

FUNDING AGREEMENT

This Funding Agreement (“Agreement”) is entered into effective as of November 21, 2023, by and between LCKC LADD DEVELOPMENT PARTNERS, LLC, a Missouri limited liability company (the “Company”), and the LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY OF KANSAS CITY, MISSOURI, a public body corporate and politic (the “Authority”).

RECITALS

A. The Authority is a public body corporate and politic created by the Land Clearance for Redevelopment Authority Law, Section 99.300, et seq., of the Revised Statutes of Missouri and is transacting business and exercising the powers granted by the Land Clearance for Redevelopment Authority Law by virtue of Committee Substitute for Ordinance No. 16120, duly passed by the City Council of the City of Kansas City, Missouri, November 21, 1952.

B. The Company is a Missouri limited liability company with offices at 3230 Benton Boulevard, Kansas City, Missouri 64128, and the Company has submitted a Redevelopment Project Application to the Economic Development Corporation of Kansas City, Missouri.

C. The Company is seeking incentives from the Authority to facilitate the historic rehabilitation of the former Ladd Elementary School building and the construction of one or more new mixed-use buildings located 3640 Benton Boulevard for adaptive reuse and conversion to a mixed-use development to include (a) a total of approximately 75 apartment units, including approximately 27 units on the upper two floors of the school building and approximately 48 units in newly constructed three-story buildings with studio, one-bedroom, and two-bedroom options), (b) planned commercial space on the first floor of the school building, (c) planned event/meeting space in the gym and the auditorium of the school building, (d) an approximately 5,000 to 7,000 square foot newly constructed commercial building, (e) parking improvements, (f) outdoor community space, and (g) related improvements (the “Project”).

D. The Project is located within the Oak Park Urban Renewal Area and will be carried out as a part of the Oak Park Urban Renewal Plan (the “Plan”).

E. In order to pay the Authority for services rendered by the Authority and to pay the costs and expenses of the Authority incurred in the course of providing services related to the Project to or for the benefit of the Company, the Authority requires the Company to provide assurance that the Authority will be paid by providing the initial deposit required by this Agreement and by the further covenants and agreements contained in this Agreement.

AGREEMENT

1. **Services to be Performed by the Authority.** The Authority shall retain administrative and professional staff, outside legal counsel, and consultants, and provide services that it determines are necessary to cause the Project to be evaluated and, if appropriate in the Authority’s sole discretion, implemented and carried out, including, but not limited to:

- a. review and consideration of the Company's Redevelopment Project Application for the potential granting of or consenting to the following incentives: (i) sales tax exemption on construction materials for the Project; (ii) abatement of property taxes generated by the Project for fifteen (15) years (at 100% during years 1-10 and 50% during years 11-15), with the possibility of an additional five (5) years (at 50% during years 16-20), subject to a "look back" assessment obtained and funded by the Company during year 14 analyzing the past (3) years and concluding that the additional incentive period is warranted, after completion of construction by virtue of a sale/leaseback ownership structure with the Authority as landlord and the Company (or related entity or entities) as tenant, and a payment in lieu of taxes (PILOTs) requirement as determined by the Authority; and (iii) preparation, negotiation, and implementation of a Redevelopment Contract and all related contracts and documents;
- b. obtaining conventional mortgage financing or issuing bonds necessary or incidental to the Project or to the granting and implementation of requested incentives, including preparation, negotiation, and implementation of all related contracts and documents; and
- c. such other services necessary or desirable to implement incentives and to otherwise facilitate the Project.

2. **Payment of Fees, Costs and Expenses.** The Company shall pay to the Authority, pursuant to this Agreement (including the LCRA Funding Schedule, which may be amended from time to time by the Authority, attached to this Agreement as Exhibit A and incorporated into this Agreement) all fees owed to the Authority for services rendered pursuant to this Agreement and all costs and expenses of the Authority incurred in performance of its obligations under this Agreement, and in connection with the Project, including, without limitation, legal fees and consultant fees.

3. **Initial Funding.** The Company shall pay to the Authority Thirteen Thousand Five Hundred and 00/100 Dollars (\$13,500.00) (the "Funds") contemporaneously with its execution of this Agreement. The Funds include an initial advance deposit for anticipated costs for legal services, staff time and related due diligence costs ("Advance Cost Deposit") payable pursuant to this Agreement in the amount of \$10,000.00 for projects involving conventional loan or bond financing, sales tax exemption or sale/leaseback incentives, plus the Authority's Redevelopment Project Application fee in the amount of \$3,500.00. The total amount of \$13,500.00 of initial funding under this Agreement is referred to as the "Funds".

The Funds are non-refundable, except for any unused City application fees, recording fees, or Advance Cost Deposit funds. The Authority will disburse the Funds as set forth in Section 6 and will bill the Company pursuant to Section 4 so that additional disbursements may be made by the Authority on a current basis.

4. **Additional Funding.** The Authority may, after exhaustion of the Funds and any other funds over and above the Funds ("Additional Funds"), require the payment by the Company of Additional Funds by notifying the Company that the Funds and/or Additional Funds have been,

or soon will be, exhausted and that the Authority deems it prudent to require the deposit of Additional Funds to pay anticipated additional expenditures by the Authority in conjunction with the Project; and by sending a statement to the Company for the advance of such Additional Funds.

5. **Statements and Payments.** The Company shall pay to the Authority the amounts set forth on such statement(s) for Additional Funds within fifteen (15) days of receipt of the statement(s). If such funds are not received within fifteen (15) days, the unpaid balance of any funds advanced by the Authority pursuant to this Agreement shall be subject to the payment by the Company of a penalty of two percent (2%) per month until paid, but in no event shall such penalty exceed eighteen percent (18%). The Authority shall be relieved of its obligations under this Agreement until all statements for Additional Funds are paid in full. The Authority may terminate this Agreement pursuant to Section 7.a.

6. **Disbursement of Funds.** The Authority shall apply the Funds and Additional Funds only for the payment of fees owed to the Authority, and the costs of the services and expenses (including, but not limited to, the Authority's legal fees) incurred by the Authority, pursuant to this Agreement. Upon reasonable notice, the Authority shall make its records related to disbursements of the Funds and Additional Funds available for inspection by the Company during normal business hours at the office of the Authority.

The Authority shall refund any unused application fees, recording fees or Advance Cost Deposit funds to the Company at such time as the Authority, in its sole discretion, determines that any such funds are no longer needed to pay any current or anticipated fees or costs payable under this Agreement. Notwithstanding the foregoing, a refund given by the Authority shall not relieve the Company of its obligation under this Agreement to pay any Additional Funds pursuant to a statement issued by the Authority under this Agreement.

The name and address for the Company's account payable department is:

Name: LCKC LADD DEVELOPMENT PARTNERS, LLC
Address: 3230 Benton Boulevard, Kansas City, Missouri 64128
Phone:
E-Mail:

7. **Termination.**

- a. In the event the Company fails to perform any of its obligations under this Agreement, including, but not limited to, the timely payment of the Authority's statement(s) for Additional Funds, the Authority may terminate this Agreement, and any other agreement between the parties, at its sole discretion upon ten (10) days written notice to the Company; and if the Authority elects to terminate this Agreement, the Authority shall retain the Funds and Additional Funds, if any, necessary to pay the Authority's outstanding costs of services and expenses incurred pursuant to this Agreement and any money due and owing to the Authority pursuant to any other agreement between the parties, and shall thereafter pay any remaining Funds and Additional Funds, if any, to the Company.

- b. The parties acknowledge that the Company may decide to abandon the Project. Upon the receipt of notice of the Company's abandonment of the Project, this Agreement shall terminate and the Authority shall retain the Funds and Additional Funds, if any, necessary to pay its staff time accumulated to date of termination and to pay the outstanding costs of services and expenses incurred pursuant to this Agreement and any money due and owing to the Authority pursuant to any other agreement and shall thereafter pay any remaining Funds and Additional Funds to the Company.
- c. In the event the Funds and Additional Funds are insufficient to pay the Authority for fees owed to the Authority and its outstanding costs of services and expenses payable pursuant to this Agreement, this Agreement shall remain in full force and effect and the Company shall pay to the Authority such unpaid balance immediately upon receipt of a statement from the Authority sent to the Company as set forth in Section 4 above.

8. **Notice.** Any notice, approval, request or consent required by or asked to be given under this Agreement shall be deemed to be given if it is in writing and mailed by United States mail, postage prepaid, or delivered by hand, and addressed as follows:

To the Authority: Land Clearance for Redevelopment Authority
of Kansas City, Missouri
Attention: Executive Director
300 Wyandotte, Suite 400
Kansas City, Missouri 64105

With a copy to: Rouse Frets White Goss Gentile Rhodes, P.C.
Attention: Brian Engel
4510 Belleview Avenue, Suite 300
Kansas City, Missouri 64111

To the Company: LCKC Ladd Development Partners, LLC
3230 Benton Boulevard
Kansas City, Missouri 64128
Attention: Chip Walsh

With a copy to: Donald E. Maxwell, LLC
Attention: Don Maxwell
4700 Belleview Avenue, Suite 404
Kansas City, Missouri 64112

Each party may specify that notice be addressed to any other person or address by giving to the other party ten (10) days prior written notice thereof.

The parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

9. **Attorneys' Fees.** In the event the Authority commences any action to enforce this Agreement or to pursue or defend its rights under this Agreement, the Company shall be responsible for, and shall pay to the Authority upon demand, all costs and expenses including attorney's fees incurred by the Authority in connection with such action.

10. **Jurisdiction.** THE COMPANY IRREVOCABLY SUBMITS TO PERSONAL JURISDICTION IN MISSOURI AND OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF MISSOURI OR, AT THE OPTION OF THE AUTHORITY, ANY COURT IN WHICH THE AUTHORITY DECIDES TO INITIATE LEGAL OR EQUITABLE PROCEEDINGS CONCERNING THIS AGREEMENT, PROVIDED SUCH COURT HAS SUBJECT MATTER JURISDICTION OVER THE MATTER AND CONTROVERSY FOR THE ENFORCEMENT OF THE COMPANY'S OBLIGATIONS UNDER THIS AGREEMENT, AND THE COMPANY WAIVES ANY AND ALL RIGHTS UNDER THE LAW OF ANY OTHER STATE TO OBJECT TO JURISDICTION WITHIN MISSOURI FOR THE PURPOSES OF LITIGATION TO ENFORCE ITS OBLIGATIONS UNDER THIS AGREEMENT.

11. **Material Inducement.** In recognition of the substantial tax incentives granted and approved by the Authority for the benefit of the Project, the Company acknowledges that payment of the Authority's costs and expenses as provided in this Agreement is a continuing obligation of payment and is a material inducement for the Authority to undertake its obligations under this Agreement and the Project transaction documents.

12. **Recitals and Exhibits.** The Recitals and exhibits attached to this Agreement are incorporated into and made a part of this Agreement as if fully set forth herein.

13. **Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

14. **Assignment.** The Company agrees that this Agreement and the rights, duties and obligations hereunder may not and shall not be assigned by the Company without the prior written consent of the Authority, which consent may be given by the Executive Director of the Authority in his or her discretion; provided, however, that the Executive Director may present an assignment request to the Authority for approval as he or she may deem appropriate. Any approved assignee shall, by an instrument in writing, for itself and its successors and assigns, and expressly for the benefit of the Authority, assume all of the obligations of the Company under this Agreement and agree to be subject to all the conditions and restrictions to which the Company is subject.

15. **Amendment, Changes and Modifications.** This Agreement may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of the parties hereto.

16. **Entire Agreement.** This Agreement, together with the Plan, constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior oral agreements or written agreements, arrangements, and understandings related thereto.

17. **Severability.** If any provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into or taken thereunder, or any application of such provision, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into, or taken, each of which shall be construed and enforced as if such illegal or invalid portion were not contained herein. Such illegality or invalidity of any application thereof shall not affect any legal and valid application thereof, and each such provision, covenant, stipulation, obligation, agreement, act or action, or part thereof, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

18. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

[Signature page follows.]

The parties have caused this Funding Agreement to be executed by their duly authorized representatives as of the day and year first above written.

COMPANY:

LCKC LADD DEVELOPMENT PARTNERS, LLC,
a Missouri limited liability company

By: _____
Name: _____
Title: _____

AUTHORITY:

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

By: _____
Daniel Moye, Executive Director

ATTEST:

Susan Tumey, Assistant Secretary

EXHIBIT A
LCRA FEE SCHEDULE

Adopted by LCRA Board of Commissioners 6/23/99
(Revised 6/22/05; 1/25/06; 3/28/07; 2/27/08; 3/05/10; 9/15/17; 6/27/18)¹

Cost Recovery for Agency Expenses (in addition to fees identified below)	Prof. Service Fees (e.g., appraisal, title, financial analysis, etc.)	100%
	Legal Service Fees	100%
	Other Due Diligence Costs	100%
	Blight Study	100%

I. Urban Renewal Plan or Plan Amendment

A. <u>Base Fee</u>		\$3,500.00
1. With Staff blight study		\$1,000.00
2. Surcharge for inclusion of eminent domain		\$2,500.00
*Plus all applicable City Plan Commission application fees		At cost

II. Redevelopment Project Applications

A. <u>Multifamily (no commercial tenants)</u>		\$2,000.00
*\$300 Redevelopment Contract recording fee included		Included
B. <u>Mixed-Use or Commercial Development</u>		\$3,500.00
* \$300 Redevelopment Contract recording fee included		Included

III. Real Property Tax Abatement/Exemption Fees (Upon project completion)

A. <u>Multifamily, Mixed-Use or Commercial Projects</u>		
Construction costs < \$300,000		\$500.00
Construction costs > \$300,000 – Total Development Cost x 0.3%		Calculate ²

IV. Special Financing and Assistance Fees

A. <u>Bond Financing</u>		
Application Fee		\$3,500.00
Annual Administrative Fee		\$1,500.00
Issuance Fee – LCRA Originated		
.5% of bond, plus Issuance expenses		Calculate
Conduit Issuance Fee		
.375% of up to first \$10,000,000		Calculate
.25% of up to next \$15,000,000		Calculate
.125% of amount above \$25,000,000		Calculate
B. <u>Land Acquisition</u>		
Offer to Purchase - 1% if ≤ \$2,500		Calculate
Acquisition Fee - 5% if ≥ \$2,500		Calculate
Eminent Domain – all professional and legal service fees and court fees/costs		At cost
C. <u>Sale/Leaseback and/or Tax Exemptions</u>		
Personal Property Tax Exemption - .30% of original asset cost		Calculate ²
Construction Material Sales Tax Exemption - .30% of construction material cost		Calculate ²

1. Which may be amended from time to time by the Authority.
2. Abatement/Exemption fees capped at \$150,000 per line item and \$250,000 in aggregate.