

COMPARED VERSION
COMMITTEE SUBSTITUTE TO ORIGINAL ORDINANCE

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 260339

Reaffirming the intent of the City Council to continue good-faith negotiations with the Kansas City Royals for the retention of the team in Kansas City; directing the City Manager to negotiate and execute a term sheet, lease, and development agreement with the Kansas City Royals or an affiliated entity for design, construction, and operations of a new stadium, team offices, and supporting infrastructure (the “Project”) in the Washington Square Park/Crown Center area; authorizing the execution of additional cooperative agreements in connection with the term sheet, lease, and development agreement; directing the City Manager to apply for a Tax Increment Financing Plan for the Project; appropriating \$250,000.00 from the Development Services Fund and authorizing the use of previously appropriated funds for the purpose of executing certain professional services agreements in furtherance of the objectives of this ordinance; finding that the Project is a public benefit to the City and the State of Missouri; directing the City Manager to apply for various financial and tax incentives through state agencies; directing the City Manager to negotiate intergovernmental cooperative agreements with the State of Missouri and related entities; authorizing the execution of additional agreements as necessary to comply with the directives of this ordinance; waiving the contract solicitation and Article IV, Chapter 3, requirements otherwise set out in the Code of Ordinances as to the agreements authorized in this Ordinance; directing the City Manager to conduct public engagement related to the lease and development agreement; declaring the intent of the City Council to reimburse itself from bond proceeds for certain expenditures; and recognizing this ordinance as having an accelerated effective date.

WHEREAS, the Kansas City Royals have been a cornerstone of Kansas City’s identity for over five decades, having played in the City since 1969 and bringing two World Series championships to the region in 1985 and 2015; and

WHEREAS, the Kansas City Royals organization represents more than a baseball team but serves as an important institution that unites the community, provides educational and charitable programs, and contributes significantly to the region’s tourism, hospitality, and entertainment sectors; and

WHEREAS, the State of Missouri has passed the Show-Me Sports Investment Act, which provides state funding of up to 50% of the total project costs for stadium projects that cost at least \$500 million in connection with Major League Baseball and National Football League teams; and

WHEREAS, the development of a new stadium and associated stadium district (the “Downtown Baseball District”) could provide significant economic development opportunities for the City and can expect to receive significant funding from the State of Missouri; and

WHEREAS, the Downtown Baseball District would increase tax revenue for the City and State of Missouri, draw tourism to the City and State, encourage recreation and educational

opportunities for children in Missouri, enhance the Kansas City Parks and Boulevard system, and contribute to a vibrant, dense, walkable urban atmosphere; and

WHEREAS, the City Council remains committed to retaining the Kansas City Royals in Kansas City and is committed to continuing good faith negotiations with the Royals, as previously stated in Resolution No. 230656 and Ordinance No. 260032; and

WHEREAS, the Washington Square Park/Crown Center area has been identified by the Kansas City Royals as the location for the development of the Downtown Baseball District; and

WHEREAS, the City desires to establish terms of a comprehensive lease and a comprehensive development agreement for the Project; and

WHEREAS, it is in the best interests of the City to authorize negotiations for a lease and a comprehensive development agreement while maintaining City Council oversight and final approval authority; and

WHEREAS, the City Council wishes to provide clear instructions to the City Manager as to the terms to be included in the lease and development agreement, which shall then be presented to the City Council for final approval; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Council hereby reaffirms its commitment to retain the Kansas City Royals in Kansas City and shall continue good faith negotiations with the Royals, as previously stated in Resolution No. 230656 and Ordinance No. 260032.

Section 2. That the City Manager is hereby directed to negotiate and execute a term sheet to retain the Kansas City Royals in Kansas City. The terms of the term sheet may include, but shall not be limited to, the following elements:

- A. A description of the Project to include development of a stadium, team offices, and infrastructure improvements; and
- B. The location of the stadium to be constructed in the Washington Square Park/Crown Center area; and
- C. The estimated cost of the Project is \$1,900,000,000.00, to be funded through private and public funding with the City contributing \$600,000,000.00.
- D. Provisions summarizing roles and responsibilities of the parties related to the Project, including land assembly, financing, cost sharing, design, construction, development, ownership of the stadium, lease of the stadium to the Kansas City Royals for a period of not less than 30 years, and operations of the stadium; and

- E. Responsibility for stadium and team office design, specifications, and site layout; and
- F. Responsibility for the design and construction of the stadium, ancillary development, and necessary infrastructure support including pedestrian bridges, transportation access, utility upgrades, traffic improvements, and similar infrastructure projects; and
- G. Plans to negotiate with state/federal/county agencies to secure support for the new stadium and Downtown Baseball District; and
- H. A period of exclusivity during which the parties will engage in good faith in the process to design and construct a stadium and will not solicit nor accept any proposal or enter into an agreement with any state, county, or municipality regarding any project to construct a baseball stadium at any location not in downtown Kansas City in the Washington Square Park/Crown Center area.

Section 3. That the City Manager is hereby directed to negotiate and execute, in coordination with the appropriate agencies, a comprehensive lease and a comprehensive development agreement with the Kansas City Royals organization, developers, city incentive agencies, and other relevant parties for the development of a new stadium and team offices in the Washington Square Park/Crown Center area.

Section 4. That the lease and development agreement may be supplemented by one or more cooperative agreements and other additional agreements. The terms of the lease, development agreement, and supplemental agreements may include, but shall not be limited to, the following elements:

- A. Specific deadlines for stadium and team office design, specifications, and site layout; and
- B. Specific deadlines for the design and construction of the stadium, ancillary development, and necessary infrastructure support including pedestrian bridges, transportation access, utility upgrades, traffic improvements, and similar infrastructure projects; and
- C. ~~A commitment~~ Subject to necessary appropriation and approval by City Council, an intent by the City to issue bonds, directly or through a conduit issuer, backed by the City's annual appropriation pledge or contributions in an amount sufficient to provide an amount of Six Hundred Million (\$600,000,000.00) for the stadium and team offices project, ~~subject to necessary appropriation and approval by City Council~~; and
- D. Commitments to land acquisition and agreed upon conveyance instruments including purchase agreements, leases, easements, street vacations, and encroachment agreements; and

- E. Responsibility Consideration for construction of parking facilities and coordination with existing businesses regarding parking rights, including revenue sharing for any parking garages constructed with City funding; and
- F. A commitment by the City to provide a sales tax exemption for construction materials purchased for the Project; and
- G. A commitment to community benefits to the Kansas City Parks and Boulevard system and public engagement, including a plan that prioritizes reinvestment in areas that have historically been subject to disinvestment and areas that have been impacted by relocation of professional sports teams, as well as considerations for workers; and
- H. A plan for the establishment of necessary economic development plans and/or districts to deploy economic development incentives suitable for the Downtown Baseball District along with the establishment of the appropriate zoning district; and
- I. A public engagement plan related to the lease and development agreement, which shall include meaningful consultation with existing business in the area regarding parking rights, access arrangement, and operational considerations; and
- J. A plan for the availability of economic development incentives for the ancillary development in and around the Downtown Baseball District committed to by the Kansas City Royals and its affiliates; and
- K. Commitments for other support for the development of the Project and the ancillary development in and around the Downtown Baseball District by the Kansas City Royals and its affiliates, including but not limited to, expedited processing of applications and permit requests, and provision of licenses or easements for use of air rights above public streets and rights-of-way or property under public streets and rights-of-way for development of the Project.

Section 5. That the City Manager is directed to file an application with the Kansas City TIF Commission for a Tax Increment Financing Plan pursuant to Sections 99.800 et seq. RSMo. for incentives to fund the Project (the “TIF Plan”).

Section 6. That the sum of \$250,000.00 is hereby appropriated from the Unappropriated Fund Balance of the Development Services Fund to the following account:

26-2210-105012-B-10	DWNTNSTDMDIS	\$250,000.00
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Section 7. That the City Manager is authorized to expend up to two hundred fifty thousand dollars (\$250,000.00) as appropriated in Section 6 as well as remaining funds previously appropriated in Ordinance No. 260032 for professional services, including but not limited to

economic advisory services, financial advisory services, bond advisory services, legal services, land use planning and urban design services, civil engineering services, architectural services, and others as may be required in furtherance of the objectives of this ordinance.

Section 8. That the Project will benefit both the City and the State of Missouri by generating significant economic development and increased taxes in Kansas City, enhancing the density and vibrancy of downtown Kansas City, increasing tourism in Kansas City, retaining and attracting jobs, and generating recreation opportunities for Missouri youth.

Section 9. The City Manager is directed to file an application with the Missouri Development Finance Board (“MDFB”) in an amount not to exceed \$50,000,000.00 for funding of a portion of the Project through the State Tax Credit for Contribution Program (the “MDFB Application”), and, if approved, to negotiate and execute a tax credit agreement with the Missouri Development Finance Board in connection with the issuance of state tax credits. The City Manager is further directed to file an application with the Missouri Department of Economic Development for the financing of the Project through appropriated funding from the State as authorized under the Show-Me Sports Investment Act (the “Show-Me Sports Investment Act Application”), and, if approved, to negotiate and execute all necessary agreements with the Missouri Department of Economic Development in connection with such appropriated funding.

Section 10. That the City Manager is directed to negotiate intergovernmental cooperative agreements with the State of Missouri, and related agencies, as necessary, to provide for intergovernmental partnership in the Project.

Section 11. The Mayor, City Manager, Director of Finance and other officials, agents and employees of the City as required, 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 Ordinance and to carry out, comply with and perform the duties of the City with respect to the term sheet, lease, development agreement, TIF Plan Application, the MDFB Application, and the Show-Me Sports Investment Act Application, including but not limited to the acceptance of deeds and/or other property interests for the Project and the negotiation and execution agreements necessary to carry out the same.

Section 12. That pursuant to Section 3-35(b)(5) and Section 3-437(b), Code of Ordinances, the Council hereby determines that it is in the best interests of the City to waive the contract solicitation and Article IV, Chapter 3 requirements otherwise set out in the Code of Ordinances as to the agreements authorized herein.

Section 13. That the City Manager is directed to conduct public engagement related to the lease and development agreement.

Section 14. That the City hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to, on, and after the date of this ordinance with the proceeds of bonds expected to be issued by the City. The maximum principal amount of bonds expected to be issued for the Project is not to exceed \$600,000,000.00. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

Section 15. That this ordinance, appropriating funds and relating to the design, repair, maintenance or construction of a public improvement, is recognized as an ordinance with an accelerated effective date as provided by Sections 503(a)(3)(C)-(D) of the City Charter and shall take effect in accordance with those sections.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

William Choi
Interim Director of Finance

Approved as to form:

Nelson V. Munoz
Deputy City Attorney