the New York Stock Exchange, on the development of approximately 320 acres expected to be built into four neighborhoods in two phases to include over 700 homes (the "Development"). By January 1, 2007, the Developer acquired the site and made significant site development improvements within and adjacent to the Development including: (i) construction of a water storage facility and water distribution and water transmission lines, (ii) construction of road infrastructure, and (iii) construction of storm sewer, sanitary sewer, electrical and related utilities. The Developer entered into an agreement (the "Development Agreement") with the City that provided, among other things, for the funding and dedication of various public improvements.

On July 13, 2006, the City established the Kensington Farms Improvement Project Neighborhood Improvement District (the "District"). The District was formed after a petition by the Developer to provide for the construction and financing of public improvements, primarily street and road improvements (the "Project"), benefiting the property within the District. Bonds (the "Bonds") were issued in April 2007 by The Industrial Development Authority of the City of Lee's Summit, Missouri (the "Authority") in the amount of \$5,500,000 to finance the Project, with the Bonds to be paid from special assessments levied for a period of 20 years against the privately owned real property within the District benefited by the Project. The Developer divided the Development into eight areas for different types of housing. Each area was allocated a designated percentage of the final assessments to be imposed for the costs of the Project. The special assessments for the Project to be imposed on property within the District were projected to range between \$507 and \$913 per lot annually, depending where the lot is located, and subject to minor adjustments based on an increase in the Consumer Price Index. Undeveloped/unplatted land was assessed based on the total land area and was expected to provide for an allocation of special assessments for lots as they developed in the projected range discussed.

In 2008, the economy took a downturn and the Development faltered. The Developer eventually stopped the Development and sold the property to another development group, but little additional construction has occurred beyond completion of lots that had initially been finally platted by the Developer. The Developer and its successor have failed to pay the special assessments and taxes owed on property within the Development and the Bonds went into default. The Bonds are currently held by a small group of investors, and the bonds are managed by the trustee for the Bonds (the "Trustee").

Since 2017, bond counsel for the City has been in contact with the Trustee's legal counsel about cleaning up all the NID process. The Trustee conducted a tax sale for payments due and has expressed the intent to "right size" the bonds but no final conclusions have been reached. For now, the original documents remain in place and the only fact that has changed is that the Trustee now owns some of the undeveloped land that was sold at the tax sale. This means that all undeveloped property will currently be subject to annual special assessments according to the original NID arrangement.

Please let me know if you need additional information or would like to discuss. I may call upon our bond counsel to be involved in the discussions, depending upon the nature of your further inquiries.

From: Raegan Long <rlong@inspired-homes.com>
Sent: Wednesday, May 11, 2022 10:48 AM
To: David Bushek <David.Bushek@cityofls.net>
Cc: Shannon McGuire <Shannon.McGuire@cityofls.net>
Subject: RE: Kensington Farms NID

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Great thanks David!

I've read over the original NID agreement but was looking for an update. I appreciate you sending the most recent summary.

Raegan

RAEGAN LONG

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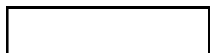
From: David Bushek <David.Bushek@cityofls.net>
Sent: Wednesday, May 11, 2022 10:41 AM
To: Raegan Long <rlong@inspired-homes.com>
Cc: Shannon McGuire <Shannon.McGuire@cityofls.net>
Subject: Kensington Farms NID

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Raegan –

Shannon passed along your inquiry about the Kensington Farms NID. I completed a thorough write up about the status last year. I am checking with bond counsel to see if anything has changed about the NID since then, and I will provide a written summary when I hear back from him.



David Bushek | Chief Counsel of Econ. Dev. & Planning



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