

(Published in the *Miami County Republic* on October 16, 2019)

ORDINANCE NO. 3149

AN ORDINANCE OF THE GOVERNING BODY OF THE CITY OF PAOLA, KANSAS MAKING FINDINGS REGARDING A REDEVELOPMENT DISTRICT AND ESTABLISHING A REDEVELOPMENT DISTRICT WITHIN THE CITY.

WHEREAS, pursuant to the provisions of K.S.A. 12-1770 *et seq.*, as amended (the “Act”), the City of Paola, Kansas (the “City”) is authorized to establish redevelopment districts within defined areas of the City that are determined by the City’s governing body to be “eligible areas” as defined in the Act; and

WHEREAS, the Act defines “eligible area” to include an area in the City designated as an enterprise zone before July 1, 1992 pursuant to K.S.A. 12-17,107 through 12-17,113, before such statutes were repealed, and where the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of the City; and

WHEREAS, the proposed redevelopment district in the City is in an area that was designated an enterprise zone pursuant to K.S.A. 12-17,107 through 12-17,113, appears on an enterprise zone map filed with the Kansas Department of Commerce in April 1970, and is included in the definition of an “enterprise zone” as defined in the Act; and

WHEREAS, the governing body of the City previously adopted Resolution No. 2019-010 stating its intent and calling public hearing under the provisions of the Act to receive public comment on the advisability of creating the redevelopment district as described in Resolution No. 2019-010 and further described herein (the “Paola Crossings Redevelopment District”); and

WHEREAS, the public hearing was held on this date, after publication and delivery of notice in accordance with the provisions of the Act; and

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF PAOLA, KANSAS:

Section 1. Eligible Area Findings. The governing body finds and determines that the Paola Crossings Redevelopment District is an “eligible area” under the Act because it is an area in the City designated as an enterprise zone before July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, before such statutes were repealed, and the conservation, development or redevelopment of the Paola Crossings Redevelopment District is necessary to promote the general and economic welfare of the City.

Section 2. Description of and Creation of Redevelopment District. The legal description of the Paola Crossings Redevelopment District is:

All that part of the South half of the Northwest Quarter (NW ¼) of Section 15, Township 17 South, Range 23 East, lying North of the North right of way line of Kansas Highway No. 263 and all that part of the South half of the Northeast Quarter (NE ¼) of said Section 16, lying North of the North right of way line of Kansas Highway No. 263 lying East of the Easterly right of way line of Hedge Lane and West of the Westerly right of way to U.S. Highway 169 as both are now established in the City of Paola, Miami County, Kansas

The property described above, including adjacent rights-of-way, is hereby designated and created as the Paola Crossings Redevelopment District, according to the Act.

A map depicting the general location of the Paola Crossings Redevelopment District is attached as **Exhibit A** and incorporated here by this reference. The Paola Crossings Redevelopment District does not contain any property not referenced in Resolution No. 2019-010 providing notice of a public hearing.

Section 3. Redevelopment District Plan. The proposed redevelopment project may include separate project areas, and consists of and is generally described as the acquisition of certain property and development of a variety of land uses, including but not limited to office, retail, restaurants, residential, and commercial uses, along with related public improvements and infrastructure. The redevelopment district plan is attached to this ordinance as **Exhibit B**. A description of the Paola Crossings Redevelopment District and the redevelopment district plan are available for inspection at the City Clerk's office, 19 East Peoria Street, from 8:00 a.m. to 5:00 p.m., Monday through Friday.

Section 4. Consequences to Other Governmental Units. No privately owned property subject to ad valorem taxation within the Paola Crossings Redevelopment District shall be acquired and redeveloped pursuant to the Act if the Board of County Commissioners of Miami County, Kansas (the "County") or the Board of Education of Unified School District No. 368 (the "School District") determines by resolution adopted within thirty (30) days following the adoption of this Ordinance that the Paola Crossings Redevelopment District will have an adverse effect on the County or the School District, respectively.

Section 5. Further Action. The Mayor, City Manager, City Clerk and other officials and employees or consultants of the City, including the City Attorney, the City's Financial Advisor and Bond Counsel, are further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Ordinance.

Section 6. Effective Date. This Ordinance, including Exhibit A and Exhibit B, shall become effective upon its passage by the governing body of the City and publication in the official newspaper of the City.

PASSED AND APPROVED by the governing body of the City of Paola, Kansas on
October 8, 2019.

CITY OF PAOLA, KANSAS

[seal]

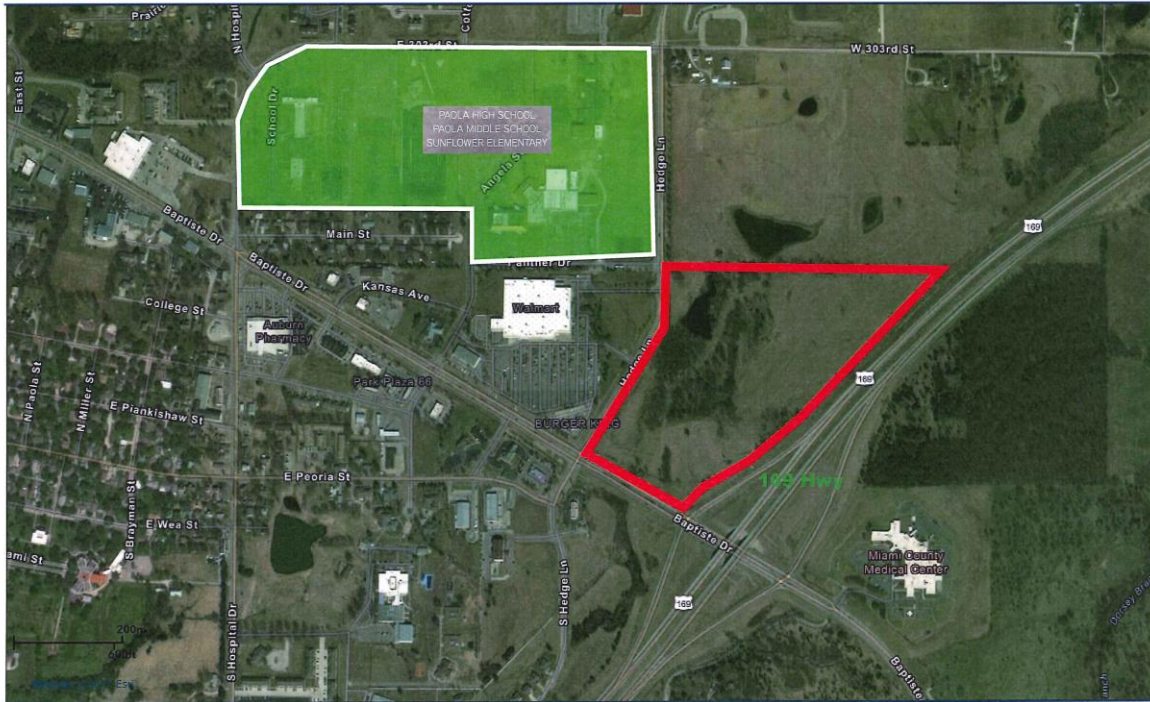
Artie Stuteville, Mayor

ATTEST:

Stephanie Marler, City Clerk

EXHIBIT A

(MAP OF THE REDEVELOPMENT DISTRICT)



February 27, 2018

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EXHIBIT B
(REDEVELOPMENT DISTRICT PLAN)

**REDEVELOPMENT DISTRICT PLAN FOR REDEVELOPMENT
THROUGH TAX INCREMENT FINANCING
PAOLA CROSSINGS PROJECT
HIGHLANDS DEVELOPMENT, LLC**

PAOLA, KANSAS

June 2019

SECTION 1. PURPOSE

The City of Paola, Kansas (the “City”) intends to create a redevelopment district within the City. Kansas statutes governing the creation of redevelopment districts and tax increment financing (K.S.A. 12-1770 *et seq.*, and particularly, K.S.A. 12-1771(a)) require preparation of a “redevelopment district plan” (referred to herein as the “district plan”) before creation of a redevelopment district. The district plan is the preliminary plan identifying the proposed redevelopment project areas and generally describing the buildings, facilities and improvements proposed to be constructed in such areas.

SECTION 2. DESCRIPTION OF TAX INCREMENT FINANCING

Projects financed through tax increment financing involve the creation of an “increment” in real estate property taxes. The increment is the amount of property taxes paid on the increase in assessed valuation of property in the redevelopment district over the property taxes paid in the redevelopment district before redevelopment occurs. When the aggregate tax rates of all tax jurisdictions are applied to the increased property valuation in the redevelopment district, tax increment is generated and paid to the City (as permitted by the Act) to fund and pay over time certain costs of the development project. The property taxes attributable to the assessed value of the district before redevelopment (the “base valuation”), are distributed to all taxing jurisdictions just as before development of the redevelopment district. Eligible costs of the proposed redevelopment projects are expected to be reimbursed in part from a portion of the City’s retailers’ sales taxes collected in the District, as permitted by the Act.

SECTION 3. REDEVELOPMENT DISTRICT

A map showing the boundaries of the proposed redevelopment district is attached as **Exhibit A** to the City’s resolution setting a public hearing for considering the creation of the district and the district plan. The proposed redevelopment district is within the city limits of Paola, Kansas and consists of 36 acres (more or less) of currently undeveloped land located in the City of Paola and legally described as follows:

All that part of the South half of the Northwest Quarter (NW ¼) of Section 15, Township 17 South, Range 23 East, lying North of the North right of way line of Kansas Highway No. 263 and all that part of the South half of the Northeast Quarter (NE ¼) of said Section 16, lying North of the North right of way line of Kansas Highway No. 263 lying East of the Easterly right of way line of Hedge Lane and West of the Westerly right of way to

U.S. Highway 169 as both are now established in the City of Paola, Miami County, Kansas

The proposed redevelopment district qualifies as an “eligible area” for tax increment financing because it is an area in the City designated as an enterprise zone before July 1, 1992, pursuant to K.S.A. 12-17,107 to 12-17,113 before such statutes were repealed, and the development of the area is necessary to promote the general and economic welfare of the City.

SECTION 4. REDEVELOPMENT PROJECT

The proposed district is in an area identified by the City as desirable for additional commercial, retail and residential development. The establishment of the proposed redevelopment district will permit the City to aid in financing of eligible costs including land acquisition, infrastructure, site development and to partner with private developers to bring additional retail and other commercial development to the City.

The proposed redevelopment project consists of the acquisition of the site and construction of infrastructure, public improvements and other site improvements to permit phased development of a variety of land uses, including but not limited to, office, retail, restaurants, residential, and general commercial uses. The proposed costs eligible to be financed in this case include costs of land acquisition and the aforementioned infrastructure, public improvements, and other site improvements, as well as soft costs and costs of financing related to those items. These eligible costs may include costs incurred prior to the time the redevelopment district is created.

SECTION 5. TAX INCREMENT FINANCING

Kansas statutes governing tax increment financing allow such financing to be used for property acquisition, site preparation, utilities, drainage, street improvements, landscape amenities, public outdoor spaces, streetscape amenities and parking facilities in a redevelopment district. The City anticipates using tax increment financing pay a portion of these costs related to the proposed project. The project plan (described in Section 6) and development agreements between the City and private developers will specify details. The anticipated plan contemplates that 100% of the ad valorem tax increment permitted to be captured under the Act and attributable to the redevelopment projects and a portion of the City’s retailers’ sale tax collected from the redevelopment district will be pledged to finance such costs for a period not exceeding 20 years from approval of a project plan, as provided by law. Tax increment financing may be accomplished by issuing the City’s special obligation bonds and/or the City’s general obligation bonds with such bonds payable over time from the tax increment. Financing may also be structured as “pay as you go” reimbursement over time. The City plans to utilize a “pay as you go” financing structure for the proposed redevelopment project and does not intend to issue bonds.

SECTION 6. PROJECT PLAN

The statutes governing tax increment financing and redevelopment districts require that all proposed redevelopment projects in a redevelopment district be presented to and authorized by the City Council through its approval of detailed “project plans”. Each project plan will identify specific project areas within the redevelopment district and will include detailed descriptions of the proposed improvements and methods of financing. Before approving a project plan the City must obtain a

financial feasibility study as required by statute. Project plans must be reviewed by the Planning Commission and are submitted to a public hearing after published notice and notification of affected property owners. Before going forward a project plan must be adopted by a two-thirds majority of the City Council. No tax increment may be applied to a redevelopment project until a project plan is approved.

EXCERPT OF MINUTES

The governing body of the City of Paola, Kansas met in regular session at the usual meeting place in the City on October 8, 2019, at 6:00 p.m., with Mayor Artie Stuteville presiding, and the following members of the governing body present: Dave Smail, Trent Upshaw, Leigh House and Aaron Nickelson.

The following members were absent: None

At 6:00 p.m. Mayor Stuteville opened a public hearing on the creation of a redevelopment district within the City as previously authorized by Resolution No. 2019-010. All persons present who wished to comment were given the opportunity to do so.

The Mayor closed the public hearing at 7:05 p.m.

An ordinance was presented to the governing body entitled:

AN ORDINANCE OF THE GOVERNING BODY OF THE CITY OF PAOLA, KANSAS MAKING FINDINGS REGARDING A REDEVELOPMENT DISTRICT AND ESTABLISHING A REDEVELOPMENT DISTRICT WITHIN THE CITY.

The Ordinance was considered and discussed; and on motion of Council Member Nickelson, seconded by Council Member House, the Ordinance was passed by a majority vote of the members present. The ordinance was assigned No. 3149.

CITY CLERK'S
CERTIFICATION OF EXCERPT OF MINUTES

I certify that the foregoing is a true and correct Excerpt of Minutes of the October 8, 2019 meeting of the governing body of the City of Paola, Kansas.

[seal]

Stephanie Marler, City Clerk