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

DATE: January 29, 2020
TIME: 9:00 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Pat Contreras
Daniel Edwards
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: Matt Wilks, City of Kansas City
Larry Maxfield, Columbus Park Development Group 2, LLC
Joey Flickner, IUPAT DC3
Jim Woodson, IUPAT DC3
Myron McCant, MacPen Enterprises, LLC
Mike Hughes, TSI Engineering

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

2. **Administrative.** - *Review and approval of Meeting Minutes for December 18, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR DECEMBER 18, 2019, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

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

Mr. Brown advised that:

- December financials showed little activity due to the holidays
- Arterra would close in March 2020 (*Moye/Brown*)
- 401 Charlotte was expected to close in the next 60 days, which would result in a \$200,000 shortfall for the LCRA
- White Goss payment was only for December (*Alhambra/Brown*)

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

4. **22nd & Prospect URA** – Consideration of a Proposed Redevelopment Contract with MacPen Enterprises, LLC (Bob Long) (Ex. 4A-4D)

➤ **Board Considerations**

- Tax Abatement/Incentives
 - Project unable to qualify for Missouri Works/EEZ because daycare operations are ineligible for the program (*Edwards/McCant*)
 - Staff and developer reviewed other incentive programs for the project (*Edwards/Long*)
- At its October 23, 2019 meeting, the Board reviewed and approved the Urban Renewal Plan for the project (*Okafor/Long*)
- Project’s financing includes PIAC funding, which will be used to construct sidewalks, curbs, and gutters in the area (*Alhambra/Long*)
- LCRA’s Redevelopment Contract with the developer should be finalized soon (*Okafor/Engel*)
- Developer has established partnerships with employers struggling to hire employees for off-hour shifts because of a lack of daycare (*Okafor/McCant*)

ACTION TAKEN: APPROVED 10-YEAR, 100% PROPERTY TAX ABATEMENT FOR MACPEN ENTERPRISES, LLC’S DAYCARE PROJECT IN THE 22ND & PROSPECT URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA AND MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH MACPEN ENTERPRISES, LLC FOR THEIR DAYCARE PROJECT IN THE 22ND & PROSPECT URBAN RENEWAL AREA, CONTINGENT UPON CITY COUNCIL’S APPROVAL

OF THE 22ND & PROSPECT URBAN RENEWAL PLAN.
MOTION MADE BY MS. ALHAMBRA AND MR.
EDWARDS, SECONDED BY MR. CONTRERAS, AND
CARRIED UNANIMOUSLY.

(RES. NO. 1-1-20)

5. **Columbus Park URP – Columbus Park Development Group 2, LLC - Phase II** –
Consideration of Extension to Real Estate Sale Contract (Brian Engel) (Ex. 5A-5D)

➤ **Phase 1**

- 50% mixed-use project successfully completed, with a 100% leased rate and an extensive waiting list (*Maxfield*)

➤ **Phase 2**

- Developer still attempting to finalize financing and has requested an extension of the Contract's deadline to complete the property transfer (*Engel*)
 - Loan closing should occur within 90 days or by March 31, 2020 (*Maxfield*)
- 1st phase 2 project is to rehab the existing 401 Charlotte building into live/work lofts (*Maxfield*)
 - Current market is very tough for townhomes, so developer's plans could change (*Maxfield*)
- Original Redevelopment Agreement between the developer and the Authority set the purchase price for each parcel at \$3 per square foot (*Engel*)
 - Developer has also agreed to pay LCRA's carrying costs for owning 401 Charlotte at closing (*Engel*)

➤ **Phase 3**

- 2 vacant lots which can't be developed until infrastructure is put in place (*Okafor/Maxfield*)
- Funding from the City will help pay for infrastructure completion (*Okafor/Maxfield*)
 - Purchase price reserves maintained by the LCRA will also go to construction and utilities, as was similarly done in Phase 1 (*Maxfield*)
- Vacant lots will be maintained, with one being used for temporary parking for the 401 Charlotte site, until the infrastructure is complete (*Alhambra/Maxfield*)

ACTION TAKEN: APPROVED THIRD AMENDMENT TO REAL ESTATE SALE CONTRACT FOR SALE OF REMAINING LCRA LAND TO COLUMBUS PARK DEVELOPMENT GROUP 2, LLC. MOTION MADE BY MS. ALHAMBRA AND MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (RES. NO. 1-2-20)

6. **Hospital Hill II URA – 25th & Tracy** - *Approval of Sale of Lots for Residential Development* (Brian Engel) (Ex. 6A-6C)

Mr. Engel advised that:

- City recommended that the LCRA approve the sale contract for parcel 1 with the proposed buyer
 - If approved, the LCRA would then enter into the contract with the buyer
- Buyer may obtain Chapter 353 tax abatement as LCRA incentives are not available for the property

➤ ***Board Considerations***

- Appraised Value
 - City recommendation for the purchase price (\$45,018) is higher than the lot's appraised value (\$29,900) (*Contreras/Engel*)
 - Buying a vacant parcel significantly over its appraised value does not pose the same problems as buying an over-priced house (*Contreras/Moye*)
 - Higher purchase prices can set a better standard for any future properties (*Okafor/Moye*)

ACTION TAKEN: APPROVED A SALE CONTRACT WITH MELISSA RAINE FOR THE ACQUISITION AND REDEVELOPMENT OF PARCEL 1 AT E. 25TH & TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA. MOTION MADE BY MS. ALHAMBRA AND MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (RES. NO. 1-3-20)

7. **Central Business District URA** – *Consideration of Conflict Waiver Letter* (Brian Engel)

➤ ***Redevelopment Agreement [all statements made by Mr. Engel unless otherwise noted]***

- LCRA has no active obligations under the contract other than to ensure the properties are maintained
 - Tax abatement granted to the project in 2007 has now expired
 - Escrow Agreement funds used to provide down payment assistance to buyers have been fully expended at the end of 2019
 - Agreement remains in effect only technically as the clawback provision could activate if the buildings are not maintained, neither of which is likely

➤ ***Conflict Waiver [all statements made by Mr. Engel unless otherwise noted]***

- Developer requested Rouse Frets' assistance to pass control of the Home Owners Association to the condo owners
 - Transition is standard once the number of sold units reaches a certain percentage

- Conflict waiver required as Rouse Frets will be giving legal guidance to the developer for that transaction
- Rouse Frets attorneys have an ongoing relationship with the developer McCormack Baron (*Engel*)
 - Its attorneys had previously successfully represented the LCRA against the County regarding how abated taxes were assessed for the benefit of the developer

ACTION TAKEN: APPROVED CONFLICT WAIVER LETTER. MOTION MADE BY MS. ALHAMBRA AND MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (*RES. NO. 1-4-20*)

8. **Administrative.**

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

Mr. Moye advised that there were no issues of note in the APTS report. He stated that two projects would be on next month's agenda, one of which was an affordable project on the eastside. He added that this was probably this Board's last meeting as the Mayor's office would appoint new Commissioners soon. Mr. Moye also thanked the members for their many years of service.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

Mr. Engel initiated discussion on the following administrative matter which was not on the agenda.

Walnut Grove Apts. URA – *Consideration of Conflict Waiver Letter*

➤ ***Conflict Waiver Letter***

- Rouse Frets disclosed that it represented a limited partner with a minority interest in the project at the December 2019 meeting when the Board approved termination of the project's sale/leaseback (*Engel*)
- Counsel asks that the LCRA sign a conflict waiver to memorialize the matter (*Engel*)

➤ ***Sale/Leaseback Termination***

- Developer has acknowledged receipt of the certified mail notice of lease termination and subsequent property transfer (*Engel*)
- Counsel has had discussions with the project's attorneys and the termination is planned before the URA expires in May 2020 (*Engel*)
 - Developer has expressed no concerns and has not objected to the termination (*Okafor/Moye*)

- Termination may have little impact on rents as affordable projects are governed by State statute (*Okafor/Moye*)

ACTION TAKEN: APPROVED CONFLICT WAIVER LETTER. MOTION MADE BY MS. ALHAMBRA AND MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (*RES. No. 1-5-20*)

9. **Adjourn.**

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





Daniel Moye, Secretary

APPROVED 4/22/20

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

DATE: March 4, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford, EDC
Cynthia Wilson, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Steve Stroade, 620 Linwood Dev Co, LLC
Matt Wilkes, City of Kansas City, Missouri
Diane Botwin, Ice House Partners, LLC,
Andrew Ganahl, Ice House Partners, LLC
Jim Woodson, IUPAT DC3
Janice Bolin, Kansas City Public Library
Ron O'Kane, Leigh & O'Kane
Jerry Riffel, Truman Medical Center
Mike Hughes, TSI Engineering
Cheryl O'Connor, Welltower, Inc. (*via telephone*)

Mr. Moye called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, and Henderson were present. Ms. Hazley arrived at a later time.

Mr. Moye gave a brief overview of LCRA tax abatement and policies.

➤ ***LCRA Tax Abatement (all statements made by Mr. Moye, unless otherwise noted)***

- Historically focused on smaller projects
- Adhere to the City's Cap Ordinance, which limits abatement to 75%

- Exemptions include that a project have a high impact number on the AdvanceKC scorecard or be in a continually distressed census tract
 - As LCRA cannot statutorily grant less than a 10-year 100% abatement, a PILOT payment is required for projects receiving lesser abatement
 - Long-term sale/leasebacks are used strategically and can offer longer abatements
- ***Affordable Housing/LIHTC projects (all statements made by Mr. Moye, unless otherwise noted)***
- Board policy is to leverage affordable housing
 - 10% of affordable units within a project is the baseline to trigger the policy
 - LCRA uses the financial analysis which developers provide to the State in their LIHTC application rather than requiring an additional report
 - Historically involved in several LIHTC and affordable projects in partnership with the State
- ***Types of Financial Analyses (all statements made by Mr. Moye, unless otherwise noted)***
- In-house if projects costs are under \$2 Million
 - Baker Tilly, formerly Springsted, for projects between \$2 and \$15 Million
 - Worked with EDC and LCRA for several years
 - SB Friedman prepares a more detailed analysis for projects above \$15 Million
 - Attempt to keep same metrics for granting abatement through the different analyses
 - Projects achieving a rate of return above 9% are offered less than the full incentive

Ms. Hazley arrived

2. **Administrative** – *Annual Election of Officers for 2020* (Dan Moye)

Mr. Moye noted that one of the five new Board members recently nominated by the Mayor had not accepted the appointment and that a replacement would be forthcoming. He then opened the nominations for Board officers.

Ms. Bough and Ms. Henderson each declined the chair nomination. Ms. Hazley volunteered to be the Vice-Chairman. Mr. Gardner accepted the position as Board Chair.

The elected 2020 officers of the Authority are as follows:

Chairman	Rob Gardner
Vice-Chairman	Melissa Hazley
Secretary	Daniel Moye
Assistant Secretary	Susan Tumey
Treasurer	Lee Brown

ACTION TAKEN: ELECTED THE SLATE OF OFFICERS NOMINATED FOR THE 2020 CALENDAR YEAR. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (*RES. NO. 3-2-20*)

3. **Administrative** - *Review and approval of Meeting Minutes for January 29, 2020 (Ex. 3)*

Mr. Moye confirmed that there were no changes to the minutes as presented.

ACTION TAKEN: APPROVED THE MINUTES FOR JANUARY 29, 2020, AS PRESENTED. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

4. **Financial** - *Review and acceptance of the Financial Report for January, 2020 (Lee Brown) (Ex. 4)*

➤ ***Financial Overview (all statements made by Mr. Brown, unless otherwise noted)***

- LCRA has attempted in recent years to increase its fee revenues to pay more of its operating expenses normally covered by the EDC
- Legal fees are billed monthly to the developer (*Engel*)
- Monthly financial reports and yearly audits are required because LCRA is a statutory agency of the City (*Engel*)
 - Fees for larger, more public projects are generally remitted to the City (*Engel*)
- LCRA staff are considered to be EDC employees and their salaries are paid by EDC (*Henderson/Brown*)

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR JANUARY, 2020 AS PRESENTED. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

5. **Hospital Hill North URA - Landmark/Welltower/TMC/LCRA** – *Consideration of Consent to Transfer of Majority Interest in Developer and of Approval of Loan Refinancing Documents Regarding the Medical Office Building Located at 2101 Charlotte (Brian Engel) (Ex. 5A-5G)*

➤ ***Project Overview (All statements made by Mr. Engel unless otherwise noted)***

- Sales Tax Exemption for Construction Materials (STECM) and 25-year property tax exemption via a sale/leaseback agreement for the two parcels approved in 2014
 - When the sale/leaseback ends in 2039, LCRA will collapse the deal and transfer all its property interest to the medical office building to the tenant, HHMOB LLC, and to the parking garage to the tenant, TMC
 - After the sale/leaseback on the medical building expires, TMC will continue to own the medical office building land and HHMOB LLC will own the medical office building improvements under the Ground Lease (*Bough/Riffel*)

➤ ***Medical office building (MOB) ownership structure (All statements made by Mr. Engel unless otherwise noted)***

- TMC owns ground beneath the building and occupies at least 90% of the space for medical purposes
 - LCRA owns the improvements under the Ground Lease and leases them pursuant to the Master Lease to HHMOB LLC, which is currently controlled by Landmark, to manage

- County bases the building's property tax exemption on TMC's charitable use rather than LCRA's ownership
- Missouri Supreme Court previously ruled that the LCRA benefitted from the City's tax exemption as the agency carries out essential functions of the City
- Original existing Ground Lease for the medical office building site (but not the parking garage site) divided ownership of the land and the improvements. The County decided to exempt the building based on its use by TMC rather than its ownership by LCRA
- County considers the parking garage parcel as exempt based on LCRA's ownership
- Effect of sale/leaseback on taxing jurisdictions
 - Taxing jurisdictions were able to voice any concerns about the project at its initiation in 2014 when the financial analysis was performed (*Hazley/Engel*)
 - The LCRA has full discretion whether to extend the exemption beyond 2039
 - Capital One loan agreement specifies that the maturity date cannot be extended beyond the Master Lease's original expiration date of 2039 (*Bough/Engel*)
 - County's exemption based on the building's use could change if another tenant occupied the building (*Moye*)
- Ownership structure change caused by refinancing of loan and transfer of majority interest in HHMOB LLC from Landmark to Welltower (*Hazley/Engel*)
- ***Capital One Loan / Welltower (All statements made by Mr. Engel unless otherwise noted)***
 - LCRA was the borrower on a non-recourse loan to build the project as part of the sale/leaseback arrangement in 2014
 - Construction loan was converted in 2015 to permanent financing with Capital One, and matures this year
 - Landmark wishes to refinance the loan for an additional 5 years and transfer an indirect majority interest in the tenant entity which owns the MOB, in addition to a portfolio of other medical office buildings in other cities, to Welltower
 - LCRA will be the borrower on the Welltower non-recourse loan and will have no liability to pay the loan in case of any default
 - LCRA has granted or will grant separate Deeds of Trust on the medical office building improvements and the parking garage so the bank can foreclose on the collateral if any default occurs (*Bough/Engel*)

ACTION TAKEN: APPROVED CONSENT OF TRANSFER OF AN INDIRECT MAJORITY INTEREST IN HOSPITAL HILL MEDICAL OFFICE BUILDING, LLC, AND APPROVED REFINANCING OF CAPITAL ONE LOAN AND LOAN DOCUMENTS, SUBJECT TO LEGAL COUNSEL REVIEW, REGARDING PROJECT LOCATED AT 2101 CHARLOTTE. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 3-1-20*)

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

➤ ***Project Overview***

- Developers have constructed several apartment projects in the City and are heavily invested in the Waldo through ownership and residency (*Botwin*)
- Rent prices are moderate for area, ranging from \$1,000 for a studio to \$1,600 for a two-bedroom (*Ganahl*)
- Footprint plans have been historically used on severely blighted sites (*Moye*)
 - Waldo area as a whole may be doing quite well but this site will soon begin to negatively affect its surroundings (*Moye*)
 - City Council almost unanimously approved the project after an initial rejection once Commissioners had an opportunity to view the site (*Moye*)
- Taxing jurisdiction support
 - Conferred with neighborhood association and the school district about the project and they had no objections (*Botwin*)
 - Support letters are usually not provided from taxing jurisdictions for projects (*Hazley/Moye*)

➤ ***Financial Analysis***

- Baker Tilly revised its initial analysis when construction costs increased from \$7.6 Million to \$9.3 Million without a corresponding increase in rents (*Long*)
 - Without tax abatement, the project is unable to achieve the debt coverage ratio required by banks to fund the development (*Long*)
 - Bank loan is conditioned on receipt of tax abatement and achieving a 1.3 debt coverage ratio (DCR) (*Ganahl*)
 - With abatement, the project achieves a 1.35 DCR, which leaves little margin for cost increases (*Ganahl*)
 - Unleveraged returns are used as the deciding factor for granting abatement as it removes the subjective metric of developer/bank relationships (*Moye*)
- Alternate cost scenarios reflecting different levels of abatement and project budgets will be clarified and highlighted in future project presentations (*Hazley/Moye*)
 - Tax abatements are granted based on the primary financial analysis at the time of the Board's consideration (*Ganahl/Moye*)
 - Subsequent requests by developers for an increase of incentives because of cost overruns would not be viewed favorably (*Moye/Ganahl*)
- LCRA does not track the level of profit developers may make on their projects as it assumes that they will make financial gains (*Hazley/Engel*)
- Redevelopment Agreement specifies that any new owner would have to be approved by the Board and would assume all benefits and obligations (*Hazley/Engel*)

ACTION TAKEN: APPROVED 10 YEARS OF 75% PROPERTY TAX ABATEMENT FOR THE PROPOSED WALDO ICE HOUSE PROJECT IN THE WALDO ICE HOUSE URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH ICE HOUSE PARTNERS, LLC FOR THE WALDO ICE HOUSE PROJECT IN THE WALDO ICE HOUSE URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 3-3-20)

7. **Longfellow - Dutch Hill Neighborhood URA – 620 E. Linwood Boulevard** – *Consideration of Approval of Redevelopment Contract with 620 Linwood Dev Co, LLC (Bob Long) (Ex. 7A-7C)*

➤ ***Project Overview***

- Developer purchased the property to be able to fix its water damage which was affecting his business in the attached building (*Stroade*)
 - Developer also needed the expansion space to stay in the same location (*Stroade*)

➤ ***Financial Analysis Waiver (all statements by Mr. Moye unless otherwise noted)***

- Financial analysis was conducted in-house although project development costs are slightly above the \$2 Million threshold
- Requested 10-year 100% tax abatement is warranted by the project's charitable use, low market rent, and location in a continually distressed census tract
 - Developer's intent is to not develop and sell the project as he has been a resident and business owner in the location for almost 20 years

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 620 E. LINWOOD BOULEVARD COMMERCIAL MIXED-USE PROJECT. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH 620 LINWOOD DEV CO, LLC FOR THE 620 E. LINWOOD BOULEVARD COMMERCIAL MIXED-USE PROJECT IN THE LONGFELLOW - DUTCH HILL NEIGHBORHOOD URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

(RES. NO. 3-4-20)

Ms. Henderson left the meeting at approximately 11:00 a.m.

8. **Hospital Hill II URA – Two Corners – 27th & Troost** – *Approval of Property Transfer Documents (Brian Engel) (Ex. 8A-8C)*

➤ ***Project Overview***

- Action requested will enable developer to take the next step in the sale process to perform due diligence and environmental cleanup (*Moye*)

- LCRA approved the sole developer's response to an RFP it issued last year for the two City-owned lots (*Moye*)
- City has also approved sale of the sites to the developer through the LCRA (*Moye*)
 - Developer's original purchase offer was \$10,000, countered by the City with \$30,000, which was the final agreed upon price (*Hazley/Moye*)

➤ ***Sale Considerations***

- Transfer of title will occur simultaneously from the City to the LCRA and then from the LCRA to the developer (*Engel*)
 - No tax abatement is included in either sale contract and any future incentive grant would require a financial analysis and Board approval. However, the developer anticipates it will obtain abatement incentive under the Beacon Hill 353 plan and not from LCRA (*Engel*)
- Taxable value of property is assumed to vary yearly and is calculated at about 10% every 5 years (*Hazley/Moye*)
- Sale value is harder to calculate due to its complexity (*Hazley/Moye*)
 - Escalators are included in all financial analyses and taxing jurisdictions have advised that they are comfortable with that calculation (*Moye*)
- To encourage development in distressed census tracts, the Cap Ordinance and the LCRA exempt projects from certain requirements (*Hazley/Moye*)

ACTION TAKEN: APPROVED A PURCHASE AGREEMENT AND A SALE AND REDEVELOPMENT CONTRACT FOR THE TRANSFER OF THE PROPERTY FROM THE CITY TO LCRA AND FROM LCRA TO THE DEVELOPER TO FACILITATE REDEVELOPMENT OF THE TWO CORNERS SITE IN THE HOSPITAL HILL II URBAN RENEWAL AREA, SUBJECT TO CITY COUNCIL'S APPROVAL OF THE SIXTH AMENDMENT TO HOSPITAL HILL II URBAN RENEWAL PLAN. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. BOUGH, AND CARRIED. (*RES. NO. 3-5-20*)

9. **Administrative.**

a. **Executive Director's Report** (Dan Moye)

➤ ***LCRA Overview (Dan Moye)***

- LCRA will waive its normal requirement that the developer not begin work on the project unless emergency repairs are necessary (*Moye*)
- Vast majority of LCRA tax abatements are issued to single-family homeowners (*Moye*)
 - A listing is included in the monthly Board agendas of tax abatements issued the previous month (*Moye*)
- Financial analysis representatives will be available at each future meeting to answer questions per the discussions from today's meeting (*Moye*)

- Information within the financial analysis will also be clarified and increased to include data such as varying levels and terms of abatement (*Moye*)

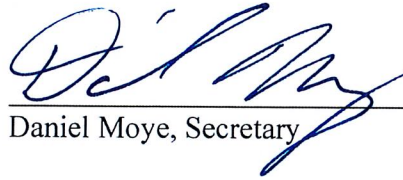
ACTION TAKEN: NONE; INFORMATIONAL ONLY

➤ ***Active Projects Tracking System Report (Dan Moye) (Ex. 9A)***

ACTION TAKEN: NONE; INFORMATIONAL ONLY

10. **Adjourn.**

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



Daniel Moye, Secretary



**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
VIDEO-CONFERENCE BOARD MEETING MINUTES**

DATE: April 22, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Matt Meier, Alexander Co.
Dion Lewis, City of Kansas City, Human Relations Dept.
Larry Maxfield, Columbus Park Development Group 2, L.L.C.
Rodger Kube, Half Napkin, LLC
Diane Hershberger, Half Napkin, LLC
Allison Bergman, Hardwick Law

Mr. Moye called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, Hazley, and Henderson were present. *[All Board members, staff, and guests participated in the meeting via video-conference.]*

2. **Administrative.** - *Review and approval of Meeting Minutes for March 4, 2020 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR MARCH 4, 2020, AS PRESENTED. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY.

3. **Financial** - *Review and acceptance of the Financial Report for February and March, 2020 (Lee Brown) (Ex. 3)*

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORTS FOR FEBRUARY AND MARCH, 2020 AS PRESENTED. MOTION MADE BY MR. GARDNER, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY

4. **Marlborough Community Coalition URA – 8026 Paseo** – *Consideration of Approval of Redevelopment Contract with Half Napkin, LLC (Bob Long) (Ex. 4A-4C)*

➤ ***Financial Analysis***

- Project is exempt from a traditional financial analysis as it is within a continually distressed census tract and east of Troost (*Long*)
- LCRA staff reviewed developer’s proforma and budget and determined that the request for 10-year/100% abatement was reasonable (*Long*)
- Staff financial analyses will more clearly differentiate tax revenues generated by a project with versus without abatement on future projects (*Hazley/Moye*)

➤ ***Taxing Jurisdictions Support for Project***

- Center School District supports the project (*Long*)
 - Developer met with Rick Chambers of the Center Foundation, who advised that the Superintendent had no concerns about the project (*Henderson/Kube*)
 - Superintendent was not able to write a letter of support due to time restrictions (*Henderson/Kube*)
 - Ms. Bergman received a note from Mr. Chambers, indicating his full support of the project (*Bergman*)
- Coalition for Kansas City Economic Development Reform issued its letter of support for the project yesterday (*Moye*)

➤ ***Affirmative Action Guidelines***

- Project is exempt from compliance with the City’s MBE/WBE Ordinance but is voluntarily complying (*Kube*)
- Redevelopment Contract between the developer and the LCRA will need to be revised to show developer’s voluntary compliance (*Engel*)
 - An additional revision will also need to be made to clarify that the project site covers the Mama Tio’s building site (*Engel/Hershberger*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 8026 PASEO BOULEVARD COMMERCIAL PROJECT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH HALF NAPKIN, LLC FOR THE 8026 PASEO BOULEVARD COMMERCIAL PROJECT IN THE MARLBOROUGH COMMUNITY COALITION URBAN RENEWAL AREA.

MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

(RES. NO. 4-1-20)

5. **14th & Agnes URA – 1328 Agnes/1301 Agnes & 3020 E. 14th** – *Consideration of Approval of Redevelopment Contract with Centerfield Asset Properties, LLC* (Bob Long) (Ex. 5A-5C)

➤ **Financial Analysis**

- Developer plans a minimal renovation of the small commercial space into affordable art studios, which are in high demand (*Long*)
- Project is eligible for 10-year 100% abatement as it is within a continually distressed census tract (*Long*)
- LCRA staff reviewed developer's proforma and budget and determined that the project barely breaks even with full abatement and that its returns are well below market range (*Long*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 1328 AGNES AVENUE COMMERCIAL PROJECT. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH CENTERFIELD ASSET PROPERTIES, LLC FOR THE AFFORDABLE ARTIST STUDIOS PROJECT AT 1328 AGNES AVENUE IN THE 14TH & AGNES URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 4-2-20)

6. **Central Business District URP – 1025 Grand Sale/Leaseback (Shopper's Parkade)** – *Consideration of Receipt of Notice of Extension and Estoppel* (Brian Engel) (Ex. 6A-6B)

➤ **Project Overview**

- Developer's renovation of the Professional Building, adjacent to the deteriorating Shoppers Parkade site, would only be successful if the neighborhood was also cured of blight (*Meier*)
- Federal grants used by the developer to help create parking for the Professional Building from the Shoppers Parkade site necessitated LCRA's ownership (*Meier*)
 - Grants could only be awarded to a public entity (*Meier*)
- Affordable 30-year compliance period began in 2006 and developer has no current plans to change the building's affordable component once the requirement has lapsed (*Moye/Meier*)

➤ **Lease Expiration**

- Project is an existing sale/leaseback, with LCRA owning the current surface parking lot and leasing it to Historic Grand, L.L.C. (*Engel*)
- Tenant has timely notified the LCRA of its intent to exercise the two 5-year extension periods to extend the current lease from its expiration on July 1, 2020 to July 1, 2030 (*Engel*)

ACTION TAKEN: APPROVED RECEIPT OF NOTICE OF EXTENSION AND ESTOPPEL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (*RES. NO. 4-3-20*)

7. **Columbus Park URP – Columbus Park Development Group 2, LLC - Phase II** – *Consideration of Extension to Real Estate Sale Contract* (Brian Engel) (**Ex. 7A-7D**)

➤ **Contract Extension**

- Developer was unable to meet the current contract's closing date of March 31, 2020 due to delays caused by the health pandemic shutdown (*Engel*)
- Developer's plans to remodel 401 Charlotte into live/work lofts rather than to demolish the building also caused additional delays (*Maxfield*)
 - Developer's financial and insurance providers required additional assurances because of the condition of the 401 Charlotte building (*Maxfield*)

ACTION TAKEN: APPROVED FOURTH AMENDMENT TO REAL ESTATE SALE CONTRACT FOR SALE OF REMAINING LCRA LAND TO COLUMBUS PARK DEVELOPMENT GROUP 2, LLC. MOTION MADE BY MS. BOUGH; SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 4-4-20*)

8. **Hospital Hill II URA –25th & Tracy** – *Consideration of Approval of Sale of Lot (Parcel 1) for Residential Development* (Brian Engel) (**Ex. 8**)

- Offer approved by the Board in January 2020 has been withdrawn by the prospective buyer (*Engel*)
- City recommends acceptance of the significantly higher offer of \$61,500 from the new buyer (*Engel*)
 - Buyer/Developer plans to construct a single-family home on the site (*Engel*)

ACTION TAKEN: APPROVED A SALE CONTRACT WITH MAXIMILLIAN HOWELL (OR OWNERSHIP ENTITY CONTROLLED BY HIM) FOR THE ACQUISITION AND REDEVELOPMENT OF PARCEL 1 AT E. 25TH & TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH; SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 4-5-20*)

9. **Administrative.**

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

- Sale of two lots at 27th & Troost
 - City and developer agreed to slightly revise the time frames of the project due to the pandemic delays (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

Mr. Lewis advised that the report was informational only and the Board had no additional questions

ACTION TAKEN: NONE; INFORMATIONAL ONLY

10. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:25 a.m.





Daniel Moye, Secretary

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

DATE: May 20, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: June Park, Chouteau Square Apartments, L.P.
Dion Lewis, City of Kansas City Human Relations Dept.
Janice Bolin, Kansas City Public Library
Brian Collins, Ogelsby Hotel
Roxsen Koch, Polsinelli
Lian Dai
Thomas Friestad

Mr. Moye called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, Hazley, and Henderson were present via video-conference. *[All Board members, staff, and guests participated in the meeting via video-conference.]*

2. **Administrative.** - Review and approval of Meeting Minutes for April 22, 2020 (**Ex. 2**)

ACTION TAKEN: APPROVED THE MINUTES FOR APRIL 22, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

3. **Central Business District URA – 13th & Wyandotte** – Consideration of Bond Authorizing Resolution for Office and Garage Project and Assignment of Development Rights (Brian Engel) (Ex. 3A-3F)

[All statements made by Mr. Engel unless otherwise noted.]

➤ ***Original Approval of Sale/Leaseback Project in October 2018***

- Platform Ventures was selected as the developer for the 3-stage project
 - (1) conversion of former Kansas City Club at 1228 Baltimore into a hotel;
 - (2) conversion of vacant Muehlebach Hotel at 1212 Baltimore into residential units; and
 - (3) construction of an office building and garage at 1219 and 1227 Wyandotte

➤ ***Revised Sale/Leaseback Project Approval in December 2018***

- Financial analysis revised due to withdrawal of hotel component as well as increases in apartment project number of units and office project square footage
 - Hotel renovation performed by a different Platform Ventures entity and plans to open in August, 2020 (*Koch*)
- Developer’s tax contribution agreement with the City requires the hotel and garage phases of the project to be completed (*Koch*)
 - City not required to make their payments if project is not completed timely (*Koch*)

➤ ***Current Project Financing***

- Community Improvement District (“CID”)
 - Developer will use CID tax to possibly generate bond funds for a later development of the overall project (*Engel*)
 - CID current boundaries include the office location and hotel (*Koch*)
 - Residential piece will be included at a later time (*Koch*)
 - City Council recently approved an amendment allowing developer to add a special assessment to the CID area (*Koch*)
- PACE Loan
 - Funds from special assessment on the property to be used solely for environmentally sound construction components as mandated by Missouri statute
- Standard Construction Loan
- Bond Issuance
 - Bond issuance applies only to office and garage phase of the project
 - For LCRA to provide an exemption certificate for construction materials, LCRA funds must be used in order to construct the project
 - Developer will be sole purchaser of LCRA issued bonds
 - Bond term will coincide with term of lease which will coincide with the term of the tax abatement
 - Renovation of the old Muehlebach Building into apartments is a later phase of the project and is not affected by this bond issuance (*Engel/Koch*)

- LCRA/Platform Ventures Funding Agreement
 - MFH Office Property, LLC (“MFH”) will assume all obligations of Platform Ventures and pay all of LCRA fees going forward
- LCRA/UMB Bank Trust Indenture
 - UMB Bank is construction lender and also bond trustee

➤ **Financial Analysis**

- Staff asked for input from the Board if an updated financial analysis was necessary due to the increase in size of the office project (*Engel*)
- Current Board being asked to approve last financial mechanism step in this phase of a project authorized by the previous Board (*Bough*)
 - No other changes or additions will be made to the project at this time (*Bough*)
- Developer has indemnified the LCRA of all financial responsibility for the project (*Moye/Engel*)

➤ **Performance Bond Requirement**

- Missouri statute requires a payment bond on public sale/leaseback projects
 - Bond can provide payment as contractors are unable to file mechanic’s liens on public projects
 - LCRA/MFH Redevelopment Agreement requires MFH to purchase a payment bond
- No official LCRA policy requiring performance bonds as they are not specifically required by the statute (*Moye*)
 - Board decided to consider each project on a case-by-case basis and to follow the City’s lead if it mandated their purchase (*Moye*)

ACTION TAKEN: APPROVED ASSIGNMENT OF DEVELOPMENT RIGHTS TO MFH OFFICE PROPERTY, LLC AS A SINGLE-ASSET ENTITY CREATED BY PLATFORM VENTURES TO UNDERTAKE THE OFFICE PROJECT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A RESOLUTION AUTHORIZING ISSUANCE OF BONDS IN MAXIMUM AMOUNT OF \$70 MILLION AND EXECUTION OF BOND AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE OFFICE PROJECT WITHIN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 5-1-20)

4. **3930 Troost Avenue URA (Proposed)** – *Consideration of Proposed Urban Renewal Plan (Bob Long) (Ex. 4A-4B)*

- Creating a new URA is usually initiated by the City Planning Commission’s (“CPC’s”) approval, followed by the LCRA’s finding of blight, and then final approval by the City Council (*Hazley/Moye*)

- CPC has reviewed and approved the proposed Plan and the Plan is currently awaiting introduction to the City Council for their consideration (*Long*)
- Developer has requested the blight recommendation because it has a project at the site, rather than LCRA determining the placement of URAs (*Hazley/Moye*)
- Board's approval of Plan does not mandate approval of any project within the area (*Bough/Moye*)

The Board temporarily tabled its vote on approval of the Plan and a blight recommendation to after its discussion of the 3930 Troost project. The vote to approve the finding of blight and recommend approval of the URP to the City Council was then taken after the project discussion but before the Board's vote about the project's approval.

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED 3930 TROOST AVENUE URBAN RENEWAL PLAN. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

APPROVED THE 3930 TROOST AVENUE URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

(RES. NO. 5-2-20)

5. **3930 Troost Avenue URA (Proposed) – 3930 Troost Avenue** - *Approval of Redevelopment Contract with 3930 Troost, LLC (Bob Long) (Ex.5A-5D)*

➤ ***Financial Analysis***

- Staff review confirmed that the project complied with MHDC guidelines (*Long*)
 - Full financial analysis for MHDC and LIHTC projects are not required per LCRA policy (*Long*)

➤ ***Project Overview***

- Commercial building in front will be demolished to preserve the historic tax credits for the remaining original structure (*Hazley/Collins*)
- Residential services include a service group leader on-site part-time to assist with resident needs and the Salvation Army's inclusion of the project in its services for homeless veterans (*Collins*)
- Assessments of affordable project properties are based on income rather than the costs to build them (*Moye*)
 - MHDC Form 2013 also includes a tax estimate in its calculations (*Moye*)
 - State recognizes that rent income for affordable projects will be lower than their market level counterparts, and lowers assessments for these type of properties (*Moye*)
- Rents

- Rents for the 15 units using housing choice vouchers will be 30% of resident incomes
- Rents for the 10 units under the HOME program will be in the \$500 to \$530 range (*Hazley/Collins*)
- Taxing Jurisdictions
 - Taxing jurisdictions were apprised about the project a week ago and had no objections to the same (*Hazley/Moye/Bolin*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 3930 TROOST – OGLESBY HOTEL AFFORDABLE MULTIFAMILY PROJECT. MOTION MADE BY MR. GARDNER, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH 3930 TROOST, LLC FOR THE 3930 TROOST – OGLESBY HOTEL AFFORDABLE MULTIFAMILY PROJECT IN THE 3930 TROOST AVENUE URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

(RES. NO. 5-3-20)

6. **Central Business District URA – Cathedral Square Apartments** - Approval of Redevelopment Contract with Chouteau Square Housing, L.P. (Bob Long) (Ex. 6A-6D)

Mr. Long noted that the address for the project should be 444 W. 12th rather than 411.

➤ ***Continually Distressed Census Tract***

- City classifies an area as continually distressed if it has been so for the prior consecutive ten years (*Henderson/Moye*)
 - City chose not to update its existing map in 2018 of designated distressed areas but could use the 2020 Census to do so (*Henderson/Moye*)

➤ ***Project Overview***

- Cathedral Apartments has been affordable housing for seniors for the past 40 to 50 years (*Hazley/Park*)
 - Tenants have to be least 62 years old (*Henderson/Park*)
 - Existing tenants will maintain their current apartments during the building's rehabilitation (*Hazley/Park*)
- Taxing jurisdictions had no objections to the project (*Moye*)
- MHDC financial analysis was used by staff to evaluate the project (*Long*)
 - M/WBE goals are also set by the MHDC rather than by the City (*Engel*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE CATHEDRAL SQUARE APARTMENTS AFFORDABLE SENIOR CITIZEN PROJECT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH CHOUTEAU SQUARE HOUSING, L.P. FOR THE CATHEDRAL SQUARE AFFORDABLE SENIOR CITIZEN PROJECT AT 444 W. 12TH STREET IN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 5-4-20)

7. **Columbus Park URA – Columbus Park Plaza** - Approval of Redevelopment Contract with Columbus Park Housing, L.P. (Bob Long) (Ex. 7A-7D)

➤ **Project Overview**

- Project is very similar to the preceding Cathedral Square project, as it is also an affordable MHDC senior housing rehabilitation and has a related developer (*Long*)
 - Columbus Park project will follow similar MHDC rules and guidelines (*Long*)
- Taxing jurisdictions had no objections to the project (*Moye*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE COLUMBUS PARK PLAZA AFFORDABLE SENIOR CITIZEN PROJECT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH COLUMBUS PARK HOUSING, L.P. FOR THE COLUMBUS PARK PLAZA AFFORDABLE SENIOR CITIZEN PROJECT AT 801 PACIFIC STREET IN THE COLUMBUS PARK URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

(RES. NO. 5-5-20)

8. **Waldo Ice House URA** – Consideration of Approval of a Collateral Assignment of LCRA Redevelopment Contract (Brian Engel) (Ex. 8A-8B)

➤ **Collateral Assignment requested by lender**

- Bank would have cure rights if the developer defaulted on its obligations on the project under its Redevelopment Contract with the LCRA (*Henderson/Engel*)
- Lenders usually only ask for collateral assignments for sale/leaseback projects where LCRA owns the property (*Engel*)
 - Developer retains ownership of the property for this project (*Engel*)

ACTION TAKEN: APPROVED A COLLATERAL ASSIGNMENT OF LCRA REDEVELOPMENT CONTRACT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.
(RES. NO. 5-6-20)

9. **Grand Avenue South Urban Renewal Area** – Approve URP’s Third Amendment (Bob Long)

➤ ***Extension of URA Plan Term***

- URA terms should be extended at least as long as their most recent active abatement, as LCRA statute mandates that every project has to be within a URA (*Hazley/Engel*)
 - If another project is proposed in an expiring URA, an amendment to further extend the Plan’s term can be decided upon at that time (*Engel*)
 - Staff will also notify the Board about the termination of any expiring URAs which contain no active abatements (*Engel*)

ACTION TAKEN: APPROVED THE THIRD AMENDMENT TO THE GRAND AVENUE SOUTH URBAN RENEWAL PLAN TO EXTEND ITS TERM UNTIL DECEMBER 31, 2027. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (*RES. NO. 5-7-20*)

10. **Administrative.**

a. **Executive Director’s Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 10A**)

Mr. Moye advised that no major projects were currently on the horizon. He stated that he planned to have a discussion with the full Board in the next few months about policy questions and suggestions or any other issues the Board would like to discuss. He noted that previous Boards often had an annual retreat to discuss policy matters.

ACTION TAKEN: NONE; INFORMATIONAL ONLY


b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 10B**)

Mr. Lewis said that there were no current issues with LCRA projects. He asked that the Board appoint members to its affirmative action subcommittee to prepare for any issues which might arise. Mr. Moye asked any Board member who wished to be on the subcommittee to let him know of their interest.

11. **Adjourn.**

There being no further business, the meeting adjourned at approximately 11:18 a.m.




Daniel Moye, Secretary

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

DATE: June 24, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Dion Lewis, City of Kansas City Human Relations Dept.
Heather Furr
Victoria Kregden
Ron O’Kane

Mr. Moye called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, Hazley, and Henderson were present via video-conference. *[All Board members, staff, and guests participated in the meeting via video-conference.]*

2. **Administrative.** - *Review and approval of Meeting Minutes for May 20, 2020 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR MAY 20, 2020, AS PRESENTED.
MOTION MADE BY MS. BOUGH, SECONDED BY MR.
GARDNER, AND CARRIED UNANIMOUSLY

3. **Columbus Park URP – Columbus Park Development Group 2, LLC - Phase II –**
Consideration of Extension to Real Estate Sale Contract (Brian Engel) (Ex. 3A-3C)

(All statements made by Mr. Engel unless otherwise noted)

- 5th Amendment extends closing deadline for remaining parcels to be sold to developer under the Sale Contract to September 30, 2020

- Current deadline is June 1, 2020
- Developer hopes to close in the near future as the illegal dumping on one of the parcels has been resolved

ACTION TAKEN: APPROVED FIFTH AMENDMENT TO REAL ESTATE SALE CONTRACT FOR SALE OF REMAINING LCRA LAND TO COLUMBUS PARK DEVELOPMENT GROUP 2, LLC. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (RES. NO. 6-1-20)

4. **1718 – 1720 Holmes Street Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- No further need for the footprint URP as it has successfully revitalized the two buildings and their tax abatement has expired (*Long*)
 - Business assisted by the abatement remains in the same location it did during the term of the 15-year URP (*Long*)

ACTION TAKEN: APPROVED THE TERMINATION OF THE 1718 – 1720 HOLMES STREET URBAN RENEWAL PLAN AND FORWARDING THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (RES. NO. 6-2-20)

5. **Clay School Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- No further need for the footprint URP as the single-family homes have been successfully constructed and their tax abatement has expired (*Long*)
 - Homes remain in good condition (*Long*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE CLAY SCHOOL URBAN RENEWAL PLAN AND FORWARD THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (RES. NO. 6-3-20)

6. **Eastwood School Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- No further need for the footprint URP as the school has been successfully renovated into affordable senior housing and their tax abatements have expired (*Long*)
 - Project remains in good condition (*Long*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE EASTWOOD SCHOOL URBAN RENEWAL PLAN AND FORWARD THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY

7. **Administrative.**

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

1. Hyatt House Hotel – force majeure notice and developer lawsuit

- Project Background
 - Tax incentives for the sale/leaseback project included a STECM and extended 15-year abatement based on LCRA ownership of the property (*Engel*)
- Notice of Force Majeure received from Developer
 - Developer lost project funding because its non-traditional lender lost its own funding from its investors (*Engel*)
 - Developer had successfully used the same lender for past projects but is now suing the lender for the funding failure (*Engel*)
 - Redevelopment Contract force majeure clause broad enough to allow for events out of developer's control (*Bough/Engel*)
 - Developer hopes to secure new financing in the near future and will keep LCRA staff advised of its progress (*Moye/Engel*)
 - Staff will update the Board monthly on the project's status (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

2. Convention Center Hotel – project status update

- Loews Hotel now open after delay due to pandemic
- Contract Compliance
 - Joint project with TIF, which requires payment of prevailing wage (*Moye*)
 - Subcontractor reportedly falsified its records and not made the required prevailing wage payments to its workers (*Engel*)
 - General contractor notified the City of the issue once it discovered the deception and is working to make the required payments (*Engel/Lewis*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

3. Gabriel Towers (f/k/a Kensington Heights) 1600 Jackson – maintenance issues

- Out-of-town manager and tenants have since reached an agreement to resolve the several maintenance issues present in the building (*Moye*)
 - Issues included no air conditioning for several weeks, water damage, and blockage of trash chutes, among others (*Moye*)
- If the maintenance problems affecting the sale/leaseback project are not resolved, LCRA should notify the manager of its alleged breach of contract (*Moye*)
 - Staff maintains contact with tenants, who will submit their own letter of complaint to the LCRA if the issues are not corrected (*Moye*)

- Progress at the LCRA project should be monitored closely, particularly since the same manager operates the similarly flawed Englewood Apts. (*Henderson/Moye*)

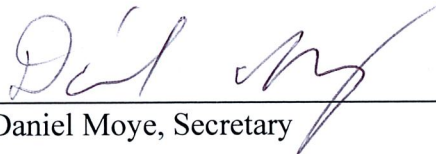
ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

- Report is informational only as there are no major issues to report (*Lewis*)

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 9:55 a.m.



Daniel Moye, Secretary



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

DATE: July 22, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
 Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
 Rob Gardner
 Melissa Hazley

Absent: Tammy Henderson

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Janice Bolin, Kansas City Public Library

As the Board waited to achieve quorum, Mr. Moye initiated discussions on the following administrative matters which were not on the agenda:

- August 2020 LCRA Board Retreat
 - Staff would coordinate with Commissioners to schedule a retreat in August for Board members to discuss future LCRA strategies (*Moye*)
 - LCRA's broad goals should encourage equitable economic development and communicate to the development community its intentions (*Hazley*)
- Proposed Ordinance 200497
 - Ordinance currently being discussed by City Council which would limit the use of real property tax abatement within several school district boundaries (*Bough*)
 - EDC is preparing a response to the prospective Ordinance (*Moye*)
 - Previous LCRA Board largely acted within the parameters of the previous cap ordinance (160383), although it took the position that any plans already in existence were not technically subject to the Ordinance (*Moye/Engel*)
 - Prior Board exception to Ord. 160383 was to treat properties on both sides of and immediately adjacent to Troost as continuously distressed, even though only the east side was within such a census tract (*Engel*)

The Board achieved quorum as Mr. Gardner joined the meeting via phone conference

Mr. Moye then called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, and Hazley were present via phone or video-conference. *[All Board members, staff, and guests participated in the meeting via phone or video-conference.]*

2. **Administrative**. - *Review and approval of Meeting Minutes for June 24, 2020 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR JUNE 24, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

3. **Linwood-Prospect URA** – *Consideration of Non-Disturbance and Attornment Agreement (Brian Engel) (Ex. 3A – 3B)*

- Standard form agreement proposed by potential tenant for the shopping center was not acceptable as it presumed LCRA would assume landlord's obligations under the tenant's sublease (*Engel*)
- Developer's attorney was to further discuss with the tenant either waiving or substantially modifying the agreement and has not yet replied to counsel (*Engel*)
 - Counsel asks that the Board continue this matter until the next Board meeting or until the developer responds about the tenant's intentions (*Engel*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY.

4. **Hospital Hill II URA –25th & Tracy** - *Approval of Extension of Closing Date and Sale of Lot (Parcel 1) for Residential Development (Brian Engel) (Ex. 4)*

- Closing date for sale contract with EE Devco (Max Howell) was July 15, 2020 (*Engel*)
 - Mr. Howell is still in the process of getting construction financing and was confident sale would close before August 15 (*Engel*)
 - Once sale is closed, LCRA will no longer own any property in Beacon Hill (*Engel*)
- City's frustrations regarding the slow pace of the sale have been communicated to buyer (*Moye*)
 - If sale is not closed by August 15, City intends to find a new buyer (*Moye*)

ACTION TAKEN: APPROVED AN EXTENSION OF CLOSING DATE AND SALE CONTRACT WITH MAXIMILLIAN HOWELL (OR OWNERSHIP ENTITY CONTROLLED BY HIM) FOR THE ACQUISITION AND REDEVELOPMENT OF PARCEL 1 AT E. 25TH & TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA FROM JULY 15, 2020 TO AUGUST 15, 2020. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY. (*RES. NO. 7-1-20*)

5. **BMA - Landmark Tower Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- Acquisition and rehab of the BMA Tower into condos has been completed and their tax abatement has expired (*Long*)
- 2005 amendment to develop multi-family units on top of the BMA parking garage with a small adjacent commercial building never occurred (*Long*)
 - Staff has received a few inquiries over the past few years about the area but no concrete plans (*Long*)
 - Staff recommends termination of the URA so that any new developer would present a current plan rather than trying to comply with older guidelines (*Moye*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE BMA - LANDMARK TOWER URBAN RENEWAL PLAN AND FORWARDING THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 7-2-20*)

6. **Main 20 West Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- URA encompassed three properties - one was completed and its tax abatement has expired and the remaining two were acquired and rehabbed without tax incentives (*Long*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE MAIN 20 WEST URBAN RENEWAL PLAN AND FORWARDING THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY. (*RES. NO. 7-3-20*)

7. **Monroe Hotel Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long)

- Hotel's rehab into market rate condos is complete and its tax abatement has expired (*Long*)
 - Smallest URA in City (*Long*)
 - Opening in wall on 2nd floor between the hotel and adjacent building allowed the reigning yet unelected 1920's and 1930's ward boss to exit unseen (*Long*)
 - Mechanical system behind the residential building enabled sufficient parking for the project and is one-of-a-kind in the Kansas City area (*Long/Engel*)

The Board briefly lost quorum due to technical difficulties, and Mr. Moye initiated discussions on the following administrative topics not on the agenda:

- ***Update on the Hyatt House project at 9th and Broadway [all statements made by Mr. Engel unless otherwise noted]***

- Board was advised last month that developer's lender declared insolvency resulting in a loss of funding and halt of the project's construction
 - Developer's attorney advises that an agreement with a new lender was close to being finalized and the new proposal may be on the August agenda
- LCRA was recently served with a mechanic's lien by one of the developer's subcontractors on the project
 - Developer hopes to use funds from its new loan to pay the subcontractor rather than tapping into its payment performance bond on the project

The Board regained quorum as Ms. Hazley rejoined the meeting via phone conference

ACTION TAKEN: APPROVED THE TERMINATION TO THE MONROE HOTEL URBAN RENEWAL PLAN AND FORWARDING THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY. (RES. NO. 7-4-20)

8. **Administrative.**

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

- Ms. Jaax of the Kansas City, Missouri School District has requested that the LCRA share further detail about the single-family tax abatements it grants (*Moye*)
- Update on the Truman Medical Center project at 21st and Charlotte
 - Board approved refinancing documents in March 2020 for the sale/leaseback project, which loan fell apart primarily due to the pandemic (*Engel*)
 - Developer is attempting to extend the loan's October 2020 maturity date, which may be on the August agenda (*Engel*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

ACTION TAKEN: NONE; INFORMATIONAL ONLY

9. **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: August 26, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Janice Bolin, Kansas City Public Library
Stephen Elliott, Landmark
Michael Gavlick

Mr. Moye called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, Hazley, and Henderson were present via videoconference. [All Board members, staff, and guests participated in the meeting via videoconference.]

2. **Administrative.** - Review and approval of Meeting Minutes for July 22, 2020 (Ex. 2)

ACTION TAKEN: APPROVED THE MINUTES FOR JULY 22, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

3. **Hospital Hill North URA - Landmark/TMC/LCRA** – Consideration of Loan Modification to Extend Maturity Date Regarding the Medical Office Building Located at 2101 Charlotte (Brian Engel) (Ex. 3A – 3B)

- Loan previously approved by Board expires in October 2020 (Engel)
- Tenant requests an extension of the October 2020 maturity date to allow it more time to finalize a larger loan (Engel)

- Delays were largely caused by the global pandemic (*Engel*)
- Tenant is still in discussions with Capital One, the lender (*Engel*)

ACTION TAKEN: APPROVED THE LOAN MODIFICATION TO EXTEND LOAN MATURITY DATE TO DECEMBER 30, 2020, OR SUCH OTHER DATE AS THE PARTIES MAY SELECT, SUBJECT TO LEGAL COUNSEL REVIEW REGARDING PROJECT LOCATED AT 2101 CHARLOTTE. MOTION MADE BY MR. GARDNER, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-1-20*)

4. **Infill Housing Urban Renewal Area, Brooklyn Avenue #87 - #125** - *Consideration of Partial Release of Redevelopment Contract – Former CHIC Project* (Brian Engel) (**Ex. 4A 4C**)

(All statements made by Mr. Engel unless otherwise noted)

- Citizens Housing & Information Council (CHIC)
 - Original 1995 developer was found in default by the LCRA. The project was never built.
 - LCRA terminated its Redevelopment Contract with CHIC in 1999
- Mount Pleasant Education Redevelopment Corporation
 - Current owner of the two vacant lots at 2410 and 2412 E. 23rd Street
 - Requested that LCRA release its Redevelopment Contract, Contract to Sell, and Warranty Deed with CHIC to clear title of the two lots
- Board considerations
 - Other projects may have occurred in the larger area around the two vacant lots without requesting the release of the LCRA documents (*Henderson/Engel*)
 - Most projects have been performed when LCRA is asked to release its older contracts (*Henderson/Engel*)

ACTION TAKEN: APPROVED THE PARTIAL RELEASE OF THE REDEVELOPMENT CONTRACT AND RELATED DOCUMENTS TO FACILITATE SALE OF PROPERTY WITHIN THE INFILL HOUSING URBAN RENEWAL AREA, BROOKLYN AVENUE #87 - #125 FOR AN AFFORDABLE HOUSING PROJECT. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-2-20*)

5. **4601 Madison Avenue Urban Renewal Area** – *Approve Termination of the Urban Renewal Plan* (Bob Long) (**Ex. 5**)

(All statements made by Mr. Long unless otherwise noted.)

- Footprint Urban Renewal Plan for a single project and property
 - Created in 2006 with a 15-year term, to expire in January 2021

- Sale/leaseback agreement has been completed and terminated

ACTION TAKEN: APPROVED THE TERMINATION TO THE 4601 MADISON AVENUE URBAN RENEWAL PLAN AND FORWARD THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MR. GARDNER, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (RES. NO. 8-3-20)

6. **Troost Avenue: 63rd– 53rd Urban Renewal Area** – *Approve Termination of the First Modification of the Urban Renewal Plan (Bob Long) (Ex. 6)*

- First Modification of the URA slightly expanded the plan’s area and allowed for eminent domain (*Long*)
 - Original URA will remain in place once the 1st Modification is terminated (*Long*)
 - Project never happened even though the original developer acquired the site without eminent domain (*Long*)
 - PIEA has done significant investment along this corridor and this site falls into an existing PIEA plan (*Moye*)
- Board considerations
 - Any new developer would have to conduct another blight study before being able to use eminent domain in the URA or the deleted area (*Henderson/Long*)
 - Staff usually discourages developers from using eminent domain as the process is complex, time consuming and expensive (*Hazley/Long*)
 - The detailed blight finding required to use eminent domain is only good for 5 years per state statute (*Hazley/Engel*)
 - A new URA is not planned for the deleted area (*Hazley/Moye*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE FIRST MODIFICATION OF THE TROOST AVENUE: 63RD– 53RD URBAN RENEWAL PLAN AND FORWARD THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (RES. NO. 8-4-20)

7. **Oak Park URA** – *Waiver of single-family rehab receipt requirements for 3326 Indiana (Dan Moye)*

(All statements made by Mr. Moye unless otherwise noted.)

- Current property owner has struggled to obtain receipts from the seller to meet the \$5,000 threshold for LCRA tax abatement
 - Sales listing clearly indicates that more than \$5,000 was spent to rehab the property
 - Current owner has provided receipts of about \$2,500 for improvements she has made to the property

ACTION TAKEN: APPROVED THE WAIVER OF SINGLE-FAMILY REHAB RECEIPT REQUIREMENTS FOR 3326 INDIANA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (RES. NO. 8-5-20)

8. **Administrative.**

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

- Beacon Hill – Sale of final single-family lot on Tracy closed recently (Engel)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

a. **Walnut Grove Apartments Urban Renewal Plan** – *Update regarding status of Lease termination and prospective new project* (Brian Engel) (Ex. 8B-1 – 8B-2)

- Company seeking to purchase the site had contacted staff and legal counsel to request information about the project's tax incentives (*Moye/Engel*)
 - Company was advised of the termination of the site's current sale/leaseback and URA and subsequent requirements of the existing tax assessment (*Engel*)
 - Potential purchaser is not known to be associated with developers currently experiencing problematic issues at a couple of LCRA projects (*Moye/Engel*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

a. **Affirmative Action Report** (Sandra Rayford) (Ex. 8C)

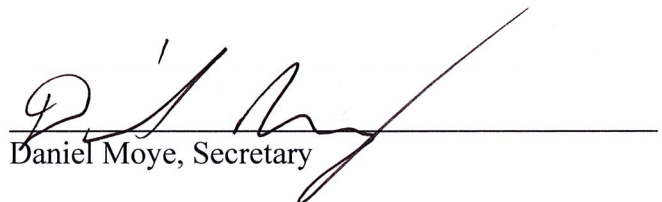
- Incomplete projects shown as potentially not meeting goals will probably achieve their targets once all contracted subs have been paid (*Rayford*)
- Board considerations
 - The affirmative action report can be discussed in more detail at future meetings (*Hazley/Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

9. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:04 a.m.




Daniel Moye, Secretary

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

DATE: August 28, 2020
TIME: 10:00 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson (*via telephone*)

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Bob Long, EDC (*via video-conference*)
T'Risa McCord, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Shannon Jaax, City of Kansas City, Missouri School District (*via telephone*)

Mr. Moye called to order the Annual Retreat of the Board of Commissioners of Land Clearance for Redevelopment Authority and declared a quorum was present as Commissioners Bough, Gardner, Hazley, and Henderson were present.

2. **Summary of LCRA statute and powers (*Brian Engel*) (Ex. 2A-2B)**

(All statements made by Mr. Engel unless otherwise noted.)

➤ *LCRA Authority*

- LCRA Statute approved by State in 1952 is ultimate source of LCRA authority
- LCRA powers are fairly broad, and include the purchase and/or condemnation of property, bond issuance, and tax abatement
 - Blight finding required before LCRA can act
 - Missouri Supreme Court case clarified that LCRA's tax abatement was to be based on pre-assessed values if a reassessment had been made in the interim
 - LCRA's ownership of a property can exempt it from any legal judgment or the execution of a judgment

- LCRA can act as borrower for sale/leaseback or STECM projects to provide public funding (*Moye*)

➤ *Workable Program*

- Authorized by LCRA Statute
- Used by Board to implement policy changes such as requiring a but/for test from developers, which wasn't included in the LCRA Statute
- Board policies can provide parameters for staff about whether to recommend a project (*Moye*)

3. **Map of Urban Renewal Areas (URAs) throughout the City** (*Dan Moye*)

➤ *Urban Renewal Areas cover large portions of the City*

- Older URAs can be quite large, as compared to more recent URAs, which tend to be smaller or single-site projects (*Moye*)
 - Developer-driven URAs are usually limited to the area directly impacted by the development while community-driven URAs tend to encompass the larger neighborhood area which the community wants to impact (*Moye*)
- Marlborough Community Coalition (MCC) URA
 - MCC URA covers a large area as it intentionally included a corridor along Troost which they recognized would have an important impact on the URA (*Moye*)
- City plans overlap with URAs
 - Area plans supersede URAs as they are implemented by the City to cover City actions such as the area's use, infrastructure, and zoning (*Hazley/Moye*)
 - URA plans have to comply with the area's comprehensive plan (*Bough*)
 - Before LCRA can approve a URA, an area plan must first be in place (*Engel*)
 - If the URA changes the area plan's use, the area plan must be amended (*Engel*)
- Staff working with City to make updates to its online map (*Moye*)

(Mr. Moye advised that before she had to disconnect her call, Ms. Jaax conveyed her appreciation to the Board at how well the LCRA Board and staff worked with the taxing jurisdictions.)

(Ms. Bough temporarily excused herself from the LCRA meeting to attend another meeting on an upper floor to maintain its quorum.)

4. **A sample plan/project workflow to better understand the process** (*Dan Moye*) (**Ex. 4**)

➤ *Creating a new URA*

- Developer initiates process by application to the EDC, which then determines which incentive is appropriate for the project (*Moye*)
- If a project is designated to the LCRA, staff will create the URA Plan (URP) and either perform the blight study themselves or issue a request for proposals (*Moye*)

- The proposed URP is then either rejected or approved by the City by its departmental processes (*Moye*)
- Approval of a URP does not necessarily ensure approval of full incentives for the proposed project (*Hazley/Moye*)
 - Incentive levels are negotiated with the developer after the financial analysis is performed (*Moye*)
 - Some level of incentives for single-site projects is essentially approved once the URP has been created (*Moye*)
 - Taxing jurisdictions can also be opposed to the level of proposed abatement for the project (*Moye*)

[Ms. Bough returned to the LCRA meeting.]

5. Sales Tax Exemption on Construction Materials (STECM) and Sale/Leaseback (*Brian Engel*) (Ex. 5A-5E)

- Supreme Court of Missouri held that the LCRA was carrying out the essential functions of the City so its ownership of a property can give tax exemption (*Engel*)
- STECM has minimal impact on non-sales tax taxing jurisdiction revenues as the monies go to the State, City, and County (*Moye*)

6. Ordinance 200497 (*Brian Engel*) (Ex. 6)

- Requires approval of the school district affected before any tax incentive can be granted to a project unless it is within a continually distressed census tract (*Moye*)
 - Excludes everything north of the river and 95% of the City (*Moye*)
 - All agencies would be affected (*Hazley/Moye*)
 - School districts realize they must be actively engaged in the abatement process and can't say no to every project (*Moye*)
- City Council plans to discuss in its business session before a discussion in general session (*Bough*)

7. Discussion about community incentive workshop possibilities (*Dan Moye*)

➤ *Impact of Abatements on Different Areas*

- TIF and EEZ plans are usually the primary source of tax incentives for areas north of the river (*Moye*)
 - LCRA projects are usually in areas south of the river, which tend to be older and have more blight (*Moye*)
- Public perception that suburban schools incur little negative impact from TIF plans, as developers must fund the cost of surrounding infrastructure prior to receiving any tax incentive benefit (*Moye*)
- Location and frequency of tax incentives are affected by different agencies, personnel changes in City Council, and area differences within the City (*Hazley/Moye*)
 - Staff and counsel are investigating how to eliminate some of the older LCRA URAs which are self-renewing and difficult to terminate

- Staff will investigate the percentages of PILOT payments made to the various school districts (*Hazley/Moye*)

➤ *Board Considerations*

- Increase public education
 - Tax reform will have to include input from all parties, including the development community (*Hazley/McCord*)
 - Proactive Board policies would enable the LCRA to maintain its good working relationships with taxing jurisdictions and developers (*Moye*)
 - Cost issues have hindered LCRA's historical ability to be proactive (*Moye*)
- Determine goals based on the needs of a certain targeted area, such as:
 - 10% less blighted buildings within the 64127 postal code within 4 years (*Hazley/Moye*)
 - Incentive tools can be proactive to create community driven plans in areas such as Ruskin Heights (*Bough*)
 - LCRA is currently assisting the Santa Fe Neighborhood Association with the blight study to enable a repair program for single-family homes (*Hazley/Moye*)
- Modification of \$5,000 threshold limit for LCRA single-family tax abatement based on such factors as age or median income (*Hazley/Moye*)
 - Although a lower limit may not affect the property's taxes, taxes tend to increase over the course of 10 years (*Engel*)
- Abatement layering
 - Plan dictates which tax incentive is appropriate for area so may not want to intermix abatements (*Bough/Hazley*)
 - Chapter 353 and PIEA can offer 25-year abatement but are also much more expensive and can't offer single-family residential abatement (*Moye*)
 - EEZ applies to certain companies if they create jobs but is now capped at 10 years, 100% abatement as it is in the last years of the program (*Moye*)
- Profit-sharing incentives
 - Applies to projects receiving longer incentives which generate a large amount of return for the developer (*Hazley*)
 - Most LCRA projects are standard abatement of 10 years at 100% or 75% as the only longer/deeper incentive it can offer is a sale/leaseback (*Moye*)
- Staff will draft short- and long-term goals for Board consideration (*Moye*)

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 12:10 p.m.



[Signature]
Daniel Moye, Secretary

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

DATE: September 30, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley

Absent: Tammy Henderson

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Aaron Knight, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Janice Bolin, Kansas City Public Library
Joey Flickner, IUPAT DC3
Bianca Gates, OG Investments
Chuck Gleason
Kevin Hardy
Roxsen Koch, Polsinelli
Tara Laughlin, AGH, L.C.
Dion Lewis, City of Kansas City, Human Relations Dept.

Mr. Moye called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, and Hazley were present via videoconference. *[All Board members, staff, and guests participated in the meeting via videoconference.]*

Mr. Moyer advised that the agenda would proceed slightly out of order due to time constraints, with item #4 (OG Investments/Winnidolyn) being heard after item #5 (900 Broadway/Hyatt House Hotel) and item #6 (Truman Wyandotte easement).

2. **Administrative.** - Review and approval of Meeting Minutes for August 26, 2020 (**Ex. 2**)

ACTION TAKEN: APPROVED THE MINUTES FOR AUGUST 26, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

3. **Financial.**

a. Review and acceptance of the Financial Report for May, June, July, and August, 2020 (Lee Brown) (**Ex. 3A**)

Mr. Brown advised that the LCRA had very limited activity from month to month. He noted that (1) 401 Charlotte had finally been sold after being on the books for a couple of years; (2) the last LCRA owned property in Beacon Hill had also been sold; and (3) the Loews Hotel bond issuance would have a negative impact on the Authority's profit and loss statement for the next 10 years until the bond was paid down.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR MAY, JUNE, JULY, AND AUGUST, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

b. Review and acceptance of the draft LCRA Audit for fiscal year 2020 (Lee Brown) (**Ex. 3B**)

Ms. Laughlin thanked Mr. Brown and his staff for their cooperation and timely responses during this year's audit. She advised that AGH had issued an unbiased clean opinion with one minor adjustment, meaning that readers could rely on the information in the audit.

ACTION TAKEN: ACCEPTED THE DRAFT LCRA AUDIT REPORT FOR FISCAL YEAR 2020. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

4. **Central Business District URA – 900 Broadway** – Approval of New Project Lender and Documents (Hyatt House Hotel) (Brian Engel) (**Ex. 5**)

[All statements made by Mr. Engel unless otherwise noted.]

➤ **New Lender**

- Developer lost its original construction funding, causing the project to be put on hold while the developer procured a new funding source

- Plan is for new lender to step into shoes of old lender under the same terms as the original loan
 - Bond size issued by the LCRA under the original loan will not change
 - LCRA’s involvement with the loan documents will remain the collateral assignments of the Redevelopment Contract and the Bond to the new lender
- Waiting on new lender to determine if it wants the LCRA to sign a Deed of Trust, as the LCRA is the fee owner of the property
- Developer hopes to have an official commitment from its new lender soon so it can close on the loan before the end of the year (*Koch*)
 - Proposed Resolution (Ex. 5) will need to be revised to state that the developer is anticipating receiving a written commitment from its new lender soon

➤ **Mechanic Liens**

- The work stoppage resulting from developer’s loss of construction funding has resulted in multiple mechanic liens being filed
- Once the loan closing takes place, funds will be available to pay the liens (*Koch*)

A fire alarm in EDC’s offices at this time caused all LCRA staff to have to leave the meeting and exit the building. Mr. Moye confirmed with Mr. Gardner and Mr. Engel that they would continue the meeting until staff was able to return.

ACTION TAKEN: APPROVED SUBSTITUTION OF PROJECT LENDER AND PROJECT LENDER DOCUMENTS WITH INSTRUCTIONS TO LEGAL COUNSEL TO MAKE ANY NECESSARY ADJUSTMENTS TO THE RESOLUTION AS DISCUSSED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 9-1-20*)

5. **Truman & Wyandotte Urban Renewal Plan** - Approval of Minor Subdivision Lot Consolidation Plat and Pedestrian Easement (Brian Engel) (**Ex. 6A-6B**)

[All statements made by Mr. Engel unless otherwise noted.]

➤ **Replat**

- Procedural item required when closed on the initial documentation for the project in 2018
 - Jackson County requested that the initial 4 parcels be consolidated into one to facilitate its collection of the CID special assessment on the property

➤ **Pedestrian Easement**

- Standard easement commonly used in the downtown business district and required by the City as part of the replat.

ACTION TAKEN: APPROVED MINOR SUBDIVISION LOT CONSOLIDATION PLAT AND PEDESTRIAN EASEMENT. MOTION MADE BY MS.

BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY. (RES. NO. 9-2-20)

LCRA staff returned from the fire alarm

6. **Brooklyn West URA** – *multiple parcels near 13th & Euclid - Approval of Redevelopment Contract with OG Investment (Bob Long) (Ex. 4A – 4C)*

➤ **Conflict Waiver Letter**

- Rouse Frets had previously represented OG Investments on an unrelated matter and requested that the Board approve a conflict of waiver (*Engel*)
 - OG Investments has agreed to also sign the waiver (*Engel*)

ACTION TAKEN: APPROVED CONFLICT WAIVER. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (RES. NO. 9-3-20)

➤ **Project**

- 28 vacant lots in a continuously distressed census tract which will be reconfigured to allow for construction of 25 single-family homes (*Long*)
 - Single-family home projects not subject to a financial analysis or the AdvanceKC process (*Long*)
 - Developer has successfully renovated similar single-family home projects for several years (*Long*)
- Purchase price of individual parcels was not included in the \$5.5 Million overall project costs as developer already owns the properties (*Hazley/Gates*)
- Cost to build each home is about \$175,000 to \$200,000, and homes will probably not sell for more than \$230,000 (*Hazley/Gates*)
 - Tax abatement will offset the overall cost of the purchase price (*Gates*)
- Cross streets are 13th Street, Garfield Avenue, 14th Street, and Michigan Avenue (*Hazley/Gates*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE WINNDOLYN SINGLE-FAMILY HOMES PROJECT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH OG INVESTMENT FOR THE CONSTRUCTION OF TWENTY-FIVE (25) SINGLE-FAMILY HOMES IN THE BROOKLYN WEST URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

(RES. NO. 9-4-20)

7. **Administrative.**

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

Commissioners, Bough, Gardner, and Hazley confirmed that they agreed with the previous Board's policy of treating both sides of Troost the same under the cap ordinance even though one side was in a continuously distressed census tract and the other was not. Mr. Moyer stated that a project in the near future would fall under this exemption.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

➤ **Report Explanation**

- Expenditure report lists projects approved for goals by the Fairness & Construction Board (*Lewis*)
 - Goals are assigned based on developer's overall project budget (*Rayford*)
 - Developer's name, contact information, project costs, M/WBE expenditures by category, and the remaining funding percentage are also listed
- Developers provide a Contractor Utilization Plan (CUP) to HRD which identifies the M/WBE businesses they will be contracting with on the project (*Rayford*)
- Percentages are generated when developers self-report into HRD's computer system (*Rayford*)

Mr. Moyer asked that two Commissioners volunteer to be on the Affirmative Action Subcommittee to discuss any issues with HRD. He added that Ms. Rayford would be the 3rd member to ensure an odd number for voting purposes.

Ms. Hazley volunteered to be on the subcommittee. Ms. Bough and Mr. Gardner advised that they would have to review their calendars prior to committing.


Mr. Moyer stated that the Mayor's office was continuing to work on finding a 5th person to serve on the LCRA Board and that Mr. Lewis could be an alternative appointee if none of the other members were able to serve on the subcommittee. He hoped to have the issue resolved before the next Board meeting.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:23 a.m.





Daniel Moyer, Secretary

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

DATE: October 28, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley

Absent: Tammy Henderson

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Lee Brown, EDC
Aaron Knight, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Ron Clark, KC Tenants
Roxsen Koch, Polsinelli
Dion Lewis, City of Kansas City, Human Relations Dept.
Don Maxwell, Linwood Square Shopping Center
Barry Weaver, Millennia Housing
Willa LaRue
James Stone

[The LCRA Board meeting began at approximately 10:00 a.m., after the EEZ Board meeting had concluded.]

Mr. Gardner called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, and Hazley were present via videoconference. *[All Board members, staff, and guests participated in the meeting via videoconference.]*

2. **Administrative** - Review and approval of Meeting Minutes for September 30, 2020 (Ex. 2)

ACTION TAKEN: APPROVED THE MINUTES FOR SEPTEMBER 30, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

3. **Financial** - Review and acceptance of the Financial Report for September, 2020 (Lee Brown) (Ex. 3)

Mr. Brown stated that account receivables and payables had been reduced to under \$10,000. He noted that the reduction in payables was counterbalanced by the decreased number of receivables from developers. He advised that the one anomaly this month was an over-payment on the 6410 Paseo project, which had since been refunded to the developer.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR SEPTEMBER, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

4. **Linwood-Prospect URA** – Consideration of Non-Disturbance and Attornment Agreement (Brian Engel) (Ex. 4A-4B)

[All statements made by Mr. Engel unless otherwise noted.]

➤ ***LCRA/Developer Ground Lease***

- Ground Lease split ownership of the sale/leaseback project with the developer owning the improvements and the LCRA owning the land
 - Ground Lease requires that developer maintain, operate, and lease the shopping center
 - LCRA's ownership of the land benefits the developer by providing property tax exemption

➤ ***Non-Disturbance and Attornment Agreement (NDA)***

- WeDevelopment Federal Credit Union, a prospective subtenant of the shopping center, is conditioning its sublease on LCRA approval of the NDA
 - Last step for WeDevelopment's approval of its charter is to have an executed lease agreement (*Maxwell*)
 - Developer hopes that WeDevelopment can move into the center around the first of the year (*Hazley/Maxwell*)
- NDA substantially revised to make clear that LCRA would never assume any obligations under the sublease unless it affirmatively accepted those obligations at some future time
 - Standard NDA would specify that that the LCRA would assume the obligations under the tenant's sublease if the Ground Lease was terminated by developer default
 - If the Ground Lease was terminated for some future reason, the LCRA would most likely transfer title of the property to the developer

ACTION TAKEN: APPROVED NON-DISTURBANCE AND ATTORNMENT AGREEMENT WITH WEDEVELOPMENT FEDERAL CREDIT UNION. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-1-20*)

5. **Walnut Grove Apartments Urban Renewal Area** – *Consideration of Termination of the Urban Renewal Plan* (Bob Long)

- Affordable housing sale/leaseback project created by the URP has been completed (*Long*)
- Sale/leaseback agreement was recently unwound and termination of the URA/URP is next step (*Long*)

ACTION TAKEN: APPROVED THE TERMINATION TO THE WALNUT GROVE APARTMENTS URBAN RENEWAL PLAN AND FORWARDING THE RECOMMENDATION TO CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-2-20*)

[*The Executive Director's report was postponed for discussion until after the Board considered the Gabriel Tower matter.*]

6. **East 23rd Street Urban Renewal Area** – *Approve Issuance of Notice of Default* (Bob Long)

➤ ***Notice of Default***

- Staff believes recent photos document existing and continuing blight conditions in the building and wished to bring the default to the Board's attention (*Long/Moye*)
- Developer has already corrected the problems shown by the photos and is constantly inspecting and working on the building to correct any issues (*Weaver*)
- Ongoing and continuing blight issues include the presence of mold, water leakage, and elevator breakdowns (*Stone*)
 - Cosmetic coverups are performed rather than repairing the actual problem (*LaRue/Stone*)
- Effects of issuing default if not cured by developer or lender
 - Developer's lender could foreclose on the property as a result of the default notice which could then displace tenants (*Bough/Engel*)
 - LCRA could terminate its sale/leaseback agreement with the developer resulting in returning ownership of the building to the developer (*Engel*)
- Developer requests that the Board wait to issue the default notice until after the LCRA had inspected the building (*Koch*)
 - Board can authorize the default notice pending the document review and inspection of the site (*Engel*)

➤ ***Building Inspection and Records Request***

- Under the Redevelopment Contract and the Lease, LCRA has the right to inspect the building and to request records from the developer and its management company (*Engel*)
 - Contract allows the developer 45-days to cure any defaults (*Engel*)
 - If the developer has not cured the cited defaults within its 45-days, its lender can step in afterwards to correct the problems within 180-days (*Engel*)
- Inspection should be conducted and records should be produced as soon as possible rather than waiting for developer to repair recent fire damage, as other repairs have already allegedly been made (*Hazley*)
 - Millennia would prefer to repair the water and other damages caused by the grease fire prior to the inspection (*Weaver*)
 - Millennia would have made repairs on the long-term issues before now if they were interested in doing so (*Clark*)
- Tenants must be present and involved with inspection (*Hazley*)
 - Tenants can send and request information about the inspection and document request process to Mr. Moye (*Moye/Stone*)
- Cost of private inspection
 - LCRA can pass the cost for a private inspection to Millennia under the Funding Agreement for the project (*Engel*)
 - Developer agreed to cover the inspection costs (*Weaver/Koch*)

ACTION TAKEN: AUTHORIZED STAFF (1) TO SELECT AN INDEPENDENT BUILDING INSPECTOR TO INSPECT THE GABRIEL TOWER PROJECT AT 1600 JACKSON AVENUE IN THE EAST 23RD STREET URBAN RENEWAL AREA WITHIN FIFTEEN (15) DAYS; (2) TO INCLUDE TENANT PARTICIPATION IN ANY BUILDING INSPECTION OF THE GABRIEL TOWER PROJECT; AND (3) TO REQUEST INFORMATION FROM THE DEVELOPER AND/OR ITS MANAGEMENT COMPANY REGARDING ANY REPAIRS WHICH HAVE BEEN CONDUCTED ON THE GABRIEL TOWERS PROJECT. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. BOUGH, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-3-20*)

7. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 6A**)

➤ ***St. Michael's Veterans Center - Project Status Update***

- LCRA has partnered with the St. Michael's project over several years (*Engel*)
- St. Michael's is beginning Phase 3 of the project and has requested documents LCRA had provided to MHDC on previous phases about pursuing tax credits (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

➤ ***Affirmative Action Subcommittee***

The Board, Mr. Engel and staff discussed the membership makeup of the committee's membership. Mr. Engel recommended that City staff should not maintain membership on the committee because its members could make recommendations to the full Board.

Ms. Bough volunteered to serve on the Affirmative Action subcommittee, noting that her schedule might make arranging meetings difficult.


ACTION TAKEN: APPOINTED MS. BOUGH, MS. HAZLEY, AND MS. RAYFORD TO SERVE ON THE LCRA AFFIRMATIVE ACTION SUBCOMMITTEE. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (RES. NO. 10-4-20)

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 11:05 a.m.

ACTION TAKEN: MEETING ADJOURNMENT. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.




Daniel Moye, Secretary

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

DATE: December 9, 2020
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

Staff: Dan Moyer, LCRA
Susan Tumey, LCRA
Andy Adkins
Lee Brown, EDC
Aaron Knight, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: James Baker, Gabriel Towers
Janice Bolin
L Brady
Tiana Caldwell, Gabriel Towers
David Christie, Christie Development
Ron Clark, KC Tenants
Andrew Doolittle, Miller Commerce
Mark Eisenmann, Landmark
Sylvester Ellis, Gabriel Towers
Lee Felgar, Millennia
Michael Fisher
Matt Flener, KMBC
Joey Flickner, IUPAT DC3
Chuck Gleason
Agatha Gutierrez
Lindsay Hicks
Roxsen Koch, Polsinelli
Mackenzie Koepke, New Horizons
Dion Lewis, City of Kansas City
Jenay Manley
Edward Manning, HUD
Ashley McAlmond
Rachel McGuire
Ronald McMillan, Gabriel Towers
Kylee Navarro
Alexander Parker
Kathleen Pointer
Tara Ragherover
Cat Reid
Jerry Riffel, Lathrop
Chris Sally, Development Initiatives
James Shelly
Kechia Smith
John Stamm
James Stone, Gabriel Towers
Wilson Vance
Leidy Quitian Varon
Renee Weiss, Millennia

Mr. Gardner called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, and Henderson were present via videoconference. Ms. Hazley arrived at a later time. [All Board members, staff, and guests participated in the meeting via videoconference.]

2. **Administrative.** - Review and approval of Meeting Minutes for October 28, 2020 (Ex. 2)

ACTION TAKEN: APPROVED THE MINUTES FOR AUGUST 26, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

3. **Financial.** - Review and acceptance of the Financial Report for October, 2020 (Lee Brown) (Ex. 3)

Mr. Brown advised that the payment for the annual audit was the only anomaly in the otherwise static October financials. He added that payments for legal services from Rouse Frets were the only variance between the Accounts Payable and Accounts Receivable. He noted that November's financials would be presented at the Board's January meeting as they were not yet finalized before the earlier date of the December meeting.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR OCTOBER, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

4. **Hospital Hill North URA - Landmark/TMC/LCRA** – Consideration of Loan Refinancing and Maturity Date Extension Regarding the Medical Office Building Located at 2101 Charlotte (Brian Engel) (Ex. 4A-4E)

- The loan currently matures on December 30, 2020 (*Engel*)
- HHMOB and Capital One ask that the current loan's maturity date be extended from December 30, 2020 to January 31, 2021 (*Engel*)
 - Additional time will be used to complete the loan refinancing closing if needed (*Engel*)
 - Initial loan for the property portfolio package was not closed by the prior maturity date because the pandemic put the sale on indefinite hold (*Henderson/Eisenmann*)
- LCRA is the borrower under the loan on a non-recourse basis (*Engel*)
- The project was originally approved in 2014 to assist TMC in development of a new medical office building (*Engel*)

ACTION TAKEN: APPROVED (1) LOAN REFINANCING AND (2) EXTENSION OF LOAN MATURITY DATE TO JANUARY 31, 2021, TO ALLOW ADDITIONAL TIME, IF NEEDED, TO CLOSE THE LOAN REFINANCING, SUBJECT TO LEGAL COUNSEL REVIEW REGARDING PROJECT LOCATED AT 2101 CHARLOTTE. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED. (RES. NO. 12-1-20)

[Mr. Moyer asked that the Board consider the 1600 Jackson / Gabriel Towers matter at this time to accommodate the time constraints of some of the witnesses.]

5.(7.) **E. 23rd Street Urban Renewal Area – 1600 Jackson** – Consideration of Building Inspection Reports and Issuance of Notice of Default (Dan Moyer) (Ex. 7A-7B)

➤ **New Horizon Building Inspection.**

- New Horizon selected by bid process to perform environmental and mold inspection due to Board concerns about building conditions raised at prior meetings (*Moyer/Long*)
 - City's Healthy Homes Dept. ("Healthy Homes") performed a concurrent inspection and were unable to attend today's meeting, but can answer Board questions at a later time (*Moyer*)
- New Horizon assessment indicated visible mold, moisture, and water issues in building (*Koepke*)
 - New Horizon and Healthy Homes recommended that building management correct the underlying water issues to prevent recurring mold (*Koepke*)
 - Healthy Homes advised that its review of Millennia's recently provided comprehensive mold action plan should be complete by year-end (*Moyer*)
- Determining if a mold problem is a new or old issue is not possible as moisture intrusion can be caused by multiple reasons and mold can grow overnight (*Bough/Koepke*)
 - Assessing the timeline of a particular mold growth is possible if the timeline of the leak is also known (*Bough/Koepke*)
 - Mold occurrences can be common and frequent (*Hazley/Henderson/Koepke*)
- Mold's hazardous effects vary widely as it impacts everyone differently (*Gardner/Koepke*)
 - One of the worst kinds of mold, caused by water damage to building materials, was present in 5 of the 12 samples taken from the building (*Gardner/Koepke*)
 - Curing mold should be done primarily by the elimination of its water source, followed by further treatment dependent on the surface type (*Gardner/Koepke*)

➤ **Document Production Request**

- As permitted under its Redevelopment Agreement and Lease with the developer, LCRA also requested the building's maintenance records for 2020 (*Engel*)
- Document production revealed that:
 - HUD issued a Demand for Corrective Action in June, 2020, which concluded that the building's problems were the result of serious neglect (*Engel*)
 - Healthy Homes also conducted inspections of the building throughout the year and noted several instances of water damage and mold growth (*Engel*)

➤ **Gabriel Towers Management Response**

- Extensive water damage in the Summer of 2020 resulted when the sprinklers were activated because of a fire in an upper-level unit (*Koch*)

- Pandemic has caused shipping delays for replacement items (primarily bathroom vanities) (*Koch*)
- Report provided to Mr. Moyer on December 8, 2020 shows that items cited by Healthy Homes in June 2020 have mostly been remediated or will be by year-end (*Koch*)
 - When damages are brought to management's attention, repairs are performed as soon as possible (*Koch*)
- Millennia's actions have been transparent and honorable and its staff is responsive (*Felgar*)

➤ **HUD Comments**

- Have successfully worked with Millennia on several properties throughout the region, including the Gabriel and Englewood Apts. (*Manning*)
- Millennia's slow response to problems usually resulted from external causes such as LIHTC issues and construction delays caused by the pandemic (*Manning*)
 - HUD supports their assessment to determine the root causes of water damage rather than patchwork repairs (*Manning*)

➤ **Maintenance of Millennia Buildings**

- Blight finding
 - Current management asks that it be given time to remediate the property's current blight although it was required to do so when it acquired the property in 2016 (*Bough*)
 - Millennia successfully completed about \$500,000 of repairs on the property as a condition prior to its 2016 acquisition of the sale/leaseback (*Koch*)
 - East 23rd Street URA as a whole was declared blighted when the Plan was initially approved in 2003, but no specific blight finding has been made on the Gabriel Towers property, either in 2003 or 2016 (*Engel*)
 - Taxpayers are required to keep supporting Millennia's business model of purchasing old buildings with continuously postponed remediation promises (*Hazley*)
- Englewood Apartments
 - Englewood was chosen to be renovated first due to financial and other external issues as Millennia was unable to renovate both Englewood and Gabriel at the same time (*Felgar*)
 - The Englewood property is not currently tax abated (*Moyer/Felgar*)
- St. Regis Apartments
 - Millennia acquired the St. Regis Apartments at approximately the same time it purchased Gabriel Towers (*Hazley/Felgar/Koch*)
 - The St. Regis will also undergo a major renovation once the Gabriel Towers rehab is complete (*Felgar*)
 - St. Regis cannot receive tax abatement as a Section 8 property (*Moyer/Felgar*)
- Major Rehab of Gabriel Towers in 2021

- After 5 decades of use, the building needs a major rehab and Millennia asks for patience and understanding while it performs the rehab (*Felgar*)
- Millennia engaged an experienced third-party contractor which performed a 100% inspection and assessment of the building (*Koch*)
- Millennia will pay moving expenses and help any displaced tenants pack and unpack during the 2021 renovation (*Bough/Felgar*)
- HUD program to work with owner to pass through subsidy for that particular tenant unit to another location is a fairly routine and quick process (*Manning*)
- Gabriel's maintenance problems are not the result of neglect but rather from the age of the building (*Felgar*)
- Applications for bond financing and tax credits will be submitted and the 11-month rehab in 2021 of Gabriel will then take place (*Felgar*)
- Capital needs assessment will be performed prior to applying for the 4% tax credit financing for the major rehab (*Felgar/Koch*)
- 4% tax credit is a non-competitive form of financing thru the MHDC (*Engel*)
- Millennia hopes to have financing in place by Spring 2021 with construction completion by Spring 2022 (*Koch*)
- If operating funds are not sufficient, Millennia will use its own funds to maintain its properties to company and HUD standards (*Felgar*)
 - Millennia has a strong track record as shown by its maintenance records and as affirmed by Mr. Manning (*Koch*)
- Millennia agreed to maintain the 50-year-old building when it acquired the property in 2016 and the concern is that repairs only began occurring when the LCRA started considering a finding of default (*Bough*)

➤ **Tenant Testimonies**

- Tenant Union Demands
 - Long-term living conditions at Gabriel Apts. necessitated the demands (*Caldwell*)
 - Demands included recognition of the tenant union and the replacement of current property manager due to their alleged threatened verbal and physical abuse of tenants (*Caldwell*)
 - Millennia has not yet seen the tenant demands and Mr. Moye will provide a copy to Ms. Koch (*Moye/Koch*)
 - LCRA's Redevelopment Agreement requires that Millennial comply with City ordinances, including the City's Tenant Bill of Rights Ordinance (*Bough*)
 - City does not have the resources to determine if tenant rights are being violated and so expects a level of good faith (*Henderson/Koch*)
- Langdon Claus
 - Building security is non-existent and the front door recently took 10 to 12 days to be repaired
- Ron McMillan, Unit 907
 - Property manager cannot be contacted in person, e-mail, or by phone

- Many tenants fear for their lives because of the mold and other unsanitary conditions
 - Sylvester Ellis, Unit 605
 - Black mold inside apartment has caused at least 3 trips to the emergency room
 - \$25 gift card given to tenants as compensation for the lack of air conditioning was followed by a \$2 raise in rent to essentially recoup the gift card cost
 - There are no support services for the elderly and several tenant deaths have initially gone unnoticed because there is no one to check in on them
 - One intermittently working washing machine has been provided for the 126 units
 - James Stone, Unit 506
 - Leaking pipes have been occurring at least 2 to 3 year prior to the fire on the 9th floor
 - Tenants in wheelchairs have attempted to mop up water seeping from walls
 - LCRA's ability to address tenant demands (*Engel*)
 - LCRA's role is limited to providing tax exemption to the property and can't compel some items in tenant demands
 - Tenant relations can be incorporated into an action plan going forward
 - Both developer and lender can cure default
 - LCRA can transfer title of the property to Millennia to cancel the tax exemption or retain title and clawback paid taxes
 - Estimated amount of tax exemption provided to Gabriel is about \$55,000 (*Hazley/Moye*)
- **Notice of Default**
- Any default finding can make it difficult for Millennia to obtain funding for Gabriel's full rehab (*Koch*)
 - Millennia requests an extension of 60 days to complete the remaining inspection items and to demonstrate improved tenant relations before the issuance of any default notice (*Felgar*)
 - Whether currently remediating or responsive to inspections, present living conditions at the Gabriel show that Millennia is in default (*Hazley*)
 - Default notice can be rescinded and future ones can be issued if Millennia successfully cures the current problems (*Bough/Engel*)

[The Board moved into closed session to discuss legal issues and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo]

Motion to move into Executive Session made by Ms. Bough and seconded by Ms. Hazley

Roll Call Vote to Move into Executive Session

Ms. Bough Aye
Mr. Gardner Aye
Ms. Hazley Aye
Ms. Henderson Aye

Roll Call Vote to Move out of Executive Session

Ms. Bough Aye
Mr. Gardner Aye
Ms. Hazley Aye
Ms. Henderson Aye

A motion was made on the issue that was discussed in close session.

ACTION TAKEN: DECLARED A DEFAULT UNDER THE REDEVELOPMENT CONTRACT AND THE LEASE AGREEMENT, AUTHORIZED THE ISSUANCE OF A NOTICE OF DEFAULT TO KENSINGTON HEIGHTS MO, LLC FOR THE GABRIEL TOWERS PROJECT AT 1600 JACKSON AVENUE IN THE E. 23RD STREET URBAN RENEWAL AREA, AND REQUIRED THAT THE REDEVELOPER ADDRESS THE FOLLOWING ACTION ITEMS, WHICH WILL BE DRAFTED AND SENT OUT: (1) COMPLETE ALL ACTION ITEMS FOR CORRECTIONS AS REPORTED IN THE HEALTHY HOMES REPORT IN THE HUD NOTICE; (2) REMEDIATION OF MOLD AS REPORTED IN THE NEW HORIZONS' REPORT; (3) ALLOW TENANTS TO NOTIFY REDEVELOPER OF CORRECTIVE ITEMS WITHIN FOURTEEN (14) DAYS; AND THAT THE PROPERTY MANAGER CORRECT THOSE ITEMS WITHIN THIRTY (30) DAYS AFTER RECEIVING NOTICE FROM TENANTS; (4) THAT THE REDEVELOPER COMPLY WITH CITY ORDINANCE 190935 AND CITY RESOLUTION 190934 PERTAINING TO THE TENANTS BILL OF RIGHTS; (5) REVIEW LIST OF TENANT DEMANDS PROVIDED AT MEETING TODAY AND REVIEW AND DISCUSS THOSE ITEMS WITH TENANTS; (6) PROVIDE A SHORT AND LONG-TERM RELOCATION PLAN FOR DISPLACED TENANTS AS PART OF ANY MAINTENANCE WORK, WHICH WOULD ALSO INCLUDE ANY DISPLACEMENT AS PART OF THE MAJOR REHAB AS WAS DISCUSSED AT TODAY'S MEETING. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (RES. NO. 12-2-20)

- Notice of default will reference potential remedies outlined in Redevelopment Agreement and Lease, including liquidated damages, if items are not addressed timely (*Hazley/Engel*)

6.(5.) **Habitat for Humanity Scattered – Site II URA** – *Consideration of Proposed Urban Renewal Plan* (Bob Long) (Ex. 5A-5B)

- Habitat for Humanity worked closely with the Land Bank, Homesteading Authority, Urban Neighborhood Initiative and Wendell Phillips Neighborhood Association to develop the plan (*Long*)
- 30 affordable single-family homes will be built over the next 5 years on the 41 parcels (2 abandoned houses and 39 vacant lots) (*Long*)
 - Staff believes blight exists pursuant to the staff-conducted site visits to the plan area in October 2020 (*Long*)
 - The specific properties eligible for the tax abatement will not require Board approval as the incentive can be administratively granted (*Moye*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED HABITAT FOR HUMANITY SCATTERED – SITE II URBAN RENEWAL PLAN. MOTION MADE BY MS. BOUGH AND SECONDED BY MS. HENDERSON.

APPROVAL OF THE HABITAT FOR HUMANITY SCATTERED – SITE II URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MS. BOUGH AND SECONDED BY MS. HAZLEY.

(RES. NO. 12-3-20)

7.(6.) **Martin City URA – Multifamily Project - 13501 Holmes Road** - *Approval of Redevelopment Contracts with Martin City Partners, LLC* (Bob Long) (Ex. 6A-6C)

➤ **Project Overview**

- Project will be two-phased, with the \$32.2 Million development of 180 market rate apartments in Phase 1 being the majority (*Long/Sally*)
 - Phase 2 is planned as a \$14 Million mixed-use commercial and multi-family project, which will be submitted for approval at a later date (*Sally*)
- All asphalt and streets in the new subdivision will be privately owned and will not be an additional burden to the City’s road maintenance (*Hazley/Moye*)
 - Public improvement work is minimal (*Christie*)
- Tax Abatement
 - Developer’s request for 10-year 75% tax abatement and a short-term STECM are supported by SB Friedman’s financial analysis (*Long*)
 - Similar projects to compare the proposed development to were difficult to find as no new apartments were within the same area (*Sally*)

- Rather than receive the minimal taxes from the undeveloped site, taxing jurisdictions will receive about \$8 Million over the next 25 years (*Sally*)
- Sales Tax Exemption on Construction Materials (STECM)
 - Platting of parcels needs to be determined to ensure the correct legal description is referenced in the applicable Redevelopment Agreement for each phase (*Engel*)
 - Property is currently one parcel but hope to have parcels platted by start date of Phase 2 (*Sally*)
 - Redevelopment Agreement for Phase 1 can be amended to cover Phase 2 if STECM is not approved for that portion of the project (*Engel/Sally/Christie*)

➤ **Conflict of Interest Waiver**

- Another Rouse Frets attorney represents David Christie and Christie Development on other matters which may comingle with this project (*Engel*)
- Because LCRA’s bond financing and sale/leaseback documents were standardized and used frequently for previous projects, Mr. Moye was comfortable with waiving the conflict (*Engel*)

ACTION TAKEN: APPROVED A CONFLICT-OF-INTEREST WAIVER FOR ROUSE FRETTS WHITE GOSS. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY. (*RES. NO. 12-4-20*)

➤ **Board Considerations**

- Urban Sprawl
 - Board can discuss at future meetings if it should require that LCRA projects help existing taxpayers rather than contribute to the creation of new developments (*Hazley/Moye*)
 - Areas within the Martin City URA were annexed several years ago and have remained under-developed (*Henderson*)
 - Martin City URA was created to stabilize and revitalize community districts in the 135th & Holmes area through projects exactly like the one at issue (*Long*)

[Mr. Moye advised that Mr. Gardner had to exit the meeting due to time constraints and that Ms. Bough would also under a similar time deadline.]

SELECTED MARTIN CITY PARTNERS, LLC (OR AN AFFILIATE) AS REDEVELOPER OF THE MULTIFAMILY PROJECT AT 13501 HOLMES ROAD WITHIN MARTIN CITY URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

APPROVED A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS AND PROPERTY TAX ABATEMENT AT 75% FOR 10 YEARS FOR THE MULTIFAMILY PROJECT AT 13501 HOLMES ROAD. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

AUTHORIZED STAFF AND LEGAL COUNSEL TO PREPARE THE NECESSARY SALE/LEASEBACK DOCUMENTS WITH MARTIN CITY PARTNERS, LLC (OR AN AFFILIATE) FOR THE MULTIFAMILY PROJECT AT 13501 HOLMES ROAD IN THE MARTIN CITY URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 12-5-20)

8. **Administrative.**

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

- Prevailing Wage
 - Agenda for the January 2021 meeting will include a discussion about requiring LCRA projects to pay prevailing wage (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

- Staff will contact Ms. Bough and Ms. Hazley to schedule an Affirmative Action Subcommittee meeting in January (*Rayford*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

9. **Adjournment.**

There being no further business, the meeting adjourned at approximately 1:30 p.m.




Daniel Moye, Secretary