



**MINUTES
SPECIAL CITY COUNCIL MEETING
GLADSTONE, MISSOURI
MONDAY, JULY 29, 2019**

PRESENT: Mayor Carol Suter
Mayor Pro Tem Jean Moore
Councilman Bill Garnos
Councilman R.D. Mallams
Councilman Kyle Yarber

City Manager Scott Wingerson
Assistant City Manager Bob Baer
City Clerk Ruth Bocchino
Attorney Chris Williams

Item No. 1. On the Agenda. Meeting Called to Order.

Mayor Suter opened the Special City Council Meeting Monday, July 29, 2019, at 7:02 pm in the Gladstone City Council Chambers.

Item No. 2. On the Agenda. ROLL CALL.

All Councilmembers were present.

Item No. 3. On the Agenda. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA.

Mayor Suter asked all to join in the Pledge of Allegiance to the Flag of the United States of America.

Item No. 4. On the Agenda. Approval of Agenda.

The Agenda was approved as published.

REGULAR AGENDA.

Item No. 5. On the Agenda. Communications from the Audience.

There were none.

Item No. 6. On the Agenda. PUBLIC HEARING: To consider the City of Gladstone, Missouri, issuing taxable Industrial Development Revenue Bonds (Hotel Project) Series 2019, in a principal amount not to exceed \$13,450,800.00 to finance the costs of a Project for SREH MAG Gladstone Partners, LLC; approving a plan for an Industrial Development Project for the Project; authorizing and approving certain documents; and authorizing certain other actions in connection with the issuance of the Bonds.

Mayor Suter opened the Public Hearing at 7:04 pm.

City Manager Scott Wingerson stated: *"Thank you, Mayor. I would like to start with a very brief story. This project started with a conversation between Tom McVey from Clark-Enersen Engineers and our own Austin Greer. I'm pretty sure it happened in a place with adult beverages, and they talked about how great it would be to have a hotel in Gladstone and how long the City Council has set that as a community goal. So, first, thank you to Austin and Tom for having that conversation and for the work in between that brought us to today. Thank you to the Council for having this Special meeting. We are here to talk about a 109 room Fairfield Inn and Suites in downtown Gladstone. The project itself is located at the Northeast corner of Northeast 69th Street and North Oak Trafficway in the downtown area and contains a little bit more than 1.5 acres. We are very well represented tonight. There are a lot of people in the room with interest in the project. The first is John Hughes, who represents MAG Partners from Omaha. John is the developer of the project. The Operator is Scarlett Hotel Group, tonight represented by Rob Sadoff from Chicago. The City is also very well represented with Rick McConnell with Armstrong-Teasdale and Chris Williams from Williams-Campo. Rick will present the Chapter 100 overview once we get through with this presentation and Chris and Austin will present information on the two separate CID's. Finally, there is a lot of staff involved in a project like this. This has taken a lot of time to bring it to this point tonight. Bob Baer, Austin Greer, Dominic Accurso, Tim Nebergall and Alan Napoli have all worked on the project and spent a lot of time and expertise on it. With that, the general overview, I'd like to introduce Rick McConnell from Armstrong-Teasdale to present to you the Chapter 100 package."*

Rick McConnell approached Council and stated: *"Good evening, and thanks Scott. It's a pleasure to be here as always. We have talked about these before but we will talk about it again. Very similar to what the city has done in the past on apartment projects, on the CAPS facility, this is a structure to achieve tax abatement on a new hotel. This is an incentive that was necessary to make the project cash flow. It's, along with the Community Improvement Districts that Chris and Austin will cover, it's just part of the incentive package to make this a viable financial project. The Chapter 100 will put in place real property tax abatement, not personal property tax, real property tax abatement, and an exemption from sales tax from the construction materials for the project. That is a very nice, up front, short term incentive. Very similar to what we have done in the past. The city will actually own the property and lease it to the developer. Of course this property, in this case, the city has assembled over time and so we actually own it. Sometimes we have a developer or company deed us the property and we put that lease structure in place but here we already own it. The amount that you see in front of you, the \$13.4 million is the anticipated investment in the project so a pretty significant amount. I think, with that, the Ordinance before you authorizes the issuance of the bonds and all the related documents; the lease agreement, the performance agreement under which the company will pay payments in lieu*

of taxes to the taxing districts every year to essentially try to keep us even; not a big tax generation on that land right now but we have tried to keep folks even. That is what we have and I'm certainly happy to answer any questions that you might have."

There were no questions for Mr. McConnell.

Mayor Suter asked if there was anyone in the audience who would like to speak in favor of the issuance of the bonds.

There were none.

Mayor Suter asked if there was anyone in the audience who would like to speak in opposition.

There were none.

Mayor Suter closed the Public Hearing at 7:09 pm.

Item No. 7. On the Agenda. FIRST READING BILL NO. 19-29 An Ordinance authorizing the City of Gladstone, Missouri, to issue its taxable Industrial Development Revenue Bonds (Hotel Project) Series 2019, in a principal amount not to exceed \$13,450,800.00 to finance the costs of a Project for SREH MAG Gladstone Partners, LLC; approving a plan for an Industrial Development Project for the Project; authorizing and approving certain documents; and authorizing certain other actions in connection with the issuance of the Bonds.

Councilman Mallams moved Bill No. 19-29 be placed on its First Reading. **Mayor Pro Tem Moore** seconded. The Vote: "aye", Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0). The Clerk read the Bill.

Councilman Mallams moved to accept the First Reading of Bill No. 19-29, waive the rule, and place the Bill on its Second and Final Reading. **Mayor Pro Tem Moore** seconded. The Vote: "aye", Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0). The Clerk read the Bill.

Councilman Mallams moved to accept the Second and Final Reading of Bill No. 19-29, and enact the Bill as **Ordinance 4.480**. **Mayor Pro Tem Moore** seconded. The Vote: "aye", Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0)

Item No. 8. On the Agenda. PUBLIC HEARING: Approving the Petition to establish the Linden Block 25 Community Improvement District.

Mayor Suter opened the Public Hearing at 7:11 pm.

Counselor Chis Williams approached Council and stated: *"Thank you, Mayor, and members of the Council. As you stated, Mayor, we have a Public Hearing on the two proposed CID's tonight."*

The first one is the Linden Block 25 Community Improvement District. Just as a quick overview, so we all remember what we are doing here, Community Improvement District, or CID, is a Special Benefit District that can be formed pursuant to State Statute in Missouri. It's formed by property owners, or a property owner, petitioning the City Council asking that a District be formed. If formed, it's either a separate political subdivision, entity, or not-for-profit corporation. It's governed by a Board of Directors that has to be at least five and I believe no more than 20. I can't imagine a 20 member Board, but at least five members that are either elected or appointed by the Mayor with the approval of the Council. It's broad in terms of its scope of improvements that it can fund within its boundaries to benefit the property owners. There is a special provision that if it is a blighted area, there is some additional things that can be funded that relate to demolition, removal, renovation, reconstruction, rehabilitation of a building or structure; all geared toward remediating blighted conditions. It can be funded. Its funding sources are sales tax, real property tax and/or special assessments within the boundaries of the District. Those financing tools, or funding tools, have to be approved by the property owners, in this case in the District. Ultimately, it's created by Ordinance, approved by the City Council. What you have, the first one we have up tonight is the Linden Block 25 CID. The Petition was filed with the City Clerk on July 11th by the owner of the property, which is the City, through the City Manager's office. The proposed boundaries of the property are the hotel site that you are familiar with that was discussed in the Chapter 100 program. The City Clerk went through the process of verifying the Petition complies with the statutory requirements, notices were published and mailed to the property owner, again the city. This Petition provides that the CID will be formed as a political subdivision and governed by a five member Board of Directors' that will be appointed by the Mayor and approved by the City Council. Once it's formed, it proposes to impose a \$.01 CID sales tax within the District to fund improvements and services that are allowed by statute. During the first five years it anticipates funding public art, signage, landscaping and construction of retaining walls and fences and legal costs for the formation of the District. Total cost of these improvements and services is currently estimated at \$250,000.00. This Petition also seeks a finding by the Council that the area blighted to allow, as I mentioned earlier, to fund demolition, removal, renovation, reconstruction, or rehabilitation of existing structures and related improvements and structures that are reasonably anticipated to remediate blighted conditions. Sorry, that's a mouthful but I am trying to restate what the statute says. So, a blight study is included in your Petition, with the Petition in your packet, it will be discussed in a few minutes in more detail by Austin Greer. The duration of the proposed CID is 20 years with a potential 10 year renewal term until all projects are completed and costs are paid for. With that, I'll ask Austin to come up and walk you through the blight study. Following that, we will take be happy to take questions and I do have some exhibits I'll enter."

Austin Greer, Assistant to the City Manager/Planning Administrator approached Council and stated: "So now I'm going to do my best to give a summary overview of the blight study. The redevelopment area we are talking about tonight is five individual parcels that equal 1.56 acres. It is the L shape that you see here. Some of the primary blighting factors are unsanitary and/or unsafe conditions, the deterioration of site improvements and then the existence of conditions which endanger life or property by fire or other causes. There are also some problematic topography conditions. With all those blighting factors in mind, they do typically lower the property values, lower taxes, increase maintenance costs, that increase the likelihood of crime and all of which create a menace to public health, safety, and the welfare of our community. You

have pictures in your packet that you received. These aren't all of the pictures but there are quite a few here. I'm just going to scan through them and summarize them at the end of what you see. The last one here is a topography map and that is where it shows where the limestone rock shelf is. Depending on where you are on the property, it's about 7-15 feet underneath so that makes it pretty difficult to build on in certain circumstances. The blight is characterized by deteriorating parking lots, the concrete and asphalt that you guys saw, deteriorating structures, inadequate street parking areas, water infiltration, wood rot, exposed electrical wires and junction boxes, faded and peeling paint, fencing in disrepair as well as the dumpster enclosure. The topography conditions due to the limestone shelf, broken windows and glass, trash and rubbish and unmaintained trees and brush. To conclude, these properties were actually attracting a vagrant population that resulted in a police report so leadership thought that it was probably a pretty good idea to go ahead and demolish those two buildings. One of the buildings was demolished late in 2017 and 2018. It is the opinion of the Community Development Department that the subject area should be considered blighted in accordance with RSMo. 67.1401. Thank you."

Mayor Suter asked if there were any questions on the blight report.

There were none.

Counselor Williams stated: *"Mayor I would ask that the following exhibits be entered into the record: Exhibit 1 is a Petition for establishment of the Linden Block 25 Community Improvement District that was filed on July 11th, 2019. Exhibit 2 is the Downtown Gladstone Hotel Blight Study that is included in the Petition. Exhibit 3 is the City Clerk verification of the Petition dated July 12th, 2019. Exhibit 4 is the newspaper publication for notices of the Public Hearing published on July 18th and July 25th, 2019. Exhibit 5 is the 15-day notice letter to the property owner of the Public Hearing and Exhibit 6 is an Ordinance approving the Petition to establish the Linden Block 25 Community Improvement District."*

Mayor Suter stated: *"Thank you, City Counselor. Exhibits 1, 2, 3, 4, 5, and 6 will be accepted for the record."*

Mayor Suter asked if there was anyone in the audience who would like to speak in favor of the Petition.

There were none.

Mayor Suter asked if there was anyone in the audience who would like to speak in opposition of the Petition.

There were none.

Mayor Suter closed the Public Hearing at 7:19 pm.

Item No. 9. On the Agenda. FIRST READING BILL NO. 19-30 An Ordinance approving the Petition to establish the Linden Block 25 Community Improvement District.

Mayor Pro Tem Moore moved Bill No. 19-30 be placed on its First Reading. **Councilman Garnos** seconded. The Vote: “aye”, Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0). The Clerk read the Bill.

Mayor Pro Tem Moore moved to accept the First Reading of Bill No. 19-30, waive the rule, and place the Bill on its Second and Final Reading. **Councilman Garnos** seconded. The Vote: “aye”, Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0). The Clerk read the Bill.

Mayor Pro Tem Moore moved to accept the Second and Final Reading of Bill No. 19-30, and enact the Bill as **Ordinance 4.481**. **Councilman Garnos** seconded. The Vote: “aye”, Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0)

Item No. 10. On the Agenda. PUBLIC HEARING: Approving the Petition to establish the Downtown Linden Community Improvement District.

Mayor Suter opened the Public Hearing at 7:21 pm.

Counselor Williams approached Council and stated: *“Thank you, Mayor, and members of the Council. I’ll be brief this time. The second CID is called the Downtown Linden CID. Processed for submission of the Petition, verification of compliance with statutory requirements and notices, everything is the same as the one we just talked about, so I won’t go through all of that again. Similarly, the boundaries for the District, the makeup of the Board of Directors, determination of blight, imposition of a \$.01 sales tax and duration of the District are also the same as the Linden Block 25 CID. There are a couple differences with this one that I want to point out. One is that this CID proposed to also impose a special assessment on users of the hotel within the District in the amount of \$5.00 per occupied hotel room per night. It’s another mechanism for generating revenue for funding improvements and services. The other difference is what the sales tax and special assessment are going to be used to fund; it’s anticipated that they will fund the grading of the site, reconstruction of the parking lot, engineering costs, construction and extension of utilities and legal formation costs. That’s what is identified during the first five years. A total cost as currently estimated at \$850,000.00. Because, again, a blight finding is requested for this CID for the Public Hearing record, I’ll ask Austin to come up again and recap the Blight Study with an abbreviated presentation and then we will have any questions and exhibits for the record.”*

Austin Greer, Assistant to the City Manager/Planning Administrator approached Council and stated: *“So I’m going to give the exact same presentation I just gave. The redevelopment area is five individual parcels, which equals 1.56 acres in the L that you see here. The primary blighting factors consist of the unsanitary and/or unsafe conditions, deterioration of site improvements, the existence of conditions which endanger life or property by fire or other cause, and then problematic topography conditions. With all these blighting factors, it has the potential to lower property values, lower taxes, increase maintenance costs, increase likelihood of crime, all of which can create menace to public health, safety, and welfare to our community. I’m going to*

quickly go through these photos and then summarize at the end. The blight characterized by deteriorated parking lots, the concrete and asphalt, deteriorating structures, inadequate street parking areas, wood rot, water infiltration, exposed electrical wires and junction boxes, faded and peeling paint, fencing in disrepair around the dumpster enclosure, problematic topography, broken windows and glass, trash, rubbish and unmaintained trees and brush. These properties were attracting a vagrant population and actually resulted in a police report. Leadership thought that both buildings should probably be demolished immediately to remedy that. It is the opinion of the Community Development Department that the subject area should be considered blighted in accordance with RSMo. 67.1401. That is all."

Counselor Williams approached Council and stated: "If there are no questions...

Mayor Suter stated: "Perhaps just for the interest of the public, would you explain why we are doing two of these."

Counselor Williams stated: "They have two different purposes. They fund different things that I walked through earlier. In fact, the one we are dealing with right now, as I mentioned, has a separate funding mechanism which is the special assessment that is imposed on the room rental. Because they are two different purposes, we set them up as two separate CID's. We have six exhibits again. Exhibit 1 is the Petition for establishment of the Downtown Linden Community Improvement District filed on July 11th, 2019. Exhibit 2 is the Downtown Gladstone Hotel Blight Study included with the Petition. Exhibit 3 is the City Clerk verification of the Petition dated July 12th, 2019. Exhibit 4 is the newspaper publication notices of the Public Hearing published on July 18th and July 25th, 2019. Exhibit 5 is the 15-day notice letter to the property owner and the Public Hearing. Exhibit 6 is the Ordinance approving the Petition to establish the Downtown Linden Community Improvement District."

Mayor Suter stated: "Thank you. Exhibits 1, 2, 3, 4, 5, 6 are accepted for the record."

Mayor Suter asked if there was anyone in the audience who would like to speak in favor of the Petition.

There were none.

Mayor Suter asked if there was anyone in the audience who would like to speak in opposition of the Petition.

There were none.

Mayor Suter closed the Public Hearing at 7:26 pm.

Item No. 11. On the Agenda. FIRST READING BILL NO. 19-31 An Ordinance approving the Petition to establish the Downtown Linden Community Improvement District.

Councilman Garnos moved Bill No. 19-31 be placed on its First Reading. **Councilman Mallams** seconded. The Vote: "aye", Councilman Kyle Yarber, Councilman R.D. Mallams,

Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0). The Clerk read the Bill.

Councilman Garnos moved to accept the First Reading of Bill No. 19-31, waive the rule, and place the Bill on its Second and Final Reading. **Councilman Mallams** seconded. The Vote: “aye”, Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0). The Clerk read the Bill.

Councilman Garnos moved to accept the Second and Final Reading of Bill No. 19-31, and enact the Bill as **Ordinance 4.482**. **Councilman Mallams** seconded. The Vote: “aye”, Councilman Kyle Yarber, Councilman R.D. Mallams, Councilman Bill Garnos, Mayor Pro Tem Jean Moore, and Mayor Carol Suter. (5-0)


Item No. 12. On the Agenda. Other Business.

There was no other business to come before the Council.

Item No. 13. On the Agenda. Adjournment.

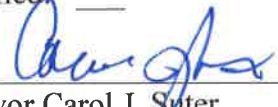
Mayor Suter adjourned the July 29, 2019, Regular City Council meeting at 7:28 pm.

Respectfully submitted:


Ruth E. Bocchino, City Clerk

Approved as presented: 

Approved as modified: _____


Mayor Carol J. Suter