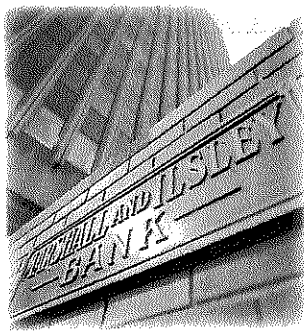


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Legends will get a \$200M sidekick

Retail project targets residents' basic needs

BY CHRIS GRENZ | STAFF WRITER

Two Kansas City developers and a handful of Chicago investors plan to build a \$200 million, 1 million-square-foot shopping center across the street from The Legends at Village West.

The local developers are David

Block, a principal and broker with Block & Co. Inc. Realtors, and Becky Goodman, another Block broker. They will handle leasing and development at the future outdoor shopping center.

It will sit on a 100-acre site just across Parallel Parkway to the north of The Legends, a \$248 mil-

lion shopping and entertainment center expected to draw 12 million visitors a year from hundreds of miles around.

Block said his center, to be called The Plaza at the Speedway, would provide basic retail services to the scores of houses that are

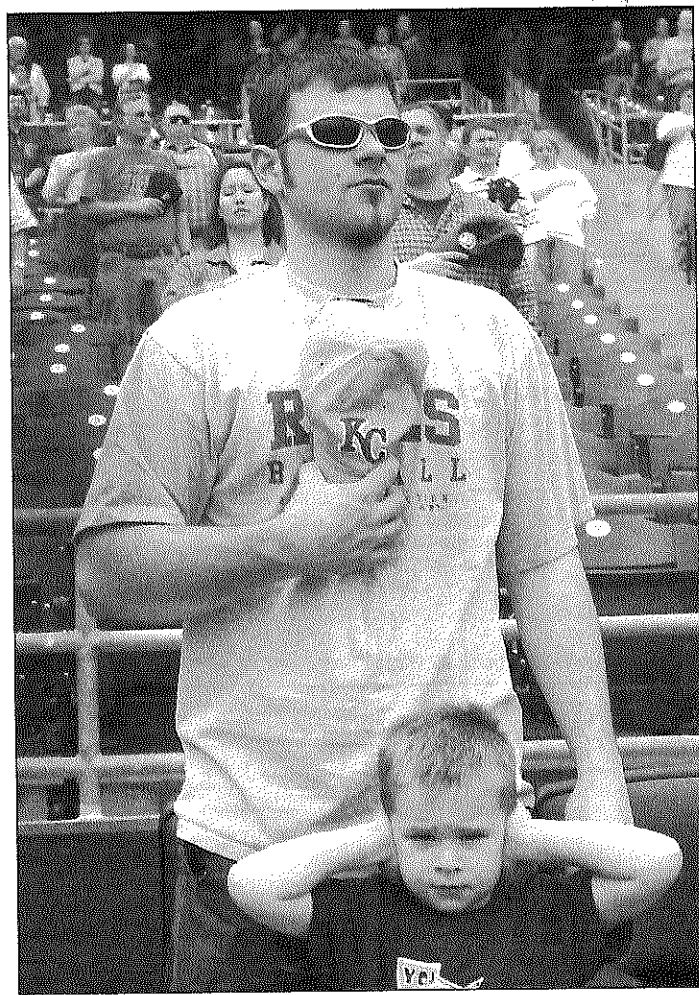


Block

popping up around Village West. According to Block & Co. demographics, there are more than 16,000 households and 42,500 people living within five miles of the proposed development. The average annual household income in the five-mile radius is \$54,802.

"What we're seeing is that there

SEE RETAIL | 45



DAVE KAUP | KCBJ

Four-year-old Tristan Bennett thinks the sound system is a little loud while standing for the national anthem with his father, Josh, before a Royals game April 5.

Stadium vote sets 'pros' in motion

Lawyers, architects quickly get down to work

BY MARK KIND | STAFF WRITER

Jackson County voters unleashed a flurry of activity in government, financial and law offices April 4, when they approved an estimated \$850 million in taxes for stadium renovations.

"There's a large, large volume of work to get done," Mike Smith, chairman of the Jackson County Sports Complex Authority, said the day after the election.

Lawyers prepared requests for architects' qualifications, bankers drew up bond documents, and government officials pondered whom to hire for new jobs created by stadium leases that became effective when Jackson County voters approved the 25-year, three-eighths-cent sales tax for stadium renovations.

Meanwhile, politicians mulled whether to ask again for a use tax that voters rejected, which would have provided \$170 million toward a rolling roof capable of

ADDING UP THE TAXES

In its first year, the new Jackson County stadium sales tax will collect an estimated \$30 million. The total amount collected during the 25-year life of the tax will depend on how quickly Jackson County's retail sales increase.

RETAIL SALES	TAX TOTAL
No growth.....	\$750 million
1 percent annual growth	\$850 million
3 percent annual growth	\$1 billion

SOURCE: KCBJ research

covering either stadium.

The voters' approval of the sales tax cleared the way for the county to prepare for bond sales on the renovation projects, said Steve Mitchell of Lathrop & Gage LC, an attorney for the county.

"We are actually working on

SEE STADIUM | 45

Locals get OK for hospital in Northland

BY ROB ROBERTS | STAFF WRITER

HealthSouth Corp. may go to court about a decision to let two local hospitals build the Northland's first long-term acute-care hospital.

After an April 3 hearing at the state Capitol, the Missouri Health Facilities Review Committee rejected a HealthSouth proposal and gave approval for a 35-bed hospital to a partnership including Liberty and North Kansas

City hospitals.

The partnership, which had sought approval for a 50-bed, \$16.7 million facility at U.S. Highway 169 and Northwest 68th Street, may begin work on the scaled-back hospital there in the summer, North Kansas City Hospital CEO David Carpenter said.

A short distance away, at 9001 N.E. 81st Terrace, HealthSouth had hoped to build a 60-bed, \$19.3 million facility. But the

eight-member review committee, which issues certificates of need for new health care facilities in the state, turned HealthSouth down flat, prompting the Birmingham, Ala., health care giant to start weighing legal options.

"There is the ability to appeal at the circuit court level," said Kristen DeHart, CEO of HealthSouth's Mid-America Rehabilitation Hospital in Overland Park.

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CLOSE PROXIMITY



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STADIUM: Vote, leases leave lots of work to be done

FROM PAGE 1

those bond documents this week, getting that started to get that done," Mitchell said.

The Chiefs and Royals could begin spending tax-supported bond money for stadium renovations as soon as Sept. 1, he said.

Mitchell said the county has the option of issuing bonds in increments or borrowing the full \$425 million obligation immediately and investing unspent money until the teams need it.

In terms of new lease agreements, bond proceeds will be split equally between the teams' renovation projects. Tax credits and owners' spending will elevate the projects' total cost to \$575 million.

County financial adviser Jack Holland of Oppenheimer & Co. said the firm is working on structuring the bond transaction and preparing to seek bond ratings from Moody's, Standard & Poor's and Fitch. As of the last rating in 2004, he said, Moody's and S&P rated the county's credit at "AA," or high quality.

Smith said the Sports Complex Authority apparently has new duties dictated by the new leases and development agreements, including the hiring of a "fair share" coordinator to oversee affirmative action contracting requirements.

He said the authority also has to hire an architectural or engineering consultant to monitor the teams' construction projects and ensure that they meet the minimum requirements spelled out in the development agreement.

The teams, too, have to hire architects, even though HOK Sport Venue Event generated conceptual plans for both stadiums' renovations as well as a computerized video of the rolling roof that appeared in ads.

HOK spokesman Bob White said that the teams have paid the firm for the work but that to remain on the job when tax-supported money begins flowing, the firm will have to respond to a request for qualifications (RFQ) from the teams, as required by state law.

"Each team will issue an RFQ to at least three firms," White said.

Chiefs attorney Greg Gerstner of Seigfried Bingham Levy Selzer & Gee PC

said April 5 that the law firm was putting "the final touches" on the architects' RFQ.

"We plan on getting that out very quickly," Gerstner said.

One large uncertainty for architects after the election concerned the rolling roof and whether the county would again ask voters to approve its financing at elections planned in August and November.

"Obviously, there are two different designs, with or without the roof," Chiefs owner Lamar Hunt said on election night.

But White said that the design are

"negligible" for Arrowhead Stadium and Kauffman Stadium and that the question shouldn't delay the renovation projects.

Hunt sought the roof financing as part of a bid to bring the Super Bowl to Arrowhead Stadium in 2015, which NFL owners approved in the fall contingent upon the stadium having a climate-controlled enclosure by 2010.

The leases call for the Royals to complete renovations by the spring of 2010 and for the Chiefs to complete their work by the fall of 2009.

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Royals can switch up contract with Centerplate food vendor

BY DON MURET | CONTRIBUTING WRITER

The Kansas City Royals could get more than an updated ballpark as a result of a sales tax measure passed on April 4. Language in concessionaire Centerplate's contract at Kauffman Stadium allows the Royals to reopen the process for selecting a food provider because voters approved financing for stadium improvements.

Centerplate's contract at Kauffman Stadium, which runs through the 2006 season, gives the Royals the option to renew the current deal for an additional two years, enter into a new agreement with Centerplate or go through the process of selecting another concessionaire, said Mark Gorris, Royals senior vice president of business operations.

"We need the flexibility to start from scratch," Gorris said. "We plan to review the agreement coinciding with the start of renovation."

Centerplate did not return a call for comment.

The Royals recently disclosed a three-phase renovation designed by HOK Sport Venue Event that includes the Taste of KC food court in a left-field plaza, a restaurant with rooftop seating and a banquet facility beyond right field, and as many as 200 additional concession points of sale.

The team plans to convert the Stadium Club banquet facility into party rooms, and the number of group seats would increase sixfold, from 240 to 1,500, Gorris said.

"We're pleased with Centerplate's operation, but at the same time, we want to talk to multiple concessionaires in thinking through the design aspects," Gorris said.

The Haddad Restaurant Group, a local firm, has the suite contract at Kauffman Stadium, and the possibility exists that the entire food operation eventually could be operated by one company, Gorris said. Haddad's deal also expires after the 2006 season.

"Most concessionaires now are interested in doing the whole building," he said.

Centerplate recently renewed its contract for Arrowhead Stadium, said Chris Bigelow, a food consultant whom the Chiefs hired to facilitate the process. Levy Restaurants has the suites. Centerplate and its pre-merger predecessors have operated the concessions since Arrowhead Stadium opened in 1972 and Kauffman Stadium debuted in April 1973.

Don Muret | Muret is a staff writer for *Street & Smith's SportsBusiness Journal*, an affiliated publication.

VILLAGE: Backers face timing crunch

FROM PAGE 3

a community development corporation that focuses on Kansas City's East Side. Housing plans call for spending about \$300 million to build nearly 1,200 residential units — "affordable and working-class housing that is sorely needed," Swope CEO Kelvin Simmons said.

Simmons said project supporters are faced with a timing crunch.

State law requires the legislature to pass the budget for the coming fiscal year by May 5. Lobbying efforts are focused on Senate Appropriations Committee Chairman Chuck Gross, R-St. Charles, and committee member Luann Ridgeway, R-Clay County.

Although approval of TIF by the Kansas City Council is probable — council members Troy Nash and Sandra McFadden-Weaver voiced their support at the TIF Commission's meeting — Simmons said he and other East Village proponents will need to stump hard in Jefferson City during the session's closing weeks.

"We have to engage our legislators," said Simmons, who is familiar with the state Capitol after having served as director of the Missouri Department of Economic Development. "We've had a bevy of individuals, from the mayor to city council people to myself, who have lobbied. That has to continue. You can never take that (approval) for granted."

Steve Dunn, J.E. Dunn's chairman, said the construction company's headquarters needs more room. Plans call for a \$21 million building containing 150,000 square feet to be built north-east of 11th and Locust streets.

Dunn said he's "getting some pretty good vibes" that the state will finance East Village this year.

"It was encouraging to get (the TIF Commission's) unanimous support," he said. "It does send the signal to the state that Kansas City is behind this project."

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Simmons

RETAIL: 'People are not going to go out and eat a steak dinner every night'

FROM PAGE 1

are a lot of missing pieces to the retail and restaurant puzzle in that community," he said. "We're trying to bring in necessities and services that people will use on a consistent, weekly basis to sustain their lives."

The development, which Block said could open as soon as 2007, would include about 65 tenants, including 15 anchors or junior anchors and about 10 restaurants. Block said his development would complement, rather than compete with, The Legends.

"We think we are meeting a completely different kind of need for that community than what's presently there," he said. "People are not going to go out and eat a steak dinner every night or even a couple times a week. But they are going to go to a grocery store or a drugstore or a cleaners or another breakfast or lunch-type restaurant."

Block and Goodman are working with a handful of investors connected to Chicago-based First National Development Ltd. Block worked with First National to develop the Wilshire Plaza shopping center in Kansas City, North, a 750,000-square-foot development anchored by a SuperTarget and Home Depot and featuring big-box retailers such as Kohl's, PetSmart, T.J. Maxx, and Bed Bath and Beyond. Those are the types of stores Block said probably would be included at the speedway shopping center.

First National Development also is behind a similar Blue Springs shopping center proposal that could approach 1 million square feet. That center, which would sit on about 123 acres southeast of Interstate 70 and Adams Dairy Parkway, is nearing a groundbreaking, said Bill Moore, a lawyer with King Hershey PC who represents First National on the project.

The developer has reached agreement on tax increment financing and is near-

ing final approval of plans, he said.

Moore said First National is becoming a significant player in the area.

"They do development nationally, and I think what they've seen is the potential here in the Kansas City metro area for a fair amount of room to grow on the retail development side," he said.

Dennis Hays, county administrator for the Unified Government of Wyandotte County/Kansas City, Kan., said the government is in talks with numerous developers that are considering "several proposals in the vicinity of Village West." The Unified Government hasn't received any formal proposals for the area, he said.

But further retail development is a key goal of Mayor Joe Reardon and Unified Government commissioners, who would like to diversify the tax base, lower property tax mill levies and see basic retail needs met, Hays said.

"There's been a substantial leakage from our community in the retail pur-

chasing," he said. "Many of our local residents have to go outside our community to purchase basic goods and services. One of Mayor Reardon and the commission's goals is to bring about that basic retail component that will provide for the needs of our own residents right here."

Hays said more than 2,000 new homes have been platted in the county, the majority of which are on the western side of Wyandotte County. For the past few years, the city has granted about 500 new home permits annually.

Block said all the new rooftops represent an untapped opportunity.

"I've worked in Kansas City, Kan., for many, many years, and there's not been a lot of new residential growth," he said. "There is now. We believe that the residential growth is beginning to see the light. And we think it's going to be even stronger in the future."

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