

SECOND COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 170753

Authorizing the Director of the General Services Department to execute a Lease, by and between HRB Deployment & Support, LLC, as the Landlord, and the City, as the Tenant, for that certain premises and parking in and around the building commonly known as 4400 East Blue Parkway and implement those undertakings; encumbering \$785,000.00 from the existing 4400 E. Blue Parkway account for rental and associated occupancy costs through April 30, 2019, and appropriating \$353,500.00 from the Unappropriated Fund Balance of the Capital Improvements Fund for the 4400 E. Blue Parkway project account for moving costs and necessary IT improvements for leasehold space; and recognizing an accelerated effective date.

WHEREAS, pursuant to a Commercial Office and Warehouse Building Lease dated October 14, 1999, between Swope Community Builders, a Missouri nonprofit corporation, formerly known as Midtown Community Development Corporation, whose interest is now held by CBKC Commercial L.L.C., a Delaware limited liability company ("Prior Landlord"), H&R Block Tax Services, Inc., the predecessor-in-interest to H&R Block Tax Services, LLC ("Tenant"), and H&R Block, Inc., as guarantor, as amended by that certain First Amendment to Commercial Office and Warehouse Building Lease dated August 1, 2004 (collectively, the "Prior Lease"), Tenant leased from Prior Landlord all of the rentable space consisting of approximately 84,282 square feet in the building located at 4400 East Blue Parkway, Kansas City, Missouri 64130 ("Building") and the parking areas and other improvements adjoining the Building (collectively referred to hereinafter as the "Property"); and

WHEREAS, H&R Block Tax Services, LLC, the successor by merger to Tenant, assigned and transferred all of its right, title, interest and estate in the Lease to HRB Deployment & Support, LLC (the "Landlord"), on April 6, 2015; and

WHEREAS, the Landlord holds an option from the Prior Landlord to purchase the Property pursuant to the terms and provisions set forth in Sections 1.8 and 32.2 of said Lease (the "Option") and has given notice of its intent to exercise the Option; and

WHEREAS, the City proposes to enter into a direct lease with the Landlord, concerning the lease or use of approximately 59,642 square feet of space in the Building, along with the parking areas and other improvements which constitute the Property (the "Premises"), but excluding approximately 24,640 square feet of the Building, which, pursuant to the terms and provisions of said Lease, will continue to be used by the Landlord; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the Director of the Department of General Services ("Director") is hereby authorized to further negotiate and execute a direct lease between the City of Kansas City, Missouri and HRB Deployment & Support, LLC, for the lease of approximately 59,642 square feet of space in the Building and the used associated parking and other improvements located at 4400 East Blue Parkway, Kansas City,

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Missouri, for a fifteen year term expected to commence on or before October 31, 2018, with two (2) additional terms of five (5) years each in accordance with the terms and provisions of the Lease substantially in the form of Exhibit A attached hereto (“Direct Lease”), with the final signed form of Direct Lease to be maintained on file with the Director.

Section 2. That the sum of \$785,000.00 to be encumbered for the rental and occupancy cost through this current fiscal year through April 30, 2019, which was appropriated to the General Services Department this current fiscal year in the following account:

19-1000-071725-B	4400 E. Blue Parkway	\$785,000.00
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Section 3. That the amount of \$353,500.00 is hereby appropriated from the Unappropriated Fund Balance of the Capital Improvements Fund, for the moving costs of City Neighborhoods and Housing Service Department employees from the structure at 4900 Swope Parkway and the installation of IT related appurtenances for connectivity to City’s central servers and support services:

19-3090-078025-07001311	4400 E. Blue Parkway	\$353,500.00
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Section 4. That the Director of General Services is hereby designated as requisitioning authority for Account No. 19-3090-078025 and Account No. 19-1000-071725-B.

Section 5. That the City Manager is authorized for the fiscal year commencing May 1, 2019, and each fiscal year thereafter that the City remains a party to the Direct Lease, to allocate any rental and occupancy costs under the Direct Lease from funds budgeted for General Services, or such other sources; provided, however, any such allocation shall be limited by eligibility due to regulations applied to such funding sources.

Section 6. That this ordinance is recognized as having an accelerated effective date within the provisions of Section 503(a)(3)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

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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.

Randall J. Landes
Director of Finance

Approved as to form and legality:

Amelia McIntyre
Associate City Attorney