

EXECUTIVE SUMMARY
AVENUE 80 REDEVELOPMENT AGREEMENT
(CROSSROADS 80 TAX INCREMENT FINANCING REDEVELOPMENT DISTRICT)

1. Parties. The City of Overland Park (the "City") and Avenue 80, LLC, a new single-purpose Kansas limited liability company ("Developer").

2. Nature of the Agreement. Generally, this is an agreement (the "Agreement") to provide tax increment financing ("TIF") on certain property located on the southeast corner of Metcalf Avenue and West 80th Street, west of Broadmoor (the "Project Site"). There are currently two (2) buildings located on the Project Site – the 23,318 square foot former O'Neill automotive building, and the 2,218 square foot former Sonic restaurant building (together, the "Existing Buildings"). The Developer wishes to demolish the Existing Buildings and to redevelop and improve the Project Site with a new mixed-use facility, including approximately 218 units of multi-family housing, with approximately 16,000 square feet of retail/office space and other improvements (the "Project").

3. The Developer's Project. Developer agrees to demolish the Existing Buildings and to build a 4 story, wood-framed building with approximately 218 residential units for rent at market rates, along with approximately 16,000 square feet of first-floor retail and/or office space with frontage onto Metcalf Ave. Additionally, the Project would include a structured parking facility which is "wrapped" (or mostly enclosed) by the residential units, new walkable pedestrian improvements contemplated by the Vision Metcalf Plan and the Downtown Form Based Code. The total estimated cost of the Project is currently projected to be approximately \$48,000,000 (of which, Developer is requesting a TIF incentive which is not to exceed \$7,613,717). Pursuant to the Performance Milestones set forth in Exhibit F of the Agreement, Developer would be required to demolish the Existing Buildings by _____, 2015, commence construction of the Project by _____, 2015 and is required to be completed by _____, 201__.

4. The TIF. On July 7, 2014, the City approved Ordinance No. RD-3049, which created a TIF redevelopment district for the Project Site, finding the Project Site to be eligible for TIF as a "conservation area." The TIF for this Project would be based solely on the increased (or "incremental") real property taxes created by the Project after a 2014 "base year". The TIF will not include any increases in sales taxes - those increased sales tax revenues would be retained by the City and other taxing jurisdictions. However, subject to the limitations described below, Developer would have access to the incremental property tax revenues that Developer could use to reimburse itself for eligible Project expenses or "TIF Improvement Costs", which are specified on Exhibit E. The TIF will be pay-as-you-go only for a period of 20 years, with no opportunity to issue bonds, and it will be capped at \$7,613,717 (the "TIF Cap"). Additionally, in an effort to ensure that the City is not offering more incentives for the Project than would be reasonable under the circumstances, the TIF incentives provided in this Agreement have been offered in accordance with an Equity IRR Formula (attached as Exhibit G), projecting an equity internal rate of return for the Developer which shall not exceed 16%. If Developer's rate of return exceeds that 16% number, then the parties agree in Section 3.4(b) of

the Agreement that the TIF Cap shall be reduced in order to render a 16% internal rate of return for the Developer.

5. EDRBs. Section 4.3 of the Agreement provides for the issuance of economic development revenue bonds (“EDRBs”) for the limited purpose of obtaining an exemption on sales taxes on construction materials, equipment and furnishings. These EDRBs, for purposes of this Agreement, are not to be used for abating the ad valorem taxes on the Project Site.

6. Payment of City's Costs/Administrative Fee. The Agreement provides that the Developer will pay the City's costs for negotiating this Agreement and implementing the TIF. It also provides for a TIF administrative fee in an amount equal to the greater of \$5,000 or 1% of the TIF revenues collected annually during the term of the Agreement.

7. Assignment Rights. In Section 5.1 of the Agreement, the parties generally agree that Developer may not assign this Agreement or convey the Project Site without the approval of the City's Governing Body (in your reasonable discretion) and this requires analysis of a proposed assignee's qualifications, experience and financial condition. However, Section 5.3 of the Agreement allows certain assignments by Developer without City consent or approval – namely, (a) security interests granted to construction or permanent lenders, and (b) sales or leases to retail or residential tenants.

8. Default and Remedies. In Section 8.4 of the Agreement, the parties agree that if the Developer shall default, then the City may (a) refuse to approve any further certificates of expenditures and/or make any further disbursements of TIF proceeds to Developer unless and until such default is cured by the Developer, and/or (ii) terminate the TIF, in which case Developer shall have no further rights to any proceeds or reimbursements, and/or (iii) terminate this Agreement.