

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 180985

Expressing the support of the Council for the 3rd & Grand mixed-use project and authorizing and directing the City Manager to negotiate a development agreement with Briarcliff Development Company and the Kansas City Area Transportation Authority in relation to the financing and construction of a mixed-use development at 3rd & Grand incorporating the general terms set forth herein.

WHEREAS, the KCATA is the owner of certain real property (the "Property") located at 3rd & Grand, which lies adjacent to the City Market in Downtown Kansas City, Missouri; and

WHEREAS, the City owns and operates the City Market, and currently leases the Property, which has been improved by the City and contains one hundred ninety-three (193) surface parking spaces for general public parking, from KCATA pursuant to a lease dated September 20, 1999; and

WHEREAS, the KCATA, in cooperation with the City, selected Briarcliff Development Company (the "Developer") to construct and own a project that is expected to include one (1) 200,000 square foot office tower, an approximately 2,000 square foot multi-modal transportation facility, up to 10,000 square feet of ground level retail space, and a parking garage containing not less than 568 stalls (collectively, the "Project"); and

WHEREAS, the Project is being designed to accommodate transit customers and operators, various transportation facilities, including the Streetcar system, a local MAX Bus Station, bike share station and a potential future commuter rail facility; and

WHEREAS, the City desire to replace and expand public parking for the City Market and provide transit opportunities associated with the Project; and

WHEREAS, the Project, following its completion, is expected to be owned by an entity not subject to taxation, which will lease the Project back to the Developer pursuant to the terms of a sale-leaseback structure and impose certain payments-in-lieu-of taxes, a portion of which will be distributed to the City; and

WHEREAS, the KCATA will continue to own the ground and will lease the same to the Developer for a term of 99-years in exchange for the payment of certain lease revenues, which lease revenues will be distributed to the City; and

WHEREAS, Developer or another entity will operate the garage and all revenues generated from public and private parking, net commercially reasonable operating expenses, will be distributed to the City; and

WHEREAS, the City is willing extend certain economic incentives to the Project by financially assisting in the construction of the garage component in an amount not to exceed \$14,750,000.00; and

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WHEREAS, in addition to the payments-in-lieu-of-taxes, lease revenues, and parking revenues, which will each be pledged to service any debt incurred by the City, the City will pledge and utilize the earnings taxes generated at the Project, the entirety of which are collectively expected to be sufficient for principal and interest payments on debt issued by the City in support of the Project; and

WHEREAS, an additional financial security, the Developer will be required to make certain contractual payments, or the property will otherwise be subject to the payment of certain special assessments, in amounts sufficient to fully fund any principal and interest payments, such that the City does not anticipate having to bear responsibility for any revenue shortfalls; and

WHEREAS, Developer and City anticipate that economic activity will be created at the Property that will result in tax revenues to the City, including without limitation tax revenues from (i) expenditures of funds by Developer to construct the Project; (ii) increased consumption of goods, services and utilities by new employees; (iii) activities of employees in the City while located at or traveling to or from the Property such as, but not limited to, retail purchases, consumption of goods and services and patronage of restaurant, entertainment and other facilities in the City; and (iv) the attraction and retention of high quality jobs; and

WHEREAS, the Project serves a predominantly public purpose in that it will promote office industry, job growth, and other economic development goals in the City and will serve as a catalyst for additional investment and development; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Council hereby expresses its support for the Project and the general terms of financing set forth herein.

Section 2. That the City Manager is hereby authorized and directed to negotiate a development agreement with the Developer and KCATA based upon the general terms contained above for the purposes contemplated herein.

Section 3. That the execution of such development agreement and the appropriation of funds in connection therewith shall be subject to future City Council authorization.



Authenticated as Passed

Sty James, Mayor

Marilyn Sanders, City Clerk

JAN 10 2019

Date Passed

Approved as to form and legality:

Brian T. Rabineau
Assistant City Attorney