



**MINUTES
CITY COUNCIL MEETING
GLADSTONE, MISSOURI
MONDAY, OCTOBER 1, 2014**

PRESENT: Mayor J. Brian Hill
Mayor Pro Tem Bill Garnos
Councilmember Carol Suter
Councilmember Jean Moore
Councilman R.D. Mallams

City Manager Kirk Davis
Assistant City Manager Scott Wingerson
City Counselor Randall Thompson
City Clerk Ruth Bocchino

Item 2. On the Agenda. ROLL CALL.

Mayor J. Brian Hill opened the Special City Council Meeting October 1, 2014, at 10:36 AM in the Gladstone City Council Chambers, and noted all City Council members were present.

Item 3. On the Agenda. PLEDGE OF ALLEGIANCE.

Mayor J. Brian Hill asked everyone to please rise and join in the pledge of allegiance.

REGULAR AGENDA

Item 4. On the Agenda. Communications from the Audience.

There were no communications from the audience.

Item 5. On the Agenda. Communications from the City Council.

Councilmember Jean Moore stated she had the opportunity to attend the concert on Saturday night and it was a great event. There were a lot of people, they all seemed to be having a great time, the Mayor did a great job on the weather, and it was a great finale for the season and thanks to the staff and volunteers who worked very hard to make that happen.

Mayor J. Brian Hill thanked everyone for taking time out of their day today to meet.

Item 6. On the Agenda. Communications from the City Manager.

There were no communications from the City Manager.

Item 7. On the Agenda. RESOLUTION R-14-73, A Resolution authorizing the City Manager to enter into a Development Agreement by and between the City of Gladstone, Missouri, and CBC d/b/a CAP, LLC, for the Northland Innovation Center.

Assistant City Manager Scott Wingerson stated: *“Thank you Mayor Hill and members of the City Council, thank you for your time this morning. I hope this is one of the meetings you look back on when your career is over as it is transformative for the city. We are excited to make this presentation today. My role today is simply MC, I’ll explain the presentation format today, what information you have before you, and a little bit about how this project fits into the larger City Council goals and a little bit about the history of the specific project. We have some distinguished guests with us; representatives from CBC: Carr, Baier, Crandall, the developer of the Northland Innovation Center, as well as bond and development counsel Gilmore and Bell who will also make a presentation.*

The presentation format itself is sort of introduction in history from me, then we will introduce the developer, then the Development Agreement and bond counsel, then all stand for questions at the end of the presentation. In terms of your packet, you have proposed Resolution 14-73, which is the topic of today’s meeting, a staff memorandum, a draft summary of the space needs study, Innovation Center Phase I perspective drawings of the building itself, a bullet point summary of the Development Agreement and some phasing exhibits of the very back of that packet, all of which will be the topic of discussion today.

When we talk about things that are this important in the community, I think it is always really important to tie this project back to City Council goals. The Council goes through a significant goal setting process every year, and I just wanted to highlight that this touches or addresses three City Council goals: Improve the primary corridors in Downtown Gladstone, I think that is obvious at 69th and Oak; Engage a Leadership of other entities-you will hear about other potential partners moving forward, the school district being the primary one so far, so we are doing that, and we are beginning to implement the public art and visual identity of the community, so really reinventing and transforming the community through one project so we are excited about that.

In January 2014, staff from the North Kansas City School District and the City met to discuss a new partnership. It really started as a simple meeting with some really very simple goals. First, to provide a base operation for the Northland Center for Advanced Professional Studies. That is big enough because that is a collaboration of six Northland school districts and all by itself that is a giant conversation, and to build on the exciting progress we have made in Downtown Gladstone with Linden Square, Dr. Pollina’s building, and The Heights. Those were the simple, early stated goals. Since then it has evolved into something even bigger. To encourage private development in Downtown Gladstone, that’s how we engage people like CBC, create a Gifted

and Talented Center, previously known as the SAGE Center for the North Kansas City School District. Allow for the integration of the Community College system and a University system right here in Gladstone. Provide an opportunity for innovation, entrepreneurial activity, especially in the area of research; continuing to be defined. Provide Class A office space for the first time in a long time in Gladstone and expand partnership opportunities to create momentum and more importantly synergy amongst all of the partners. Your favorable consideration of the Resolution before you today will make these things a reality.

In May of 2014, the district and the city agreed to begin a Space Needs Study. We engaged the firm of WSKF Architect, Mr. Mark Spurgeon is the principal there, who looked at the preliminary needs of potential partners. Now this doesn't commit these partners to this but it indicates a need for a facility of this type. The first interview was with the North Kansas City School District and their needs for the Gifted and Talented Center of 31,000 square feet. NKC School District for the Northland CAPS Program, 30,000 square feet. The Community College System 1800 square feet. Northwest Missouri State University and their Outreach Program which is their Kansas City Adult Program as part of the main campus in Maryville, 17,500 square feet. Innovation component for NWMSU of 5,000 square feet. Potentially a library with the Metropolitan Community Public Library System of 18,000 square feet. Clay County EDC office 4000 square feet, Clay County EDC research program of approximately 10,000 square feet and exciting conversations around the creation of an auditorium in the Downtown Village Center area of 15,000 square feet. That totals 132,500 square feet of need amongst just these partners. We are excited to tell you the need certainly exists for the facility you are just about to learn about.

May was a busy month. We issued an RFP for development of this project. Five extraordinarily qualified firms participated, three submitted final submissions, and the selection was Carr, Baier, and Crandall CBC.

With that I'd like to introduce Dan Carr from CBC to talk about his firm, make some introductions and talk about the site and the overall process.

Dan Carr stated: "Thank you Scott that was a great introduction. Mayor and Council we are really privileged to be here, it's been a long two days. My partner Rick Baier went to the game Monday night, we can't forget about that one Chiefs victory, and then the Royals game last night, so he elected to have me speak because I'm not sure he can this morning.

I'm going to introduce my team really quick and then turn it over to Jason who is going to run through the project with you. At my left is Rick Baier, he is my partner, a long time Northland gentlemen, we have been partners for about 20 years in CBC and some other ventures. We do a lot of development around the city, state, and region, and so we are real active on the development side of office buildings and on average are doing about \$200 million a year right now in office development. We are excited to be up here in Gladstone because I also, I live up north myself, my kids are in the Liberty school district and my daughter participates in the CAPS program so I know what this is to not only your community but the whole Northland, so it is pretty impressive.

Michelle Kaiser is also with CBC, she is going to be our project manager along with John Davis, you are going to get to know those guys real well, or Scott will, they are going to really be the ones that once we start the development of the project, put a shovel in the ground, they are going to be the ones on the site daily making sure that what we promised you guys today and what gets built is the same or even gets better. So you are going to get to know those guys real well as we move forward to the project and they are going to make sure that this project is a success.

Last but not least is Jason who has been a very integral member of our team. He is with CBC as well. He has been interfacing daily, probably four or five times a day with Scott as we worked through the Development Agreement with the attorneys that have been involved with this project and really is doing a great job, and so with that, Jason I think I'll turn it over to you and let you talk about the project a little bit.

Jason Glasrud thanked the Mayor and City Council for having them this morning and stated "I'll start off by saying that our work to this point has really been governed by three principles. Starting with a design that conforms to some of the site constraints, it's certainly not a flat parcel so that has presented some challenges but what you see here is a site layout that does conform to some of the grade changes and undulations that we are going to be facing. Two is esthetically pleasing and impactful for the City of Gladstone and the tenants that we are hoping to bring into the building. That is certainly one of the things that Scott had told us at the outset is that this needs to be a very impactful looking structure, one that will be certainly an economic development driver for not only Gladstone but the region and we think the renderings you see here and in your packet reflect that. Third, adapts to the Downtown Master Plan and complements the adjacent commercial development that is occurring. We hope what you see here matches all of that and is certainly our expectation and the product that we want to deliver to the City of Gladstone.

In brief, where we are today is we have a phased project. Roughly 140,000 square feet in total. Phase I represents a 90,000 square foot Class A office building which will be anchored by the North Kansas City School District as Scott indicated roughly 60,000 square feet of that building. We are very close to being able to have that lease secured which will enable us to move forward with the project here in earnest. The balance of the building we would anticipate being one of the other prospective tenants, hopefully Northwest Missouri State and their various programs taking if not all of the remaining square footage, close to it. We would then, if there is any square footage remaining unleased, market that ourselves or through a commercial broker. Moving on to Phase II is a 50,000 square foot, again, Class A facility, that would be anchored by an organization such as the Mid Continent Public Library who we are having conversations with and potentially the auditorium. We are actually, as Scott mentioned, are looking at the auditorium in both phases, we have not landed on one in particular, it's going to be a bit of a moving target as we move forward depending on how our blocking plans come together and look at some of the adjacencies with our tenants and where that make sense, but that is how we have it laid out. The parking component you see evolves over time as well. If this is a phased project, if the 90,000 square foot building comes out first, ahead of the 50,000 square feet, we would have all surface parking where Phase II would go eventually. Once Phase II is kicked off, once we have 50% of the leases required for that 50,000 square feet, it will enable us to one start on

the building and two start on the parking structure, the decked parking structure, we have proposed here to the south of the buildings on the south side of the parcel to accommodate all of the tenants that we expect to have for the total of the 140,000 square feet.

The renderings that you see on the board and in your packets as well have changed quite a bit over the past few weeks. I know we had originally presented something that was a little more of a square box and some of the feedback we received was how can we dress this up a little bit, particularly at the corner of 69th and North Oak, so our architects, Hoefler, Wysocki went back to the drawing board literally and came back with something that is a little more dramatic, a little more glass, and could really accent that corner of 69th and North Oak and really put some branding on this building if you will so once you see it you know it's not just a Class A office building that you would see in any office park, that this is in fact the Northland Innovation Center and it really has a branding all to its own.

We are pleased with where we have landed with the site and with the drawings at this point and certainly Michelle and John have a lot more knowledge into the site details specifically than I do, so I may ask if you have more questions on that may refer to them but interested in your feedback and where we are at this point and would be happy to answer any questions.”

Assistant City Manager Scott Wingerson stated *“Thank you as we transition from the site discussion into the Development Agreement in just a minute we will introduce Rick McConnell from Gilmore and Bell, I just want to talk to you a little bit about what is included in Phase I and Phase II.*

Phase I provides a majority of the infrastructure, water, sewer, Stormwater, traffic enhancements, grading and public art which is important to the Council and addresses a City Council goal, Phase I also includes, as Jason said, the 90,000 square foot building that is anchored by the Gifted and Talented Center and the Northland CAPS program. Phase II hopefully will be constructed concurrently with Phase I but labeled Phase II for now includes a 50,000 square foot building and the second story parking deck that Jason also mentioned. The Development Agreement itself is the first formal step in making this process a reality. To explain that is Rick McConnell from Gilmore and Bell who will introduce his team and make a short presentation.

Rick McConnell stated *“Thanks Scott, it's a pleasure to be here again with you and part of a very exciting project and as Scott said the Development Agreement in some respects is kind of a game plan for how the project goes and it kind of tells us what we have to do and what the developer is going to do and sets out time frames and things so I'd like to introduce Rich Wood who is also with Gilmore and Bell and has been working on the Development Agreement and then I'll talk to you a little bit about Chapter 100.”*

Rich Wood stated *“Good morning. I just want to take a minute to walk you through the timing of the phasing of the project, in the two different phases. As Scott mentioned the project is currently broken out in to two phases so walking through Phase I of the Development Agreement requires that the closing on the transfer of a lease hold interest in the property will occur before February 1st of 2015. The agreement also provides that if the closing does not happen by May 1st of 2015 then the agreement will automatically terminate so it sets an outside date for when the closing*

has to occur. Once the closing occurs and the leasehold interest is transferred to the developer, the developer is required to start construction within 90 days and complete construction within 14 months of when they start with one exception: we have set a hard date of April 1, 2016 for when the area of the building where the school district needs to occupy has to be done in order to give them time over the summer months to complete their tenant finish.

Moving to Phase II, there is a trigger for closing on Phase II set with the lease up of space and the agreement provides that if 25,000 of space is leased up in Phase II by January 1st of next year, then the closing on the Phase II property has to occur at the same time as Phase I and then everything gets developed as one phase. If the space is not leased up by January 1st, then we allow some more time to get it leased up. Once we hit the 25,000 square foot mark, then the closing has to occur within 90 days of getting those leases in place. We have set an outside date for Phase II also, if it is not closed by the later of the completion of construction of Phase I, or December 31st, 2015, then the agreement terminates with respect to just Phase II, so you could have a situation where the developer will be developing Phase I, Phase II is then freed up for the city to find another developer or explore other opportunities for that Phase II area. Once the developer closes on Phase II the construction has to start on Phase II within 90 days and be completed within 12 months, so it is a little bit quicker construction period for Phase II because a lot of the public infrastructure will be built with Phase I.

Next I want to walk you through the conditions that have to be met in order for the developer to close on the property. The Development Agreement lays out a whole laundry list of things that have to happen before the developer is obligated to close. The obvious number one is that this Development Agreement needs to be in place. The city will need to process and approve land use approvals, I'm sure the staff will be talking to you about that, it will be a pretty quick process and also approve any other governmental approvals that need to be approved by other entities, say MoDOT or whoever else.

Rick McConnell is going to talk to you about the Chapter 100 tax abatement that is going to need to be in place before the developer is obligated to close. The developer will need to receive their financing, they need to have their financing in place before they are obligated to close and I'm sure they are already working on that part of it as we speak today. A construction contract will need to be in place so the developer doesn't have to close until they have their contractor lined up and they know they can meet that 90 day period to begin construction.

Those are the things that need to occur before the property closes and Rick McConnell is going to come up and talk about the Chapter 100 piece of the tax abatement that is going to be provided as part of this project."

Rick McConnell stated "It's kinda nice to come back and see this enormous structure just down the road that we used Chapter 100 on and obviously it's something that can be used with great success. To back up a step this is a very common incentive that is used throughout the state whether in the metro area or southwest Missouri, elsewhere, very commonly used for these types of projects for commercial projects in general. Again it can be used with great success, Gladstone hasn't used it much but we have used it once with great success so hopefully this will be number two. What it involves essentially is the issuance of bonds that are purchased by the

developer; it is a structure that is put in place to affect tax abatement. What will happen as Rich kind of outlined these closing conditions, having the Chapter 100 in place is part of that. It's designed so that everything will happen simultaneously for everybody's protection. The developer has to know they have their leases. The city has to know that we have a deal going forward and grant the incentive so that is really the protection so everybody kind of puts their cards on the table at the same time and that is what we will do again. When we get to February or whenever those conditions start to be satisfied we'll come back to you with an ordinance and a stack of documents that we will walk through that will implement the Chapter 100 structure. So we will talk at more length at that time but certainly would be happy to answer any questions you might have."

Assistant City Manager Scott Wingerson stated *"Should the City Council choose to move forward this morning, I want you to know what the next steps on our part will be. First off you need to know that North Kansas City schools Board of Education will receive a presentation similar to this at their meeting next week. That is their first formal presentation to their constituencies about this project so we are excited about that and we hope that in a couple of weeks after that they will enter into a lease with CBC for approximately 60,000 square feet which then will allow Phase I to proceed. In addition to that we will be working on all the closing conditions that Mr. McConnell just talked about; zoning, site plan, plat permits, cost benefit plan involved, all of the Chapter 100 bond considerations. We will be solidifying some of the other partners that we have talked about this morning and will be focusing on Phase II to ensure we can meet the 25,000 square foot trigger with the hopes of constructing the development as a single phase.*

Lots of thank yous, we will for sure leave people out. I want to thank CBC and their entire team, those that are here and those that are consulting back at the office and other places; North Kansas City School District who has been an integral partner since January, city staff, chief among those City Manager Davis and City Counselor Randall Thompson, Chris Klein at Confluence, Mark Spurgeon at WSKF, and of course the wise and detailed counsel of Gilmore and Bell, Rick and Rich.

With that we are all here to answer any questions you may have prior to taking any action."

Mayor J. Brian Hill asked if any members of the Council had any questions.

(seeing none).

Councilmember Carol Suter stated staff has done a good job apparently.

Mayor J. Brian Hill stated it seems staff has vetted the issues very thoroughly.

City Manager Kirk Davis stated he wanted to reiterate what CBC asked and that is any comment about the elevation or site plans proposed, all those are very conceptual, nevertheless it's a good time to get some feedback from the Council what they think is important and what they would like to see, although we have tried to take Council comments and relay those to the

developers and I think they have done a good job of incorporating those comments up to this date. One more opportunity there.

Councilmember Carol Suter stated she was nodding as they looked at the plans again this morning, she really likes the changes, she likes the glass, the rounded, the verticality of what we have ended up with and thinks it looks really great. **Councilmember Suter** stated she understands in the front of the raised parking, it doesn't show it in any of these plans that there will be some kind of a wall that will be interesting on North Oak; one of her goals in this whole project is this is the first time as a city that we have really actually had an opportunity to impact North Oak which we have been working on for decades trying to get North Oak revitalized and so the way everything looks from North Oak really matters, she thinks, in terms of continuing development opportunities on both sides of Oak and is really pleased with the way this has turned out. This is such an exciting project for us, the reality, she has spent her whole Council career seeing this reality come to be starting with the Community Center and all of this so this is just going to be, she thinks, a wonderful capstone so far.

Mayor J. Brian Hill stated he would like to join in to what Councilmember Suter said, this is attractive, it's much improved from the first drawings that they had seen, and he thinks we do want this and he guesses to a certain extent we want every major new building along North Oak to be truly a focal point and truly outstanding from the street so it does make an impression and does spur economic development along North Oak. He thinks this does it. It's just very striking.

Councilmember Carol Suter stated she has one technical question and that is about high-speed internet access; what kind of functionality will be provided to all the tenants?

Jason Glasrud responded *"that was a question that has come up, certainly that the user groups we are talking to will require the highest and best high speed fiber that we can get there. So, as we are talking about some of the other utilities and how we get those to the building and the amount that is going to be near the top of the list. While I don't have an answer for you definitively today, that is definitely on our radar screen."*

Assistant City Manager Scott Wingerson added that Google is in North Oak, so that is an option, Time Warner Cable and their high speed business connection is an option and to let you know the school district provides their own fiber for their services so he is sure that will be part of the building as well.

City Manager Kirk Davis added he had one other comment to follow up. He knows many of the council in the past have expressed a square footage greater than 140,000, the site and the amount of parking limits us to some extent there. We are going to continue to work with the developers to hopefully ensure the success of the project but try to obviously get the 140,000 in one phase and then if there are opportunities to go above or past that, again we are limited by the site, but to the extent the site has capacity we are going to try to build as big a project as we possibly can.

Councilmember Carol Suter moved to approve **RESOLUTION R-14-73**, A Resolution authorizing the City Manager to enter into a Development Agreement by and between the City of Gladstone, Missouri, and CBC d/b/a CAP, LLC, for the Northland Innovation Center. **Councilman R.D. Mallams** seconded.

Mayor J. Brian Hill stated he thinks this is an amazingly exciting project and he looks forward to working with CBC and bond counsel and city staff in actually turning this in to bricks and mortar, bringing this to fruition.

The vote: All “aye” – Councilman R.D. Mallams, Councilmember Jean Moore, Councilmember Carol Suter, Mayor Pro Tem Bill Garnos and Mayor J. Brian Hill. (5-0).

Item 8. On the Agenda. OTHER BUSINESS.

There was no other business to come before the City Council.

Item 9. On the Agenda. QUESTIONS FROM THE NEWS MEDIA.

There were no questions from the News Media.

Item 10. On the Agenda. ADJOURNMENT.

Mayor J. Brian Hill adjourned the meeting at 11:06 am.

Respectfully submitted:

Ruth Bocchino, City Clerk

Approved as submitted: ____
Approved as corrected/amended: ____

Mayor J. Brian Hill