



**CITY OF LEAWOOD
GOVERNING BODY
MEETING AGENDA**

Council Chamber
4800 Town Center Drive
Leawood, KS 66211

**GOVERNING BODY
WORK SESSION**

**Monday, August 17, 2020
6:00 P.M.**

(This agenda is subject to changes, additions or deletions at the discretion of the City Council)

**Mayor Peggy
Dunn**

Councilmembers

<u>Ward One</u>	<u>Ward Two</u>	<u>Ward Three</u>	<u>Ward Four</u>
Debra Filla Andrew Osman	Jim Rawlings Mary Larson	Chuck Sipple Lisa Harrison	Julie Cain James Azeltine

**Discussion of refinancing of the Special Benefit District Debt
for Villaggio**

To reduce the likelihood of the spread of COVID-19 the Leawood Governing Body Work Session is being conducted remotely using the Zoom media format and some of the members of the Governing Body may appear remotely. Public comments will not be accepted during this meeting. City Hall is closed to public access during this meeting, however, the meeting will be livestreamed on YouTube and the public can access the livestream by clicking on www.leawood.org.

ADJOURN

(This agenda is subject to changes, additions or deletions at the discretion of the City Council)

Regular meetings of the Leawood City Council are held the first and third Mondays of each month beginning at 7:30 PM. Copies of the agenda are available at the Office of the City Clerk on the Friday prior to the meeting. Leawood operates under a Council/Mayor form of government, with a separately elected mayor and 8 council persons. Council members are elected on a non-partisan basis from 4 wards. The Council develops policies and provides direction for the professional city administration.

If you require any accommodation (i.e. qualified interpreter, hearing assistance, etc.) in order to attend this meeting, please notify this office at 913.339.6700 or at CityClerk@leawood.org no later than 96 hours prior to the scheduled commencement of the meeting.

TDD.SBD Villaggio History

#225 - TDD, Villaggio-Burying of Overhead Lines

This is a Transportation Development District (TDD) issuance. The City is no way liable for the repayment of this debt, but instead acts as the agent for the property owners to collect assessments, forward them to the trustee and assist with foreclosure proceedings, if necessary.

Total Project Cost = \$835,000

Authorized by: City Ordinance #2242 (6/18/2007)

Bond Year Issuance: 2007

Bond Debt Length = 15 Years

TDD Assessment BEGAN in 2007 Tax Year/2008 Budget Year

TDD Assessment ENDS in 2021 Tax Year/2022 Budget Year

Debt Service Reserve/Escrow: Original Debt Service Reserve of \$83,500 (see below)

These amounts represent the TOTALS for ALL parcels in this TDD						
Budget Year	Annual TDD Prin DUE	Annual TDD Int DUE	Annual TDD Fee DUE	Amount PAID	Unpaid Debt Balance	
2008	50,000	47,553	1,500	99,053	0	BEGAN
2009	35,000	58,291	1,500	94,791	0	
2010	35,000	54,750	1,500	91,250	0	
2011	40,000	53,625	1,500	95,125	0	
2012	40,000	50,625	1,500	92,125	0	
2013	45,000	47,625	1,500	94,125	0	
2014	50,000	44,250	1,500	95,750	0	
2015	50,000	40,500	1,500	92,000	0	
2016	55,000	36,750	1,500	9,203	(84,047)	
2017	60,000	32,625	1,500	9,290	(84,835)	
2018	65,000	28,125	1,500	9,341	(85,284)	
2019	70,000	23,250	1,500	9,352	(85,398)	
2020	75,000	18,000	1,500	9,327	(85,173)	
	\$670,000	\$535,969	\$19,500	\$800,732	(\$424,737)	
Future:						
2021	80,000	12,375	1,500	0	(93,875)	ENDS
2022	85,000	6,375	1,500	0	(92,875)	
	\$165,000	\$18,750	\$3,000	\$0	(\$186,750)	

There was a Debt Service Reserve of **\$83,500.00** on this TDD issuance. It was used on these dates, in these amounts:

7/17/15	(1,098.26)
2/23/16	(5,838.17)
8/31/16	(68,809.52)
3/1/17	(7,754.05)
	0.00

TDD.SBD Villaggio History

#241 - SBD, Villaggio Stormwater

This is a Special Benefit District (SBD) issuance. This is an obligation of the City and is paid annually by the City, irregardless if the full amount of the special assessments have been paid/collected/forwarded to the City.

Total Project Cost = \$2,700,000

Authorized by: City Ordinance #2321 (6/2/2008)

Bond Year Issuance: 2008

Bond Debt Length = 15 Years

SBD Assessment BEGAN in 2008 Tax Year/2009 Budget Year

TDD Assessment ENDS in 2022 Tax Year/2023 Budget Year

These amounts represent the TOTALS for ALL parcels in this SBD					
Budget Year	Annual SBD Prin DUE	Annual SBD Int DUE	Amount PAID by the CITY	Annual Debt Payments DUE	Outstanding Delinquency (DUE by Owner)
2009	180,000	135,156	315,156	0	0
2010	180,000	131,175	311,175	0	0
2011	180,000	121,725	301,725	0	0
2012	180,000	112,275	292,275	0	0
2013	180,000	102,825	282,825	0	0
2014	180,000	93,375	273,375	0	0
2015	180,000	83,925	263,925	0	0
2016	180,000	74,925	254,925	0	191,351
2017	180,000	65,925	245,925	0	184,596
2018	180,000	56,925	236,925	0	177,842
2019	180,000	47,700	227,700	0	170,917
2020	180,000	38,475	218,475	0	163,992
	\$2,160,000	\$1,064,406	\$3,224,406	\$0	\$888,698
Future:					
2021	180,000	29,025	0	209,025	0
2022	180,000	19,350	0	199,350	0
2023	180,000	9,675	0	189,675	0
	\$540,000	\$58,050	\$0	\$598,050	\$0

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Even if a delinquency exists on a SBD obligation, the City pays the full principal/ interest amount due each year.

ENDS

TDD.SBD Villaggio History

#282 - SBD, 135th & Fontana Improvements

This is a Special Benefit District (SBD) issuance. This is an obligation of the City and is paid annually by the City, irregardless if the full amount of the special assessments have been paid/collected/forwarded to the City.

Total Project Cost = \$520,000

Authorized by: City Ordinance #2442 (5/3/2010)

Bond Year Issuance: 2010

Bond Debt Length = 10 Years

SBD Assessment BEGAN in 2010 Tax Year/2011 Budget Year

TDD Assessment ENDS in 2019 Tax Year/2020 Budget Year

These amounts represent the TOTALS for ALL parcels in this SBD					
Budget Year	Annual SBD Prin DUE	Annual SBD Int DUE	Amount PAID by the CITY	Annual Debt Payments DUE	Outstanding Delinquency (DUE by Owner)
2011	55,000	14,571	69,571	0	0
2012	55,000	12,350	67,350	0	0
2013	55,000	11,250	66,250	0	0
2014	55,000	10,150	65,150	0	0
2015	50,000	9,050	59,050	0	0
2016	50,000	8,050	58,050	0	16,933
2017	50,000	6,300	56,300	0	16,423
2018	50,000	4,300	54,300	0	15,839
2019	50,000	2,550	52,550	0	15,328
2020	50,000	1,300	51,300	0	15,678
	\$520,000	\$79,871	\$599,871	\$0	\$80,201
<i>Future:</i>					
	\$0	\$0	\$0	\$0	\$0

BEGAN

Even if a delinquency exists on a SBD obligation, the City pays the full principal/ interest amount due each year.

ENDS

TDD.SBD Villaggio History

#283 - SBD, Villaggio Streets

This is a Special Benefit District (SBD) issuance. This is an obligation of the City and is paid annually by the City, irregardless if the full amount of the special assessments have been paid/collected/forwarded to the City.

Total Project Cost = \$2,790,000

Authorized by: City Ordinance #2443 (5/3/2010)

Bond Year Issuance: 2010

Bond Debt Length = 15 Years

SBD Assessment BEGAN in 2010 Tax Year/2011 Budget Year

TDD Assessment ENDS in 2024 Tax Year/2025 Budget Year

These amounts represent the TOTALS for ALL parcels in this SBD					
Budget Year	Annual SBD Prin DUE	Annual SBD Int DUE	Amount PAID by the CITY	Annual Debt Payments DUE	Outstanding Delinquency (DUE by Owner)
2011	190,000	83,498	273,498	0	0
2012	190,000	73,275	263,275	0	0
2013	190,000	69,475	259,475	0	0
2014	185,000	65,675	250,675	0	0
2015	185,000	61,975	246,975	0	0
2016	185,000	58,275	243,275	0	219,268
2017	185,000	51,800	236,800	0	213,432
2018	185,000	44,400	229,400	0	206,761
2019	185,000	37,925	222,925	0	200,924
2020	185,000	33,300	218,300	0	196,757
	\$1,865,000	\$579,598	\$2,444,598	\$0	\$1,037,142
Future:					
2021	185,000	28,490	0	213,490	\$0
2022	185,000	23,310	0	208,310	0
2023	185,000	17,760	0	202,760	0
2024	185,000	12,025	0	197,025	0
2025	185,000	6,105	0	191,105	0
	\$925,000	\$87,690	\$0	\$1,012,690	\$0

BEGAN

Even if a delinquency exists on a SBD obligation, the City pays the full principal/ interest amount due each year.

ENDS

TDD.SBD Villaggio History

SUMMARY:

	Total Project Amount	Budget Year		Total Delinquency
		Begin	End	
225 = TDD, Villaggio-Burying of Overhead Power Lines	\$835,000	2008	2022	\$424,737
241 = SBD, Villaggio Stormwater	\$2,700,000	2009	2023	\$888,698
282 = SBD, 135th & Fontana Improvements	\$520,000	2011	2020	\$80,201
283 = SBD, Villaggio Streets	\$2,790,000	2011	2025	\$1,037,142

Total Delinquency thru 2019 Tax Year/2020 Budget Year **\$2,430,778**

*This is the amount due to the **City of Leawood** for billed Special Assessments, only*

Special Assessments are added to the tax bill for the particular parcel included in the assessment district. On the "regular" tax bill there are amounts due to all taxing entities, including the City of Leawood. If the tax bill is not paid, interest penalties and property fees accrue on the unpaid amounts, until they are paid in full. The taxing entities included in the delinquencies for these Villaggio special assessments include:

- City of Leawood*
- Blue Valley USD*
- Blue Valley Rec*
- Community College*
- JoCo Library*
- JoCo Park*
- Johnson County*
- State of Kansas*
- JCW SAC*

When delinquent amounts are paid, the County disburses the amounts due to every taxing entity and the County retains the interest penalties and property fees that have accrued since the delinquency began.

**Proposal To Reposition and Address Financial Burdens For Property at SE Corner 135th
and Roe (Formerly 'Villaggio')
Submitted By: Fontana Land Company, LLC-Villas de Fontana**

I. BACKGROUND-THE VILLAGGIO PROJECT.

- A. Commencement** – 2007/2008 time frame.
- B. Concept** – Mixture of commercial uses-internal focus.
- C. Phasing Plan** – Vertical improvements commenced at market demand but all infrastructure for entire site built up front, including;
 - i.** All utilities;
 - ii.** All grading;
 - iii.** All internal streets and storm water facilities;
 - iv.** Additional lane on 135th Street;
 - v.** Burying of Power Lines.
- D. Financing Plan** – Highly Leveraged model. In addition to traditional bank financing;
 - i.** Three separate Special Benefit Districts created for Roads and Utilities. GO Bonds issued and assessments placed on property;
 - ii.** One Transpiration Development District created to fund 135th Street lane and burying of power lines. TDD Bonds issued and assessments placed on property.
- E. Absorption** ÷ Over 12 years of great and bad economic conditions 4 pad sites sold;
 - i.** 3 office pads--1 building built;
 - ii.** 1 bank pad sold-bank built, then vacated, now used for office.

II. OWNERSHIP OF PROPERTY OVER 12 YEAR TERM.

- A.** Original developer/owners lost property to Bank/First Mortgage Holder.
- B.** Bank owned property for period of time while marketing it for sale and eventually sold in 2017 to second owner/developer.
- C.** Second owner/developer could not get market traction and in 2019 gave property back to his Bank/First Mortgage holder. Current mortgage balance \$1,100,000.00.
- D.** In 2020 Fontana Land Company, LLC secures right to have property deeded to it if proposal to City to reposition property is accepted.

III. STATUS OF OUTSTANDING SPECIAL BENEFIT DISTRICT (SBD) GENERAL OBLIGATION BONDS AND TRANSPORTATION DEVELOPMENT DISTRICT (TDD) BONDS (NON GO).

A. Original Issuance-Bond Amounts

	ISSUED	ORIGINAL AMOUNT	PAID THRU	YEAR MATURES
TDD Bury Powerlines	2008	\$835,000	2014	2022
SBD Villaggio Stormwater (G.O.)	2008	\$2,700,000	2019	2023
SBD 135th & Fontana (G.O.)	2010	\$520,000	2019	2020
SBD Villaggio Streets (G.O.)	2010	\$2,790,000	2019	2025

B. Current Status

- i. Assessments on the property to service the SBD Bonds was for a period of time paid by the original developer and then the first bank that foreclosed. Thereafter, no payments were made by the land owner and or bank-City under the GO provisions of the issuance began making payments. To date the City has paid to reduce bond principal the amount of \$1,660,000.00;
- ii. Assessments on the property to service the TDD Bonds was for a period of time paid by the original developer and then the first bank that foreclosed. Thereafter no payments have been made. They are in default status. Outstanding principal and interest \$536,504.00.

C. Future Obligations

- i. SBD Bonds--City obligated to make principal and interest payments to retire outstanding bonds. Payment over remaining five year term \$2,098,665.00.
- ii. TDD Bonds-- subsequent owner of ground will take subject to the obligation to retire TDD Bonds \$536,504.00.

IV. OUTSTANDING/UNPAID AD VALOREM TAXES.

No property taxes have been paid for a period approaching 5 years. With penalties and interest property tax owed is \$954,214.00 (as of 10-31-20). New owner would take subject to this liability.

V. RECAP OF FINANCIAL BURDENS ON PROPERTY AND DEVELOPER'S PROPOSAL TO ADDRESS.

- A. First Mortgage \$1,100,000.00 --Developer takes responsibility for.
- B. Past due Property Taxes \$954,214.00 (as of 10-31-20) -- Developer pays/brings current.
- C. Outstanding TDD Bonds \$536,504.00 -- Developer defeases and pays off.
- D. SBD Bonds – Past bond payments by City for principal \$1,660,000.00 -- Developer reimburses City 100%.
- E. SBD Bonds – Future Payment by City – Developer defeases bonds and assumes responsibility for all future payments with secured financial instrument -- \$2,098,655.00.

Based on these steps, City would receive \$1,660,000.00 in cash, eliminate \$2,098,655.00 in future GO payments and receive its portion of the outstanding ad valorem taxes.

VI. DEVELOPER REQUEST.

- A. Approve zoning and development plan application that has been submitted and will be considered through the normal process by Staff, Planning Commission and Council.
- B. Utilization of SBD District to finance a portion of reconstructed costs-at appropriate and serviceable levels.