



Board of Aldermen Request for Action

MEETING DATE: 3/19/2024

DEPARTMENT: Administration

AGENDA ITEM: Bill No. 3029-24, Cooperative Agreement for the Fairview Crossing Community Improvement District – 2nd Reading

REQUESTED BOARD ACTION:

A motion to approve Bill No. 3029-24, approving the Cooperative Agreement among the City, the Fairview Crossing Community Improvement District and Kansas City Properties & Investments, LLC to implement the Fairview Crossing Community Improvement District. Second reading by title only.

SUMMARY:

Pursuant to Ordinance No. 3210-23 approving the Fairview Crossing CID, the next step in the Community Improvement District (CID) process is the adoption of a cooperative agreement to oversee the administrative terms of the CID. The CID is a separate legal entity that proposes to impose a 1% additional sales tax on sales made within the CID. The revenues generated from this additional sales tax will reimburse the Developer for certain authorized, public improvements.

The Cooperative Agreement outlines the terms of the CID administration including sales tax administration oversight, reimbursement details, CID operations and maintenance, an administrative fee for the City's expenses, certain oversight and CID Act requirements, composition of the CID Board of Directors, and defaults and remedies, among other things.

PREVIOUS ACTION:

none

POLICY ISSUE:

Economic Development

FINANCIAL CONSIDERATIONS:

None.

ATTACHMENTS:

- | | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input checked="" type="checkbox"/> Other: Cooperative Agreement | |

AN ORDINANCE APPROVING THE COOPERATIVE AGREEMENT AMONG THE CITY OF SMITHVILLE, MISSOURI, THE FAIRVIEW CROSSING COMMUNITY IMPROVEMENT DISTRICT AND KANSAS CITY PROPERTIES & INVESTMENTS, LLC TO IMPLEMENT THE FAIRVIEW CROSSING COMMUNITY IMPROVEMENT DISTRICT.

WHEREAS, the Board of Aldermen of the City of Smithville, Missouri (the "Board of Aldermen"), did on October 17, 2023 hold a public hearing considering the formation of the Fairview Crossing Community Improvement District (the "District") and the Petition for the Establishment of the Fairview Crossing Community Improvement District (the "Petition"); and

WHEREAS, on November 6, 2023, the Board of Aldermen did pass Ordinance No. 3210-23, which approved the formation the District and the Petition; and

WHEREAS, the ordinance requires that the District and Kansas City Properties & Investments, LLC (the "Developer") enter into a cooperative agreement with the City to implement the goals and objectives of the Petition, including the administration of the District Sales Tax Revenues; and

WHEREAS, the City now desires to enter into a cooperative agreement with the District and the Developer to set forth their respective duties and obligations with respect to the administration, enforcement, and operation of the District Sales Tax and the use of the District Sales Tax Revenues; and

WHEREAS, the Board of Aldermen hereby determines that it is in the best interest of the City to enter into a cooperative agreement with the District and the Developer in substantially the form attached hereto.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI, AS FOLLOWS:

Section 1. The Board of Aldermen hereby approves, and the Mayor is hereby authorized to execute the Cooperative Agreement which shall be substantially in the form attached hereto as **Exhibit A**, with such changes therein as shall be approved by the Mayor, the Mayor's signature thereon being conclusive evidence of his approval thereof.

Section 2. City officers and agents of the City are each hereby authorized and directed to take such actions, execute such other documents, certificates and instruments and engage such consultants as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 3. All ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed.

Section 4. This Ordinance shall be in full force and effect from and after its passage, adoption, and approval by the Mayor.

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PASSED by the Board of Aldermen, and **APPROVED** by the Mayor, of the City of Smithville, Missouri, this 19th day of March 2024.

(SEAL)

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk

First Reading: 03/05/2024

Second Reading: 03/19/2024

Exhibit A

Cooperative Agreement

[Attached]

COOPERATIVE AGREEMENT

among the

CITY OF SMITHVILLE, MISSOURI,

the

FAIRVIEW CROSSING COMMUNITY IMPROVEMENT DISTRICT,

and

KANSAS CITY PROPERTIES & INVESTMENTS, LLC

dated as of

_____, 2024

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COOPERATIVE AGREEMENT

THIS COOPERATIVE AGREEMENT (“Agreement”), entered into as of this ____ day of _____, 2024, by and among the **CITY OF SMITHVILLE, MISSOURI**, a municipal corporation and fourth-class city of the State of Missouri (the “**City**”), the **FAIRVIEW CROSSING COMMUNITY IMPROVEMENT DISTRICT**, a community improvement district and political subdivision of the State of Missouri (“**District**” or “**CID**”), and **KANSAS CITY PROPERTIES & INVESTMENTS, LLC** (the “**Developer**”), a Missouri limited liability company (the City, the District and the Developer being sometimes collectively referred to herein as the “**Parties**”, and individually as a “**Party**”, as the context so requires).

WITNESSETH:

WHEREAS, the Board of Aldermen of the City of Smithville, Missouri (the “**Board of Aldermen**”), did on November 6, 2023, pass Ordinance No. 3210-23, which approved the formation of the District and the Petition for the Establishment of the Fairview Crossing Community Improvement District (the “**Petition**”); and

WHEREAS, Ordinance No. _____, approved on _____, 2024 approved the execution of this Agreement; and

WHEREAS, the District is authorized under the CID Act to impose a district-wide sales and use tax (the “**District Sales Tax**”) and to enter into this Agreement for the collection, payment and administration of the proceeds of the District Sales Tax;

WHEREAS, the Parties desire to set forth through this Agreement their respective duties and obligations with respect to the administration, enforcement, and operation of the District Sales Tax and the use of the revenues collected by such tax.

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants herein contained, the Parties agree as follows:

ARTICLE 1: DEFINITIONS, RECITALS AND EXHIBITS

Section 1.1. Recitals and Exhibits. The representations, covenants and recitations set forth in the foregoing recitals and the exhibits attached to this Agreement are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though they were fully set forth in this Section, and the appropriate exhibits are incorporated into each Section of this Agreement that makes reference to an exhibit.

Section 1.2. Definitions. Words and terms defined elsewhere in this Agreement shall have the meanings assigned therein. Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

“**Administrative Fee**” means that amount of the District Sales Tax Revenues that the City shall receive as compensation for performing the administrative duties of the District, and administering and accounting for the District Sales Tax, in the amount of one and one half percent (1.5%) of the total District Sales Tax Revenue transferred to the City on behalf of the District by the Missouri Department of Revenue, as set forth in this Agreement.

“Applicable Laws and Requirements” means any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, directive, requirement or decision of or agreement with or by any unit of government.

“Board” or **“Board of Directors”** means the governing body of the Fairview Crossing Community Improvement District.

“Board of Aldermen” means the governing body of the City of Smithville, Missouri.

“Budget” shall have the meaning set forth in Section 4.4.

“CID Act” means the Missouri Community Improvement District Act, Sections 67.1401, *et seq.*, RSMo, as amended.

“CID Improvements” means those improvements described in **Exhibit A** and in the maximum amount shown on **Exhibit A**.

“CID Services” means those services described in the CID Petition which may be undertaken by the CID in accordance with the CID Petition and the requirements of this Agreement, not including services related to Operating Costs of the District.

“City” means the City of Smithville, Missouri, a municipal corporation and fourth-class city under applicable Missouri laws.

“City Representative” means the City Administrator or Assistant City Administrator of the City, or his/her designee.

“City Director” shall have the meaning set forth in Section 5.1.

“Developer Directors” shall have the meaning set forth in Section 5.1.

“Director” means a director of the District.

“District Sales Tax” means the sales and use tax levied by the District on the receipts from the sale at retail of all tangible personal property or taxable services at retail within its boundaries pursuant to the CID Act in the maximum amount of one percent (1.0%), as established by resolution of the District and approved by the qualified voters of the District, in accordance with this Agreement.

“District Sales Tax Revenues” means the monies actually collected, pursuant to this Agreement and the CID Act, from the imposition of the District Sales Tax.

“Event of Default” means any event specified in Section 7.1 of this Agreement.

“Excusable Delays” means delays due to acts of terrorism, acts of war or civil insurrection, strikes, riots, floods, earthquakes, fires, tornadoes, casualties, acts of God, pandemics, labor disputes, governmental restrictions or priorities, embargoes, national or regional material shortages, failure to obtain regulatory approval from any Federal or State regulatory body, unforeseen site conditions, material litigation by parties other than the Parties not caused by the Parties’ failure to perform, or any other condition or circumstances beyond the reasonable or foreseeable control of the applicable party using reasonable diligence to overcome which prevents such party from performing its specific duties or obligation hereunder in a timely manner.

“Fiscal Year” means November 1 through October 31 of each year, which Fiscal Year coincides with the City’s fiscal year.

“Obligations” means any bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by or at the direction of the District or the City, which pay for, among other things, the CID Improvements, in whole or in part, or to refund outstanding Obligations.

“Operating Costs” means the actual, reasonable expenses which are reasonably necessary for the operation of the District which shall include, but is not limited to, costs associated with notices, publications, meetings, supplies, equipment, photocopying, insurance, the engagement of special legal counsel, financial auditing services, and other consultants or services including companies engaged by the District (or the City on behalf of the District) to review applications for reimbursement for payment of Public Improvements Costs, and shall also include reasonable attorneys’ fees for the formation of the District.

“Parties” or **“Party”** means the City, the District and the Developer, as the context requires.

“Petition” means the Petition for Establishment of the Fairview Crossing Community Improvement District, filed with the City Clerk of Smithville, Missouri, approved by Ordinance No. 3210-23 on November 6, 2023.

“Public Improvement Costs” means all actual and reasonable costs and expenses which are incurred by or at the direction of the District with respect to construction of the CID Improvements, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction contracts awarded in connection with the CID Improvements that are constructed or undertaken, plus all actual and reasonable costs to plan, finance, develop, design and acquire the CID Improvements, including but not limited to the following:

A. actual and reasonable costs of issuance and capitalized interest, if any, for any Obligations issued to finance the CID Improvements;

B. actual and reasonable fees and expenses of architects, appraisers, attorneys, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, financing, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, attorneys, surveyors and engineers in relation to the construction of the CID Improvements and all actual and reasonable costs for the oversight of the completion of the CID Improvements including overhead expenses for administration, supervision and inspection incurred in connection with the CID Improvements; and

C. all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement and financing of the CID Improvements and which may lawfully be paid or incurred by the District under the CID Act.

“Report” shall have the meaning set forth in Section 4.4.

“Secured Lender” means a bank, financial institution or other person or entity from which Developer has borrowed funds to finance all or a portion of the District Improvements and in whose favor Developer has agreed to provide a security interest as collateral for such loan.

ARTICLE 2: REPRESENTATIONS

Section 2.1. Representations by the District. The District represents that:

A. The District is a community improvement district and political subdivision, duly organized and existing under the laws of the State of Missouri, including particularly the CID Act.

B. The District has authority to enter into this Agreement and to carry out its obligations under this Agreement. By proper action of its Board of Directors, the District has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

C. The CID Improvements are authorized in the Petition.

D. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the performance of or compliance with the terms and conditions of this Agreement by the District will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the District is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the District or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District under the terms of any instrument or agreements to which the District is a party.

E. Consideration and public benefit: The District acknowledges that construction of the CID Improvements are of significant value to the District, the property within the District and the general public. The District finds and determines that the CID Improvements will promote the economic welfare and the development of the City and the State of Missouri through: (i) the creation of temporary and permanent jobs; (ii) stimulating additional development in the area near the CID Improvements; (iii) increasing local and state tax revenues; and (iv) providing necessary street infrastructure for the District and for other surrounding development. Further, the District finds that the CID Improvements conform to the purposes of the CID Act.

F. There is no litigation or proceeding pending or threatened against the District affecting the right of the District to execute or deliver this Agreement or the ability of the District to comply with its obligations under this Agreement or which would materially adversely affect its financial condition.

G. The District acknowledges that Section 285.530, RSMo, prohibits any business entity or employer from knowingly employing, hiring for employment, or continuing to employ an unauthorized alien to perform work within the state of Missouri. District therefore covenants that it will not knowingly violate subsection 1 of Section 285.530, RSMo, and that it will not knowingly employ, hire for employment, or continue to employ any unauthorized aliens to perform work related to this Agreement, and that its employees are lawfully eligible to work in the United States.

Section 2.2. Representations by the City. The City represents that:

A. The City is duly organized and existing under the Constitution and laws of the State of Missouri as a fourth-class city.

B. The City has authority to enter into this Agreement and to carry out its obligations under this Agreement, and the Mayor of the City is duly authorized to execute and deliver this Agreement.

C. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the City will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the City is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the City or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement to which the City is a party.

D. There is no litigation or proceeding pending or threatened against the City affecting the right of the City to execute or deliver this Agreement or the ability of the City to comply with its obligations under this Agreement.

Section 2.3. Representations by the Developer. Developer represents that:

A. The Developer has all necessary power and authority to execute and deliver and perform the terms and obligations of this Agreement and to execute and deliver the documents required of the Developer herein, and such execution and delivery has been duly and validly authorized and approved by all necessary proceedings. Accordingly, this Agreement constitutes the legal valid and binding obligation of the Developer, enforceable in accordance with its terms.

B. The execution and delivery of this Agreement, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions hereof do not and will not conflict with or result in a breach of any of the terms or conditions of any corporate or organizational restriction or of any agreement or instrument to which it is now a party, and do not and will not constitute a default under any of the foregoing.

C. No litigation, proceedings or investigations are pending or, to the knowledge of the Developer, threatened against the Developer or any member of the Developer or the CID Improvements, which litigation, proceedings or investigations would in any manner challenge or adversely affect the existence or powers of the Developer to enter into and carry out the transactions described in or contemplated by the execution, delivery, validity or performance by the Developer of the terms and provisions of this Agreement, or that would materially adversely affect the financial condition of the Developer.

D. The Developer acknowledges that Section 285.530, RSMo, prohibits any business entity or employer from knowingly employing, hiring for employment, or continuing to employ an unauthorized alien to perform work within the state of Missouri. Developer therefore covenants that it will not knowingly violate subsection 1 of Section 285.530, RSMo, and that it will not knowingly employ, hire for employment, or continue to employ any unauthorized aliens to perform work related to this Agreement, and that its employees are lawfully eligible to work in the United States.

ARTICLE 3: DISTRICT SALES TAX

Section 3.1. Imposition of the District Sales Tax. The Board of Directors shall adopt a resolution, which, subject to qualified voter approval, imposes the District Sales Tax. The District Sales Tax shall be imposed at a rate of 1.0% for the purpose of funding costs of the CID Improvements and the CID Services as desired by the District and as approved by the City. The District shall notify the Missouri Department of Revenue of the District Sales Tax. The District shall annually appropriate all District Sales Tax Revenues by resolution in accordance with this Agreement.

Section 3.2. Collection and Administration of the District Sales Tax

A. The District shall adopt a resolution that (i) imposes the District Sales Tax (subject to qualified voter approval), (ii) authorizes the City to perform all functions incident to the administration, enforcement and operation of the District Sales Tax, to the extent not performed by the state, and (iii) prescribes any required forms and administrative rules and regulations for reporting and collecting the District Sales Tax. The District shall also notify the Missouri Department of Revenue, in substantial compliance with the form set forth in **Exhibit B**, that the District authorizes the City, on behalf of the District, to receive from the Missouri Department of Revenue all of the District Sales Tax Revenues.

B. The District Sales Tax shall be collected by the Missouri Department of Revenue as provided in the CID Act. The City shall receive the District Sales Tax Revenues from the Missouri Department of Revenue, which shall be disbursed in accordance with this Agreement.

C. The City agrees to perform for the District all functions incident to the administration and enforcement of the District Sales Tax, to the extent not performed by the state, pursuant to the CID Act and this Agreement. The City shall receive the Administrative Fee for administering the District Sales Tax. The Administrative Fee authorized in this Section shall be calculated using the total District Sales Tax Revenues generated within the District.

D. In the event that the City incurs extraordinary administrative costs related to the collection or enforcement of the District Sales Tax or for other reasons, then the City shall be entitled to additional payments to fully reimburse the City for such actual, documented extraordinary costs to be collected from the District Sales Tax Revenues. The City shall use best efforts to provide the District and Developer with advance written notice of any anticipated extraordinary administrative costs and shall provide the District and Developer with regular updates regarding any such costs incurred. In the event that there are insufficient funds in any Fiscal Year to cover the actual costs incurred by the City, any unpaid Administrative Fee and any extraordinary administrative costs shall be paid in subsequent Fiscal Years.

Section 3.3. Operating Costs. The District shall pay for the Operating Costs of the District from District Sales Tax Revenues. The Operating Costs shall be included in the District's annual budget, as provided in Section 4.4. Developer shall fund the Operating Costs and be reimbursed for such advances until sufficient revenues are available to fund Operating Costs from District Sales Tax Revenues on an annual basis.

Section 3.4. Enforcement of the District Sales Tax. The District authorizes the City, to the extent required or authorized by the Missouri Department of Revenue, to take all actions necessary for enforcement of the District Sales Tax. The City may, in its own name or in the name of the District, prosecute or defend an action, lawsuit or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure the payment of the District Sales Tax. The District hereby agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the District in any such action, lawsuit or proceeding if the City shall so request. All actions taken by the City for enforcement and any legal proceeding filed by the City for enforcement and collection of the District Sales Tax shall be treated as Operating Costs of the District.

Section 3.5. Distribution of the District Sales Tax Revenue. Beginning in the first month following the effective date of the District Sales Tax and continuing each month thereafter until the expiration or repeal of the District Sales Tax, the City on behalf of the District shall, not later than the fifteenth (15th) day of each month, distribute the District Sales Tax Revenues received in the preceding month in the following order of priority:

1. The City, on behalf of the District, shall pay the Administrative Fee or other amounts owing to the City.
2. The City, on behalf of the District, shall pay the Operating Costs of the District.
3. The City, on behalf of the District, shall make the remaining District Sales Tax Revenues to pay the Obligations if any Obligations have been issued.
4. In the event that there are no Obligations outstanding, the City, on behalf of the District, shall make the remaining District Sales Tax Revenues available to reimburse the Developer for expenses incurred by Developer to fund the CID Improvements which have been certified. No payment of the District Sales Tax Revenues shall be made to the Developer until such CID Improvement costs have been certified by the City pursuant to this Agreement.
5. The City, on behalf of the District, shall pay the CID Services of the District, provided that no CID Services shall be funded by the District until all costs of the CID Improvements have been fully reimbursed.

Section 3.6. Records of the District Sales Tax. The City, on behalf of the District, shall keep accurate records of the District Sales Tax due and collected and copies of such records shall be made available to the District on a monthly basis. Any City records pertaining to the District Sales Tax shall be provided to the District upon written request of the District, as permitted by law.

Section 3.7. Repeal of the District Sales Tax. Unless extended by mutual agreement of the Parties and in accordance with the CID Act, the District shall implement the procedures in the CID Act for repeal of the District Sales Tax and abolishment of the District when the District Sales Tax has expired in accordance with the District Sales Tax ballot measures as approved by the qualified electors of the District. Upon repeal of the District Sales Tax, the District shall:

- A. Pay all outstanding Administrative Fees and Operating Costs.
- B. Retain any remaining District Sales Tax until such time as the District is abolished and the District has provided for the transfer of any funds remaining in a manner permitted by the CID Act.

ARTICLE 4: FINANCING DISTRICT PROJECTS

Section 4.1. Design and Construction of CID Improvements. The CID Improvements shall be designed and constructed by or at the direction of the Developer. The CID Improvements shall be designed and constructed in accordance with applicable City-approved zoning and subdivision ordinances and associated plans and specifications. The Developer shall comply with all Applicable Laws and Requirements including laws related to the construction of public improvements, including the payment of prevailing wages to contractors or subcontractors of Developer for construction of the CID Improvements; provided that this Agreement shall not be deemed to impose the payment of prevailing wage to contractors or subcontractors if not otherwise required by Applicable Laws and Requirements. Developer shall indemnify and hold harmless the City and the District for any damage resulting to it from failure of either Developer or its contractor or subcontractors to pay prevailing wages pursuant to Applicable Laws and Requirements. Developer shall use commercially reasonable efforts to clear blight or rehabilitate to eliminate the physical blight existing within the blight area, or make adequate provisions satisfactory to the City for the clearance of such blight, which obligation may be satisfied by performing the CID

Improvements. Notwithstanding the foregoing, to the extent Developer fails to perform the CID Improvements, whether fully or partially, the sole remedy hereunder shall be that the Developer shall not be entitled to reimbursement of District Sales Tax Revenues, and in no event shall Developer be required to perform such obligations or expend money in furtherance thereof in excess of the amount of District Sales Tax Revenues disbursed to Developer hereunder. Developer shall indemnify and hold harmless the City and the District for any damage resulting to it from failure of either Developer or its contractor or subcontractors to pay prevailing wages pursuant to, or as required by, Applicable Laws and Requirements.

Section 4.2. Financing the CID Improvements. The District shall impose the District Sales Tax within the boundaries of the District to fund the CID Improvements and other costs authorized by this Agreement. The District shall not use or impose any taxes other than a District Sales Tax or impose any other funding mechanisms unless the Board of Aldermen, by Ordinance, modifies the limitations on the District's authority as set forth in the Petition. The District may also incur Obligations in one or more series for the purpose of funding all, or an appropriate portion of, the CID Improvements, but only subsequent to the prior written consent of the City. The bond counsel and underwriter for any such Obligations shall be selected by the City.

Section 4.3. Ownership and Maintenance of CID Improvements. The City shall have no ownership of the CID Improvements, and the District or Developer shall at all times be responsible for maintenance of the CID Improvements, except as certain improvements are dedicated to and accepted by the City in accordance with Applicable Laws and Requirements. The District or Developer shall be responsible for obtaining and maintaining insurance for the design, construction, operation and maintenance of the CID Improvements, except as certain improvements are dedicated to and accepted by the City in accordance with Applicable Laws and Requirements.

Section 4.4. Annual Budget. The District shall annually prepare or cause to be prepared a budget (the "**Budget**") and an annual report (the "**Report**") describing the major activities of the District during the preceding year and upcoming year. The Budget and Report shall be submitted to the City Representative for review and comment not less than sixty (60) days prior to the intended date of approval of the Budget. The Budget shall not be approved without the prior written consent of the City; provided, however, that if the City does not provide its written consent or comments to the Budget within fifteen (15) days prior to the intended date of approval of the Budget, consent shall be deemed given. Not later than the first day of each Fiscal Year of the District, the Board of Directors shall adopt a Budget for the District for the ensuing budget year, for every fund of the District of any kind, in such a manner as may be provided by law. If the Board of Directors fails to adopt a Budget by the first day of a Fiscal Year, the District shall be deemed to have adopted for such Fiscal Year a Budget, which provides for application of the District's sales tax revenues collected in such Fiscal Year in accordance with the budget for the prior Fiscal Year.

Section 4.5. New CID Improvements. The District shall not undertake new District projects, aside from the improvements shown on the attached **Exhibit A** and in the amount shown on **Exhibit A**, without the prior approval of the Board of Aldermen.

Section 4.6. Certification of Costs. No District Sales Tax Revenues shall be paid by the City to the Developer for any costs prior to certification of such costs in accordance with this Section. All Public Improvement Costs shall be eligible for reimbursement to the Developer under Section 3.5 upon acceptance by the City of a certification of such costs by the Developer in substantially the form attached to this Agreement as **Exhibit C** (a "Cost Certification"). Upon receipt by the City of an executed and completed Cost Certification (together with supporting invoices), the City shall have thirty (30) calendar days to inform the Developer of any inadequacy of the Cost Certification, based on the City's determination that the Cost Certification requests payment for costs that either are not reimbursable under this Agreement or have already been the subject of a Cost Certification. If the City has no such reason to contest the Cost

Certification, or if the thirty-day time period passes without such notification, the City shall accept the Cost Certification by signature. The City shall keep records of all Cost Certifications submitted to the City, the total amount of costs so certified, and the amounts that, at any time, have been certified but have not yet been reimbursed in accordance with Section 3.5.

ARTICLE 5: DISTRICT OPERATIONS AND MANAGEMENT

Section 5.1. Composition of the Board of Directors and Officers.

A. In accordance with the Petition, the Board of Directors shall be composed of five (5) directors. The Board of Directors shall include one (1) director as a representative of the City who is designated by the City (the “**City Director**”) and four (4) as representatives of the Developer who are designated by the Developer (the “**Developer Directors**”).

B. All directors shall meet all qualifications of the CID Act and the Missouri Constitution, and Developer agrees to designate in writing that the City Director is a representative of Developer as a property owner within the District, in order to satisfy the requirements of Section 67.1451.2(2)(a), RSMo, with respect to the City Director.

C. If there are no registered voters in the District, at least one director during their term shall be a person who meets all qualifications as required by Section 67.1451.2(3), RSMo.

D. Successor Directors shall be appointed by the Mayor with the consent of the Board of Aldermen as provided in the Petition and in compliance with Section 67.1451.5, RSMo, provided that the Mayor’s appointment of the Developer Directors shall be those persons who are designated by Developer.

Section 5.2. District Meetings. The Parties agree that the Board of Directors shall not meet and conduct District business unless all Directors receive notice of the meeting (which notice may be delivered via email) and are provided with the opportunity to participate in all District meetings, either in person or by phone. The Parties agree that the District bylaws shall contain the requirements of this Section, and shall include other safeguards as mutually agreed by the Parties to provide for participation of Developer Directors and City Director in all matters coming before the Board of Directors.

ARTICLE 6: SPECIAL COVENANTS

Section 6.1. Records of the District. The District shall designate an appropriate official to be the official record keeper of the District, who shall keep proper books of record and account on behalf of the District in which full, true, and correct entries will be made of all dealings or transactions of or in relation to its business affairs in accordance with accounting principles generally accepted in the United States and consistently applied. The District shall furnish annual audited financial statements for each Fiscal Year no later than ninety (90) days following the end of such Fiscal Year. District financial audits shall be performed in coordination with City audits. All pertinent books, documents, and vouchers relating to District business, affairs, and properties shall at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof provided that the confidentiality of all records shall be maintained pursuant to such confidentiality agreements as reasonably required) as shall from time to time be designated and compensated by the inspecting party.

Section 6.2. Consent by Developer, Tenants and Transferees.

A. Developer will use commercially reasonable efforts to cause all leases of property in the District entered into after the date of this Agreement to contain a provision that is in substantial compliance with the following:

Community Improvement District: Tenant acknowledges and consents that the Leased Premises are a part of the Fairview Crossing Community Improvement District (“District”) created by ordinance of the City of Smithville, Missouri (“City”), that the District imposes a sales and use tax on Tenant’s eligible retail sales that will be applied toward the costs of CID Improvements that will provide a generalized benefit to the development. Tenant shall forward to the District and City copies of Tenant’s State of Missouri sales tax returns for its property located in the District when and as they are filed with the Missouri Department of Revenue. Tenant hereby acknowledges and agrees that the City and the District are third party beneficiaries of the obligations in this paragraph and shall have a separate and independent right to enforce these reporting requirements.

B. Developer, or any third party, may transfer real property within the CID area. Developer shall use commercially reasonable efforts after the date of this Agreement to insert in any document transferring any interest in real property within the CID area, to cause any transferee to insert language reasonably similar to the following, and to have such document signed by the transferee indicating acknowledgment and agreement to the following provision:

Community Improvement District: Grantee acknowledges and consents that the property is a part of the Fairview Crossing Community Improvement District (“District”) created by ordinance of the City of Smithville, Missouri (“City”), and that the District imposes a sales and use tax on eligible retail sales conducted within the District that will be applied toward the costs of CID Improvements that provide a generalized benefit to all property within the District. Grantee shall, or shall cause any applicable tenant of Grantee, to forward to the District and the City copies of its State of Missouri sales tax returns for the Property when and as they are filed with the Missouri Department of Revenue. Grantee hereby acknowledges and agrees that the City and the District are third party beneficiaries of the obligations in this paragraph and shall have a separate and independent right to enforce these reporting requirements.

C. The Developer shall enforce the lease/sales contract obligation set forth in this Section and shall require any purchaser, lessee or other transferee or possessor of the property within the District, to provide to the District and the City a copy of their Missouri sales tax returns. The Developer use commercially reasonable efforts to ensure that any documents transferring its interest in property located within the District shall make the obligations set forth in this Section a covenant running with the land that shall be enforceable against the Developer and against any purchaser, lessee or other transferee or possessor as if such purchaser, lessee or possessor were originally a party to and bound by this Agreement, which obligations shall only terminate upon the end of the term of the District.

D. Failure of the Developer to require that such restrictions be placed in any such lease/sales contract shall in no way modify, lessen or diminish the obligations and restrictions set forth herein relating to the District’s and the City’s rights of enforcement and remedies under this Agreement, or otherwise form the basis of a default on the part of the Developer hereunder.

E. Developer acknowledges that the District is implemented for the purpose of funding CID Improvements that benefit the development. Developer and its successors and assigns agree not to contest or protest the creation and operation of the District or the levy, collection or enforcement of the District Sales Tax.

F. In lieu of compliance with this Section 6.2, City hereby acknowledges that Developer may include the requirements applicable to tenants and subsequent owners of real property within the District within the Memorandum of this Agreement to be recorded pursuant to Section 8.11 hereof, and in such case, Developer shall have no further obligation to include provisions stated herein in leases or sale contracts.

Section 6.3. Collateral Assignment.

A. Developer and its successors and assigns shall have the right, without the City's consent, to collaterally assign to any Secured Lender as collateral any and all of Developer's rights and/or obligations under this Agreement, and such Secured Lender shall have the right to perform any term, covenant, condition or agreement and to remedy, in accordance with the terms of this Agreement, any default by Developer under this Agreement, and City shall accept such performance by any such Secured Lender with the same force and effect as if furnished by Developer. No Secured Lender shall be personally liable or obligated to perform the obligations of Developer under the Agreement unless and until such Secured Lender takes possession of the property as a mortgagee or by a receiver appointed at the request of mortgagee or becomes the owner of the fee estate of property within the District by foreclosure, or deed in lieu of foreclosure or otherwise.

B. Before a Secured Lender may exercise any rights of the Developer under the Agreement, the City shall receive: (a) within thirty (30) days following the date of such collateral assignment, a notice from the Developer that it has entered into a collateral assignment with a Secured Lender in connection with the Property, which shall specify the name, address and telephone number of the Secured Lender, as well as the title, date and parties to the collateral assignment agreement; and (b) not less than ten (10) days' notice of the Secured Lender's intent to exercise its right to become the assignee of the Developer under the Agreement, which notice shall include the effective date of the collateral assignment, and the title, date and parties to such collateral assignment agreement. The City is entitled to rely upon representations made in the notices described in this paragraph without further investigation or inquiry.

C. Provided that the Developer has provided the City with notice of a collateral assignment as described in this Section, the City agrees to provide the Secured Lender with the same notice of default at the same time such notice is given to the Developer, and the Secured Lender shall have the same rights (but shall have no obligation) to cure, correct or remedy a default as are provided to the Developer.

Section 6.4. District Termination. The District shall terminate at the earlier of: (a) twenty-seven (27) years from the date the ordinance establishing the District is approved or (b) prior to the end of such term in accordance with the provisions of the CID Act and Petition, unless such termination date is extended by action of the Board of Aldermen.

ARTICLE 7: DEFAULTS AND REMEDIES

Section 7.1. Default and Remedies. An Event of Default shall occur upon the failure by either Party in the performance of any covenant, agreement or obligation imposed or created by this Agreement and the continuance of such failure for thirty (30) days after the other Party has given written notice to such Party specifying such failure; provided, however, if such failure cannot be reasonably cured within thirty

(30) days, the defaulting Party shall have a reasonable amount of time (not to exceed sixty (60) days) to complete such cure.

If any Event of Default has occurred and is continuing, then any non-defaulting party may, upon its election or at any time after its election while such default continues, by mandamus or other suit, action or proceedings at law or in equity, enforce its rights against the defaulting party and its officers, agents and employees, and require and compel duties and obligations required by the provisions of this Agreement.

Section 7.2. Rights and Remedies Cumulative. The rights and remedies maintained by any Party under this Agreement and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. Any Party shall be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding availability of an adequate remedy at law, and any Party hereby waives the right to raise such defense in any proceeding in equity.

Section 7.3. Waiver of Breach. No waiver of any breach of any covenant or agreement contained in this Agreement shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of an Event of Default, a non-defaulting Party may nevertheless accept from the defaulting party, any payment or payments without in any way waiving the non-defaulting party's right to exercise any of its rights and remedies as provided herein with respect to any such default or defaults in existence at the time when such payment or payments were accepted by the non-defaulting party.

Section 7.4. Excusable Delays. No Party shall be deemed to be in default of this Agreement because of Excusable Delays. Excusable Delays shall extend the time of performance for the period of such Excusable Delay.

ARTICLE 8: MISCELLANEOUS

Section 8.1. Effective Date and Term. This Agreement shall become effective on the date this Agreement has been fully executed by the Parties. This Agreement shall remain in effect for as long as the District is legally in existence.

Section 8.2. Immunities. No recourse shall be had for any claim based thereon or upon any representation, obligation, covenant or agreement in this Agreement contained against any past, present or future officer, member, employee, director or agent of the City or the District, or of any successor thereto, as such, either directly or through the City or the District, or any successor thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

The Developer shall indemnify, release, defend, be responsible for and forever hold harmless the City and the District, their officers, agents, employees, elected officials, and attorneys, each in their official and individual capacities, from and against all lawsuits, suits, actions, costs, claims, demands, damages, disability, losses, expenses, including reasonable attorney's fees and other defense costs or liabilities of any character and from any cause whatsoever, brought because of loss or damage received or sustained, by any person, persons, property owners or property arising out of or resulting from any act, error, omission, or intentional act of the Developer or its agents, employees, or subcontractors, to the extent conducted pursuant to this Agreement and/or in connection with the ownership, design, development, redevelopment, use or occupancy of the property within the District or a portion thereof and the CID Improvements.

Section 8.3. Modification. The terms, conditions, and provisions of this Agreement can be neither modified nor eliminated except in writing and by mutual agreement among the City, the District and the Developer. Any modification to this Agreement as approved shall be attached hereto and incorporated herein by reference.

Section 8.4. Jointly Drafted. The Parties agree that this Agreement has been jointly drafted and shall not be construed more strongly against another Party.

Section 8.5. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 8.6. Validity and Severability. It is the intention of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of State of Missouri, and that the unenforceability (or modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provision or provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

Section 8.7. Execution of Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 8.8. City Approvals. Unless specifically provided to the contrary herein, all approvals of the City hereunder may be given by the Mayor or his or her designee without the necessity of any action by the Board of Aldermen. The Mayor may seek the input from the Board of Aldermen before granting any approval.

Section 8.9. District Approvals. Unless specifically provided to the contrary herein, all approvals of the District hereunder may be given by the Executive Director of the District or his or her designee without the necessity of any action by the Board of Directors.

Section 8.10. Electronic Storage. The parties agree that the transactions described herein may be conducted and related documents may be received, sent or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

Section 8.11. Recordation of Memorandum of Agreement. The Parties agree to execute and deliver a Memorandum of this Agreement in proper form for recording and/or indexing in the appropriate land or governmental records within 30 days of execution. Such Memorandum shall be recorded by the Developer, and proof of recording shall be provided to the City.

Section 8.12. Notices. Any notice, demand, or other communication required by this Agreement to be given by either party hereto to the other shall be in writing and shall be sufficiently given or delivered if dispatched by certified United States First Class Mail, postage prepaid, or delivered personally or by a reputable overnight delivery service to all parties listed below. Mailed notices shall be deemed effective on the third day after mailing and all other notices shall be effective when delivered.

To the City: City of Smithville, Missouri
107 W. Main Street
Smithville, Missouri 64089
Attn: City Administrator

With a copy to: Gilmore & Bell, P.C.
2405 Grand Blvd., Suite 1100
Kansas City, Missouri 64108
Attn: Megan Miller
mmiller@gilmorebell.com

To the District: Fairview Crossing Community Improvement
District
c/o Polsinelli PC
900 W. 48th Place, Suite 900
Kansas City, Missouri 64112
Attn: Curt Petersen
cpetersen@polsinelli.com

To the Developer: Kansas City Properties & Investments, LLC
13530 Mt. Olivet Road
Smithville, Missouri 64089
Attn: Shane Crees
shane@kcasinc.com

or to such other address with respect to either party as that party may, from time to time, designate in writing and forward to the other as provided in this paragraph.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

CITY OF SMITHVILLE, MISSOURI

By: _____
Damien Boley
Mayor

ATTEST:

Linda Drummond, City Clerk

APPROVED AS TO FORM:

Special Counsel

STATE OF MISSOURI)
) **SS.**
COUNTY OF CLAY)

On this ____ day of _____, 2024 before me appeared, Damien Boley, who being, by me duly sworn, did say that he is the Mayor of the **CITY OF SMITHVILLE, MISSOURI**, a municipal corporation and fourth-class city of the State of Missouri, and did say that the seal affixed to the foregoing instrument is the seal of said City, and that said instrument was signed and sealed on behalf of said City, by authority of its Board of Aldermen, and said Mayor acknowledged said instrument to be the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My commission expires: _____

**FAIRVIEW CROSSING COMMUNITY
IMPROVEMENT DISTRICT**

By: _____
Executive Director

ATTEST:

Secretary

STATE OF MISSOURI)
) **SS.**
COUNTY OF _____)

On this ____ day of _____, 2024, before me appeared _____, who being by me duly sworn, did say that (s)he is the Executive Director of the **FAIRVIEW CROSSING COMMUNITY IMPROVEMENT DISTRICT**, a community improvement district organized and existing under the laws of the State of Missouri, and that said instrument was signed in behalf of said District by authority of its Board of Directors and said individual acknowledged said instrument to be the free act and deed of said District.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My commission expires: _____

**KANSAS CITY PROPERTIES &
INVESTMENTS, LLC**

By: _____
C. Shane Crees
Managing Member

STATE OF MISSOURI)
) **SS.**
COUNTY OF _____)

On this _____ day of _____, 2024, before me appeared C. Shane Crees, who being by me duly sworn, did say that he is the Managing Member of **KANSAS CITY PROPERTIES & INVESTMENTS, LLC**, a limited liability company organized and existing under the laws of the State of Missouri, and that said instrument was signed in behalf of said limited liability company by authority of its governing body and said individual acknowledged said instrument to be the free act and deed of said limited liability company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My commission expires: _____

EXHIBIT A

CID IMPROVEMENTS

The “**CID Improvements**” are those public improvements which are eligible to be funded in accordance with the CID Act and all Applicable Laws and Requirements in accordance with the limits of the following budget:

	<u>Cost*</u>
<u>Site Work / Infrastructure**</u>	<u>\$3,240,000</u>
Land Acquisition	
Construction of Fairview Drive	
Construction of 147 th Street	
Improvements to 169 Highway	
Stormwater Improvements	
Construction of public right of way	
Extensions of public utilities	

Subtotal:	\$3,240,000
10% Contingency:	\$324,000
District Formation Costs:	\$30,000
Annual Operating Costs (5 years)	<u>\$2,500 (per year)</u>
Grand Total:	\$3,606,500

*Excludes financing costs incurred to undertake such costs.

**Only items permitted by the CID Act shall be eligible to be financed with District Sales Tax.

EXHIBIT C

FORM OF COST CERTIFICATION

Date: _____

CERTIFICATION OF COSTS PURSUANT TO THE COOPERATIVE AGREEMENT
RELATING TO THE FAIRVIEW CROSSING COMMUNITY IMPROVEMENT DISTRICT

To: City of Smithville, Missouri (the “City”)

Kansas City Properties & Investments, LLC (the “Developer”) hereby requests reimbursement from District Sales Tax Revenues in accordance with this request and the Cooperative Agreement (the “Cooperative Agreement”) among the City, the District and the Fairview Crossing Community Improvement District (the “District”), and hereby states and certifies as follows:

1. Capitalized terms used but not defined in this Cost Certification have the meanings given in the Cooperative Agreement.
2. The following costs (the “Certified Costs”) have been paid by the Developer and are hereby submitted for reimbursement from District Sales Tax Revenues held by the City under the Cooperative Agreement:

<i>Cost Description</i>	<i>Contractor or Service Provider</i>	<i>Amount</i>

3. Each item included as a Certified Cost in this Cost Certification is a valid cost of implementing the CID Improvements authorized under CID Act and described in the Petition and the Cooperative Agreement or is a valid cost of formation of the District.
4. The Certified Costs included in this Cost Certification are reasonable costs that are payable under the Petition and reimbursable to the Developer under the Cooperative Agreement.
5. No item included in the above request has previously been paid or reimbursed from District Sales Tax Revenues and no part thereof has been included in any other Cost Certification previously filed by the Developer.
6. The Developer is not in material default of any provision of the Cooperative Agreement.

SIGNATURE PAGE TO COST CERTIFICATION

Certified by:

**KANSAS CITY PROPERTIES &
INVESTMENTS, LLC**

By: _____
Name:
Title:

Approved and Accepted:

**CITY OF SMITHVILLE,
MISSOURI**

By: _____
Name:
Title: