

Doug Stone
816-472-2539
dstone@lewisricekc.com

January 27, 2022

VIA FIRST CLASS MAIL

Ms. Marilyn Sanders, City Clerk
City of Kansas City, MO
25th Floor, City Hall
414 E. 12th Street
Kansas City, Missouri 64106

*Re: Ward Parkway Center Community Improvement District
Proposed Annual Budget (2022-2023)*

Dear Ms. Sanders:

Pursuant to Section 67.1471.2 of the Revised Statutes of Missouri, enclosed for review and comment is the proposed annual budget for the Ward Parkway Center Community Improvement District (the “District”) for the fiscal year ending April 30, 2023.

If you have any questions, please contact me.

Very truly yours,

LEWIS RICE LLC

Doug Stone

Doug Stone

DMG

Enclosure

cc: Lori Cogan, Executive Director (via email w/encl.)

WARD PARKWAY CENTER COMMUNITY IMPROVEMENT DISTRICT

FYE 4/30/2023 BUDGET

BUDGET MESSAGE:

On May 18, 2011, the District and WP-SC, LLC (the “Former Owner”) entered into a Construction and Financing Agreement, as subsequently amended and restated, under which the Former Owner advanced funds necessary for the District to move forward with the CID improvements and services set forth in the Former Owner's Petition for Formation of the District in anticipation of bonds (the “2011 IDA Bonds”) that were later issued by The Industrial Development Authority of the City of Kansas City, Missouri (the “IDA”). The loan of such funds is represented by the Second Amended and Restated Community Improvements Sales Tax Revenue Note Series 2011, in the principal amount of up to Twenty-Five Million Dollars (\$25,000,000) originally issued by the District to the Former Owner dated as of May 18, 2011, and amended and restated as of December 1, 2011, and again amended and restated as of July 1, 2016 in connection with the issuance of the 2016 IDA Bonds described below (the “Property Owner Note”). The payment of the Property Owner Note was subordinate to the repayment of the schedule debt service on the 2011 IDA Bonds as set forth in the Property Owner Note and the Trust Indenture with respect to the 2011 IDA Bonds.

On or about July 7, 2016, the IDA issued sales tax revenue bonds (the “2016 IDA Bonds”) in the aggregate principal amount of \$28,788,000, consisting of two series, specifically \$24,030,000 principal amount of Senior Sales Tax Revenue Refunding and Improvement Bonds (the “Senior 2016 Bonds”) and \$4,758,000 principal amount of Subordinate Sales Tax Revenue Refunding and Improvement Bonds (the “Subordinate 2016 Bonds”). The 2016 IDA Bonds refunded and defeased the 2011 IDA Bonds. The Subordinate 2016 Bonds are “cash flow” bonds, and do not have scheduled principal payments prior to their final maturity date. Payment of both principal and interest on the Property Owner Note is subordinate to payment of debt service on the 2016 IDA Bonds while the Subordinate 2016 Bonds are outstanding, and is subordinate to payment of debt service on the Senior 2016 Bonds, including mandatory sinking fund debt service payments on the Senior 2016 Bonds, when the Subordinate 2016 Bonds are no longer outstanding, as set forth in the Property Owner Note and the Trust Indenture with respect to the 2016 IDA Bonds (the “Indenture”).

On December 27, 2018, Former Owner sold the Ward Parkway Shopping Center to Ward Parkway Center Associates, LLC (the “New Owner”). As part of that transaction, the New Owner received an assignment of the Property Owner Note and assumed the obligations of the Former Owner under the Amended and Restated Community Improvement District Operating Costs Funding Agreement dated as of July 1, 2016.

With respect to the payment on the Senior 2016 Bonds due on April 1, 2021 (within FYE 2021), there were not sufficient CID Sales Tax revenues on deposit with the Trustee under the Indenture (the “Trustee”) to make the required debt service payment on the Senior 2016 Bonds coming due on April 1, 2021, but there were sufficient funds on deposit in the Debt Service Reserve Fund in order to pay in full the amount of the deficiency. It is anticipated that there will be sufficient CID Sales Tax revenues accumulated through FYE 2022 in order to pay in full the scheduled debt service payments on the Senior 2016 Bonds coming due in FYE 2022, and to partially (but not fully) replenish the Debt Service Reserve Fund to the amount required by the Indenture. Under the terms of the 2016 IDA Bonds, the fees of the Trustee, and the District’s legal fees, audit costs and other current operating expenses, up to \$15,000 per fiscal year, are to be paid out of the CID Sales Tax revenues prior to CID Sales Tax revenues being applied toward payment of the 2016 IDA Bonds, and to the extent operating expenses exceed \$15,000 in a fiscal year, the New Owner will advance such funds, and such advances will be added to the principal of the Property Owner Note.

SEE NEXT PAGE FOR BUDGET FIGURES

WARD PARKWAY CENTER COMMUNITY IMPROVEMENT DISTRICT
FYE 4/30/2023 BUDGET

	<u>FYE 4/30/2023*</u>	<u>FYE 4/30/2022*</u> (as amended)	<u>FYE 4/30/2021</u> (as amended)
FUNDS AVAILABLE:			
- Cash on Hand (Beginning of Fiscal Year)	\$ 219,549.96	\$ 125,136.99	\$ 230,647.43
ESTIMATED REVENUE			
- Sales Tax (1.0% effective October 1, 2011)	\$2,060,966.00	\$1,714,646.48	\$1,469,045.54
- Advances by Property Owner under Property Owner Note	\$ 29,500.00	\$ 29,500.00	\$ 21,832.90
TOTAL ESTIMATED FUNDS AVAILABLE & REVENUE:	\$2,310,015.96	\$1,869,283.47	\$1,721,525.87
ESTIMATED EXPENDITURES			
- Administrative costs (e.g., insurance)**	\$ 5,000.00	\$ 5,000.00	\$ 0.00
- Trustee Fee	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
- Legal fees**	\$ 13,000.00	\$ 13,000.00	\$ 10,785.40
- Annual CPA Audit**	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
- Accounting**	\$ 5,000.00	\$ 5,000.00	\$ 4,547.50
- Disbursements from District Operating Fund Held by Trustee	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
- Principal and/or interest due on the Senior 2016 Bonds	\$1,492,650.00	\$1,477,100.00	\$1,326,710.66
- Deposit to Debt Service Reserve Fund for 2016 Bonds	\$ 14,412.96	\$ 124,133.51	\$ 0.00
- Deposit to Business Interruption Reserve Fund for 2016 Bonds	\$ 410,959.37	\$ 0.00	\$ 228,845.32
- Deposit to Principal Fund for Senior 2016 Bonds	\$ 0.00	\$ 0.00	\$ 0.00
- Principal and/or interest due on the Subordinate 2016 Bonds	--	--	--
TOTAL ESTIMATED EXPENDITURES	\$1,966,521.63	\$1,649,733.51	\$1,596,388.88
FUNDS AVAILABLE:			
- Cash on Hand (End of Fiscal Year)***	\$ 343,494.33	\$ 219,549.96	\$ 125,136.99

*Estimated values.

**Amounts in excess of disbursements from District Operating Fund held by Trustee.

***Cash on Hand represents revenue deposited after Trustee withdraws funds from Trustee-held Revenue Account 40 days prior to the applicable payment date of the Senior 2016 Bonds.