

**FIFTH AMENDMENT  
to  
THE SUMMIT  
TAX INCREMENT FINANCING PLAN**

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**KANSAS CITY, MISSOURI**

**TIF COMMISSION APPROVAL:**

<u>6/09/04</u>	<u>6-01-04</u>
<b>DATE:</b>	<b>RESOLUTION No.</b>

**CITY COUNCIL APPROVAL:**

<u>6/24/04</u>	<u>040665</u>
<b>DATE:</b>	<b>ORDINANCE No.</b>

**Attached herewith is a true and correct copy of the TIF Plan that was approved by the Tax Increment Financing Commission of Kansas City, Missouri.**

## **I. Introduction**

The Fifth Amendment to the Summit Tax Increment Financing Plan (the "Fifth Amendment") shall amend the Summit Tax Increment Financing Plan as approved by the Committee Substitute for Ordinance No. 951016 on August 31, 1995, the First Amendment as approved by Ordinance No. 001035 on August 10, 2000, the Second Amendment as approved by Resolution No. 09-13-01 on September 12, 2001, the Third Amendment as approved by Resolution No. 11-10-01 on November 14, 2001, and the Fourth Amendment as approved by Ordinance No. 030632 on June 5, 2003 (referred to herein as the "Plan"). The Fifth Amendment shall provide for the correction of the legal description to accurately reflect the removal of properties from the Redevelopment Area in Amendment No. 4 and the construction of a parking deck on the east side of Belleview Avenue between 25<sup>th</sup> Street and 26<sup>th</sup> Street. The intent of the Plan remains unchanged other than those changes specifically mentioned herein.

## **II. Specific Plan Text Amendments**

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

**Amendment No. 1:** The first two sentences of Section II of the Plan are hereby deleted and replaced in their entirety as follows:

Estimated redevelopment project costs for the projects contemplated under the Plan are projected to be approximately \$22,376,345 over the life of the Plan. The Plan proposed that approximately \$10,223,437 in redevelopment project costs be reimbursable from the Special Allocation Fund.

## **III. Plan Exhibit Amendments.**

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

**Amendment No. 2:** Exhibit No. 1 of the Plan, entitled "Location and Legal Description of the Redevelopment Area", shall be deleted and the revised Exhibit No. 1, attached hereto, shall replace it.

**Amendment No. 3:** Exhibit No. 2 of the Plan, entitled "Site Plan", shall be deleted and the revised Exhibit No. 2, attached hereto, shall replace it.

**Amendment No. 4:** Objective No. 6 of Exhibit No. 3, entitled "Specific Objectives of Redevelopment Plan", shall be deleted and the revised Objective No. 6, shown below, shall be inserted in lieu thereof:

6. To upgrade and provide additional off-street parking along Summit and Belleview between 25<sup>th</sup> and 26<sup>th</sup> Streets.

**Amendment No. 5:** Exhibit 4, "Estimated Redevelopment Project Costs" shall be amended by the addition of "Parking Garage at 25XX Belleview – Estimated Redevelopment Project Costs", attached hereto.

**Amendment No. 6:** Exhibit 6, entitled "Estimated Annual Payments In Lieu Of Taxes and Economic activity Taxes" shall be amended by the addition of "Parking Garage at 25XX Belleview – Estimated Economic Activity Taxes (EATs) & Payments In Lieu Of Taxes (PILOTs)", attached hereto.

**Amendment No. 7:** Add paragraph below to Section II:

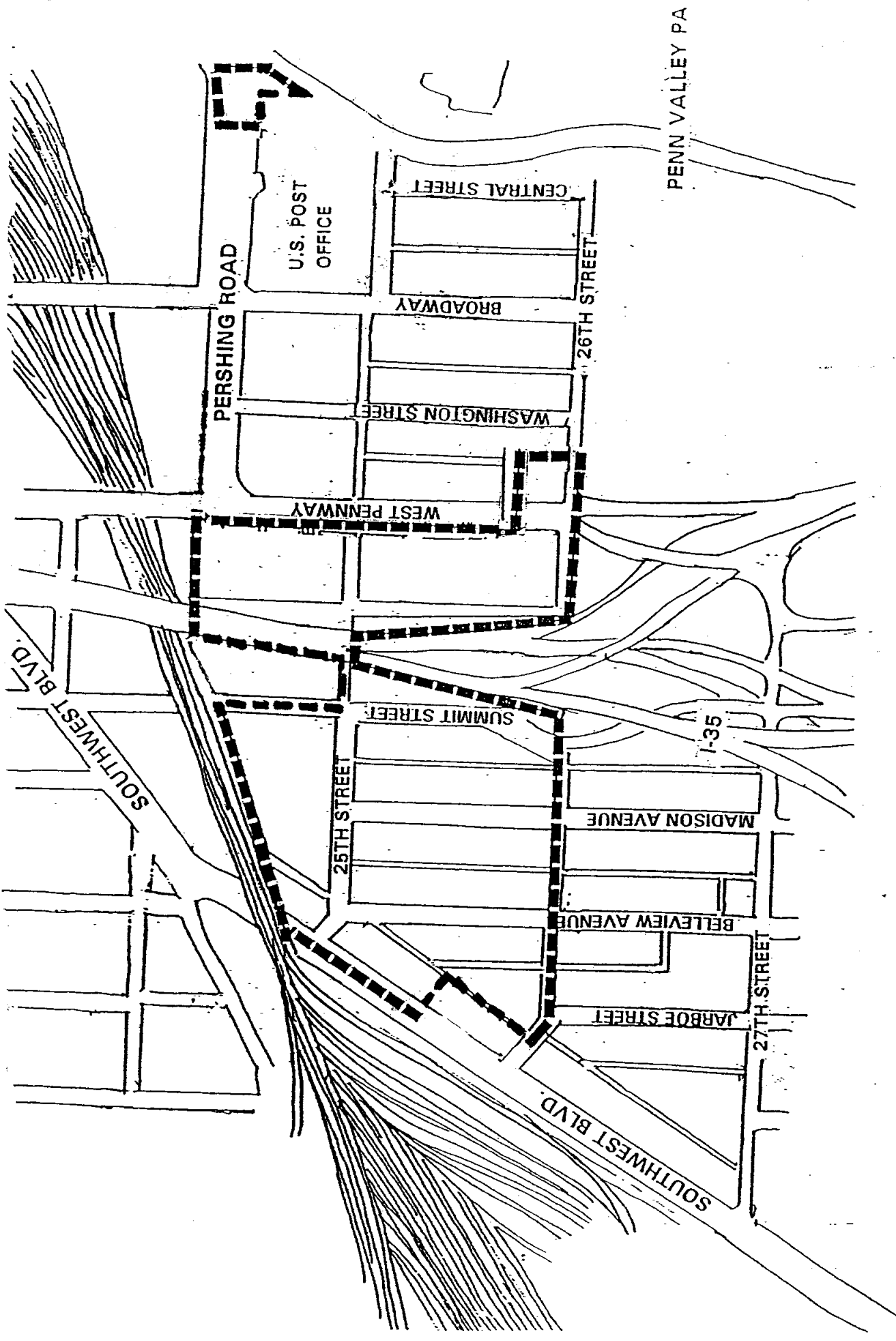
"This Redevelopment Plan and Projects may be amended pursuant to the provisions of the Act except in the event that there are minor inaccuracies contained within this Redevelopment Plan or any Exhibit attached hereto, and such inaccuracies do not alter the substance of the Redevelopment Plan or a Redevelopment Project, the City Council of Kansas City, Missouri authorizes the Commission to approve and correct such inaccuracies and to execute any required instruments and to make and incorporate such amendment or change to this Redevelopment Plan or any Exhibit attached hereto."

**EXHIBIT NO. 1 - SUMMIT REDEVELOPMENT AREA  
LEGAL DESCRIPTION**

Beginning at the point of intersection of the center line of West Pennway and the south right-of-way line of 26<sup>th</sup> Street; thence west along the south right-of-way line of 26<sup>th</sup> Street to the east right-of-way line of Interstate 35; thence north along the east right-of-way line of Interstate 35 to the south right-of-way line of 25<sup>th</sup> Street; thence west along the south right-of-way line of 25<sup>th</sup> Street to the west right-of-way line of Interstate 35; thence south along the west right-of-way line of Interstate 35 to the center line of 26<sup>th</sup> Street; thence west and northwesterly along the center line of 26<sup>th</sup> Street to the east line of Lot 59, Block 4, GATES ADDITION; thence northeasterly along the east lot line of Lots 59 through 48, inclusive, Block 4, GATES ADDITION; thence northwesterly along the northern lot line of Lot 48, Block 4, GATES ADDITION, to the center line of Southwest Boulevard; thence northeasterly 825 feet, more or less, along the center line of Southwest Boulevard to the south right-of-way line of the Kansas City Terminal Railroad; thence southeasterly 50 feet along a straight line; thence northeasterly along a straight line to the northwest corner of Lot 21, Block 3, GATES ADDITION; thence continuing northeasterly along a straight line 725 feet, more or less, to the east right-of-way line of Summit Street; thence south along the east right-of-way line of Summit Street to the north right-of-way line of 25<sup>th</sup> Street; thence east along the north right-of-way line of 25<sup>th</sup> Street to a point 171.28 feet west of the west line of Jefferson Street, as said street was established by ordinance No. 37-077; thence northeasterly along a straight line to a point 9 feet west of the southwest corner of the 4<sup>th</sup> bridge pillar north of 25<sup>th</sup> Street on the west side of Interstate 35 bridge; thence northeasterly along a straight line to a point on the south right-of-way line of the Kansas City Terminal 82.52 feet west of the west line of Jefferson Street, said point being on the north lot line of Lot 3, Block 9, A.J. LLOYDS SUBDIVISION; thence east along the north lot line of Lot 3, Block 9, A.J. LLOYDS SUBDIVISION the north lot line of Lot 3, Block 10, A.J. LLOYDS SUBDIVISION, and the extension of said line to the center line of West Pennway; thence south along the center line of West Pennway to the intersection with the north lot line of ANNES LOFTS CONDOMINIUM COMMON GROUND located in the Southeast Quarter of the Southeast Quarter of Section 07-49-33; thence east along the north lot line of ANNES LOFTS CONDOMINIUM COMMON GROUND located in the Southeast Quarter of the Southeast Quarter of Section 07-49-33 to the center line of the north-south alley located between West Pennway and Washington Street; thence south along the center line of the north-south alley located between West Pennway and Washington Street to the south right-of-way line of 26<sup>th</sup> Street; thence west along the south right-of-way line of 26<sup>th</sup> Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

And

Lots 1, 2, 3 and 4, WALDO TRACT, and Lots 13 and 14, except the parts of said Lots taken for Wyandotte Street and all that part of Lot 15 lying Southerly of Pershing Road and West of Wyandotte Street, as said road and street are not established, in WALDO PLACE; and the North 5 feet of Lot 51 and all of Lot 52 in WALNUT RIDGE.



SUMMIT REDEVELOPMENT AREA.

SITE PLAN

EXHIBIT 2

**Exhibit 4 - Estimated Redevelopment Project Costs**  
**Parking Garage at 25XX Bellevue**  
**Estimated Redevelopment Project Costs**

<b>Parking Summary</b>	
Level One - Existing	97
Level Two - New Deck	97
<b>Total Parking</b>	<b>194</b>

Description	Total Costs	Reimbursable Costs
Land Acquisition (Right of Way)	\$ 50,000	\$ 50,000
Street Improvements, Landscaping, and Utility Relocation		
Street Improvements	5,700	5,700
Landscaping	50,000	50,000
<b>Total Street Improvements, Landscaping, and Utility Relocation</b>	<b>55,700</b>	<b>55,700</b>
Sitework		
Parking		
Parking Structure		
Parking Equipment	1,052,060	1,052,060
<b>Total Building &amp; Parking Structures</b>	<b>1,052,060</b>	<b>1,052,060</b>
Professional Services & Other Soft Costs		
Architect & Engineering Fees	89,000	89,000
Legal Fees	50,000	50,000
Contingency	100,000	100,000
<b>Total Professional Services &amp; Other Soft Costs</b>	<b>239,000</b>	<b>239,000</b>
<b>Total before TIF Commission, Estimated Fees, &amp; Expenses and Cost to Carry</b>	<b>1,496,760</b>	<b>1,496,760</b>
TIF Commission Estimated Fees and Expenses	89,806	89,806
Interest Expense	864,321	864,321
<b>TOTAL</b>	<b>2,450,887</b>	<b>2,450,887</b>
Percentage of reimbursable costs to total costs		100.0%

**Note:** All costs are preliminary estimates based upon conceptual drawings of adding one deck of concrete parking on top of a parking lot.  
**Financing Assumption:** 13 Year Amortizing Mortgage at 7% per annum interest rate.





May 24, 2004

Mr. Bob Long  
Economic Development Corporation of Kansas City  
10 Petticoat Lane, Suite 250  
Kansas City, Missouri 64106-2103

RE: Summit TIF District

Dear Mr. Long:

Applied Real Estate Analysis (AREA), Inc., has reviewed the documents and proforma pertaining to the Fifth Amendment to the Summit TIF plan and we believe that the proposed development meets the "but for" test required by law. The project involves the addition of a deck above an existing surface parking lot. The resulting structure will contain 194 parking spaces which will be a net increase of approximately 97 parking spaces in the area. It is anticipated that the employees of Boulevard Brewing will use this structure once the brewery completes an expansion project on land that had formerly been used for employee parking. Although it is anticipated that the structure will essentially be 100% utilized, the project would not be viable without TIF assistance.

AREA reviewed all of the developer's assumptions pertaining to development cost, revenues, operating costs, and financing. Overall, the assumptions are reasonable and support the request for TIF assistance. The following discussion provides our assessment of the assumptions.

- **Development Costs.** The total estimated development costs for the planned 197-space, two-level parking structure is \$12,600 per space. This compares to typical costs of more than \$15,000 per space for structured parking. In this case, the terrain eliminates the need for ramps and thus maximizes the use of the facility for parking.
- **Operating Assumptions.** The operating proforma shows first year monthly revenue equivalent to \$40 per parking space at 100% occupancy. Given that parking rates in structures on the edge of the downtown core achieve only \$75-\$80 per month and that most structures within the downtown core lease for less than \$100, this is a very reasonable estimate for the proposed structure. However, because the structure will be mainly used during weekday hours, there are likely to be some opportunities to generate additional revenues on nights and weekends. The additional revenue would,



however, be marginal and would partially be offset by associated operating costs. It would not, therefore, be sufficient to make the project viable.

Operating expenses of \$180 per space per year (or \$15 per month) cover maintenance, bookkeeping, and general administrative expenses and are considered reasonable for a structure of this size.

- *Financing Assumptions.* The proforma shows development costs of just under \$1.5 million being financed for 13 years at 7% per annum. While these are reasonable terms, a loan of this amount requires annual debt service payments of \$175,673, far exceeding the anticipated revenues on the project and producing negative cash flows for the life of the mortgage.
- *TIF Assistance.* The proposed project will generate estimated TIF reimbursements to the project ranging from approximately \$296,500 in the first year to \$387,500 in the thirteenth year. These revenues provide the project with positive cash flows and provide an Internal Rate of Return on the \$1.497 million investment on 12.3%. This is a modest rate of return; most investors would be seeking more. In addition, this return is calculated on project development costs that do not take into consideration the value of the land. Thus, if the value of the land had been included in the initial investment calculation, the IRR would have been even lower.

Our estimate of the Internal rate of return assumed a sale at the end of the 13<sup>th</sup> year based on the Net Operating Income (before debt service) for that year capitalized at 10%. This resulted in a reversion of \$712,690. The comparatively low rate of return may be indicated by the fact that this is a low-risk investment. The brewery workers represent a captive audience for the parking structure owner and it is thus likely that utilization of the structure will be very high. In addition, the potential TIF revenues are sufficient to provide a cushion for the project, even if revenues fail to meet projections. Thus, the likelihood that the investors will lose money is very slim.

Based on the above analysis, AREA's review of this project indicates that the project would not be feasible but for the proposed TIF assistance.

Sincerely,



Robert E. Miller, CRE  
Senior Vice President

Attachments:

**Fifth Amendment - Summit TIF Plan**  
**Pro Forma Results of Operations**  
**With TIF Assistance**  
**Schedule C**

**Income Statement**

Proforma Year TIF Plan Year	2006 11	2007 12	2008 13	2009 14	2010 15	2011 16	2012 17	2013 18	2014 19	2015 20	2016 21	2017 22	2018 23
Pending Revenue (1)	\$ 93,120	\$ 97,776	\$ 97,776	\$ 97,776	\$ 102,432	\$ 102,432	\$ 107,088	\$ 107,088	\$ 111,744	\$ 111,744	\$ 116,400	\$ 116,400	\$ 121,056
Pending Revenue PPS	\$ 480.00	\$ 480.00	\$ 504.00	\$ 504.00	\$ 528.00	\$ 528.00	\$ 552.00	\$ 552.00	\$ 576.00	\$ 576.00	\$ 600.00	\$ 600.00	\$ 624.00
Pending Expenses (2)	\$ 34,920	\$ 35,968	\$ 37,017	\$ 38,158	\$ 39,303	\$ 40,482	\$ 41,696	\$ 42,947	\$ 44,235	\$ 45,562	\$ 46,929	\$ 48,337	\$ 49,787
Pending Expenses PPS	\$ 180.00	\$ 185.40	\$ 190.96	\$ 196.66	\$ 202.59	\$ 208.67	\$ 214.93	\$ 221.36	\$ 228.02	\$ 234.86	\$ 241.90	\$ 249.16	\$ 256.63
Debt Service (3)	175,873	175,873	175,873	175,873	175,873	175,873	175,873	175,873	175,873	175,873	175,873	175,873	175,873
TIF Reimbursements	266,429	302,841	309,447	316,250	323,257	330,474	337,908	345,565	353,451	361,574	369,941	378,559	387,435
Cash Flow	\$ 173,956	\$ 184,320	\$ 194,902	\$ 200,195	\$ 210,712	\$ 216,751	\$ 227,627	\$ 233,033	\$ 243,287	\$ 248,033	\$ 253,739	\$ 270,949	\$ 283,031
IRR													12.3%

NOI  
\$ 71,289

**Assumptions:**

- (1) Pending Revenue estimated at \$480 PPS per year with estimated annual increase of \$24 PPS every other year.
- (2) Pending Expenses including Real Estate Taxes estimated at \$180 PPS per year with 3% increase each year.
- (3) The project site was activated by ordinance on August 31, 1995, therefore, the first TIF year is 1996 with 2006 being the eleventh year of the 23-year TIF plan term.

(1,486,760) \$ 178,956 \$ 184,320 \$ 194,902 \$ 200,195 \$ 210,712 \$ 216,751 \$ 227,627 \$ 233,033 \$ 243,287 \$ 248,033 \$ 253,739 \$ 270,949 \$ 283,031  
 Revenue \$ 712,690

**Fifth Amendment - Summit TIF Plan  
 Parking Garage at 2534 Madison  
 Estimated Redevelopment Project Costs  
 Schedule A**

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