

COMPARED VERSION  
COMMITTEE SUBSTITUTE TO ORIGINAL ORDINANCE

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 200265

Taking certain actions and approving various modified economic development incentives in relation to the redevelopment by Delta Quad Holdings, LLC of the vacant structure and related facilities formerly occupied by the Federal Reserve Bank of Kansas City at 925 Grand Boulevard previously approved by Committee Substitute for Ordinance 160163, including accepting the recommendations of the Tax Increment Financing Commission of Kansas City, Missouri as to the findings related to a First Amendment to the Grand Reserve Tax Increment Financing Plan; approving the First Amendment to the Grand Reserve Tax Increment Financing Plan; reaffirming the approval and designation of Redevelopment Project Area 1 as a Redevelopment Project and the adoption of tax increment financing therefor; approving modified additional financial assistance for the Redevelopment Project and authorizing the City Manager to enter into an amendment to a previously executed Sales Tax Contribution Agreement in furtherance of such purpose; amending and restating an Industrial Development Plan previously approved by Committee Substitute for Ordinance 160163 for the purpose of the renovation, construction, furnishing and equipping of a service facility which provides interstate commerce and a commercial project; authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the parties; authorizing the issuance of taxable industrial revenue bonds in a maximum aggregate principal amount not to exceed \$135,000,000; authorizing and approving certain other documents and actions in connection with the issuance of said bonds; authorizing the construction of certain public streetscape in the public right of way; and directing the City Clerk to transmit copies of this ordinance.

WHEREAS, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended (the “TIF Act”), the City Council of Kansas City, Missouri (the “City Council”) created the Tax Increment Financing Commission of Kansas City, Missouri (the “Commission”); and

WHEREAS, the Grand Reserve Tax Increment Financing Plan (the “Original Redevelopment Plan”) is a comprehensive program intended to reduce, prevent or eliminate blight, conserve and redevelop substandard property and enhance the tax base within the redevelopment area (the “Redevelopment Area”) through the implementation of a project (the “Redevelopment Project”) and other improvements, and the adoption of tax increment financing; and

WHEREAS, the Original Redevelopment Plan was recommended by the Commission after due notice and hearing in accordance with the TIF Act; and

WHEREAS, by Committee Substitute for Ordinance No. 160163 passed on May 12, 2016, the City Council adopted the Original Redevelopment Plan, designated the Redevelopment Area and the redevelopment project area for the Redevelopment Project

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described therein (“Redevelopment Project Area 1”) and adopted tax increment financing for Redevelopment Project Area 1; and

WHEREAS, a First Amendment to the Original Redevelopment Plan (the "Redevelopment Plan Amendment") was proposed for the purpose of, among other things, modifying the description of the improvements related to Redevelopment Project 1 to include an approximately 284 all-suite hotel, modifying the nature of the "Adjoining Development" by eliminating the 24 room Boutique Hotel and the Data Center and the addition of a Family Entertainment Center, revising the "Development Schedule", updating the budget with respect to the "Redevelopment Project" (all as defined therein), and reduces the boundary of the area that comprised Redevelopment Project Area 1 under the Original Redevelopment Plan to that smaller area described in Section 7 of this Ordinance (“Redevelopment Project Area 1”); and

WHEREAS, the Commission has been duly constituted and its members appointed; and, after all proper notice was given, the Commission met in public hearing and after receiving the comments of all interested persons and taxing districts with respect to the Redevelopment Plan Amendment, closed said public hearing, and adopted its Resolution (the “Resolution”) recommending to the City Council the acceptance of certain findings related to the Redevelopment Plan Amendment and the approval of the Redevelopment Plan Amendment; and

WHEREAS, subsequent to the Commission’s adoption of the Resolution, certain amendments were made to the Redevelopment Plan Amendment that do not enlarge the exterior boundaries of the Redevelopment Area, and do not substantially affect the general land uses established in the Redevelopment Plan Amendment or substantially change the nature of the Redevelopment Project, and notice of such amendments was duly given as required by the TIF Act; and

WHEREAS, the Original Redevelopment Plan, as so amended by the Redevelopment Plan Amendment (the “Redevelopment Plan”) provides for (A) the historic rehabilitation and adaptive reuse of the approximately 301,533 square foot, 21-story former Federal Reserve Bank of Kansas City building located at 925 Grand Boulevard into an all-suite approximately 284 room hotel that will include restaurants, meeting and event facilities within Redevelopment Project Area 1 (the “Tower Hotel”), and (B) the rehabilitation of the existing adjacent approximately 450-stall parking garage (the “Garage”), and the development of an approximately 40,000 square foot family entertainment center in the lower levels of the structure containing the Garage (the "FEC"), both within the Redevelopment Area but not within Redevelopment Project Area 1, and (C) the construction of certain public improvements in the right-of-way and otherwise on or constituting public property (the “Project Improvements”); and

WHEREAS, the Commission and Delta Quad Holdings, LLC (the “Redeveloper”) entered into an agreement dated June 14, 2016 (the “Original Redevelopment Agreement”), which provides, inter alia, for the implementation of the project improvements described in the Original Redevelopment Plan and for the reimbursement of certain redevelopment project costs related to the redevelopment project, as identified by the Original

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Redevelopment Plan, that have been incurred by the Redeveloper and certified, pursuant to the Original Redevelopment Agreement, by the Commission; and

WHEREAS, the Commission and the Redeveloper will amend and restate the Original Redevelopment Agreement by entering into an amended and restated agreement to incorporate modifications described by the Redevelopment Plan Amendment (the “Redevelopment Agreement”) and to provide, inter alia, for the implementation of the Project Improvements and for the reimbursement of certain redevelopment project costs related to the Redevelopment Project, as identified by the Redevelopment Plan, that have been incurred by the Redeveloper and certified, pursuant to the Redevelopment Agreement, by the Commission (the “Certified Costs”); and

WHEREAS, based on an updated independent professional analysis of the anticipated financial return on the amount of private investment necessary to perform the Project Improvements as amended by the Redevelopment Plan Amendment, and in order to eliminate blight, foster the preservation of an historic structure, and promote development that facilitates growth of tourism and redevelopment of an historically challenging redevelopment site within the eastern side of the City’s downtown, the City remains willing to provide additional assistance so that the Project Improvements, which would otherwise not be realized, to the detriment of the public interest, may proceed; and

WHEREAS, the City is authorized pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended, and the City of Kansas City Charter (collectively, the “Chapter 100 Act”), to issue its revenue bonds for carrying out a project or projects under the Chapter 100 Act, such revenue bonds to be paid solely from revenue received from such project, and to enter into a lease of certain real and personal property associated with the Project Improvements to be financed with the proceeds of such revenue bonds with any person, firm or corporation; and

WHEREAS, the City has heretofore prepared and approved plans for the industrial development of the City and by Ordinance 160163 approved an Industrial Development Plan (the “Original Chapter 100 Plan”) for the purpose of carrying out certain improvements as a development project under the Chapter 100 Act (the “Original Chapter 100 Project”) for the Redeveloper; and

WHEREAS, as a consequence of changes to the Original Chapter 100 Project which are described in the Redevelopment Plan Amendment and the Redevelopment Agreement, it is necessary to make certain modifications to the Original Chapter 100 Plan, and the City therefore desires to approve an Amended and Restated Industrial Development Plan (the “Chapter 100 Plan”) for the purpose of carrying out the Project Improvements as a development project under the Chapter 100 Act (the “Chapter 100 Project”); and

WHEREAS, the City intends to issue its Taxable Industrial Revenue Bonds (Grand Reserve Project) (the “Chapter 100 Bonds”) in one or more series for the purpose of furthering the Chapter 100 Project located in the Redevelopment Area; and

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WHEREAS, notice of the Chapter 100 Plan and the Chapter 100 Project was given to the taxing jurisdictions in accordance with Section 100.059.1 of the Revised Statutes of Missouri; and

WHEREAS, the City Council has heretofore and does hereby find and determine that it is desirable for the economic development of the City and within the public purposes of the Chapter 100 Act that the City Council approve the Chapter 100 Plan as proposed by the Redeveloper; and that the City issue the Chapter 100 Bonds, as more fully described in the Indenture and in the Lease, as hereinafter defined and authorized, proceeds of which shall be used for the purchase of certain real property and personal property associated with the Chapter 100 Project and which shall be located in the Redevelopment Area and leased by the City to the Redeveloper, with an option to purchase; and

WHEREAS, for a Chapter 100 bond issuance, the City Council has previously established a policy (Ordinance No. 041033) for the review and approval of these projects, one component of which suggests a maximum bond term of 10 years and another of which suggests payments-in-lieu-of-taxes (PILOTS) at a level of no less than 50% of the amount the property would have paid if it had been fully taxed, to the affected taxing jurisdictions during the term of the Chapter 100 Bonds; and

WHEREAS, the City Council wishes in this instance to waive its Chapter 100 policy based upon the independent professional analysis of the anticipated financial return on the amount of private investment necessary to perform the Project Improvements and the eventual net benefits to taxing jurisdictions from the implementation of the Chapter 100 Project; and

WHEREAS, the principal amount of the taxable Chapter 100 Bonds will be issued over a period of time not to exceed ten years, commensurate with the City's incremental acquisition of the property comprising the Chapter 100 Project, and such property will be leased by the City to the Redeveloper for a period of not to exceed seventeen years for the real property, ten years for the personal property associated with the Tower Hotel and five years for the personal property associated with the FEC and the Garage, in each of such three cases commencing in the year of the first advance for such respective property (subject to earlier termination as provided in the Lease); and

WHEREAS, the Tower Hotel, the FEC and the Garage will be owned by the City during the term of the Lease; and

WHEREAS, the City, the Commission and the Redeveloper have entered into a Sales Tax Contribution Agreement dated June 14, 2016, whereby the City agreed, subject to annual appropriation, to provide an additional source for payment of Certified Costs by committing, subject to annual appropriation and subject to actual collection, in addition to the revenues available under the TIF Act, a defined portion of certain sales tax revenues realized by the City and generated in the Redevelopment Area that are not otherwise captured by the TIF Act as more particularly described in the Redevelopment Plan (the "Additional City Contribution"), in an amount not to exceed \$11,805,989 payable over a period not to exceed twenty-three (23) years (the "Original Sales Tax Contribution Agreement"); and

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WHEREAS, as a consequence of the changes to the Project Improvements as provided by the Redevelopment Plan Amendment and the Redevelopment Agreement, certain amendments need to be made to the Original Sales Tax Contribution Agreement pursuant to a proposed First Amendment to Sales Tax Contribution Agreement to be entered into among the City, the Commission and the Redeveloper (the “Contribution Agreement Amendment”, and together with the Original Sales Tax Contribution Agreement, the “Sales Tax Contribution Agreement”); and

WHEREAS, the Redevelopment Agreement, the Sales Tax Contribution Agreement and/or the Lease will obligate the Redeveloper to construct the Project Improvements, which Project Improvements include modifications and improvements to the public sidewalks and the installation of planters, streetlights and other streetscape to be located in the public right of way and owned by the City in accordance with a design approved by the Department of Public Works and/or other departments of the City having authority with respect thereto (the “Public Streetscape Improvements”); NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF KANSAS CITY:

Section 1. That the recommendation of the Commission concerning the findings related to the Original Redevelopment Plan, as amended by the Redevelopment Plan Amendment, as set forth in the Resolution is hereby accepted and the Redevelopment Plan Amendment is hereby approved and adopted.

Section 2. That the Council reaffirms the designation in Ordinance 160163 of the following area as a Redevelopment Area:

All of Lots 103,104, 105, 106, 107, 108, 111, 112,113, 114, 115, 116, 117 and 118, Swopes Addition to the City of Kansas City, now Kansas City, a subdivision in Kansas City, Jackson County, Missouri; together with that part of the vacated North-South alley lying East and adjacent to Lots 103 through 106, inclusive, and West and adjacent to Lots 114 through 118, inclusive.

Section 3. That in accordance with the recommendations of the Commission as set forth in the Resolution, the City Council hereby finds that the Redevelopment Plan does not alter its previous finding that:

- (a) The Redevelopment Area is a conservation area as described in the Conservation Study attached to the Original Redevelopment Plan;
- (b) The Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the tax increment financing and the Redevelopment Plan is accompanied by an affidavit of the Redeveloper;

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- (c) The Redevelopment Plan conforms to FOCUS, the comprehensive plan for the development of the City as a whole, and the Greater Downtown Area Plan;
- (d) The area selected for the Redevelopment Project includes only those parcels of real property and improvements thereon which will be directly and substantially benefited by the Project Improvements described by the Redevelopment Plan;
- (e) The estimated dates of completion of the Redevelopment Project and retirement of obligations, if any, issued pursuant to the TIF Act to finance Redevelopment Project Costs, have been stated in the Redevelopment Plan and such estimated dates are not more than 23 years from the effective adoption of any ordinance approving a Redevelopment Project within the Redevelopment Area;
- (f) A plan has been developed for relocation assistance for businesses and residences;
- (g) A cost-benefit analysis showing the economic impact of the Redevelopment Plan on each taxing district at least partially within the boundaries of the Redevelopment Area if the Project Improvements are built pursuant to the Redevelopment Plan or are not built, and evidence that the proposed Project Improvements are financially feasible has been prepared; and
- (h) The Redevelopment Plan does not include the initial development or redevelopment of any gambling establishment.

Section 4. That the Redevelopment Area is a substandard area located within the City's urban core area that will continue to deteriorate to the detriment of the public without the assistance described in this ordinance.

Section 5. That without limiting other forms of financing or obligations issued by other entities, the Commission, as may be requested by the Redeveloper, is authorized to issue obligations in one or more series of bonds secured by the Grand Reserve Account of the Special Allocation Fund to finance Redevelopment Project Costs, to pledge funds in the Special Allocation Fund for the payment of obligations issued to finance Redevelopment Project Costs identified by the Redevelopment Plan and to reimburse the Redeveloper for such costs, and subject to any constitutional limitations, to acquire by purchase, donation, lease or eminent domain, own, convey, lease, mortgage, or dispose of, land or other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the Commission determines, to enter into such contracts and take all such further actions permitted by the TIF Act as are reasonably necessary to achieve the objectives of the Redevelopment Plan pursuant to the power delegated to it by the City. Any obligations issued pursuant to the TIF Act to finance Redevelopment Project Costs shall contain a recital that they are issued pursuant to Sections 99.800 to 99.865, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

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Section 6. That pursuant to the provisions of the Redevelopment Plan, the City Council approves the pledge of all funds that are deposited into the Grand Reserve Account of the Special Allocation Fund to the payment of Redevelopment Project Costs as authorized by the TIF Act and authorizes the Commission to pledge such funds on its behalf.

Section 7. That the Council, by approving the Redevelopment Plan Amendment, modified the boundary of Redevelopment Project Area 1 as previously approved and designated by Section 7 of Ordinance 160163, to be the following smaller area:

Those portions of Lots 103, 104, 105 and 106, Swope's Addition to the City of Kansas, now Kansas City, Jackson County, Missouri situated above the horizontal plane generally described as the existing subflooring of the Floor 1 lobby of the building located at 925 Grand Street, Kansas City, Missouri

Section 8. That the Council reaffirms the adoption in Sections 8 and 9 of Ordinance 160163 of tax increment allocation financing for Redevelopment Project Area 1, which was authorized on May 12, 2016.

Section 9. That the City Manager is authorized to enter into Contribution Agreement Amendment with the Commission, Redeveloper, for the purposes of, among other things, reflecting the change in the Project Improvements and reducing the maximum amount of the Additional City Contribution from \$11,805,989 to \$10,461,180. The Contribution Agreement Amendment is approved in substantial form to that which is attached hereto.

Section 10. That the City Council hereby finds and determines that the Chapter 100 Project will promote the economic well-being and industrial development of the City and the Chapter 100 Project will be in furtherance of the public purposes set forth in the Chapter 100 Act. The City Council hereby approves the Chapter 100 Plan for the Chapter 100 Project, which includes the following provisions:

(a) Expansion and construction of the Project Improvements, which are service facilities which provide interstate commerce and a commercial project and an office industry, including real property acquisition and improvements, located in the Redevelopment Area in the City of Kansas City, Missouri; and

(b) A total estimated project cost of approximately \$135,000,000 to fund acquisition, construction, renovation and related building costs and acquisition and installation of furnishings, equipment and other personal property; and

(c) The costs for the real property and personal property will be funded from proceeds of the sale of up to \$135,000,000 maximum principal amount of Taxable Industrial Revenue Bonds to be all issued by the City and purchased by the Redeveloper or other purchaser named in the herein-defined Purchase Agreement within six (6) years after the date any such bonds are first issued.

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Section 11. That the City is hereby authorized to enter into the following documents with respect to the financing of the Chapter 100 Project (the “City Documents”), in such form as shall be approved by the officials of the City executing such documents, such officials’ signatures thereon being conclusive evidence of their approval thereof:

(a) One or more Trust Indentures (collectively, the “Indenture”), between the City and the trustee named therein (the “Trustee”), pursuant to which the Chapter 100 Bonds shall be issued and the City shall pledge the Chapter 100 Project and assign certain of the payments, revenues and receipts received pursuant to the Lease to the Trustee for the benefit and security of the owners of the Chapter 100 Bonds upon the terms and conditions as set forth in the Indenture.

(b) One or more Lease Agreements (collectively, the “Lease”), between the City and the Redeveloper, under which the City will acquire the Chapter 100 Project and lease the Chapter 100 Project to the Redeveloper pursuant to the terms and conditions in said Lease, in consideration of rental payments by the Redeveloper which will be sufficient to pay the principal of, premium, if any, and interest on the Chapter 100 Bonds.

(c) Purchase Agreements, as defined below, under which the purchaser named therein agrees to purchase the Chapter 100 Bonds.

Section 12. That the City is hereby authorized to issue and sell its Taxable Industrial Revenue Bonds (Grand Reserve Project), in a maximum aggregate principal amount not to exceed \$135,000,000, for the purpose of providing funds for certain real and personal property associated with the Chapter 100 Project. The Chapter 100 Bonds shall be issued and secured pursuant to the herein authorized Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall be in such form, shall be subject to redemption and other terms and conditions, and shall be issued in such manner, subject to such provisions, covenants and agreements, as are set forth in the Indenture.

Section 13. That the Chapter 100 Bonds will be sold to the Redeveloper or other purchaser under the terms of one or more Bond Purchase Agreements between the City and the Redeveloper or other purchaser (collectively, the “Purchase Agreement”). The maximum aggregate principal amount of the Chapter 100 Bonds shall be \$135,000,000.00; the interest rate on the Chapter 100 Bonds shall be 3.00% per annum; principal shall be payable at maturity; the maturity date shall be no later than December 31, 2037, but (i) as to the portion of the Chapter 100 Bonds that financed the acquisition and redevelopment of the real property, in the year seventeen years subsequent to the transfer of real property to the City, (ii) as to the portion of the Chapter 100 Bonds that financed the acquisition of the personal property associated with the Tower Hotel, in the year that is ten years subsequent to the first advance for such personal property and (iii) as to the portion of the Chapter 100 Bonds that financed the acquisition of the personal property associated with the FEC and the Garage, in the year that is five years subsequent to the first advance for such personal property; the Chapter 100 Bonds shall be purchased at 100% of the principal amount thereof; and the Chapter 100 Bonds may be redeemed at any time at a redemption price equal to the principal amount thereof plus accrued interest. The Director of Finance



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or the City Treasurer is each authorized to execute the Purchase Agreement for and on behalf of and as the act and deed of the City.

Section 14. That the Chapter 100 Bonds and the interest thereon shall be limited obligations of the City payable solely out of certain payments, revenues and receipts derived by the City from the Lease described herein, and such payments, revenues and receipts shall be pledged and assigned to the Trustee as security for the payment of the Chapter 100 Bonds as provided in the Indenture. The Chapter 100 Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri. The Chapter 100 Bonds shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not payable in any manner by taxation.

Section 15. That the City is hereby authorized to establish with the Trustee pursuant to the Indenture, a special trust fund in the name of the City to be designated the “City of Kansas City, Missouri, Bond Fund – Grand Reserve Project” and the City shall cause all sums required by the Indenture to be deposited therein and shall create all accounts therein required by the Indenture.

Section 16. That the Mayor is hereby authorized to execute the Chapter 100 Bonds and to deliver the Chapter 100 Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Director of Finance is hereby authorized to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this ordinance, for and on behalf of and as the act and deed of the City. The City Clerk or a deputy City Clerk of the City is hereby authorized to attest to and affix the seal of the City to the Chapter 100 Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this ordinance.

Section 17. That the Redevelopment Agreement, the Sales Tax Contribution Agreement and/or the Lease shall require the Redeveloper to construct the Project Improvements generally, and in particular shall require that the Public Streetscape Improvements be constructed by the Redeveloper on behalf of and for the benefit of the City, and in accordance with the requirements (as to design and otherwise) of the Department of Public Works and/or other departments of the City having authority with respect thereto.

Section 18. That the Mayor, Director of Finance and other officials, agents and employees of the City as required, are hereby authorized 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 Chapter 100 Bonds, the City Documents, and the Sales Tax Contribution Agreement.

Section 19. That the City Clerk shall send a copy of this ordinance to the County Clerk and County Executive of Jackson County, Missouri.

Approved as to form and legality:

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Katherine Chandler  
Assistant City Attorney