

MEMORANDUM OF UNDERSTANDING
KCATA TEFRA Certificate Process

This Memorandum of Understanding (“MOU”) is made and entered into this ___ day of June, 2024, between Mayor Quinton Lucas, the chief elected official of the City of Kansas City, Missouri, the City of Kansas City, Missouri (the “City”), and the Kansas City Area Transportation Authority (“KCATA”), a bi-state agency.

WHEREAS, the KCATA is generally responsible for planning, constructing, owning and operating passenger transportation systems and facilities within the seven-county Kansas City metropolitan area (the “District”), including Kansas City; and

WHEREAS, the KCATA has adopted a policy to advance the development of the City Affordable Housing Priorities and other facilities within proximity of its passenger transportation system, particularly low-income housing facilities on the City’s East Side; and

WHEREAS, to facilitate the foregoing, the KCATA issues private activity, tax-exempt bonds pursuant to its authority under the Compact and Section 147 of the Internal Revenue Code (the “Tax Code”), to provide financing for development projects; and

WHEREAS, Section 147(f) of the Tax Code, commonly known as the “Tax Equity and Fiscal Responsibility Act of 1982”, 26 U.S. Code § 147(f) (“TEFRA”), requires (a) that a proposed bond issuer and its “host jurisdiction” (the governmental unit where the proposed project is located) provide notice of a public hearing for the purpose of providing the public an opportunity to, among other things, comment upon the proposed tax-exempt bond issue, prior to the issuance thereof; and

WHEREAS, the TEFRA requirements also provide that, following each Public Hearing, the chief elected official of the host jurisdiction provide a certificate indicating its approval of the tax-exempt bond issuance; and

WHEREAS, Mayor Lucas, the City, and the KCATA, (collectively the “Parties”) wish to memorialize a process for noticing TEFRA hearings for KCATA projects, and considering and approving KCATA projects to ensure efficient and equal administration thereof.

NOW, THEREFORE, in consideration of the mutual covenants of the parties contained herein, the parties agree to follow the following processes and procedures:

1. **Application by KCATA.** When KCATA desires to issue private activity, tax-exempt bonds for a development project with the City, they will submit a written request for approval and suggested date for public hearing to the mayor, the city manager, and all impacted taxing jurisdictions, along with the following documentation:

- a. A description of the proposed project, including location, square footage by assigned use type, a history of the project developer, and proposed project designs.
 - b. A certification of the number of units of affordable housing and the level of affordability to be provided at the project.
 - c. A financial analysis demonstrating the need for public assistance in the creation or construction of the proposed project.
 - d. A statement that the project will comply with City policies for incentivized projects, including but not limited to Affirmative Action (as provided in City Code Chapter 3, Article IV, Division 1), MBE/WBE Participation (as provided in City Code Chapter 3, Article IV, Division 2), Construction Workforce, (as provided in City Code Chapter 3, Article IV, Division 4), Prevailing Wage, (as provided in City Code Chapter 3, Article IV, Division 5), Affordable Housing Set Aside (as provided in City Code § 74-11), and Incentivized Project Construction Timeline (as provided in City Code § 74-12).
 - e. A plain language description of the dollar amount of bonds that the KCATA intends to issue.
 - f. A description of all tax abatement and incentives from KCATA or other government agencies for the project, including total dollar estimates, years of proposed abatement, and level of abatement, and status of outstanding, planned, or approved applications.
 - g. A description of how the proposed project aligns with the City's Transit Oriented Development Policy adopted via Resolution No. 160361.
2. **Hearing.** Upon receipt of the documentation provided in Paragraph 1, the city manager shall prepare a resolution to be introduced at City Council expressing the Council's affirmation that the project will be a public benefit for the City. The city manager will request that the city clerk post notice for a public hearing in a council committee. The notice shall comply with the host jurisdiction public meeting notice requirements of the TEFRA and shall be provided at least 15 days prior to the noticed hearing.
 3. **Approval.** After completion of the hearing of a public hearing as provided in section 2, the mayor may, at their discretion, choose to approve the project and execute a certificate memorializing that approval, pursuant to 26 U.S.C. § 147(f) or inform KCATA that the mayor will not be approving the certificate within 14 business days. The approval shall include language stating that it does not impose any liability on the City and does not involve the City in the issuance of the bonds beyond the public approval required by Section 147(f).

WHEREFORE, the authorized representatives of the parties have hereunto set their signatures on the date set forth above.

Mayor Quinton D. Lucas

City of Kansas City, Missouri

By: _____

Title

Kansas City Area Transportation Authority

By: _____

Title

Approved as to Form:

Assistant City Attorney