

**CITY OF BELTON, MISSOURI**  
**TAX INCREMENT FINANCING COMMISSION MEETING AGENDA**  
**September 16, 2015**  
**7:00 p.m.**

- I. CALL MEETING TO ORDER**
- II. ROLL CALL**
- III. APPROVE MINUTES FROM AUGUST 26, 2015 COMMISSION MEETING**
- IV. CALL PUBLIC HEARING TO ORDER TO CONSIDER CEDAR TREE TAX INCREMENT FINANCING PLAN**

**HEARING ITEMS:** The Commission will hear all protests, objections, comments and other evidence presented at the hearing.

- A. Roll Call for Public Hearing
- B. Consideration of proposed Cedar Tree Tax Increment Financing Plan
  - 1. City Staff Report (Brad Foster)
  - 2. Developer presentation (I-49 Investors, LLC)
  - 3. Public Comments, if any
- C. ENTER INTO RECORD CITY STAFF REPORT, APPLICANT PRESENTATION AND TAX INCREMENT FINANCING PLAN, INCLUDING ALL EXHIBITS.
- D. DISCUSSION BY COMMISSION

**ACTIONS RECOMMENDED**

- A. CLOSE PUBLIC HEARING (Do not close public hearing if the hearing is to be continued. If hearing is continued, must do so by motion, second and vote to a time, place and date certain)
  - B. ADOPT RESOLUTION NO. 9-16-15-1 RECOMMENDING TO THE CITY COUNCIL THAT THE CEDAR TREE TAX INCREMENT FINANCING PLAN BE APPROVED AS PRESENTED.
  - C. RECOMMEND DESIGNATION OF PROJECT AREA 1 AND AUTHORIZATION OF TAX INCREMENT FINANCING WITHIN SUCH PROJECT AREA.
  - D. RECOMMEND DESIGNATION OF I-49 INVESTORS, LLC AS THE REDEVELOPER TO IMPLEMENT REDEVELOPMENT PROJECT 1 OF THE CEDAR TREE TAX INCREMENT FINANCING PLAN.
- V. CONSIDERATION AND APPROVAL OF UPDATED COMMISSION HANDBOOK**
  - VI. OTHER BUSINESS**
  - VII. ADJOURN**

**AUGUST 26, 2015  
MINUTES OF THE  
TAX INCREMENT FINANCING COMMISSION MEETING  
CITY HALL ANNEX, 520 MAIN STREET  
BELTON, MISSOURI**

Chairman Fred Hastie called the meeting to order at 7:01 p.m.

**Election of Officers**

Chairman Fred Hastie asked for nominations for officers. Commissioner Branan nominated Fred Hastie to remain Chairman, seconded by Commissioner Peterson. Commissioner Peterson nominated Ron Branan to remain Vice-Chairman, seconded by Commissioner Maurer. Commissioner Peterson nominated Ed Maurer to remain Treasurer, seconded by Councilman Trutzel. Mr. Brad Foster, Assistant City Manager, said Dot Watkins is now working for the City of Greenwood so the position of Secretary is vacant. Chairman Hastie nominated Andrea Cunningham, Executive Secretary, seconded by Commissioner Branan. Councilman Trutzel motioned that the selection be closed and to accept the nominations. Chairman Hastie mentioned Brad Foster's position of Assistant Secretary had not been nominated. **Councilman Trutzel revised his motion to say the selection is closed and to accept the nominations as amended to include Brad Foster as Assistant Secretary**, Commissioner Branan seconded. All present voted in favor. Commissioner Elkins absent. **The nominations were approved.**

**Roll Call**

Belton TIF Commission Members present were: Chairman Fred Hastie; Commissioners: Pete Peterson, Ed Maurer, and Ron Branan; Councilman Chet Trutzel. Absent: Commissioner Rob Elkins. A quorum was present.

Also present were: Jerry Miller, Belton School Board Member; Brad Foster, Assistant City Manager; Aaron March, TIF Attorney representing the City of Belton; and Andrea Cunningham as secretary.

Chairman Hastie acknowledged key guests in the audience: Mayor Jeff Davis; Ron Trivitt, City Manager; Megan McGuire, City Attorney; Jay Leipzig, Economic and Community Development Director; Carolyn Yatsook, Community Development Specialist. Chairman Hastie recognized other attendees: Councilmen Jeff Fletcher, Dean Van Winkle, and Robert Newell; Karen Fletcher, Belton School Board Member.

Commissioner Branan motioned to approve the minutes of the December 4, 2013, Commission meeting, Councilman Trutzel seconded. All present voted in favor. Commissioner Elkins absent. **The minutes were approved.**

## **Review of Existing TIFs**

Brad Foster reviewed the 6 current, active Belton TIFs. The city has been involved in the TIF process since 1990.

### **Belton Towne Center (Home Depot/Kohl's/Target)**

This project was created in 2001; final phase completed in 2004. There is one lot left behind Applebee's. Revenues \$2,220,258; required debt service \$1,858,738. Anticipated bond retirement is 2021. This TIF has allowed improvements to be made to Markey Parkway, Town Centre Dr, and the Y/I-49 Interchange.

### **Belton Marketplace (Petsmart)**

This project was created in 2006; construction completed in 2009. Revenues \$422,192; required debt service \$250,766. Anticipated bond retirement 2021-2022.

### **Y Highway Marketplace (Price Chopper)**

This project was created in 2010; there is still development left to be done. Price Chopper now controls this whole site. Arvest Bank should start construction around October. Revenues \$682,300; required debt service \$328,919.

### **Y Belton Plaza (Academy Sports/Hobby Lobby)**

This project was created in 2007; amended in 2013; not completed yet. Heartland Dental and Hobby Lobby are under construction. This is a pay as you go TIF. The amount being brought in is going back the developer as they fronted the money.

### **Southtowne Plaza (Menards)**

This project was created in 2009; amended in 2012 for Menards; not completed yet. Menards has submitted building plans.

### **Boardwalk at Belton (old South View Golf Course off I-49)**

This project was created in 2009; it never got off the ground. It had a multi-use design to it. The original developer lost it to the bank. This TIF is dormant. We probably need to declare it in default and get it off the books. A real estate company is currently marketing it.

Jerry Miller asked what the advantage is to the City to get this off the books. Aaron March said when a property is in a TIF district, the City has certain obligations to report to the state. If the City doesn't have anything to report, it's just easier to get it off the books. It cleans it up. Whoever purchases that property will likely amend the TIF anyway.

Brad Foster explained how these TIFs have helped build Belton. Y Hwy was only two lanes; now it's four. We used TIF money to build the interchange at Y Hwy and 71 Hwy. We were able to bring in Ruby Tuesday, Longhorn, Applebee's, Jose Peppers, and Buffalo Wild Wings.

Jerry Miller asked if any of these TIFs have been paid off. Brad Foster said yes, Mullen Square and the Central Arterial TIFs.

Chairman Hastie said it looked like they are paying off very well. Brad Foster said the only one that may be troublesome is the Y Hwy Marketplace, but that's because the development isn't finished. There's a lot of potential there.

Jerry Miller asked if there's a maximum number of TIFs we can have? Brad Foster said we'd like to get to a point where we don't need to use TIFs to incentivize development. Aaron March said the state statute does not impose a maximum number of TIFs. The Commission and the City Council have developed guidelines. If the project meets those goals, then we could consider approving the project. Every project is evaluated on a case-by-case basis.

### **Overview of the TIF Process**

Aaron March made a presentation regarding the life of a TIF project from start to finish.

The City has a single point of contact for development. It usually starts with an informal conversation with Jay Leipzig and Carolyn Yatsook in the Economic & Community Development Department. They find out what the developer is looking for and what they need. Once the developer has selected a site, all the departments look at the project holistically. They look at tenants, land use, etc. Jay Leipzig helps the developer with the overall process – the plat, the plan – and answers any concerns the developer may have. Then we develop the TIF plan.

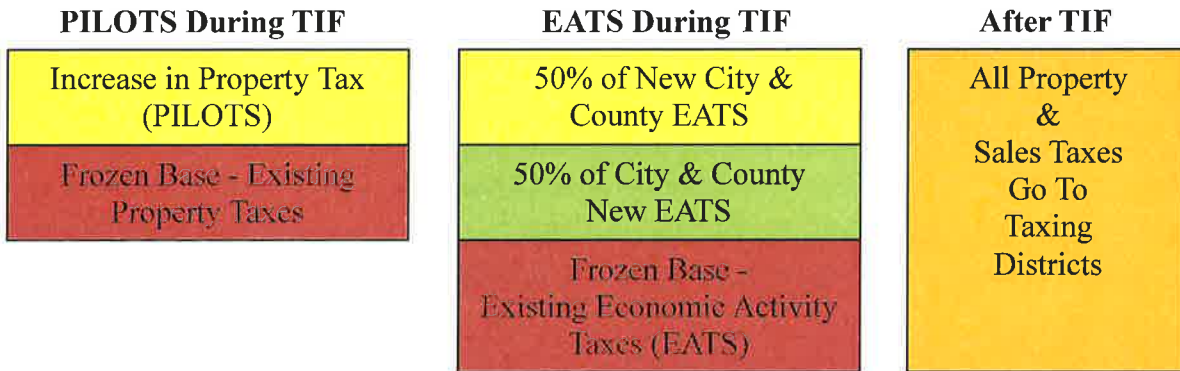
Brad Foster said when the City considers a TIF, they look at the public infrastructure that's being constructed with this project. Price Chopper was a little more difficult because it wasn't a new store. The City decided to move forward with it because the developer would be creating infrastructure/public improvements. We also consider if the business being proposed fills a need? Academy Sports is a good example. Belton was a new market. We also consider the total cost to build the development; 15% can be funded by TIF. Compared to neighboring cities, we're pretty stringent. Want to make sure it can have a 12-year payout. These are all policies; they are not set in stone.

There are two types of TIFs – TIF bonds and pay-as-you-go. Bonds have lower interest, but you have to make sure enough revenue is coming in to cover them. But, if the revenue doesn't come in, the City is not liable. There is no guarantee on the part of the city for any of this debt. Pay-as-you-go is higher interest, but the burden is on the developer and it gives more incentive to build quickly. The City is repeatedly asked to back bonds. This means that if the development doesn't bring in enough money, the City will pay the difference. We don't do this. Some also ask for a super TIF – to capture more money than the TIF requires. We don't do that either.

Jerry Miller asked what the advantage is to pay-as-you-go. Brad Foster said the developer fronts the money and it's written into the contract that he gets the money back over time.

Aaron March went on to explain a TIF is an economic development tool to finance redevelopment of blighted areas (economic underutilization), conservation areas, or economic development areas. We typically use the first two criteria. Once an area is designated one of these things, it allows future increases of real property taxes (PILOTS) and economic activities taxes (EATS) to be captured and used to fund the redevelopment. But there is no tax loss from the existing amount it's already capturing.

**Distribution of TIF Revenues**



At a TIF Commission public hearing, each taxing jurisdictions gets a vote. The developer has to have a site plan, general description of the program to be undertaken, estimated costs/budget, anticipated source of funds to pay the costs, and evidence of the commitments to finance the project costs. They will state how much of their budget will need to be funded by TIF money.

The policy considerations are

1. Evaluate the area – that is qualifies as a blighted area, conservation area, or economic development area.
2. The “but for” test – the statute says, “but for TIF, the area will not likely be developed.” This is a question we have to answer.
3. Does the plan conform to the comprehensive plan of the city?

The statute says we can pay for any or all reasonable or necessary costs it takes to implement the plan. We have to decide how much we want to pay for. We can also do physical improvements outside of redevelopment area. How much to pay for is a major item for discussion and relates back to the “but for” test.

Jerry Miller asked if an existing building goes from being worth \$100,000 to \$200,000 because of the improvements/developments, do the taxing jurisdictions still only get taxes on the \$100,000? Aaron March explained the taxing jurisdictions will get 25% of the additional \$100,000; 75% will go to pay off the TIF (the school district is one of the taxing jurisdictions). After 12 years when the TIF is paid off, all the taxes coming in will go to the taxing jurisdictions. Chairman Hastie added that this is a reason to get them paid off as soon as possible so we can get all the tax money earlier. The City policy is 12 years

to pay off; state statute is no more than 23 years. Jerry Miller asked if the 25% is a policy or law. Aaron March said it's a City policy. The state law does not address this. The City simply thought the taxing jurisdictions shouldn't have to wait 12 years to see any of the additional tax money. Chairman Hastie said the City and school district have had a good relationship.

Ed Maurer asked if the Mitchel Theatre improvements were privately funded. Brad said yes. Aaron March also added that all TIF contracts have included that developers have to maintain the property in 1<sup>st</sup> class condition. Mayor Davis said the old Price Chopper area is a good example of blight. It went back to the bank.

Chairman Hastie said he sees this all as a plus. We need to look closely at the criteria, but this seems like a win to allow TIFs. In the past, we've only disapproved one application. We had good reason, though.

Commissioner Branan moved to adjourn the meeting at 8:35 pm, Councilman Trutzel seconded. All present voted in favor. Commissioner Elkins absent. Meeting adjourned.



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Andrea Cunningham, TIF Commission Secretary

**STAFF REPORT TO THE CITY OF BELTON TIF COMMISSION**  
**CEDAR TREE TAX INCREMENT FINANCING REDEVELOPMENT PLAN**

TIF Commission Public Hearing Date: September 16, 2015

**1. Public Notice**

In accordance with Section 99.830 of the Revised Statutes of Missouri, Staff prepared and delivered all required notices of this public hearing and a Request for Proposals (RFP) to undertake redevelopment of the proposed Redevelopment Area. Aside from the applicant, I-49 Investors, LLC ("the Redeveloper"), there were no qualified responses to the RFP.

**2. Introduction**

The purpose of this hearing is for the Commission to consider recommending to the City Council the approval or denial of the proposed Cedar Tree Tax Increment Financing Redevelopment Plan ("TIF Plan") and the designation of the Redeveloper as the redeveloper to implement the TIF Plan.

**3. Redevelopment Area**

The Redevelopment Area consists of approximately 14 acres of property generally located at the northwest corner of I-49 and Missouri State Highway 58. *See* TIF Plan **Exhibit 2A**.

**4. General Description of the TIF Plan and Redevelopment Project**

**A. Redevelopment Plan**

This TIF Plan proposes to redevelop approximately 92,000 square feet of retail at the existing Cedar Tree Shopping Center together with related private and public infrastructure.

**B. Redevelopment Project**

The Redevelopment Area contains one (1) Redevelopment Project and one Redevelopment Project Area. Redevelopment Project 1 proposes the renovation of approximately 92,000 square feet of retail space within Redevelopment Project Area 1. Redevelopment Project 1 also includes improvements of landscaping along Boatman's Plaza and Highway 58, mill and overlay of Powell Parkway to enhance the roadway and construction and reconstruction of all support facilities within the Redevelopment Area such as utilities, parking lots, street improvements, sidewalks, drainage as well as storm water detention.

## 5. Estimated Redevelopment Costs and Reimbursable Costs

Total Redevelopment Project Costs are estimated to be approximately **\$12,513,370**. See TIF Plan **Exhibit 4**.

The maximum amount of Reimbursable Project Area 1 Costs to be paid for under this Plan through TIF Revenue and CID Revenue is \$2,967,703 plus interest on the advance funding of such costs at a rate of five percent (5%) per annum. Interest will be calculated annually and certified as a Reimbursable Project Cost. In all regards, the amount paid to the Redeveloper shall not exceed a net present value of \$2,967,703, using a five percent (5%) discount rate. The TIF Plan will terminate at the earlier of December 1, 2031 or the payment to the Redeveloper of a net present value amount of \$2,967,703 using a five percent (5%) discount rate.

## 6. Projected Public Finance Revenue

a. **PILOTs.** The TIF Plan proposes that 25% of the annual Payments in Lieu of Taxes (PILOTs) collected be declared as surplus revenue under the TIF Act and returned to the Taxing Districts. (Following completion of the project, the annual average 25% PILOTs surplus returned to the Taxing Districts is approximately \$65,000, and the annual average surplus payment to the School District is approximately \$45,000.) After deducting the 25% surplus, the estimated total gross PILOTs generated by the Redevelopment Projects over the duration of the TIF Plan is **\$1,285,105**

b. **EATS.** The estimated total gross Economic Activity Taxes (EATs) generated by the Redevelopment Project over the duration of the TIF Plan (including that portion of CID Revenue captured as EATs) is **\$3,372,156**

c. **CID Revenue.** It is the intent of this Plan, that the Redeveloper will pursue creation of one or more CID(s) whose boundaries will include some portion or all of the Redevelopment Area, and which CID will authorize the imposition of a CID Special Assessment of up to \$2.00 per square foot of buildings constructed within the boundaries of the CID, thereby generating CID Revenue. This Plan anticipates the CID will remain ongoing after the termination of the Plan, to fund costs pursuant to the CID and the approved contract between the City and the CID.

d. **Total Public Revenue.** The estimated total gross Public Financing Revenue generated by the Redevelopment Projects over the duration of the TIF Plan and available to fund or reimburse project costs is **\$4,657,261**

e. **Bonds.** This Plan does not authorize the issuance of Bonds or other obligations to finance Redevelopment Project Costs. The Plan proposes that such TIF Revenue, as well as CID Revenue, if any, as are annually collected be pledged to reimburse or pay for Reimbursable Project Costs in whatever amounts such annually collected amounts allow ("pay as you go").

## 7. Redevelopment Schedule

The Redeveloper anticipates that construction of the Project 1 improvements will be completed by October 31, 2016. See **Exhibit 13** to the TIF Plan. In no event shall any ordinance approving



a Redevelopment Project be adopted later than ten (10) years from the adoption of the ordinance approving this TIF Plan.

## **8. Finding of Blighted Area**

The TIF Plan, pursuant to the Existing Conditions Study (Blight Study) performed by Valbridge Property Advisors and attached to the TIF Plan as **Exhibit 9**, and Redeveloper's Affidavit attached to the TIF Plan as **Exhibit 12**, concludes that the Redevelopment Area is a blighted area under the TIF Act.

To find that the Redevelopment Area is blighted, the Commission must find that at least one (and preferably more than one) of the following blighting factors exists at the site in its present use and condition:

- a. Predominance of defective or inadequate street layout;
- b. Unsanitary or unsafe conditions;
- c. Deterioration of site improvements;
- d. Improper subdivision or obsolete planning; or
- e. Conditions which endanger life or property by fire or other cause.

The Commission must then find that a causal connection exists between the blighting factor(s) and at least one of the following, *i.e.*, the factor(s) must be shown to either:

- a. Retard the provision of housing accommodation;
- b. Constitute an economic or social liability; or
- c. Constitute a menace to the public health, public safety, public morals, or public welfare in its present condition and use.

Staff believes that the Blight Study and the Redeveloper's Affidavit, in addition to material to be presented by Redeveloper or its consultants at the hearing, provide factual information which could allow the Commission to make a finding that the Redevelopment Area is a blighted area.

## **9. Finding the Area Conforms to the City's Comprehensive Plan**

Staff believes that the TIF Plan is consistent with the City's Comprehensive Plan, meeting the following objects of the Comprehensive Plan: (1) planning for orderly commercial growth; (2) provide a high-quality development that addresses basic community needs; (3) encourage infill and modernization of existing commercial districts; and (4) cluster large commercial uses to minimize impact on surrounding uses and traffic patterns. Additionally, the Comprehensive Plan contemplates commercial development of the Redevelopment Area, consistent with the proposed commercial uses under the TIF Plan.

## 10. But-For Analysis

The TIF Plan includes a “But-For” financial analysis, attached to the TIF Plan as **Exhibit 8**, concluding that the project will produce the following internal rates of return (IRR) to the Redeveloper with and without Public Revenue Financing:

IRR with Public Revenue Financing	10.70%
IRR without Public Revenue Financing	-1.91%

A private redeveloper would not pursue this redevelopment for a -1.91% return. The Redeveloper has represented that it would pursue this project for the 10.70% return. Accordingly, based upon the facts and further based upon the Redeveloper's Affidavit attached as **Exhibit 12** of the TIF Plan stating that the project would not occur without Public Financing Revenue, Staff believes that the "but-for" test has been satisfied.

## 11. Cost-Benefit Analysis

The TIF Plan includes a cost-benefit analysis attached to the TIF Plan as **Exhibit 7**. The analysis concludes that the Project will result in a positive benefit of approximately \$22,457,007 to the taxing districts over the life of the TIF Plan, as measured by real property taxes (excluding PILOTs captured by the TIF Plan), surplus 25% PILOTs returned to the Taxing Districts, and the 50% portion of EATs uncaptured by the project.

## 12. Compliance with City TIF Policy

It is the policy of the City to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will, by creating new jobs and retaining existing employment, eliminate blight, strengthen the employment and economic base of the City, increase property values and tax revenues, reduce poverty, create economic stability, facilitate economic self sufficiency, and implement the Comprehensive Plan and economic development strategy of the City. The Commission may consider whether these goals are satisfied by the proposed TIF Plan.

### A). Policy Considerations.

The City's Economic Development Policy states TIF assistance generally should not exceed 15% of the total project costs. However, this threshold may be waived in circumstances where the developer: (a) has a proven track record in completing successful projects comparable in scope and scale; (b) documents the developer's financial capacity to complete the proposed project; (c) demonstrates that tenant commitments are already in place for a significant portion of the proposed project; and, (d) documents evidence of substantial public benefit (ex: infrastructure), and other key components of the street master plan.

The TIF Plan raises the following policy considerations:

a. **Percentage of TIF Assistance.** The Redeveloper has indicated future development, estimated at \$9,360,000, may occur to the north of Redevelopment Project Area 1 which may include a hotel or other development. If this occurs without TIF assistance, the public participation is estimated to decrease from 23.72% to 13.57%.

b. **Pay-Off Period.** The TIF Policy provides that TIF Applications which provide for a complete payout in less than twelve (12) years will be preferred. This TIF Plan projects a pay-off of the Project 1 Obligations by the earlier of the payment of payment to the Redeveloper of a net present value amount of \$2,967,703 using a five percent (5%) discount rate or December 1, 2031 (16 years).

### 13. Required Findings for TIF Plan Approval

In order for the TIF Plan to be adopted, the TIF Act requires that the City Council make the following findings, and that the Commission make recommendations as to each of the following findings (these findings are set forth in greater detail in the attached draft Resolution recommending approval of the TIF Plan):

- a. The Redevelopment Area on the whole is a blighted area under the Act.
- b. The Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of TIF as described in the TIF Plan.
- c. The TIF Plan conforms to the City's comprehensive plan.
- d. The estimated dates of completion of the Redevelopment Projects and retirement of obligations, if any, incurred to finance Redevelopment Project Costs have been stated in the TIF Plan and are not more than twenty-three (23) years from the adoption of any ordinance approving the Redevelopment Projects within the Redevelopment Area, no ordinance approving a Redevelopment Project shall be adopted later than ten (10) years from the adoption of the ordinance approving the TIF Plan.
- e. The TIF Plan includes a relocation assistance plan for businesses and residences.
- f. The TIF Plan includes a cost-benefit analysis showing the economic impact of the TIF Plan on each taxing district, showing the impact on the economy if the project is not built, and is built pursuant to the TIF Plan, and including sufficient information from the redeveloper for the Commission to evaluate whether the Redevelopment Projects are financially feasible.
- g. The TIF Plan does not include the initial development or redevelopment of any gambling establishment.
- h. The Redevelopment Area includes only that property which will be directly and substantially benefited by the proposed project improvements.

Staff has concluded that items (b)-(h) are satisfied, and that the Commission may find that item (a) is satisfied based upon the information contained in the Blight Study, the Redeveloper's affidavit, and additional materials presented at the hearing by the Redeveloper.

#### **14. Designation of Redeveloper**

Should the Commission choose to recommend approval of the TIF Plan, it may further recommend the designation of applicant, I-49 Investors, LLC, as the Redeveloper for the Redevelopment Project as described in the TIF Plan.

#### ***ACTIONS RECOMMENDED:***

- A. CLOSE THE PUBLIC HEARING REGARDING THE PROPOSED CEDAR TREE TAX INCREMENT FINANCING REDEVELOPMENT PLAN. **(Do not close public hearing if the hearing is to be continued. If hearing is continued, Commission must do so by motion, second and vote to a specific time, place and date)**
- B. ADOPT RESOLUTION NO. 9-16-15-1 RECOMMENDING TO THE CITY COUNCIL THAT THE CEDAR TREE TAX INCREMENT REDEVELOPMENT PLAN BE APPROVED AS PRESENTED.
- C. RECOMMEND DESIGNATION OF PROJECT AREA 1 AND AUTHORIZATION OF TAX INCREMENT FINANCING WITHIN SUCH PROJECT AREA.
- D. RECOMMEND DESIGNATION OF I-49 INVESTORS, LLC AS THE REDEVELOPER TO IMPLEMENT REDEVELOPMENT PROJECT 1 OF THE CEDAR TREE TAX INCREMENT FINANCING REDEVELOPMENT PLAN.