

SECOND AMENDMENT TO THE OVERLOOK TAX INCREMENT FINANCING PLAN

KANSAS CITY, MISSOURI

TIF COMMISSION APPROVAL:

DATE: **RESOLUTION No.**

CITY COUNCIL APPROVAL:

DATE: **ORDINANCE No.**

SECOND AMENDMENT
TO THE
OVERLOOK TAX INCREMENT FINANCING PLAN

I. Introduction

The Second Amendment to the Overlook Tax Increment Financing Plan (the “Second Amendment”) shall amend the Overlook Tax Increment Financing Plan, as originally approved by Ordinance No. 200942, and subsequently amended by the First Amendment, approved by Ordinance No. 221036 (the “Plan”).

The Second Amendment to the Plan modifies the (a) Estimated Budget of Redevelopment Projects, (b) Sources Funds described by the Plan and (c) exhibits to the Plan with such other conforming changes that are in furtherance of the forgoing modifications.

II. Specific Amendments

The Overlook Tax Increment Financing Plan shall be amended as follows:

Amendment No. 1: Section I of the Plan, entitled “Summary,” shall be deleted in its entirety and replaced with the following:

The Overlook Tax Increment Financing Plan (the “Plan”) provides for the construction of up to 60,000 square feet of new office building and 185 surface parking spaces, along with interior driveways, and potentially a health fitness trail and public plaza areas associated with the building (the “Project Improvements”), together with the construction or reconstruction of such other public infrastructure improvements such as signage, signaling, sidewalks, storm drainage facilities, utility relocation and upgrades, structured parking facilities, curbs, and such other related public infrastructure improvements that support and enhance the Project Improvements (collectively, the “Public Improvements”).

The proposed Redevelopment Area described by the Plan is generally bounded by Swope Parkway on the north, 49th Street on the south, Chestnut Avenue on the west, and College Avenue on the east, all in Jackson County, Kansas City, Missouri, and consists of one Redevelopment Project within the Redevelopment Project Area described on **Exhibit 1B** and depicted on **Exhibit 2B**. By virtue of subsequent amendments to the Plan and separate Ordinances passed by the City Council, the Plan may include an additional five (5) redevelopment projects that may include approximately 100,000 square feet of office development, two multifamily buildings totaling approximately 140 units, three retail/commercial spaces totaling approximately 12,000 square feet, a health and fitness trail, public plaza areas and outdoor park spaces.

The estimated Redevelopment Project Costs to implement the Project Improvements and Public Improvements is \$34,512,171.. The Redeveloper,

through a combination of equity, and conventional debt will finance \$23,220,495. The remaining estimated Redevelopment Project Costs will be funded with (1) approximately \$2,995,838 of Economic Activity Taxes, (2) approximately \$2,995,838 of Additional City EATs, (3) approximately \$150,000 sales tax approved by the Public Improvements Advisory Committee (PIAC), and (4) approximately \$5,150,000 in sales tax approved through the Central City Economic Development (the “CCED”) Fund. The Redevelopment Project Costs, including those that are reimbursable, are identified on **Exhibit 5** attached to this Plan.

The total initial equalized assessed valuation of the Redevelopment Area, according to 2020 tax records at the Jackson County Assessor’s Office, is approximately \$416,087, of which approximately \$158,464 is tax-exempt, leaving a net taxable amount of \$257,623. The current combined ad valorem property tax levy is projected to be \$8.0368 per \$100 assessed valuation. Following the completion of the Project Improvements, it is estimated that the assessed value of the real property within the Redevelopment Area will increase to approximately \$10,411,220.

Pursuant to the Act, Tax Increment Financing allows for the use of Economic Activity Taxes and Payments in Lieu of Taxes generated and collected within the Redevelopment Area for a twenty-three (23) year period to pay Reimbursable Project Costs.

The estimated total Economic Activity Taxes generated within the Redevelopment Area to be deposited into the Special Allocation Fund and, upon annual appropriation or upon being budgeted and transferred by the City Council, available to pay reimbursable Redevelopment Project Costs, is approximately \$2,995,838, of which approximately 100% may be used to reimburse eligible Redevelopment Project Costs, including interest certified by the Commission. Those Economic Activity Taxes, estimated to be generated on an annual basis, are shown on **Exhibit 6**, attached hereto, and include 50% of the net earnings taxes paid by businesses and employees, 50% of the net food & beverage taxes, 50% of the net utility taxes, 50% of certain City and County net sales taxes generated, collected and available for the period Tax Increment Financing is authorized by Ordinance.

The Redeveloper has received approval for tax benefits under The Planned Industrial Expansion Authority Law (the “PIEA Benefits”). The requested PIEA Benefits approved will include an exemption on sales taxes for construction materials, along with 100% real property tax abatement for twenty-five (25) years on property located within the one Redevelopment Project within the Redevelopment Project Area. With the approval of the PIEA Benefits, no portion of the real estate property tax not subject to abatement will be utilized to pay for any Reimbursable Project Costs.

If and to the extent the Redeveloper seeks to further amend the Plan to add additional redevelopment project areas and additional PIEA Benefits, as described above, are not approved by the Planned Industrial Expansion Authority

of Kansas City, Missouri for such additional redevelopment project areas, the resulting PILOTS, or any portion thereof, generated by such additional redevelopment project areas shall not be utilized to reimburse Redevelopment Project Costs, unless such amendment expressly provides that PILOTS may be used to pay Redevelopment Project Costs.

The estimated Additional City EATs (as hereafter defined), subject to appropriation by the City Council, will be available to pay Reimbursable Project Costs. The Additional City EATS will not exceed \$2,995,838.

The estimated Additional City Tax Revenue (as hereafter defined), subject to appropriation by the City Council, will be available to pay Reimbursable Project Costs. The Additional City Tax Revenue will not exceed \$5,300,000.

Upon the reimbursement of Reimbursable Project Costs (including Administrative Expenses), Tax Increment Financing will be terminated and the Taxing Districts, subject to Section 99.850 RSMo., will receive all tax revenue generated within the Redevelopment Area.

Amendment No. 2: Section IV of the Plan entitled “The Redevelopment Plan” of the Plan is hereby deleted in its entirety and replaced with the following:

A. The Redevelopment Plan. The Overlook Tax Increment Financing Plan (the “Plan”) contemplates the acquisition of properties along Blue Parkway and the subsequent demolition of existing improvements and site clearance. Once demolition is complete and the site is cleared, the site is to be redeveloped with an approximately 60,000 square foot office building and 185 surface parking spaces, along with interior driveways, and potentially a health fitness trail and public plaza areas associated with the building and other public amenity elements and public infrastructure improvements, such as streetscape, signage, signaling, sidewalks and curbs and such other related public infrastructure improvements that support and enhance the Project Improvements. The Project Improvements and Public Improvements are anticipated to be completed by 2026. The Plan further provides that \$11,291,676 (approximately 33%) of the \$34,512,171 of Redevelopment Project Costs are eligible for reimbursement.

Amendment No. 3: Section IV.A. of the Plan, entitled “Estimated Redevelopment Project Costs,” shall be deleted in its entirety and replaced with the following paragraph:

A. Estimated Redevelopment Plan Costs. The estimated Redevelopment Project Costs to implement all the Project Improvements and Public Improvements is \$34,512,171. The Redeveloper, through a combination of equity, and conventional debt will finance \$23,220,495. The remaining estimated Redevelopment Project Costs will be funded with (1) approximately \$2,995,838 of Economic Activity Taxes, (2) approximately \$2,995,838 of Additional City EATs, (3) approximately \$150,000 sales tax approved and allocated by the Public Improvements Advisory Committee (PIAC) and (4) approximately \$5,150,000 in sales tax

recommended by the CCED Board. The Redevelopment Project Costs including those that are reimbursable, are identified on Exhibit 5, attached to this Plan.

Amendment No. 4: The text of Section IX of the Plan entitled Conformance with the Comprehensive Plan is hereby deleted in its entirety and replaced with the following:

The Plan conforms with the comprehensive plan for the development of the City of Kansas City as a whole, the KC Spirit Playbook, as well as the Swope Area Plan.

Amendment No. 5: Delete Exhibit 5 of the Plan entitled “Budget of Redevelopment Project Costs” in its entirety and replace it with Exhibit 5 “Budget of Redevelopment Project Costs,” attached hereto.

Amendment No. 6: Delete Exhibit 7 of the Plan entitled “Anticipated Sources of Funds” in its entirety and replace it with Exhibit 7 “Anticipated Sources of Funds,” attached hereto.

Amendment No. 7: Delete Exhibit 8 of the Plan entitled “Development Schedule” in its entirety and replace it with Exhibit 8 “Development Schedule,” attached hereto.

Amendment No. 5

Exhibit 5

Budget of Redevelopment Project Costs

Project Costs	Sources					STIF
	TIF	CCED	PIAC	Debt/Equity		
LAND COSTS						
Acquisition	\$650,434				\$650,434	
Holding Costs	\$15,000				\$15,000	
Environmental	\$490,458		\$490,458			
PRE-DEVELOPMENT						
Legal	\$119,527				\$119,527	
Civil Engineering	\$58,865				\$58,865	
Architectural Design	\$1,663,975				\$1,663,975	
Planning/Zoning/Plats	\$38,450				\$38,450	
Entitlements	\$109,347				\$109,437	
Arterial Street Impact	\$65,344				\$65,344	
Permitting	\$28,929				\$28,929	
HARD COSTS						
Construction Bid	\$22,111,181	\$2,995,838			\$16,119,505	\$2,995,838
Site Clearance & Prep ¹	\$4,659,542		\$4,659,542			
Public Improvements	\$150,000			\$150,000		
Tenant Allowance	\$1,835,000				\$1,835,000	
Development Fee	\$1,234,822				\$1,234,822	
FINANCE COSTS						
Construction Interest	\$961,902				\$961,902	
Closing/Issuance	\$322,905				\$322,905	
Totals	\$34,512,171	\$2,995,838	\$5,150,000	\$150,000	\$23,220,495	\$2,995,838

¹ Site Prep is more particularly described on Exhibit D of the Tax Contribution and Disbursement Agreement of the Overlook TIF Plan, as amended, and referenced for the purposes of certifying and reimbursing costs.

Amendment No. 6

Exhibit 7

ANTICIPATED SOURCES OF FUNDS

Sources

Debt & Equity	\$ 23,220,495*
TIF Funds used to pay debt service	
CCED	\$ 5,150,000
PIAC	\$ 150,000
TIF	\$ 5,991,676
	\$34,512,171

* Does not reflect the fact that the Redeveloper will be funding 100% of the Redevelopment Project Costs with debt and equity with the benefit of TIF being received over time.

Amendment No. 7

Exhibit 8

DEVELOPMENT SCHEDULE

EVENT	YEAR OF COMPLETION
Design Completion	2023
City and Agency Approvals	2023
Financing Closing	2024
Begin Construction	2024
Complete Construction	2026

The Developer shall substantially complete construction of the Project Improvements and Public Improvements within three (3) years of March 21, 2024, in accordance with Code § 74-12 and the Community Investment Agreement.