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**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY**  
**BOARD MEETING MINUTES**

**DATE:** September 25, 2019  
**TIME:** 9:30 a.m.  
**PLACE:** 300 Wyandotte, 2<sup>nd</sup> Floor  
Kansas City, Missouri

1. **Roll Call.**

**Present:** Faiza Alhambra (*via telephone*)  
Pat Contreras  
Daniel Edwards  
Steve Hamilton

**Absent:** Gabriel Okafor

**Staff:** Dan Moye, LCRA  
Susan Tumey, LCRA  
Lee Brown, EDC  
Debra Davis, EDC  
Bob Long, EDC  
Sandra Rayford, EDC  
Cynthia Williams, EDC

**LCRA Legal Counsel:** Brian Engel, Rouse Frets

**Guests:** Tara Laughlin, Allen, Gibbs & Houlik L.C. (*via telephone*)  
Jim Noland, Central States Capital  
Alexis Butler, City of Kansas City  
Matt Wilks, City of Kansas City  
Dion Lewis, City of Kansas City, Human Relations Dept.  
Diane Botwin, Ice House Partners, LLC  
Andrew Ganahl, Ice House Partners, LLC  
Jim Woodson, IUPAT DC3  
Christina Drews, Jackson County  
Carol Gordon, Jackson County  
Jensie Culton, Marlborough Community Coalition  
Rodger Kube, Marlborough Community Coalition  
Becca McQuillen, Marlborough Community Coalition  
Ernest Merritt, Marlborough Community Coalition  
Tameka Merritt, Marlborough Community Coalition  
Nancy Phelps, Marlborough Community Coalition  
Bill Kimble, Neighborhoods United  
Jeph Burroughs Scanlon, Observer

**Guests:** Rich Cook, Stinson  
Rachel Peterson, Stinson  
Jere Sellers, Stinson  
Mike Hughes, TSI Geotech  
Brice Barnard, UMKC/Marlborough  
Ben Gaede, UMKC/Marlborough  
Tony Luppino, UMKC/Marlborough  
Quinlan Moll, UMKC/Marlborough

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. Contreras was present in person. Mr. Edwards arrived at a later time.

2. **Administrative**. - Review and approval of Meeting Minutes for August 28, 2019 (**Ex. 2**)

*ACTION TAKEN:* APPROVED THE MINUTES FOR AUGUST 28, 2019, AS PRESENTED. MOTION MADE BY MR. CONTRERAS, SECONDED BY MS. ALHAMBRA, AND CARRIED.

*[Mr. Edwards arrived]*

3. **Financial**

a. Review and acceptance of the Financial Reports for the months of May, June, July, and August, 2019 (Lee Brown) (**Ex. 3A-1 – 3A-4**)

- Rouse Frets legal fees for Arterra were paid when the project closed last week (*Brown*)
- No concerns regarding Hyatt House and Mark Twain projects remaining open with substantial balances (to be paid at closings) (*Brown*)

*ACTION TAKEN:* ACCEPTED THE FINANCIAL REPORTS FOR MAY, JUNE, JULY, AND AUGUST 2019, AS PRESENTED. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

b. Review and acceptance of the draft LCRA Audit for fiscal year 2019 (Lee Brown) (**Ex. 3B**)

*[all statements by Ms. Laughlin unless otherwise noted]*

- Auditors issued an unmodified clean opinion that LCRA financial statements materially reflected its FY19 books and records
  - Standard accounting language meaning clean audit, no material omissions (*Laughlin/Hamilton/Alhambra*)
- Auditor letter to Board
  - New accounting standards were implemented in FY19 which were not applicable to the LCRA (p. 1)

- Only major adjustment of audit was changing the way bond transfers were being tracked regarding the Convention Center Hotel project (p. 2)
- EDC and LCRA staff were very responsive to all audit requests (p. 2)
- Provision of general information regarding IT governance and security, which impacts LCRA through the EDC (p. 4) (*Hamilton/Laughlin*)

**ACTION TAKEN:** ACCEPTED THE LCRA AUDIT REPORT FOR FISCAL YEAR 2019 AS PRESENTED. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

4. **Marlborough Community Coalition Urban Renewal Plan (Proposed)** – *Consideration of Approval of a Finding of Blight and the Marlborough Community Coalition Urban Renewal Plan* (Bob Long) (**Ex. 4A-4B**)

➤ ***Community Land Trust***

- Neighborhood effort designed to facilitate long-term availability of affordable housing in area (*Long*)
- Primary goal is to revitalize housing (*McQuillen*)
  - Tax abatement is one method to incentivize people to rehab their homes
  - Marlborough Community Coalition (“MCC”) plans to acquire several area homes, including almost 200 Land Bank or abandoned properties
  - Workshops about City programs assisting in home repairs have been held for low-income and long-term area residents

➤ ***Financial Analysis***

- LCRA policy does not require a financial analysis for projects east of Troost within a continually distressed census tract (*Long*)

➤ ***UMKC Blight Study***

- Study performed by master-level law and business students from UMKC with professorial supervision (*Luppino*)
  - Part of UMKC’s urban engagement mission
  - Blight study costs normally range from \$20,000 to \$25,000 (*Edwards/Long*)
- Blighting conditions (*Luppino*)
  - Defective or inadequate street layout in over half of parcels surveyed
  - Improper subdivision, obsolete platting, faulty lot shape, non-conformity of use, and deterioration of site improvements
  - High percentage of vacant parcels, more than half of which had unsafe or insanitary conditions
  - 478 open 311 cases regarding property violations and service requests
  - 7 billboards which were visibly deteriorated
  - Life expectancies in the area were lower than the rest of the City
  - Crime rates in the area were higher than national averages
  - Area lacked grocery stores, libraries, and health facilities

- Blight study boundaries were intentionally drawn to include Troost and the Paseo and Prospect commercial corridors to bring in private investment to the area (*McQuillen*)

*ACTION TAKEN:* APPROVED THE FINDING OF BLIGHT IN THE PROPOSED MARLBOROUGH COMMUNITY COALITION URBAN RENEWAL AREA. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

➤ ***Proposed Urban Renewal Plan***

- Plan designed to support community's intent for affordable long-term single-family housing and appropriately scaled commercial uses (*Long*)
  - Current multi-family properties within area will be eligible for tax abatement but zoning for additional multi-family will not be supported (*Hamilton/Long*)
- Area home prices will range from moderate to 80% AMI (*Hamilton/McQuillen*)
  - Current AMI for the neighborhood is 60% (*McQuillen*)
- Business development efforts have been limited because housing is the primary focus (*Contreras/McQuillen*)
- Eminent Domain
  - Additional information would need to be added to the blight study before eminent domain could be exercised (*Hamilton/Engel/Long*)
  - MCC's authorization to use eminent domain as well as a Plan amendment requiring City Council approval would also be required (*Long*)
  - MCC included the eminent domain power in the Plan to have it available but did not want to initially identify any individual parcels (*Long*)
  - MCC should begin to identify properties for eminent domain now due to time considerations regarding development processes (*Edwards*)

➤ ***Tax Abatement***

- Chapter 353 processes are much more complex so its 25-year abatement was not chosen as the area's incentive (*Edwards/Moye/Long*)

*ACTION TAKEN:* APPROVED THE MARLBOROUGH COMMUNITY COALITION URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

(RES. NO. 9-1-19)

5. **Waldo Ice House Urban Renewal Plan (Proposed)** – *Consideration of Approval of a Finding of Blight and the Waldo Ice House Urban Renewal Plan* (Bob Long) (**Ex. 5A-5B**)

➤ ***Blight Study***

- Staff performed the blight study and deemed the building unsafe due to its mold, exposed wiring, water damage, and other deterioration (*Long*)

- Building's exterior and signage were also similarly deteriorated (*Long*)

➤ ***Financial Analysis***

- Initial financial analysis being presented to provide Plan information to the Board (*Long*)
  - Project will be the first mixed-use building and new residential in the Waldo area (*Long*)
- Abatement for the project is capped at 75% as it is not within a continually distressed census tract (*Long*)
- IRR of 8.67% with abatement is appropriate given the level of risk of the project (*Long*)

➤ ***Board Considerations***

- Botwin Real Estate purchased the property one-year ago and is in the process of transferring title to Ice House Partners, LLC (*Hamilton/Botwin*)
  - Property was purchased from its former owner who had occupied the site for more than 30 years but performed little maintenance (*Hamilton/Botwin*)
- Project currently plans for 35 parking spaces for 33 units (*Hamilton/Botwin*)
  - Mass transit is readily available onsite (*Hamilton/Botwin*)
- Commercial space will be about 4,800 square feet on the first floor of the project with apartments on the floors above (*Contreras/Botwin*)
  - Small businesses or offices are being courted for the commercial area (*Hamilton/Botwin/Ganahl*)
  - Restaurants will not be considered for the space as their businesses would overly stress available parking (*Hamilton/Botwin/Ganahl*)

***ACTION TAKEN:*** APPROVED THE FINDING OF BLIGHT IN THE PROPOSED WALDO ICE HOUSE URBAN RENEWAL PLAN. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

➤ ***Further Board Considerations***

- Plan approval is requested today while project and redevelopment agreement approval will be considered at a later date (*Hamilton/Long*)
  - A more detailed financial analysis will be provided when the specific project and tax abatement are presented for approval (*Hamilton/Long*)
  - Project and financial information were presented to the taxing jurisdictions, who had no objections (*Moye*)
  - Waldo Business Association and the Tower Homes Neighborhood Association also had no objections to the project (*Botwin*)

***ACTION TAKEN:*** APPROVED THE WALDO ICE HOUSE URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MR.

EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY.

(RES. NO. 9-2-19)

6. **Linwood-Prospect URA** – *Consideration of Amendment to Assignment, Assumption and Amendment of Ground Lease and Redevelopment Contract* (Brian Engel)

- Continuing delays have delayed closing on the project, a 30-day extension of all deadlines in the Redevelopment Agreement in case financial closing does not occur before September 30, 2019 (*Hamilton/Engel*)

*ACTION TAKEN:* APPROVED AMENDMENT TO ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND REDEVELOPMENT CONTRACT TO UPDATE DEVELOPMENT DEADLINES. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. CONTRERAS, AND CARRIED UNANIMOUSLY. (RES. NO. 9-3-19)

7. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 7A**)

- Hyatt House should close in the near future (*Moye/Engel*)
- Mark Twain – project remains in limbo due to developer's concerns regarding title company fees (*Engel*)
  - LCRA's requirement that the amount of the owner's policy equals the bond principal increases the policy's costs (*Engel*)

*ACTION TAKEN:* NONE; INFORMATIONAL ONLY

b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 7B**)

- City's HRD is working with developers who were not reporting to help ensure their compliance (*Rayford*)
- Staff recently met with Mr. Lewis to discuss methods for both agencies to ensure developers were kept informed about HRD processes prior to project end (*Moye*)

*ACTION TAKEN:* NONE; INFORMATIONAL ONLY

c. **Legislative Update** – *Amendment to Section 107.170, RSMo, Concerning Payment Bonds* (Brian Engel) (**Ex. 7C**)

➤ ***General***

- Entering executive session to discuss the policy is not necessary (*Hamilton/Engel*)

➤ ***Payment Bonds***

- August 2019 State statute amendment requires developers purchase payment bonds for municipal lease projects (*Engel*)

- LCRA is impacted because of its ownership of sale/leaseback properties (*Engel*)
- Payment bonds protect contractors by requiring developers or contractors purchase the bond to compensate workers if the developer or contractor fails to pay for labor or materials (*Engel*)
  - Mechanic liens cannot be filed against publicly owned property (*Engel*)
- Individual commissioners can be held liable if payment bonds are not in place and may be indemnified by public entity (*Engel*)
- ***Performance Bonds***
  - Performance bonds are not legally required for municipal lease projects but could be beneficial under certain circumstances (*Engel*)
  - Performance bonds are usually required for every project funded with federal or public monies to ensure project completion (*Contreras/Engel*)
- ***Hyatt House project***
  - Developer acknowledged LCRA's legal need to require a payment bond but requested that a performance bond not be required (*Engel*)
    - \$38 Million hotel project (*Edwards/Engel*)
  - Decision should be made now whether or not to require a performance bond (*Hamilton*)
- ***Policy Decision***
  - Recommend that LCRA require payment bonds as mandated by statute and require performance bonds on a case-by-case basis (*Hamilton*)
    - May be problematic if developers had to wait for Board action to learn if the bond would be required (*Hamilton*)
    - Arguments for or against a performance bond could be presented a month prior to project approval to allow developers to incorporate the cost (*Moye*)
    - Requiring performance bonds for projects can depend on whether (1) public monies are involved and (2) the nature of the project (*Hamilton/Contreras*)
  - Affordable/HOME Fund Projects
    - Budgets for affordable projects are usually limited and unable to sustain any additional costs (*Edwards*)
    - Developers transfer extra costs to the buyer, which can make the project no longer affordable for the purchaser (*Edwards*)
    - Requiring a performance bond for an affordable project could ensure the development is completed (*Hamilton*)
    - Requiring both bond types increases project cost, which varies depending on business size and credit worthiness of the developer (*Edwards/Engel*)
  - Most LCRA projects are not sale/leasebacks (*Moye*)
    - Amendment applies if LCRA owns the property and leases it to the developer (*Engel*)

- Performance bonds applicable only to projects in which the LCRA or City have a vested interest in their completion (*Hamilton*)
- TIF and PIEA have not been affected by the amendment as TIF normally doesn't own property and PIEA hasn't used sale/leasebacks (*Contreras/Moye*)

*ACTION TAKEN:* AGREED TO (1) REQUIRE PAYMENT BONDS ON ALL SALE/LEASEBACK PROJECTS AS LEGALLY REQUIRED AND TO REQUIRE PERFORMANCE BONDS ON A CASE-BY-CASE BASIS AND (2) NOT TO REQUIRE A PERFORMANCE BOND FOR THE HYATT HOUSE PROJECT

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 10:55 a.m.

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Daniel Moye, Secretary