

Plaza Library Project Summary: Finance & Development Agreements

Board Summary - Compiled January 2023 by Amanda Quance & Debbie Siragusa

TABLE OF CONTENTS

- **Project Creation & Overview**
 - Project Summary
 - Completed Project Overview
 - Plaza Library TIF Application
 - Plaza Library's Lower Level Development
- **Summary of Plaza Library Lease Commitment**
- **Financial Information & Economic Impact**
- **Appendix: Development Agreement and Ground Lease Documents** (9 total documents)

PLAZA LIBRARY BRANCH

CURRENT PLAZA LIBRARY BRANCH & PLAZA COLONNADE PROJECT



ORIGINAL PLAZA LIBRARY BRANCH BUILT IN 1967

Image sources: #1 & 2 [Plaza Colonnade \(Kansas City, Missouri\) - Copaken Brooks \(copaken-brooks.com\)](https://www.copaken-brooks.com/);
#3 Children's section <https://www.facebook.com/kclibraryplaza/>

Image sources: Missouri Valley Special Collections, Kansas City Public Library: #1 [Full frontal and side view](#); #2 [Looking NE from Main circa 1980](#); #3 [Children's section 2001](#)

PROJECT CREATION & OVERVIEW

Project Summary

On March 29, 1999, the Library entered into a Development and Ground Lease with CWB Plaza Development, LLC that would ultimately result in the current Plaza Branch Library and Plaza Colonnade project. The following excerpts are taken from Library Board Memo No. 1884 and the proposed resolution authorizing the execution of the Development Agreement and Ground Lease as presented at the Board meeting on March 16, 1999.

The Comments section of the memo notes: “The attached resolutions culminate the efforts of the past 90 days to reach a mutually acceptable agreement with the team of Copaken, White and Blitt (now CWB Plaza Development) to initiate a process leading to the redevelopment of the Plaza Branch Library site and provide a new 50,000 square foot Library and Children’s Center. Approval of the proposed resolutions merely begins a process of public meetings, public approval and contingencies which must be satisfied by May 31, 2000, for the project to proceed.”

The Board Resolution identifies the key components of the proposed development project:

- The Library engaged the Developer to raze the existing library facility and parking areas, and to replace the same with a new two-story library building and access to 260 parking spaces.
- The Library would lease to the Developer the remainder of the Property for redevelopment. The Developer has the right to construct on the property and operate additional parking facilities and other buildings for office retail and residential purposes.
- The intention was to construct the Library improvements without cost to the Library on a “turnkey” basis including parking to satisfy the requirements of the Library. In addition, the Library would have a Finish Components allowance of \$3,000,000 from the Developer.
- A 99-year lease would commence when conditions of the agreement were satisfied, which was anticipated to be May 31, 2000.
- The Developer would operate, light, maintain/ repair/ replace common area on the Property, and keep it open to the public, and maintain exterior building façades of the Library Building.
- The Library would pay its pro-rata share of the Operating Costs based on floor ratio.

The finalized Plaza Development Agreement and Ground Lease legal documents include the original lease signed in 1999 and 8 following amendments/ memorandums/ letters. Each of those documents is summarized in the Appendix with key content highlighted for reference. The final term of the Lease commenced December 9, 2002 and shall expire, unless sooner terminated, on December 31, 2100.

After the development agreement was initiated in 1999, the Developer submitted an application to the TIF Commission which was approved to supplement the financing of the project – in part to pay for the costs of the Library portion of the development. The new Plaza Branch Library opened in April 2005.

Completed Project Overview

Copaken Brooks describes the completed Plaza Colonnade project on their website as follows: “Through a public/private partnership with the Kansas City Public Library, Copaken Brooks joined with Highwoods Properties to develop this mixed-use project which opened in November 2004. The project includes a 50,000 sf public library, a 284,000 sf office tower, 8,000 sf of retail, and a 1,290 car below-grade parking

deck. Major tenants include Husch Blackwell Sanders, RSM US LLP, and George K. Baum. Plaza Colonnade is Developed, Managed, and Leased by Copaken Brooks.” (Source: [Plaza Colonnade \(Kansas City, Missouri\) - Copaken Brooks \(copaken-brooks.com\)](#))

Plaza Library TIF Application

The Plaza Library TIF was part of the larger Brush Creek Corridor TIF plan that was created in 1999. In 2000, the TIF Commission approved Amendment 1 that added the Plaza Library TIF. The TIF Application for the Plaza Library Project was created by CWB Plaza Development, LLC with Jon Copaken as the lead representative (now managed by the Plaza Colonnade, LLC). The plan and project summary included two phases: a Library Phase of demolishing the existing Plaza Branch and a Retail Phase of constructing the new “fully integrated public/private facility” (p.2). Demolition was proposed to occur between 7/1/00 and 8/31/00, and new construction was proposed to immediately follow with a completion date of 3/31/02 (p.4). As evidence of meeting TIF statutory requirements, the application states that the previous **Plaza Library built in 1967 had “structural problems for many years for which there was no economic cure” and that redevelopment through a public/private option with TIF support would be the only feasible solution** (p.4). Control of the property is stated to remain with the Library District as the owner of the land and newly constructed library, and the Developer is ground leasing the remaining portion of the site following the Development Agreement and Ground Lease dated March 29, 1999 (p.8).

Plaza Library’s Lower Level Development

After the completion of the Plaza Colonnade Development, the Library initiated a plan in 2007 to develop the lower level of the branch into what is today the Truman Auditorium, Cohen Center, and Turner Meeting Room. The Library received major funding from the Kauffman Legacy Fund of the Ewing Marion Kauffman Foundation and carried out a capital campaign from the private community to fund the \$4,000,000 project. The grand opening for the lower level of the Plaza Library was in April 2008.

SUMMARY OF PLAZA LIBRARY LEASE COMMITMENT

Kansas City Public Library Consolidated Annual Financial Report (CAFR) June 30, 2022 (p.45-46)

Excerpted from Note 8: Plaza Colonnade Facility Agreement and bolded for reader clarity

“In March 1999, the Library entered into a development agreement with Plaza Colonnade, LLC for the **construction of a library in exchange for the development rights and a 99-year leasehold estate for the remainder of the site** located at 4801 Main, Kansas City, Missouri. The previous Library facility at this site has been demolished. **An amendment in 2004 terminated the developer’s obligation to finish the Plaza library facility in exchange for a \$2,500,000 payment to the Library.** The value of the building along with the payment received in consideration to enter the agreement was recognized as deferred rental revenue on the balance sheets at the time of occupancy. The developer has built a multi-floor project on the site, which is rented by the developer to other tenants. **The Library paid the common area maintenance costs of \$85,000 per year** from January 2005 to December 2007 for the new building as required by the latest amendment. **Such costs are scheduled to increase 3% each year for the remaining term of the lease from 2008 to 2100**, as set forth in the amendment. **At the end of the developer’s leasehold estate, the land and all improvements will revert to the Library.**”

“Under current agreement, the common area maintenance costs will be as follows:

Fiscal Year Ending June 30,	Amount	Fiscal Year Ending June 30,	Amount
2023	\$ 134,415	2053-2057	\$ 1,732,143
2024	138,447	2058-2062	2,008,029
2025	142,600	2063-2067	2,327,862
2026	146,878	2068-2072	2,698,633
2027	151,284	2073-2077	3,128,456
2028-2032	827,286	2078-2082	3,626,732
2033-2037	959,047	2083-2087	4,204,371
2038-2042	1,111,796	2088-2092	4,874,016
2043-2047	1,288,877	2093-2097	5,650,323
2048-2052	1,494,160	2098-2101	<u>4,477,600</u>
		Total	<u>\$ 41,122,955</u>

Total common area maintenance expense for the year ended June 30, 2022 was \$130,949.”

FINANCIAL INFORMATION & ECONOMIC IMPACT

To supplement the financial overview provided in the Library’s Consolidated Annual Financial Report (above), there are several other tools and reports to understand the economic impact of the Plaza Library Project.

According to the most recently published **annual report from the TIF commission filed with the State Auditor** in 2018-19 (*note that this information has not been verified and may need to be updated*):

The Brush Creek - Plaza Library TIF Plan’s estimate of new jobs was 1,439, the estimate for retained jobs was 25, and actual jobs to date was 858 ([View Tif \(mo.gov\)](#)).

The anticipated total project costs were \$91,221,998.00. The estimated increase in tax generation was as follows:

Assessed Valuation Added to the Redevelopment Project	\$22,871,000.00
Anticipated Assessed Value at Time of District Termination	\$7,642,446.00
Total Amount of Base Year EATs	\$9,240.00
Total Amount of Base Year PILOTs	\$0.00
Total Annual EATs Anticipated at Time of District Termination	\$763,943.00
Total Annual PILOTs Anticipated at Time of District Termination	\$0.00
Percentage of EATs Captured	50%
Total Years Anticipated to Capture EATs	23
Percentage of PILOTs Captured	100%
Total Years Anticipated to Capture PILOTs	23

The **Jackson County property summary** shows a combined **market property value of \$59,225,000** for the two parcels related to the Plaza Library/ Plaza Library TIF District in the 2022 tax year.

At our insurance renewal in July 2022, **the building estimated replacement cost was recorded as \$17,700,000. Net Book Value (depreciated value)** for the Plaza Library building recorded in our June 30, 2022 financial statements was **\$8,382,351**.

The **23 year timeline for the Plaza Library TIF runs until 2025**. At the conclusion of the TIF, the Library **could receive an estimated \$90,000 in taxes annually** as calculated using the 2022 tax year assessed values from Jackson County. We are still verifying information with Jackson County to determine the full impact.

APPENDIX: PLAZA DEVELOPMENT AGREEMENT & GROUND LEASE DOCUMENTS (9 total)

Plaza Development Agreement & Ground Lease 3-29-99

Summary: This document is the initial development agreement and ground lease for the Plaza Library Project. There are 34 sections detailed in the table of contents covering all aspects of the planned project. An 'Index of Definitions' can be found on the following four pages before the document begins on page 1.

- Library Parking contains no "less than 200 dedicated and reserved parking spaces for the exclusive use of Library patrons and employees" (p.1).
- Lease term expires no later than December 31, 2100 (p.4)
- "Without Developer's consent, Library shall have the right to perform interior, non-structural alterations to the Library Building, provided such alterations do not adversely affect any Shared Systems." Exterior and structural alterations required Developer's consent (p.16).
- Library has to maintain its own "vertical transportation (such as stairs, elevators and escalators)" that provide access exclusively to its building and "mechanical systems and equipment (such as transformers, chillers, etc.) exclusively serving such building" (p.18).
- "Library's pro rata share of such [Operating Costs] expenses (including capital expenditures and 'Taxes' ...on the Common Areas), shall be in the ratio which the Floor Area on the Library parcel bears to the total Floor Area on the Entire Tract" (p.21).

First Amendment to Development Agrmt & Ground Lease effective 5-31-00

Summary: This amendment updates the lease to postpone the dates by which Developer is to perform certain activities related to design and construction.

Second Amendment to Development Agrmt & Ground Lease dated 8-22-02

Summary: This amendment waives or acknowledges satisfaction of conditions outlined in the original development agreement document. In general, those conditions relate to the initial construction process including title insurance, permits, design documents, and due diligence.

Third Amendment Development Agrmt & Ground Lease effective 12-09-02

Summary: This amendment approves the exterior Library identification signage including parking and building entry signs, the exterior office building signage, and allowed sizes and illumination. The document also details a 'completion bond' required from the Developer to the Library and updates some specific language in the original agreement (detailed below).

- "On each of the two monument signs depicted on Exhibit 1, the Library identification panel at all times during the Term shall be at least as large as the panel on such sign identifying any other Occupant" (p.2).
- Developer shall provide security for the common areas and parking garage but not the Library Building (p.15).

Memorandum of Development Agrmt & Ground Lease dated 12-09-02

Summary: This memorandum establishes December 31, 2100 as the end of the current lease with the Developer. It also details new easements granted in agreement by the Library and Developer (detailed in Exhibit H), and defines a 'no build area'.

- "Section 1. Demise and Term. Pursuant to the Lease, Library has demised (and does hereby demise) the Developer Parcel to Developer, and Developer has leased (and does hereby lease) the Developer Parcel from Library. **The term of the Lease commenced as of the Commencement Date (i.e., December 9, 2002), and shall expire, unless sooner terminated, on December 31, 2100" (p.2).**

Fourth Amendment Development Agrmt & Ground Lease effective 09-10-04

Summary: This amendment begins by detailing the Developer's and Library's remaining work to complete initial construction. It also includes some specific updates to plans for parking including handicap and visitor spots, signage, and security.

Letter Agreement Amend 06-21-06

Summary: This amendment is focused on the planned creation of the Café Space on the first floor near the Library entrance. It details who is responsible for each of the physical components in the new space and resulting changes for access and security at the Library Doors.

Memorandum of Letter Agreement dated 06-21-06

Summary: This memorandum summarizes that the new letter agreement has been signed and attaches some legal descriptions as exhibits.

Side Letter 06-28-06

Summary: This letter from Crosby Kemper to Jon Copaken and Barrett Brady was directed to be attached to the Fifth Amendment signed on 6/21/06 and clarifies the rights of the Library per the request of the Board.

- Directed by the Board to clarify that "in no way should the terms and conditions of the Fifth Amendment denigrate or diminish its right and ability to create the separate identity for the Plaza Branch of the Kansas City Public Library." The details highlighted were about adding additional signage and other needs for anticipated increasing traffic with the creation of the new auditorium space.