Legislation Details (With Text)

File #:	220231	**Version:**	1	**Name:**	
Type:	Ordinance			**Status:**	Passed
File created:	3/8/2022			**In control:**	Council
On agenda:	3/24/2022			**Final action:**	3/24/2022

Title: Approving an Industrial Development Plan for Block 139 Residential, LLC for the purpose of constructing a project for economic development consisting of the purchase of construction materials and the construction of a multifamily residential building with approximately 288-300 residential units and approximately 7,500 square feet of retail space, including the construction of a six-level parking structure with approximately 476 parking spaces (collectively, the "Project") located upon land generally bounded by Walnut Street on the east, East 14th Street on the north, East Truman Road on the south and Main Street on the west in Kansas City, Missouri (the "Project Site"); authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Block 139 Residential, LLC; authorizing the issuance of taxable industrial revenue bonds in an amount not to exceed One Hundred and Thirty Two Million Dollars and 00/100 ($132,000,000.00); authorizing and approving other documents; authorizing certain other actions in connection with the issuance of said bonds; and directing the City Clerk to provide a copy of this Ordinance to the Director of the Missouri Department of Economic Development.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Fact Sheet, 2. Fiscal Note - 220231 3.22.2022, 3. power point, 4. Authenticated Ordinance 220231

Date	Ver.	Action By	Action	Result
3/24/2022	1	Council	Passed	Pass
3/23/2022	1	Neighborhood Planning and Development Committee	Adv and Do Pass, Debate	Pass
3/10/2022	1	Council	referred	

ORDINANCE NO. 220231

Approving an Industrial Development Plan for Block 139 Residential, LLC for the purpose of constructing a project for economic development consisting of the purchase of construction materials and the construction of a multifamily residential building with approximately 288-300 residential units and approximately 7,500 square feet of retail space, including the construction of a six-level parking structure with approximately 476 parking spaces (collectively, the "Project") located upon land generally bounded by Walnut Street on the east, East 14th Street on the north, East Truman Road on the south and Main Street on the west in Kansas City, Missouri (the "Project Site"); authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Block 139 Residential, LLC; authorizing the issuance of taxable industrial revenue bonds in an amount not to exceed One Hundred and Thirty Two Million Dollars and 00/100 ($132,000,000.00); authorizing and approving other documents; authorizing certain other actions in connection with the issuance of said bonds; and directing the City Clerk to provide a copy of this Ordinance to the Director of the Missouri Department of Economic Development.

WHEREAS, Block 139 Residential, LLC, a Missouri limited liability company (the "Company") anticipates creating 15 full-time employees, plus an additional 1,500 temporary construction jobs, with an

anticipated average annual salary of $45,000.00 during construction of the Project and, upon completion, an anticipated average annual salary of $50,000.00; and

WHEREAS, the Project will generate an estimated 391 new residents to Downtown Kansas City and will attract new residents to the City, which will result in attracting sales from outside of the City; and

WHEREAS, Company's resident increase, increase in affordable housing units and investments in City would be economic activities that would result in tax revenues to City including, without limitation, expenditures of funds to construct, rehabilitate, remodel or otherwise improve the Project Site; increase in employment resulting in net new payroll to the City; investments in equipment to render the Project Site suitable for Company's intended use; business operations with resulting consumption of goods, services and utilities; employee activity in being located at or traveling to and from the Project Site though retail purchases, and the consumption of goods and services and patronage of restaurant, entertainment and other facilities in the City; and

WHEREAS, participating in such investments serves a public municipal purpose because it will, without limitation, (i) establish or expand Company's economic presence in City, (ii) promote economic development in the area of City in which the Project is located, (iii) result in generation of tax revenues to City from the conduct of business and other activities in City that would not otherwise occur, (iv) serve as a catalyst for additional investment in and further redevelopment and rehabilitation of the area of the City in which the Business Site is located, and (v) further City's policy of encouraging economic stability and growth; and

WHEREAS, the City therefore desires to encourage the Project for the purpose of realizing these predominantly public purposes; and

WHEREAS, the Company requests the issuance of the Bonds to provide a sales tax exemption solely on construction materials for the Project; and

WHEREAS, the Project Site purchased and constructed with Bond proceeds will be owned by the City and leased back to Company pursuant to a short-term Lease Agreement between the City and the Company (the "Lease"), which Lease shall terminate following the issuance of a temporary certificate of occupancy for the Project or sooner at Company's option as described in the Lease; and

WHEREAS, Company shall pay, each full or partial year during the Lease Term (defined below), Chapter 100 payments in lieu of taxes (the "Chapter 100 PILOT Payments") equal to one hundred percent (100%) of the ad valorem real property taxes that would otherwise be payable with respect to the Project and the Project Site but for the City's ownership of the Project and the Project Site; and

WHEREAS, the City Council has approved that certain Chapter 353 Redevelopment Contract by and between Block 139 Redevelopment Corporation and the City dated July 13, 2021 (the "Chapter 353 Contract") in which Company will benefit from twenty-five (25) years of ad valorem real property tax abatement via the Chapter 353 program and more particularly described therein; and

WHEREAS, the Project and Project Site are part of a larger, comprehensive development plan for certain portions of downtown Kansas City, Missouri which is governed by that certain Master Development Agreement dated April 27, 2004, by and between the City and Kansas City Live, LLC, as amended (the "Master Development Agreement"); and

WHEREAS, Company will be subject to performance standards under the Lease, the Chapter 353

Contract and the Master Development Agreement; and

WHEREAS, the City of Kansas City, Missouri, a constitutional charter city and municipal corporation of the State of Missouri (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 "Act"), to issue its revenue bonds for carrying out a project or projects under the Act, such revenue bonds to be paid solely from revenue received from such project, and to enter into leases of certain property associated with the project 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 for the City and desires to approve an Industrial Development Plan (the "Plan") for the purpose of carrying out the Project for Company; and

WHEREAS, the City intends to issue its Taxable Industrial Revenue Bonds (3 Light Apartments) (the "Bonds") for the purpose of furthering the Project located at the Project Site; and

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

WHEREAS, the 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 Act that the Council approve a Chapter 100 Industrial Development Plan as proposed by the Company; and that the City issue the Bonds, as more fully described in the Indenture and the Lease, as hereinafter defined and authorized; and

WHEREAS, the principal amount of the Bonds will be issued as taxable Chapter 100 bonds over a period of time not to exceed the year ending December 31, 2026 and which will be repaid solely by the Company under the terms of the Lease (defined herein); 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 that would have been paid on the property if it had been fully taxed, to the affected taxing jurisdictions during the term of the bonds; and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the Project and the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided; and

WHEREAS, on April 8, 2021, the City Council passed Ordinance No. 210205 approving a predevelopment agreement in anticipation of the issuance of the Bonds; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Approval of Plan. The City Council hereby finds and determines that the Project will promote the economic well-being and industrial development of the City and the Project will be in furtherance of the public purposes set forth in the Act. The City Council hereby approves the Plan for the Project, which includes the following provisions:

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(a) Purchasing and acquiring the construction materials for the Project;

(b) A total estimated project cost of approximately $131,563,036.00; and

(c) A sales tax exemption solely for construction materials associated with the construction of the Project will be funded from proceeds of the sale of up to $132,000,000.00 maximum principal amount of Taxable Industrial Revenue Bonds to be issued by the City and purchased by the Company or other purchaser named in the herein-defined Purchase Agreement.

Section 2. The City is hereby authorized to enter into the following documents for the Bonds (collectively, the "City Documents"), in such form as shall be approved by the officials of the City executing such documents, with such officials' signatures thereon being conclusive evidence of their approval thereof:

(a) a Trust Indenture (the "Indenture") between the City and the trustee named therein (the "Trustee") pursuant to which the Bonds shall be issued and the City shall pledge the 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 Bonds upon the terms and conditions as set forth in the Indenture;

(b) a short-term Lease Agreement, between the City and Company, under which the City will lease the Project to the Company (the "Lease"), which Lease shall terminate following the issuance of a temporary certificate of occupancy for the Project or sooner at Company's option as described in the Lease ("Lease Term"). The Bonds will be repaid solely by Company under the terms of the Lease.

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

Section 3. Authorization of the Bonds. The City is hereby authorized to issue and to sell its Taxable Industrial Revenue Bonds (3 Light Apartments), in a maximum aggregate principal amount not to exceed $132,000,000.00, for the purpose of providing funds for the costs associated with the construction, improvement, and renovation of the Project. The 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 denomination, shall bear interest at such rates, 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 4. Sale and Terms of Bonds; Authorization and Execution of Bond Purchase Agreement. The Bonds will be sold to the Company or other purchaser under the terms of a Bond Purchase Agreement between the City and the Company or other purchaser (the "Purchase Agreement"). The maximum principal amount of the Bonds shall be $132,000,000.00, the interest rate on the Bonds shall not exceed 5.00%, principal shall be payable in accordance to the terms of the Lease, the maturity date shall be no later than December 1, 2026, the Bonds shall be purchased at 100% of the principal amount thereof and the Bonds may be redeemed at any time at a redemption price equal to the principal amount thereof plus accrued interest. The Director of Finance or the City Treasurer is each authorized to execute the Purchase Agreement for or on behalf of and as the act and deed of the City.

Section 5. Limitation on Liability. The 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 Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri. The 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 6. Creation of Bond Fund. 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 - 3 Light Apartments" 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 7. Execution of Documents. The Mayor is hereby authorized and directed to execute the Bonds and to deliver the 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 and directed 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 and directed to attest to and affix the seal of the City to the 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 8. Further Authority. The Mayor, 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 Bonds, the City Documents, and tax redirection.

Section 9. That the City Clerk is hereby directed to deliver a copy of this ordinance to the State Director of Economic Development within thirty days following passage of this ordinance.

Approved as to form and legality:

_____
Katherine Chandler
Assistant City Attorney

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