

RESOLUTION No. 10-____-22

RESOLUTION AUTHORIZING THE LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI, TO ISSUE ITS MULTIFAMILY HOUSING REVENUE BONDS (PALESTINE GARDENS PROJECT) SERIES 2022 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$11,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE A PORTION OF THE COSTS OF THE ACQUISITION, REHABILITATION, IMPROVEMENT AND EQUIPPING OF A MULTIFAMILY HOUSING PROJECT KNOWN AS THE PALESTINE GARDENS APARTMENTS AND THE PALESTINE GARDENS NORTH APARTMENTS; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS.

WHEREAS, the Land Clearance for Redevelopment Authority of Kansas City, Missouri (“Authority”) is a public body corporate and politic created by the Land Clearance for Redevelopment Authority Law, Section 99.300, et seq., R.S.Mo, as amended (“LCRA Law”), and is transacting business and exercising the powers granted by the LCRA Law by virtue of Committee Substitute for Ordinance No. 16120, duly passed by the City Council (“City Council”) of the City of Kansas City, Missouri (“City”) on November 21, 1952; and

WHEREAS, the Authority approved the Oak Park Urban Renewal Plan on November 25, 1968, and determined that the portion of the City located within the Oak Park Urban Renewal Area described in the Oak Park Urban Renewal Plan is blighted and insanitary; and

WHEREAS, the City Council initially approved the Oak Park Urban Renewal Plan by Resolution No. 36285, dated January 1, 1969, with respect to the eligibility of the Oak Park Urban Renewal Area (as then described) for urban renewal treatment, by Ordinance No. 36827, passed January 17, 1969, approving the general urban renewal plan for the Oak Park Urban Renewal Area (as then described); and by Ordinance No. 39874, passed July 16, 1971, approving a definitive plan for the Oak Park Urban Renewal Area by Ordinance No. 39874 passed on July 16, 1971, as the Oak Park Urban Renewal Area and the Oak Park Urban Renewal Plan have been subsequently amended and modified, the purpose of which is to eliminate and prevent the spread, development and recurrence of the blighted and insanitary conditions within the Oak Park Urban Renewal Area; and

WHEREAS, as part of the Oak Park Urban Renewal Plan, the Authority approved the 33rd & Montgall Urban Renewal Plan on March 25, 1987, as modified by Resolution No. 88-80 dated October 26, 1988, and as modified by Resolution No. 6-03-06 dated June 28, 2006 (collectively, the “Urban Renewal Plan”), and determined that the portion of the City located within the 33rd & Montgall Urban Renewal Area (the “Urban Renewal Area”) described in the Urban Renewal Plan is blighted and insanitary; and

WHEREAS, the City Council initially approved the Urban Renewal Plan by Ordinance No. 61221 dated September 3, 1987, as modified by Ordinance No. 060807 dated October 26, 2006, the purpose of which is to eliminate and prevent the spread, development and recurrence of the blighted and insanitary conditions within the Urban Renewal Area; and

WHEREAS, pursuant to Resolution No. 10-2-21 dated October 27, 2021, the Authority issued a Request for Proposals for the acquisition and redevelopment of the Palestine Gardens North Apartments located at 3220 Montgall Avenue and the Palestine Gardens Apartments located at 2627 E. 33rd Street within the Urban Renewal Area, as such property is legally described on the attached Exhibit A (the “Property”), for the preservation and rehabilitation of 118 units reserved for very low-income residents aged 62 and over and other related improvements (the “Project”); and

WHEREAS, pursuant to Section 99.450 of the LCRA Law, the Authority caused to be published two times in a newspaper having a general circulation in its area of operation a request for proposals for redevelopment contract proposals; and

WHEREAS, PG/PGN Owner, LLC, a Missouri limited liability company, timely submitted a redevelopment project application to the Authority to implement the Project; and

WHEREAS, the Authority selected PG/PGN Owner, LLC, (or a controlled affiliate) as redeveloper of the project pursuant to Resolution No. 11-3-21 on November 30, 2021; and

WHEREAS, PG/PGN Owner, LLC initially requested that the Authority (i) issue bonds to finance the Project; (ii) acquire the Project and the Property and lease the Property to PG/PGN Owner, LLC for a period of up to 50 years; (iii) grant a sales tax exemption incentive on construction materials to facilitate construction of the Project on behalf of the Authority; and (iv) grant a property tax exemption on the Property during the term of the lease, subject to completion of the Project in accordance with the redevelopment contract, all for the purpose of preserving existing affordable housing units in the Urban Renewal Area and eliminating blighting conditions found to exist in the Urban Renewal Area and in accordance with and pursuant to the LCRA Law and subject to the terms and conditions of the Project documents; and

WHEREAS, on December 28, 2021, the Authority passed a resolution expressing its intention to issue its Multifamily Housing Revenue Bonds (Palestine Gardens Project) Series 2022 in one or more series in an aggregate principal amount not to exceed \$11,000,000 for the purpose of financing the costs of the Project (the “Bonds”) (ii) to loan the proceeds from the sale of the Bonds to PG/PGN Owner, LLC for the purpose of financing the costs of the Project, all in accordance with and pursuant to the Act; and

WHEREAS, PG/PGN Owner, LLC advised the Authority that the developer entity for the Project is PG/PGN, LP, a Missouri limited partnership and a controlled affiliate of PG/PGN Owner, LLC. To the extent necessary to clarify the Authority’s intent, the Authority desires to designate PG/PGN, LP as the “Redeveloper” for the Project; and

WHEREAS, the Redeveloper has modified the requested incentives for the Project by eliminating the sale/leaseback structure for implementation of a sales tax exemption incentive on the purchase of construction materials and of a real property tax exemption for a period of up to 50 years. The Redeveloper’s only remaining requested incentive from the Authority for the Project is the Authority’s issuance of the Bonds; and

WHEREAS, all of the Bonds will be sold to Legacy Bank & Trust Company, as the sole bondholder (“Purchaser”), which bank is an “accredited investor,” within the meaning of

Regulation D of the Securities and Exchange Commission, and such bank will represent that it is purchasing for investment and not with a view to resale; and a legend will be printed on each Bond which will limit the resale of such Bond to accredited investors; and

WHEREAS, the Authority further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the Authority enter into certain documents, and that the Authority take certain other actions and approve the execution of certain other documents as herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI, AS FOLLOWS:

Section 1. Redeveloper Designation and Authorization of the Bonds. PG/PNG, LP, a Missouri limited partnership, is designated as the Redeveloper for the Project. The Authority is hereby authorized to issue and sell its Multifamily Housing Revenue Bonds (Palestine Gardens Project) Series 2022 in an aggregate principal amount not to exceed \$11,000,000, for the purpose of providing funds to finance the costs of the Project. The Bonds shall be issued and secured pursuant to the herein authorized Indenture and shall bear such dates, shall mature at such times and in the amounts, shall be in such denominations, shall bear interest at such rates, shall be in such forms, shall be subject to redemption, shall have such other terms and provisions, and shall be issued, executed and delivered in such manner subject to such provisions, covenants and agreements, as are set forth in the Indenture. The Bonds shall be draw down bonds to be purchased in installments and sold at a price of 100% of the principal amount. The Bonds and the interest thereon shall be limited obligations of the Authority payable solely out of the payments, revenues and receipts derived by the Authority from the Loan Agreement described below, and such payments, revenues and receipts shall be pledged and assigned to the Trustee named below as security for the payment of the Bonds as provided in the Indenture.

Section 2. Authorization of Documents. The Authority is hereby authorized to enter into the following documents (the “Authority Documents”), in substantially the forms presented to and reviewed by the Authority at this meeting (copies of which documents shall be filed in the official records of the Authority), with such changes therein as shall be approved by the officers of the Authority executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof:

(a) a Trust Indenture (the “Indenture”) dated as of the first day of the month in which the Bonds are issued (the “Dated Date”), between the Authority and UMB Bank, N.A., as trustee (the “Trustee”), pursuant to which the Bonds shall be issued and the Authority shall pledge and assign the payments, revenues and receipts received pursuant to the Loan Agreement to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Indenture;

(b) a Loan Agreement, dated as of the Dated Date (the “Loan Agreement”), between the Authority and the Redeveloper, under which the Authority will loan the proceeds of the Bonds to the Redeveloper for the purposes described above in consideration of payments which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds;

(c) a Land Use Restriction Agreement dated as of the Dated Date (the “Land Use Restriction Agreement”) by and among the Authority, the Redeveloper and the Trustee;

(d) a Tax Compliance Agreement dated as of the closing date of the Bonds (the “Tax Agreement”), by and among the Authority, the Redeveloper and the Trustee;

(e) a Bond Purchase Agreement dated the date set forth therein (the “Purchase Agreement”) by and among the Authority, the Redeveloper and the Purchaser;

(f) a Redevelopment Contract dated the Dated Date (the “Redevelopment Contract”) between the Authority and the Redeveloper; and

(g) such other related documents necessary to complete the planned transactions, including documents required by the Purchaser.

The Authority hereby approves the transactions to be entered into and performed by the Authority as contemplated by the Authority Documents and the related documents to be entered into in connection with the issuance and sale of the Bonds.

Each of the Chair, Vice Chair and the Executive Director of the Authority is authorized to approve the Promissory Note in an aggregate principal amount equal to the aggregate principal amount of the Bonds, from the Redeveloper to the Authority to be endorsed, without recourse, by the Authority to the Trustee, evidencing the Redeveloper’s obligation to make payments under the Loan Agreement.

Section 3. Execution of Documents. Each of the Chair, Vice Chair and the Executive Director of the Authority is hereby authorized and directed to execute the Bonds by manual or facsimile signature and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the Authority in the manner provided in the Indenture. Each of the Chair, Vice Chair or Executive Director of the Authority is hereby authorized and directed to execute and deliver the Authority Documents for and on behalf of and as the act and deed of the Authority. The Secretary or the Assistant Secretary of the Authority is hereby authorized and directed to attest to the Bonds by manual or facsimile signature and to endorse the promissory note for the loan and such Authority Documents and any such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 4. Further Authority. The Authority shall, and the officers, agents and employees of the Authority are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the Authority with respect to the Bonds and the Authority Documents. All actions previously taken by the Authority and the officers, agents and employees of the Authority consistent with the intent of this Resolution are hereby ratified and approved. The selection of the Hardwick Law Firm LLC as Bond Counsel for the issuance of the Bonds is hereby ratified and approved.

Section 5. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the governing body of the Authority.

ADOPTED by the Land Clearance for Redevelopment Authority of Kansas City, Missouri this 25th day of October, 2022.

**LAND CLEARANCE FOR REDEVELOPMENT
AUTHORITY OF KANSAS CITY, MISSOURI**

By: _____
Rob Gardner, Chairman

ATTEST:

Daniel Moye, Secretary