

**9/21/16 EXECUTIVE SUMMARY**  
**WOODSIDE VILLAGE; NEW REDEVELOPMENT PROJECT PLAN (SOUTH PHASE)**  
**AND 9<sup>th</sup> AMENDMENT TO REDEVELOPMENT AGREEMENT**

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1. **Parties.** The City of Westwood (the "City") and Woodside Redevelopment, Inc. ("Developer"), which is the same single purpose entity that the City originally contracted with in the Redevelopment Agreement on January 12, 2012.
  
2. **New TIF Plan.** The City will be asked to approve a new Redevelopment Project Plan for Project Area 2 (South), which technically terminates a portion of the 2013 Redevelopment Project Plan by terminating and removing the provisions relative to Redevelopment Project 2 (South). The balance of the 2013 Redevelopment Project Plan will remain in place and unchanged. So Redevelopment Project 1 (North), which includes approximately 91 residential units, approximately 20,152 gross square feet of mixed-use commercial retail, and other improvements which are currently under construction will remain in place and unaffected by this new TIF Plan. Also unaffected by this new TIF Plan is the clubhouse, tennis courts, pools, and other renovations to the Club. This new Redevelopment Plan 2 (South) will govern only Redevelopment Project 2 (South), which encompasses the project South of 47<sup>th</sup> Place. More specifically, the New TIF Plan provides for the following:
  - Approximately 244 residential and/or commercial/office units, including, but not limited to, live/work units, condominium units, and/or apartment units, along with associated peripheral uses and area, including, but not limited to, lobbies, offices, parking lots, and parking garages. *This is 2 more units than in the prior TIF Plan.*
  
  - Approximately 16,300 square feet of mixed-use commercial retail. *This is a reduction of 50 square feet, but the retail has been re-designed to provide for a grocery store and eliminate the pass-through between the retail buildings.*
  
  - A traffic signal at the intersection of Rainbow Boulevard and W. 47<sup>th</sup> Place, the addition of a fourth leg to the intersection at 47<sup>th</sup> Avenue and Rainbow Boulevard, and adjustments to the signal at that intersection.

However, the most significant changes in the new TIF Plan for the South Phase of the Project are the increased costs. Developer has indicated that it's projected costs have increased by \$16.5M (from \$20,875,000 to \$37,369,179) – a 79% increase, and additionally, their costs for sitework, parking and infrastructure have increased by approximately \$3.5M (from \$6,525,000 to \$10M) – a 53% increase.

3. **A New "TIF Clock."** The Kansas TIF Act allows each Redevelopment Project Area of a TIF to have a 20 years life, and that so-called "TIF Clock" begins to run on the date that the Redevelopment Project Plan is approved by the City Council for each respective project area. Accordingly, one of the implications of terminating the 2013 TIF Plan for Redevelopment Project Area 2 (South), is that it provides a re-start of that TIF Clock for the South Phase project

area. If the Council approves a termination of the 2013 TIF Plan for the South Phase project area and approves the new TIF Plan, the TIF period for the South Phase would be October 2016 through September of 2036 (instead of 2013 through 2033).

4. **The 9<sup>th</sup> Amendment.** The 9<sup>th</sup> Amendment to the Woodside Village Redevelopment Agreement, if approved by the City Council, would provide for the following changes in the City's deal with the Developer: (1) it would increase the Public Financing Cap for the South Phase of the Project; (2) it would potentially modify the deadlines for the South Phase of the Project; (3) it would create a new 0.9% CID on the Club; and (4) it would potentially allow the South Phase land to be transferred to the Developer prior to completion of the Club Phase of the Project. Each of these changes will be discussed in further detail below:

5. **Release of the South Phase Land to Developer Prior to Completion of the Club Phase.** The Redevelopment Agreement has always contemplated that the City would release the South Phase land from the lease/ground lease structure so that the Developer can have unencumbered fee title to the land when it commences construction on the South Phase of the Project. Section 3.3(a) has always provided a number of conditions that must be satisfied prior to releasing this ground to the Developer, and up until now, one of these was that the Developer would complete construction of the Club Phase of the Project before the City would be called upon to release this land. However, Section 3 of the 9<sup>th</sup> Amendment would now provide that the Developer could get this South Phase land released and made available to Developer prior to that time if (and only if) the Developer is able to obtain financing on the South Phase and the Club Phase together at the same time as a package. If the Developer is able to finance the South Phase and the Club Phase at the same time, and if the Developer is able to meet the other conditions set forth in this Section of the 9<sup>th</sup> Amendment, then the City will release the South Phase land at the time of that joint financing. The Developer will not construct these 2 phases simultaneously, they would still be staged construction phases with the Club preceding the South Phase, and accordingly the Developer wouldn't draw on the South Phase construction financing until it commenced that phase. The Developer would be allowed to place a mortgage on the South Phase land, but the City retains its reversionary interest (a right to take that South Phase property back) if the Developer does not timely complete the South Phase of the Project. This reversionary right is superior to (and ahead of) the lender's interest in the land up until the point in time that the Developer commences construction on the South Phase and the lender starts providing money for that part of the Project. If the Developer does not finance the South Phase and the Club Phase together, then the City is not required to release this land early and the extension of certain deadlines (as discussed in the next paragraph) are null and void.

6. **Amendment of South Phase Commencement and Completion Dates.** Section 5 of the 9<sup>th</sup> Amendment provides that if (and only if) the Developer finances the Club Phase and the South Phase together, then (a) the deadline for beginning construction of the South Phase moved from 90 days after closing on the South Phase land to 425 days after closing, and (b) the deadline for the completion of the South Phase moved from 3 years after closing on the South Phase land to 4 years after the closing. These two dates ran from the closing on the release of the South Phase land, and so they necessarily need to be modified if the Developer is closing on the Club Phase and the South Phase together, but not starting the staged construction of the South Phase until later.

7. **Increase of the Public Financing Cap.** Section 4.4 of the Redevelopment Agreement has always provided for a Public Financing Cap – a contractual limit on how much TIF and CID revenue the Developer may collect from the incentives to reimburse itself for eligible project costs. In other words, no matter how much TIF revenue or CID revenue is generated by these incentive vehicles, the Developer may not receive any additional incentive after it reaches the negotiated cap amount. In the City's prior agreement with the Developer, the Public Financing Cap was set at \$22M and it comprised of the following: (a) \$3,100,000 was the Club Phase Cap; (b) \$7,673,000 was the North Phase Cap; and \$11,227,000 was the South Phase Cap. Section 6 of the 9<sup>th</sup> Amendment, if approved by the governing body, would increase the South Phase component of the cap (and only that part of the Cap) by \$6M. It would not increase either the Club Phase Cap or the North Phase Cap – those would remain unaffected. Accordingly, the overall Public Financing Cap would go from \$22M to a total of \$28M. However, this increase is conditioned and predicated on the Developer spending additional private money as well. If the overall project costs (including both the public and private money) does not meet or exceed a total of \$105M, then the South Phase Cap is reduced by \$6M – it retains to the original number (\$11,227,000).

8. **The Additional CID (CID #2).** Section 10 of the 9<sup>th</sup> Amendment also provides a new, additional incentive – an additional 0.9% CID sales tax that will be imposed only on the Club portion of the Project. This additional CID will not be charged in the North Phase or the South Phase retail stores – it will only be imposed at the Club. However, this money can only be spent on South Phase improvements; these revenues may not be spent on the North Phase or South Phase improvements. This additional CID revenue is not limited by the Public Finance Cap, it may survive the termination of the other incentives and is likely to run for a period of 22 years following first imposition of the 0.9% additional sales tax.