
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD
VIDEO-CONFERENCE MEETING ON MAY 23, 2023

MINUTES

1. **Roll Call.**

Present: Andrea Bough
Rob Gardner
Tammy Henderson
David Kemper

Absent: Melissa Patterson-Hazley

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
David Leader, EDC
Robert Long, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets (*via Zoom*)

Guests: Daniel Ferman-Leon (*via Zoom*)
Kevin Hardy, Kansas City Star (*via Zoom*)
Gina Hollis, Forrester, LLC (*via Zoom*)
Kolbe Krzyzanowski, Baker Tilly (*via Zoom*)
Robin Martinez, 900 Broadway (*via Zoom*)
Bob Mayer, Exact ABC, LLC (*via Zoom*)
Kathleen Pointer, Kansas City Public Schools (*via Zoom*)
Patrick Sterrett, Exact ABC, LLC (*via Zoom*)

The monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority began at approximately 10:00 a.m. on May 23, 2023 when Mr. Moye declared quorum as four (4) of the five (5) Commissioners were in attendance.

2. **Minutes.**

- a. Review and approval of Meeting Minutes for March 28, 2023 as presented (**Ex. 2A**)

ACTION TAKEN: APPROVED THE MINUTES FOR MARCH 28, 2023, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

- b. Review and approval of Meeting Minutes for May 1, 2023 as presented (**Ex. 2B**)

ACTION TAKEN: APPROVED THE MINUTES FOR MAY 1, 2023, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MR. KEMPER, AND CARRIED UNANIMOUSLY.

3. **Columbus Park Urban Renewal Area – 1018 E. Missouri Avenue** - *Consideration of the Renovation of 1018 E. Missouri Avenue, an 8-unit multi-family development in the Columbus Park URA (David Leader) (Ex. 3A-3E)*

➤ **Advance KC Scorecard**

- Project's score was in line with score for similar sized projects (*Leader*)
- Several factors decreased project score (*Bough/Leader*)
 - The neighborhood effect was deeper than the score would indicate, as the development covered most of the block (*Leader*)
 - The project did not impact the City's macro-economy as it was a small neighborhood development (*Moye*)
 - The amount of investment was below 2 million dollars, which further decreased the score (*Leader*)
 - Size of proposed building limited the number of rentable units (*Leader*)

➤ **Taxing Jurisdictions**

- Kansas City School District has discussed the project with the developer and has no concerns about its requested abatement (*Bough/Pointer*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH FORRESTER, LLC (OR AFFILIATE) FOR THE 1018 E. MISSOURI AVENUE REHAB RESIDENTIAL PROJECT IN THE COLUMBUS PARK URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(*RES. NO. 5-1-23*)

4. **Main/ABC – 36 Block URA – Renovation of 3240 – 3244 Main Street for mixed uses** – *Consideration of Approval of a Redevelopment Contract with Exact ABC, LLC (Bob Long) (Ex. 4A-4E)*

➤ **Project Description**

- AdvanceKC score affected by the project's location within a continuously distressed census tract, its historic tax credits, and the number of units (*Long*)
- All of the units will be affordable for households below 80% of Area Median Income (*Long*)

➤ **Financial Analysis**

- Developer did not request full abatement (*Long*)
 - Financial analysis calculated at developer's initial ask for 70% abatement (*Krzyzanowski*)

- Financial conclusions did not change as a result of developer's more recent request for 80% abatement (*Krzyzanowski*)
- Price Waterhouse Cooper (PWC) survey used as conservative benchmark to determine if project was financially feasible (*Krzyzanowski*)
- Developer would probably not be able to secure private financing as the debt coverage ratio was well below the desired benchmark (*Krzyzanowski*)
- Project would not be developed without the requested financial assistance based on cost outcomes and financing sources (*Krzyzanowski*)
- Alternatives to the abatement were considered in preparing the sensitivity analysis (*Krzyzanowski*)
 - Decreasing project costs was one option (*Krzyzanowski*)
 - Another option was to increase project revenue and income (*Krzyzanowski*)
 - A combination of the two alternatives would increase revenues and decrease expenses (*Krzyzanowski*)
- The project cost and the timeline make sense and the project is presumed to pass the but for requirement based on our analysis (*Krzyzanowski*)

➤ **Tax Abatement**

- Tapered abatement could clear the debt service coverage ratio during the development's initial years to lower in the less stressful later years (*Kemper*)
 - Developers often cannot find adequate financing to cover shortfalls in its first years as it ramps up occupancy (*Long*)
 - Can be determined on a project-by-project basis (*Moye*)
 - Debt coverage ratio was usually done in year 3 after stabilization and any subsequent growth was not going to be substantial (*Moye*)

➤ **Taxing Jurisdictions**

- Appreciate developer's 80% request and discussion about tapered abatement (*Pointer*)
- School district seemed to be relatively supportive of project (*Moye*)

➤ **Project Affordability**

- Developer has been very conscious about trying to build affordability into this project (*Mayer*)
 - Challenging to create affordable projects given rising construction costs and financing interest rates (*Sterrett*)
- Rents based on HUD area median income for 2022 of \$97,700 (*Sterrett*)
- Developer voluntarily conformed to affordability goals, even though it was not required to do so by the project's metrics (*Moye*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 80% FOR 10 YEARS FOR THE ABC/ANDERSON BUILDINGS HISTORIC REHAB MIXED-USE PROJECT AT 3240 – 3244 MAIN STREET. MOTION MADE BY MS. BOUGH, SECONDED BY MR. KEMPER, AND CARRIED UNANIMOUSLY.

APPROVED A REDEVELOPMENT CONTRACT WITH EXACT ABC, LLC (OR AFFILIATE) FOR THE HISTORIC REHAB MIXED-USE PROJECT AT 3240 AND 3244 MAIN STREET IN THE MAIN/ABC – 36 BLOCK URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 5-2-23)

EXECUTIVE SESSION

5. *Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.*

[The Board moved into closed session to discuss legal issues and other matters related thereto with its attorney, pursuant to Section 610.021(1) RSMo]

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

Roll Call Vote to Move into Executive Session

Ms. Bough	Aye
Mr. Gardner	Aye
Ms. Henderson	Aye
Mr. Kemper	Aye

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

Ms. Bough	Aye
Mr. Gardner	Aye
Ms. Henderson	Aye
Mr. Kemper	Aye

ACTION TAKEN IN CLOSED SESSION: NONE; INFORMATIONAL ONLY

RESUME BUSINESS SESSION

6. **Central Business District URA – 900 Broadway** – *Consideration of Modification of Conditions for Assignment of LCRA Incentives to New Redeveloper (Hyatt House Hotel) (Brian Engel)*

➤ **Project Status**

- Board was advised in closed session that the litigation between old developer and its contractors was now stayed (*Engel*)

- LCRA is to be dismissed from all legal claims upon payment of claims with bridge loan proceeds (*Engel*)

➤ **Project Financing**

- New redeveloper requested that the project's construction loan be reduced to a bridge loan (*Engel*)
- Bridge loan would:
 - Resolve the mechanic's lien litigation by paying the settlement amounts agreed to by the existing contractor and subcontractors (*Martinez*)
 - Pay off the project's existing liens plus PACE financing (*Martinez*)
- PACE loan
 - Developer would not receive any benefit from the fully funded upfront loan as it had not yet been used (*Martinez*)
 - Interest only payments were being made on the entire balance of the loan (*Martinez*)
- Financing environment had shifted dramatically since old developer achieved its funding (*Martinez*)
 - Federal Reserve banks had increased interest rates (*Martinez*)
 - Regional banking turmoil, including the failure of Silicon Valley Bank (*Martinez*)
- Regional banks provided the bulk of residential and commercial real estate financing (*Martinez*)
- Project's timeline was further delayed to allow new developer to obtain full financing for construction (*Martinez*)

ACTION TAKEN: APPROVED MODIFICATION OF CONDITIONS FOR ASSIGNMENT OF PREVIOUSLY APPROVED TAX INCENTIVES TO NEW REDEVELOPER, AND AUTHORIZED LEGAL COUNSEL TO PREPARE AND NEGOTIATE DOCUMENTS TO ASSIGN AND AMEND BOND AND PROJECT DOCUMENTS FOR SUBMISSION TO THE BOARD OF COMMISSIONERS AT A LATER MEETING. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(*RES. NO. 5-3-23*)

7. **Administrative.**

- a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (Ex. 6A)

➤ **East Kansas City URA**

- Staff's initial conversations with neighborhood groups elicited their cautious optimism regarding the proposed plan (*Moye*)

- Staff worked with less sophisticated neighborhoods to ensure they understood LCRA’s intent was to support rather than impede their decisions (*Moye*)
- Commissioner Bough will act as a co-sponsor of the Ordinance (*Bough/Moye*)

➤ **Legal Fees**

- Request to increase LCRA hourly fees for legal work to match similar fees for the Chapter 353 Advisory Board (*Engel*)
- Last fee increase for current LCRA legal counsel was five (5) years ago (*Engel*)
- Increases would make LCRA fees compatible with other clients’, but would still provide a significant discount (*Engel*)
- Legal counsel will update its engagement letter with the LCRA for approval by the Board at its June 27, 2023 meeting (*Bough/Engel/Moye*)
 - Fee increase will be retroactive to June 1, 2023 (*Bough/Engel/Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 11:30 a.m.

Daniel Moye, Secretary