

FOURTH AMENDMENT
TO
DOWNTOWN LIBRARY
TAX INCREMENT FINANCING PLAN

KANSAS CITY, MISSOURI

TIF Commission Consideration:

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Date	Resolution No.
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City Council Approval:

12/03/15	150989
Date	Ordinance No.

**FOURTH AMENDMENT
TO THE
DOWNTOWN LIBRARY
TAX INCREMENT FINANCING PLAN**

I. Introduction

The Fourth Amendment to the Downtown Library Tax Increment Financing Plan shall amend the Downtown Library Tax Increment Financing Plan as approved by Ordinance No. 021400 (referred to herein as the “Plan”) and subsequently amended by Ordinance No. 040196 (referred to herein as the “First Amendment”), by Ordinance No. 051526 (referred to herein as the “Second Amendment”) and Committee Substitute for Ordinance No. 150151 (referred to herein as the “Revised Third Amendment” and, together with the First Amendment, the Second Amendment and the “Amended Plan”).

This Fourth Amendment modifies the Amended Plan (1) by declaring as surplus Payments in Lieu of Taxes generated during and after 2014, (2) by declaring as surplus Economic Activity Taxes generated during and after 2015 and (5) by modifying the Cost Benefit Analysis set forth in the Amended Plan to illustrate the impact of such surplus of Payments in Lieu of Taxes and Economic Activity Taxes. The Fourth Amendment does not alter or modify the intent of the Plan, as amended, except for those changes specifically mentioned herein.

II. Specific Amendments

In accordance with this Third Amendment, the Plan shall be amended as follows:

- 1. Amendment No. 1** Delete the second sentence of Section IV.B of the Plan in its entirety and insert the following in lieu thereof:

The expected sources of funds to be used to reimburse eligible Redevelopment Project Costs include Payments in Lieu of Taxes generated prior to 2014 and Economic Activity Taxes generated prior to 2015. One Hundred Percent (100%) of the Payments in Lieu generated during and after 2014 and One Hundred Percent (100%) of the Economic Activity Taxes generated during and after 2015 shall be deemed surplus and shall be distributed to the Taxing Districts in accordance with the Real Property Tax Increment Allocation Redevelopment Act. Additionally, the Redeveloper shall contribute to the Taxing Districts an amount of reimbursable Redevelopment Project Costs it shall receive in an amount equal to 10% of the Payments in Lieu of Taxes generated and collected within Redevelopment Project 1 and 2 from the date each such Redevelopment Project was approved by Ordinance until and during 2013.

- 2. Amendment No. 2:** Delete the last two sentences of Section IV.C of the Plan in their entirety and insert the following in lieu thereof:

It is anticipated in 2014 and thereafter Payments in Lieu of Taxes shall be declared surplus and shall be distributed to the various affected Taxing Districts in accordance with the Real Property Tax Increment Allocation Redevelopment Act. It is anticipated in 2015 and thereafter Economic Activity Taxes shall be declared surplus and shall be distributed to the various affected Taxing Districts in accordance with the Real Property Tax Increment Allocation Redevelopment Act.

3. Amendment No. 3: Replace Exhibit 7, “Sources and Uses of Funds”, in its entirety, with the revised Exhibit 7 as attached hereto.

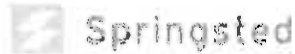
4. Amendment No. 4: Replace Exhibit 8, “Cost Benefit Analysis”, in its entirety, with the revised Exhibit 8 as attached hereto.

Amendment No. 3
Revised Exhibit 7
Sources & Uses of Funds

DRAFT LIBRARY TIF PROJECT BUDGET
CURRENT AND FUTURE YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Library District TIF																	
Library District PILO to Finance	369.74	20,037.64	20,833.65	20,840.73	31,873.86	38,777.66	38,278.14	34,222.06	34,863.11	33,923.80							288,354.54
Library District EATB Received	95,432.88	35,939.69	78,990.34	88,313.82	27,036.88	120,874.33	49,264.03	193,000.00	81,448.49	39,509.19	96,175.04						762,149.77
Library District Other Sources																	
Source Totals	135,802.62	55,977.33	99,823.99	109,154.55	58,910.74	159,651.99	87,542.17	127,222.06	116,311.60	73,432.99	96,175.04						1,021,854.11
EXPENSES																	
Developer Disbursements	41,679.82						11,282.81	1,005.20			119,835						182,713
TIF Disbursements	179.31	1,229.45	11,305.19	8,878.64	8,129.19	857.81	11,854.89	8,733.06	5,808.89	2,447.28	2,418.84						61,733
Direct Expenses		11,861.65	4,882.77	29,369.92	892.69	1,088.28		4,787.80									47,970
Placemaking Consulting																	
Construction											50,000						50,000
Maintenance											435,722						435,722
10% Refund on Plots Collected through 2013											200,000						200,000
TIF Amendment Fee											28,833						28,833
Stinson Leonard Street legal											15,000						15,000
Expense Totals*	41,864.83	13,111.14	16,187.86	38,108.78	3,518.83	1,743.17	22,988.17	13,878.12	4,808.87	2,447.28	2,418.84	668,892					1,021,854
Balance																	
Rolling Balance	43,972.09	84,772.48	168,612.61	211,881.88	298,826.41	428,888.18	489,887.15	614,117.82	728,158.11	796,117.82	888,992.82	0	0	0	0	0	0
Total Plots Collected through 2013																	
10% Refund on Plots Collected through 2013																	
**Rolling Balance reflected from TIF Reports and TIF Fund Balance received from the EDC.																	

Amendment No.4
Revised Exhibit 8
Cost – Benefit Analysis



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MEMORANDUM

TO: Heather Brown, Executive Director – TIF Commission of Kansas City, Missouri

FROM: Thomas Denaway, Assistant Vice President

DATE: October 22, 2015

SUBJECT: Proposed Fourth Amendment to Downtown Library TIF Plan

Background

At the request of the TIF Commission Springsted has prepared an analysis to determine the net tax impact on each taxing jurisdiction that falls at least partially within the boundaries of the Redevelopment Area described by the proposed Fourth Amendment to the Downtown Library TIF Plan. The Fourth Amendment to the Downtown Library TIF Plan is being considered to provide for a reduction in eligible TIF expenditures for the undertaking of additional streetscape improvements and an increase in eligible TIF expenditures for the undertaking of certain neighborhood improvements within the Redevelopment Area.

These projections are based on each Redevelopment Project Areas 1 and 2 remaining in place and the capture of TIF Revenues (PILOTS & EATS) through the end of its statutorily defined term (2025) to be used for eligible expenditures. As a result, this analysis indicates there is no adverse tax impacts caused by the proposed Fourth Amendment since the TIF revenues are already being captured and no new additional taxes (costs) are being lost to the Redevelopment Areas.

PILOTS

As a result of the proposed Fourth Amendment, starting with the 2014 PILOT payments and running through the remaining term of the District (2025), 100% of the PILOTS attributable to each of the taxing jurisdictions will be declared surplus and returned resulting in a positive tax impact as a result of the proposed amendment.

In addition to the surplus of future PILOT revenues to each of the affected taxing districts, the proposed Third Amendment contemplates that the Redeveloper (DTC One, LLC) will contribute to the affected taxing districts 10% collected from the date of the City ordinance approving Redevelopment Project Areas 1 and 2 through 2013. The total amount of the contribution is \$26,835.43, which will be distributed to each of the taxing jurisdictions on a pro-rata basis.

To quantify the estimated tax impact as a result of the proposed amendment we have projected future PILOT revenues to be deemed surplus and distributed to the taxing jurisdictions. These projections are based on the 2013 actual PILOT amount captured within the Redevelopment Area, which we have assumed will grow at 1% biennially. Additionally, we have calculated the benefit resulting from the \$26,835.43 contribution to the taxing districts. The chart below shows the total amount of PILOTS and 10% PILOT contribution projected to be received by each of the taxing jurisdictions over the remaining term of the TIF plan. The actual amounts may vary, depending on future market value growth and tax rate changes.

Taxing Jurisdiction	Future PILOT Tax Benefit
City of Kansas City	\$89,269
Kansas City School District	\$276,227
Jackson County	\$28,689
Board of Disabled Services	\$4,202
Mental Health	\$6,825
Metro Junior College	\$13,248
Kansas City Library	\$27,902

The taxing jurisdictions outlined above will realize a positive tax impact as a result of the proposed Fourth Amendment to the Downtown Library TIF Plan. Absent the proposed amendment, the positive future tax impact outlined above would not be realized, and those revenues would continue to be captured as contemplated by the current TIF District plan.

EATS

The Fourth Amendment to the Downtown Library TIF Plan also contemplates a change to the capture Economic Activity Taxes (EATS) within Redevelopment Project Areas 1 and 2. As a result of the proposed Fourth Amendment, starting with the 2015 EATS payments and running through the remaining term of the District (2025), 100% of the EATS attributable to each of the taxing jurisdictions will be declared surplus and returned resulting in a positive tax impact as a result of the proposed amendment.

To quantify the estimated tax impact as a result of the proposed amendment we utilized future EATS revenue projections prepared by the Developer to calculate the amount to be deemed surplus and distributed to the taxing jurisdictions. The chart below shows the total amount of EATS revenue to be declared surplus and returned to the taxing jurisdictions over the remaining term of the TIF plan, these amounts are in addition to the 50% of EATS activity which is not captured as TIF revenue and which is not contemplated in this analysis. The actual amounts of EATS revenue may vary, depending on future sales tax growth and tax rate changes.

Taxing Jurisdiction	Future EAT Tax Benefit
City of Kansas City	\$594,202
Kansas City Zoo District	\$30,161
Jackson County	\$180,968

Conclusion

The proposed Fourth Amendment to the Downtown Library TIF Plan contemplates changes to the capture of PILOT and EATS TIF Revenue. The proposed changes are the declaration of surplus and distribution to the taxing districts of all PILOT revenue generated between 2014 and 2015, the declaration of surplus and distribution to the taxing districts of all EAT revenue between 2015 and 2025, and a contribution by the Developer to the taxing districts in an amount equal to 10% of the PILOTS collected from the date of the ordinance approving Redevelopment Project Areas 1 and 2 and continuing through 2013. The result of this proposed amendment is a positive tax impact for each of the taxing jurisdictions.

Tax Impact on PILOTS of Proposed Fourth Amendment:

	<u>Total Surplus</u>	<u>City of</u>	<u>Board of</u>	<u>Metro Junior</u>	<u>Kansas City</u>		<u>Kansas City</u>	<u>Jackson</u>
	<u>PILOTS</u>	<u>Kansas City</u>	<u>Disabled</u>	<u>College</u>	<u>Library</u>	<u>Mental Health</u>	<u>Schools</u>	<u>County</u>
<u>YEAR</u>	<u>TAX IMPACT - PILOTS</u>							
SAF Distribution	\$26,835	\$5,367	\$253	\$796	\$1,677	\$410	\$16,607	\$1,725
2014	\$33,927	\$6,785	\$319	\$1,007	\$2,121	\$519	\$20,995	\$2,181
2015	\$34,266	\$6,853	\$323	\$1,017	\$2,142	\$524	\$21,205	\$2,202
2016	\$34,266	\$6,853	\$323	\$1,017	\$2,142	\$524	\$21,205	\$2,202
2017	\$34,609	\$6,922	\$326	\$1,027	\$2,163	\$529	\$21,417	\$2,224
2018	\$34,609	\$6,922	\$326	\$1,027	\$2,163	\$529	\$21,417	\$2,224
2019	\$34,955	\$6,991	\$329	\$1,037	\$2,185	\$534	\$21,632	\$2,247
2020	\$34,955	\$6,991	\$329	\$1,037	\$2,185	\$534	\$21,632	\$2,247
2021	\$35,304	\$7,061	\$332	\$1,048	\$2,207	\$540	\$21,848	\$2,269
2022	\$35,304	\$7,061	\$332	\$1,048	\$2,207	\$540	\$21,848	\$2,269
2023	\$35,658	\$7,131	\$336	\$1,058	\$2,229	\$545	\$22,066	\$2,292
2024	\$35,658	\$7,131	\$336	\$1,058	\$2,229	\$545	\$22,066	\$2,292
2025	\$36,014	\$7,203	\$339	\$1,069	\$2,251	\$551	\$22,287	\$2,315
Totals	\$446,360	\$89,269	\$4,202	\$13,248	\$27,902	\$6,825	\$276,227	\$28,689

Tax Impact on EATS of Proposed Fourth Amendment:

	Total Surplus	City of	Jackson	Kansas City
	EATS	Kansas City	County	Zoo District
YEAR	TAX IMPACT - EATS			
2015	\$73,309	\$54,090	\$16,473	\$2,746
2016	\$72,317	\$53,358	\$16,251	\$2,708
2017	\$73,512	\$54,240	\$16,519	\$2,753
2018	\$78,316	\$57,784	\$17,598	\$2,933
2019	\$72,593	\$53,562	\$16,313	\$2,719
2020	\$74,825	\$55,209	\$16,814	\$2,802
2021	\$71,334	\$52,633	\$16,030	\$2,672
2022	\$69,849	\$51,537	\$15,696	\$2,616
2023	\$72,861	\$53,759	\$16,373	\$2,729
2024	\$73,213	\$54,019	\$16,452	\$2,742
2025	\$73,202	\$54,011	\$16,449	\$2,742
Totals	\$805,331	\$594,202	\$180,968	\$30,161