

**RESOLUTION No. 6- -19**

**RESOLUTION OF THE LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI (“AUTHORITY”) APPROVING AMENDMENTS TO REDEVELOPMENT CONTRACT AND ESCROW AGREEMENT; AND AUTHORIZING OTHER ACTIONS RELATED THERETO.**

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

**WHEREAS**, on December 30, 1988, MBA Development Corp., an affiliate of McCormack Baron Salazar, issued for the benefit of the Authority a Promissory Note (“Note”) in the original principal amount of \$1,755,000.00, which indebtedness is secured by, among other things, the Deed of Trust (“Deed of Trust”) dated December 30, 1988, and recorded in the Office of the Director of Records of Jackson County, Missouri as Document No. 1988K0861447, in Book 1877, at Page 1290, as amended from time to time; and

**WHEREAS**, by 1992, following the development of Quality Hill Phase II-A (being Block 54 and the Cordova Hotel), the balance of the Note was \$540,000 and the only remaining security for the \$540,000 loan was the parking property adjoining Quality Hill Phase II-B; and

**WHEREAS**, following transfer of ownership of the parking property from McCormack Baron Salazar to the Quality Hill Parking Partnership in 1992, title work showed ownership in the Quality Hill Parking Partnership, subject to a first mortgage in favor of the Hall Family Foundation in the amount of \$650,000 and a second mortgage in favor of the Authority in the amount of \$540,000; and

**WHEREAS**, in 2006, the IRS issued a Private Letter Ruling from the IRS allowing the conversion of the 84 LIHTC rental units to affordable condominium; and

**WHEREAS**, Authority and Quality Hill Historic District – Phase II-B, L.P. (“Redeveloper”), also an affiliate of McCormack Baron Salazar, entered into the Redevelopment Contract dated July 12, 2007 and recorded as Document No. 2007E0100317, as amended by the First Amendment to Redevelopment Contract dated September 24, 2008 and recorded as Document No. 2008E0113611, and the Second Amendment to Redevelopment Contract dated May 25, 2011 and recorded as Document No. 2012E0013707 (collectively, the “Redevelopment Contract”), pursuant to which Redeveloper agreed to pay off the Note, obtain a release of the Deed of Trust from Authority, and rehabilitate an affordable housing project and convert the housing units to condominiums on real property located in Kansas City, Jackson County, Missouri and legally described as: (collectively, the "Property"):

Lot 2, being a replat of Lot 2, Quality Hill Parking, of a replat of Lots 1 & 2, of replat of Tract 1, Quality Hill Phase Two, QUALITY HILL SQUARE CONDOMINIUMS, a subdivision in Kansas City, Jackson County, Missouri, according to the plat recorded as Document No. 2008E005241; and

**WHEREAS**, SunAmerica purchased all of the subordinate debt, including the Hall Family Foundation and Authority loans, and the Deed of Trust was released by the Deed of Full Release dated January 23, 2008 and recorded as Document No. 2008E0013133; and

**WHEREAS**, the Authority supported the affordable condominium conversion effort by agreeing to deposit \$252,000 (out of the \$540,000 Note payment) into escrow under the Escrow Agreement dated July 12, 2007, as amended and restated by the Amended and Restated Escrow Agreement dated May 25, 2011 (collectively, "Escrow Agreement"). The Authority also directed that \$288,000 remaining out of the \$540,000 Note payment be paid to the City; and

**WHEREAS**, the Redeveloper began selling condominiums in 2008 but, since then, only 18 units have been sold as a result of the economic downturn and difficulty in securing mortgage financing for affordable income buyers; and

**WHEREAS**, in 2014, the Redeveloper reviewed these results with the Missouri Housing Development Commission ("MHDC"), whose support for the Private Letter Ruling had been instrumental, and MHDC agreed with the Redeveloper's conclusion that the conversion effort had not worked. MHDC agreed to and subsequently released the Land Use Restriction Agreement which had required continuing affordability on all rental units and condominium sales and resales; and

**WHEREAS**, SunAmerica, in cooperation with the Redeveloper, instituted a program for the preservation of Quality Hill Square (as the Property is now known), to include: 1) a modest rehab of the rental units for necessary repairs and updates in order to "retenant" the project; 2) the rehab of various common elements in the buildings; and 3) the marketing of certain condominium units in the buildings containing a concentration of condominium units, to minimize the mixing of rental and sales units within buildings, all for a cost of approximately \$1,200,000; and

**WHEREAS**, there are seven buildings, each with 12 units within the Property; and

**WHEREAS**, by Resolution No. 1-3-17 dated January 25, 2017, the Authority approved the Second Amended and Restated Escrow Agreement among the Authority, the Redeveloper, and Brokers Title, LLC ("Title Company"), as successor in interest to CBKC Title & Escrow, the title company under the Escrow Agreement, and approved the Third Amendment to Redevelopment Contract recorded as Document No. 2017E0030629, pursuant to which the Title Company released \$170,000 of the then escrow account balance to the Authority and the Title Company retained \$30,000 ("Escrow Account") for disbursement to the Redeveloper as provided in the amended Escrow Agreement and the amended Redevelopment Contract; and

**WHEREAS**, the Authority transferred the \$170,000 in escrow funds to the City with the recommendation that the funds be used in support of affordable housing; and

**WHEREAS**, to date, the Redeveloper has requested \$3,000 for down payment assistance in connection with the sale of the condominium units, leaving a current balance of \$27,000 in the Escrow Account; and

**WHEREAS**, the amended Escrow Agreement and the amended Redevelopment Contract provide that funds in the Escrow Fund as of December 31, 2018 are payable to the Authority; and

**WHEREAS**, the Authority desires to amend the Redevelopment Contract and the Escrow Agreement to extend the termination date to December 31, 2019, transfer the Escrow Agreement to Stewart Title Company, and to direct the title company to disburse the remaining funds in the Escrow Account to be used for down payment assistance in the amount of \$3,000 per condominium buyer.

**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 Redevelopment Contract and the Escrow Agreement are approved in forms that are substantially consistent with the amended terms as approved by the Board of Commissioners on this date, and such amended terms are: (a) extend the termination date to December 31, 2019; (b) transfer the Escrow Agreement to Stewart Title Company; and (c) instruct the title company to disburse the remaining \$27,000 in the Escrow Account to be used for down payment assistance in the amount of \$3,000 per condominium buyer in accordance with the Escrow Agreement.

2. Each of the Chairman, Vice-Chairman, and Executive Director is authorized and directed to execute and deliver an amendment to the Redevelopment Contract and an amendment to the Escrow Agreement consistent with this Resolution, subject to any changes, additions or revisions they, upon the advice of counsel, may deem necessary or desirable, for and on behalf of the Authority, such execution being conclusive evidence of such approval thereof. Each of the Chairman, Vice Chairman and Executive Director of the Authority, or their designees, is authorized and directed to take such further actions and to execute such other documents as may be necessary or desirable to effectuate the transactions contemplated by this Resolution.

3. This Resolution shall take effect immediately

ADOPTED by the Land Clearance for Redevelopment Authority of Kansas City,  
Missouri this 19<sup>th</sup> day of June, 2019.

LAND CLEARANCE FOR REDEVELOPMENT  
AUTHORITY OF KANSAS CITY, MISSOURI

By: \_\_\_\_\_  
Steven D. Hamilton, Chairman

ATTEST:

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Greg Flisram, Secretary