

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 150548, AS AMENDED

Approving an amendment to the development plan of Oak Street Redevelopment Corporation for the redevelopment of an area bounded by Truman Road (15th Street), Oak Street, 17th Street, and a portion of Grand Avenue and McGee Street (the Kansas City Star printing plant), subject to certain exceptions; authorizing certain tax abatements and providing for the payment of certain payments in lieu of tax; authorizing the execution of an amendment to the existing redevelopment contract; and directing the City Clerk to transmit copies of this ordinance.

WHEREAS, Oak Street Redevelopment Corporation ("Developer"), an urban redevelopment corporation organized under and pursuant to the Urban Redevelopment Corporations Law of the Revised Statutes of Missouri, as amended (the "Act"), did on August 16, 2002, file with the City Clerk an application for approval of a development plan ("Development Plan"), prepared in accordance with the Act and Chapter 74, Code of Ordinances ("Chapter 74"), which contemplated the redevelopment of a tract of land of approximately 6.7 acres generally located east of Grand Avenue, south of 16th Street and Truman Road, west of Oak Street and north of 17th Street ("Redevelopment Area"); and

WHEREAS, the City Council of Kansas City, Missouri, did on October 17, 2002, pass Committee Substitute for Ordinance No. 021114, As Amended (the "Ordinance"), which Ordinance approved the application and Development Plan and authorized and directed the Director of Finance to enter into a redevelopment contract with Developer; and

WHEREAS, Developer and the City of Kansas City, Missouri ("City") entered into a redevelopment contract dated October 28, 2002 ("Redevelopment Contract"), providing for the implementation of the Development Plan, which Redevelopment Contract was recorded with the Jackson County, Missouri, Recorder of Deeds on October 29, 2002, as Instrument No. 2002K0070800; and

WHEREAS, on December 30, 2014, Developer submitted an application to amend the Development Plan to the Kansas City Chapter 353 Advisory Board ("Board") to extend the abatement of taxes in the Redevelopment Area and modify the agreement for payments in lieu of taxes; and

WHEREAS, Developer submitted its proposed first amendment to the Development Plan ("Amendment") to the Board; and

WHEREAS, Developer has complied with all the requirements imposed upon it by the Act and Chapter 74; and

WHEREAS, review by the City Plan Commission was not required as implementation of the Amendment would not require any changes to the existing zoning and is otherwise in compliance with the Comprehensive Plan; and

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WHEREAS, the Developer and the Board provided such notice as is required by the Act and Chapter 74 and on June 24, 2015, held a public hearing on the Amendment; and

WHEREAS, the Board, after fully considering the Amendment and the documents and testimony submitted in connection therewith, recommended denial of the application for the Amendment, and transmitted its recommendation to the City Council; and

WHEREAS, while the City Council gives due consideration to the recommendation made by the Board, the City Council recognizes that there are policy and legal considerations outside the purview of the Board that merit approval of the Amendment; and

WHEREAS, the Kansas City Star's printing plant is a unique facility and the alternative uses for it are significantly limited; and

WHEREAS, the rapid decline in print media has increased the likelihood that the investments have become assets certain to depreciate in value, perhaps precipitously; and

WHEREAS, the proposed Amendment is in the best interests of all the taxing jurisdictions in that it fixes the amounts they will realize over the next fifteen (15) years irrespective of any depreciated value that would otherwise erode the tax base and therefore their shares of any taxes collected; and

WHEREAS, this Amendment seeks to extend the abatements for no more than the twenty-five years contemplated by the Missouri Constitution, the Act, and the City's Code of Ordinances, such that the City Council is not being asked to approve anything beyond that which it was authorized to approve from the outset; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Council, having reviewed the Amendment to the Development Plan (as the same is on file with the Board and is incorporated herein by reference) and given due consideration to the Board's recommendation of denial, approves the Amendment subject to the execution of an amendment to the Redevelopment Contract authorized herein, provided however that the Amendment is approved subject to the following two exceptions:

- a. That a scrivener's error in Paragraph 2, Request for Abatement, be corrected to reflect a full abatement with respect to the "Fifteen Year Period" referenced therein as is consistent with the application and the analysis thereof, such that Section IV.S.2 of the Development Plan shall read as follows:
 - A. The Corporation is requesting tax abatement for the Redevelopment Project, except Tracts 19 and 20 as described in the blight study

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attached as Exhibit B, pursuant to Section 353.110, R.S.Mo., and requests that the property within the Redevelopment Area, except Tracts 19 and 20 as described in the blight study attached as Exhibit B not be subject to assessment or payment of general ad valorem taxes imposed by the City of Kansas City, or by the State or any political subdivision thereof, for a period of ten (10) years after the date upon which the Corporation becomes owner of the property within the Redevelopment Area, except to such extent and in such amount as may be imposed upon such real property during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, acquired pursuant to Chapter 353, R.S.Mo., and owned by the Corporation, as was determined by the assessor of Jackson County for taxes due and payable thereon during the calendar year preceding the calendar year during which the Corporation acquired title to such real property. The Corporation further requests that the amount of such tax assessments not be increased during such period so long as the real property is owned by the Corporation or its assigns and used in accordance with the Development Plan authorized by the City Council.

B. For the next fifteen years (the "Fifteen Year Period"), ad valorem taxes upon such real property shall be measured by the assessed valuation thereof as determined by such assessor or assessors upon the basis of zero percent (0%) of the true value of such real property, including any improvements thereon, and such valuations shall not be increased above zero percent (0%) of the true value of such property from year to year during such next ensuing period so long as the real property is owned by the Corporation or its assigns, and used in accordance with the Development Plan, as amended. After a period totaling not more than twenty-five (25) years, such real property shall be subject to assessment and payment of all ad valorem taxes, based on the full true value of the real property; provided, whenever any urban redevelopment corporation or its assigns shall elect to pay full taxes, or at the expiration of the period, such real property shall be owned and operated free from any of the conditions, restrictions or provisions of this chapter, and of any ordinance, rule or regulation adopted pursuant thereto, any other law limiting the right of domestic and foreign insurance companies to own and operate real estate to the contrary notwithstanding.

b. That Paragraph 3, Payments in Lieu of Taxes, be clarified to reflect that any special assessments levied during any tax year shall be paid without impacting any PILOT payment, setting the amount of the PILOT payment so that it excludes any amount attributable to special assessments levied by the Kansas City Downtown Streetcar Transportation Development District, and providing

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for a guarantor of the obligation to pay any Additional PILOT Payment, such that Section IV.S.3 of the Development Plan shall read as follows:

With respect to any land titled in the Corporation or its assigns, the Corporation or its assigns will make payments in lieu of taxes (PILOT) during each of the twenty-five years (25) of abatement. The Corporation or its assigns will make a PILOT payment for the first ten (10) years equal the total real property taxes on the improvements on such land during calendar year 2001, which amount is \$23,226. For each of the remaining fifteen (15) years of abatement, the Corporation or its assigns will make a PILOT payment in the amount of \$303,538 and will also pay any special assessments levied for each applicable tax year. In the event the abatement is terminated for any reason, the foregoing PILOT payment will not be due.

In the event the Corporation moves its printing operation from its current location in Kansas City at any time during the Fifteen Year Period, the abatement should end, effective as of the end of the tax year of such move. Within one (1) year after Corporation moving its printing operation from its current location in Kansas City, the Corporation shall be required to make a one-time additional PILOT payment (“Additional PILOT Payment”) in an amount equal to the taxes that would have been due and payable during each year of the Fifteen Year Period of which it received abatement based on the actual market valuation of the real property, not to exceed \$14.5 million, less the amount of any taxes, special assessments and PILOTs paid during the Fifteen Year Period. The obligation to pay the Additional PILOT Payment shall be guaranteed by The Kansas City Star, a division of Cypress Media LLC, a Delaware limited liability company.

Section 2. That the Director of City Development is authorized to execute such amendment to the Redevelopment Contract for purposes of implementing the Amendment to the Development Plan as he shall determine proper and in such form as he shall determine appropriate, provided that such agreement shall require an annual payment in lieu of taxes (“PILOT”) in the amounts indicated within the Amendment as approved herein, such PILOTs to be distributed pro rata to the relevant taxing jurisdictions.

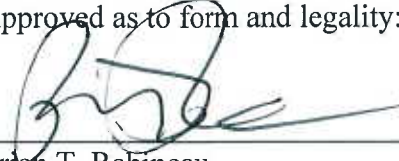
Section 3. That upon execution of the amendment to the Redevelopment Contract, Developer is granted such tax abatements ~~as are~~ provided for in the Amendment to the Development Plan as approved herein.

Section 4. That all other rights, duties and obligations of Developer not affected by the amendment to the Redevelopment Contract shall remain in full force and effect.

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Section 5. That the City Clerk shall send a copy of this ordinance to the County Clerk and County Executive of Jackson County, Missouri.

Approved as to form and legality:



Brian T. Rabineau
Assistant City Attorney



Authenticated as Passed:



Sly James, Mayor



Marilyn Sanders, City Clerk

JUL 16 2015

Date Passed