



**MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022**

The Mission City Council met in a special meeting on Monday, November 21, 2022 at 6:00 p.m. The meeting was called to order by Mayor Flora. The following councilmembers were in attendance: Trent Boultinghouse, Mary Ryherd, Ken Davis, Lea Loudon, Debbie Kring, Kristin Inman, and Ben Chociej. Councilmember Hillary Thomas attended via Zoom.

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.

PUBLIC HEARING

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

Mayor Flora reopened the public hearing for the Fifth Amended Mission Gateway Tax Increment Financing (TIF) Redevelopment Project Plan and asked City Administrator Laura Smith to make a brief presentation.

Ms. Smith reviewed the public hearing statute requirements and Resolutions 1116 and 1117 that were passed in August, which set the public hearings for September 28. She explained that at the time of the September 28 meeting there were still two outstanding items for the project, including the preliminary development plan and a negotiated draft of the redevelopment agreement. As a result, the hearing was opened, comments were taken, and then the hearing was continued to tonight's meeting. Additional public comment can be taken tonight. Ms. Smith explained that later on the agenda this evening the Council will consider the preliminary development plan as an action item, and the redevelopment agreement as a discussion item.

Mayor Flora asked for public comment regarding the Fifth Amended Mission Gateway Tax Increment Financing Redevelopment Project Plan.

John Arnett, a Mission resident stated that he is in support of something in the way of development in the Gateway project. He has confidence in the Council



**MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022**

to weigh the benefits and disadvantages of the TIF, which he knows is an important decision to be made. He believes that other taxing entities are affected by the TIF, including the school district and Fire District No. 2. He emphasized that he would like to be sure the TIF didn't create a financial burden to citizens of Mission. He stated his trust of the Council's opinions and work, and their background and knowledge base. He defines "something," from his original statement, as something that benefits the City

There were no further public comments and Mayor Flora called for any Council discussion.

There was no Council discussion and Mayor Flora officially closed the public hearing on the Fifth Amended Mission Gateway Tax Increment Financing Redevelopment Project Plan and reminded the public that no formal action will be taken on this item tonight.

Public Hearing – 2022 Mission Gateway Community Improvement District Petition

Mayor Flora reopened the public hearing for the 2022 Mission Gateway Community Improvement District (CID) Petition and asked Ms. Smith to make her presentation.

Ms. Smith reiterated the public hearing requirement under State statutes and recapped that the hearing was originally opened on September 28 and continued to this date. She reviewed that there is currently an existing CID in place that imposes an additional 1% sales tax on the site. Changes in the project, particularly the retail components, has prompted the Developer to submit a new CID petition to increase the sales tax to 2% within the established district. She also reminded the Council that 2% is the maximum amount allowed under the CID statutes.

Mayor Flora asked for public comments regarding the 2022 Mission Gateway Community Improvement District Petition. There were no public comments.

Mayor Flora then asked for Council discussion on this item.

Councilmember Davis stated his concern with increasing the sales tax to 2%. He acknowledged the reason why the request was made due to the decrease in size of the food hall. He believes it is not the best interest for the community and those who will frequent the businesses at the location, the City needs to



**MINUTES OF THE MISSION SPEICAL CITY COUNCIL
November 21, 2022**

assure there is a benefit to double the sales tax. He is hesitant to agree with the increase at this time.

There was no additional Council discussion and Mayor Flora officially closed the public hearing on the 2022 Mission Gateway Community Improvement District Petition and reminded the public that no formal action will be taken on this item tonight.

Mayor Flora then asked Ms. Smith for an overview of the remaining agenda items.

Ms. Smith reviewed the public hearings that were continued, reopened and have now been closed, meeting statutory requirements. Council will take action in the future on both of those items. This evening's agenda includes consideration of the revised preliminary development plan and an extension for the industrial revenue bond financing, which provides the ability for the Developer to claim an exemption on sales tax for specific items related to construction. The current exemption expires at the end of the year. Finally, three discussion items will be taken in their entirety. Those items are the TIF Redevelopment Project Plan, the CID Petition, and consideration of the redevelopment agreement.

ACTION ITEMS

Ordinance Approving a Revised Preliminary Development Plan for the Mission Gateway Project

Mayor Flora introduced the first action item, consideration of the revised preliminary development plan for the Mission Gateway Project. She invited Deputy City Administrator Brian Scott to introduce the item and make a presentation.

Mr. Scott discussed meetings that Staff have had over the past few months regarding the project, including the incentives and a revised preliminary development plan that the Developer has presented. He reviewed a history of the site, the project iterations, and the current plans which were presented around 2016 or 2017.

The current project includes apartment housing, a hotel, retail components and an office building. The project has been revised several times since then to define the retail components of the project more clearly, including an entertainment venue operated by Cinergy, a proposed food hall, and the



MINUTES OF THE MISSION SPEICAL CITY COUNCIL
November 21, 2022

increase in size of the office building. The Planning Commission has reviewed and approved those changes. The food hall has been made smaller and is now a component of an apartment building, and an additional 168 apartments have been added to the project. The addition of the apartments is considered to be a significant change under the zoning code, which requires a revised preliminary development plan and final development plan. The Planning Commission reviewed the revised preliminary development plan at a special meeting on October 18. Some residents did speak in opposition to the project; however, it was ultimately approved 7-1. Council approval of the revised preliminary development plan is now required.

Mr. Scott introduced the design team including El Dorado, the architect of record, and Olsson Engineering, the engineer of record. He also introduced the Developer, Matt Valenti, to review the changes to the plans. Following the presentation, City Planner Karie Kneller will give the staff report.

Matt Valenti of the Cameron Group/GFI, the Developers for the project, reviewed changes to the parking deck and the office building that were made in 2020. He reviewed circumstances that stopped the work in 2020, including the pandemic and the inability to issue bonds. After the markets returned, their lenders required that riskier asset classes such as retail be shrunk while stabler asset classes, such as multi-family housing, be increased. Changes to the plans are to reduce the size of the food hall by 20,000 square feet and doubled the number of apartments on the site. Additionally, the amount of small shop retail along Johnson Drive has been shrunk. The space that freed up will be used for residential amenity space. Some small shop retail will be included. All small shop retail along Roeland Drive remains the same. He believes that the food hall was a favorite of people and showed that the food hall itself, while not in its own building anymore, isn't much smaller as other space that was included in the original food hall wasn't food hall space itself, but rather for other entertainment amenities and an additional restaurant space.

Mr. Valenti then introduced Steve Salzar from El Dorado, who is the architect for several of the buildings on the site and is also the master architect for the project. He also introduced Kade Brummer from NSPJ, who is the developer of the architectural and construction documents for the hotel and food hall. He then introduced David Eikman from Olsson, the engineer for the project.

Mr. Salzar first reviewed changes to the site and buildings C, D and E. He has been working on the project since 2018 and helped develop the master plan for the project. He reviewed changes to building 2, moving amenity space to building one, making the amenities more centrally located for residents. Eight residential units replaced the original amenity space. He stated that no other changes to that building are proposed. The biggest revision is the new building



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

(Building A1) at the northeast corner of the project.

Mr. Brummer from NSPJ then walked through the site plan. His firm was originally involved with design of the hotel, and then were asked to design the food hall. He showed a slide illustrating building plans of building one. Building one includes multi-family units, the food hall and is six stories tall. The construction type is concrete, metal studs and non-combustible material with a podium and five stories of protected wood with full sprinklers. The tenants will share the amenities with other residential buildings and additional new amenities including a lobby, a potential fitness room, club rooms, and two outdoor courtyard areas to encourage tenant interaction. Outdoor amenities could also include outdoor yard games, outdoor kitchen, fire pit and tenant garden. The second floor includes a rooftop terrace. Mr. Brummer reviewed key components from the design team are the Johnson Drive design guidelines that asked for diversity in architectural design. He showed an overall prospective of the project to review the diversity of design. This building, the last to be designed, borrows a lot of materiality from the hotel design and is tied together with buildings C, D, and E. They worked to provide harmony rather than monotony. Providing density in housing was a goal as well. The building adds to the project by creating a framing to the project around the shorter four-story buildings.

Mr. Brummer showed the prospective entry off of Johnson Drive illustrating the materials for buildings C, D, and E and noting that balconies are offered in every unit regardless of size. He reviewed the Johnson Drive design guideline that requires that large buildings should be designed to conceal height. He showed those components in a rendering of the five-story building. The building was broken down into different forms to interweave with each other. Buff colored masonry was used to create a pedestrian environment and scale. A strong sense of pattern, shade and shadow is another guideline of the Johnson Drive design guideline, and that is done by using vertical datums that are broken up in more digestible pieces. Stucco plaster can only be used on 25% of the façade area, and on this project very little stucco is used at all. At least 75% of the façade should be glazing on the first floor to illustrate storefronts along Johnson Drive. They have designed larger multi-family units at the base level at the height the food hall will require. These units are the larger of the units in the project and will include a loft type space. The windows are elevated above the landscape bed.

Mr. Brummer gave context of the slide renderings showing building A1, Cinergy, the office building and some of the hotel, then buildings C, D, and E along with the food hall and pedestrian perspective. Engagement and activation of the pedestrian realm is a priority. The entry of the building is recessed and protected and a space for pickup and drop off is included. He finished with a bird's eye perspective of the project and reaffirmed the scale and height of the building.



MINUTES OF THE MISSION SPEICAL CITY COUNCIL
November 21, 2022

It is 78 feet tall. The hotel is approximately 94 feet tall adjacent to the parking garage. The office building stands at 95 feet tall. The belief is that the new building helps to balance and frame the project.

City Planner Karie Kneller provided her staff report to the Council. She reviewed that the last development plan for this project was approved in 2017, and that the main differences are building A1 and the reduction in retail. The original building A was one story, the new building A1 is six stories with a smaller food hall on the ground floor and residential above it. Amenities for residents are also included. Residential use is increased by 121%, and parking has remained the same. All parking is constructed in Phase I of the plan.

Ms. Kneller reported that after the Planning Commission meeting on October 18, Staff requested that a parking study for the shared parking be completed as the Main Street District zoning doesn't really address the parking component of the parking. That parking study indicated sufficient parking was available to meet peak demands for the project. She reviewed the code analysis and area plans of the site. Staff concluded that the project does conform with the comprehensive plan and the East Gateway Redevelopment Plan. The intent of the MSD is met with the retail use, however the increase in residential units creates a need to review and address the location of ADA parking, an issue that will be addressed as a part of the building permitting process. Staff concludes that the project, including landscaping, meets the goals for the Jonson Drive design guidelines and landscaping

Two public comments from the Planning Commission meeting included questions about viability of the theater, a suggestion of a pickleball court in lieu of or as diminished seating for the theater, financial responsibility of the Developer, objections to using TIF, impact on infrastructure and concerns about if the affordable housing component will be long-term. The Commission voiced concerns around the circulation around the parking garage for residents and distance of the garage to building A1, and views of the roof of the site from Shawnee Mission Parkway. ADA accessibility came up, including parking and the fact the parking structure does not contain elevators. Desires for additional bike racks and waste receptacles in the entertainment area, park benches and landscaping on the south side of the Cinergy building were noted, and placement of wi-fi routers was also a concern for Commissioners. The Planning Commission recommended approval with 18 conditions or stipulations which were outlined in the staff report. Staff did conclude that the number of parking spaces was adequate based on the parking study and analysis by the professional consultants involved with the study.

Mayor Flora reviewed that public comment would come next, then a motion will be taken and Council comment will follow.



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

Mr. Valenti returned to show a perspective slide that looks from the corner of Johnson Drive and Roeland. He reviewed the restaurant locations shown with outdoor seating, a 10 foot wide sidewalk that connects the bike path going down Martway. He next showed the pocket park rendering between buildings B, C, and D and the parking structure. He showed outdoor seating on the backside, a stage and an amenity area for the apartments. Mr. Valenti shared street elevations and entrances and exits to and from the project and accessibility.

Mayor Flora moved to the public comment period. There were no public comments for this item.

Mayor Flora then called for a motion and Council comment.

Councilmember Davis voiced the opinion that the project is interesting, and he sees it as favorable. He does have questions about the changes from the last final development plan. He is interested in the change of building A11 in terms of density and amount of activity established with the new apartments. He is concerned that the changes have created a stress point regarding the parking deck. He has concerns regarding the integration of that building and the parking deck. He confirmed with the Developer that the parking deck is four levels. He found the information on the vertical access confusing, including how residents can access the parking deck. He and Mr. Valenti discussed different ways that residents and guests can use the elevator system inside various building to access different points of the project. Different levels have access points based on where different classification of users, residents, guests, hotel guests, office workers, shoppers, diners will park. Councilmember Davis is concerned that vertical access to the parking garage is limited and confusing. He feels that the parking study doesn't address parking difficulties related to layout and accessibility, only the number of spaces. He worries about the stairs and lack of access to levels of the parking garage. He believes the vertical parking should be available on all levels to all visitors and residents.

Councilmember Kring asked about the pools and wondered where the pool is. Mr. Valenti explained it is at grade, on the south side of building E. It will be walled with landscaping. Councilmember Kring asked about a pool at the hotel, and Mr. Valenti told her it's an indoor pool. There was an outdoor planned quite some time ago, that would serve the hotel and residents, and that didn't work logistically. Councilmember Kring then asked about security measures. Mr. Valenti answered that there would be a security system, blue light emergency call buttons, and an onsite security staff located in the leasing office in the new amenity space on Johnson Drive.

Councilmember Thomas asked for the total amount of greenspace on the site, and if the City has a requirement for greenspace for the size of the project, and, if so, is that requirement met? Mr. Scott answered that the zoning for Mixed Use



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

District, which the site is located in, and there is no specific percentage of designation of green space.

Mayor Flora confirmed that some of the landscaping was addressed within the conditions from the Planning Commission, and that the setbacks were all within range with the exception of a small variance as Ms. Kneller explained. The Developer team confirmed that the total amount of public open greenspace is 67,000 square feet, plus private green space for apartments and the hotel parcel includes an additional 24,000 square feet. Mayor Flora shared that the total is about an acre and a half of public green space. The Developer shared that the total landscaped area is 154,000 square feet and that the total public landscaped or green area is 19.1% of the total site area.

Councilmember Loudon mentioned that parking seems more organized than it sounds like it is, and that although parking spaces aren't assigned, different visitors have different access floors and will likely park on the level that corresponds with where they are going. Mr. Valenti confirmed. Councilmember Loudon asked if the parking would be secured with an access badge. Mr. Valenti said they do not have plans for gated parking, but that can be added in the future with the way the infrastructure has been designed.

Councilmember Davis asked to see a slide showing a birds eye view of the parking deck birds eye view slide and asked for stairwell placement, and if an elevator could be added to the parking structure on its own. Mr. Valenti showed stairwells on the slide, along with access points for residents, office tenants and hotel guests on the various levels. Councilmember Davis asked about unloading zones for things such as groceries. Mr. Valenti showed the unloading zone with ten-minute parking for things like unloading a car. Councilmember Davis then asked what it would take for an elevator in the parking structure to be added, and where it would likely be located. Mr. Valenti confirmed that two levels are not accessible by elevator, but not all buildings have access to all levels of the parking garage. To add an elevator, redesign of the parking deck would have to happen which would add time and money to the project. Councilmember Davis believes that the changes to building A1 were not accounted with respect to the parking needs.

Mayor Flora asked Staff if the code requires a free-standing elevator in the parking structure. Ms. Kneller confirmed that an elevator is not required in a parking garage.

Councilmember Thomas stated that she will be voting no on the PDP as she believes the plan, elements and phasing are not a good fit for the entrance to Mission.

Councilmember Davis stated his agreement with Councilmember Thomas and



**MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022**

that he believes this should be remanded to the Planning Commission to address the parking structure as it is not ready for Council vote. He would like to make a motion to remand to the Planning Commission.

Mayor Flora asked Ms. Smith for how to best proceed with Councilmember Davis's motion.

Ms. Smith stated that the current motion on the floor to approve the revised preliminary development plan, that motion must be voted on first.

Moved by Chociey, seconded by Ryherd to adopt an ordinance approving a revised preliminary and development plan with stipulations for the Mission Gateway development project on a 16-acre site bounded by Johnson Drive, Roe Avenue, Shawnee Mission Parkway, and Roeland Drive, GFI Development, LLC Applicant, PC Case #22-27. Voting AYE: Kring, Boultinghouse, Inman, Ryherd, Loudon, Chociey. Voting NAY: Thomas, Davis. **Motion Carried.**

Ordinance Approving and Authorizing the City of Mission, Kansas to Enter into an Omnibus Amendment of Bond Documents Relating to its Taxable Industrial Revenue Bonds (Aryeh Realty LLC Project), Series 2018

Mayor Flora welcomed bond counsel Kevin Wempe with Gilmore & Bell to present to the Council on the history of the industrial revenue bonds issued in 2018. The bonds provide sales tax exemption on construction materials and labor to the Developer. The Developer buys the bonds and is responsible for paying the debt service on the bonds. There is no City liability for repayment of the bonds. The bonds mature at the end of 2022, and the action item tonight's extends the bond out ten years in order to cover both phases of the revised project. It is being brought forward tonight due to the December 31, 2022 maturity date. This amendment provides a more streamlined way to keep this incentive in place. There are no other structural changes to the bonds, and there is no City liability on the bonds.

Mayor Flora called for any public comment on this action item. There were no public comments. Mayor Flora then called for a motion and Council comment on this item. There was no Council comment.

Moved by Kring, seconded by Davis to adopt an Ordinance approving and authorizing the City of Mission, Kansas to enter into an Omnibus Amendment



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

of bond documents relating to Its Taxable Industrial Revenue Bonds (Aryeh Realty LLC Project), Series 2018. Voting AYE: Boultinghouse, Davis, Kring, Chocie, Ryherd, Inman, Loudon. Voting NAY: Thomas. **Motion Carried.**

Ordinance Making Findings and Terminating a Fourth Amended Tax Increment Financing Redevelopment Project Plan and Adopting a Fifth Amended Tax Increment Financing Redevelopment Project Plan Pursuant to K.S.A. 12-1770 et seq. - Mission Gateway

Mayor Flora moved into Discussion Items for the evening and invited Ms. Smith and the City team to provide a presentation addressing all three discussion items.

Ms. Smith shared that all members of the City's team, with the exception of Mr. Kimmel of Ehlers, were available for questions tonight. Ms. Smith shared some additional history of the project and its evolution since 2006, including the differences between the approved project from 2017, which was amended in 2019, to the project under consideration at this time. There are three remaining action items for Council consideration at a future date. The first is an Ordinance considering adoption of a new TIF Redevelopment Project Plan and termination of the existing TIF Project Plan. The second is an Ordinance adopting a new CID petition which would replace the current CID and terminate the existing CID. The final Council action item will be consideration of a redevelopment agreement.

Ms. Smith went through key points of the project, sharing that the development agreement previously in place expired December 31, 2021. In February of 2022, the Developer made a formal presentation to the Council for the new proposed plan with new components. At that time, the Developer did not request specific changes to the revenue sharing components from the previous redevelopment agreement. Public and Council have both expressed the desire to make sure that some revenue is available to the City from the outset of the project in order not to burden residents and taxpayers for cost of additional services. That has been a central piece of the development agreement and the Developer recognizes that is key and critical.



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

Ms. Smith reviewed that, during the February presentation, the Council expressed their desire to incorporate an affordable house component and enhanced sustainability considerations to the project. Staff's efforts since February have focused on working with the developer to accomplish the goals and objectives coming forward from the Council. In June the Developer submitted a new TIF Redevelopment Project Plan and CID Petition which formally started the process again for public hearings and putting the issue in front of Council for consideration. Part of the new plan includes returning to a two-phase project, as financing was only negotiated with lenders for Phase I. Phase I includes everything but the hotel and office building, including all parking. On September 28, updated term sheets from the primary and mezzanine lenders and a preliminary development plan approved by the Planning Commission were still needed, which spurred the need to continue the public hearings.

Ms. Smith recapped that in September, Mr. Kimmel noted the Developer requested assistance including 100% of the TIF property tax increment, which would be pledged for bond repayment. Additional TIF tails, if realized could be used for other TIF eligible expenses. TIF revenues come from property tax and sales tax. The agreement contemplates the Developer receiving 100% of the property TIF revenues, and 55% of the City's 1% general sales tax collection, with the balance of the sales tax revenues coming to the City from the outset. The project would receive 100% CID revenues generated, with all revenues pledged for bond repayment, and similar to the TIF revenues, any CID tails could be used for other CID eligible expenses. If Phase II proceeds and the Developer asks the City to issue bonds, the Developer would have to come back and renegotiate for those terms. Current Council cannot bind future Council to an action.

Ms. Smith then spoke about the transient guest tax contemplated in connection with the hotel in Phase II. The total transient guest tax is 9%, with the project receiving 8% of the revenues. The IRBs for sales tax exemption have no benefit other than when the project is active, and the builder is buying materials. Mr. Kimmel noted in September that for the project to be financially viable, the City incentives are required. He stated in that report also that the expected return on investment is on the low end of market expectations for profitability. He believes it would be unlikely that another Developer would propose to build the project without incentives. Ms. Smith reviewed that sales tax and transient



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

guest tax hold more future value for the City than the small share of property tax the City would receive. Allocating fixed percentages of the taxes gives the Developer an incentive to work to make Special Obligation Bond issuance as efficient as possible to allow early payoff of bonds, which allows for more tails at the end, which incentivizes to move as quickly as possible to complete both phases of the project.

Mr. Kimmel recapped potential revenues to the City during the September meeting, including \$26 million if both phases are complete. Because of the current focus mainly concentrated on Phase I, the total revenues from Phase I are approximately \$20 million. Ms. Smith shared, she is often asked if revenues can be anticipated if the project isn't built. She shared that about \$11.6 million would come to the City in revenues for the site. Those come mostly from the special assessment for stormwater and stormwater utility fees, which are collected through the Johnson County tax bill. The County will determine action taken on unpaid taxes. Staff and the consultant team believe that the TIF and CID terms currently negotiated balance the Developer's needs and the City's needs, both to fund future needs and also to take care of stormwater and other expenses the City has incurred.

Ms. Smith next reviewed updated term sheets. During the September meeting, the term sheets were from the previous iteration of the project. Updated term sheets have now been provided. Since September, Mr. Kimmel has spoken with both the primary and mezzanine lenders. He believes that the focus has narrowed to the remaining equity needed by the Developer which is estimated at around \$18-\$19 million dollars. The Developer has communicated that they plan to raise that equity from investors and partners on previous projects. Mr. Kimmel's belief is that they can plausibly do so in a short time frame, however he could not verify for tonight's meeting that the capital stack is substantially ready to go.

Ms. Smith noted that none of the financing discussion changes the ask to the City or from the City. The City's position remains consistent in that the issuance of special obligation bond proceeds remains around \$18-\$22 million dollars. Mr. Kimmel also noted that the development agreement as currently negotiated, is based on the Council's direction and priorities, and does promote and protect the City's interests, especially related to attainable housing, sustainability and



MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022

performance guarantee requirements. He does believe that other than the absence of the complete Phase I capital stack, the redevelopment agreement is ready for Council consideration. Mr. Kimmel does recommend for the Council to give the Developer additional time to finalize the funding plan prior to taking final action on the financial elements.

Ms. Smith then reviewed the terms of the redevelopment agreement. She reminded the Council that the redevelopment agreement is the contract to move the plans forward. Even with a TIF and a CID both in place, without an approved and active redevelopment agreement, there is nothing being provided to the Developer with respect to the incentives. The redevelopment plan will address, budget, schedule, obligations of both parties, the process to identify and reimburse TIF and CID eligible expenses, requirements for sale and events and remedies for default.

Ms. Smith highlighted the commitment to maintain 10% of the residential units at 60% of the area median income for attainable housing, for the entire 20-year life of the TIF. There is also a commitment to achieve Green Globe certification for parts of the development, along with National Green Building Systems certification for others. Additionally, the agreement includes an escrow as requested by the Council. The escrow does not guarantee completion of the project, rather the escrow will serve as additional protection for the City without unnecessarily adding a financial burden to the project or jeopardizing the tax-exempt status of the bonds. The draft redevelopment agreement includes an escrow fund of \$2 million at the time of bond and loan closing with the real estate taxes and special assessment paid from that escrow as they came due over the first two years of the project. This escrow will allow the City to ensure that taxes and special assessments due are timely paid. Taxes on the property are current now. Separately, an escrow at the time of bond or loan closing in the amount of \$1 million dollars, a portion of the Developer fees, would be set up by the Developer. Those funds would be released in four separate payments to the Developer as different components of the project receive a certificate of occupancy. The first would not occur until approximately 24 months after construction starts. Those funds will be held, at a minimum, until completion of the Cinergy building. The escrow, after Developer fees are paid out, would be available and forfeited to the City if Phase I is not completed. The escrow accounts both protect the City and incentivize the Developer to complete the project. Phased distribution of City bond proceeds is included in the



**MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022**

redevelopment agreement as well. Initial disbursement of \$7 million dollars for site preparation and the parking structure is anticipated, and then for every one dollar of bond proceeds distributed three dollars of commercial loan proceeds or private equity will be distributed simultaneously. The redevelopment agreement also requires that all mechanic's liens be satisfied prior to or in conjunction with release of any bond proceeds, and finally the Developer must obtain City approval before assigning any interest in the project.

Ms. Smith explained those are the highlights of the redevelopment agreement as it stands today. She also believes that the end goal is to end up with a project on the site, and that Staff have reached terms they are comfortable recommending for the public-private partnership that will allow the Developer to complete the project while protecting the City and taxpayers. Ms. Smith explained that because the City does not own the site, Staff must be poised to respond to the Developer's request for a revised project and for incentives.

Mayor Flora asked about the areas that are causing the gap in the capital funding stack, and what the current amount of the gap is. Ms. Smith replied that the gap is in the area of \$19 million. The Developer originally believed they would have a gap of around \$7 to \$10 million.

Ms. Smith also noted that the Developer went at risk in 2019 to begin construction prior to bond issuance, as the City was within weeks of issuing bonds, the project's mezzanine lender withdrew from the project. By the time a replacement lender was identified the COVID-19 pandemic was in full force and a bond issuance was no longer feasible. Staff believes that the current primary and mezzanine lenders are fully committed to the project.

Councilmember Kring commended staff and their diligence to protect the City with regards to this project over the years. She also thanked Pete Heaven, land use attorney, and Bruce Kimmel of Ehlers for their hard work.

Councilmember Chociey seconded Councilmember Kring's comments, and that he believes Staff is doing everything they can to have the City protected and do everything in their power to achieve that goal. He hesitates to be willing to commit fully to the project with open questions about the funding and



**MINUTES OF THE MISSION SPECIAL CITY COUNCIL
November 21, 2022**

completion. Assuming that funding and project approval happens, he believes that revenues will be good, and that the City will be in a good place.

Councilmember Thomas also commended Staff, especially for the escrow funds. She would like to know the Developer's confidence in having funding in place for a January timeline. Mayor Flora stated she will hold that question until the Developer team is answering questions.

Councilmember Davis would like more discussion about the CID, and the terms of impact if the Council does not approve the increase to 2%. Ms. Smith replied that Staff has engaged with the Developer and their team to explore the need for the increase. Mr. Kimmel has felt like there is an even larger gap in the need for assistance, which the Developer would confirm. Council received confirmation from Cinergy, as the largest sales tax generator on the site, of their understanding of the 2% CID and their continued participation in the project. She does not believe that retail on the site is not for essentials but rather for discretionary spending, making the increase from 1% to 2% less of a concern from the staff perspective.

Mayor Flora restated her understanding that with regard to the escrow accounts, if the appropriate approvals are granted and the City is moving to issue bonds, that there a period of time when no funds would be available to the City if the project did not proceed. Ms. Smith confirmed this, stating that the escrow will not be funded and additional protection from it will not be in place until the bonds for the project are issued.

The Developer team returned to the podium for additional questions.

Councilmember Thomas's question regarding the timeline for filling in the funding gap. Mr. Valenti stated that his team, after seeing the updated BGO term sheet, are hopeful to fill it by January which will be a big task. He also believes the situation is complicated by the lenders wanting to know that the public financing is in place. The rise in costs plus the rise in interest rates over the passage of time has been a hurdle for his team. Not having the TIF and CID in hand when seeking additional equity investors could cause the process to stall.



**MINUTES OF THE MISSION SPEICAL CITY COUNCIL
November 21, 2022**

Mayor Flora commented that Council and Staff have been communicating since late summer that their comfort level in the project was dependent on the financing situation and completion of the capital stack. Council needs as much confidence as they can get, and she believes Council and Staff need to see from the Developer's team their plan for the funding gap prior to being comfortable with approving the TIF and CID. She is committed to the January date and feels that the Developer's best shot at funding should come forward at that time. Mr. Valenti agreed and understood her position.

Mayor Flora concluded the meeting, stating that the discussion items move to action items for the January 18, 2023 Council meeting.

ADJOURNMENT

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

Moved by Kring, seconded by Chociej to adjourn the meeting at 8:06 p.m. All present voted AYE. **Motion carried.**

Respectfully submitted by Robyn L. Fulks, City Clerk.

Solana Flora, Mayor

Robyn L. Fulks, City Clerk