
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
REVISED BOARD MEETING MINUTES

DATE: January 23, 2019
TIME: 9:30 a.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Pat Contreras
Daniel Edwards
Steve Hamilton
Gabriel Okafor

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Jerry Helmick, City of Kansas City, Human Relations Dept.
John Snyder, Dentons
Ian DeGalan, GSSW
Joey Flickner, IUPAT DC3
Jim Woodson, IUPAT DC3
Donald Maxwell, Maxwell Law
Lance Dorn, SB Friedman (*via telephone*)
Elizabeth Ginsberg, SB Friedman (*via telephone*)
Fran Rood, SB Friedman (*via telephone*)
Mike Hughes, TSI Geotechnical

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra, Contreras, and Okafor were present. Mr. Edwards arrived at a later time.

2. **Administrative** – *Annual Election of Officers for 2019* (Steve Hamilton)

Mr. Hamilton confirmed that there were no other nominations and that current officers still wished to serve. The elected 2019 officers of the Authority are as follows:

Chairman	Steve Hamilton
Vice-Chairman	Gabriel Okafor
Secretary	Greg Flisram
Assistant Secretary	Susan Tumey
Treasurer	Lee Brown

ACTION TAKEN: ELECTED THE SLATE OF OFFICERS NOMINATED FOR THE 2019 CALENDAR YEAR. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED. (*RES. NO. 1-1-19*)

3. **Administrative** – *Review and Approval of Meeting Minutes for November 28, 2018 (Ex. 3)*

ACTION TAKEN: APPROVED THE MINUTES FOR DECEMBER 19, 2018, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED.

4. **Financial** - *Review and acceptance of the Financial Report for the month of December, 2018 (Lee Brown) (Ex. 4)*

Mr. Brown advised that:

- No payables or receivables over 30 days
- Items of note from the 6-month income fluctuation statement (p. 5) were:
 - \$53,000 bond closing fee received from 6410 Paseo
 - \$97,000 escrow payment when the LaQuinta in Beacon Hill closed, as the cost was not included in the final closing

Mr. Hamilton noted that this was possibly the first time in his years on the Board that no payables or receivables were 30 days overdue and commended Mr. Brown.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR DECEMBER 2018, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED.

5. **Hospital Hill II URA – 2500–Block Troost Avenue** - *Consideration of Approval of Redevelopment Contracts with GSSW WR III, LLC (Bob Long) (Ex. 5A-5F)*

» ***Project Overview***

- \$44 Million project on a vacant lot in a continually distressed census tract east of Troost with an affordable housing component (*Long*)
- Timeline is to begin construction in the Spring 2019, with completion in 2020, and stabilization in 2022 (*Rood*)
- Developer has several years of experience in multi-family projects, including in the Kansas City area, and intends to own the project long-term (*Rood*)

» ***Project Budget [all statements by Mr. Dorn, unless otherwise noted]***

- High-end amenities include pool, lounge, coffee shop, fitness area, and a dog park (*Rood*)

- Square footage and construction costs were impacted by significant grading issues
 - A large portion of the first floor of the 124-unit building can't be leased to tenants as it will be underground
- Per unit basis costs and soft costs were compared to comps and industry data and found to be reasonable
- Square-foot land acquisition costs were low as compared to other area projects and recent sales transactions in the market
 - Acquisition costs as a percentage of total development costs were reasonable
 - Developer purchased a portion of the property from the City
- 65% debt and 35% equity project financing are common for residential projects, although the finding was preliminary because no term sheets were provided
 - 35% cash equity will be provided by the developer, friends and family
- Rents of \$1.65 per square foot were in the mid-range of comparable projects
 - LCRA staff and the developer believed that the site's location made rent levels uncertain
- Payroll costs caused operating expenses to be relatively high as a percentage of revenue due to developer's plans for high maintenance of the buildings
 - Building upkeep expenses were high but reasonable
- Adjustments to Developer's Proforma
 - 6% vacancy assumption was considered too conservative and lowered to 5%
 - Real estate taxes were changed from \$27,000 to \$20,000 per unit after some parcels were removed because they weren't part of the project
 - Property tax rate was changed to the most recent amount
 - STECM assumptions were increased slightly by \$50,000 after a recalculation
- » ***Tax Incentive Request [all statements by Mr. Dorn, unless otherwise noted]***
 - Project evaluated on a stabilized yield-on-cost (YOC) basis because financing was preliminary
 - The full incentive request is needed to raise the overall feasibility from a 5.6% YOC to an appropriate risk level of 6.9%
 - Full abatement request is worth \$6.4 Million in undiscounted value
 - 10-year LCRA abatement is \$5.3 Million and the STECM is \$1.1 Million
 - Taxing jurisdictions will receive \$11.7 Million over 25 years of the project, with \$5.3 Million during the 10-year LCRA abatement (*Rood*)
 - Base taxes paid during the 10-year abatement will be low due to the parcels' vacancy (*Rood*)
- » ***Board Considerations***
 - 195 parking spaces for 248 units should not be problematic as area bus service is excellent and three large employers are in close proximity (*Hamilton/Long*)
 - City's Planning and Zoning Department reviewed and approved the plan (*Hamilton/Flisram*)
 - Parking revenue of \$30 per space is reasonable (*Dorn*)

- No PILOTS are planned during the 10-year LCRA abatement (*Hamilton/Long*)
- Developer requested LCRA incentive because the abatement could be designed to work with the project (*Hamilton/DeGalan*)
- Developer confirmed that he had already met with the City's Human Relations Department (*Hamilton/DeGalan*)
 - Goals have been assigned to the project (*Rayford*)
- 120 studio units with rents at \$1,100 will be defined as the affordable component of the project (*Alhambra/DeGalan*)
- Developer fees were 3.1% of total development costs, which is at the low end of the range and normal for residential projects (*Okafor/Rood*)
- Furniture, fixtures and equipment (FFE)
 - Pre-development soft costs were 10% of total development amount and included some FFE for core spaces (*Okafor/Rood*)
 - FFE was not, and is not typically, included in the STECM (*Okafor/Rood*)
 - FFE criteria is defined by State sales tax statute (*Engel*)
 - Developers sign a certification when the State issues a STECM exemption, but proceed mostly on the honor system (*Flisram*)
 - LCRA Redevelopment Contract can provide for a cost certifier either at developer's expense or through the developer's lender (*Engel*)
 - FFE are not included in construction costs (*DeGalan*)
- Project is not prevailing wage, which is not a LCRA requirement (*Okafor/Flisram*)
- Developer is not asking for any other incentives (*Okafor/DeGalan*)

SB Friedman disconnected their call at approximately this time.

ACTION TAKEN: (1) SELECTED GSSW WR III, LLC (OR AN AFFILIATE) AS THE REDEVELOPER; (2) APPROVED A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS AND PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS; AND (3) AUTHORIZED STAFF AND LEGAL COUNSEL TO PREPARE THE NECESSARY SALE/LEASEBACK DOCUMENTS WITH GSSW WR III, LLC (OR AN AFFILIATE) FOR THE 2500-BLOCK OF TROOST MULTI-FAMILY PROJECT WITHIN THE HOSPITAL HILL II URBAN RENEWAL AREA. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, MR. CONTRERAS, AND MR. EDWARDS, AND CARRIED UNANIMOUSLY. (RES. NO. 1-2-19)

6. **Linwood-Prospect URA** – *Consideration of Amendment to Assignment, Assumption and Amendment of Ground Lease and Redevelopment Contract* (Brian Engel) (**Ex. 6A-6B**)

- Central City Sales Tax Initiative Award
 - Northern part of shopping center is excluded from eligibility because 31st Street, the boundary for the Santa Fe historical district, divides the center (*Alhambra/Maxwell*)

- Primary purpose for extension is to allow developer more time to secure funding to make up \$2 Million shortfall (*Engel*)
- Project will be considered contiguous to lower costs, but Central City funds will only be used on the southern portion (*Edwards/Maxwell*)
- Developer Financing
 - Developer anticipates an approval letter by month-end from lenders competing for its request to increase permanent debt (*Edwards/Maxwell*)
 - Developer plans to seek an amendment and funds from the TIF Commission in February, pending receipt of a lender's approval letter (*Edwards/Maxwell*)
- June 2018 Amendment
 - Legal fees to prepare a second amendment were minimal (*Hamilton/Engel*)
 - June 2018 Amendment has not been recorded and the original cannot be located (*Hamilton/Engel/Maxwell*)

ACTION TAKEN: APPROVED AMENDMENT TO ASSIGNMENT, ASSUMPTION AND AMENDMENT OF GROUND LEASE AND REDEVELOPMENT CONTRACT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (*RES. NO. 1-3-19*)

7. **Eastside Urban Renewal Area** - *Consideration of Release of Contract to Sell and Purchase* (Brian Engel) (**Ex. 7A-7C**)

- Buyer and seller requested release of the 1961 LCRA Contract as a title encumbrance on the property (*Engel*)
 - Seller and buyer are not requesting any other incentives from the LCRA (*Engel*)
 - The purpose of the 1961 contract was fulfilled, and property owners have no outstanding obligations from the original contract (*Hamilton/Engel*)

ACTION TAKEN: APPROVED RELEASE OF THE CONTRACT TO SELL AND PURCHASE. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (*RES. NO. 1-4-19*)

8. **Manual Urban Renewal Area** - *Consideration of Release of Contract to Sell and Purchase – 1115 E. 18th Street* (Brian Engel) (**Ex. 8A-8C**)

- KCATA requested release of the 1977 LCRA Contract as a title encumbrance on the property (*Engel*)
 - Seller and buyer are not requesting any other incentives from the LCRA (*Engel*)
 - The purpose of the 1977 contract was fulfilled, and property owners have no outstanding obligations from the original contract (*Hamilton/Engel*)
- KCATA attorney recently advised that the sale was now a lower priority and had no objection if the Board wished to table the matter for more information (*Engel*)

- KCATA's plan is to accrue land in the area for development as an innovation district intended to tie the East Crossroads to 18th and Vine (*Flisram*)
- Incentives for the project have not been requested so the Board will release the contract at this time (*Hamilton/Engel*)

ACTION TAKEN: APPROVED RELEASE OF CONTRACT TO SELL AND PURCHASE. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (*RES. NO. 1-5-19*)

9. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Greg Flisram) (**Ex. 9A**)

- Arterra project has officially opened (*Flisram*)
- Mark Twain project
 - Developer's previous urgency about the project has seemingly diminished as they have not responded to draft documents provided to them in November (*Engel*)
 - Fees for the project were capped by the Board at its December 2018 meeting and the initial funds provided by the developer under its Funding Agreement with the LCRA have largely been expended (*Engel*)
 - Developer should be asked to provide an additional amount similar to the sum it initially provided (*Hamilton/Flisram*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 9B**)

- Affirmative Action Committee report
 - Only one project was noted as not reporting on HRD's October 31, 2018 report, which has subsequently been found in compliance (*Rayford*)
 - Committee plans to meet on an as-needed basis, rather than monthly (*Okafor/Rayford*)
- City Ordinance 180535 – Uniform Affirmative Action Policy
 - LCRA agreements need to be changed to ensure LCRA is held harmless and indemnified by the developer and/or City from any adverse determinations by HRD or the two appeal boards (*Hamilton*)
 - A draft update to LCRA's affirmative action policy will soon be presented for approval (*Engel*)

Mr. Hamilton initiated discussions on the following administrative matters which were not on the agenda:

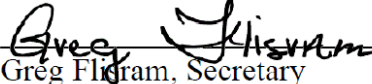
- Public referendum for 50% cap on development incentives for non-distressed census tracts

- On August ballot for approval (*Flisram*)
- Possible public perception problem as popular belief is that incentives enrich rich developers (*Hamilton/Flisram*)
- Review of recent LCRA projects showed that none would proceed with a 50% cap (*Flisram*)
- LCRA Board Retreat
 - Retreat topics include general policies, procedures, administrative matters and/or potential proactive initiatives (*Hamilton*)
 - Board members should submit their topics to Mr. Hamilton and Mr. Flisram within the next two weeks (*Hamilton*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

10. **Adjourn.**

There being no further business, the meeting adjourned at 10:55 a.m.



Greg Flisram, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING AGENDA

DATE: February 27, 2019
TIME: 9:30 a.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**
2. **Administrative** – Review and Approval of Meeting Minutes for January 23, 2019 (Ex. 2)
3. **Financial** - Review and acceptance of the Financial Report for the month of January, 2019 (Lee Brown) (Ex. 3)
4. **Oak Park URA – 3200–Block of Michigan Avenue** - Approval of Redevelopment Contract with Linwood Gardens, LP (Bob Long) (Ex. 4A - 4E)
5. **63rd & Holmes URA** – Approval of Assignment, Assumption & Amendment of Redevelopment Contract (Bob Long & Brian Engel) (Ex. 5A – 5B)
6. **36th & Gillham URA** – Approval of Assignment, Assumption & Amendment of Redevelopment Contract (Bob Long & Brian Engel) (Ex. 6A – 6B)
7. **Brooklyn East I URA** – Approve URP’s First Amendment (Bob Long) (Ex. 7)
8. **Brooklyn East II URA** – Approve URP’s First Amendment (Bob Long) (Ex. 8)
9. **Hospital Hill II URA** - Authorize Preparation of the URP's Sixth Amendment and Issuance of a Request for Proposals (Bob Long)
10. **Administrative.**
 - a. **Executive Director’s Report** - Active Projects Tracking System Report (Greg Flisram) (Ex. 10A)
 - b. **Affirmative Action Report** (Ex. 10B)
 - c. **Tax Abatements** – There were six (6) tax abatements approved in January, 2019.

EXECUTIVE SESSION

11. Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.

RESUME BUSINESS SESSION

12. Adjourn.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

SPECIAL TELECONFERENCE MEETING BOARD MINUTES

DATE: March 11, 2019
TIME: 1:30 p.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
 1100 Walnut, Kansas City, Missouri

1. Roll Call.

Present: Faiza Alhambra (*via telephone*)
 Pat Contreras (*via telephone*)
 Steve Hamilton

Absent: Daniel Edwards
 Gabriel Okafor

Staff: Greg Flisram, LCRA
 Susan Tumey, LCRA
 Bob Long, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Jerry Helmick, City of Kansas City, Human Relations Dept. (*via telephone*)
 Hunter Harris, Lane4 Property Group (*via telephone*)
 Alex Howe, Lane4 Property Group (*via telephone*)
 John Hoffman, UC-B Brookside, LLC (*via telephone*)
 Tracie Malesa, Goldenrod Companies, LLC (*via telephone*)

Chairman Hamilton called to order the special meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra and Contreras were present telephonically.

2. 63rd & Holmes URA – Approval of Assignment, Assumption & Amendment of Redevelopment Contract (Bob Long & Brian Engel) (Ex. 2A – 2B)

➤ **Project Status**

- Project maintenance is only remaining responsibility under Redevelopment Agreement, as project was successfully completed and is receiving tax abatement (*Hamilton/Long*)
 - After a later correction, Mr. Engel stated that the abatement began 1/1/16 and would end 12/31/25

➤ **Assignment**

- Recently received edits to assignment documents from developer's counsel were not substantial and identified Lane4 affiliate as GCP Gillham Park, LLC (*Engel*)
- As UC-B Brookside, LLC is a small organization, it must occasionally sell a completed project to finance future developments (*Hamilton/Hoffman*)

- Lane4 is a strong developer in the Kansas City area and will maintain the project at a commensurate level (*Hoffman*)

ACTION TAKEN: APPROVED ASSIGNMENT, ASSUMPTION AND AMENDMENT OF THE REDEVELOPMENT CONTRACT BETWEEN THE AUTHORITY AND UC-B BROOKSIDE, LLC TO LANE4 PROPERTY GROUP (OR AFFILIATE). MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY BY ROLL CALL VOTE. (*RES. NO. 3-1-19*)

3. **36th & Gillham URA** – *Approval of Assignment, Assumption & Amendment of Redevelopment Contract* (Bob Long & Brian Engel) (**Ex. 3A – 3B**)

➤ ***Project Status***

- Both projects will continue to be operated as Class A properties (*Hamilton/Howe*)
 - Management strategy is not expected to change and the interior and exterior will be maintained (*Howe*)
 - Tax abatement on the project began 1/1/15 and will end 12/31/24 (*Engel*)

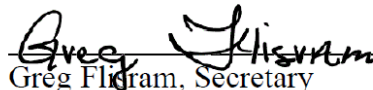
➤ ***Project Investors/Partners***

- If an investor wishes to leave one of their projects, typically after 7 to 10 years, Lane4 will attempt to replace them (*Hamilton/Howe*)
- Lane4 has successfully partnered previously with Goldenrod Development, LLC, their co-equity partner on the projects (*Hamilton/Harris*)
 - Owner has over 20 years in project management and development (*Hamilton/Malesa*)
 - Previous Kansas City area projects while partnered with Goldenrod include new construction of a senior development in Mission, Kansas (*Harris*)

ACTION TAKEN: APPROVED ASSIGNMENT, ASSUMPTION AND AMENDMENT OF THE REDEVELOPMENT CONTRACT BETWEEN THE AUTHORITY AND GILLHAM PARK ROAD, LLC TO LANE4 PROPERTY GROUP (OR AFFILIATE). MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY BY ROLL CALL VOTE. (*RES. NO. 3-2-19*)

4. **Adjourn.**

There being no further business, the meeting adjourned at 9:45 a.m.


 Greg Flidram, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING MINUTES

DATE: March 27, 2019
TIME: 9:30 a.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Steve Hamilton
Daniel Edwards
Gabriel Okafor

Absent: Pat Contreras

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Jerry Helmick, City of Kansas City, Human Relations Dept.
Stuart Bullington, City of Kansas City, Neighborhoods and Housing Dept.
Jan Parks, CKCEDR
Joey Flickner, IUPAT DC3
Kelley Hrabe, Linwood Gardens
Dan Osman, Linwood Gardens

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra and Okafor were present. Commissioner Edwards arrived at a later time in the meeting.

2. **Administrative.**

- a. Review and approval of Meeting Minutes for January 23, 2019 (Ex. 2A)

ACTION TAKEN: APPROVED THE MINUTES FOR JANUARY 23, 2019, AS REVISED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED.

- b. Review and approval of Meeting Minutes for March 11, 2019 (Ex. 2B)

Mr. Hamilton noted that the first sentence should say “Chairman Hamilton called to order the *special* meeting” rather than “*monthly*.” He also later requested that the February 27, 2019 meeting be shown as “cancelled due to inclement weather.”

ACTION TAKEN: APPROVED THE MINUTES FOR MARCH 11, 2019, AS REVISED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED.

Mr. Edwards arrived at the meeting.

3. **Financial** - *Review and acceptance of the Financial Report for the months of January, 2019 and February, 2019 (Lee Brown) (Ex. 3A-3B)*

Mr. Brown advised that:

- January receivable over 31-60 days had recently been paid when 112 Developers closed their transaction
- YANA Properties recently promised to pay its February 61-90 day receivable
- The notes on both reports were carried over month-to-month and were intended to keep the Board informed

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR JANUARY 2019 AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

ACCEPTED THE FINANCIAL REPORT FOR FEBRUARY 2019 AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

4. **Oak Park URA – 3200–Block of Michigan Avenue** - *Approval of Redevelopment Contract with Linwood Gardens, LP (Bob Long) (Ex. 4A - 4E)*

➤ **Project Overview**

- Traditional financial analysis not required (*Flisram*)
 - Staff reviews MHDC financial analyses on LIHTC projects
 - Project's location east of Troost also exempts it from the but/for test
- Project is eligible for 10 year/100% tax abatement because it is in a continually distressed census tract (*Long*)
 - Tax abatement puts rents at achievable levels for families exiting homeless shelters (*Hrabe*)

➤ **Board Considerations**

- Long-term sustainability/maintenance may be an issue given the fluid nature of residents and their limited number (*Hamilton*)
 - Project is not 100% reliant on homeless shelters for its population and will accept other types of residents (*Hrabe*)
 - Tax credit nature of project requires upfront capitalization of several reserve accounts, which can be tapped into for support (*Hrabe*)
 - Developer has also personally guaranteed project financing (*Hrabe*)
- Limited expertise with transitional housing projects (*Hamilton*)

- reStart and LAMP will provide the supportive services and client interaction while developer will provide financing and construction expertise (*Hrabe*)
- Developer's primary focus is workforce housing (*Hrabe*)
- Previously created the CP Lofts, a successful project with LCRA (*Hrabe*)
- Nature of reStart and LAMP services (*Hamilton*)
 - Ongoing counseling, job training, and other transitional services to enable the families to move into other residential opportunities (*Hrabe*)
 - Huge need for such services by families of all income levels (*Alhambra*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE LINWOOD GARDENS AFFORDABLE MULTIFAMILY PROJECT AND APPROVED A REDEVELOPMENT CONTRACT WITH LINWOOD GARDENS, LP FOR THE LINWOOD GARDENS AFFORDABLE MULTIFAMILY PROJECT IN THE OAK PARK URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 3-3-19*)

5. **Hospital Hill II URA** - Authorize Preparation of the URP's Sixth Amendment and Issuance of a Request for Proposals (Bob Long)

➤ **Board Considerations**

- Parcels not in same URA
 - One parcel already in Chapter 353 incentive area so was purposely excluded from both URAs (*Okafor/Long*)
 - Chapter 353 program requirements can make small projects unfeasible as opposed to LCRA URA conditions (*Hamilton/Flisram*)
 - Two amendments would be required to change both properties to one URA, one to remove it from its original plan and a second to include it in the new plan (*Okafor/Long*)
 - As long as both plans allow for the same intended use, one project in two different URAs should encounter no problems or difficulties (*Hamilton/Engel*)
 - The redevelopment contract can also account for the project being in different URAs (*Okafor/Long*)
 - Inclusion of adjacent property in the project area will spur interest by more developers due to the increased square footage and viability (*Bullington*)
- Condemnation of adjacent property in Longfellow URA
 - City's previous condemnation notice to the parcel's foreign owner was deemed insufficient due to a legal technicality (*Hamilton/Bullington*)
 - Property has no working utilities and is used primarily to paint cabinets (*Alhambra/Long/Bullington*)
 - Inability to reach agreement with owner on sale price and neglect of the property helped prompt the City's condemnation procedures (*Bullington*)
 - City's receivership tool was not used as the situation did not meet the required criteria (*Okafor/Bullington*)
- Timing of Reissuance of RFP

- RFP responses will be due at approximately the same time the City's approval processes are complete, enabling the project to proceed timely (*Hamilton/Long*)
- Adjacent retail and housing development opens in May 2019 and could trigger additional retail activity in the area (*Hamilton/Bullington*)

ACTION TAKEN: AUTHORIZED PREPARATION AND SUBMITTAL OF THE SIXTH AMENDMENT TO AMEND THE BOUNDARIES OF THE HOSPITAL HILL II URBAN RENEWAL PLAN. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

AUTHORIZED PREPARATION AND ISSUANCE OF A REQUEST FOR PROPOSALS FOR THE ACQUISITION AND REDEVELOPMENT OF THE PARCELS AT 1015 E. 27TH STREET/2702 TROOST AVENUE AND 2701 TROOST AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA, AS AMENDED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

(RES. NO. 3-4-19)

6. **Manual Outline Urban Renewal Area** - *Consideration of Revised Termination and Release of Purchase and Redevelopment Contract – Paseo YMCA Building* (Brian Engel) (Ex. 6A-6B)

➤ **July 2018 LCRA approval**

- Termination of LCRA contract contingent on City acquiring property (*Engel*)
 - Environmental remediation and vandalism damage delayed museum's rehab and subsequent City assumption (*Engel*)
- Original contract put in place because LCRA owned the property for a long time prior to its sale to the museum around 2005 (*Engel*)

➤ **Revised Termination Request**

- City requests release of the contract prior to taking possession to clear title encumbrance (*Hamilton/Engel*)
 - City can use its Deed of Trust from the current loan transaction to foreclose on the property if the loan is not repaid (*Engel*)

ACTION TAKEN: APPROVED REVISED TERMINATION AND RELEASE OF PURCHASE AND REDEVELOPMENT CONTRACT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (RES. NO. 3-5-19)

7. **Truman & Wvandtote Urban Renewal Plan** - *Consideration of Amendments to Series 2018A and Series 2018B Bond Trust Indentures* (Brian Engel) (Ex. 7A-7C)

➤ **Original Indenture** [*All statements made by Mr. Engel unless otherwise noted*]

- Investments limited to \$1 Million in the aggregate in any one mutual fund
- Project size makes the limit unreasonable
- **Amendment** [*All statements made by Mr. Engel unless otherwise noted*]
 - Technical issue caused by use of forms from a prior, but smaller, bond issuance
 - Definition of “Indenture” is changed to incorporate this amendment
 - Definition of “Permitted Investments” changed to eliminate limitation language regarding money market fund investments
- **Board Considerations**
 - Money market fund risks are low as investments are in government securities (*Alhambra/Engel*)

ACTION TAKEN: APPROVED (1) FIRST AMENDMENT TO SERIES 2018A INDENTURE AND (2) FIRST AMENDMENT TO SERIES 2018B INDENTURE. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (*RES. NO. 3-6-19*)

8. **Brooklyn East I URA** – *Approve URP’s First Amendment (Bob Long) (Ex. 8)*

9. **Brooklyn East II URA** – *Approve URP’s First Amendment (Bob Long) (Ex. 9)*

- **Board Considerations**
 - LCRA can do more than renew a Plan which didn’t fully succeed initially (*Okafor*)
 - Create additional URAs to include areas not covered (*Long*)
 - Area is now in an opportunity zone and is also encompassed by the recent Revive the East Side ordinance (*Flisram*)
 - Need to take lead and bring existing tools and methods together to help less sophisticated developers (*Okafor*)
 - LCRA abilities limited by its financial resources (*Flisram*)

ACTION TAKEN: APPROVED AMENDMENT TO BROOKLYN EAST I URBAN RENEWAL PLAN TO EXTEND TERM FOR AN ADDITIONAL TEN (10) YEARS, SUBJECT TO PASSAGE BY CITY COUNCIL OF AN ORDINANCE EXTENDING THE TERM. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 3-7-19*)

APPROVED AMENDMENT TO BROOKLYN EAST II URBAN RENEWAL PLAN TO EXTEND TERM FOR AN ADDITIONAL TEN (10) YEARS, SUBJECT TO PASSAGE BY CITY COUNCIL OF AN ORDINANCE EXTENDING THE TERM. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY. (*RES. NO. 3-8-19*)

10. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Greg Flisram) (Ex. 10A)

➤ **Mark Twain**

- Board approved developer's request to cap bond fees at \$75,000 at its December 2018 meeting (*Flisram*)

➤ **Arterra**

- Developer is requesting relief from the sales tax exemption and final plan approval fees (*Flisram/Engel*)

➤ **Board Considerations**

- Project fees
 - Staff asks that the Board consider charging only the higher of the bond fee or the tax abatement fee, as charging both can be exorbitant in larger projects (*Flisram*)
- Fees obtained from developers can be used to assist the east side of Troost (*Okafor*)
 - Projects will bypass the LCRA for other agencies which can offer longer abatements (*Flisram*)
 - Developers can build fees into project costs and the Board can decide on a case-by-case basis but don't support changing fee schedule (*Okafor*)
 - Funds necessary to rebuild the east side won't come from developers but through LCRA being more proactive (*Edwards*)
 - LCRA monies are funneled into the EDC and may not be available for specific use by the LCRA (*Hamilton*)
- Policy changes could be decided today but any action regarding a specific project should be noticed for future public hearing (*Hamilton*)
 - Rely on staff to determine what fees are necessary to fund agency (*Hamilton*)
 - Recommend charge higher of two fees so in parity with other agencies (*Flisram*)

Mr. Edwards made a motion to make such a policy change, which failed for lack of a second.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

b. **6434 Paseo – Clemons Real Estate** – *Consideration of Conflict of Interest Waiver* (Brian Engel) (Ex. 10B)

- Technical conflict of interest created when one attorney's representation of a client causes the entire firm to represent said client (*Hamilton*)
 - Conflict can be waived by each client as long as their respective attorneys represents them on unrelated matters (*Hamilton*)

ACTION TAKEN: APPROVED WAIVER BY LETTER BETWEEN LCRA AND ROUSE FRETTS REGARDING CLEMONS REAL ESTATE. MOTION MADE

BY MS. ALHAMBRA, SECONDED BY MR. HAMILTON, AND
CARRIED UNANIMOUSLY. (RES. NO. 3-9-19)

Ms. Rayford advised that the March 5, 2019 MBE/WBE indicated that the Human Relations Dept. had no issues or concerns regarding LCRA projects at that time.

11. **Adjourn.**

There being no further business, the meeting adjourned at 11:30 a.m.



Greg Flisfam, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

RETREAT BOARD MINUTES

DATE: April 5, 2019

TIME: 12:00 p.m.

PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. Roll Call.

Present: Faiza Alhambra
Pat Contreras
Daniel Edwards
Steve Hamilton
Gabriel Okafor

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Bob Long, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Mr. Hamilton began the retreat by advising that public testimony would be taken if Board action warranted but noted that the retreat would be primarily policy discussions.

2. Review of LCRA authority, powers and available incentive tools, including affirmative action policy (*Greg Flisram, Brian Engel*) (Ex. 2A-2G)

➤ Blight Designations

- LCRA initially created to address blighted parts of urban areas (*Engel*)
- State legislature has proposed modifying the definition of blight several times but has not yet passed any changes (*Engel*)
 - Blight defined as economic or social conditions *or* a menace to public health
 - Insanitary conditions are harder to verify as economic or social conditions *and* a menace to public health must be present
- LCRA can support a project in a non-blighted area only if the development is primarily residential and residents being relocated to the area are being displaced from a blighted area (*Engel*)
- Termination of URA once blight is remediated (*Hamilton*)

- Older plans tend to have self-renewing clauses so require a vote by URA residents to terminate the Plan (*Engel*)
- Newer plans usually have set expiration dates which can be renewed if blight still exists (*Engel*)

➤ **Tax Abatement**

- State Supreme Court found that LCRA is exempt from property tax as it is an agency of the City (*Engel*)
- LCRA’s ability to issue retroactive abatement to the date improvements started was also enabled by a legal challenge (*Engel*)
- The LCRA statute-mandates that the maximum assessed value be for 10 years, so a PILOT must be added if abatement is intended for a lesser length of time (*Engel*)

➤ **Workable Program**

- Allows Board to require a showing of economic need to grant incentives as the statute does not require a financial analysis (*Engel*)

➤ **Affirmative Action Policy**

- Included revised LCRA internal processes in proposed policy (*Engel*)
- Affirmative Action Subcommittee to meet May 10 to vet the proposed policy for possible Board action on May 22 (*Hamilton*)
- Personal net worth conditions (*Alhambra*)
 - Recommendation from City consultant to increase the income level an MBE/WBE company must reach before it is excluded from the City’s affirmative action program (*Engel/Rayford*)
 - Intent was to allow smaller minority businesses to compete with larger MBEs and WBEs (*Engel/Rayford*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

3. **Sales tax exemption on construction materials (authority, mechanics, oversight) (*Greg Flisram, Brian Engel*) (Ex. 3A-3E)**

➤ **Sales Tax Certificates**

- Developers can use LCRA’s certificate if LCRA issued bonds for the project or was the named borrower on the construction loan (*Engel*)
 - Materials have to be tangible personal property materials to be incorporated into or consumed in construction of the project

➤ **Bond Issuance**

- LCRA, TIF, and PIEA can issue limited obligation bonds, where payment is generated by the project (*Okafor/Engel*)
- Sale/leasebacks require the issuance of bonds if the LCRA is not the borrower on the construction loan (*Edwards/Engel*)

➤ **Sales Tax Exemption**

- State constitutional provision prohibits sales tax on purchases made by political subdivisions (*Engel*)
- Missouri is at a disadvantage as Kansas has neither personal property or earnings taxes (*Flisram*)
- Monitoring Compliance (*Okafor*)
 - Any non-authorized use of the sales tax certificate requires payment of the avoided tax by the user (*Engel*)
 - Cost certifiers and lenders monitor developer purchases for compliance (*Engel*)
 - LCRA's Redevelopment Contract describes the process developers must follow and also indemnifies the agency from developer's use of certificate (*Engel*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

4. **Sale/Leaseback (mechanics, when appropriate, limitation, possible expansion in return for other public benefits)** (*Greg Flisram, Brian Engel*)

➤ **Grant of Extended Abatement**

- Projects providing affordable housing or community benefit would be considered more favorably by the Board (*Hamilton/Flisram*)
- LCRA fees are funneled into EDC's special initiatives fund which provides monies to such programs as the minority accelerator and the Blue Valley redevelopment initiative (*Flisram*)
- Staff will draft a proposed policy for submission to the Board regarding when short and long-term abatements should be granted (*Flisram*)

➤ **Job Creation**

- Assisting job creating projects through extraordinary abatement should be priority, especially on east side and other disadvantaged areas (*Flisram*)
- Housing equally important (*Edwards*)
 - Area schools are closing for lack of density and assurance that its population will remain stable throughout the year
- LCRA statutory function is housing and shouldn't approve a project solely because it brings jobs (*Hamilton*)
- Need to have consistent policy rather than make decisions on a case-by-case basis (*Hamilton*)

➤ **Sale Leaseback Expense**

- Sale Leasebacks average @ 4 to 6 months to complete and cost about \$40,000 - \$50,000 in legal fees (*Engel/Long*)

- A not-for-profit entity could own the property and then sublease it to another entity and receive property tax exemption based on use of property if the County agrees (*Edwards/Engel*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

5. LCRA priorities/focus (Steve Hamilton, Pat Contreras)

- LCRA priorities are residential, affordable housing, and the east side of Troost (*Hamilton/Contreras*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

6. Developer engagement with taxing jurisdictions (*Bob Long*) (Ex. 6)

➤ **Project Notifications to Taxing Jurisdictions**

- Agency Directors' meetings are held every Tuesday afternoon to determine which agency should review the project (*Flisram*)
 - Relevant developer materials, the AdvanceKC scorecard, and the project's financial analysis are sent to the taxing jurisdictions prior to every call
 - Taxing jurisdictions can participate in the meeting remotely or in person
- Per LCRA policy, project discussions between the developer and taxing jurisdictions are scheduled by staff at least 5 business days prior to the Board meeting (*Long*)
 - Relevant developer materials, the AdvanceKC scorecard, and the project's financial analysis are again sent to the taxing jurisdictions
 - Board member participation in project discussion meetings on controversial projects may ameliorate concerns of taxing jurisdictions (*Okafor*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

7. When/where (if, ever, if anywhere) do incentives end (*Steve Hamilton*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE

8. Displacement and gentrification [time permitting] (*Bob Long*) (Ex. 8)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE

EXECUTIVE SESSION

9. Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.

Motion to move into Executive Session made by Ms. Alhambra and seconded by Mr. Contreras.

Roll Call to move into Executive Session

Ms. Alhambra Aye
Mr. Contreras Aye
Mr. Edwards Aye
Mr. Hamilton Aye
Mr. Okafor Aye

RESUME BUSINESS SESSION

ACTION TAKEN IN EXECUTIVE SESSION: NONE; FOR INFORMATIONAL PURPOSES ONLY

10. **Adjourn.**

There being no further business, the meeting adjourned at 4:55 p.m.



Greg Flisram, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING MINUTES

DATE: April 24, 2019

TIME: 9:30 a.m.

PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Daniel Edwards
Steve Hamilton
Gabriel Okafor

Absent: Pat Contreras

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Deborah Davis, EDC
Bob Long, EDC
T'Risa McCord, EDC
Cynthia Wilson, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Jerry Helmick, City of Kansas City, Human Relations Dept.
John Snyder, Dentons
Ian DeGalan, GSSW WRIII
Joey Flickner, IUPAT DC3
Jim Woodson, IUPAT DC3
Mike Hughes, TSI Geotech

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra and Okafor were present. Commissioner Edwards arrived at a later time in the meeting.

2. **Administrative.**

a. *Review and approval of Meeting Minutes for March 27, 2019 (Ex. 2A)*

ACTION TAKEN: APPROVED THE MINUTES FOR MARCH 27, 2019, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED.

b. *Review and approval of Meeting Minutes for April 5, 2019 (Ex. 2B)*

ACTION TAKEN: APPROVED THE MINUTES FOR APRIL 5, 2019, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED.

3. **Financial** - *Review and acceptance of the Financial Report for the month of March, 2019 (Lee Brown) (Ex. 3)*

Mr. Brown advised that:

- As the Authority issued the Convention Center Hotel Series A and B bonds, it is required to show the expenses on its books until the bonds are paid off, which will be in approximately the year 2030
 - Liabilities and assets on the bond accounts will never completely match up because of the timing of interest payments, cash amounts, and other fluctuations
- One late payment over 90 days was being paid today while all other payments and receivables were under 30 days

Mr. Edwards arrived at the meeting at @ 9:37 a.m.

Mr. Brown introduced two new staff members:

- Cynthia Wilson, who will handle all day-to-day operations for the LCRA; and
- Deborah Davis, who will be the business development loan officer acting as a liaison between the community and EDC Loan Corporation to generate loan leads

Ms. McCord added that the Accounting Department was now fully staffed for the first time in over a year

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR MARCH 2019 AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

4. **Hospital Hill II URA – 2500 Block Troost Avenue** – *Consideration of Bond Authorizing Resolution for Multifamily Project and Assignment of Development Rights (Beacon House) (Brian Engel) (Ex. 4A-4E)*

» **Board Considerations**

- Today's Resolution requests authorization to issue bonds and execute project documents for the previously approved project (*Hamilton/Engel*)
 - Resolution also includes an assignment of development rights from the original redeveloper, GSSW WR III, to its affiliate Beacon House, LLC (*Engel*)
- LCRA's bond issuance is triggered by its grant of a sales tax exemption on construction materials (STECM) to the project (*Alhambra/Engel*)
 - LCRA ownership of the property enables the sole buyer of the bonds, the developer, to use the bond monies to purchase construction materials (*Engel*)
 - Bond purchases are book entry transactions only (*Engel*)

- Developer will make PILOT payments during the construction period in amounts that will equal the current taxes on the vacant land as if LCRA was not the owner (*Okafor/Engel*)
- Project is not prevailing wage (*Okafor/DeGalan*)
- Project intends to commence almost immediately once a platting issue is resolved (*Okafor/DeGalan*)
- Developer has received its MBE/WBE goals and almost completed its bidding (*Okafor/Rayford/DeGalan*)
- General Contractor for the project is Centric Projects (*Okafor/DeGalan*)

ACTION TAKEN: APPROVED ASSIGNMENT OF DEVELOPMENT RIGHTS TO BEACON HOUSE, LLC AS A SINGLE-ASSET ENTITY CREATED BY GSSW WR III, LLC TO UNDERTAKE THE PROJECT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED.

APPROVED RESOLUTION AUTHORIZING ISSUANCE OF BONDS IN MAXIMUM AMOUNT OF \$43 MILLION AND EXECUTION OF BOND AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE PROJECT WITHIN THE HOSPITAL HILL II URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED.

(RES. NO. 4-1-19)

5. Administrative.

- a. Executive Director's Report - *Active Projects Tracking System Report* (Greg Flisram) (Ex. 5A)

Mr. Flisram advised that negotiations were ongoing with the developer of the Arterra project about LCRA fees and that the remaining LCRA projects were routinely progressing.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

- b. Hospital Hill II – *Authorize Preparation and Issuance of a Request for Proposals Regarding Property Sale* (Bob Long) (Ex. 5B-1 – 5B-2)

» *Board Considerations*


- Request for Proposal (RFP) required to sell the lots at issue as the properties were never included in previous RFPs of HEDFC properties (*Hamilton/Long*)
 - 25th & Tracy lots were acquired from the HEDFC and not included when the LCRA transferred most of its property inventory to the City (*Long*)
- Sale Contract will need to be modified as it set closing for April 15, 2019 (*Hamilton/Engel*)

- Transferring ownership of the property to the City would entail more bureaucracy and require City Council approval (*Hamilton/Alhambra/Engel*)
- Sale proceeds will go into the ReBuild KC account, which is used to offset predevelopment costs in the Beacon Hill area (*Hamilton/Flisram*)
 - Account is managed by the LCRA but controlled by the City (*Flisram*)
- Standard LCRA performance requirements will be included in the real estate sale contract (*Hamilton/Okafor/Engel/Flisram*)
 - Stringent design standards established by the neighborhood association will need to be followed (*Engel*)
 - Sale contract stipulations will allow the LCRA to repurchase or otherwise retain the property if construction is not timely (*Flisram/Engel*)
 - Scheduling the property's sale closing with a buyer's loan closing lowers the risk a buyer does not have the financial means to commence construction (*Engel*)

ACTION TAKEN: AUTHORIZED PREPARATION AND ISSUANCE OF A REQUEST FOR PROPOSALS FOR THE ACQUISITION AND REDEVELOPMENT OF THE PARCEL ON THE NORTHEAST CORNER OF E. 25TH STREET AND TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA AS A SINGLE-FAMILY HOME. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED. (*RES. NO. 4-2-19*)

6. **Adjourn.**

There being no further business, the meeting adjourned at 10:05 a.m.



 Greg Flisram/Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING AGENDA

DATE: May 22, 2019
TIME: 9:30 a.m.
PLACE: Conference Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

The May 22, 2019 monthly LCRA Board meeting was rescheduled to June 19, 2019

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES

DATE: June 19, 2019
TIME: 9:30 a.m.
PLACE: Conference Room, 6th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Steve Hamilton
Gabriel Okafor

Absent: Pat Contreras
Daniel Edwards

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Jerry Helmick, City of Kansas City, Human Relations Dept.
Dion Lewis, City of Kansas City, Human Relations Dept.
Clark Cordova, HMC Holdings, LLC
Mark Jones, HMC Holdings, LLC
Heather Laird, HMC Holdings, LLC
Jorge Antonio-Lopez, Homeowner
Andy Homoly, Homoly Construction
Kaitlin Windsor, Homoly Construction
Donna Miller-Brown, Indian Mound Neighborhood Association
Joey Flickner, IUPAT DC3
Jim Woodson, IUPAT DC3
Brandon Mason, Legal Aid
Brenda Romo, Legal Aid
Don Maxwell, Maxwell Law
Karen Fernandez, McCormack Baron Management
Roxsen Koch, Polsinelli
Matt Moriarity, Polsinelli

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra and Okafor were present.

2. **Administrative**. - *Review and approval of Meeting Minutes for April 24, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR APRIL 24, 2019, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

3. **Financial** - *Review and acceptance of the Financial Report for the month of April, 2019 (Lee Brown) (Ex. 3)*

[All statements made by Mr. Brown, unless otherwise noted.]

- No concerns regarding overall LCRA financial condition for fiscal year 2018
 - Fiscal years for the next 5-10 years, including 2018, will close at a negative balance until convention center hotel bonds are paid
 - Arterra fees will be paid at closing
 - Staff will contact UC-B about the unpaid over 60-day fees for 6410 Paseo
- LCRA is ready to proceed with its FY18 audit, which may be delayed a few months as the City recently selected a new auditor
 - No overall concerns regarding audit timeframe

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR APRIL 2019 AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

4. **Central Business District URA – 900 Broadway** – *Consideration of Bond Authorizing Resolution for Hotel Project and Assignment of Development Rights (Hyatt House Hotel) (Brian Engel) (Ex. 4A – 4G)*

➤ ***Affirmative Action***

- Developer received goals from the Fairness & Construction Board in May 2019 and will work with the general and subcontractors once financing is closed (*Okafor/Koch*)
- Project is not prevailing wage (*Okafor/Koch*)

➤ ***Parking***

- Parking component of project will be financed through other means and was removed by developer from its request for LCRA incentive (*Engel/Koch*)
 - LCRA will acquire only the hotel parcel and the STECM will apply only to hotel materials (*Engel*)
- Existing parking lot lost to hotel construction will be replaced by developer with an automated parking facility next to the hotel (*Koch*)
 - New parking structure intended for use by adjacent offices (*Hamilton/Koch*)
- Developer has strong incentive to replace the lost parking, even if the LCRA documentation does not specifically require it to do so (*Okafor/Engel/Koch*)
 - Lender with loan against existing lot has agreed to release its lien in exchange for the developer's agreement to provide new parking (*Koch*)

- Hotel parking will be valet only until parking is replaced (*Koch*)
- Properties within the Downtown Streetcar Transportation Development District (TDD) are not required to provide off-street parking (*Koch*)

➤ ***Leases***

- Pedersen Development, the original developer, formed several new entities for federal tax purposes with respect to ownership of the property (*Engel*)
 - New entities currently owning land are comprised of the same persons as previous developer group (*Hamilton/Koch*)
 - Investor group owns improvements and is comprised of the new developer and two additional investors (*Hamilton/Koch*)
- The current property owner (Depot Square) will convey title to 900 Broadway KC, LLC, which will convey title to the LCRA (*Engel*)
- Land Lease will lease the land from LCRA to 900 Broadway KC, LLC (*Engel*)
- Improvements Lease will lease the project improvements from the LCRA to the new developer (the 3 tenants-in-common – 900 Broadway KC Development, LLC; Oak Holdings, LLC; and REMSK, LLC), to construct the property (*Engel*)
- Developer will pay a PILOT during construction and the terms of the leases and abatement (15 years after construction) (*Engel*)
- All proposed documents have been negotiated and are in substantially final form (*Hamilton/Engel/Koch*)

➤ ***PACE Financing***

- PACE allows for a special assessment to be imposed on the property to fund the inclusion of environmentally sound construction materials into the project (*Engel*)
 - PACE financing used in Missouri since 2010 but unique to LCRA (*Engel*)
- LCRA will own the property and voluntarily participate in the imposition of the special assessment (*Engel*)

➤ ***Community Improvement District (CID)***

- CID would impose a one-cent sales tax on the hotel property to help fund construction of the project (*Engel*)
 - Sales tax paid only by guests of the hotel or patrons of its restaurant/bar (*Alhambra/Koch*)
- LCRA, as property owner, will sign the petition for approval of the CID by the City and be the sole voter for its election (*Engel*)

ACTION TAKEN:

- (1) APPROVED ASSIGNMENT OF DEVELOPMENT RIGHTS FROM PEDERSON DEVELOPMENT COMPANY LLC, TO (1) 900 BROADWAY KC DEVELOPMENT COMPANY LLC, A MISSOURI LIMITED LIABILITY COMPANY, (2) OAK HOLDINGS, LLC, A MISSOURI LIMITED LIABILITY COMPANY, AND (3) REMSK, LLC, A MISSOURI LIMITED LIABILITY COMPANY, AS TENANTS-IN-COMMON, COLLECTIVELY ON A JOINT AND SEVERAL BASIS,

TO UNDERTAKE THE PROJECT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

- (2) APPROVED RESOLUTION AUTHORIZING ISSUANCE OF BONDS IN MAXIMUM AMOUNT OF \$38,000,000 MILLION AND EXECUTION OF BOND AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE PROJECT WITHIN CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

(RES. NO. 6-1-19)

5. **Central Business District – Consideration of A Proposal for the Application of Remaining Loan Funds to Quality Hill** (Brian Engel) (Ex. 5A-5B)

➤ **Board Considerations**

- Under current Escrow Agreement, any remaining escrow funds (approximately \$27,000) would be returned to the City as it was the provider of the original loan funds (*Hamilton/Engel*)
- Property is currently at full occupancy, with 38 condos sold and the remaining units rented (*Alhambra/Fernandez*)
 - 6 condos are on the market now, with one under contract (*Alhambra/Fernandez*)
 - Sale price for a one bedroom is \$128,000 and 2 bedrooms are \$150,000 (*Alhambra/Fernandez*)

ACTION TAKEN: APPROVED ESCROW EXTENSION AND TRANSFER OF ESCROW TO STEWART TITLE COMPANY. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (RES. NO. 6-2-19)

6. **Oak Park URA –3855 Woodland Avenue - Approval of Redevelopment Contract with HMC Holdings, LLC** (Bob Long) (Ex. 6A-6D)

➤ **Board Considerations**

- Affirmative Action
 - Project is exempt from LCRA affirmative action requirements as its hard construction costs are below the \$300,000 threshold, subject to HRD confirmation (*Hamilton/Rayford/Laird*)
- Development Plans
 - Developers' existing talent and casting agency businesses will occupy most of the office space (*Hamilton/Jones*)
 - Smaller businesses or possible storage use would be targeted as potential tenants for the remaining space (*Hamilton/Jones*)
 - Project's renovation has inspired others to acquire and rehab other neighborhood buildings (*Laird*)

- Planned project improvements will begin with guts of both buildings and renovation of the office and leasable spaces (*Hamilton/Jones*)
- Foundation and structure are relatively sound and the buildings are worthwhile to preserve and develop (*Laird*)
- Neighborhood association is supportive of the project (*Okafor/Jones*)
- Tax Incentives/Financing
 - Developers have mortgaged or are mortgaging their homes to fund the property's purchase and renovations (*Hamilton/Laird*)
 - Without tax incentives, the project cannot proceed as planned and the developers would have to sell the property (*Hamilton/Jones/Laird*)
- Redevelopment Agreement
 - Contract is necessary to enact tax abatement and the project will be generally defined as acquisition and renovation of buildings (*Hamilton/Engel*)
- Requests for Proposals
 - RFP is not required as LCRA has no ownership interest in the project and the tax abatement granted is standard (*Hamilton/Engel*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 3855 WOODLAND AVENUE COMMERCIAL PROJECT AND APPROVED A REDEVELOPMENT CONTRACT WITH HMC HOLDINGS, LLC FOR THE COMMERCIAL ACQUISITION AND RENOVATION PROJECT AT 3855 WOODLAND AVENUE IN THE OAK PARK URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (*RES. NO. 6-3-19*)

7. **Indiana Corridor URA –E. 23rd & Indiana** - *Approval of Redevelopment Contract with Cuda Holdings, LLC (Bob Long) (Ex. 7A-7B)*

➤ ***Board support of project***

- Operator will need to be fully vetted as owner and operator are separate individuals (*Hamilton/Okafor*)
- Financial analysis will need deep verification (*Alhambra*)
- Liquor component of project precludes support for project (*Okafor*)
- Staff will notify developer of the Board's concerns (*Flisram/Long*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE.

8. **Linwood-Prospect URA** – *Consideration of Amendment to Assignment, Assumption and Amendment of Ground Lease and Redevelopment Contract and Consent to Formation of a Community Improvement District (Brian Engel) (Ex. 8A-8C)*

➤ ***Board Considerations***

- Length of requested deadline extensions

- Requested extensions may not be long enough to prevent another extension request in the near future (*Hamilton*)
- The requested deadline of August 31, 2019 to provide financial evidence can be extended to September 30, 2019 to ensure the developer has sufficient time (*Okafor/Engel*)
- Difficulties in obtaining financing for an urban core development and environmental remediation issues delayed project financing (*Maxwell*)
- Mall occupancy is expected to be fully leased once financing is closed and construction can begin (*Okafor/Maxwell*)
- Status of surrounding areas always impact the project, including Justin Place, which is currently in the process of renewing its LIHTC (*Okafor/Maxwell*)
- Community Improvement District (CID)
 - Arvest Bank has no objection to the formation of a CID (*Engel*)
 - Proposed documents are in substantially final form (*Engel*)
 - CID income will be used primarily to cover increased security and landscaping costs for the property (*Maxwell*)

ACTION TAKEN: APPROVED AMENDMENT OF ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND REDEVELOPMENT CONTRACT TO UPDATE DEVELOPMENT DEADLINES AS PROVIDED IN THE RESOLUTION AND EXTENDING THE AUGUST 31, 2019 DEADLINE TO SEPTEMBER 30, 2019. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

CONSENTED TO FORMATION OF A COMMUNITY IMPROVEMENT DISTRICT AND TO EXECUTION OF A PETITION TO FORM A COMMUNITY IMPROVEMENT DISTRICT AS PROVIDED IN THE RESOLUTION. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

(RES. NO. 6-4-19)

9. **Indian Mound URA** – *Property Donation Program: Consider Application for 415 N. Elmwood Avenue* (Brian Engel) (Ex. 9A-9C)

➤ ***Board Considerations***

- City approved previous pass-thru lien waiver projects once City code was amended to allow for waiver of back assessments (*Hamilton/Engel*)
 - County has also previously approved lien waivers while processing requests through its Board of Equalization, which can take 2-3 months (*Engel*)
- Neighborhood Association (“Association”) Support
 - Property’s tragic history and borderline hoarding situation hindered its sale to urban homesteaders (*Miller-Brown*)
 - Additional vandalism and theft occurred when the initial rehabber failed to properly secure the home (*Miller-Brown*)

- Subsequent developers were unable to make a profit without pricing the house completely out of range to the rest of the block (*Miller-Brown*)
- Current developer has already made significant improvements to the property and the Association would like to ease some of the rehab costs (*Miller-Brown*)
- Property Ownership
 - Property acquired through Abandoned Housing Act, which requires that the Association have temporary legal possession for one year (*Mason*)
 - Association will ensure current developer's continued ownership of the property through a deed of trust (*Mason*)
 - Current developer plans to live in the home with family who are assisting him with the rehab (*Hamilton/Mason/Antonio-Lopez*)
- Security Issues
 - New doors, windows, and a secure attic entrance are now in place to prevent further break-ins (*Alhambra/Mason*)

ACTION TAKEN: APPROVED IMPLEMENTATION OF PROPERTY DONATION PROGRAM AND POLICY FOR ACQUISITION OF PROPERTY LOCATED AT 415 N. ELMWOOD AVENUE FOR THE PURPOSE OF CLEARING DELINQUENT PROPERTY TAXES AND SPECIAL ASSESSMENTS, SUBJECT TO PRIOR CONFIRMATION OF TAXING JURISDICTIONS OF PROCEDURE TO CANCEL PAST DUE SPECIAL ASSESSMENTS AND PROPERTY TAXES. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (*RES. NO. 6-5-19*)

10. **Hospital Hill II URA –25th & Tracy** - *Approval of Sale of Lots for Residential Development* (Bob Long) (Ex. 10A-10B)

➤ ***Board Considerations***

- Clawback provision
 - Used on previous Beacon Hill sales because properties were sold to developers building speculative houses (*Engel/Bullington*)
 - Not used on current transactions as banks will not approve them and lots are sold to motivated buyers to build houses (*Engel/Bullington*)
- Sale price
 - Any sale proceeds will pass thru the LCRA to the City (*Hamilton/Long*)
- LCRA/City properties
 - Only remaining vacant parcels owned by the LCRA on behalf of the City are one in Beacon Hill and two on 27th and Troost (*Okafor/Bullington*)

ACTION TAKEN: APPROVED A SALE & REDEVELOPMENT CONTRACT WITH JUSTIN HUEY AND BETH NYBECKI FOR THE ACQUISITION AND REDEVELOPMENT OF PARCEL 2 AT E. 25TH & TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA. MOTION

MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

APPROVED A SALE & REDEVELOPMENT CONTRACT WITH BRIAN AND ANDREA RUSSELL FOR THE ACQUISITION AND REDEVELOPMENT OF PARCEL 3 AT E. 25TH & TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

(RES. NO. 6-6-19)

11. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Greg Flisram) (Ex. 11A)

Mr. Flisram advised that there were no issues of note in the report and the Board had no questions.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

b. **Affirmative Action Subcommittee Report** (Sandra Rayford) (Ex. 11B)

➤ ***600 Central/OGGI Lofts/Homoly Construction***

- HRD advised at the May 22, 2019 Affirmative Action Subcommittee meeting that Homoly was not reporting timely (*Okafor*)
 - Developer's response was that the delay was caused by staff turnover (*Rayford*)
 - Developer now states that reporting is up to date and they will meet their MBE goals but will be a little short on WBE (*Rayford*)
- HRD also advised that they were investigating contractual issues between developer and subcontractor (*Okafor*)
 - 3 subcontractors appeared at the meeting and alleged insufficient or non-payment - two were in error and one has apparently settled its dispute (*Rayford*)
 - HRD makes subcontractors aware of, but does not directly invite them to, any public meetings where HRD will discuss their concerns (*Hamilton/Lewis*)
 - Everyone should understand that LCRA does not get involved in mediating subcontractor disputes (*Hamilton*)
- HRD also received allegations that materials counted for the project were used elsewhere (*Okafor*)
 - HRD is waiting on additional information regarding this claim (*Lewis*)
- All HRD investigations are ongoing and awaiting written confirmation before HRD will make any final decision(s) (*Lewis*)
 - Decisions are expected by August 2019 (*Okafor/Lewis*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

c. **Affirmative Action Policy** – *Consideration of Updated Affirmative Action Policy* (Brian Engel) (Ex. 11C-1 – 11C-3)

- LCRA Affirmative Action Policy updated to include most recent City Ordinance (*Engel*)
 - Most of revised policy is verbatim from the agency provisions in the most recent Ordinance (*Engel*)
 - Exhibits are LCRA and City forms, incorporated to streamline the process and ensure developers and contractors are receiving the same information from both the LCRA and the City (*Okafor/Engel*)

ACTION TAKEN: APPROVED AFFIRMATIVE ACTION POLICY. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (*RES. NO. 6-7-19*)

EXECUTIVE SESSION

12. Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.

Motion to move into Executive Session made by Ms. Alhambra and seconded by Mr. Okafor

ROLL CALL VOTE TO MOVE INTO EXECUTIVE SESSION

Ms. Alhambra Aye
Mr. Hamilton Aye
Mr. Okafor Aye


RESUME BUSINESS SESSION

ACTION TAKEN IN EXECUTIVE SESSION: APPROVED A SETTLEMENT AGREEMENT TO BE NEGOTIATED, REVIEWED, AND APPROVED BY LEGAL COUNSEL, BETWEEN THE AUTHORITY AND ARTERRA, LLC

13. **Adjourn.**

There being no further business, the meeting adjourned at approximately 11:45 a.m.





Greg Elisram, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES

DATE: July 24, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Daniel Edwards
Gabriel Okafor

Absent: Pat Contreras
Steve Hamilton

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Lance Carlton, Brookside East Apartments
Jerry Helmick, City of Kansas City, Human Relations Dept.
Dion Lewis, City of Kansas City, Human Relations Dept.
Joey Flickner, IUPAT DC3
Don Maxwell, Jr., Linwood Shopping Center Redevelopment Co.
Mike Hughes, TSI Geotechnical

Vice-Chairman Okafor called to order the monthly meeting of the Board of Commissioners of Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra and Edwards were present.

2. **Administrative.** - *Review and approval of Meeting Minutes for June 19, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR JUNE 19, 2019, AS PRESENTED.
MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR.
EDWARDS, AND CARRIED UNANIMOUSLY.

3. **Financial** – *Audit update (Lee Brown)*

- Financial reports unavailable this month due to beginning of the annual audit (*Brown*)
 - LCRA expects no delays for this year’s audit (*Alhambra/Brown*)

- LCRA always uses the City’s choice of auditor for financial reasons (*Edwards/Brown*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

Mr. Long had distributed a newspaper article at the beginning of the meeting about the completion of the 3200 Gillham project. Mr. Okafor commended staff for the project’s successful development and noted that LCRA incentives helped turn the once derelict and abandoned structure into a beautifully designed building.

4. **Linwood-Prospect URA** – *Consideration of Amendment to Ground Lease and Estoppel Agreement* (Brian Engel) (Ex. 4A-4B)

➤ ***Affirmative Action***

- Developer has received its professional but not its construction goals from the City’s Human Relations Dept. (*Okafor/Maxwell*)
 - Developer assuming its hard construction goals will be the same as its professional percentages and has instructed its contractor accordingly (*Maxwell*)
 - Project is prevailing wage (*Okafor/Maxwell*)
- Ground breaking remains tentatively scheduled for mid-September (*Okafor/Maxwell*)

➤ ***UMB Bank Request***

- LCRA consent to the amendment is required as it owns and leases the ground to the developer via the Ground Lease (*Engel*)
 - Developer owns the project improvements (*Engel*)
- UMB requested the inclusion of standard estoppel language in the amendment in the event of developer default on its loan with the bank (*Engel*)
 - Developer is using the Lease as collateral for its loan with the Bank (*Engel*)
- UMB and LCRA would enter into a new Ground Lease with UMB as tenant in the event of developer default and the Ground Lease is terminated (*Engel*)
 - UMB and LCRA would then cooperate to find a new developer to take over and operate the project (*Engel*)
- Developer has also secured TIF funding for the project (*Engel*)

➤ ***PACE Financing***

- Counsel requests Board approval to negotiate appropriate language if the PACE financing should impact the LCRA (*Engel*)
 - Potential language would include developer’s indemnification of the LCRA to ensure payment of the assessment (*Flisram/Engel*)
 - PACE financing details are not yet set as it is a separate piece of the project’s financial package and details are still being determined (*Engel*)
 - Special assessment imposed by the PACE loan could impact only the developer- owned leasehold improvements (*Engel*)

- If assessment is placed on the LCRA-owned land, PACE lender could exercise its typical lender rights, such as foreclosure (*Engel*)
- Foreclosure rights are actually held by the County as the PACE assessment is essentially the same as any other tax valuation (*Okafor/Maxwell*)
- PACE finances 20-year loan by having additional tax assessment on property (*Edwards/Maxwell*)
 - PACE loan made in exchange for developer installing energy-efficient measures on the project (*Maxwell*)
 - PACE loan costs become part of annual costs as part of developer's debt service (*Maxwell*)
 - Impact to developer's debt service coverage or primary financing is positive as the PACE loan is not shown as an operating expense (*Okafor/Maxwell*)
 - PACE special assessment will also be partially paid by developer's tenants, as most tenant leases require them to pay a share of property taxes (*Maxwell*)
 - Loan advantages include lower overall costs and the ability to make payments over time (*Maxwell*)
- UMB would still have first financial position on the project (*Okafor/Maxwell*)

At Mr. Okafor's request, Ms. Alhambra made a motion to approve the Amendment to the Ground Lease and Estoppel Agreement. Mr. Engel asked that the motion be amended to include PACE financing language as needed as determined by counsel. Ms. Alhambra amended her motion accordingly.

ACTION TAKEN: APPROVED AMENDMENT TO GROUND LEASE AND ESTOPPEL AGREEMENT WITH THE ADDITION OF PACE FINANCING LANGUAGE AS NEEDED AS DETERMINED BY COUNSEL. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 7-1-19*)

5. **6434 Paseo Urban Renewal Area** – *Consideration of Collateral Assignment of Redevelopment Contract – Brookside East Apartments* (Brian Engel) (**Ex. 5A-5B**)

➤ ***Collateral Assignment to Mutual of Omaha Bank***

- LCRA's consent to the assignment is required by its ownership of the vacant land currently being used by developer to construct a senior housing project (*Engel*)
- Loan closing is planned for either today or tomorrow (*Okafor/Carlton*)
 - Project delayed because two prior banks offering project financing had backed out at the last minute (*Carlton*)

➤ ***Developer Default***

- Estoppel language in the Assignment requires the LCRA to affirm that no default currently exists under the lease (*Engel*)
- As the Redevelopment Agreement is being used as loan security, the Bank will become the project developer in the event of developer default (*Engel*)
- Assignments of collateral to lenders are becoming more frequent as developers proffer such leases (*Alhambra/Engel*)

- Assignment only effective if a default under the loan occurs (*Engel*)
- Depending on when a default occurs, lenders are able to take advantage of tax incentives (*Edwards/Engel*)
- Any subsequent assignment by a lender to a new developer would have to be approved by the LCRA (*Alhambra/Engel*)

ACTION TAKEN: APPROVED COLLATERAL ASSIGNMENT OF REDEVELOPMENT CONTRACT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 7-2-19*)

6. **Administrative.**

a. **Executive Director’s Report** - *Active Projects Tracking System Report* (Greg Flisram) (**Ex. 6A**)

All comments made by Mr. Engel unless otherwise noted.

➤ ***Mark Twain***

- Developer plans to use equity funds to begin construction and close on the sale/leaseback transaction prior to closing on its construction loan
 - Closing is tentatively planned for the end of July or possibly August
- City has signed off on terminating the existing Chapter 353 contract, which was one of the conditions for developer to meet for the sale/leaseback

➤ ***Arterra***

- Developer’s attorneys have advised that they have no objection to the proposed Settlement Agreement but have not yet returned the executed contract
 - Lease termination, title transfer, and other closing documentation have largely been prepared and can be finalized quickly once the Agreement is signed

ACTION TAKEN: NONE; INFORMATIONAL ONLY

b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 6B**)

➤ ***600 Central***

- Developer has finally almost completed its required reporting (*Lewis*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

7. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:00 a.m.



Greg Flisram

 Greg Flisram, Secretary

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES**

DATE: August 28, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
 Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra (*via telephone*)
 Daniel Edwards
 Steve Hamilton
 Gabriel Okafor

Absent: Pat Contreras

Staff: Greg Flisram, LCRA
 Susan Tumey, LCRA
 Lee Brown, EDC
 Bob Long, EDC
 Dan Moye, EDC
 Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Dion Lewis, City of Kansas City, Human Relations Dept.
 Erica Torres, City of Kansas City, Human Relations Dept.
 Joey Flickner, IUPAT DC3
 Jim Woodson, IUPAT DC3
 Don Maxwell, Jr., Linwood Shopping Center Redevelopment Co.
 Andy Johnson, Plumbers Local #6

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Ms. Alhambra was present by telephone and Mr. Okafor was present in person. Mr. Edwards arrived at a later time.

2. **Administrative.** - *Review and approval of Meeting Minutes for July 24, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR JULY 24, 2019, AS PRESENTED. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED.

3. **Financial** – *Audit update (Lee Brown)*

Mr. Brown stated that the draft audit as well as any unsubmitted monthly financial statements would be presented at the Board's September meeting. Mr. Hamilton added

that the auditors had contacted him and that he had advised them that he knew of no unknown material issues.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

[Mr. Edwards arrived]

4. **Linwood-Prospect URA** – *Consideration of Amendment to Ground Lease and a Lender Agreement* (Brian Engel)

➤ **Property Assessed Clean Energy program (PACE)**

- Federal loan program to promote energy-efficient, clean-energy improvements and construction (*Hamilton/Flisram*)
 - Funding offered by various different lenders as a non-traditional debt repaid via special assessments against the property (*Hamilton/Flisram*)
- Value of the clean energy investment is carried through the life of the project by extending with the land rather than the buyer (*Hamilton/Flisram*)
- Missouri Clean Energy District created by the Missouri PACE statute in 2010 governs State program (*Hamilton/Engel*)

➤ **Ground Lease and Estoppel Agreement Amendment (“Amendment”)**

- Collection, indemnification, default, enforcement, and similar issues required additional Board consideration of documentation changes (*Engel*)
- Closing on UMB and PACE loans tentatively scheduled for next week but PACE loan can be closed at a later time if necessary (*Maxwell*)
- Provision not fully agreed to is the PACE lender’s request that the Authority take no action to hinder the PACE special assessment (*Engel*)
 - Lease already recognizes the Authority’s exemption from paying taxes (*Engel*)
 - Elimination of all unpaid taxes, including the PACE assessment, could be necessary to entice a new developer to take over the project (*Engel*)
- PACE lender also requested inclusion of standard mortgage language requiring LCRA’s recognition of a new tenant in the event of foreclosure (*Engel*)

ACTION TAKEN: APPROVED AMENDMENT TO GROUND LEASE AND ESTOPPEL AGREEMENT IN SUBSTANTIALLY THE FORM NEGOTIATED TO THIS POINT AND AUTHORIZING LEGAL COUNSEL TO FURTHER NEGOTIATE ANY FURTHER PROVISIONS TO PROTECT THE AUTHORITY. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY (*RES. NO. 8-1-19*)

5. **Administrative.**

a. **MHDC Assisted Affordable Housing Fee Structure** – *Consideration of Amendment to LCRA Fee Schedule (Dan Moye) (Ex. 5A)*

[All statements made by Mr. Moye, unless otherwise noted]

➤ ***Current Fee Schedule***

- Tax abatement fee assessed at .3% of total project budget
 - Fee equates to approximately 3 to 4 years' worth of incentives

➤ ***Modified Fee Schedule***

- Tax abatement fee capped at lower of .3% of total project budget or annual tax amount shown on MHDC Form 2013
 - Fee equates to approximately 1 years' worth of incentives
 - MHDC Form 2013s for several affordable housing projects were reviewed and their estimates were all within 10% of actual tax numbers
- Modification initiated by a recent change in State tax law
 - Affordable housing projects now assessed by their annual revenues rather than their much higher total construction costs
- Substantial difference between project costs and value
 - Affordable housing projects generally have public benefit and do not generate substantial cash flows for developers
 - Blenheim project total project costs, for example, were @ \$15 Million while their assessment was @ \$1 Million

ACTION TAKEN: APPROVED CHANGE TO FEE SCHEDULE FOR LIHTC PROJECTS. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (RES. NO. 8-2-19)

b. **Executive Director's Report** - *Active Projects Tracking System Report (Greg Flisram) (Ex. 5B)*

- 27th & Troost – Request for Proposals
 - One developer responded and they will be asked to submit a more detailed proposal for future Board consideration (*Hamilton/Long*)
 - Potential developer has constructed several successful projects in midtown and has a good track record (*Flisram*)
- Beacon House
 - LCRA now owns the land for the sale/leaseback project which closed earlier this month (*Okafor/Engel*)
 - Sales tax exemption certificate was issued to the developer and construction seems to be proceeding as planned (*Okafor/Engel*)
- Mark Twain

- Recent closing date fell through when developer questioned fees charged by the title company (*Engel*)
- MBE/WBE goals have not yet been set but developer is in active communication with the City's Human Relations Dept. (*Rayford/Engel*)
- Awaiting further communication from developer's attorney as to status (*Engel*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

c. **Affirmative Action Report** (Sandra Rayford) (Ex. 5C)

- Affirmative Action Subcommittee will need to meet on September 13, 2019 at noon to discuss certain projects (*Rayford*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

d. **Election of Secretary** - The current Secretary is Greg Flisram

[*Vote was taken after Mr. Moye was elected as LCRA's Executive Director (agenda item #5E)*]

ACTION TAKEN: ELECTED DANIEL MOYE AS SECRETARY EFFECTIVE SEPTEMBER 1, 2019. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-3-19*)

e. **Selection of Executive Director** – The current Executive Director is Greg Flisram

- Mr. Flisram confirmed his exit as Executive Director was due to his promotion to interim CEO of the EDC and its accompanying workload (*Hamilton/Flisram*)
- Entering executive session to discuss a personnel issue would only be necessary if Board members wished to comment on the change (*Hamilton/Edwards*)

ACTION TAKEN: SELECTED DANIEL MOYE AS EXECUTIVE DIRECTOR EFFECTIVE SEPTEMBER 1, 2019. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-3-19*)

Mr. Long advised that staff was notified yesterday about a matter which may require a special Board meeting prior to the Board's regular monthly meeting on September 25, 2019. He explained that a proposed affordable senior duplex development at 22nd and Prospect had asked for the release of a 1995 LCRA Redevelopment Contract as a title encumbrance on the property. He said the project's closing date was September 17, 2019, which might necessitate the special meeting. Mr. Hamilton and Mr. Engel discussed options regarding the required public notice for the proposed action. Mr. Engel confirmed that he would contact the counsel for the project to determine if a special meeting would be necessary or if the matter could be handled post-closing or if the closing date could be delayed.

Mr. Lewis introduced Ms. Torres as a new analyst in the City's Human Relations Division compliance division.

Mr. Hamilton and Mr. Okafor discussed the impact a new mayor might have on current Board appointments.

6. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:15 a.m.




Daniel Moye, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES

DATE: September 25, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra (*via telephone*)
Pat Contreras
Daniel Edwards
Steve Hamilton

Absent: Gabriel Okafor

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Debra Davis, EDC
Bob Long, EDC
Sandra Rayford, EDC
Cynthia Williams, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Tara Laughlin, Allen, Gibbs & Houlik L.C. (*via telephone*)
Jim Noland, Central States Capital
Alexis Butler, City of Kansas City
Matt Wilks, City of Kansas City
Dion Lewis, City of Kansas City, Human Relations Dept.
Diane Botwin, Ice House Partners, LLC
Andrew Ganahl, Ice House Partners, LLC
Jim Woodson, IUPAT DC3
Christina Drews, Jackson County
Carol Gordon, Jackson County
Jensie Culton, Marlborough Community Coalition
Rodger Kube, Marlborough Community Coalition
Becca McQuillen, Marlborough Community Coalition
Ernest Merritt, Marlborough Community Coalition
Tameka Merritt, Marlborough Community Coalition
Nancy Phelps, Marlborough Community Coalition
Bill Kimble, Neighborhoods United
Jeph Burroughs Scanlon, Observer

Guests: Rich Cook, Stinson
Rachel Peterson, Stinson
Jere Sellers, Stinson
Mike Hughes, TSI Geotech
Brice Barnard, UMKC/Marlborough
Ben Gaede, UMKC/Marlborough
Tony Luppino, UMKC/Marlborough
Quinlan Moll, UMKC/Marlborough

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Ms. Alhambra was present by telephone and Mr. Contreras was present in person. Mr. Edwards arrived at a later time.

2. **Administrative.** - *Review and approval of Meeting Minutes for August 28, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR AUGUST 28, 2019, AS PRESENTED. MOTION MADE BY MR. CONTRERAS, SECONDED BY MS. ALHAMBRA, AND CARRIED.

[Mr. Edwards arrived]

3. **Financial**

a. Review and acceptance of the Financial Reports for the months of May, June, July, and August, 2019 (Lee Brown) (Ex. 3A-1 – 3A-4)

- Rouse Frets legal fees for Arterra were paid when the project closed last week (*Brown*)
- No concerns regarding Hyatt House and Mark Twain projects remaining open with substantial balances (to be paid at closings) (*Brown*)

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORTS FOR MAY, JUNE, JULY, AND AUGUST 2019, AS PRESENTED. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

b. Review and acceptance of the draft LCRA Audit for fiscal year 2019 (Lee Brown) (Ex. 3B)

[all statements by Ms. Laughlin unless otherwise noted]

- Auditors issued an unmodified clean opinion that LCRA financial statements materially reflected its FY19 books and records
 - Standard accounting language meaning clean audit, no material omissions (*Laughlin/Hamilton/Alhambra*)
- Auditor letter to Board
 - New accounting standards were implemented in FY19 which were not applicable to the LCRA (p. 1)

- Only major adjustment of audit was changing the way bond transfers were being tracked regarding the Convention Center Hotel project (p. 2)
- EDC and LCRA staff were very responsive to all audit requests (p. 2)
- Provision of general information regarding IT governance and security, which impacts LCRA through the EDC (p. 4) (*Hamilton/Laughlin*)

ACTION TAKEN: ACCEPTED THE LCRA AUDIT REPORT FOR FISCAL YEAR 2019 AS PRESENTED. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

4. **Marlborough Community Coalition Urban Renewal Plan (Proposed)** – *Consideration of Approval of a Finding of Blight and the Marlborough Community Coalition Urban Renewal Plan* (Bob Long) (Ex. 4A-4B)

➤ ***Community Land Trust***

- Neighborhood effort designed to facilitate long-term availability of affordable housing in area (*Long*)
- Primary goal is to revitalize housing (*McQuillen*)
 - Tax abatement is one method to incentivize people to rehab their homes
 - Marlborough Community Coalition (“MCC”) plans to acquire several area homes, including almost 200 Land Bank or abandoned properties
 - Workshops about City programs assisting in home repairs have been held for low-income and long-term area residents

➤ ***Financial Analysis***

- LCRA policy does not require a financial analysis for projects east of Troost within a continually distressed census tract (*Long*)

➤ ***UMKC Blight Study***

- Study performed by master-level law and business students from UMKC with professorial supervision (*Luppino*)
 - Part of UMKC’s urban engagement mission
 - Blight study costs normally range from \$20,000 to \$25,000 (*Edwards/Long*)
- Blighting conditions (*Luppino*)
 - Defective or inadequate street layout in over half of parcels surveyed
 - Improper subdivision, obsolete platting, faulty lot shape, non-conformity of use, and deterioration of site improvements
 - High percentage of vacant parcels, more than half of which had unsafe or insanitary conditions
 - 478 open 311 cases regarding property violations and service requests
 - 7 billboards which were visibly deteriorated
 - Life expectancies in the area were lower than the rest of the City
 - Crime rates in the area were higher than national averages
 - Area lacked grocery stores, libraries, and health facilities

- Blight study boundaries were intentionally drawn to include Troost and the Paseo and Prospect commercial corridors to bring in private investment to the area (*McQuillen*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED MARLBOROUGH COMMUNITY COALITION URBAN RENEWAL AREA. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

➤ ***Proposed Urban Renewal Plan***

- Plan designed to support community’s intent for affordable long-term single-family housing and appropriately scaled commercial uses (*Long*)
 - Current multi-family properties within area will be eligible for tax abatement but zoning for additional multi-family will not be supported (*Hamilton/Long*)
- Area home prices will range from moderate to 80% AMI (*Hamilton/McQuillen*)
 - Current AMI for the neighborhood is 60% (*McQuillen*)
- Business development efforts have been limited because housing is the primary focus (*Contreras/McQuillen*)
- Eminent Domain
 - Additional information would need to be added to the blight study before eminent domain could be exercised (*Hamilton/Engel/Long*)
 - MCC’s authorization to use eminent domain as well as a Plan amendment requiring City Council approval would also be required (*Long*)
 - MCC included the eminent domain power in the Plan to have it available but did not want to initially identify any individual parcels (*Long*)
 - MCC should begin to identify properties for eminent domain now due to time considerations regarding development processes (*Edwards*)

➤ ***Tax Abatement***

- Chapter 353 processes are much more complex so its 25-year abatement was not chosen as the area’s incentive (*Edwards/Moye/Long*)

ACTION TAKEN: APPROVED THE MARLBOROUGH COMMUNITY COALITION URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

(RES. NO. 9-1-19)

5. **Waldo Ice House Urban Renewal Plan (Proposed)** – *Consideration of Approval of a Finding of Blight and the Waldo Ice House Urban Renewal Plan* (Bob Long) (Ex. 5A-5B)

➤ ***Blight Study***

- Staff performed the blight study and deemed the building unsafe due to its mold, exposed wiring, water damage, and other deterioration (*Long*)

- Building's exterior and signage were also similarly deteriorated (*Long*)

➤ **Financial Analysis**

- Initial financial analysis being presented to provide Plan information to the Board (*Long*)
 - Project will be the first mixed-use building and new residential in the Waldo area (*Long*)
- Abatement for the project is capped at 75% as it is not within a continually distressed census tract (*Long*)
- IRR of 8.67% with abatement is appropriate given the level of risk of the project (*Long*)

➤ **Board Considerations**

- Botwin Real Estate purchased the property one-year ago and is in the process of transferring title to Ice House Partners, LLC (*Hamilton/Botwin*)
 - Property was purchased from its former owner who had occupied the site for more than 30 years but performed little maintenance (*Hamilton/Botwin*)
- Project currently plans for 35 parking spaces for 33 units (*Hamilton/Botwin*)
 - Mass transit is readily available onsite (*Hamilton/Botwin*)
- Commercial space will be about 4,800 square feet on the first floor of the project with apartments on the floors above (*Contreras/Botwin*)
 - Small businesses or offices are being courted for the commercial area (*Hamilton/Botwin/Ganahl*)
 - Restaurants will not be considered for the space as their businesses would overly stress available parking (*Hamilton/Botwin/Ganahl*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED WALDO ICE HOUSE URBAN RENEWAL PLAN. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

➤ **Further Board Considerations**

- Plan approval is requested today while project and redevelopment agreement approval will be considered at a later date (*Hamilton/Long*)
 - A more detailed financial analysis will be provided when the specific project and tax abatement are presented for approval (*Hamilton/Long*)
 - Project and financial information were presented to the taxing jurisdictions, who had no objections (*Moye*)
 - Waldo Business Association and the Tower Homes Neighborhood Association also had no objections to the project (*Botwin*)

ACTION TAKEN: APPROVED THE WALDO ICE HOUSE URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MR.

EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

(RES. NO. 9-2-19)

6. **Linwood-Prospect URA** – *Consideration of Amendment to Assignment, Assumption and Amendment of Ground Lease and Redevelopment Contract* (Brian Engel)

- Continuing delays have delayed closing on the project, a 30-day extension of all deadlines in the Redevelopment Agreement in case financial closing does not occur before September 30, 2019 (*Hamilton/Engel*)

ACTION TAKEN: APPROVED AMENDMENT TO ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND REDEVELOPMENT CONTRACT TO UPDATE DEVELOPMENT DEADLINES. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (RES. NO. 9-3-19)

7. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 7A**)

- Hyatt House should close in the near future (*Moye/Engel*)
- Mark Twain – project remains in limbo due to developer's concerns regarding title company fees (*Engel*)
 - LCRA's requirement that the amount of the owner's policy equals the bond principal increases the policy's costs (*Engel*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 7B**)

- City's HRD is working with developers who were not reporting to help ensure their compliance (*Rayford*)
- Staff recently met with Mr. Lewis to discuss methods for both agencies to ensure developers were kept informed about HRD processes prior to project end (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

c. **Legislative Update** – *Amendment to Section 107.170, RSMo, Concerning Payment Bonds* (Brian Engel) (**Ex. 7C**)

➤ ***General***

- Entering executive session to discuss the policy is not necessary (*Hamilton/Engel*)

➤ ***Payment Bonds***

- August 2019 State statute amendment requires developers purchase payment bonds for municipal lease projects (*Engel*)

- LCRA is impacted because of its ownership of sale/leaseback properties (*Engel*)
- Payment bonds protect contractors by requiring developers or contractors purchase the bond to compensate workers if the developer or contractor fails to pay for labor or materials (*Engel*)
 - Mechanic liens cannot be filed against publicly owned property (*Engel*)
- Individual commissioners can be held liable if payment bonds are not in place and may be indemnified by public entity (*Engel*)
- **Performance Bonds**
 - Performance bonds are not legally required for municipal lease projects but could be beneficial under certain circumstances (*Engel*)
 - Performance bonds are usually required for every project funded with federal or public monies to ensure project completion (*Contreras/Engel*)
- **Hyatt House project**
 - Developer acknowledged LCRA’s legal need to require a payment bond but requested that a performance bond not be required (*Engel*)
 - \$38 Million hotel project (*Edwards/Engel*)
 - Decision should be made now whether or not to require a performance bond (*Hamilton*)
- **Policy Decision**
 - Recommend that LCRA require payment bonds as mandated by statute and require performance bonds on a case-by-case basis (*Hamilton*)
 - May be problematic if developers had to wait for Board action to learn if the bond would be required (*Hamilton*)
 - Arguments for or against a performance bond could be presented a month prior to project approval to allow developers to incorporate the cost (*Moye*)
 - Requiring performance bonds for projects can depend on whether (1) public monies are involved and (2) the nature of the project (*Hamilton/Contreras*)
 - Affordable/HOME Fund Projects
 - Budgets for affordable projects are usually limited and unable to sustain any additional costs (*Edwards*)
 - Developers transfer extra costs to the buyer, which can make the project no longer affordable for the purchaser (*Edwards*)
 - Requiring a performance bond for an affordable project could ensure the development is completed (*Hamilton*)
 - Requiring both bond types increases project cost, which varies depending on business size and credit worthiness of the developer (*Edwards/Engel*)
 - Most LCRA projects are not sale/leasebacks (*Moye*)
 - Amendment applies if LCRA owns the property and leases it to the developer (*Engel*)

- Performance bonds applicable only to projects in which the LCRA or City have a vested interest in their completion (*Hamilton*)
- TIF and PIEA have not been affected by the amendment as TIF normally doesn't own property and PIEA hasn't used sale/leasebacks (*Contreras/Moye*)

ACTION TAKEN: AGREED TO (1) REQUIRE PAYMENT BONDS ON ALL SALE/LEASEBACK PROJECTS AS LEGALLY REQUIRED AND TO REQUIRE PERFORMANCE BONDS ON A CASE-BY-CASE BASIS AND (2) NOT TO REQUIRE A PERFORMANCE BOND FOR THE HYATT HOUSE PROJECT

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:55 a.m.





Daniel Moye, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES

DATE: October 23, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra (*via telephone*)
Steve Hamilton
Gabriel Okafor

Absent: Pat Contreras
Daniel Edwards

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Paul Magliazzo, Centerfield Asset Properties
Alexis Butler, City of Kansas City
Jim Woodson, IUPAT DC3
Michaela Pflug, KC Business Journal
Aaron Clemons, Legacy Crossing Development
Audrey Navarro, Legacy Crossing Development
Bob Mayer, M R Capital Advisors L.L.C.
Myron McCant, MacPen Enterprises
Mike Hughes, TSI Geotech

Chairman Hamilton called to order the meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioner Alhambra was present via telephone and Commissioner Okafor was present in person.

2. **Administrative.** - *Review and approval of Meeting Minutes for September 25, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR SEPTEMBER 25, 2019, AS PRESENTED. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

3. **Financial** - *Review and acceptance of the Financial Report for September, 2019* (Lee Brown) (Ex. 3)

Mr. Brown advised that fees had been received from the Beacon Hill hotel, Arterra, and Hyatt House projects. He added that he had no concerns regarding the month's account receivables or payables.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR SEPTEMBER, 2019 AS PRESENTED. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

4. **22nd & Prospect URA (Proposed)** – *Consideration of Approval of a Finding of Blight and the 22nd & Prospect Urban Renewal Plan* (Bob Long) (Ex. 4A-4C)

➤ **Board Considerations**

● Project Overview

- Proponent owns all 8 lots included in plan (*Hamilton/Long*)
- Staff has confidence in developer's plans to use City PIAC funds to replace and/or repair the curbs, gutters, and sidewalks (*Hamilton/Long*)
- Developer plans to consolidate operations at the new site by closing two separately owned or leased locations (*Hamilton/McCant*)
- Children served over a 24-hour period will increase from about 100 in the old leased space to about 420 at the new location (*Hamilton/McCant*)
- 22 employees will work various shifts at the 24-hour childcare, eventually increasing to about 66 at full capacity (*Hamilton/McCant*)
- Internal training and State requirements will ensure quality persons are employed at the center (*Hamilton/McCant*)
- Developer was motivated to open a 24-hour center by quickly exceeding capacity at two previous locations and the needs of parents working non-traditional shifts (*Hamilton/McCant*)
- Health and dental care will also be offered in a separate, but attached, location (*Hamilton/McCant*)
- Creation of a new URA, rather than the similar process of amending an existing nearby URA, was chosen to ensure the Plan was tailored to the proposed project (*Hamilton/Long*)

● Financial Analysis/Tax Abatement

- Formal financial analysis not required per Board policy regarding projects east of Troost (*Hamilton/Long*)
- Project is eligible for 100% tax abatement as it is within a continually distressed census tract (*Hamilton/Long*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED 22ND & PROSPECT URBAN RENEWAL PLAN. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

APPROVED THE 22ND & PROSPECT URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

(RES. NO. 10-1-19)

5. **14th & Agnes Urban Renewal Area (Proposed)** – *Consideration of Approval of a Finding of Blight and the 14th & Agnes Urban Renewal Plan (Bob Long) (Ex. 5A-5C)*

➤ ***Board Considerations***

● **Affirmative Action**

- Projected budget is under the minimum cutoff to mandate affirmative action procedures or workforce requirements (*Okafor/Long*)
- Staff will ensure that developer confirms the project’s details with Ms. Rayford (*Long*)

● **Blight Finding**

- Appearance of building and property seem to indicate severe blight, which minimal, interior-only renovation won’t alleviate (*Hamilton*)
- Blight is indicated by the water and mold damage to the building caused by the broken windows and roof (*Long*)
- Exterior renovations will entail landscaping and roof and window repair as the building is structurally sound (*Magliazzo*)
- Curbs, gutters, and sidewalks are present in the area and around the building (*Long/Magliazzo*)

● **Parking Area**

- Clearing overgrown brush from the parking area will take a coordinated effort with MODOT (*Long*)
- Lower graveled lot will be kept as is, at least initially, while the upper asphalt lot will be resurfaced (*Magliazzo*)

● **Artist Studio Space**

- Renting studio space to artists appears very transient (*Hamilton*)
- City has a shortage of affordable artist space and developer has several years’ worth of experience renting such spaces (*Hamilton/Magliazzo*)
- Spaces will be warm shells with no finishes to keep rents affordable (*Alhambra/Magliazzo/Long*)
- Crossroads Art District is within 2 miles of the project (*Hamilton/Magliazzo*)
- Artists are typically the initial forerunners into an area, followed by everyone else (*Okafor*)
- Interior spaces will be built on an as needed basis once demolition and partitions are in place (*Hamilton/Okafor/Magliazzo*)

● **Financial Analysis**

- Project is within a continually distressed census tract so a formal financial analysis is not required per Board policy (*Hamilton/Long*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED 14TH & AGNES URBAN RENEWAL PLAN. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

APPROVED THE 14TH & AGNES URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

(RES. NO. 10-2-19)

6. **Longfellow-Dutch Hill Neighborhood URA** – *Consideration of Approval of Redevelopment Contract with Legacy Crossing Development, LLC regarding 3110 & 3130 Troost Avenue (Bob Long) (Ex. 6A-6C)*

➤ ***Board Considerations***

● **Affirmative Action**

- Developer is in MBE/WBE compliance and ready to proceed with the project as soon as possible to avoid bad weather (*Mayer/Navarro*)
- Developer received waiver from HRD to allow WBE firm to begin assessment of the property due to the heavy presence of mold (*Mayer*)

● **Project Overview**

- Current project is culmination of renovation of entire block (*Navarro*)
- Developer’s completion of a nearby renovated building has alleviated worries of prospective tenants about being the initial occupant and construction timelines (*Hamilton/Navarro*)
- Purchasing, clearing title exceptions, and emptying the buildings’ myriad contents took much longer than expected (*Hamilton/Navarro*)

● **Parking**

- Developer plans to create additional parking to supplement the 20 spaces currently available at the Baker location (*Hamilton/Clemons/Navarro*)
- Developer is discussing parking possibilities with the KCATA for their lot and may also acquire additional land for that purpose (*Clemons/Mayer*)

● **Financial Analysis**

- Determining rates of return is problematic given developer’s admission that their exact costs will be unknown until facades are removed (*Hamilton*)
- Formal financial analysis not required per Board policy regarding projects adjacent to Troost (*Hamilton/Long*)
- Staff reviewed developer’s proformas as presented to ensure that budget and rent estimates were aligned with area costs (*Hamilton/Flisram/Long*)
- Developer’s financial projections are based on current bids, experience, area costs, and estimates (*Mayer/Navarro*)
- Budget contingency built in to allow for extraordinary costs (*Clemons*)

- Tax Abatement
 - Project is within a continually distressed census tract and is therefore eligible for 100% tax abatement (*Alhambra/Long*)
- Redevelopment Agreement
 - Developer has reviewed the standard form Redevelopment Agreement offering 100% tax abatement (*Engel/Mayer*)
 - Board can approve the draft agreement as it is in substantially final form (*Hamilton/Engel*)
- Conflict Waiver
 - Mr. Engel’s firm also represents the developer on unrelated matters and the developer has separate counsel for this project (*Hamilton/Engel*)
 - A conflict waiver letter between the LCRA, counsel’s firm, and the developer was previously executed (*Engel*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 3110 TROOST AND 3130–3134 TROOST COMMERCIAL PROJECT. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH LEGACY CROSSING DEVELOPMENT, LLC FOR THE COMMERCIAL ACQUISITION AND RENOVATION PROJECT AT 3110 TROOST AVENUE AND 3130–3134 TROOST AVENUE IN THE LONGFELLOW-DUTCH HILL NEIGHBORHOOD URBAN RENEWAL AREA. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY.

(RES. NO. 10-3-19)

7. **Columbus Park URA – Phase II** – *Consideration of Extension to Real Estate Sale Contract* (Brian Engel) (Ex. 7A-7D)

➤ ***Board Considerations***

- Carrying Costs
 - Costs include insurance, utilities, lost revenue caused by a tenant’s abandonment of its lease at 401 Charlotte, and other related costs (*Engel*)
 - Contract amendment requires developer to pay the carrying costs at sale closing (*Okafor/Engel*)
 - Developer has no objection to paying the carrying costs given its financial and time investments into the project (*Engel/Musser*)
- Phase 2 Development
 - Phase 2 includes 401 Charlotte, 2 vacant lots, 4 buildings, 66 residential units and 6,000 square feet of retail in 3 new buildings on 5th and Cherry (*Hamilton/Musser*)

- 2 lots have not yet been acquired as they can't be developed until new infrastructure is installed (*Hamilton/Musser*)
- Developer believes that high demand for its Phase 1 properties will continue into its Phase 2 development (*Hamilton/Engel/Musser*)
- Contract Extension
 - Extension is basically an 8-month delay with 6 months elapsed so have no objection to the same (*Hamilton*)
 - Developer prefers to set the closing date as proposed and determine later if progression proceeds as planned (*Engel/Musser*)
 - Delays in closing the sale on the 401 Charlotte property included maintenance and security issues which resulted in interior damage (*Hamilton/Musser*)

ACTION TAKEN: APPROVED SECOND AMENDMENT TO REAL ESTATE SALE CONTRACT FOR SALE OF REMAINING LCRA LAND TO COLUMBUS PARK DEVELOPMENT GROUP 2, LLC TO EXTEND THE CLOSING DEADLINE FROM APRIL 30, 2019 TO DECEMBER 31, 2019. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-4-19*)

8. Administrative.

- a. Executive Director's Report - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 8A**)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

- b. Affirmative Action Report (Sandra Rayford) (**Ex. 8B**)

Ms. Rayford advised that a recent disparity study recommended that HRD track every project contract, including non-MBE/WBE, and that developers were having myriad difficulties in getting such firms to comply. She stated that HRD was trying to help the developers resolve the problems.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

9. Adjourn.

There being no further business, the meeting adjourned at approximately 10:45 a.m.



[Handwritten Signature]
 Daniel Moye, Secretary

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES

DATE: November 20, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Steve Hamilton
Pat Contreras
Daniel Edwards

Absent: Faiza Alhambra
Gabriel Okafor

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Phil Aftuck, Bernstein Company (*via telephone*)
Jim Woodson, IUPAT DC3

Chairman Hamilton called to order the meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Contreras and Edwards were present in person.

2. **Administrative.** - *Review and approval of Meeting Minutes for October 23, 2019 (Ex. 2)*

The Minutes were approved immediately after Mr. Brown gave the financial report.

ACTION TAKEN: APPROVED THE MINUTES FOR OCTOBER 23, 2019, AS PRESENTED. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

3. **Financial** - *Review and acceptance of the Financial Report for October, 2019 (Lee Brown) (Ex. 3)*

Mr. Hamilton asked that Mr. Brown give the financial report prior to the Board's consideration of the October 23, 2019 minutes in item #2.

Mr. Brown advised that the only issues of note in this month's financials were the Hyatt House closing and a developer's delinquency in paying its bill. He confirmed that the developer's delinquency was just over 30 days in arrears and that payment should be forthcoming soon.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR OCTOBER, 2019 AS PRESENTED. MOTION MADE BY MR. CONTRERAS, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

4. **Walnut Grove Apartments URP – Walnut Grove Apartments, Limited Partnership – Consideration of Termination of Lease** (Brian Engel) (Ex. 4A-4D)

➤ ***Project Overview***

- Sale/leaseback agreement in 2000 initiated the 99-year lease and property's tax exemption via LCRA ownership (*Engel*)
 - Termination of the lease would change ownership of the property to the developer, effectively placing the property on tax rolls (*Engel*)
 - Lease provisions allowed for its termination by the Authority after June 22, 2015 (*Engel*)
 - Board denied developer's request in 2011 to extend the lease (*Engel*)
- Walnut Grove Apts. URP expires in May 2020 and would need to be extended if the Board wished to maintain the lease (*Engel*)
- IDA bonds used to initially finance the project were paid off in October, 2019 (*Engel*)

➤ ***Board Considerations***

- The Board confirmed that neither the developer or its representatives attended the current meeting, either in person or by phone (*Edwards/Hamilton*)
 - Staff confirmed that the property's current manager, Cohen Esrey, had been timely notified of today's meeting and had responded via e-mail (*Moye*)
 - Developer would have participated in today's meeting if the lease termination issue was important to the project (*Hamilton*)
 - Developer's non-participation also diminishes the need to table the matter to allow staff to acquire additional rental information (*Hamilton*)
 - Board's denial of developer's requested lease extension in 2011 indicated insufficient financial need to do so at that time (*Hamilton*)
- Counsel advised that his law firm represents a limited partner in the project. After internal discussions, that client will retain other counsel regarding the lease termination (*Engel*)
- Provisional extension of lease to ensure the project maintains affordable rents (*Edwards*)
 - Developer will pass any tax cost increase to its tenants, possibly forcing out lower income residents (*Edwards*)

- Depending on how the State calculated the project's LIHTC guidelines, its 15-year compliance period may have already expired (*Edwards/Moye*)
- In its limited conversations with staff, developer did not indicate its LIHTC would be at risk if the lease was terminated (*Moye*)
- Project's reversion to market rate is inevitable (*Hamilton*)

ACTION TAKEN: APPROVED TERMINATION OF LEASE AND UNWIND SALE/LEASEBACK AND RELATED FINANCING TRANSACTIONS. MOTION MADE BY MR. CONTRERAS, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 11-1-19*)

5. Administrative.

- a. **Central Business District** – *Status update regarding Mark Twain, 106 W. 11th Street* (Brian Engel)

➤ ***Incentive Reduction Request***

- Financial benefit of the previously approved incentives for the project was subsequently reduced by:
 - Developer's required payment of @ \$10 Million before mid-December 2018 to preserve the project's historic tax credits (*Engel/Aftuck*)
 - Title insurance policy and payment bond premium costs (*Hamilton/Aftuck*)
- Developer used equity funds to perform some construction work at the project until it stopped the sale/leaseback closing in August, 2019 (*Engel*)
 - Developer is working with HRD to establish and report on the project's professional and construction affirmative action goals (*Engel*)
- Developer confirmed that it had requested the elimination of all previously approved LCRA incentives for the project except for the 10-year 90% tax abatement (*Hamilton/Aftuck*)
 - Developer will be able to forego paying a potential 6-figure amount for title insurance policies and payment bond fees if the sale/leaseback component is eliminated (*Moye/Engel*)
 - Developer benefit will accrue after the building is reassessed and the 90% abatement is applied to its improved value (*Engel*)
 - As of January 1, 2019, property is fully taxed at its pre-improvement value (*Engel*)
 - Developer has also opted out of a prior Chapter 353 abatement on the property (*Engel*)
- Notice requirements
 - Board's prior approval of tax abatement and sales tax exemption on construction materials for the project as a whole enables its ability today to reduce part of the incentive despite the agenda not explicitly stating the proposed action (*Hamilton/Engel*)

➤ **Redevelopment Contract**

- Removal of bond sale/leaseback and sales tax exemption on construction materials also required the revision of the previously executed Redevelopment Contract (*Engel*)
 - Developer has agreed to pay all back legal fees incurred by the LCRA for preparation of bond and sale/leaseback documents by December 31, 2019 (*Hamilton/Engel*)

ACTION TAKEN: APPROVED DEVELOPER'S REQUEST TO RESCIND THE PREVIOUSLY APPROVED LCRA INCENTIVES FOR THE MARK TWAIN PROJECT AND APPROVED REVISION OF THE PREVIOUSLY APPROVED REDEVELOPMENT CONTRACT TO PROVIDE 10-YEAR 90% TAX ABATEMENT AS THE ONLY INCENTIVE. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (*RES. NO. 11-2-19*)

b. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 5B**)

- 27th & Troost RFP received only one response and may be on December's agenda for Board approval (*Moye*)
 - Mixed-use commercial project asking for approval of the RFP response as an acknowledgment by the Authority that it wants to proceed (*Moye*)
 - Specific plan and incentive approval will be considered at a later date (*Moye*)
- Muehlebach Apartment project may also be on the December agenda (*Engel*)
- Mechanic's lien lawsuit filed against the Pendleton ArtsBlock project included the Authority as an additional defendant, but the developer and contractor have since resolved their dispute (*Engel*)


Ms. Rayford confirmed that there were no affirmative action issues to discuss this month.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

6. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:45 a.m.




Daniel Moye, Secretary

APPROVED 1/29/20

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES**

DATE: December 18, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Steve Hamilton
Gabriel Okafor

Absent: Pat Contreras
Daniel Edwards

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
Sandra Rayford, EDC
Cynthia Wilson

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Dennis Bradley, B+A Architecture
Thong Thai, B+A Architecture
Dion Lewis, City of Kansas City Human Relations Dept.
Matt Wilks, City of Kansas City
Lauren Jensen, Exact KC
Joey Flickner, IUPAT DC3
Ron O’Kane, Leigh & O’Kane
Don Maxwell, Linwood Shopping Center Redevelopment Co.
Bill Kimble, Neighborhoods United

Chairman Hamilton called to order the meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Alhambra and Okafor were present in person.

2. **Administrative.** - *Review and approval of Meeting Minutes for November 20, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR NOVEMBER 20, 2019, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

3. **Financial** - *Review and acceptance of the Financial Report for November, 2019* (Lee Brown) (Ex. 3)

Mr. Brown advised that the November financials had no issues with account receivables and that the one large account payable should be paid by year-end.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR NOVEMBER, 2019 AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

4. **Garfield URA –2600 – 2618 Independence Avenue** – *Approval of Redevelopment Contract with BA Properties, LLC* (Bob Long) (Ex. 4A-4B)

➤ **Project Overview**

- Firefighter Memorial (*all statements made by Mr. Long unless otherwise noted*)
 - A plaque and seating area within the project will honor the two firefighters killed at the site in 2015 by an arson fire
 - Current status of the site is a vacant lot
- Financial Analysis (*all statements made by Mr. Long unless otherwise noted*)
 - Per LCRA policy, an independent financial analysis is not required for projects adjacent to or east of Troost and in a continually distressed census tract
 - Staff has reviewed developer’s financial information and believes 10-year 100% abatement is appropriate for the project

➤ **Board Considerations**

- UR Rezoning is the City’s catchall, customized zoning classification which is required for all publicly assisted projects (*Alhambra/Long*)
- Board’s previous approval of 50% abatement for a different project by the same developer at the same location (*Hamilton*)
 - Staff recommended 50% abatement for developer’s original project because of neighborhood opposition and the project’s overall appearance (*Moye*)
 - Redevelopment Agreement for previous project was never signed because of substantial neighborhood opposition (*Long*)
 - Staff is comfortable recommending 100% abatement for developer’s revised plan because it now has neighborhood support and increased scope (*Long/Moye*)
 - Higher abatement is also indicated because the project carries significant risk from its location in an unproven area (*Long*)
- Developer is incorporating the Independence Corridor Design Overlay District, into the project as part of the UR rezoning process (*Okafor/Long*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 2600 - 2602 INDEPENDENCE AVENUE MIXED-USE PROJECT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY

APPROVED A REDEVELOPMENT CONTRACT WITH BA PROPERTIES, LLC FOR THE 2600 - 2602 INDEPENDENCE AVENUE MIXED-USE PROJECT IN THE GARFIELD URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY.

(RES. NO. 12-1-19)

5. **E. 23rd Street URA & Independence Plaza URA –multiple properties** – *Consideration of Approval of Sale/Leaseback Redevelopment Contract with Steele Blue Eagle, LLC* (Bob Long) (Ex. 5A-5D)

Mr. Moyer advised that the developer had requested that this project be continued until further notice. The developer had initially requested a sale/leaseback to wipe out base taxes for the projects, which was against City policy. The developer is now in discussions with the City about which program might be applicable to the project.

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE.

6. **Waldo Ice House Mixed-Use Project** – *Consideration of Approval of Tax Abatement and a Redevelopment Contract with Ice House Partners, LLC* (Bob Long) (Ex. 6A-6B)

Mr. Long asked that this matter also be tabled because the City Council had recently denied approval for the proposed urban renewal area. He noted that the URA might be reconsidered at a future City Council meeting with additional information in support of the project being provided.

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE

7. **Linwood-Prospect URA – Linwood Square Shopping Center** - *Consideration of Recognition, Non-Disturbance and Attornment Agreement* (Brian Engel) (Ex. 7A-7B)

➤ ***Board Considerations***

- Highlights of the revisions legal counsel made to the initial Citi Trends' agreement were to clarify that: (1) LCRA would not terminate the Ground Lease until a new developer was located to properly maintain and operate the center and (2) LCRA would have no direct lease with the tenant or subsequent obligations to maintain and operate the center (*Alhambra/Engel*)
 - Developer's lenders are reviewing the revised agreement and are expected to agree to LCRA's additions (*Engel*)
 - Non-disturbance agreements are fairly typical for tenants to want for protection against possible developer defaults (*Engel*)
- A new developer would have to recognize the project's tenant subleases to assume the Ground Lease (*Hamilton/Engel*)

ACTION TAKEN: APPROVED RECOGNITION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (RES. NO. 12-2-19)

8. **Hospital Hill II URA – Two Corners – 27th & Troost** – *Selection of Exact as Developer* (Bob Long) (Ex. 8)

➤ ***Board Considerations***

- Effect of premature selection of developer with no proposed project (*Hamilton/Okafor*)
 - City asked that the LCRA designate the developer as the intended purchaser before year-end to preserve the project’s Opportunity Zone funds (*Engel/Moye*)
 - Benefit of Opportunity Zone funds decreases substantially after December 31, 2019, making the project financially unfeasible (*Moye*)
 - LCRA’s limited involvement will end once it acts as the pass-thru entity to transfer the land from the City to the developer (*Engel*)
 - City Council approval of the Hospital Hill II URP 6th Amendment will also be needed to enable LCRA’s acquisition of both lots (*Engel*)
 - Selecting Exact as the developer allows the sale transaction to move forward premised on their assuming ownership of the property (*Moye*)
 - Exact intends to act as developer for the project but they are not obligated to do so because of their designation (*Moye*)
 - City will not enter into the sale contract unless LCRA has approved the contracted party as the redeveloper (*Moye/Engel*)
 - At the time of project approval, the developer would not have to be reapproved (*Moye*)
- Selecting a developer prior to determining project tax incentives (*Hamilton*)
 - Developer has not yet indicated what incentive structure it will seek (*Moye*)
 - Any proposed project would have to meet several abatement and City permitting standards, prior to its initiation and/or completion (*Engel*)
 - Designation of Exact as the site’s developer does not entitle them to any type of tax incentive (*Moye*)
- More information about developer needed prior to approval (*Hamilton/Okafor*)
 - Both the City and staff have reviewed the RFP response and are comfortable with developer’s ability to move forward with the project (*Moye*)
 - Exact cannot only complete the project but has the ability to find commercial tenants (*Jensen*)
 - Developer plans to continue its expansion of the corridor and has also successfully completed several projects in the area (*Jensen*)
 - As the site is fairly small with limited parking, the development will be geared towards commercial users rather than residential (*Moye/Jensen*)

- Exact invests heavily in its commercial tenants but does not know why a nearby commercial building owned by an unrelated entity is not occupied (*Jensen*)
- Development timeline concerns (*Okafor*)
 - Exact has already invested in the area and plans to move forward quickly with this project (*Moye*)
 - City will enact the timeframe through the purchase agreement once the contract is finalized (*Moye*)
 - City could also condition the title transfer upon certain deadlines (*Engel*)
 - Developer submitted a proposed timeline in its RFP reply of 6-month design and due diligence and a 12-month construction period (*Long*)
 - City can ignore recommended/conditional timeline if opportunity zone funds would be negatively affected (*Moye*)

ACTION TAKEN: SELECTED EXACT (OR AN AFFILIATE) AS REDEVELOPER OF THE TWO CORNERS PROJECTS WITHIN HOSPITAL HILL II URBAN RENEWAL AREA WITH THE UNDERSTANDING THAT THEY WILL COMPLETE THE DESIGN WITHIN SIX (6) MONTHS AND BE ABLE TO COMPLETE THE PROJECT WITHIN AN ADDITIONAL EIGHTEEN (18) MONTHS. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED BY THE FOLLOWING VOTE:

MS. ALHAMBRA	AYE
MR. HAMILTON	ABSTAIN
MR. OKAFOR	AYE

(RES. NO. 12-3-19)

9. **16th & Jefferson Urban Renewal Area** – *Approve URP’s First Amendment* (Bob Long)

- 5-year extension of URP to 2025 will ensure that the URA’s one active tax abatement will not extend beyond the term of the URP (*Long*)
- 3-year extension with an end date of December 31, 2023 would coordinate with the end date of the single active tax abatement (*Alhambra/Hamilton/Long*)

ACTION TAKEN: APPROVED AMENDMENT TO 16TH & JEFFERSON URBAN RENEWAL PLAN TO EXTEND TERM TO DECEMBER 31, 2023. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (*RES. NO. 12-4-19*)

10. **Manheim Park Urban Renewal Area** – *Approve URP’s Second Amendment* (Bob Long)

- 15-year extension would cover the terms of the several existing tax abatements as well as allow for future incentives in the emerging neighborhood (*Long*)

ACTION TAKEN: APPROVED THE SECOND AMENDMENT TO THE MANHEIM PARK URBAN RENEWAL PLAN TO EXTEND TERM FOR AN ADDITIONAL FIFTEEN (15) YEARS. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY. (RES. NO. 12-5-19)

11. **23rd & Jarboe Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- Area has seen little activity and its last LCRA abatement expired in 2012 (*Long*)
- Acknowledgment of the expiration by the LCRA and City Council will ensure records and maps about the City’s various URAs are kept current (*Hamilton/Long*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE 23RD & JARBOE URBAN RENEWAL PLAN AND FORWARD THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY (RES. NO. 12-6-19)

12. **Administrative.**

a. **Executive Director’s Report** - *Active Projects Tracking System Report* (Dan Moye) (Ex. 12A)

Mr. Moye advised that the one issue of note was the City Council’s denial of the creation of the Waldo Ice House URA and that staff was working with the developer to resolve the matter.

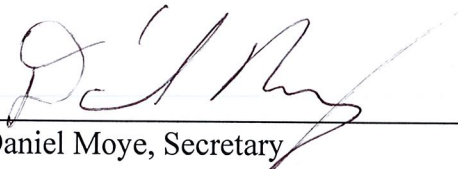
ACTION TAKEN: NONE; INFORMATIONAL ONLY

13. **Adjourn.**

Mr. Hamilton stated that this was probably the last LCRA meeting for this Board’s members as the new mayor was expected to appoint all new Commissioners. He advised that while the new members had not yet been officially appointed, he was still resigning from his 20 plus years on the Board, effective immediately.

There being no further business, the meeting adjourned at approximately 10:30 a.m.





Daniel Moye, Secretary