
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD
VIDEO-CONFERENCE MEETING ON SEPTEMBER 22, 2021

MINUTES

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Melissa Hazley

Absent: Tammy Henderson

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Jan Bolin, KCMO Public Library
Melissa Civil
Ron Clark, KC Tenants
Brian Collins, Palestine Economic Development Corporation
Daniel Ferguson – Leon, UMKC
Joey Flickner, IUPAT DC
Melvin Gross, Palestine Economic Development Corporation
Matt Moriarty
Kevin Muesenfechter, Gershman Mortgage
Steve Rattner

The monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority began at approximately 9:30 a.m. when Mr. Gardner declared quorum as Commissioners Bough and Hazley were present. *[All Board members, staff, and guests participated in the meeting via videoconference.]*

2. **Administrative** - Review and approval of Meeting Minutes for August 25, 2021 (Ex. 2)

ACTION TAKEN: APPROVED THE MINUTES FOR AUGUST 25, 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 June and July, 2021* (Lee Brown) (Ex. 3A-3B)

Mr. Brown advised that the June and July 2021 financials showed little movement. He added that legal expenses were the typical payables in June and July. He noted that the Series A and B bonds for the convention center hotel project continued to negatively affect the profit and loss statements.

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

4. **33rd & Montgall URA – Palestine Gardens & Palestine Gardens North** - *Information Only* (Bob Long)

➤ **Project Overview**

- Palestine Senior Activity Center opened in 1992 and provided hot lunches, recreational activities, and household health management (*Gross*)
- Palestine Commons, a six-to-nine-unit apartment complex, was added in 2011 to provide affordable housing to low-income seniors (*Gross*)
- Palestine Village, a 187-apartment complex, was created to provide a continuum of care community for seniors in the central city (*Gross*)
- Future plans include the development of Palestine Legacy, which will be a 39-bed assisted living facility at 35th and Prospect (*Gross*)
 - The skilled nursing center will be the only one in the central city (*Hazley*)
 - Palestine Legacy is already within the boundaries of the URA (*Hazley/Moye*)
- Funding for the project will be released as soon as the developer's contract with the City is finalized, which should happen quickly (*Hazley/Collins*)
- Land Assemblage
 - Once the funds are available, offers will be made to the four remaining private property owners within the development site (*Hazley/Collins*)
 - Other parcels are owned by the developer and the Land Bank (*Hazley/Collins*)
 - Developer's plans to acquire the liquor store were forestalled by the store's owner developing his own new building on the site (*Hazley/Collins*)
- Project is eligible for 100% tax abatement because it is in a continually distressed census tract (*Long*)

➤ **50-year Tax Abatement**

- Project is currently not taxable because it is owned by a not-for-profit (*Long*)
- The abatement is needed because costs to repair the older buildings and their worn-out mechanical systems continue to increase (*Gross*)
 - Palestine Gardens was constructed in 1987 and Palestine Gardens North in 1994 (*Gross*)

- LIHTC requires that a for-profit investor purchase the tax credits and become the 99.9% owner of the project so they can receive the benefits of the credits (*Collins*)
 - Palestine Economic Development Corporation will be the 1% owner of the project and will be its Managing member (*Collins*)
 - Because the property will be owned by a for-profit entity, it will be subject to property tax (*Muesenfechter*)
 - Tax credits require the issuance of a private activity bond, which are used primarily for construction purposes (*Collins/Clark*)
- LCRA will lease the property to the for-profit entity (*Muesenfechter*)
 - If the property maintained its tax-exempt status, the additional proceeds will almost entirely go to prepare and improve the site (*Muesenfechter*)
 - Project costs need to be kept as low as possible to work with the low rents allowed by HUD which qualify for reimbursement (*Collins/Clark*)
 - Rent support from HUD enables services to the very lowest income seniors, whose only other option would be public housing (*Muesenfechter*)
- Unique non-profit nature of this project would prohibit lengthy incentive periods from becoming the norm (*Moye/Clark*)
- Federal statute requires HUD to maintain the ground lease at least 10 years beyond the term of the HUD mortgage (*Muesenfechter*)
 - If the tax credit compliance period has expired and the owner wants to transition to a non-profit ownership, the ground lease can be terminated (*Muesenfechter*)
 - HUD mortgage could be shortened to reduce the incentive period, but doing as would increase the property's debt service and erase several benefits of the longer term (*Muesenfechter/Clark*)
- Developer has also requested a sales tax exemption on construction materials (STECM) (*Engel*)

➤ **Staff Concerns**

- 40-year length of tax abatement period (*Long*)
 - Staff chose to present the project at today's meeting to give the Board a full explanation of its unique incentive request (*Moye*)
- Developer's ability to sell the project after the LIHTC compliance period (*Long*)
 - A Land Use Restriction Agreement will control the rent structure of the property even beyond the 40-year lifespan of the HUD mortgage (*Collins*)
 - Any transfer of the property must have HUD's prior written approval (*Muesenfechter*)
- Developer's ability to change the property management company without the LCRA's knowledge or consent (*Long*)
 - Developer would agree to notify and consult with the LCRA regarding property management companies (*Collins*)

- Yarco, one of the limited number of national companies authorized to operate tax credit properties, will continue to operate the project (*Collins*)
- LCRA's agreement with the developer should allow assignment of the project in the event of a default (*Muesenfechter*)

ACTION TAKEN: NONE – THIS IS PRESENTED AS AN INFORMATIONAL ITEM FOR DISCUSSION; A SPECIFIC PROJECT RECOMMENDATION WOULD BE FORTHCOMING AT THE OCTOBER MEETING.

5. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (Ex. 5A)

- Board Retreat, October 4, 2021
 - Facilitators have started scheduling pre-interviews with Commissioners, so contact him if don't hear from them soon (*Moye*)
 - General public will be able to attend the retreat via Zoom (*Moye*)

Mr. Moye introduced David Legend, a new Development Services Specialist at the EDC

Mr. Long advised that a project the Board had approved early in their term, the Waldo Ice House, was nearly complete and showed a PowerPoint illustrating its construction. He stated that the developer planned an October ribbon cutting, to which the Board would be invited.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

b. **Administrative** – *Affirmative Action Report* (Sandra Rayford)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

6. **Truman & Wyandotte Urban Renewal Area – Kansas City Convention Center Headquarters Hotel** - *Consideration of Consent to Issuance of Certificate of Completion and Compliance* (Brian Engel) Ex. 6

➤ **Certificate of Completion and Compliance**

- Acknowledges that Redeveloper has completed construction of the public and private improvements and other requirements set forth in the Redevelopment Agreement (*Engel*)
- Does not waive or modify any LCRA or Redeveloper rights or obligations under the Redevelopment Agreement or Second Amended & Restated Funding Agreement (*Engel*)
- Project improvements include 2 components, the hotel improvements and the parking/meeting space improvements (*Engel*)
- Redeveloper has lived up to its promise to build the nicest hotel in Kansas City per the plans approved by the City, TIF, and the LCRA (*Rattner*)

- Hotel has brought in several new business groups and conventioners (*Rattner*)
- Hotel employs over 300 people in new high-paid jobs with health insurance (*Rattner*)
- Redeveloper met with the City Planning Director and established that the City had confirmed that the project was built as planned (*Rattner*)

Mr. Engel then asked the Board to move into Executive Session.

EXECUTIVE SESSION

7. *Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1) RSMo.*

Motion to move into Executive Session made by Ms. Bough, seconded by Ms. Hazley, and carried by the following roll call vote:

Roll call vote to move into Executive Session

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

Motion to move out of Executive Session made by Ms. Bough, seconded by Ms. Hazley, and carried by the following roll call vote:

Roll call vote to move out of Executive Session

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

RESUME BUSINESS SESSION

ACTION TAKEN: APPROVED THE CONSENT TO CERTIFICATE OF COMPLETION AND COMPLIANCE ISSUED BY THE TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI FOR COMPLETION OF THE KANSAS CITY CONVENTION CENTER HEADQUARTERS HOTEL AS THE CERTIFICATE RELATES TO THE LCRA PLAN AND LCRA-RELATED PROVISIONS IN THE REDEVELOPMENT AGREEMENT, SUBJECT TO ISSUANCE OF THE CERTIFICATE BY THE TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI. (*RES. NO. 9-1-21*)

8. **Adjourn.**

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

Daniel Moye, Secretary