

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 180993

Reauthorizing the City Manager to enter into a Sales Tax Contribution Agreement with Plaza Hotels, LLC, or an affiliate or designee thereof, in furtherance of a hotel project generally bounded by West 46th Terrace, West 46th Street, Broadway and Wornall Road.

WHEREAS, the City Council adopted Committee Substitute for Ordinance No. 170630 on or about August 24, 2017, wherein it approved an Industrial Development Plan and authorized the issuance of the City's Taxable Industrial Revenue Bonds for the purpose of furthering the construction of a hotel as part of a larger project; and

WHEREAS, the larger project was to also include an approximately eight-story 132-unit luxury apartment building with related parking and amenities to be funded, in part, through the contribution of certain defined sales tax revenues, but the project is now proposed to substitute additional hotel rooms for the 132 apartments previously specified on the preliminary development plan approved by Committee Substitute for Ordinance No. 160359 as passed May 12, 2016; and

WHEREAS, the City and Plaza Hotels, LLC executed a Sales Tax Contribution Agreement in February 2018 based on only a portion of the project site being utilized as a hotel; and

WHEREAS, since that time, the property upon which the project was to be situated has been sold by Commerce Bank to La Raza Pizza, Inc., a Texas corporation, and the City needs further assurance of the party to the Sales Tax Contribution Agreement, and the controlling entity to pursue the hotel project and implement such Agreement for the benefit of the City and the trustee for the bonds to be issued in conjunction with such Agreement to enable the enforcement of the obligations against the project site now titled in another entity; and

WHEREAS, Capital Management, Inc., La Raza Pizza, Inc., concurrently with Plaza Hotels, LLC, for themselves, and their successors, have assured the City that they collectively are willing to abide by all other terms and conditions of Committee Substitute for Ordinance No. 170630, including Section 2 (b) thereof, and comply with Sections B and C of the Committee Substitute for Ordinance No. 160359, which approved the preliminary development plan, which Sections were negotiated in good faith by a consortium of interested parties which were to be consulted on the refinement of the final development plan, which consultation has not been meaningfully undertaken in the two years that the preliminary development plan has been in effect; and

WHEREAS, it is a reasonable safeguard to the City's interest that a quality hotel be constructed in a manner generally consistent with the previously approved preliminary development plan and revisions tentatively proposed to the neighborhood by the current development team, including Capital Management, Inc.; and

WHEREAS, the substitution of hotel room for apartments is beneficial in that the project will generate additional revenues that will allow the City to fund its obligation faster than would otherwise have been possible; and

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WHEREAS, the expanded hotel uses serve a predominantly public municipal purpose because, without limitation, they will (i) enhance the tax base; (ii) generate jobs; (iii) promote economic development in the area of the City in which the project is located; (iv) generate tax revenues to the City from the conduct of business and other activities in the City that would not otherwise occur; (v) serve as a catalyst for additional investment in and further redevelopment and rehabilitation of the area of the City in which the project is located; (vi) further the City's policy of encouraging economic stability and growth; and (vii) add needed hotel stock in support of conventions and tourism; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is reauthorized to execute a Sales Tax Contribution Agreement for the purposes contemplated herein in such form as the City Manager shall determine to be proper, but that such Agreement will not go into effect until a preliminary development plan in compliance with the conditions of Sections B and C of the Committee Substitute for Ordinance No. 160359 has been submitted, and a preliminary development plan has been approved by separate Ordinance adopted by the City Council.

Section 2. La Raza Pizza, Inc., as the successor to the fee simple title of the project site, or the subsequent owner of the fee simple title, will submit a preliminary development plan consistent with all conditions as specified in Committee Substitute for Ordinance No. 160359, except for the substitution of hotel rooms for apartments, within 180 days from the effective date of this Ordinance, in consultation as contemplated by Section C.7 of Committee Substitute for Ordinance No. 160359, and the submission and approval of such preliminary development plan through the City Plan Commission, and ultimately by ordinance adopted by this City Council.

Section 3. The City Manager shall take whatever steps deemed necessary to assure that the bond documentation supported by the Sales Tax Contribution Agreement binds La Raza Pizza, Inc., as the successor to the fee simple of the project site, or the subsequent owner of the fee simple title to subject their interest to enforcement mechanism of such bonds documentation, alongside binding Plaza Hotels, LLC, or their successor entity, the controlling interest in which will be held directly or indirectly by the principals of the of Capital Management, Inc.

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Approved as to form and legality:

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Brian T. Rabineau  
Assistant City Attorney