



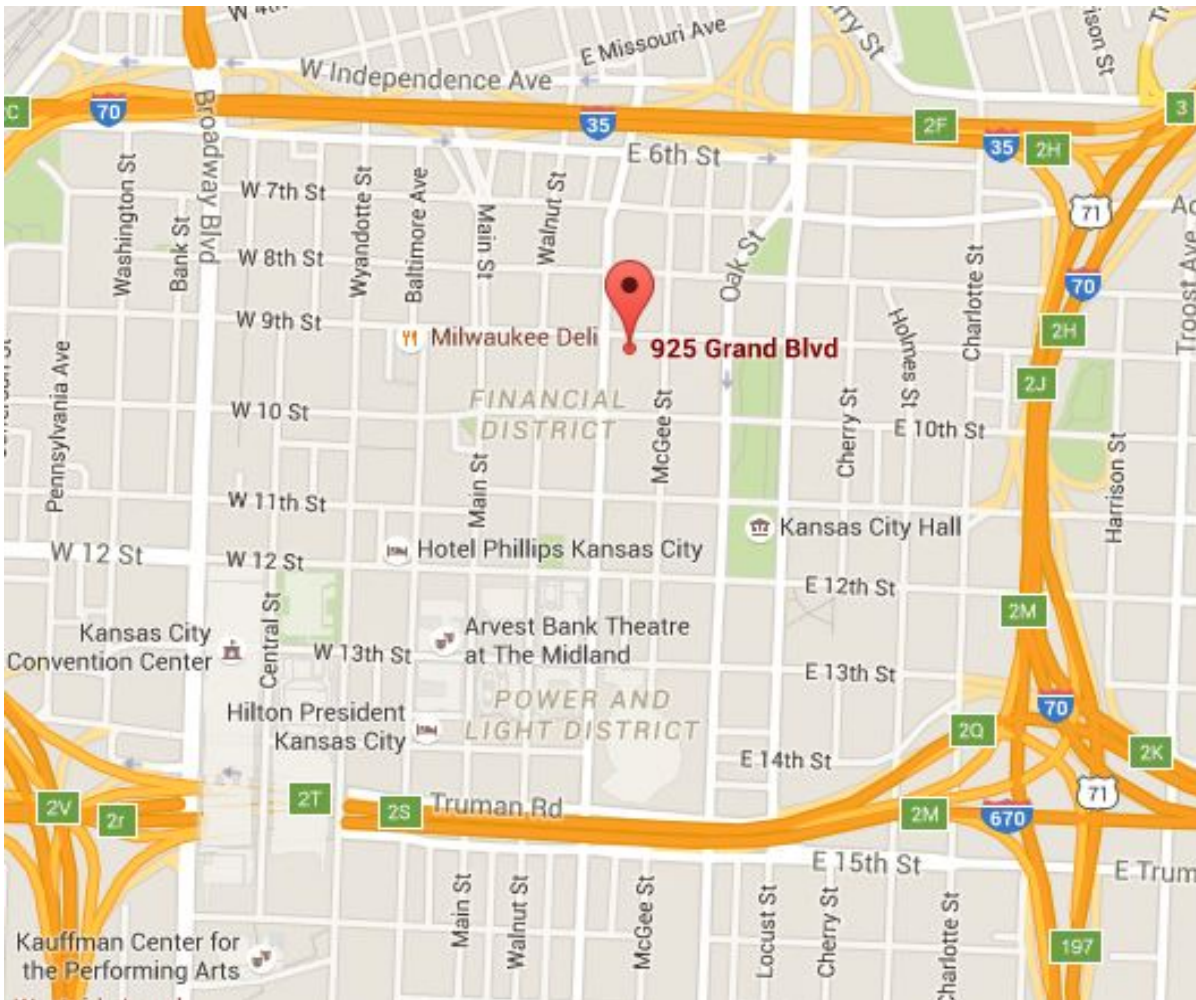
Grand Reserve

CS Ordinance 200265

Neighborhood Planning and Development Committee
05/06/20

Location of Project

- Most of the block, between 9th and 10th, Grand & McGee



Project Overview

- 9th and Grand
- 301K SF adaptive reuse – historic building
- Vacant 8 years, predevelopment rehab/stabilization underway for primary hotel, garage, and space for prior data center since 2016
- 284 Room All-Suite Hotel, 450 stall parking garage, replace 85K SF data center w/40K SF family entertainment center. Eliminate former 24 room Boutique Hotel.
- \$182M project
- New Hospitality Jobs: 126 Hotel; 35 FEC; Total 161
- Originally approved in 2016 – Omnibus Ordinance 160163



Current



Proposed



Presentation Overview

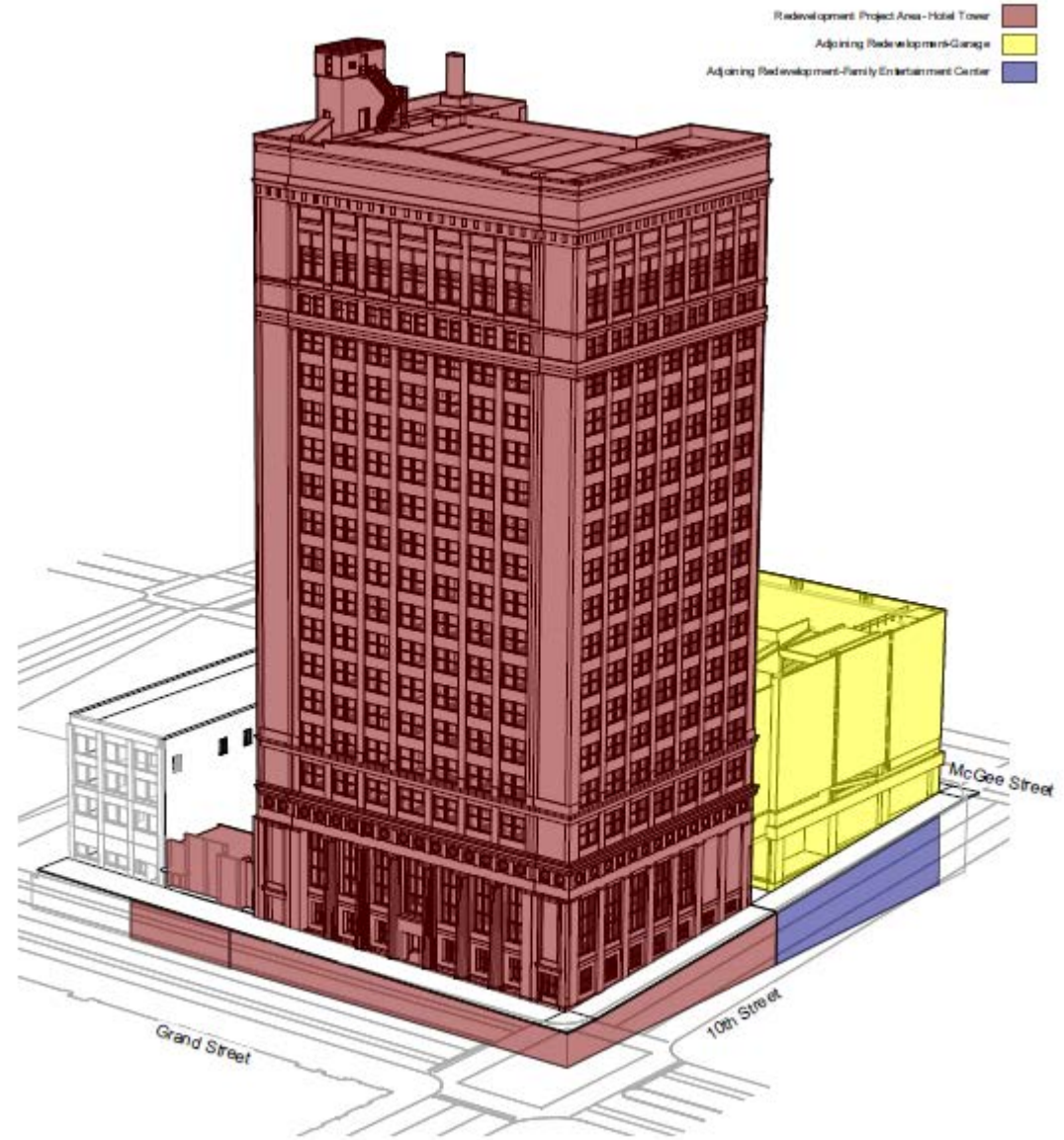
- Financial Analysis - But-For/Cost-Benefit Analysis - **UPDATED**
- Conservation Study – **UNCHANGED**
- TIF Plan and TIF Project - **AMENDMENTS**
- Sales Tax Contribution - **AMENDMENTS**
- Chapter 100 - **AMENDMENTS**
- Council Action – **CURRENT ORDINANCE**





Sources/Uses

USES	2016	2020	USES
Hotel/Garage	\$98.5M	\$153M	Hotel/Garage
Boutique Hotel/Data Center	\$48.5M	\$17.5M	FEC
TOTAL REDEVELOPMENT COST	\$147M	\$170.5M	TOTAL REDEVELOPMENT COST
<i>Yr. 6 Personal Property</i>	<i>\$11.5M</i>	<i>\$11.5M</i>	<i>Yr. 6 Personal Property</i>
TOTAL INVESTMENT	\$158.5M	\$182M	TOTAL INVESTMENT



Project Configuration



Financial Analyses

Tom Denaway, Baker Tilly Municipal Advisors



But-For

	2016	2020
Unleveraged IRR w/o Incentives	7.05%	4.70%
Unleveraged IRR w/ Incentives	10.14%	7.42%
Average Market Rate IRR	10.48%	9.90%



Cost Benefit Analysis

Net Impact 23 years 50% fixed cost	2016	2020
City	\$51.1M	\$40.8M
Jackson County	\$10.9M	\$7.1M
KCMSD	\$1.5M	\$4.9M
Library	\$363K	\$642K
Other	\$62.7M	\$32.1M*

*\$31.1 benefits State. Other \$1M split between TJs



TIF Plan/Project Amendments

Heather Brown, TIFC



TIF Plan

- Conservation Area - **UNCHANGED**

"50% or more of structures are 35 years or older... and at risk of becoming blighted" - RS MO 99.805

- TIF Plan supports redevelopment of hotel - **UNCHANGED**
- Includes public infrastructure improvements - **UNCHANGED**
- Meets But-For & Conservation Tests and Other Required Statutory Findings – **UNCHANGED**
- School District Contribution (\$200K Lump Sum) - **UNCHANGED**

AMENDMENTS

- Project Costs – construction and labor expenses **INCREASED**
- Reimbursement – **REDUCED**

Components of TIF Project



- 284 Room All Suite Embassy Suite Hotel (17 Room Reduction)
- \$500K in Public Improvements – Streetscape, Sidewalks, Lighting - UNCHANGED
- Completion Date 2021 (Originally 2018)
- Project Area - REDUCED
- Adaptive Reuse of Historic Federal Reserve Building (Vacant since 2008)
- Activated 2016 – Redirection Projected to Start 2021 (Loss = 5.5 years of redirection)



Sales Tax Contribution

Kerrie Tyndall, City Manager's Office



Overview

- 23 years contribution - UNCHANGED (starts upon completion of hotel)
- Project 1 – 50% Certain Sales Taxes Not Otherwise Captured by TIF; 70% F&B Taxes Not Otherwise Captured by TIF; and 70% Hotel/Motel Taxes Not Available via TIF - UNCHANGED
- Adjoining boutique hotel – ELIMINATED
- Average Annual Capture - \$455K (REDUCED \$58K)
- Capped at \$10.5M (REDUCED \$1.3M)
- Certification of Expenses through TIFC - UNCHANGED
- Provides critical gap funding to project needed, along with other tools, to generate feasible IRR - UNCHANGED



Chapter 100

Dan Moya, EDC

CH 100 Plan

- \$135M Bond Issuance – **UPDATED Breakouts**
 - \$116.5 million Real Property Investment (**INCREASED**)
 - \$18.5 million Personal Property Investment (**DECREASED**)
- RP Abatement – 17 Years (**REDUCED 3 Years**)
- PP Abatement - **UNCHANGED**
 - Project I – 10 Years
 - Project II – 5 Years
- Sales Tax Exemption on Construction Materials - **UNCHANGED**
- Clawbacks – **UNCHANGED STRUCTURE**
 - If the Developer's capital investment does not meet the goals stated, then the PILOT will increase on a pro rata basis.





Council Action

- Omnibus Ordinance
- **Updates and Approves** TIF Plan/Project Amendments Approved by TIFC (Mar 20)
 - TIF Project Area – **Reduces Boundary**
 - Ch 100 – **Reduces Term**
 - CBA - **Updated**
- Authorizes Execution of Sales Tax Contribution Agreement **Amendments**
- Approves **Amendments** to Ch 100 Plan and **Re-Authorizes Issuance** of up to \$135M in conduit bonds

Comm Sub – Ch 100 Reduced Abatement Term, Scrivener Updates, Updated Defined Terms, Commitment from Developer to Issue all Ch 100 Bonds in 6 Years, Updated Legal Description



Developer Comments

Doug Stone, Lewis Rice



Questions?