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

DATE: February 24, 2021
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

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: Phil Aftuck, Bernstein Company
Jan Bolin, Kansas City Public Library
Tiana Caldwell, Gabriel Tower
Ron Clark, KC Tenants
Lance Dorn, SB Friedman
Michael Duffy, Legal Aid
Sylvester Ellis, Gabriel Tower
Lee Felgar, Millennia
David Ferman-Louis, SB Friedman
Thomas Friestad
Chuck Gleason, UMB
Terry Hogan, SB Friedman
Roxsen Koch, Polsinelli

Vickey Landers, Gabriel Tower
Dion Lewis, City of Kansas City
Brandon Mason, Legal Aid
Don Maxwell, Linwood Square
Ron McMillian, Gabriel Tower
Brian Noland, James & Noland
Kathleen Pointer
Cliff Poupirit
Tara Raghuvver, Gabriel Tower
Fran Rood, SB Friedman
Jordan Schiele, Jerusalem Farm
Thong Thai, BA Properties, LLC
Wilson Vance, KC Tenants
Renee Weiss, Millennia

[Mr. Moye initiated the discussion about prevailing wage as the Board had not yet achieved quorum.]

12(a) - **Administrative** - Discussion regarding requirement for prevailing wage on projects approved for tax incentives. Informational only (Dan Moye)

➤ **Proposed Incentive Reform Ordinance 200497**

- Financial impact of adding prevailing wage to the Ordinance was extensively discussed at the City's 2/5/21 Committee meeting (*Moye*)
- City Council's current plan is to remove prevailing wage from the Ordinance for separate consideration (*Bough*)
 - State statute requiring payment of prevailing wage exempts projects with costs less than \$75,000 (*Bough*)
 - Labor unions are typically more concerned about ensuring that larger projects pay prevailing wage (*Bough*)

➤ **Current Prevailing Wage Requirements**

- TIF is currently the only incentive agency which requires prevailing wage, as its infrastructure projects can be funded by public monies (*Moye*)
 - If any amount of public funding is used for a project, state statute requires prevailing wage for the entire project
 - TIF also requires prevailing wage on any money it has reimbursed
- Incentive projects are abating a tax payment, not giving money to a developer, so the state statute is not triggered (*Moye*)
- Central City Economic Development (CCED)
 - CCED projects have been required to pay prevailing wage across the board, which greatly increases their costs (*Hazley*)
 - Conversation about development in the urban core and how policy should be segmented needs to occur (*Hazley*)
- Costs added to a project as a result of paying prevailing wage tend to vary inversely to the size and type of the project (*Moye*)
 - Larger steel frame projects can usually absorb the costs because they tend to already pay prevailing wage versus smaller projects (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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** - Review and approval of Meeting Minutes for January 27, 2021 (**Ex. 2**)

ACTION TAKEN: APPROVED THE MINUTES FOR JANUARY 27, 2021, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

3. **Financial** - Review and acceptance of the Financial Reports for January, 2021 (Lee Brown) (**Ex. 3**)

Mr. Brown advised that the financial activity in January, 2021 was very slow, with the only activity being Wyandotte Garage's annual remittance and the payment of legal bills to Rouse Frets.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR JANUARY, 2021, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

4. **E. 23rd Street Urban Renewal Area – 1600 Jackson** – *Project Status Update and Consideration of Supplemental Agreement* (Dan Moye/Brian Engel) (**Ex. 4A-4B**)

➤ **Millennia/Gabriel Tenant Union Meeting February 12, 2021**

- Millennia's February 22, 2021 letter summarizing the meeting indicated that adequate communication was being established between Millennia and the tenant union (*Moye*)
 - Many items listed in the letter were positive improvements (*Moye*)
 - Millennia has completed all current Healthy Homes repairs (*Koch*)
- LCRA is not involved in tenant/management relations and both parties should continue to work together (*Moye*)

➤ **Tenant/Public Testimony**

- Vicky Landers (Gabriel Tower tenant)
 - Management was advised that water was leaking in her closet but have not yet advised as to when the problem will be repaired
 - Unable to read re-certification paperwork and management refuses to allow a tenant representative to assist in explaining the document to her
- Ron McMillan (Gabriel Tower tenant)
 - Re-certification lease is much more extensive and complex, which many tenants are unable to understand
 - Repairs were not conducted in a sanitary manner as infestation issues from one apartment to the next seemed to occur after maintenance visits
 - Has not yet seen any reports about the health impact of mold in his apartment
 - Management has not provided meeting space for the tenant union or helped to organize the tenants

- Management has closed door policy and current manager refuses to speak with tenants or interact pleasantly with them
- Current management refuses to accept packages on behalf of tenants to enable residents to obtain their medications or to prevent them from being stolen
- LCRA Board has placed the tenants under the management of dishonest people
- Sylvester Ellis (Gabriel Tower tenant)
 - Millennia contacted him and Mr. McMillan rather than the head of security, who was physically present in the building, about a drug user in the laundry room
 - Management's job is to check on tenant welfare rather than Millennia's assertion that the tenants use a buddy system to do so
 - Security in the building is non-existent
 - Mr. Felgar's February 22, 2021 letter was factually incorrect and he refused at the February 12, 2021 meeting to negotiate with the tenants
- Tiana Caldwell (Kansas City Tenant Union)
 - Mr. Moye's statement that the LCRA is not involved in tenant/management relations is discouraging
 - Some tenants are without hot water or adequate heat
 - Video of a tenant who recently had to stay up all night to scoop water from a frozen pipe into his toilet to keep it from flooding was shared with Board members
 - Re-certifications are being conducted earlier than usual and management has not provided an environment conducive to trust
 - Management advises that Ms. Landers must sign her re-certification paperwork or she will be evicted
 - Mr. Felgar did not e-mail his February 22, 2021 letter to the Gabriel Tenant Union, which was an obvious attempt to retaliate and cut the union out of its communication with the tenants
- Wilson Vance (Kansas City Tenant Union)
 - Mr. Felgar finally advised that he was willing to negotiate after much discussion and examination of HUD regulations
 - Gabriel Tower tenants need to collectively bargain to ensure that their legal protections extend beyond Mr. Felgar's promises
 - LCRA, as a steward of tax payer dollars, is involved in the relationship between the City and tenants who are being abused by a negligent landlord who the City is subsidizing
 - LCRA's involvement between the tenants and their landlord is also mandated through its Redevelopment Contract with Millennia due to the latter's violation of City law
- Millennia (Lee Felgar)
 - Professional collective bargaining procedures were not followed as no letter of representation was provided to Millennia until Mr. Nolan's February 18, 2021 notice

- Unable to collectively bargain any lease changes with tenants as HUD rules and regulations mandate the lease provisions
 - i. HUD representatives have confirmed that collective bargaining is allowed as long as all HUD regulations are followed (*Moye/Nolan*)
- Personal accusations and tenor of tenant comments are offensive as believed results from day-long February 12, 2021 meeting were productive
 - i. Tenant frustration about the apparent non-responsiveness of management to maintenance issues and health hazards could lead to tenor of today's meeting (*Bough*)
- No one mentioned the commitment or goodwill offered by Millennia staff, such as the recent covid vaccinations conducted in March at the building
- Millennia will continue to be responsive to inspections by the City or the LCRA

➤ **Standstill Agreement**

- Board discussion about the agreement can be tabled as the LCRA is waiting on developer's comments on the draft document (*Moye/Engel/Nolan*)
- Agreement is intended to accomplish two main goals (*Engel*)
 - Assisting Millennia's refinancing to perform the major rehab of the building
 - Assisting LCRA's transfer title of the property to Millennia
- Prior to the Agreement's finalization and execution, Millennia will continue to respond to maintenance issues (*Engel*)
 - Follow-up inspections by Healthy Homes and New Horizons will also be conducted in the interim (*Engel*)
 - Any maintenance items should be routed to Healthy Homes to enable the City and the LCRA to monitor their progress (*Moye*)
- Whole building needs assessment has been performed by a consultant hired by Millennia and has been submitted to HUD for review (*Engel*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE.

5. **Indian Mound Lykins URA – Property Donation Program** - Consider Application for 522 Drury Avenue (Brian Engel) (Ex. 5A-5C)

➤ **Property Donation Program**

- LCRA temporarily owns residential properties in need of rehab assistance in certain areas of the City to allow delinquent taxes and unpaid assessments to be canceled (*Engel*)
 - LCRA transfers title of the property to the owner once taxes and assessments have been cleared or cancelled (*Engel*)

➤ **522 Drury**

- Property's back taxes and special assessments accumulated prior to Ms. Farber's ownership (*Mason*)

- City's special assessment costs were rolled into the back taxes as they were unpaid, which substantially increased the amount owed (*Mason*)
- Westside Housing Organization (WHO) and Jerusalem Farm
 - Property taxes will have to be waived to secure Jerusalem Farm's and WHO's ability to rehab the home (*Mason*)
 - The property could become a dangerous building needing to be demolished without the waiver and repair (*Mason*)
 - Purpose of rehab is to make the building habitable and the current owner does not intend to sell the property (*Hazley/Mason*)
- LCRA tax abatement
 - After the property is rehabbed, a separate application for LCRA tax abatement will be submitted for administrative approval (*Bough/Mason/Moye*)

ACTION TAKEN: APPROVED ACQUISITION OF 522 DRURY AVENUE TO CLEAR DELINQUENT PROPERTY TAXES AND SPECIAL ASSESSMENTS, SUBJECT TO PRIOR CONFIRMATION OF TAXING JURISDICTIONS TO CANCEL PAST DUE SPECIAL ASSESSMENTS AND PROPERTY TAXES. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 2-1-21*)

6. **Linwood-Prospect URA – Linwood Square Shopping Center** - *Consideration of Non-Disturbance and Attornment Agreement (Brian Engel) (Ex. 6A-6B)*

➤ **Linwood Square Shopping Center**

- Renovations have been completed and occupancy will be about 95% once Archwell and another prospective tenant sign their leases (*Maxwell*)
 - Occupancy prior to the renovation was 43% (*Maxwell*)

➤ **Archwell Health**

- Wholly owned subsidiary of United Healthcare, which will provide heightened Medicaid medical services to area seniors (*Maxwell*)
- New jobs at Archwell will include 4 doctors and related healthcare professionals (*Maxwell*)

ACTION TAKEN: APPROVED THE NON-DISTURBANCE AND ATTORNMENT AGREEMENT WITH PROJECT TITLE, LLC, DBA ARCHWELL HEALTH. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 2-2-21*)

7. **Central Business District Urban Renewal Area - 106 West 11th Street (Mark Twain Building)** - *Consideration of Project Completion Extension in the Redevelopment Contract with KCAC Developers, LLC (Bob Long) (Ex. 7A-7B)*

- Project was unable to obtain construction financing prior to the pandemic, resulting in significant delays (*Long*)
 - Developer advises that it anticipates closing on its construction financing shortly (*Long*)

ACTION TAKEN: APPROVED AN EIGHTEEN (18) MONTH PROJECT COMPLETION DEADLINE EXTENSION TO THE REDEVELOPMENT CONTRACT WITH KCAC DEVELOPERS, LLC FOR THE MARK TWAIN MIXED-USE PROJECT AT 106 W. 11TH STREET IN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 2-3-21*).

8. **Garfield URA –2600 – 2618 Independence Avenue** – Consideration of Approval of Completion Extension in Redevelopment Contract with BA Properties, LLC (Bob Long) (**Ex. 8A-8B**)

- Developer has made significant progress on the project, which was only delayed by the pandemic (*Long*)
- Developer believes it can complete the project by the requested extension date of October 31, 2021 (*Thai*)

ACTION TAKEN: APPROVED A SIX (6) MONTH PROJECT COMPLETION DEADLINE EXTENSION TO THE REDEVELOPMENT CONTRACT WITH BA PROPERTIES, LLC FOR THE 2600 - 2602 INDEPENDENCE AVENUE MIXED-USE PROJECT IN THE GARFIELD URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 2-4-21*)

[Mr. Moyer advised that Mr. Long would present on the proposed termination of each Urban Renewal Area in items #9 to #12 as one matter rather than as separate issues requiring four separate votes.]

9. **18th & Holmes Urban Renewal Area** – Consideration of Termination of the Urban Renewal Plan (Bob Long)

10. **2537 Madison Avenue Urban Renewal Area** – Consideration of Termination of the Urban Renewal Plan (Bob Long)

11. **Dutch Hill Apartment Urban Renewal Area** – *Consideration of Termination of the Urban Renewal Plan* (Bob Long)

12. **Westport & Mill Urban Renewal Area** – Consideration of Termination of the Urban Renewal Plan (Bob Long)

Mr. Long advised that there was no current reason to keep any of the four Urban Renewal Areas in place as 3 of the projects had been completed and their tax abatements had expired. The 4th project at 18th & Holmes was not initiated and tax abatement was never issued. He noted that the 18th & Holmes properties were now in the East Crossroads URA and that the Dutch Hill Apartment sites were in the Longfellow Dutch Hill URA.

ACTION TAKEN: APPROVED THE TERMINATION OF THE WESTPORT & MILL, 18TH & HOLMES, 2537 MADISON AVENUE, DUTCH HILL APARTMENT, AND WESTPORT & MILL URBAN RENEWAL PLANS AND FORWARDING RECOMMENDATIONS TO THE CITY COUNCIL. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (RES. NO. 2-5-21)

13. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moyer) (Ex. 13A-1)

➤ **Martin City URA – Multifamily Project - 13501 Holmes Road** – *Updated Preliminary Financial Review – Phase 1* (Dan Moyer) (Ex. 13A-2)

- SB Friedman will explain their methodology in the context of the previously approved Martin City project in effort to make their reports more understandable (Moye)
 - Working with City and taxing jurisdictions to determine how report can be clearer and less technical (Moye)

➤ **SB Friedman Overview** [All statements made by Ms. Rood unless otherwise noted.]

- 30-year Chicago based consulting firm known nationally as leaders in public/private partnerships
- Necessary conditions when considering public assistance for a development project are:
 - Baseline for decision is if the project contributes to public policy goals
 - Project should be feasible if it receives assistance
 - Project would not proceed without but/for assistance
 - Project can pay for itself through revenues generated by taxes or its impact on the community is substantial
- Projects are sized to move forward based on what project needs to be viable from the perspective of conventional or equity lenders
 - Incentives can be given to a project in an unproven market and, if successful, succeeding projects may not need the assistance
- Benefit of but/for approach is that projects are not over-subsidized, which creates a public perception that incentives are being awarded judiciously
 - But/for approach also demonstrates to the development community that they can receive assistance without having to have special personal or business connections

- **Project Analysis** *[All statements made by Mr. Dorn unless otherwise noted.]*
 - But/for review is initiated by a detailed request to the developer for the same information they would supply to a lender
 - Critical information is financial models, proformas, detailed cost estimates, market studies, site acquisition, and proposed financial sources
 - Phases are reviewed as separate projects to determine the level of incentive each might need
 - To initiate the but/for, the budget is reviewed to determine if each line item is within market parameters and industry norms
 - An independent evaluation of rent amounts is performed to determine their reasonableness
 - Overly conservative assumptions on costs or revenues could indicate a larger financial gap so they will be adjusted to market and industry norms
 - Additional factors used to determine incentive levels also include:
 - Source of estimates to determine information viability
 - The amount of their own monies a developer has input into the project
 - Developer's consideration of alternative financial structures, such as opportunity zones or tax credits
 - Rent amounts
 - Type of project
 - Main principle of the but/for approach is that the examination allows for the testing of various levels of incentive to determine project viability
 - Frequently recommend further review of any project out-performing the assumptions used to size its assistance to determine if future incentive levels could be reduced
 - Analyses for the EDC are usually begun within weeks of EDC's receipt of the developer's application and fee payment to SB Friedman to write the report (*Bough/Dorn*)
 - Analyses typically take 4 to 5 weeks to complete
 - Delays in completion of the financial analysis usually result from waiting on the developer to provide initial or follow-up information (*Moye*)

Mr. Moye responded to a question that Mr. Clark had posted online, advising that the EDC asks SB Friedman to consider in its reports policy questions which may or may not have yet been approved by the City Council.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

- **Central Business District URA – Hyatt House Hotel Project** – *Mechanic's Lien Lawsuit* (Dan Moye/Brian Engel)
 - Multiple mechanic liens have been filed against the project, as work had begun prior to the failure of the developer's lender (*Engel*)

- Developer has filed suit against the lender in federal court (*Bough/Engel*)
- Developer is still working to obtain another lender to fund the project (*Engel*)
- LCRA was named as a defendant in the mechanic's lien petition filed against the developer as LCRA owns the property (*Engel*)
 - Developer will indemnify and hold harmless the LCRA per its Redevelopment Agreement and Lease (*Engel*)
- Developer's Kansas City counsel, Polsinelli, may act as lead counsel on the case, with LCRA's attorneys monitoring to ensure its interests are protected (*Engel*)
 - Amend Board request to authorize Rouse Frets to work with Polsinelli to determine terms of representation (*Engel*)

ACTION TAKEN: AUTHORIZED LCRA TO FILE A RESPONSIVE PLEADING, AND OTHER APPROPRIATE MOTIONS OR FILINGS, IN THE CASE, SUBJECT TO REVIEW BY EXECUTIVE DIRECTOR AND LEGAL COUNSEL, AND TO WORK WITH DEVELOPER'S KANSAS CITY LEGAL COUNSEL TO DETERMINE THE TERMS OF LEGAL REPRESENTATION FOR THE AUTHORITY IN THE CASE. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 2-6-21*).

b. **Affirmative Action Report** (Sandra Rayford) (Ex. 13B)

➤ **Subcommittee meeting on February 16, 2021**

- HRD's report dated December 31, 2020 was reviewed in-depth and several projects appeared to be close to not meeting goals (*Rayford*)
 - Staff contacted each developer and most issues should be resolved once developers bring their reporting up-to-date (*Rayford*)
- Subsequent committee meetings will be held on the third Tuesday of every month at 10:00 a.m. (*Rayford*)

➤ **Decal Construction**

- HRD is currently investigating claims from the minority subcontractor against another project (*Moye*)
- Request Board's permission to formally request that HRD provide the LCRA with its findings for the LCRA to determine their impact on other projects (*Moye*)
 - Formal motion may not be required to authorize the request but Board members were asked to express any concerns (*Moye*)
 - HRD is already planning to address the issues for specific projects but also welcomes any formal request (*Lewis*)

c. **Tax Abatements** – There were eight (8) tax abatements approved in January, 2021.

- 8449 Wayne was developed by the non-profit Marlborough Community Land Trust and will be featured in EDC's monthly newsletter as a model to be emulated (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

14. **Adjourn.**

There being no further business, the meeting was adjourned at approximately 11:50 a.m.

Daniel Moye, Secretary