



**MINUTES OF THE MISSION SPECIAL CITY COUNCIL MEETING**  
**September 28, 2022**

The Mission City Council met for a Special City Council meeting on Wednesday, September 28, 2022, at 6:34 p.m. The meeting was called to order by Mayor Flora. The following councilmembers attended in person: Debbie Kring, Lea Loudon, Ken Davis, Trent Boultinghouse, Ben Chociej, Hillary Thomas, Kristin Inman and Mary Ryherd.

Mayor Flora explained that in consideration of on-going COVID-19 health concerns, the meeting was also offered virtually through Zoom, if preferred. The public was invited to participate in the meeting by using the instructions included in the City Calendar item listed on the front page of the website. For those participating virtually, they had the option of utilizing the “chat” feature to voice their comments which would be read aloud. The members of the public in person were encouraged to raise their hand and stay at their seats to be called on. The Mayor requested that anyone commenting please state their name and city of residence as well as to be conscientious of others talking and to speak clearly and slowly.

Mayor Flora advised that because this is a special meeting, the Governing Body will only be considering the items listed on our Agenda this evening all of which are related to consideration of the Mission Gateway Redevelopment Project.

Comments will be taken from in-person attendees first, in the order in which they appear on the sign-up sheet. Zoom speakers will be elevated to speaker status through Zoom in the order comments are received in the chat following comments from tonight’s in-person attendees. She also noted that speakers will be limited to 3 minutes per person.

**Public Hearing – Fifth Amended Mission Gateway Tax Increment  
Financing Redevelopment Project Plan**

Mayor Flora then officially opened the public hearing for the Fifth Amended Mission Gateway Tax Increment Financing Redevelopment Project Plan.

Mayor Flora invited City Administrator Laura Smith to make a brief presentation following which members of the public will have an opportunity to comment.



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Ms. Smith gave a brief history of the Gateway project's track since the beginning of the year, including an initial presentation to the City Council in February. During that presentation, the Council communicated their desire to have sustainability certifications and attainable housing included in any project which receives public incentives. Since that February presentation, staff has worked with the developer to address these new considerations and in June the Developer submitted the Fifth Amended Mission Gateway Tax Increment Financing Redevelopment Project Plan and 2022 Mission Gateway Community Improvement District petition to begin the formal process for consideration by the City Council. Public hearings are required for both under Kansas statute. In August, the Council passed two resolutions calling the public hearings for tonight. Ms. Smith reiterated that no action will be taken tonight, but the public hearings needed to be kept even if action wasn't anticipated to occur. Cancelling the hearings would add approximately another seventy-five days to the process.

Ms. Smith shared some reminders about the TIF project plan for the benefit of the Council and the public in attendance. Approval of a TIF project plan does not grant specific incentives to the Developer, those occur through a separate redevelopment agreement which will be considered at a later date. The TIF project plan being presented tonight covers both Phase I and Phase II of the project, however the Developer is only seeking incentives for Phase I at this time. A separate redevelopment agreement for Phase II would need to be negotiated in advance of Phase II construction.

A TIF Redevelopment Project Plan is a broad, high-level overview and assessment of the project. There are often questions about the TIF-eligible expenses detailed in the Plan. Those expenses capture everything eligible for reimbursement under the TIF statutes, and do not reflect the revenues to be provided to the developer. Distributions of TIF property and sales taxes are controlled through the redevelopment agreement. Most redevelopment projects will have expenses that exceed the revenues.

Ms. Smith acknowledged the concerns citizens might have surrounding the use of incentives, it is an issue that can be emotional and divisive. She wanted to note for the record that revenue sharing remains an essential element of any redevelopment project under consideration. She then reviewed items in the meeting packet including the anticipated revenues for the City in each phase.

Ms. Smith invited the Developer to make their presentation, noting that



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following the developer's presentation, it will be a good time for public comment and questions. Staff and the Council will answer questions they are able to answer this evening, although some may need additional time for a reply or response.

Mayor Flora clarified that the presentations would happen first, then public comment and questions, and finally comments and questions from Council.

Councilmember Davis asked for clarification from Ms. Smith that there would be no action tonight.

Ms. Smith confirmed that is correct, the only action being taken tonight will be continuing the public hearings and action on the two ordinances to a future date.

Mr. Davis asked if there would be action to terminate the fourth TIF project plan.

Ms. Smith stated there would not be as it would be considered as part of the ordinance related to the Fifth Amended TIF Redevelopment Project Plan, stressing again that no action would be taken tonight. She explained that the ordinances would be considered at a future date.

Mayor Flora clarified further that the only actions tonight would be to continue the public hearing to a later date at which time the ordinance related to the TIF Project Plans would also be considered.

Mayor Flora invited the Developer team to make their presentation.

Matt Valenti with the Cameron Group, a partner in the Gateway project thanked the Council and Mayor for their time at this special meeting. Mr. Valenti began by reviewing the design of the project, highlighting how it conforms with the City's comprehensive plan. The location calls for a mixed-use project using dense vertical design, with the majority of the parking provided in a garage structure and not at the surface level. He reviewed the additional extraordinary costs including the necessary structured parking, costs associated with stormwater work, additional extraordinary costs such as retaining walls, and utility work to serve the dense project. These costs are what necessitated the developer's ask for public incentives.

Mr. Valenti shared additional details related to Phase I including the 373



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apartment units, and 49,750 square feet of small shop retail, restaurants, and food hall space. There will also be a 90,000 square foot entertainment center that will include bowling, food and other entertainment elements. Phase I will also encompass the structured and surface parking, 644 surface lot spaces plus 811 elevated parking spaces, plus site work and off-site work.

Phase II will be a 202-room hotel, currently an Element by Marriot, and 100,000 square feet of office space.

Mr. Valenti reviewed total project costs for the Council, citing the total cost for both phases at \$268 million, with Phase I costs of approximately \$163 million. The total TIF eligible costs are approximately \$164 million. \$51.3 million of that total occurs in Phase I, including garage work, site work, off site work, utility work and stormwater work. He doesn't believe they will recover all that is eligible. He laid out the current path, which would be to issue special obligation bonds in the amount of \$19-22.5 million for Phase I. The special obligation bonds are not backed by the City. He emphasized Bruce Kimmel of Ehlers previous assessment that the deal is a pretty slim deal and could not be anticipated to be completed without incentives. For those reasons the Developer requests the Council's consideration of TIF and CID for the project.

Mayor Flora asked for public comments on the TIF project plan.

Councilmember Kring clarified for the public that if there is anyone who does not understand what tax increment financing or a community improvement district are, they should ask that clarification as well during the public hearing. She then asked Ms. Smith to provide a brief summary of TIF and CID for the public.

Ms. Smith explained that tax increment financing is a tool that creates an underlying redevelopment district based on specific statutory criteria. The district for the Gateway project was created in 2006. Certain statutory conditions exist under which a TIF district can be created, flood plain issues being one. This district was created under the stormwater provisions of the TIF statutes. Creation of a TIF district "freezes" the base value of the parcels within the district in the base year. The school district and the county have the opportunity to veto creation of the district at this stage, if they do not, then the next step is to consider a specific TIF Redevelopment Project Plan that contains specific details about a project. That is what is before Council this evening,



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consideration of a specific TIF project plan. A project plan can encompass the whole TIF District or a portion of it. In this case, the Mission Gateway site is both the TIF District and the Project Plan area. As redevelopment occurs in the district the incremental revenues generated from property tax and sales tax within the district can be pledged through a redevelopment agreement as part of a public-private partnership. Once a project plan approved, it can stay in place for up to twenty years.

She went on to explain that a Community Improvement District, or CID, is created by identifying a certain geographical area within which development or redevelopment is expected to occur. A CID can either be an additional sales tax that is imposed within the district boundaries, or it can take the form of a special assessment. In the case of the Gateway project, the Developer has requested an additional sales tax to be layered on top of the existing sales taxes levied within that site. In order for a petition to be filed with the City and considered valid, 55% of both the property owners and 55% of the owners of the land area must sign the petition. In this case the Developer owns all properties within the district. If approved, then the additional sales tax generated is available to fund eligible project expenses. Currently there is a 1% sales tax from the existing CID. State statute allows up to 2%, and the CID proposed for this evening increases the percentage to 2 due to the decreased amount of revenues projected. If approved, a CID can be in place for up to 22 years.

Ms. Smith then called names for speakers for the public hearing.

The first speaker was Dave Miller of Overland Park, KS, owner of Werner's Specialty Foods in Mission, KS. His business has been in Mission for 48 years. He has never asked for any incentives, has suffered financially, and makes it through. He finds the process to be 16 years of nonsense with no progress. He cited late taxes and mechanic's liens on the part of the Developer, and that the City needs no more vacant store fronts. He feels that a TIF would be a bad idea and finds that the Developer should work with what they have. He cited increased interest rates as a reason the Developer could give to not build again.

Mayor Flora asked for additional speakers. There were none online and no additional speakers in person. There were none, so she moved to Councilmember comments and questions.

Councilmember Davis asked for an update on information the Council had



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requested related to the financing of the project from the Developer's team.

Ms. Smith reviewed that the City has received a confirmation letter from Cinergy regarding their intention to be a part of the project with the entertainment complex, the performance guarantee is included in the draft of the redevelopment agreement which was being reviewed by the Developer and their Counsel, the City has yet exchanged that final piece.

Councilmember Davis then asked for any current information on the prior mechanic's liens against the property and current status of the assessment paid to the City for the benefit of the public.

Ms. Smith confirmed that all of the taxes are current on the property. She also shared that the pre-development agreement from February states if taxes are unpaid the City will not continue to work with the Developer on the project. There are mechanic's liens which would have to be satisfied prior to the City disbursing any bond proceeds to the developer. They cannot be resolved at this point in time.

Mayor Flora asked Ms. Smith for clarification regarding the satisfaction of mechanic's liens, pointing out that the resolution of the mechanic's liens would be addressed in the redevelopment agreement and Ms. Smith acknowledged that is correct.

Bruce Kimmel (Ehlers, Inc), the City's municipal advisor was available via Zoom, and addressed Councilmember Davis' question regarding an update on the developer's financing. Mr. Kimmel that no new information had been obtained since he wrote the memo included in the packet for the meeting. He does not see that as a negative necessarily, and he wouldn't have expected anything new by this evening. The representative from Bank OZK thought he would have a revised term sheet by the second week of October. Mr. Kimmel thought if the bank holds to that course, it will be really telling as to the readiness of the financing plan. There are other steps to take to assess the readiness of the mezzanine lender as well as bond financing projections and additional equity from the Developers. It will also be important to see what revisions the Developer proposes to the redevelopment agreement. He believes that with all of the change in the markets since last year, he can't say definitively this evening that everything is ready to go, which the Council asked his assessment of.





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Mayor Flora asked that on past plans and projects, the stage he's speaking of is getting to signed, term sheets and Mr. Kimmel confirmed that at this point in the negotiations that is what is needed and could be expected.

Councilmember Thomas asked Mr. Kimmel about the TIF eligible costs, she would like to know about the stormwater assessments and future stormwater improvements with asterisk next to them in the TIF Project Plan included in the Council packet.

Mr. Kimmel asked for clarification and then Ms. Smith responded that those stormwater costs are reflective of repayment of the \$12 million in stormwater improvements that were made by the City.

Councilmember Thomas asked if paying back stormwater assessments was an eligible expense and Ms. Smith confirmed it is. Staff has reviewed and vetted everything shown in the TIF eligible cost column in the Project Plan.

Councilmember Davis commented that as a Councilmember, he believes one of the terms being requested is a performance escrow, and he would like clarification from Ms. Smith on what that is and if that term is not finalized, what that expectation is.

Pete Heaven of Spencer Fane, the City's land use attorney, came to the podium to answer Councilmember Davis's question. He explained that the proposed escrow is a cash escrow to be placed at closing of the bond documents. That escrow would be forfeited to the City in the event that Phase I is not completed on a timely basis. A performance bond was considered, which is common in construction projects, however on a project this large the premiums would be too much. That proposal is the City's position, and it has been sent to the Developer.

Mayor Flora clarified that the escrow would not be created until bonds are issued. Mr. Heaven confirmed that is correct. Once construction of the project is started, if it goes unfinished, the escrow will kick in. He clarified to an audience member that the amount being proposed by the City is \$3 million.

Councilmember Davis asked Mr. Heaven to clarify where the two parties are with regards to the escrow.



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Mr. Heaven stated that no response has been received from the Developer. There is a difference of opinion on the amount being requested, however the City is remaining firm at the \$3 million dollar number.

Councilmember Davis took a moment to impress upon the Developer that this Council has considered the needs of the City regarding assurances and confidence of the project's completion. From his point of view, the escrow is an important factor to get the redevelopment agreement approved.

Mr. Heaven assured Councilmember Davis that that is Staff's position as well. Mayor Flora confirmed it is her position as well.

Councilmember Kring added that it would be a great way to build trust to agree to the escrow account on the part of the Developer. That would help the City build trust and go a long way for the Council.

Councilmember Boultinghouse asked if the increase in interest rates would affect numbers, or if that expected increase was already planned for.

Mr. Kimmel noted that the Federal Reserve rate increase does not always directly correlate with what rates banks impose on loans due to their own capital and expectations of return on investment. Most banks don't charge anywhere close to the full increase made by the Federal Reserve. He discussed the rate increase with OZK and the rate will likely be higher, but it is currently unknown as to what interest rate OZK will offer and how long they're willing to hold that rate. He would expect that the increase should decrease the proposed loan amount, which means more equity would need to be raised by the Developer, but there are other provisions that could be tweaked in underwriting to help increase the loan amount. He believes those updated term sheets are crucial to having and understanding of the full picture.

Councilmember Thomas asked Mr. Kimmel for clarification that the new term sheets will only include financing for Phase I. Mr. Kimmel confirmed that is correct.

Councilmember Thomas asked Mr. Valenti, after seeing in the packet that there are provisions that state that components of the plan can be modified or reduced, and that in the case of Phase II, not constructed at all. She would like





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to know what consideration was given to only planning for Phase I and not coming to the Council with anything about Phase II.

Mr. Valenti stated that the financing can only be secured at this time for Phase I. It is the developer's intention to complete both phases, as it is the only way they are able to break even on the project. They have more incentive than the public, the Council or anyone to get Phase II constructed.

Councilmember Inman asked Mr. Valenti if Phase I must be sold before Phase II can be completed? Mr. Valenti responded that was not the case.

Councilmember Kring asked for clarity on the stacking of the financing to Mr. Kimmel and what components make up the capital stack.

Mr. Kimmel provided a breakdown of the capital stack which includes the primary source, a construction loan from Bank OZK, followed by the mezzanine construction loan from Bentall Green Oak (BGO). Those two are the private lenders involved with Phase I. Another component is the special obligation TIF bond proceeds, the City's contribution. The final piece is the Developer's equity into the project and is the last moving piece. To complete the capital stack, based on costs of the project, the equity share will likely need to be adjusted.

Councilmember Thomas asked Ms. Smith for an explanation of the Planning Commission's role and next steps in the timeline.

Ms. Smith explained that there are two components of the redevelopment project running generally on parallel tracks. There are zoning approvals or entitlements associated with this project which consider the physical components of the project and state under what conditions the Planning Commission either recommends approval or a list of conditions that need to be met. The zoning entitlements must be in place regardless of whether the project has incentives. The Preliminary and Final Development Plan for the Gateway were originally scheduled for the September 26 Planning Commission meeting. At the Developer's request that hearing was continued, and will be heard by the Planning Commission on Tuesday, October 18. The Planning Commission's recommendation will then move forward for Council approval, likely at the same time they consider the other action items related to the request for incentives.



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Councilmember Davis asked that, since only one audience member spoke, whether it would be appropriate to poll the audience to determine if they believe the Council is on the right track for approving this proposal.

Mayor Flora advised that a poll was not appropriate, as all members of the public have been provided the opportunity to speak this evening and can also contact the Council individually, with contact information found on the City's website.

Ms. Smith agreed that a poll would be out-of-line at this time as neither the Council nor the public have had a chance to review and evaluation the specific terms of the Redevelopment Agreement.

Mayor Flora pointed out that a good, detailed summary of where the project is at with regards to the capital stack and financing can be found on page 7 of the packet for the meeting. She then asked Mr. Kimmel about his reference to the potential need for an equity share adjustment, she would like to know what sort of information he is expecting from the Developer to show their equity is ready to go for that piece.

Mr. Kimmel answered that the private lenders will require the Developer to show they have the equity ready to go and have committed to their part of the negotiation. He believes the City will be able to piggyback off the new term sheets and what is represented in those as the banks will dig into those details. He emphasized that the updated term sheets from OZK and BGO, and a refresh of bond scenarios will be the primary focus of his continuing evaluation. He believes more information is needed on the development costs, although many materials for Phase I have already been purchased, and contracts have been signed for other things, but costs not yet determined will need to be carefully evaluated.

Mayor Flora asked if Mr. Kimmel feels confident that there is information from the Developer or from the banks that will give confidence that the equity piece exists and is ready go to.

Mr. Kimmel said he felt there would be. He also noted that he wants to emphasize that this public hearing, is just one of the first steps in the beginning of the process. There are many more steps that need to be taken and conditions to be met before the City will be ready to proceed to the bond issuance stage.



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Mayor Flora noted for Councils' benefit that the continuation date will be Monday, November 21 at a Special City Council meeting.

**Moved by Thomas, Seconded by Ryherd** to continue the public hearing on the Fifth Amended Mission Gateway Tax Increment Financing Redevelopment Project Plan as well as any action on the ordinance listed as item 2a. on our agenda this evening to Monday, November 21. AYE: Boultinghouse, Loudon, Davis, Inman, Kring, Ryherd, Thomas and Chociej. **Motion carried.**

Prior to the vote, Councilmember Thomas made a note of clarification that the Council is extending the conversation to November 21, there is no other formal action.

Councilmember Davis reiterated the opportunity to speak during the CID item on the agenda tonight. Mayor Flora confirmed that.

Ms. Smith clarified that the comments don't have to be related specifically to the CID.

**Public Hearing – 2022 Mission Gateway Community Improvement**  
**District Petition**

Having continued the TIF Public Hearing to November 21, Mayor Flora then opened the public hearing on the 2022 Mission Gateway Community Improvement District Petition and invited Ms. Smith to give her presentation.

Ms. Smith explained that the 2022 CID would impose a 2% additional sales tax within the District. Those revenues would fund CID eligible costs within the project. The Council requested earlier this year confirmation from Cinergy that they are still intending to be a part of the project and understand the 2% CID. That letter was received from Cinergy. The CID would be for a period of up to 22 years if approved.

Mayor Flora asked Ms. Smith to clarify that the CID is tax that otherwise would not be in existence and does not take away from the City's sales tax. Ms. Smith confirmed that is correct. She also explained that the City will get revenues from the TIF along with revenues associated with the two dedicated sales taxes which are not a part of the deal. Estimated revenues to the City as a result of



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Phase I only total approximately \$20 million over the next twenty-two years.

Mayor Flora confirmed that of the \$20 million identified, the City would receive approximately \$12 million even without incentives being granted. Mayor Flora asked the Developer if he had any additional comments at this time and he did not. She then asked for any public comments via Zoom or in person.

Ms. Smith mentioned that with the continuation of the public hearings, there will be another opportunity for public comment at the continued meeting date.

Andrew Blake of Mission, KS commented that he remembers being a child when the Gateway project began and his excitement. He addressed the Developer and expressed disappointment in the Developer's interest only being in making money and not emphasizing what the project can do for the community. He asked for a raise of hands of confidence in the project. Mr. Blake stated he saw no hands.

Frank Bruce of Mission, KS addressed the Council and recollected only one Councilmember from when the project started. He feels like many residents who looked forward to seeing something developed at this site have been lost. He sees other projects, even during economic downturns, around the City. He cited a saying about meeting people halfway, which the City did at the outset, and then three-quarters of the way, and now he feels the Developer is asking the City to meet him 90 percent of the way. He feels after all of these years patience should be running thin. He is sorry that a show of hands can't be shown, as some people don't feel comfortable speaking in front of a crowd, but it would allow for constituent input.

Mayor Flora asked for additional Council questions or discussion after no additional public comments were forthcoming.

Councilmember Thomas reminded the public that each Councilmember lives in Mission, wants to see the project be successful, and share the public's frustration. She believes each Councilmember is committed to offering a fair opportunity to the Developer to speak with the Council, and that City staff continues to do everything within their power to protect the City's interests, particularly financial with respect to the project.

Mayor Flora emphasized Councilmember Thomas's comments and thanked the



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public for their participation and input at this meeting, and that there will be additional opportunities for comment in the future as well. A fair and well-considered solution is the Council's focus.

**Moved by Kring, Seconded by Chociej** to continue the public hearing on the 2022 Mission Gateway Community Improvement District Petition as well as any action on the ordinance listed as item 2b. on our agenda this evening to November 21, 2022. AYE: Boultinghouse, Loudon, Davis, Inman, Kring, Ryherd, Thomas and Chociej. **Motion carried.**

**Discussion of Next Steps – Mission Gateway Redevelopment Project**

Mayor Flora introduced the final item of the evening, additional information on the next steps associated with consideration of items related to the Mission Gateway Project from Laura Smith.

Ms. Smith reviewed that the November 21 meeting date was the first date when all Councilmembers would be available. Staff will continue to work on the redevelopment agreement with the intent that the draft agreement will be circulated as soon as it is available in its final form. The preliminary development plan will be proceeding to the Planning Commission on October 18. She reiterated that frustration and lack of confidence, but did want to provide context regarding Mr. Bruce's comments. He was concerned that the Developer was asking to meet him "90% of the way." She clarified for the Council and the public that in earlier versions of the development agreements, the developer was receiving 100% of the revenues generated by the project. As the project has changed over time, the City has introduced revenue sharing at the outset of the project, with the current request having 45% of the TIF sales tax revenues coming to the City. When the hotel is open, a sharing of transient guest tax revenues is also anticipated. The deal has actually gotten better for the City financially over the years, not worse.

Ms. Smith reminded the Council and the public that no incentives have been paid out to the Developer. Additionally, the Developer team has implemented considerations for an affordable housing component and sustainability components for this project. Ms. Smith further clarified that the City does not, has not and never has owned the property. It is privately owned property.

Ms. Smith shared that a frequently asked questions list will be posted this week which will give answers to the most frequent questions asked related to this



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project. Additionally, members of the public can sign up via email to receive Gateway related meeting information.

Councilmember Kring reiterated that several people have been involved with the project since it's inception. She asked the Developer at the last meeting for confirmation from him that they can complete the project, and he assured her they could.

**ADJOURNMENT**

Mayor Flora announced that the public video from this meeting will be available through a link on the City's website, missionks.org.

**Moved by Chociej, seconded by Kring** to adjourn the meeting at 7:53 p.m. All present voted AYE. **Motion carried.**

Respectfully submitted by Robyn L. Fulks, City Clerk.

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Solana Flora, Mayor

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Robyn L. Fulks, City Clerk