

RESOLUTION NO. 170731

Authorizing the City Manager to execute a First Amendment of Development Agreement with HRB Tax Group, Inc., for the purpose of extending the time by which HRB Tax Group, Inc., must close should it exercise an option to purchase from the City certain real property in the Power & Light District; and authorizing the City Manager to execute further amendments in connection therewith.

WHEREAS, the City of Kansas City, Missouri (“City”) and HRB Tax Group, Inc., f/k/a H&R Block Services, Inc. (“HRB”) previously entered into that certain Development Agreement dated October 11, 2004 (“Original Agreement”) for purposes of providing for the development of Blocks 124 and 125 within the 1200 Main or South Loop Tax Increment Financing District (“SOLO”); and

WHEREAS, pursuant to the terms of the Original Agreement, HRB was granted an exclusive option to purchase certain property to construct an additional office building to that which it caused to be constructed on Block 125 (“Option”), and such Option was evidenced by that certain Lease With Option dated October 11, 2004 and certain Memorandum of Lease with Option recorded with the Recorder of Deeds, Jackson County, Kansas City, Missouri on February 11, 2005, as Document No. 2005K0009015; and

WHEREAS, the property subject to the Option was subsequently platted as a condominium unit, thereafter identified as Unit 3, Block 124, Replat of K.C. Live, a condominium subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof (“HRB Condominium Property”); and

WHEREAS, the change to the description of the HRB Condominium Property was subsequently documented within that certain Amendment to Lease With Option and Memorandum of Lease with Option recorded with the Recorder of Deeds, Jackson County, Kansas City, Missouri on July 6, 2006, as Document No. 2006E0054192 (the Lease with Option as amended by the Amendment to Lease with Option and Memorandum of Lease with Option are hereinafter referred to collectively as the “Lease”); and

WHEREAS, pursuant to Article 3 of the Lease, the Option term commenced on October 11, 2004 and continues in effect until midnight of the date which is ten (10) years from the date HRB received a permanent certificate of occupancy for the H & R Block World Headquarters located on Block 125 or October 11, 2019, whichever is earlier; and

WHEREAS, the parties have determined that HRB received a permanent certificate of occupancy for the H & R Block World Headquarters located on Block 125 on October 25, 2007, such that the Option term will continue in effect until midnight of October 25, 2017 (“Option Expiration Date”); and

WHEREAS, pursuant to Section 12 of the Original Agreement, in the event that HRB timely notifies City that HRB wishes to exercise the Option, the closing of the sale of the HRB Condominium Property to HRB is to occur within sixty (60) days thereafter; and

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WHEREAS, the Original Agreement does not obligate HRB to commence construction on the HRB Condominium Property within a defined time period, but HRB is nevertheless obligated thereunder to proceed in good faith in implementing the terms of the Original Agreement as herein amended; and

WHEREAS, a project of the magnitude contemplated by the Original Agreement on the HRB Condominium Property will take significant time to finalize and finance, and the agreements impacting development in SOLO are such that City and HRB believe that closing within sixty (60) days is neither practical nor possible; and

WHEREAS, City and HRB desire to provide for an extension of time within which HRB must close on the sale of the HRB Condominium Property, should it choose to exercise the Option; and

WHEREAS, the extension of time within which HRB must close on the HRB Condominium Property after HRB exercises the Option will not negatively impact any person or entity; and

WHEREAS, nothing in the amendment being considered operates to modify the terms of Section 13 of the Original Agreement or the rights of any other person or entity with respect to any interest in the HRB Condominium Property following the expiration of any right of first refusal arising thereunder; and

WHEREAS, Section 16 of the Original Agreement obligates the parties to cooperate and take such further actions as are necessary to effectuate the intent of the Original Agreement; and

WHEREAS, further amendments to the Original Agreement may become necessary or otherwise be deemed advisable; in connection with the development of the HRB Condominium Property; NOW, THEREFORE;

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized to execute a First Amendment to Development Agreement for the purpose of amending Section 12 of the Original Agreement to extend the time within which HRB must close on the HRB Condominium Property, should it elect to exercise its Option. The amendment is approved in such form as the City Manager shall determine appropriate for fulfilling the objectives of this Resolution.

Section 2. That the City Manager is hereby authorized to execute, without further City Council approval, any additional amendments to the Original Agreement as he may determine appropriate in connection with the development of the HRB Condominium Property, such amendments to be in such form as is determined to be acceptable to the City Manager.