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

DATE: January 27, 2021
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

**EXHIBIT 2
LCRA 2/24/21**

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley

Absent: Tammy Henderson

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Andy Adkins
Lee Brown, EDC
Aaron Knight, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Mason Andrew	Jenay Manley, Gabriel Towers
Janice Bolin, Kansas City Public Library	Clay Marcuson
Tiana Caldwell, Gabriel Towers	Ashley McAlmond, Polsinelli
Ron Clark, KC Tenants	Ron McMillan, Gabriel Towers
Sylvester Ellis, Gabriel Towers	Kathleen Pointer
Lee Felgar, Millennia	Tara Raghuvver, Gabriel Towers
Matt Flener, KMBC	Cat Reid
Heather Furr	Margie Richcreek
Chuck Gleason	James Shelby
Kevin Hardy	James Stone, Gabriel Towers
Roxsen Koch, Polsinelli	Wilson Vance, KC Tenants
Vickey "Marie" Landers, Gabriel Towers	Leidy Quitian Varon
Dion Lewis, City of Kansas City	Renee Weiss, Millennia

Mr. Gardner called to order the monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority and declared a quorum as Commissioners Bough, Gardner, and Hazley were present via videoconference. *[All Board members, staff, and guests participated in the meeting via videoconference.]*

2. **Administrative** – *Annual Election of Officers for 2021 (Rob Gardner)*

ACTION TAKEN: ELECTED THE SLATE OF OFFICERS NOMINATED FOR THE 2021 CALENDAR YEAR. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 1-1-21*)

3. **Administrative** - *Review and approval of Meeting Minutes for December 9, 2020 (Ex. 3)*

ACTION TAKEN: APPROVED THE MINUTES FOR DECEMBER 9, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

4. **Financial** - *Review and acceptance of the Financial Reports for November and December, 2020 (Lee Brown) (Ex. 4A-4B)*

Mr. Brown advised that both months experienced very little financial fluctuation. He noted that tax abatement fees had increased in December per the usual influx of applications in the latter part of the year.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORTS FOR NOVEMBER AND DECEMBER, 2020, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MR. GARDNER, AND CARRIED UNANIMOUSLY.

5. **Key Coalition URA** – *Affordable Townhouse Project - 2701 – 2705 – 2711 Brooklyn Avenue (Bob Long) (Ex. 5)*

[All statements made by Mr. Long unless otherwise noted.]

- City and the Land Bank own the three parcels comprising the project
- City will provide all funding for the project
- Key Coalition Neighborhood Association was heavily involved in project design
- Redevelopment agreement will be between the City and developer
- Staff felt that the Board should be informed about the affordable townhouse units, as the project was eligible for administrative approval

ACTION TAKEN: NONE; INFORMATIONAL ONLY

6. **E. 23rd Street Urban Renewal Area – 1600 Jackson** – *Project Status Update (Dan Moyer) (Ex. 6A-6B)*

➤ **Notice of Default December 16, 2020**

- LCRA remedies are subject to Developer and lender cure periods set out in Lease and Redevelopment Agreement (*Engel*)
- Notice is over-reaching as it contains topics well beyond the agreement and lease (*Koch/Felgar*)

- In spirit of cooperation, Developer successfully completed all work and repairs detailed in the New Horizons and Healthy Homes reports (*Felgar*)
- LCRA's notice is not over-reaching. All items cited in the Notice of Default related to property maintenance, which was the owner's contractual agreement with the LCRA (*Bough*)
- New Horizons' report was based on their inspection of the units they were admitted to, which does not necessarily mean all issues were identified (*Bough*)
- LCRA's authority to monitor maintenance issues and how they are remedied comes from its lease of the building to the developer (*Hazley*)
- Notice was over-reaching in that specific items of default were not identified, so developer could not say for certainty what needed to be cured (*Koch*)
- LCRA will rely on Healthy Homes to verify that the items cited in the reports have been completed (*Engel*)

➤ **Millennia December 31, 2020 Response to Notice of Default**

- Millennia reiterated its intention to apply for MHDC tax credit financing to pay for a major renovation to the property in 2021 (*Engel*)
 - Closing on the LIHTC funding is estimated for the 4th quarter of 2021, with rehab work on the building done floor by floor in the following year (*Felgar*)
- Millennia also offered to reacquire title to the property once the refinancing had occurred, which would terminate LCRA's tax exemption for the project (*Engel*)
 - LCRA would agree to not oppose the refinancing and to not pursue any remedies under its contracts with Millennia (*Engel*)
 - A new ownership entity would be created once the tax credit funding transaction was closed, which would not ask for tax abatement (*Felgar*)
- Healthy Homes advised on January 8, 2021 that all original items in its November 19, 2020 and December 4, 2020 reports had been corrected (*Moye/Engel*)
 - New items were cited in the Healthy Homes December 4, 2020 report, which is not unusual for large multi-family buildings to have ongoing maintenance issues (*Engel*)
- Millennia disputed some issues in the Notice and requested clarification on others, and despite not receiving a response from the LCRA, it continued to address issues in need of repair (*Felgar*)

➤ **Millennia January 25, 2021 Response to Notice of Default**

- Included unit by unit information regarding the status of work to correct items listed in the Healthy Homes and New Horizon reports (*Engel*)
- Notice should be rescinded as repairs had been completed or the LCRA should provide a written acknowledgment that the items had been cured (*Felgar*)
 - LCRA can't have a default notice when no issues are outstanding (*Felgar*)
 - Notice has had a material impact on Millennia's relationship with national lenders (*Felgar*)

- A written acknowledgment regarding items which had been cured can be shared with their lender and other investors so developer's legal status with the LCRA is understood (*Koch*)

➤ **Tenant Testimony**

- Millennia determined that many repair requests from the tenant advocacy group had already been completed and any remaining requests were placed in the system to be addressed timely (*Felgar*)
 - Tenants have always been able to submit work order requests by contacting the management office (*Felgar*)
- Ron McMillan
 - Has received no compensation for personal possessions destroyed during developer's repair of his apartment
 - Communication between tenants and the developer and property manager is non-existent
 - Tenants should be an integral part of operating and maintaining the building
 - Video will show that the manager shoved him out of her office when he tried to present work orders in person as the tenant union representative
 - Developer's statements denying alleged harassment by its managers were untrue
 - Management has not produced any information regarding the recent deaths of two tenants
- James Stone
 - Management cannot be contacted, even in emergency situations, as evidenced during an elevator's breakdown over the weekend
 - Tenants and management should work together to ensure livable conditions in the building
 - Ron McMillan has had to establish himself as the primary contact person for the building's washer repairmen
 - Daily instances, such as someone spraying a fire hose in a hallway, show that security is non-existent
 - Tenants should be included in the process of finding a new manager as the current manager refuses to speak to tenants, hides her face, and slams her office door
- Sylvester Ellis
 - Manager denied responsibility for locking the apartment door of another resident who was hospitalized for several days
 - Repairmen were prepared to paint over the black mold in his apartment rather than actually fixing the issue
 - Prevalence of mold in his apartment has caused severe health issues for him
 - Tenants are asking for help because of the horrible living conditions
- Tiana Caldwell
 - Ceiling in common room is currently being repaired for collapsing, which is illustrative of the building's dilapidated conditions
 - The entire building should be inspected as the amount of mold shown in the ten units inspected is probably indicative of larger issues

- A comprehensive scope of work conducted as part of the major rehab will be needed to determine and address deeper issues such as the status of mold in the building (*Engel*)
- Vickey Landers
 - Chemicals used to treat bedbug infestation caused her to have an allergic reaction, which resulted in a visit to the hospital
 - Bedbug solution was too watered down to have much effect
 - Electric stove sparks when turned on
 - Requested that management respond to her concerns
 - LCRA staff received a letter from an attorney last week regarding another tenant's issues with bedbugs (*Engel*)
- Management Response
 - Ensuring healthy living conditions continue is currently hampered by pandemic concerns among residents about admitting anyone to their apartments (*Bough/Felgar*)
 - Management is responding to essential services and emergency matters and tenants are encouraged to make requests via work order (*Bough/Felgar*)
 - A complete capital needs assessment inspection of the building will be conducted to assist in completing the rehab work (*Felgar*)
 - Descriptions of the current building manager, a long-term dedicated employee, were inappropriate and may be related to pandemic concerns about admitting tenants to the office without appointments (*Felgar*)
 - Developer will once again examine the units based on tenants' comments today and continue to make repairs (*Felgar*)
 - Developer apologizes for the difficult and challenging living conditions (*Felgar*)
 - Bedbug remediation was performed by exterminating companies with approved EPA standards (*Felgar*)

[The Board moved into closed session to discuss legal issues and other matters related thereto, pursuant to Section 610.021, subsection 1, in order to consult with legal counsel.]

Motion to move into Executive Session made by Ms. Bough and seconded by Ms. Hazley

Roll Call Vote to Move into Executive Session

Ms. Bough	Aye
Mr. Gardner	Aye
Ms. Hazley	Aye

Roll Call Vote to Move out of Executive Session and reopen Public Session

Ms. Bough	Aye
Mr. Gardner	Aye
Ms. Hazley	Aye

A motion was made on the issue that was discussed in close session.

ACTION TAKEN: AUTHORIZED LEGAL COUNSEL AND THE EXECUTIVE DIRECTOR TO ENTER INTO NEGOTIATIONS WITH MILLENNIA OR ITS LEGAL ENTITIES TO NEGOTIATE A STANDSTILL AGREEMENT WITH THE FOLLOWING PARAMETERS: (1) LCRA WILL NOT SEEK DEFAULT REMEDIES UNDER ITS LEASE OR REDEVELOPMENT CONTRACT PROVIDED THAT MILLENNIA COMPLIES WITH THE STANDSTILL AGREEMENT OR FORM OF AGREEMENT ULTIMATELY ENTERED INTO AND DEMONSTRATES GOOD FAITH COMPLIANCE WITH THE LEASE AND REDEVELOPMENT CONTRACT PENDING TITLE TRANSFER AS VERIFIED BY HEALTHY HOMES; (2) LCRA RESERVES ITS RIGHTS TO ENFORCEMENT AND REMEDIES UNDER THE CURRENT LEASE AND REDEVELOPMENT CONTRACT, INCLUDING UNDER THE CURRENT NOTICE OF DEFAULT AND ISSUANCE OF NEW DEFAULT NOTICES FOR NEW VIOLATIONS; (3) LCRA WILL ONLY SEEK REMEDIES DUE TO FAILURE TO MAINTAIN THE PROPERTY AS REQUIRED BY THE LEASE AND REDEVELOPMENT CONTRACT AS VERIFIED BY HEALTHY HOMES AND SPECIFICALLY IDENTIFIED VIOLATIONS OF CITY COUNCIL ORDINANCES AS VERIFIED BY THE CITY OR HEALTHY HOMES; (4) MILLENNIA WILL OBTAIN FINANCING IN 2021 TO PERFORM A MAJOR REHABILITATION, INTENDED TO CORRECT THE UNDERLYING PHYSICAL DEFECTS AND IMPROVE THE PROPERTY FOR THE BENEFIT OF THE TENANTS, WHICH IS EXPECTED TO TAKE UP TO TWELVE (12) MONTHS TO COMPLETE AFTER FINANCIAL CLOSING; MILLENNIA WILL PROVIDE A SCOPE OF WORK FOR MAJOR REHAB AND TIMELINE FOR CLOSING; (5) MILLENNIA WILL WORK WITH AND COMMUNICATE IN GOOD FAITH WITH TENANTS AND TIMELY RESPOND TO REPAIR REQUESTS AS VERIFIED BY HEALTHY HOMES; (6) MILLENNIA WILL ACCEPT TITLE TO THE PROPERTY AT THE TIME OF THE REFINANCE CLOSING BEFORE THE END OF 2021, PROPERTY TO BECOME FULLY TAXABLE IN 2022 AND BEYOND, AND LCRA WILL NO LONGER HAVE ANY INVOLVEMENT IN PROPERTY; (7) MILLENNIA WILL NOT SEEK TAX INCENTIVES FOR THE PROPERTY OTHER THAN TAX CREDIT FINANCING APPROVED BY MHDC; (8) MILLENNIA WILL RELOCATE TENANTS FOR TEMPORARY DISPLACEMENT IN ACCORDANCE WITH HUD RELOCATION REGULATIONS; (9) MILLENNIA WILL CONTINUE TO BE SUBJECT TO HUD AND CITY COUNCIL ORDINANCES AND REGULATIONS REGARDING OPERATION AND MANAGEMENT OF THE PROPERTY; (10) THAT THERE BE ONGOING INSPECTIONS SCHEDULED WITH HEALTHY HOMES; AND (11) THAT MILLENNIA ALLOW FOLLOW-UP ADDITIONAL INSPECTIONS. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. No. 1-2-21*)

Mr. Moye clarified that LCRA's intent was to try to work with Millennia towards a resolution and that it was not relinquishing its responsibilities on the project. He stated that the LCRA would continue to work with the City's Healthy Homes department to provide the Board with updates about any ongoing issues. He advised that the LCRA would also work with New Horizons to conduct an updated mold investigation of the building.

Ms. Caldwell and Mr. McMillan asked Mr. Felgar to commit to a meeting in Kansas City with tenants. Mr. Felgar advised that he could probably do so within about three weeks. Mr. Moye stated that the LCRA could assist in arranging the meeting but did not need to attend.

7. **Administrative.**

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

- Discussion regarding requirement for prevailing wage on projects approved for tax incentives. Informational only.
 - Staff wanted to initiate discussion about the pros and cons of requiring payment of prevailing wage (*Moye/Engel*)
 - City Council discussed about 10-12 years ago, but did not pass, a proposed ordinance to require prevailing wage for all tax abated projects (*Engel*)
 - TIF has since required prevailing wage for public infrastructure improvement projects but only on things for which they reimburse (*Moye/Engel*)
 - PIEA staff can provide information about the issues they encountered when selecting only certain scopes to receive prevailing wage (*Koch*)
 - Budgetary impact of prevailing wage can be inverse to the size of project, as larger projects tend to already use specialized steel trades while smaller wood frame projects do not (*Moye*)
 - Prevailing wage mandates should be applied selectively as the expense can derail projects (*Hazley*)
 - LCRA staff will continue to provide updates to the Board about the issue (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

Ms. Rayford advised that the Affirmative Action Committee met for the first time on January 19, 2021 and reviewed the report marked as Exhibit 7B in detail. She added that the committee planned to meet the third Tuesday of every month.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

8. **Adjourn.**

There being no further business, Ms. Bough made a motion to adjourn the meeting, seconded by Ms. Hazley and carried unanimously. The meeting was adjourned at approximately 11:50 a.m.

Daniel Moye, Secretary