

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 180676

Authorizing and directing the City Manager to execute a Master Financing Agreement to cause the redevelopment of the property generally located in the vicinity of 3600 Broadway and referred to as the Broadway Valentine Shopping Center.

WHEREAS, on December 23, 1996, by adoption of Committee Substitute for Resolution No. 961542, the City of Kansas City, Missouri (the "City") established an urban renewal plan for the purpose of removing blight from the historic Uptown Theatre located at the southwest corner of Valentine and Broadway in Kansas City, Missouri (the "Uptown Theatre") and the surrounding area, including property generally located in the vicinity of 3600 Broadway and referred to as the Broadway Valentine Shopping Center (the "Shopping Center Property"); and

WHEREAS, the Shopping Center Property is located in a continuously distressed area with significant blight; and

WHEREAS, the Land Clearance for Redevelopment Authority of Kansas City, Missouri (the "LCRA") is the fee simple owner of the Shopping Center Property; and

WHEREAS, UGA, L.L.C ("UGA") is the fee simple owner of the Uptown Theatre; and

WHEREAS, UGA currently leases the Shopping Center Property from the LCRA pursuant to that certain Master Lease, dated April 1, 1998 (the "Master Lease") and uses the Shopping Center Property for parking for the Uptown Theatre; and

WHEREAS, the City, UGA and LCRA desire that the Shopping Center Property be redeveloped while maintaining parking for the Uptown Theatre at the Shopping Center Property; and

WHEREAS, Uptown Development, LLC (the "Developer") has proposed, subject to the availability of certain public incentives, to redevelop the Shopping Center Property with a mixed-use development project (the "Project") in two phases to include retail/commercial, multi-family residential, and surface and structured parking (the "Parking") as phase one ("Phase I"), with an option for a hotel as phase two ("Phase II"); and

WHEREAS, the Parking is in a strategic area in Midtown Kansas City which, in addition to providing parking for the Project, will provide key parking for the Uptown Theatre and, if available, parking will be offered for lease to other surrounding commercial, residential, entertainment and retail properties; and

WHEREAS, on October 27, 2016, by adoption of Ordinance No. 160806, the City established the Uptown Community Improvement District (the "Uptown CID"), which includes the Uptown Theatre and the Shopping Center Property and which imposes a one percent sales tax to assist in various purposes of the Uptown CID, including the removal of blight from Shopping Center Property; and

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WHEREAS, UGA has an option under the Master Lease to purchase the Shopping Center Property from the LCRA; and

WHEREAS, there are certain disagreements amongst the City, LCRA and UGA related to the Master Lease, including the amount of the purchase option under the Master Lease, and various parties desire to enter into a Master Financing Agreement (the "MFA") to resolve such disagreements and to cause the redevelopment of the Shopping Center Property with the proposed Project; and

WHEREAS, the Project serves a primary public purpose in that it will redevelop blighted property in a continually distressed area, preserve much needed parking for the Uptown Theatre, promote attainable housing in Midtown, provide places to dine, shop, play and stay in Midtown, create job growth, create new tax revenues, and encourage additional investment and development, all of which are essential components of the City's economic stability and growth; and

WHEREAS, the Project would not be developed but for the incentives contemplated in the MFA and set forth below; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized and directed to execute the MFA for the purposes of establishing the general framework for the transactions, construction and financing of the Project. The MFA is approved in substantial form as attached hereto, subject to such revisions as the City Manager shall determine to be appropriate for the purposes contemplated herein.

Section 2. That the City supports public incentives for the Project (collectively, the "Incentives") as follows: (a) Sales Tax Exemption on Construction Materials ("STECM"); (b) twenty five (25) years (plus the construction period) of real property tax exemption or abatement at 100% for 10 years (plus the construction period) and 50% for the next 15 years; (c) the remaining existing revenues from the Uptown CID (the "Uptown CID Funds") will be assigned to the Developer pursuant to a reimbursement agreement between the Developer and the Uptown CID, to reimburse the Developer's redevelopment project costs which are eligible costs of the Uptown CID; (d) reimbursement of the redevelopment project costs for a period of twenty (20) years pursuant to a sales tax reimbursement agreement between the City and the Developer from fifty percent (50%) of revenues generated by the one percent (1%) capital improvements sales tax and two percent (2%) food/beverage tax generated within the boundaries of the Shopping Center Property, and (e) subject to subject to further AdvanceKC review upon the request of the Developer for Phase II showing an additional need then forty-five percent (45%) of revenues generated by the seven and a half percent (7.5%) hotel/motel tax generated within the boundaries of the Property provided that the Phase II ADR is not less than 120% above the average ADR of hotels in the City's downtown market as described in the MFA.

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Section 3. That the Project is located in a severely distressed census tract that has continuously maintained such status for not less than ten (10) years immediately prior to the request for Incentive and meets the “Extraordinary Qualifications” definition set forth in Second Committee Substitute for Ordinance No. 160383, As Amended.

Section 4. That the City will cooperate with the Developer in the Developer’s efforts to implement the Project and to effectuate the Incentives through the LCRA and/or the Planned Industrial Expansion Authority of Kansas City, Missouri (the “PIEA”). By adoption of this Ordinance, the City encourages the LCRA and the PIEA and any other appropriate and/or necessary agencies to work with and support the Developer in order for the Developer to move forward with the Incentives and implement the Project.

Section 5. That the City’s support for the Project is subject to the execution and recording of the parking easement agreement (the “Parking Easement”) to benefit the Uptown Theatre described in and attached to the MFA, which Parking Easement shall grant the Uptown Theatre a non-exclusive easement for the passage and parking of not less than 380 passenger vehicles on the Shopping Center Property at all times, except for overnight parking uses for 99 years from the date of execution but only so long as there is no substantial change in the use of the Uptown Theatre property as described in the Parking Easement; provided further that during any temporary period of time, when construction, reconstruction, repair or maintenance is ongoing at the Shopping Center Property, the owners of the Uptown Theatre and the Shopping Center Property shall cooperate with each other in good faith to insure proper availability of not less than 150 parking spaces on the Shopping Center Property or the vicinity.

Section 6. That the expenditure of the Uptown CID’s revenues to fund the improvements contemplated by the MFA are reasonably anticipated to remediate the blighting conditions and will serve a public purpose.

Approved as to form and legality:

Brian T. Rabineau
Assistant City Attorney