

# EXHIBIT 2

## CHAPTER 353 11/28/18



### **CHAPTER 353 BOARD MEETING MINUTES**

**DATE:** October 24, 2018  
**TIME:** 8:30 a.m.  
**PLACE:** Town Pavilion, Jackson Room  
1100 Walnut, 17<sup>th</sup> Floor, Kansas City, Missouri

#### 1. **Roll Call.**

**Present:** Faiza Alhambra  
Daniel Edwards  
Steve Hamilton

**Absent:** Pat Contreras  
Gabriel Okafor

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

**Chapter 353 Legal Counsel** Marti Schach, Schach Law Offices

**Guests:** Jerry Helmick, City of Kansas City, Human Relations Dept.  
John Cruz, Executive Hills  
Dave Richardson, Executive Hills  
Ralph Bellar, Lewis Rice  
Charles Miller, Lewis Rice  
Mike Hughes, TSI/MHCS

Chairman Hamilton called the meeting of the Chapter 353 Advisory Board to order and declared a quorum as Commissioners Alhambra and Edwards were present.

#### 2. **Administrative** - *Review and approval of Meeting Minutes for May 23, 2018 (Ex. 2)*

**ACTION TAKEN:** APPROVED THE MINUTES FOR MAY 23, 2018 AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

#### 3. **Plaza Steppes Redevelopment Area** - *Consideration of Approval of the proposed Twelfth Amendment to the Plaza Steppes 353 Redevelopment Plan (Bob Long) (Ex. 3A-3B)*

##### ➤ **Extension Request**

- Developer requests extension from December 31, 2018 to December 31, 2023 to complete construction of Phase 2b (*Long*)

- Acquisition and demolition obligations completed in 1980's and 1990's for the two parcels comprising Phase 2b (*Bellar*)
  - Phase 2a has been completed and its tax abatements have expired (*Bellar*)
- Completion Delay Reasons/Causes
  - Competitive Plaza market, difficulty locating a speculative tenant, and the 2008 recession are some of the factors prohibiting the site's development (*Hamilton/Miller/Bellar*)
  - Developer does not currently have a tenant for the site (*Hamilton/Bellar*)
  - Developer hopeful that 5 more years will result in Phase 2b completion despite 30-years of being unsuccessful as project has an approved development plan and tax abatements (*Hamilton/Bellar/Miller*)
- Incentive Cap Ordinance Discussion
  - Original tax abatement of 10 years at 100% and 1 year at 50% was approved in 1987 and will be triggered upon project completion (*Long/Flisram/Edwards*)
  - Staff position is that the Incentive Cap Ordinance does not apply because the only change would be to the timeline as project and land use remain unchanged (*Long*)
    - Spirit of Incentive Cap Ordinance is that it applies to all projects going forward, although the language of the ordinance implies/states otherwise (*Hamilton*)
  - Length of time since project's initial approval indicates need to determine if original proposal should be continued, irrespective of Incentive Cap Ordinance (*Hamilton/Edwards/Alhambra*)
  - Initial factors supporting the project's development may have changed or may not even exist after 30 years (*Hamilton*)
  - Board unable to give much weight to e-mail from the Kansas City School Board expressing similar concerns due to its timing of being presented to the Board a very short time before the meeting (*Hamilton*)
- **Developer Response to Board Concerns**
  - Current developer bought the property after the initial development had stalled and has maintained the property ever since, paying taxes in full (*Miller*)
  - Undeveloped site is last 20% of project area as the remainder has been successfully completed (*Miller*)
  - Denying extension request does not further the goal of getting the site developed (*Miller*)
    - Board could consider granting the 5-years as a final extension (*Miller*)
    - City's office market is very challenging as the lack of Class A space stops businesses moving to the area at the same time that speculative office space development is hindered by the market (*Flisram*)
    - Inclusion of tax abatement would greatly assist the project (*Flisram*)
  - Length of tax abatement is shorter than standard request and is equitable to a 75% incentive (*Miller*)
  - Developer has complied with all City requirements and actively marketed the site in the intervening years (*Miller*)

- City Council member(s) contacted expressed no concerns about continuing the project and supported the extension (*Bellar*)
- Incentive Cap Ordinance does not apply as it is not a new project or a substantial modification to an existing development (*Bellar*)
- Similar project extension request (I-435 & Front Street) was not denied by the Board or by City Council (*Bellar*)
  - I-435 & Front Street distinguishable by reason of location; this project is on the Plaza (*Flisram*)

➤ **Board Considerations**

- Grant extension of 5 years but reduce abatement to 10 years at 75% and 1 year at 37.5% (*Hamilton*)
  - Developer would need to determine if more than one year at 37.5% would be financially feasible (*Miller*)
- Deny extension (*Hamilton*)
  - Developer then makes it case to the City Council which can either agree with the Board or grant the extension (*Hamilton/Schach*)
  - Effect of subsequent default by the developer may have little impact on external efforts to market the property but would have a negative influence on its development success (*Alhambra/Miller*)
- Withdraw current application and submit a new 5-year request with a financial analysis proving the need for cap ordinance level incentives (*Hamilton*)
  - Proof of blight on the single vacant tract probably not substantiated as it has already been remediated (*Hamilton/Miller*)
- Developer requested a conditional approval subject to the submission of a financial analysis and updated abatement request at a later date (*Miller*)
  - The Board did not consider the request based on the feasibility of revoking its prior approval if the developer returned with a larger abatement request (*Hamilton*)
  - The Board also chided the developer for not making its request timelier (*Edwards*)
  - Submitting a financial analysis for a project this size may be impossible to complete before year-end (*Long/Flisram*)
- Staff suggested renewing the plan for 5 years under cap levels with the developer's option in the ensuing years to request additional incentives subject to a financial analysis (*Flisram*)
- Board suggested that developer withdraw its current request and reapply for capped incentives without submission of a financial analysis (*Alhambra*)
  - City Council less likely to increase incentive if requested by the developer rather than via a recommendation by the Board (*Alhambra/Miller*)
  - Board can continue the public hearing to allow developer to provide additional information (*Schach*)
  - Financial analysis not currently required as there is no project (*Edwards*)
  - Length of abatement would remain 75% for 10 years and 37.5% for one year (*Alhambra/Edwards*)
  - Developer advised that it would have to evaluate the suggestion as it would entail financial ramifications (*Miller*)

The Chair said he would entertain a motion to recommend to City Council that it approve extension of the construction deadline subject to the condition that applicant is subject to abatement at 75% for first 10 years and 37.5% for one year. Ms. Alhambra made the motion and Mr. Edwards seconded it. Following further discussion, Ms. Alhambra reconsidered her motion as it was apparently contradictory to her request to table the matter and ask the developer to resubmit its application under Incentive Cap Ordinance. Ms. Alhambra then withdrew the motion and Mr. Edwards withdrew his second.

*ACTION TAKEN:* ACTION ON PLAZA STEPPES 12<sup>TH</sup> AMENDMENT TABLED UNTIL THE ADVISORY BOARD'S NEXT MEETING ON NOVEMBER 28, 2018. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY.

#### 4. Administrative.

a. *Consideration and adoption of "Chapter 353 Handbook" as a Policy & Procedures Manual for the Chapter 353 Advisory Board* (Marti Schach) (**Ex. 4A**)

- Handbook intended to inform Board and applicants about Chapter 353 expectations and processes (*Schach*)
- Drafts of a similar Policy and Procedure manual had been reviewed but never approved in 2015 (*Schach/Hamilton*)
- Open meeting policy is largely based on LCRA's policy (*Schach*)
- Minor edits and corrections to proposed handbook provided (*Hamilton*)

*ACTION TAKEN* ADOPTED A RESOLUTION ADOPTING A "CHAPTER 353 HANDBOOK" CONTAINING POLICIES, PROCEDURES, AND FORMS RELATING TO THE FUNCTIONING OF THE ADVISORY BOARD AS PRESENTED WITH NOTED CORRECTIONS. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-1-18*)

b. *Consideration and adoption of an Open Meetings and Public Records Policy* (Marti Schach) (**Ex. 4B**)

*ACTION TAKEN:* ADOPTED A RESOLUTION APPROVING AN OPEN MEETINGS AND PUBLIC RECORDS POLICY TO BE CONSISTENT WITH MISSOURI SUNSHINE LAW. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-2-18*)

Mr. Hamilton asked Ms. Tumey to prepare a list of Board member attendance at Chapter 353 and LCRA meetings for the past 12 months.

#### 5. Administrative – *Executive Director's Report* (Greg Flisram) (**Ex. 5**)

- 2<sup>nd</sup> & Delaware

- Project has a new senior lender and has resumed construction (*Flisram*)
- Developer obtained approval for time extension directly from City Council rather than proposing its request to the Board as an amendment (*Schach*)

*ACTION TAKEN:* NONE; DISCUSSION PURPOSES ONLY

6. **ADJOURN**

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

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Greg Flisram, Secretary