
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
BOARD MEETING MINUTES

DATE: August 28, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra (*via telephone*)
Daniel Edwards
Steve Hamilton
Gabriel Okafor

Absent: Pat Contreras

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Dion Lewis, City of Kansas City, Human Relations Dept.
Erica Torres, City of Kansas City, Human Relations Dept.
Joey Flickner, IUPAT DC3
Jim Woodson, IUPAT DC3
Don Maxwell, Jr., Linwood Shopping Center Redevelopment Co.
Andy Johnson, Plumbers Local #6

Chairman Hamilton called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Ms. Alhambra was present by telephone and Mr. Okafor was present in person. Mr. Edwards arrived at a later time.

2. **Administrative.** - *Review and approval of Meeting Minutes for July 24, 2019 (Ex. 2)*

ACTION TAKEN: APPROVED THE MINUTES FOR JULY 24, 2019, AS PRESENTED. MOTION MADE BY MR. OKAFOR, SECONDED BY MS. ALHAMBRA, AND CARRIED.

3. **Financial** – *Audit update* (Lee Brown)

Mr. Brown stated that the draft audit as well as any unsubmitted monthly financial statements would be presented at the Board's September meeting. Mr. Hamilton added

that the auditors had contacted him and that he had advised them that he knew of no unknown material issues.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

[Mr. Edwards arrived]

4. **Linwood-Prospect URA** – *Consideration of Amendment to Ground Lease and a Lender Agreement* (Brian Engel)

➤ ***Property Assessed Clean Energy program (PACE)***

- Federal loan program to promote energy-efficient, clean-energy improvements and construction (*Hamilton/Flisram*)
 - Funding offered by various different lenders as a non-traditional debt repaid via special assessments against the property (*Hamilton/Flisram*)
- Value of the clean energy investment is carried through the life of the project by extending with the land rather than the buyer (*Hamilton/Flisram*)
- Missouri Clean Energy District created by the Missouri PACE statute in 2010 governs State program (*Hamilton/Engel*)

➤ ***Ground Lease and Estoppel Agreement Amendment (“Amendment”)***

- Collection, indemnification, default, enforcement, and similar issues required additional Board consideration of documentation changes (*Engel*)
- Closing on UMB and PACE loans tentatively scheduled for next week but PACE loan can be closed at a later time if necessary (*Maxwell*)
- Provision not fully agreed to is the PACE lender’s request that the Authority take no action to hinder the PACE special assessment (*Engel*)
 - Lease already recognizes the Authority’s exemption from paying taxes (*Engel*)
 - Elimination of all unpaid taxes, including the PACE assessment, could be necessary to entice a new developer to take over the project (*Engel*)
- PACE lender also requested inclusion of standard mortgage language requiring LCRA’s recognition of a new tenant in the event of foreclosure (*Engel*)

ACTION TAKEN: APPROVED AMENDMENT TO GROUND LEASE AND ESTOPPEL AGREEMENT IN SUBSTANTIALLY THE FORM NEGOTIATED TO THIS POINT AND AUTHORIZING LEGAL COUNSEL TO FURTHER NEGOTIATE ANY FURTHER PROVISIONS TO PROTECT THE AUTHORITY. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. OKAFOR, AND CARRIED UNANIMOUSLY (*RES. NO. 8-1-19*)

5. **Administrative.**

- a. **MHDC Assisted Affordable Housing Fee Structure** – *Consideration of Amendment to LCRA Fee Schedule* (Dan Moye) (Ex. 5A)

[All statements made by Mr. Moye, unless otherwise noted]

➤ ***Current Fee Schedule***

- Tax abatement fee assessed at .3% of total project budget
 - Fee equates to approximately 3 to 4 years' worth of incentives

➤ ***Modified Fee Schedule***

- Tax abatement fee capped at lower of .3% of total project budget or annual tax amount shown on MHDC Form 2013
 - Fee equates to approximately 1 years' worth of incentives
 - MHDC Form 2013s for several affordable housing projects were reviewed and their estimates were all within 10% of actual tax numbers
- Modification initiated by a recent change in State tax law
 - Affordable housing projects now assessed by their annual revenues rather than their much higher total construction costs
- Substantial difference between project costs and value
 - Affordable housing projects generally have public benefit and do not generate substantial cash flows for developers
 - Blenheim project total project costs, for example, were @ \$15 Million while their assessment was @ \$1 Million

ACTION TAKEN: APPROVED CHANGE TO FEE SCHEDULE FOR LIHTC PROJECTS. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (RES. NO. 8-2-19)

- b. **Executive Director's Report** - *Active Projects Tracking System Report* (Greg Flisram) (Ex. 5B)

- 27th & Troost – Request for Proposals
 - One developer responded and they will be asked to submit a more detailed proposal for future Board consideration (*Hamilton/Long*)
 - Potential developer has constructed several successful projects in midtown and has a good track record (*Flisram*)
- Beacon House
 - LCRA now owns the land for the sale/leaseback project which closed earlier this month (*Okafor/Engel*)
 - Sales tax exemption certificate was issued to the developer and construction seems to be proceeding as planned (*Okafor/Engel*)
- Mark Twain

- Recent closing date fell through when developer questioned fees charged by the title company (*Engel*)
- MBE/WBE goals have not yet been set but developer is in active communication with the City's Human Relations Dept. (*Rayford/Engel*)
- Awaiting further communication from developer's attorney as to status (*Engel*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

c. **Affirmative Action Report** (Sandra Rayford) (**Ex. 5C**)

- Affirmative Action Subcommittee will need to meet on September 13, 2019 at noon to discuss certain projects (*Rayford*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

d. **Election of Secretary** - The current Secretary is Greg Flisram

[*Vote was taken after Mr. Moye was elected as LCRA's Executive Director (agenda item #5E)*]

ACTION TAKEN: ELECTED DANIEL MOYE AS SECRETARY EFFECTIVE SEPTEMBER 1, 2019. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-3-19*)

e. **Selection of Executive Director** – The current Executive Director is Greg Flisram

- Mr. Flisram confirmed his exit as Executive Director was due to his promotion to interim CEO of the EDC and its accompanying workload (*Hamilton/Flisram*)
- Entering executive session to discuss a personnel issue would only be necessary if Board members wished to comment on the change (*Hamilton/Edwards*)

ACTION TAKEN: SELECTED DANIEL MOYE AS EXECUTIVE DIRECTOR EFFECTIVE SEPTEMBER 1, 2019. MOTION MADE BY MR. OKAFOR, SECONDED BY MR. EDWARDS, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-3-19*)

Mr. Long advised that staff was notified yesterday about a matter which may require a special Board meeting prior to the Board's regular monthly meeting on September 25, 2019. He explained that a proposed affordable senior duplex development at 22nd and Prospect had asked for the release of a 1995 LCRA Redevelopment Contract as a title encumbrance on the property. He said the project's closing date was September 17, 2019, which might necessitate the special meeting. Mr. Hamilton and Mr. Engel discussed options regarding the required public notice for the proposed action. Mr. Engel confirmed that he would contact the counsel for the project to determine if a special meeting would be necessary or if the matter could be handled post-closing or if the closing date could be delayed.

Mr. Lewis introduced Ms. Torres as a new analyst in the City's Human Relations Division compliance division.

Mr. Hamilton and Mr. Okafor discussed the impact a new mayor might have on current Board appointments.

6. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:15 a.m.

Daniel Moye, Secretary