



Legislation Text

File #: 240156, Version: 1

ORDINANCE NO. 240156

Sponsor: City Manager

Reducing \$3,900,000.00 of revenues and appropriations in Fund 3439, the Taxable Special Obligation Series 2020A Project Fund; establishing Fund No. 3451, the Taxable Special Obligation Series 2024C Project Fund in the records of the City of Kansas City; estimating revenues in the amount of \$5,250,015.00 in Fund No. 3451, the Taxable Special Obligation Series 2024C Project Fund and appropriating the same for the purpose of financing the City's contribution for parking facilities for the Midland Theatre apartments ("the Midland Residential Parking Grant"); designating requisitioning authority; authorizing the Director of Finance to close project accounts upon completion; and recognizing this ordinance as having an accelerated effective date.

WHEREAS, the City of Kansas City, Missouri (the "City") and Kansas City Live, LLC, (the "Developer") have entered into a Master Development Agreement dated April 27, 2004, which has been amended by the First Amendment to Development Agreement dated as of July 24, 2004, the Second Amendment to Development Agreement dated as of September 15, 2004, the Third Amendment of Development Agreement dated as of February 7, 2005, the Fourth Amendment of Development Agreement dated as of March 8, 2005, the Fifth Amendment of Development Agreement dated as of March 9, 2005, the Sixth Amendment of Master Development Agreement dated as of May 1, 2006, the Seventh Amendment of Master Development Agreement dated as of May 1, 2006, the Eighth Amendment of Master Development Agreement dated as of April 30, 2007, the Ninth Amendment of Master Development Agreement dated as of August 29, 2008, the Tenth Amendment of Master Development Agreement dated as of February 17, 2009, the Eleventh Amendment of Master Development Agreement dated as of August 22, 2012, and the Twelfth Amendment of Master Development Agreement dated as of June 3, 2015, and the Thirteenth Amendment of Master Development Agreement dated as of May 15, 2018 (collectively, the "Master Development Agreement"); and

WHEREAS, the Developer previously determined that it could construct, subject to the receipt of certain incentives, approximately 300 residential units and the necessary parking for such units in the KC Live entertainment area by constructing a residential tower and parking garage on Block 139, and approximately 100 residential units in the Midland Office Building (collectively, the "Project"); and

WHEREAS, Ordinance No. 180057 as amended, passed on March 22, 2018, authorized the execution of the Thirteenth amendment of the Master Development Agreement with Kansas City Live, LLC for the purposes of providing certain financial incentives with regards to the construction of additional residential units and associated parking, and a storm water detention facility, to be located on Block 139, and additional residential units to be located in the Midland Office Building, all within the KC Live entertainment area. Ordinance 180057 as amended also authorized to the execution of the "Fourth Amendment to City Parking Easement and Agreement" with Kansas City Live, LLC, for the purposes of modifying the City's obligations thereunder with respect to the parking to be constructed in support of the additional residential units to be constructed on Block 139 and in the Midland Office Building, all within the KC Live entertainment area, and

transferring management and operational responsibilities for the Block 110 and Block 126 parking structures and estimated and appropriated \$21,400,000.00 for the City's Parking Contributions for both the Block 139 and Block 110 developments; and

WHEREAS, the City issued its Taxable Special Obligation Bonds, Series 2022B on April 27, 2022, in order to fund \$17,500,000.00 of its obligations pursuant to the 13th Amendment to the Master Development Agreement related to Block 139 development; and

WHEREAS, Ordinance No. 220232 approved an Industrial Development Plan for Midland Residential, LLC for the purpose of constructing a multifamily residential building with approximately 133 residential units within the Midland Office Building (the "Plan"); and

WHEREAS, pursuant to the Master Development Agreement, the Plan provided for a sales tax exemption on construction materials to enable the Developer to develop affordable units within the Midland Office Building; and

WHEREAS, the Master Development Agreement requires not less than one-third (1/3) of the units within the Midland Office Building to be leased per the affordability standards included in Section 7.12 of the Master Development Agreement (the "Residential Affordable Units"); and

WHEREAS, the Master Development Agreement prohibits the Residential Affordable Units from being leased to any household with a total gross income exceeding the maximum income applicable to that unit; and

WHEREAS, the scope of the project has expanded to include the construction of 135 residential units in the Midland Office Building (the "Revised Midland Project"); and

WHEREAS, the Master Development Agreement requires the City to assist the development of the Revised Midland Project by contributing the sum of \$38,889 multiplied by the number of residential units (the "Midland Residential Parking Grant"); and

WHEREAS, the Master Development Agreement and the Plan support the project receiving the additional benefit of 50% ad valorem real property tax abatement for a term of twenty-five (25) years via the Planned Industrial Expansion Authority (in the form of a 100% real property tax abatement with a PILOT payment); and

WHEREAS, the City desires to estimate and appropriate an additional \$1,350,015.00 for the purpose of financing the Midland Residential Parking Grant; and

WHEREAS, the cost of the Midland Residential Parking Grant will be funded with the issuance of taxable special obligation bonds ("Bonds") in Spring 2024 and the payment of scheduled debt service payments on the bonds will be made by annual appropriation of monies from general municipal revenues over a successive twenty (20) year period;

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the revenues in the following account of Fund No. 3439, the Taxable Special Obligation Series 2020A Project Fund, are hereby reduced in the following amounts:

AL-3439-120000-590000 Bond Proceeds \$3,900,000.00

Section 2. That the sum of \$3,900,000.00 in appropriations are hereby reduced in Fund 3439, the Taxable Special Obligation Series 2020A Project Fund from the following accounts:

AL-3439-648047-B- 10008047 Two Light \$3,900,000.00

Section 3. That Fund No. 3451 is hereby established as the Taxable Special Obligation Series 2024C Project Fund in the records of the City of Kansas City, Missouri.

Section 4. That the revenues in the following account of Fund No. 3451, the Taxable Special Obligation Series 2024C Project Fund, are hereby estimated in the following amounts:

AL-3451-120000-590000 Bond Proceeds \$5,250,015.00

Section 5. That the sum of \$ 5,250,015.00 is hereby appropriated from the Unappropriated Fund Balance of the Taxable Special Obligation Series 2024C Project Fund, to the following account:

AL-3451- 078847-B-07P24017 Midland Theatre Parking \$5,250,015.00

Section 6. That the Director of General Services is designated as requisitioning authority for Account No. AL-3451- 078847.

Section 7. That the City Council hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this Ordinance with respect to appropriations in Section 3 (the "Appropriation") with the proceeds of bonds expected to be issued by the City. The maximum principal amount of bonds expected to be issued for the Appropriation is not to exceed \$5,250,015.00. This constitutes a declaration of official intent under Treasury Regulation 1.150-2.

Section 8. That the Director of Finance is hereby authorized to close project accounts, encumbrances and retainage related to the accounts in Section 5 and return the unspent portion to the fund balance from which it came upon the earliest of: (i) Project's completion; (ii) final maturity of financing, or (iii) five years after issuance.

Section 9. That this ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

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.

Tammy L. Queen
Director of Finance

Approved as to form:

Samuel Miller
Assistant City Attorney