
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING MINUTES

DATE: October 24, 2018
TIME: 9:30 a.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Pat Contreras
Daniel Edwards
Steve Hamilton

Absent: Gabriel Okafor

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Henok Tekeste, Blue Nile Contractors, Inc.
Amelia McIntyre, City of Kansas City, City Attorney's Office
Jerry Helmick, City of Kansas City, Human Relations Dept.
Robin Martinez, Martinez Tobin & Redman LLC
Evan Welsh, Platform Ventures
Roxsen Koch, Polsinelli
Mike Hughes, TSI/MHCS

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

2. **Administrative** – Review and Approval of Meeting Minutes for September 26, 2018 (**Ex. 2**)

ACTION TAKEN: APPROVED THE MINUTES FOR SEPTEMBER 26, 2018, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED.

3. **Financial** – Review and acceptance of Financial Report for the Months of May, June, July, August, and September, 2018 (Lee Brown) (**Ex. 3A-3E**)

➤ **Audit**

- Finalization of the audit continues to be delayed by auditor concerns regarding ambiguity related to Series B bond default (*Brown*)
 - The Board is frustrated because the delay has caused it to have no financial reports for several months (*Hamilton*)

Mr. Brown will convey the Board's frustrations about the delay to the auditors.

➤ **Financial Reports**

- Sale of 2321 Troost [*noted as 2322 Troost on financial report*] for \$300,000 was credited as revenue in June and as an expense in July when the monies were returned to the City (*Brown*)
- Account receivables and payables since the beginning of the year have been largely resolved (*Brown*)
 - Mr. Hamilton thanked Mr. Brown for the financial report notations which updated past-due account information after month-end closing
 - Developer for the Block 140 and Three Light projects is working with staff to bring the accounts current (*Brown*)
 - 64th and Paseo project and legal costs will be paid at closing, which was recently delayed by a month (*Brown*)
 - Developer for the 435 and Front Street project was difficult to contact but has since pledged to pay on the account (*Brown*)

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORTS FOR MAY, JUNE, JULY, AUGUST, AND SEPTEMBER, 2018, AS PRESENTED. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED.

4. **Blue Valley Urban Renewal Area** – Approve URP Amendment and Approve Property Transfer Documents with City and Redeveloper (Brian Engel and Greg Flisram) (**Ex. 4A-4F**)

➤ **Plan Renewal**

- Plan originally approved in 1998 for a 20-year term (*Engel*)
 - Blighting conditions present in 1998 still exist today (*Engel*)
- City and LCRA have agreed to a 15-year extension (*Edwards/Engel*)
 - Ordinance 180819, scheduled to be heard this afternoon in committee, also stipulates 15 years (*McIntyre*)
 - Plan can be extended again, if necessary (*Flisram*)
- Board approval of Plan extension is necessary before LCRA can own the property (*McIntyre/Engel*)
- Legal counsel and staff will continue to document plan termination dates, determine if plans merit extension, and advise the Board of the same (*Engel*)

ACTION TAKEN: APPROVED AMENDMENT TO BLUE VALLEY URBAN RENEWAL PLAN TO EXTEND TERM FOR AN ADDITIONAL FIFTEEN (15) YEARS. MOTION MADE BY MR. EDWARDS, SECONDED BY MS. ALHAMBRA, AND CARRIED. (RES. NO. 10-1-18)

➤ **Purchase Agreement / Sale and Redevelopment Contract**

- Exhibit documents may require additional minor modifications (*Engel*)

➤ **Environmental Concerns**

- Phase 1 report discovered fill on Blue River flood control site which covers part of tract 2 and most of tract 3 of the project area (*Engel*)
 - City agreement prohibits development on tracts 2 and 3 because the source of the fill is unknown and could pose an environmental risk
 - Prohibition can be lifted if a Phase 2 shows no contamination
- City must determine if the developer's improvement plans impact the fill area before the Purchase Agreement can be closed (*Engel*)
 - Once Developer's plans are finalized, agreement can be revised to match improvement locations so it doesn't adversely impact the project
- Developer assumes risk as property owner and indemnifies the LCRA in the Redevelopment Agreement (*Engel/Hamilton*)

ACTION TAKEN: APPROVED PURCHASE AGREEMENT WITH CITY AND APPROVED SALE AND REDEVELOPMENT CONTRACT WITH DEVELOPER FOR SALE OF THE PROPERTY TO THE DEVELOPER WITH SUCH NON-MATERIAL CHANGES AS COUNSEL MAY APPROVE. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED. (RES. NO. 10-2-18)

Mr. Contreras arrived just before the end of the discussion regarding the Blue Valley Purchase Agreement at @ 10:15 a.m.

5. **Central Business District URA** - *Consideration of Redevelopment Contract Proposal for Multi-Phase Project at 1219 and 1227 Wyandotte Street and 1200 Baltimore Avenue (Dan Moye)*

➤ **Additional Financial Analysis**

- Initial financial analysis included cap ordinance level sales tax exemption on hotel conversion, which the developer has removed from LCRA consideration (*Moye*)
- 40% increase in project size of two remaining portions necessitated an updated financial analysis (*Moye*)

➤ **Conflict Waivers**

- Mr. Engel's law firm merged with Rouse Frets, which created a conflict due to Rouse's representation of Platform Ventures on an unrelated project in Lee's Summit, Missouri (*Engel*)

- Ms. Koch confirmed that her client, Platform Ventures, waived the conflict (*Hamilton*)

ACTION TAKEN: APPROVED WAIVER OF CONFLICT OF INTEREST BY THE AUTHORITY REGARDING ROUSE FRETS' REPRESENTATION OF THE AUTHORITY REGARDING THE MULTI-PHASE PROJECT LOCATED AT 1219 AND 1227 WYANDOTTE STREET AND AT 1200 BALTIMORE AVENUE IN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA. MOTION MADE BY MR. EDWARDS, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY. (*RES. NO. 10-3-18*)

- Mr. Contreras advised that his employer, McCown Gordon Construction, was working with Platform Ventures on the projects at issue and would therefore abstain from any votes on the same

➤ **Developer Presentation**

- Kansas City Club renovation to hotel
 - State and historic tax credits rather than LCRA abatement will incentivize the conversion (*Koch*)
 - Financial component of excluded portion will still benefit the overall project (*Koch*)
 - Hotel revenues will hopefully offset the parking garage renovation costs (*Koch*)
- Muehlebach renovation to apartments
 - 10% of the units will meet the 80% AMI affordability guideline while the remaining will meet affordable rent guidelines (*Koch/Moye*)
 - Developer's change to an affordable project was driven by the City's demands and desires for such apartments in the downtown area (*Koch*)
 - Building footprint remains unchanged while number of units increased (*Koch*)
 - Unit sizes were reduced to @ 600 square feet because of the number increase but amenity space was increased (*Flisram/Welsh*)
- Office tower and parking garage renovation
 - Speculative office project as no tenant has yet been identified (*Koch*)
 - KCADC advises that the lack of Class A office space is the biggest hindrance to attracting businesses to Kansas City (*Koch*)
- Community Improvement District (CID)
 - Developer plans to ask the City to expand the existing CID covering the office/garage and KC Club space to include the Muehlebach (*Koch*)

ACTION TAKEN: SELECTED PLATFORM VENTURES, LLC AS REDEVELOPER FOR THE PROJECT AT 1219 AND 1227 WYANDOTTE STREET AND 1200 BALTIMORE AVENUE, SUBJECT TO REVIEW OF REVISED PROJECT SCOPES AND INCENTIVES. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED BY THE FOLLOWING VOTE:

MS. ALHAMBRA	AYE
MR. CONTRERAS	ABSTAIN
MR. EDWARDS	AYE
MR. HAMILTON	AYE

(RES. NO. 10-4-18)

6. **13th & Locust URA** – *Consideration of Redevelopment Contract Amendment for the Interstate Building/417 E. 13th Street Project* (Bob Long/Brian Engel) (**Ex. 6A-6B**)

- Delay caused to buy time to restructure family holdings (*Martinez*)
 - Changes in ownership need to be done before placing the project in service to preserve its federal historic tax credits (*Martinez*)
 - No further delays beyond year-end are expected (*Martinez*)
- Project is nearly complete and blight has been remediated so the Board does not object to the extension (*Hamilton*)

ACTION TAKEN: APPROVED AMENDMENT TO REDEVELOPMENT CONTRACT TO EXTEND COMPLETION DEADLINE TO DECEMBER 31, 2018. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (RES. NO. 10-5-18)

7. **Columbus Park Urban Renewal Area – 515 Troost Avenue** - *Termination of Conservation Agreement* (Bob Long and Brian Engel) (**Ex. 7A-7B**)

- Agreement initiated in 1971 as a result of the house's condition and an eminent domain threat by the LCRA (Long)
 - Owners at that time rehabbed the house and fulfilled all of the obligations under the agreement (*Hamilton/Long*)
- Current owners discovered that agreement was still on the chain of title as a result of refinancing the property (*Long*)
 - Property is owner-occupied (*Alhambra/Long*)

ACTION TAKEN: APPROVED THE TERMINATION OF THE CONSERVATION AGREEMENT FOR 515 TROOST AVENUE AND FULL RELEASE OF THE PROPERTY FROM RESTRICTIONS CONTAINED IN SAID AGREEMENT. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (RES. NO. 10-6-18)

8. **Hospital Hill No. II Urban Renewal Area** - *Approval of Transfer of LCRA Lots to City* (**Ex. 8A-8B**) (Brian Engel)

- City requested that the LCRA transfer the lots to it for subsequent transfer to developers waiting on ownership to begin a project (*Engel*)
- Lots are among the last inherited from HEDFC (*Flisram*)

- Parcels are within the Hospital Hill 2 URA and the Beacon Hill Chapter 353 areas (*Long/Hamilton*)

ACTION TAKEN: APPROVED TRANSFER OF LCRA LOTS TO CITY. MOTION MADE BY MS. ALHAMBRA, SECONDED BY MR. CONTRERAS AND MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES NO. 10-7-18*)

9. **Administrative.**

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

- A new buyer has the Mark Twain building under contract and plans to appear before the LCRA Board before year-end (*Flisram*)
 - Staff is also expediting the financial analysis process (*Flisram*)
 - Faster timeline because developer needs to spend 10% of its rehab costs before year-end or it will lose its historic tax credits (*Long*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

- HRD will withdraw their request that the current developer for the Interstate Building submit a professional services CUP as a prior developer had already complied with the requirement (*Rayford*)
- A project cited for not reporting in August had experienced personnel turnover and will remedy the error (*Rayford*)

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

➤ **Uniform Affirmative Action Ordinance**

- City Council tabled the ordinance last week and has scheduled the matter again for this week (*Engel*)
 - Two main versions were both passed out of committee (*Hamilton/Engel*)
- Remaining issues of contention include:
 - HRD doesn't want to publish its rules and regulations regarding how they make their decisions (*Rayford*)
 - Income of minority business owners because they can't be certified as MBE/WBE if it passes a certain level (*Engel*)

➤ **Uptown Shoppes**

- Project was closed last week and LCRA no longer owns the shopping center (*Engel*)
- Referendum Petition / City Ordinances
 - Filed by group apparently led by the Kansas City School District after the City adopted an ordinance approving the Master Finance Agreement (MFA) (*Engel*)

- Opposition based on the MFA's pre-approval of incentives for the project's 2nd phase without following AdvanceKC procedures (*Engel*)
- City adopted a new ordinance which required phase 2 tax abatement to be subject to a financial analysis (*Engel*)
- Developer's request for sales tax exemption in phase 2 was omitted from the new ordinance (*Flisram*)
- LCRA and City legal and finance departments had previously advocated that phase 2 should be fully subject to AdvanceKC (*Engel*)

➤ **Downtown Density**

- Density and vitality are still needed in the area to attract businesses necessary to declare downtown Kansas City a success (*Flisram*)
- Studio and one-bedroom apartments are not long-term options for families (*Edwards*)
- Frustration stems from lack of benefits for other areas caused by resistance as well as bureaucracy (*Edwards*)

10. **Adjourn.**

There being no further business, the meeting was adjourned at 11:10 a.m.

Greg Flisram, Executive Secretary