EXHIBIT 6B
LCRA 12/18/19

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MUNICIPAL ADVISORS

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Baker Tilly Virchow Krause, LLP
9229 Ward Parkway, Suite 104
Kansas City, MO 64114
bakertilly.com

MEMORANDUM

TO: Robert Long, Senior Development Services Specialist
Economic Development Corporation of Kansas City, Missouri

FROM: Thomas Denaway, Director

DATE: October 28, 2019

SUBJECT: Waldo Icehouse Project – Impact of Increased Project Costs

Baker Tilly Municipal Advisors (BTMA) previously prepared a But-For determination report for the proposed Waldo Icehouse Project. The project is anticipated to include the development of a four-story mixed-used building with commercial ground floor uses and approximately 33 market-rate apartments on the second through fourth floors. Our But-For determination report concluded that the proposed project would be unlikely to proceed without a public subsidy. The Developer of the project (Ice House Partners LLC) has requested assistance in the form of an LCRA property tax abatement on real property value at a rate of 75% for 10-years.

As the Developer has progressed with design of the proposed project and further refinement of their project budget, they are realizing project costs are likely to be higher than originally anticipated. The original But-For determination report originally identified a total project budget for the development of approximately $7,525,000. Based on revised information submitted by the Developer, it appears the total cost of developing the project is anticipated to increase to approximately $8,000,000 an increase of $475,000 or approximately 6.3%. BMTA has been asked to provide comment on how this change in the project budget will impact our original but-for finding.

Our original But-For determination repot concluded that the proposed project would be unlikely to occur but-for public assistance, due to inadequate return on investment to the Developer. Ultimately, the return on investment realized by the Developer is a factor of the cost of developing the project and the amount of revenue anticipated to be generated by the project upon completion. If the Developer were to realize changes to these areas (costs and revenues) it would impact their anticipated rate of return.

In order to illustrate the impact the proposed budget changes would have on the Developer's projected rate of return with and without assistance we prepared revised return calculations. Table A, on the following page, illustrates the revised returns.

Table A

Revised Pro Forma	With 10-Years @ 75% Request	Without Assistance
Unleveraged	7.85%	4.10%

Additionally, we prepared an updated sensitivity analysis that incorporated the revised project cost estimate. Table B, below, details the significant findings of the sensitivity analysis:

Table B

Without Assistance Sensitivity Analysis	Change Necessary to be Feasible	Rate of Return without Assistance
Decreased Costs	22% Decrease	7.18%
Increased Revenue	28% Increase	7.16%
Combined Cost and Revenue Changes	13% Decreased Costs 13% Increase Rev	7.35%

In this case, the Developer is anticipated to realize a higher level of project costs but is not anticipated to see any increase in operating revenues from our prior analysis. Since the Developer will be realizing a higher cost of developing the project, without the benefit of a corresponding increase in development revenue their anticipated rate of return will decrease from the amount that was originally projected within the But-For determination report. As a result, we can conclude that the anticipated increase to the project budget will not impact our original but-for conclusion, and the project would still be unlikely to proceed but-for a public subsidy.