

SECOND AMENDMENT TO THE BANNISTER & WORNALL TAX INCREMENT FINANCING PLAN

KANSAS CITY, MISSOURI

TIF COMMISSION APPROVAL:

DATE: **RESOLUTION No.**

CITY COUNCIL APPROVAL:

DATE: **ORDINANCE No.**

SECOND AMENDMENT

TO THE

BANNISTER AND WORNALL TAX INCREMENT FINANCING PLAN

I. Introduction

The Second Amendment to the Bannister and Wornall Tax Increment Financing Plan (the “Second Amendment”) shall amend the Bannister and Wornall Tax Increment Financing Plan, as approved by Ordinance No. 140372, and as subsequently amended by the First Amendment to the Plan, as approved by Ordinance No. 180019 (collectively, referred to herein as the “Plan”).

The Second Amendment to the Plan modifies the (a) Estimated Budget of Redevelopment Projects, (b) Sources Funds described by the Plan and (c) exhibits to the Plan with such other conforming changes that are in furtherance of the forgoing modifications.

II. Specific Amendments

The Platte Purchase Development Plan shall be amended as follows:

Amendment No. 1: Section I of the Plan, entitled “Introduction and Summary of Plan,” shall be deleted in its entirety and replaced with the following:

I. INTRODUCTION AND SUMMARY OF PLAN

The Bannister & Wornall Tax Increment Financing Plan (the “Plan”) contemplates the construction of an office campus to be completed in two phases within an area generally bounded by Ward Parkway on the north, Wornall Road on the east, Bannister Road (95th Street) on the south, and the Ward Parkway Office Park South subdivision on the west in Kansas City, Jackson County, Missouri.

The development contemplated by the Plan will include the demolition of an approximately 75,000 square foot existing structure located at 9400 Wornall Road, construction of approximately 471,467 square feet of office space, to be undertaken in two phases, along with approximately 340 surface parking spaces, an approximately 1,583 space parking garage, and all necessary infrastructure to support such improvements, including site preparation, utility construction and relocation, curbs, sidewalks, aesthetic improvements, landscaping and other improvements.

The development within and around the Redevelopment Area anticipated under this Plan is in the public interest because it will result in increased employment within the City and will enhance the tax base of the City. The Redevelopment Area is marked by a variety of physical and economic deficiencies, including aging and deteriorating improvements, functionally obsolete improvements, various safety concerns and excessive vacancy and economic underutilization, which contribute to the area’s position today as an economic and social liability. The Blight Study attached as Exhibit 10 to this Plan documents the blighting factors and conditions within the Redevelopment Area and confirms that the Redevelopment Area is a Blighted Area as defined in the Act. With the demolition of the existing structures and the development that will be achieved through the construction of the

Project Improvements and Public Improvements, the Redevelopment Area will be developed to its highest and best use and blight can be eliminated.

The estimated Redevelopment Project Costs to implement the Plan are approximately \$232,219,643 which include approximately \$42,306,162 in Reimbursable Project Costs to be reimbursed from TIF Revenue (as hereafter defined). The Reimbursable Project Costs consist of costs related to land acquisition, site improvements, parking and tenant improvements and are more particularly identified on Exhibit 5A, attached to this Plan. The Plan contemplates reimbursement of Reimbursable Project Costs on a “pay as you go” basis to ensure that no risk is assumed by any Taxing District.

The total initial equalized assessed valuation of the Redevelopment Area according to current records at the Jackson County Assessor’s Office is approximately \$2,645,558. The current combined ad valorem property tax levy is projected to be \$11.1765 per \$100 assessed valuation. The 2013 annual ad valorem tax revenue from the Redevelopment Area is approximately \$505, which is a boulevard tax, as the property was tax exempt since it was a religious facility. Following the completion of all Project Improvements (as hereafter defined), it is estimated that the assessed value of the property will increase to approximately \$18,833,884.

Pursuant to the Act, tax increment financing allows for the use of fifty percent (50%) of Economic Activity Taxes and one hundred percent (100%) of Payment in Lieu of Taxes generated and collected within the Redevelopment Project Area for a twenty-three (23) year period to pay Reimbursable Project Costs. The estimated total Economic Activity Taxes generated within the Redevelopment Project Area and available to pay Reimbursable Project Costs is approximately \$43,498,962. It is anticipated the Redevelopment will receive Missouri Chapter 100 benefits in the form of 100% real property tax abatement for 15 years and 50% tax abatement for 10 years; therefore, no Payment in Lieu of Taxes will be redirected to pay for any Reimbursable Project Costs. Upon completion of the Plan and payment of all reimbursable Project Costs, TIF Revenue will be paid to the Taxing District in accordance with the Act.

Amendment No. 2: The following term defined under the Section entitled “Definitions” in Section I. of the Plan is hereby deleted in its entirety and replaced with the following:

Y. “Reimbursable Project Costs,” Forty-Two Million Three Hundred Six Thousand One Hundred Sixty-Two and no/100 Dollars (\$42,306,162) of the Redevelopment Project Costs, as specifically identified on Exhibit 5A, attached hereto.”

Amendment No. 3: Section IV.A. of the Plan, entitled “Estimated Redevelopment Project Costs,” shall be deleted in its entirety and replaced with the following paragraph:

A. Estimated Redevelopment Project Costs. The total cost to the Redeveloper to implement the Project Improvements and Public Improvements, which is described by Section IV.C. and IV.D, is estimated to be \$232,219,643, which is provided in detail on Exhibit 5A, attached hereto. The Redeveloper and third parties engaged by either the Redeveloper or the Commission will finance \$189,913,481 (approximately 82% of the total cost) through a combination of equity or debt financing. For the

remaining \$42,306,162 (approximately 18% of the total cost) of Reimbursable Project Costs, the Redeveloper is seeking financing through Obligations secured, at least in part, by Tax Increment Financing. The Reimbursable Project Costs are identified on Exhibit 5A, attached hereto.

The Commission has determined that certain planning and special services expenses of the Commission (“Administrative Expenses”), which are not direct Redevelopment Project Costs, are nonetheless reasonable and necessary for the operation of the Commission and are incidental costs to the Plan. The incidental costs will be recovered by the Commission from the Special Allocation Fund in an amount not to exceed 5% of the Payments in Lieu of Taxes and Economic Activity Taxes paid annually into the Special Allocation Fund”

Amendment No. 4: Delete Exhibit 5.A of the Plan entitled “Estimated Redevelopment Costs” in its entirety and replace it with Exhibit 5.A “Estimated Redevelopment Costs,” attached hereto.

Amendment No. 5: Delete Exhibit 7 of the Plan entitled “Sources of Funds” in its entirety and replace it with Exhibit 7 “Sources of Funds,” attached hereto.

Amendment No. 4

Exhibit 5.A

Estimated Redevelopment Project Costs

Exhibit 5A - ESTIMATED DEVELOPMENT COSTS

Summary - Redevelopment Project Areas A and B

SITE SUMMARY	
Site Area (SF)	727,016
Building Area (GSF)	471,467

DEVELOPMENT COSTS	Total Redevelopment Project Costs	\$/GSF	Developer's Costs	\$/GSF	TIF Reimbursable Expenses	\$/GSF
Land Acquisition	3,152,463	6.69	3,152,463	6.69	-	-
Vertical Building Construction	61,869,037	131.23	61,869,037	131.23	-	-
Parking Structure	23,919,690	50.73	10,375,316	22.01	13,544,374	28.73
Tenant Improvements	24,043,533	51.00	21,430,722	45.46	2,612,811	5.54
Onsite Improvements	7,966,767	16.90	1,326,011	2.81	6,640,756	14.09
Offsite Improvements	250,000	0.53	75,000	0.16	175,000	0.37
TIF Commission Fees	200,000	0.42	125,000	0.27	75,000	0.16
General Development Costs (City/Gov't Fees, Admin Costs, etc)	2,140,006	4.54	2,140,006	4.54	-	-
Design	7,077,847	15.01	7,077,847	15.01	-	-
Legal	370,000	0.78	370,000	0.78	-	-
Leasing Commissions	-	-	-	-	-	-
Interest Carry During Construction	1,283,512	2.72	1,283,512	2.72	-	-
Personal Property	-	-	-	-	-	-
Developer Fee	3,833,248	8.13	3,833,248	8.13	-	-
Hard Cost Contingency	2,838,939	6.02	2,838,939	6.02	-	-
Soft Cost Contingency	946,313	2.01	946,313	2.01	-	-
Total Development Costs	139,891,355	296.72	116,843,414	247.83	23,047,941	48.89
Percentage of Total Development Costs by Category	100.00%		83.52%		16.48%	
Permanent Financing/Interest Costs*	92,328,288	195.83	73,070,067	154.98	19,258,221	40.85
Total Development and Holding Costs	232,219,643	\$ 492.55	189,913,481	\$ 402.81	42,306,162	\$ 89.74

* All amounts to be reimbursed in connection with this permanent interest line item shall be subject to actual amounts of interest incurred by the developer and shall be subject to the limitation set forth in the Commission's Certification of Costs and Reimbursement Policy and Interest Policy.

Summary - Redevelopment Project Area A

SITE SUMMARY	
Site Area (SF)	727,016
Building Area (GSF)	321,467

DEVELOPMENT COSTS	Total Project Costs	\$/GSF	Developer's Costs	\$/GSF	TIF Reimbursable Expenses	\$/GSF
Land Acquisition	3,152,463	9.81	3,152,463	9.81	-	-
Vertical Building Construction	42,668,823	132.73	42,668,823	132.73	-	-
Parking Structure	11,256,660	35.02	939,402	2.92	10,317,258	32.09
Tenant Improvements	16,499,430	51.33	14,479,130	45.04	2,020,300	6.28
Onsite Improvements*	6,228,777	19.38	1,045,524	3.25	5,183,253	16.12
Offsite Improvements	250,000	0.78	75,000	0.23	175,000	0.54
TIF Commission Fees	100,000	0.31	50,000	0.16	50,000	0.16
General Development Costs (City/Gov't Fees, Admin Costs, etc)	1,316,892	4.10	1,316,892	4.10	-	-
Design	4,601,953	14.32	4,601,953	14.32	-	-
Legal	235,000	0.73	235,000	0.73	-	-
Leasing Commissions	-	-	-	-	-	-
Interest Carry During Construction	896,299	2.79	896,299	2.79	-	-
Personal Property	-	-	-	-	-	-
Developer Fee	2,411,003	7.50	2,411,003	7.50	-	-
Hard Cost Contingency	1,848,052	5.75	1,848,052	5.75	-	-
Soft Cost Contingency	616,018	1.92	616,018	1.92	-	-
Total Development Costs	92,081,369	286.44	74,335,557	231.24	17,745,811	55.20
Percentage of Total Development Costs by Category	100.00%		80.73%		19.27%	
Permanent Financing/Interest Costs **	57,370,923	178.47	42,279,926	131.52	15,090,997	46.94
Total Development and Holding Costs	149,452,292	\$ 464.91	116,615,484	\$ 362.76	32,836,808	\$ 102.15
Percentage of Total Development and Holding Costs by Category	100.00%		78.03%		21.97%	

* TIF reimbursable expenses for onsite improvements shall not include costs associated with the surface parking located on Project Area B.

** All amounts to be reimbursed in connection with this permanent interest line item shall be subject to actual amounts of interest incurred by the developer and shall be subject to the limitation set forth in the Commission's Certification of Costs and Reimbursement Policy and Interest Policy.

Summary - Redevelopment Project Area B

SITE SUMMARY	
Site Area (SF)	727,016
Building Area (GSF)	150,000

DEVELOPMENT COSTS	Total Project Costs	\$/GSF	Developer's Costs	\$/GSF	TIF Reimbursable Expenses	\$/GSF
Land Acquisition	-	-	-	-	-	-
Vertical Building Construction	19,200,214	128.00	19,200,214	128.00	-	-
Parking Structure	12,663,030	84.42	9,435,914	62.91	3,227,116	21.51
Tenant Improvements	7,544,103	50.29	6,951,592	46.34	592,511	3.95
Onsite Improvements	1,737,990	11.59	280,487	1.87	1,457,503	9.72
Offsite Improvements	-	-	-	-	-	-
TIF Commission Fees	100,000	0.67	75,000	0.50	25,000	0.17
General Development Costs (City/Gov't Fees, Admin Costs, etc)	823,114	5.49	823,114	5.49	-	-
Design	2,475,894	16.51	2,475,894	16.51	-	-
Legal	135,000	0.90	135,000	0.90	-	-
Leasing Commissions	-	-	-	-	-	-
Interest Carry During Construction	387,213	2.58	387,213	2.58	-	-
Personal Property	-	-	-	-	-	-
Developer Fee	1,422,245	9.48	1,422,245	9.48	-	-
Hard Cost Contingency	990,887	6.61	990,887	6.61	-	-
Soft Cost Contingency	330,295	2.20	330,295	2.20	-	-
Total Development Costs	47,809,985	318.74	42,507,855	283.39	5,302,130	35.35
Percentage of Total Development Costs by Category	100.00%		88.91%		11.09%	
Permanent Financing/Interest Costs*	34,957,365	233.05	30,790,141	205.27	4,167,224	27.78
Total Development and Holding Costs	82,767,350	551.79	73,297,996	488.66	9,469,354	63.13
Percentage of Total Development and Holding Costs by Category	100.00%		88.56%		11.44%	

* All amounts to be reimbursed in connection with this permanent interest line item shall be subject to actual amounts of interest incurred by the developer and shall be subject to the limitation set forth in the Commission's Certification of Costs and Reimbursement Policy and Interest Policy.

Amendment No. 5

Exhibit 7

EXHIBIT 7

**SOURCES AND USES OF FUNDS
FOR
ALL ESTIMATED REDEVELOPMENT PROJECT COSTS**

Developer Equity and/or Debt	\$189,913,481
Amount of Reimbursable Costs from Economic Activity Taxes	\$42,306,162
TOTAL	\$232,219,643

BONDS

The total estimated amount of Economic Activity Taxes that are captured under the TIF Act, over twenty-three years for Redevelopment Project Areas A and B, which are available to fund Reimburse Redevelopment Project Costs and Administrative Costs per the Act is approximately \$42,306,162. The Commission may dedicate part or these entire amounts to finance Reimbursable Project Costs.