

RESOLUTION No. 9- -18

RESOLUTION OF THE LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI APPROVING A MASTER LEASE TERM EXTENSION, A MASTER FINANCING AGREEMENT, AND OTHER RELATED DOCUMENTS IN CONNECTION WITH THE PLANNED TERMINATION OF THE MASTER LEASE AND CONVEYANCE OF PROPERTY TO UGA, L.L.C., AS PART OF THE PLANNED REDEVELOPMENT OF THE UPTOWN SHOPPES (FORMERLY VALENTINE SHOPPING CENTER); AND AUTHORIZING OTHER ACTIONS RELATED THERETO.

WHEREAS, the Land Clearance for Redevelopment Authority of Kansas City, Missouri (“Authority”) is a public body corporate and politic created by the Land Clearance for Redevelopment Authority Law, Section 99.300, *et seq.*, RSMo (“LCRA Act”), and is transacting business and exercising the powers granted by the LCRA Act by virtue of Committee Substitute for Ordinance No. 16120, duly passed by the City Council (“City Council”) of the City of Kansas City, Missouri (“City”), on November 21, 1952; and

WHEREAS, the Authority designated UGA, L.L.C. (“UGA”) as the developer of the Valentine Shopping Center (“Property”) pursuant to Resolution No. 94-53C adopted on October 26, 1994;

WHEREAS, on April 1, 1998, the Authority and UGA entered into a Master Lease for the Property, as amended by the First Amendment to Master Lease effective as of November 28, 2001, the Second Amendment to Master Lease effective as of April 1, 2010, and the Third Amendment to Master Lease dated March 9, 2018, and recorded as Document No. 2018E0020754 (collectively, the “Master Lease”);

WHEREAS, the Valentine Refunding Bonds (as defined in the Master Lease) matured and were paid in full on April 1, 2018, and the Master Lease is scheduled to expire on October 1, 2018;

WHEREAS, UGA (owning a 20% interest), Hawthorn Homes, L.L.C., a Kansas limited liability company (owning a 40% interest), and Treanor Investments L.L.C., a Kansas limited liability company (owning a 40% interest), have entered into a joint venture agreement and created Uptown Development LLC, a Missouri limited liability company, (the “Developer”) for the redevelopment of the Uptown Shoppes (formerly Valentine Shopping Center) as legally described in the Master Lease (“Shopping Center Property”) with a mixed-use development project (the “Project”) to include retail/commercial, multi-family residential, and surface and structured parking (the “Parking”) as phase one (“Phase I”). A Developer option for construction of an approximately 92-room hotel is a future phase (“Phase II”);

WHEREAS, the Project is located within the Uptown Theater Urban Renewal Area;

WHEREAS, on October 27, 2016, by adoption of Ordinance 160806, the City established the Uptown Community Improvement District (the “Uptown CID”), which includes the Uptown Theatre and the Shopping Center Property. The Uptown CID imposes a one percent

(1.0%) sales tax to assist in various purposes of the Uptown CID, including the removal of blight from the Shopping Center Property;

WHEREAS, there exists a dispute among the City, the Authority, and UGA related to the Master Lease concerning the amount of the purchase option payable by UGA under the Master Lease. The City, LCRA, UGA, the Uptown CID, and the Developer (the “Parties”) desire to enter into the Master Financing Agreement substantially in the form attached hereto as Exhibit A (the “MFA”) to resolve such dispute and to facilitate the Project;

WHEREAS, the Developer submitted an application to the Economic Development Corporation of Kansas City, Missouri (“EDC”) regarding the Project and a financial analysis has been prepared by SB Friedman. The SB Friedman report analyzed the Developer’s request for incentives as to Phase I only;

WHEREAS, the City Council has adopted Ordinance No. 180676 dated September 20, 2018, approving the MFA and in support of the following tax incentives: (a) Sales Tax Exemption on Construction Materials (“STECM”); (b) twenty five (25) years (plus the construction period) of real property tax exemption or abatement at 100% for 10 years (plus the construction period) and 50% for the next 15 years; (c) the remaining existing revenues from the Uptown CID (the “Uptown CID Funds”) will be assigned to the Developer pursuant to a reimbursement agreement between the Developer and the Uptown CID, to reimburse the Developer’s redevelopment project costs which are eligible costs of the Uptown CID; (d) reimbursement of the redevelopment project costs for a period of twenty (20) years pursuant to a sales tax reimbursement agreement between the City and the Developer from fifty percent (50%) of revenues generated by the one percent (1%) capital improvements sales tax and two percent (2%) food/beverage tax generated within the boundaries of the Shopping Center Property, and (e) subject to subject to further AdvanceKC review upon the request of the Developer for Phase II showing an additional need then forty-five percent (45%) of revenues generated by the seven and a half percent (7.5%) hotel/motel tax generated within the boundaries of the Property provided that the Phase II ADR is not less than 120% above the average ADR of hotels in the City’s downtown market as described in the MFA;

WHEREAS, the Project is located in a severely distressed census tract that has continuously maintained such status for not less than ten (10) years immediately prior to the request for incentives and meets the “Extraordinary Qualifications” definition set forth in Second Committee Substitute for Ordinance No. 160383, As Amended;

WHEREAS, the Authority desires to approve the MFA substantially in the form attached hereto as Exhibit A to achieve a resolution of the disputed purchase option under the Master Lease, implement the transfer of title to the Shopping Center Property to UGA as contemplated in and subject to the terms and conditions of the Master Lease and the MFA, and to take such other actions as deemed necessary or desirable to the complete the planned transactions; and

WHEREAS, the MFA (or other written instrument between LCRA and UGA) provides for the extension of the Master Lease to December 15, 2018, to allow additional time for the Parties to complete negotiations and finalize the MFA, the Parking Easement Agreement, and related documents, and to close on the transfer of the Shopping Center Property from the Authority to UGA as provided in the Master Lease and the MFA.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Land Clearance for Redevelopment Authority of Kansas City, Missouri, as follows:

1. The MFA substantially in the form attached hereto as Exhibit A is approved. Each of the Chairman, Vice Chairman, and Executive Director is authorized and directed to execute and deliver the MFA for and on behalf of the Authority, subject to such additions, deletions, or modifications as such officer, upon the advice of legal counsel and in coordination with the City, may deem necessary or desirable, and such officer's execution and delivery of the MFA shall be conclusive evidence of his approval of the same as provided in this Resolution.
2. An extension of the Master Lease as provided for in the MFA or other written instrument between LCRA and UGA to allow additional time for the Parties to complete negotiations and finalize the MFA, the Parking Easement Agreement, and related documents, and to close on the transfer of the Shopping Center Property from the Authority to UGA as provided in the Master Lease and the MFA, is approved.
3. The Authority is authorized and directed to transfer title to the Shopping Center Property, as legally described in the Master Lease, to UGA (or other Developer entity) as contemplated in and subject to the terms and conditions of the Master Lease and the MFA for the purpose of facilitating the redevelopment of the Shopping Center Property.
4. Each of the Chairman, Vice-Chairman, and Executive Director is authorized to execute and deliver such related documents for and on behalf of the Authority and to take such further actions as may be necessary or desirable to complete the transactions as contemplated in the Master Lease, the MFA, and this Resolution.
5. This Resolution shall take effect immediately.

ADOPTED by the Land Clearance for Redevelopment Authority of Kansas City, Missouri this 26th day of September, 2018.

**LAND CLEARANCE FOR REDEVELOPMENT
AUTHORITY OF KANSAS CITY, MISSOURI**

By: _____
Steven D. Hamilton, Chairman

ATTEST:

Greg Flisram, Secretary

EXHIBIT A
Master Financing Agreement