

**Minutes of TIF Commission Public Hearing
Raymore City Hall Council Chambers
January 27, 2016
4:00 p.m.**

1. Call to Order.

Acting Chair Gnefkow called the TIF Commission Public Hearing for the Highway 58 & Dean Avenue TIF Plan to order at 4:00 p.m.

2. Pledge of Allegiance.

Acting Chair Gnefkow led the Pledge of Allegiance.

3. Roll Call.

Asst. Secretary Dana Seitter called roll. TIF Commissioners present: Janelle Biernbaum, Patrick Clark, Stephanie Como, Mike Gnefkow, Todd Holsman, Bob Huston, Dale Jacobson, Ruth Johnson, Tom McVey, Dr. Kari Monsees and Pam Shipley.

Also in attendance were City Manager Jim Feuerborn, Economic Development Director Matt Tapp, Asst. Secretary Dana Seitter, TIF counsel David Bushek - Gilmore & Bell, and applicant counsel Curtis Petersen - Polsinelli.

4. Election of Officers.

Acting Chair Gnefkow asked for a motion to elect TIF Commission officers.

Commissioner Biernbaum made a motion to elect Mike Gnefkow as Chair, Todd Holsman as Vice Chair, and Dale Jacobson as Secretary. Commissioner Jacobson seconded the motion. The motion passed unanimously with a vote of 11-0.

Chair Gnefkow explained the makeup of the eleven member TIF Commission as consisting of six members representing the City, two members representing the school board, two members representing the county, and one member representing all the other taxing entities.

5. Approval of Minutes.

Chair Gnefkow asked for a motion to approve the minutes of the November 18, 2014 TIF Commission meeting. Commissioner Johnson made a motion to approve the minutes as written. Commissioner Biernbaum seconded the motion. The motion passed unanimously with a vote of 11-0.

Chair Gnefkow asked for a motion to approve the minutes of the January 13, 2016 TIF Commission meeting. Commissioner Jacobson made a motion to approve the minutes as written. Commissioner Clark seconded the motion. The motion passed unanimously with a vote of 9-0-2, with Commissioner Holsman and Chair Gnefkow abstaining.

6. Public Hearing.

Chair Gnefkow opened the Public Hearing portion of the meeting to discuss the proposed Highway 58 & Dean Avenue TIF Plan.

Curtis Petersen, Polsinelli law firm, introduced himself on behalf of the proposed developer Cadence Real Estate. He stated that principals Trip Ross and Justin Kauffman were also present and highlighted several of their projects throughout the Kansas City metro area.

Mr. Petersen noted the proposed project area consisted of approximately three acres on the southeast corner of Hwy. 58 & Dean Ave. The site includes a house and outbuildings. He also noted the site is surrounded by commercial development and the City's future Land Use Plan calls for this area to be a commercial site.

Mr. Petersen noted the site was eligible for Tax Increment Financing under Missouri law and was eligible to be classified as a Conservation Area under Missouri law. He noted that both the conservation study and a memorandum from Mr. Bushek summarizing this information was included in the plan. He also stated that at least 50% of the structures on the site must be 35 yrs or older to be classified as a Conservation Area and that the Cass County Appraiser's office had documented all of the structures were over 35 yrs old.

Mr. Petersen also noted that a second finding in defining a Conservation Area was that at least three factors, of a number of factors, in the state statute must be present on the site. The additional findings on this site include: dilapidation primarily with the outbuildings and infrastructure; obsolescence - the highest and best use of the property/what are the taxes (the current tax bill for this site is approx. \$1,800 per year.); deterioration - similar to dilapidation - as seen in the pictures; structures below code; vacancy; and land use or layout - the highest and best use for the site and for the public good.

Mr. Petersen relayed a short history of the site and other developers who had tried to develop the site, but had failed. He noted the site had several challenges: a single access point, the land price, the addition of a deceleration lane off Hwy. 58, on site detention, the removal of oil and septic tanks, and soil issues with rock and a heavy moisture level.

Mr. Petersen noted the proposed conceptual site plan would include a three building layout:

Building A - retail/restaurant - would be a 7,500 - 9,750 SF multi-tenant building that Cadence would build and continue to lease. Proposed tenant Kay Jewelers would locate in the west end cap, with a proposed restaurant in the east end of the building.

Building B - in the middle of the site - would be a 3,000 SF building that Cadence would also lease with the proposed tenant being Qdoba Mexican Grill.

Building C - Cadence would ground lease this site proposed for a stand alone restaurant such as Panda Express (with or without a drive thru).

Detention - would be located on the southwest corner of the site since they have no rights to the regional detention.

Mr. Petersen also stated that the developers had been in informal discussions with the City of Raymore regarding placing a monument sign on the site at the corner of Dean Ave. and Hwy. 58, to serve as a gateway to Raymore.

Mr. Petersen discussed the proposed \$9M project budget, which included a public incentive request for Tax Increment Financing and a Community Improvement District. The request for TIF reimbursement costs would be up to \$1.375 M, plus interest, on a pay-as-you-go basis. The request for a 1% CID sales tax reimbursement would be up to \$387,525, with interest, on a pay-as-you-go basis. The total amount requested for the project would be \$1,762,525 with interest, which would equate to a 15% TIF and 5% CID. He noted these requested funds would assist with partial land cost reimbursement and partial site work cost reimbursement.

Mr. Petersen also stated the estimated duration of the TIF plan would be approximately 12-years; and the CID would have a duration of 17-years. The rate of return for the developer, with assistance, would be 14%.

Mr. Petersen noted that a Tax Benefit Analysis was included in the proposed plan and showed projections for the taxing jurisdictions.

Chair Gnefkow asked Mr. Bushek to address the Commission.

David Bushek, Gilmore & Bell, introduced himself as economic development and bond counsel for the City of Raymore. He entered into record Exhibits 1-12 within the meeting packet.

Mr. Bushek noted this was a pay-as-you-go TIF plan and the applicant was not requesting the City to issue any bonds. The developer plans to finance the entire project and as the revenues are received by the City or the CID they will be paid to the developer. He also noted the two revenue sources - property tax increment or the payment in lieu of taxes was approximately 17% of the entire revenue from the TIF side; and the economic activity taxes were approximately 83% of the total TIF revenue.

Mr. Bushek stated the applicant proposed surplusizing half of the captured property taxes, meaning half of all property taxes would flow as normal to the taxing districts. Half of the sales taxes would also flow to the taxing districts with half being captured for reimbursement to the developer.

Mr. Bushek noted the Community Improvement District (CID) proposal was not before the Commission, but it was an important component of the project financing. He noted half of the new sales tax would be captured as TIF revenue.

Mr. Bushek stated the proposed duration of this plan was 12-years and by the 13th-year the TIF would be terminated and all tax revenues would flow as normal to the taxing districts. The CID would last an additional 5-years.

Mr. Bushek stated there was no request for the City to contribute any additional revenues captured by the TIF plan or no request to back any of the developer's debts.

Mr. Bushek noted the applicant had adequately gone over the required findings, so he would only briefly touch on them. He did also note the developer's advanced stage of negotiations with the tenants, which was a plus with this plan. He also noted that he had provided a memo in the Commissioner's packet which went over the required components of the TIF plan.

Mr. Bushek noted that a Notice of Changes to the Plan had been sent to the taxing districts, as there was a miscalculation in the original Cost Benefit Analysis, Exhibit 10. The previous version didn't factor in surplusizing 50% of the property taxes to the taxing districts. He indicated this had now been corrected and was on file as part of the plan. He noted there was also a minor change to Exhibit 7, clarifying how the plan concludes at 12-years based on the developer's projections.

Mr. Bushek compared the proposed plan to the City's Economic Development Incentive Policy, noting how the plan met various criteria for favorable consideration, as set forth by the City Council.

Mr. Bushek noted Resolution 2016-1 making a recommendation to the City Council had been prepared for the Commission's consideration.

Chair Gnefkow asked the Commissioners if they had questions for Mr. Bushek. Chair Gnefkow asked Mr. Bushek if he was recommending approval of the plan.

Mr. Bushek stated that on behalf of the City staff he could say the plan complied with the various factors in the E.D. policy, that it was a complete plan for their consideration, and City staff could make any sort of affirmative recommendation.

Chair Gnefkow asked if anyone from the City would like to comment.

Chair Gnefkow asked for public comments in support of the plan. Hearing none, Chair Gnefkow asked for public comments against the plan. Hearing none, he asked if the Commissioners had any questions.

Commissioner Holsman asked to see the site plan again and asked if the applicant had looked at various costs or mechanisms in order to tie into the regional storm water detention instead of losing valuable square footage using on site detention.

Mr. Petersen stated the applicant didn't have the right to access the regional detention. The only detention options available were above or below ground, but not off site.

Commissioner Holsman asked if an impervious concrete parking lot had been considered as an option in order to get more square footage out of the site.

Mr. Petersen stated he had not discussed impervious concrete with the site engineer and indicated the problem was more of a storage issue.

Commissioner Jacobson asked the applicant's thoughts on the secondary access.

Mr. Petersen stated they were negotiating a second access, however, he couldn't get into the details since the applicant didn't have rights to the access.

Commissioner Como asked if there would be any other improvements along Hwy. 58 with regards to traffic control in addition to the deceleration lane.

Mr. Petersen stated the deceleration lane was the only improvement identified, but a traffic analysis should be completed by the end of the week and if anything else was identified they would share that with the City.

Commissioner Monsees asked City staff their thoughts on the revenue projections for the project.

Mr. Bushek indicated the City had reviewed the revenue projections and felt they were in line with reasonable revenue projections based on historical data.

Chair Gnefkow asked if there were any additional questions. Hearing none, he closed the Public Hearing portion of the meeting.

7. Consideration of Resolution 2016-1: Hwy. 58 & Dean Avenue Tax Increment Financing Plan.

Chair Gnefkow stated he had no issues with the project and it would obviously result in more taxes being brought into the taxing districts. He noted he had been waiting for the property to develop for several years and felt the applicant had good anchors for the project.

Commissioner Holsman felt this was a very good, conservative plan for several reasons: the 12-year sunset, the 15% TIF request, it met the requirements of the City's Incentive Policy, and with the site being the front door to Raymore it would be positive to have it developed.

Commissioner Jacobson seconded Commissioner Holsman's comments. He thanked the applicant for being very forward and disclosing the issues with the difficult build-out. He mentioned he was also familiar with Prairie Village Shopping Center and Cornith Square Shopping Center, both of which were great shopping centers.

Commissioner Clark felt this was a responsible and reasonable plan and that the info had been presented very well. He encouraged the applicant to look at a second access point and liked the nod to the history of the area and entrance to Raymore.

Chair Gnefkow asked if there were any additional questions. Hearing none, he stated the consideration before the Commission was Resolution 2016-1: Hwy. 58 & Dean Avenue Tax Increment Financing Plan and asked for a motion.

Commissioner Holsman made a motion to approve Resolution 2016-1: Hwy. 58 & Dean Avenue Tax Increment Financing Plan as presented. Commissioner Jacobson seconded the motion. The motion was unanimously approved with a vote of 11-0.

Matt Tapp, E.D. Director, invited the Commissioners and those in attendance to attend the City's upcoming Strategic Planning meetings. He noted Feb. 1st would be the first of three meetings held for "Reimagine Raymore", a community conversation. He also noted the meetings would be held at Eagle Glen Intermediate School and free child care would be provided.

Mr. Bushek asked if the resolution vote was unanimous?

Chair Gnefkow replied yes.

8. Adjournment.

Chair Gnefkow stated if there were no further comments he would entertain a motion to adjourn the meeting. Commissioner Jacobson made a motion to adjourn the meeting at 4:49 p.m. Commissioner Holsman seconded the motion. The motion was unanimously approved with a vote of 11-0.

Respectfully submitted,

Matt Tapp
Economic Development Director
City of Raymore, Missouri