



MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE

January 12, 2022

The Mission Finance and Administration Committee met at the Powell Community Center and virtually via ZOOM on Wednesday, February 2, 2022. The following Committee members were present: Ken Davis, Trent Boultinghouse, Kristin Inman, Hillary Thomas, Debbie Kring, Lea Loudon, Mary Ryherd and Ben Chocie. Mayor Flora was also present. Councilmember Kring called the meeting to order at 7:13 p.m.

The following staff were present: City Administrator Laura Smith, Deputy City Administrator Brian Scott, City Clerk Audrey McClanahan, Assistant City Administrator Emily Randel, Public Works Director Celia Duran, Public Works Superintendent Brent Morton, Parks & Recreation Director Penn Almoney and Chief Dan Madden.

Public Comments

Councilmember Kring reminded the public they could participate via the chat feature on Zoom. All comments would be visible to the group.

There were no public comments.

Public Presentations

There were no Public Presentations.

Acceptance of the January 12, 2022 Finance and Administration Committee Minutes

Minutes of the January 12, 2022 Finance and Administration Committee Meetings were provided to the Committee. There being no objections or corrections, the minutes were accepted as presented.

Predevelopment Agreement - BK Properties, LLC, 5665 Foxridge Drive

Mr. Scott explained that the property in discussion was at 5665 Foxridge Drive and is an approximate five-acre parcel bounded by Foxridge Drive on the west, W. 56th Street on the north, and Broadmoor Street on the east. There is a 39,825 square foot, one-story building on the property that was built in 1970. Block Real Estate Services, LLC plans to submit an application for tax increment financing (TIF). The City has historically required a predevelopment agreement to developer Block as the developer of record for a specified period of time and to secure funding from the developer to cover the cost of the City's third party consulting services.

Representatives from Block Real Estate Services, including Ken Block and Curtis Holland, participated virtually. Aaron Mesmer, Senior Vice President/Development & Acquisitions,

presented on the project. He explained that their company is a full-service commercial real estate brokerage and development company managing over forty-three million square feet of retail, office, industrial, and multifamily properties for equity partnerships and third party owners. Block has owned and managed many sites in the Kansas City metro area including two in Mission which are the Broadmoor Place and Mission Corporate Center. They are familiar with the area and they have had preliminary meetings with staff about streetscape in an effort to ensure the community is a walkable environment that is pedestrian friendly. Their building plans consist of a five-story, 300 unit multi-family project. The project would include mostly one- and two-bedrooms units, an outdoor pool and courtyard, fitness facility, leasing office, and other amenities. The property would have high end finishes including forty-two inch cabinets, beverage centers and full height backsplash. They have made sure to make it a complete property design with available walking paths and the ability for residents to walk out of their unit and come out onto the streetscape.

Mr. Scott reviewed the provisions of the predevelopment Agreement which include:

- Designation of BK Properties, LLC as the “Developer of Record” for the Project Area until the earliest of the following dates: (a) one-year from the date of the predevelopment agreement; (b) the date the Developer acquires title to the project area; or (c) the date the agreement by which the Developer is to acquire title is terminated. During this time, the City may not enter into a final development agreement with another party for the same site.
- Development is contingent on satisfactory negotiation of a final development agreement, completion of the planning and zoning entitlement process, agreement on any public improvements and development design.
- Nothing in Predevelopment Agreement obligates the City to approve the final development, or any public incentives.
- The Developer will establish a \$10,000 fund to reimburse for any City expenses incurred during discussion and review of a final development agreement.

Mr. Scott went on to explain that consideration of the predevelopment agreement is the first step in consideration of the developer’s request for incentives. Adoption of the predevelopment agreement does not obligate the City Council to any public incentives. The specific terms of a final development agreement will be considered once City staff and the City’s consulting team have evaluated the request and formulated a recommendation to the City Council. Staff recommends that the City Council approve the predevelopment agreement between the City of Mission and BK Properties, LLC. for consideration of a proposed multi-family redevelopment project at 5665 Foxridge.

Councilmember Kring asked if a zoning change would be needed. Mr. Scott explained that the area is currently zoned as form-based code with underlying industrial zoning. As the process continues, there will need to be a request for zoning change to R-6 which is residential/multi-family properties.

Councilmember Davis asked if the developer was considering affordable housing as part of the project. Mr. Mesmer replied that it hasn't been considered with this project as affordable housing is somewhat of a unique property type.

Councilmember Thomas asked if they have considered any sustainability elements as part of the project. Mr. Mesmer replied that they look to incorporate sustainable appliances as well as provide access to bicycles. Councilmember Thomas commented that as the incentives are explored, that she would expect to have more conversation around streets access, especially at 56th and Metcalf to make driving as safe as possible.

Councilmember Boultinghouse asked if there have been any discussions related to LEED designation for construction. Mr. Mesmer replied that they add in many elements that are part of the LEED program but they do not pay to be certified as LEED.

Ms. Smith thanked Mr. Mesmer for his presentation and emphasized that sustainability and affordable housing are important elements for this Council and encouraged them to more fully develop options to be incorporated into their project as discussion move forward.

Councilmember Davis recommended the predevelopment agreement with BK Properties, LLC. for consideration of a multi-family development at 5665 Foxridge Drive be forwarded to Council for approval. All on the Committee agreed; this will be on the regular agenda.

Predevelopment Agreement – Aryeh Realty, LLC, the Gateway Project

Ms. Smith explained that when a predevelopment agreement is discussed, with a developer on a specific project, that it does not obligate the City to any specific terms at the end of the project. Instead, it provides the opportunity and protection for the City to be reimbursed for accumulated expenses from costs associated with reviews by our land use attorney, financial advisors and bond counsel. The Mission Gateway Development Agreement expired on December 31, 2021. The Gateway Developers have submitted a revised preliminary development plan and a request related to incentives and are seeking to re-engage in negotiation of a new development agreement in connection with the project. As such, Ms. Smith explained that consideration of a new predevelopment agreement was appropriate.

Ms. Smith reviewed the proposed terms of the predevelopment agreement, which includes the following considerations:

- Limits the obligation of the parties to proceed beyond the Predevelopment Agreement if a final Development Agreement has not been entered into within 6 months.
- Development is contingent on satisfactory negotiation of a final development agreement, completion of the planning and zoning entitlement process, agreement on any public improvements and development design.
- Nothing in Predevelopment Agreement obligates the City to approve the final development, or any public incentives.

- The Developer will establish a \$10,000 fund to reimburse for any City expenses incurred during discussion and review of a final development agreement.
- Allows the City, in its sole discretion to suspend negotiations, drafting of documents or other activities in the event the Developer fails to timely pay taxes, if the property is subject to uncured municipal code violations or a judicial foreclosure action is pending regarding any mortgage or other encumbrance against the property.

The specific terms of a final development agreement will be considered once City staff and the City's consulting team have evaluated the request and formulated a recommendation to the City Council.

Councilmember Davis recommended the predevelopment agreement with Aryeh Realty, LLC. for consideration of a mixed-use redevelopment project known as the Mission Gateway be forwarded to Council for approval. All on the Committee agreed; this will be on the regular agenda.

Mission Bowl Request for Extension for Commencement of Construction

Ms. Smith reported that since the City Council granted original project approvals for the Mission Bowl Project, that Sunflower Development Group has continued to work diligently to finalize plans, budgets, and financing as well as complete demolition.

Banks Floodman, Director of Business Development with Sunflower Development Group, was present and explained that over the last year, they have had unanticipated volatility in development costs. The projected project budget in March 2021 was approximately \$25.2 million. As bids were sought from both the general contractor and subcontractors, prices began to escalate driven by supply chain and work force issues prevalent throughout the pandemic. As of January 2022, the overall project budget has increased by approximately \$5.0 million. As a result, the Developer's team pursued value engineering options seeking solutions which would allow the project to be delivered as approved. This has included moving amenities to different locations in the project and the addition of eight (8) additional apartment units. Also, another issue in timeline, was complexities involved with the Johnson County Wastewater (JCW) lift station and easement accesses which resulted in a three month extension.

Even though costs continued to escalate, the Developer never approached staff with a request to reduce the scope of the project or increase the level of incentives. Recognizing that there were a number of Council goals and objectives inherent in the approval of the incentives, including timely construction and completion of the project, they assumed the risk associated with slowing the development schedule slightly in order to maintain the goals related to affordable housing and sustainability.

Under the amended Redevelopment Agreement, vertical construction was to have begun by December 1, 2021. Failure to meet this milestone, in the development schedule, is technically an event of default. However, the Developers have requested a second extension that will extend

only the commencement date of the project construction to May 1, 2022. This will leave the project completion date the same.

Councilmember Boultinghouse thanked Mr. Floodman for the information and asked how much of the material, during the demolition, was able to be reused. Mr. Floodman explained they were able to salvage every bowling lane but two which will be turned into other elements within the project.

Councilmember Chocie asked what the modified building looked like in relation to glazing and exposure, on the back, to the bordering neighborhood. Mr. Floodman explained that a drawing can be produced and sent to the Council.

Mayor Flora asked if they could confirm if Sunflower Development Group has the current pricing finalized. Mr. Floodman replied they feel more confident with pricing based on the current design. Councilmember Inman also asked if they were able to recover some of the five million dollar cost increase by moving the pool and eliminating the steel construction. Mr. Floodman replied that the cost would have actually been closer to six to seven million.

Councilmember Kring asked if the increase in pricing would affect the apartment cost rate. Mr. Floodman replied that the numbers and affordability element would all stay the same.

Councilmember Flora asked if all the financing has been secured. Mr. Floodman replied that the lender has been fantastic and they just need to finish an updated appraisal but they are confident they will continue with their services.

Councilmember Davis recommended an extension of time for commencement of construction and corresponding adjustment of the development schedule for construction of the Mission Bowl Apartments be forwarded to Council for approval. All on the Committee agreed; this will be on the regular agenda.

Discussion Items

There were no Discussion Items.

OTHER

Department Updates

Ms. Smith reminded everyone that there would be a Council retreat on Saturday, February 5, 2022. In consideration of COVID, it will be a shortened retreat, from 8:30am to 12:30pm.

Councilmember Kring thanked staff, in all departments, for the work they do to support the community and Council.

Meeting Close

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 7:55 p.m.

Respectfully submitted,

Audrey M. McClanahan
City Clerk