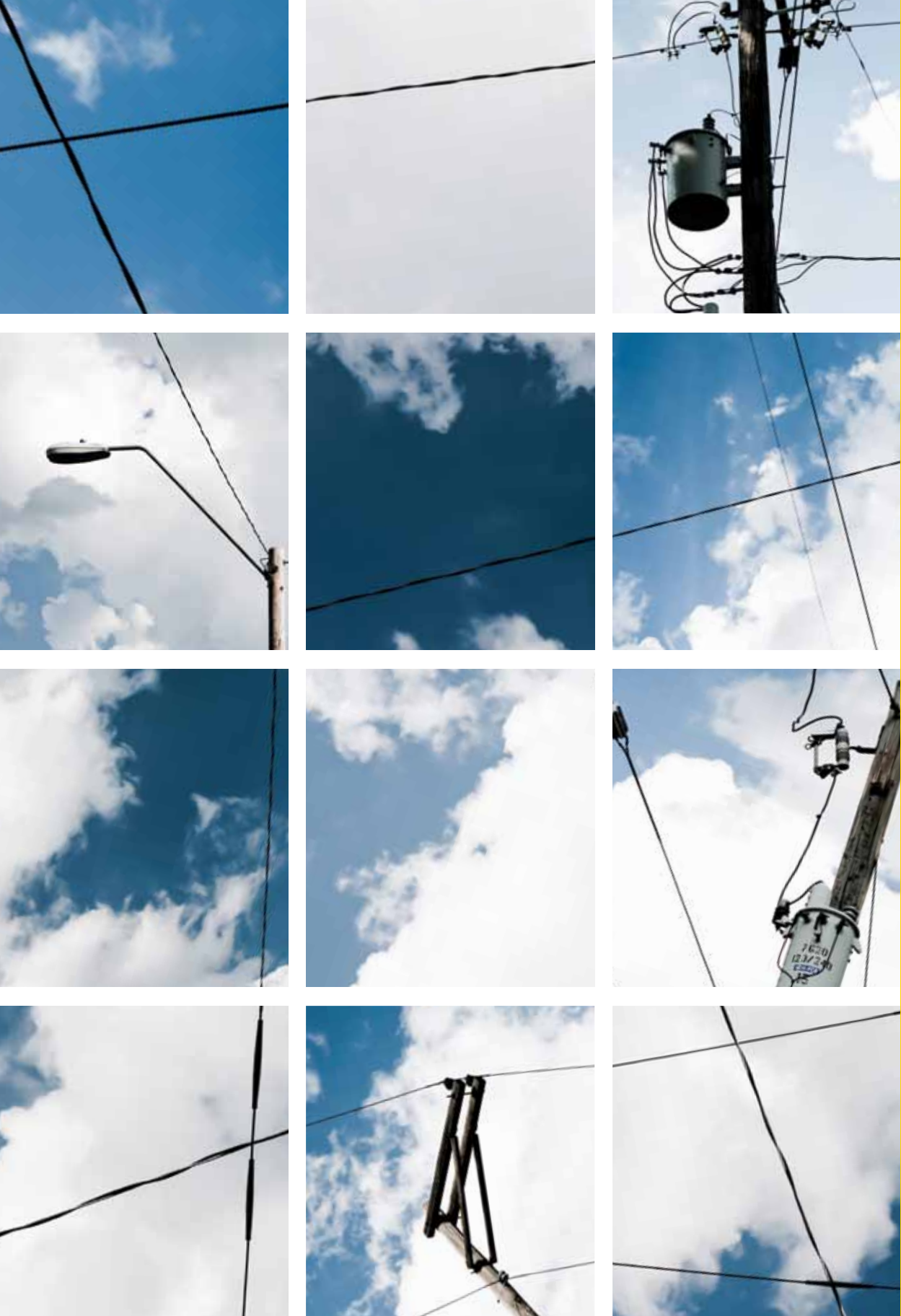




2009-2010 ANNUAL REPORT

Start Here.

KANSAS CITY, MO COMMUNITY
DEVELOPMENT CDE



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Start Here.

This is the start of something positive for Kansas City. At the Kansas City, Missouri Community Development CDE (KCMO CDE) we connect needs to solutions. Follow us as we introduce a community of people and businesses who have been touched by the KCMO CDE. We invite you to explore the opportunity to grow as a Kansas City community. Change starts here.



From the executive director.

When the Kansas City, Missouri Community Development CDE (KCMO CDE) was established by the City of Kansas City, Missouri in 2005, the economic landscape was very different than it is today. Yet, despite that time of economic expansion, many communities throughout the city continued to struggle with lack of jobs, investment, housing options and basic services. With a mission to serve and provide investment capital to low-income communities, the goal of the KCMO CDE is to help Kansas City communities address the significant challenges they face as a result of years of underinvestment. Today, the KCMO CDE finds itself to be an increasingly important community partner and with the impacts of the economic crisis still reverberating in communities throughout Kansas City, its mission has become even more critical.

A major focus of the KCMO CDE's efforts over the last two and a half years has been its participation in the federal New Markets Tax Credit (NMTC) program. The program is designed to deliver capital to businesses

and real estate development projects in low-income communities. This kind of program was virtually unheard of in Kansas City before the KCMO CDE was awarded its first allocation in 2008. Since that first allocation, the KCMO CDE has successfully leveraged the program to facilitate over \$30 million towards investment in low-income communities, providing critical job and wealth investment throughout the city—all during one of the most challenging economic environments in our country's history. Through services such as providing financing to assist business expansion and job creation as well as providing financial support to non-profit institutions that deliver critical health services to low-income populations and support services to homeless and at-risk youth, the KCMO CDE has become an important resource and catalyst for change in low-income communities at a time when they need it most.

Beyond the NMTC program, the KCMO CDE has also focused on the delivery of entrepreneurship training to residents of low-income communities. Recognizing the

importance of empowering persons to create opportunities for themselves and others in their community, the KCMO CDE has partnered with local organizations to provide entrepreneurship training to over 25 residents of low-income communities with the hope of planting the seed for future businesses that will invest in and create jobs in communities challenged by years of underinvestment.

As you will read in this inaugural annual report, the KCMO CDE is making a positive impact in Kansas City, Missouri. The commitment and service of the board of directors, both past and current, has put the KCMO CDE on a solid foundation. With continued success of the KCMO CDE's NMTC program as well as a focus in the upcoming year to further develop partnerships and new programmatic opportunities, the KCMO CDE is positioned to become a valuable asset to our communities for years to come.

On behalf of the board of directors, I would like to thank the KCMO CDE's Advisory Board

as well as all of the professionals and partners that support the efforts of the KCMO CDE. We look forward to working together to continue to make a positive impact in communities throughout Kansas City, Missouri.

I would also like to thank all of the businesses and organizations that chose, with the help of the New Markets Tax Credit program, to invest in Kansas City, Missouri. It is because of your commitment that all of our communities can rise together to become a more prosperous and thriving city.

Thank you for taking the time to read the KCMO CDE's inaugural annual report.




Ruben Alonso III, Executive Director

Pictured above: **KCMO CDE 2010 Board of Directors**. In reading order: Robert Langenkamp, Jean-Paul Chaurand, Gary Cortes, Randall J. Landes, Margaret J. May.



TAKE A LOOK:

Low-income communities in Kansas City

-  New Markets Tax Credit eligible
-  Highly distressed and New Markets Tax Credit eligible
-  City limits

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the origins of the kansas city, missouri
community development entity



This is the beginning.

The KCMO CDE is a public benefit corporation affiliated with the City of Kansas City, Missouri, dedicated to serving and providing investment capital to low-income communities.

Governed by a five member board of directors consisting of three members appointed by the city manager, and additional members representing low-income communities, the KCMO CDE was originally formed in 2005 in order to participate in the New Markets Tax Credit (NMTC) program offered through the Community Development Financial Institutions Fund (CDFI Fund).

Today the Board of Directors of the KCMO CDE consists of Assistant City Manager Bob Langenkamp, Chair of the Board of Directors, City

Finance Director Randall Landes, Gary Cortes, Margaret J. May, and Jean-Paul Chaurand. Ruben Alonso III is the executive director of the KCMO CDE and is responsible for the overall management and administration of the KCMO CDE and all of its affiliated programs.

Together, the Board of Directors and the Executive Director have led the KCMO CDE's development, emerging as a critical source of capital for business and development projects that represent investment in low-income communities. Since its first

successful award of NMTC in 2008, the KCMO CDE has facilitated the investment of \$38 million in low-income communities throughout Kansas City, Missouri. With the KCMO CDE playing an increasing role as a supporter of various community and economic development programs and initiatives in low-income communities, including being an active supporter of entrepreneurship training opportunities for low-income community residents, its impact in low-income communities has only begun to reach its potential.



KURT WIEDEMAN,
REEVES-WIEDEMAN COMPANY:

**Everyone benefits
from the investment.**

”

Heading in the right direction.

The principal purpose of the KCMO CDE is to serve or provide investment capital for low-income communities; defined by the Internal Revenue Code as any population census tract in which the poverty rate for such tract is at least 20%, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income.

Change starts here.

With its mission in mind, the KCMO CDE has targeted opportunities, cultivated relationships and formed alliances that allow it to promote and advance community and economic development in low-income communities throughout Kansas City, Missouri.

Self-starters

entrepreneurial training

The KCMO CDE has developed relationships with various non-profit organizations, dedicated to improving low-income communities through entrepreneurial training. The KCMO CDE provides support for these efforts through grants.

ARTS INCUBATOR OF KANSAS CITY

The Arts Incubator of Kansas City is a nonprofit organization dedicated to working with emerging artists in the development of their careers. The Arts Incubator provides entrepreneurial workshops, business consulting and an affordable, quality studio

space for development. The space is located in the Crossroads Arts District, a community experiencing extraordinary growth and national recognition as one of the top arts communities in the nation.

THE HISPANIC ECONOMIC DEVELOPMENT CORPORATION

The Hispanic Economic Development Corporation (HEDC) is dedicated to economic development initiatives that positively contribute to the quality of life for Latinos in Kansas City. The HEDC provides education and direct technical assistance to Latino business owners. The services provided to assist

Hispanic entrepreneurs include everything from writing a business plan to licensing and permits. The HEDC also works with the Kauffman Foundation on their Spanish First Step FastTrac for aspiring entrepreneurs.



Jumpstart

new markets tax credits

The New Markets Tax Credit (NMTTC) program was designed to help direct the flow of capital into low-income communities.

It does this by providing investors with a tax credit incentive for investing in qualified Community Development Entities (CDE) across the country. The CDE, in turn, is charged with using substantially all of the investment to provide capital to qualified low-income community businesses (QALICB), which can be a for-profit/non-profit business or real estate development entity. Investors receive a tax credit equal to 5% of the investment amount in the CDE in each of the first three years following the initial investment, and a credit equal to 6% of the investment amount in the CDE in each of the following four years. In total, investor receives a credit equal to 39% of the initial investment amount in the CDE. The QALICB receives flexible, low-cost financing to support investment activities including land/property

acquisition, construction, equipment or machinery purchase, working capital, even debt refinance.

The program was created as part of the Community Renewal Tax Relief Act of 2000, Section 45D of the IRS. Administered by the U.S. Treasury Department (specifically the Community Development Financial Institutions Fund), the geographically-based program eligibility is limited to low-income communities.

The KCMO CDE is the only minority-controlled CDE dedicated to leveraging the New Markets Tax Credit program to provide financing assistance to businesses and real estate development projects that represent investment exclusively in the City of Kansas City, Missouri.

RUBEN ALONSO III,
EXECUTIVE DIRECTOR OF THE KCMO CDE:

The New Markets Tax Credit Program is truly elevating the way economic development is done in our communities.

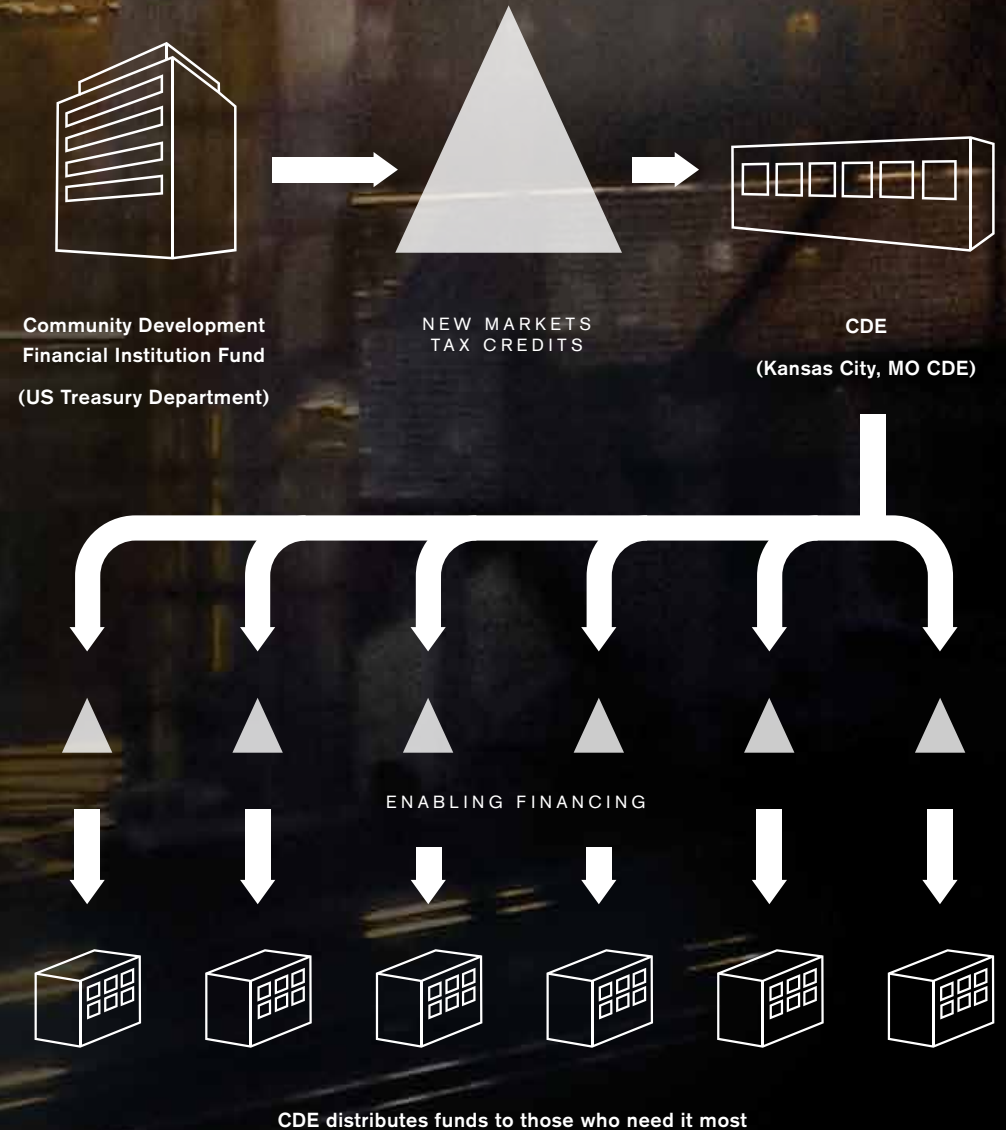
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kcmo cde programs

TAKE A LOOK:

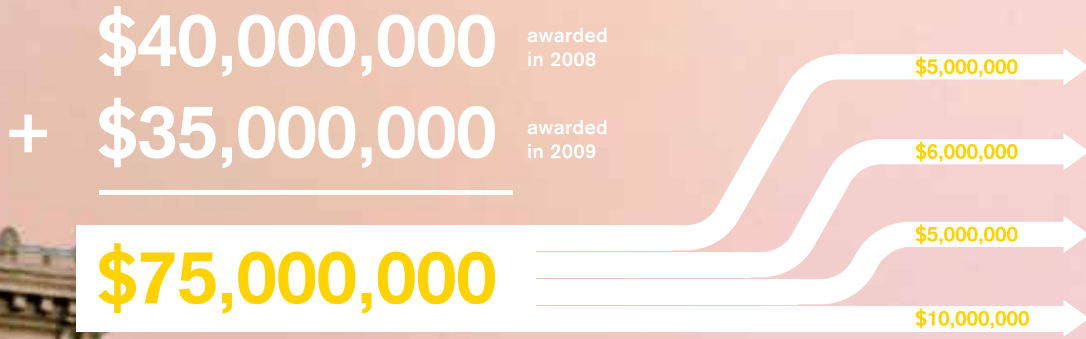
How the New Markets Tax Credit Program works



The KCMO CDE New Markets Tax Credit allocation authority

KCMO CDE received:

and distributed as:



in new markets tax credits

- The Boys and Girls Club
- Posty Cards
- Reeves-Wiedeman Company
- Truman Medical Centers

in enabling financing

development to date



This is the start of something good.

The KCMO CDE made its first application for NMTC allocation authority in 2008.

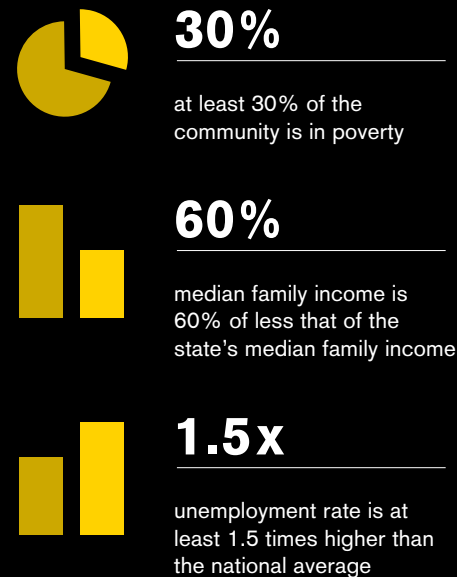
With a strong partner in the City of Kansas City, Missouri, the KCMO CDE was awarded \$40 million in NMTC allocation authority. Having demonstrated early success with its 2008 allocation authority, the KCMO CDE applied for and was awarded an additional \$35 million in allocation authority in 2009. With its NMTC Allocation Authority, the KCMO CDE has targeted providing low-cost financing to businesses and real estate development projects that represent investment in highly distressed low-income communities; census tracts

that are characterized by populations with poverty rates greater than 30%, median family income less than 60% of statewide median family income and unemployment rate at least 1.5 times the national average. The KCMO CDE has used investments that tax credit investors make in the CDE (in exchange for federal tax credits) to deliver low-cost financing in the form of a 7-year, interest only loan at a below-market interest rate to qualified businesses or real estate development entity.

KCMO CDE FOCUS:

Highly distressed low-income communities

community characteristics:



Pictured from Top to Bottom: David Smith, President of the Boys and Girls Club; Bill Wiedeman, of Reeves-Wiedeman Co., reviews plans for the building; Erick Jessee, President of Posty Cards; Inside Truman Medical Centers.

DAVID SMITH,
PRESIDENT OF THE BOYS & GIRLS CLUB
OF GREATER KANSAS CITY:

Imagine that! We get a
call from the KCMO CDE
saying, 'We can help you.'

”

Boys and Girls Club

Community Center

\$5,000,000 allocated

The Boys & Girls Club of Greater Kansas City project includes the renovation of the former Minute Circle Friendly House building located at 2405 Elmwood as well as new construction to create the JD Wagner Unit community center that will house a gym, indoor pool, computer lab, art room, multi-purpose space, and many other classrooms.

Posty Cards

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development to date

LEED Platinum Facility Expansion Project

\$6,000,000 allocated

Posty Cards, Inc., which designs, manufactures, and sells personalized “all occasion” and holiday greeting cards and calendars for companies nationwide, will be expanding the company’s existing card fabrication facility, located at 1600 Olive Street, adding over 20,000 square feet of production space. The new fabrication facility will be the first industrial building in Kansas City, Missouri to achieve the LEED Platinum certification designation.

TAKE A LOOK:

LEED Certification Checklist: Points Possible



LEED Rating System



Pictured: The new Posty Cards facility receives some finishing touches.



ERICK JESSEE,
PRESIDENT OF POSTY CARDS:

It was the perfect window of opportunity.



Reeves-Wiedeman Company

LEED Gold Headquarter Development and Relocation from Lenexa, Kansas

\$5,000,000 allocated

Reeves-Wiedeman Company, a local plumbing supply company dating back to 1887, is renovating the historic OH Dean building located at 3536 Main Street and converting it into office and retail space. Reeves-Wiedeman Company will be moving

its corporate headquarters operations from Lenexa to the completed building by the end of 2010. The development is expected to help revive the once thriving corridor between Crown Center and the Country Club Plaza.

Pictured: Kurt Wiedeman, Ted Wiedeman, and Bill Wiedeman



Truman Medical Centers

Hospital Hill Business Financing

\$10,000,000 allocated

Located in the heart of Kansas City's urban core, Truman Medical Centers (TMC) Hospital Hill campus is consistently one of the busiest Level I trauma centers in Kansas City, Missouri. As the primary teaching hospital for the University of Missouri-Kansas City Schools of Medicine, Nursing, Dentistry, and Pharmacy, TMC has over 500,000 patients that seek outpatient treatment yearly, including emergency room visits and mental health visits. It also serves as the primary safety net health care provider for the non-insured and underinsured

residents of Kansas City and Jackson County. In 2008 alone, the Hospital Hill campus provided more than \$73 million in uncompensated care, more than any other single hospital in the State of Missouri and more than all of the hospitals in Jackson County combined. Recognizing the significant role TMC plays in helping to provide high quality care to many residents of low-income communities, the KCMO CDE was able to provide flexible financing to TMC to support its ongoing operations as well as investments TMC has made in a new diabetes center as well as life-saving medical equipment.

Onward and Upward

STATEMENT OF ACTIVITIES

FROM AUGUST 18, 2005 (INCEPTION) TO JUNE 30, 2010

UNRESTRICTED REVENUE AND SUPPORT	
management fees	\$39,259
origination fees	\$69,521
interest income	\$39
total unrestricted revenue and support:	\$108,819
EXPENSES	
general administrative	\$21,723
sponsorship fees	\$12,285
program expense	\$138,036
transaction fees	\$219,017
total expenses:	\$391,061
DECREASE IN UNRESTRICTED NET ASSETS	
	(\$282,242)
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	
	-
unrestricted net assets at end of year:	(\$282,242)

STATEMENT OF FINANCIAL POSITION FOR THE YEAR, ENDING JUNE 30, 2010

ASSETS

current assets:	
cash and cash equivalents	\$555,058
	\$555,058
other assets:	
restricted cash and cash equivalents	\$260,039
investments in partnerships	\$2,612
	\$262,651
total assets:	\$817,709

LIABILITIES AND NET ASSETS

current liabilities:	
accounts payable and accrued expenses	\$26,023
	\$26,023
long-term liabilities:	
deferred income	\$1,023,928
refundable retainer	\$50,000
	\$1,099,951
commitments and contingencies	-
unrestricted net assets	(\$282,242)
total liabilities and net assets:	\$817,709

For more information about
the KCMO CDE please contact:

Ruben Alonso III
EXECUTIVE DIRECTOR

P 816 216 1851
E ruben_alonso@kcmocde.org
W www.kcmo.org/CKCMO/Depts/
Finance/NewMarketsTax Credit/
index.htm
A 1900 Vine
The Historic 18th & Vine Jazz District
Kansas City, MO 64108

Here and now.

KCMO CDE 2010 BOARD OF DIRECTORS

Robert Langenkamp

Chair of the Board of Directors,
Assistant City Manager
City of Kansas City, Missouri

Jean-Paul Chaurand

Senior Vice President
Greater Kansas City Community Foundation

Gary Cortes

Principal
Hoffman Cortes Contracting Company

Randall J. Landes

Director
Finance Department
City of Kansas City, Missouri

Margaret J. May

Executive Director
Ivanhoe Neighborhood Council

KCMO CDE 2010 ADVISORY BOARD

Erika Brice

Board member
Blue Hills Community Services Corporation

U.S. Bank N.A.
Assistant Relationship Manager

Devan Case

Small business owner
Pendulum Studios

April Cushing

President
Ruskin Heights Community
Development Corporation

Frank O. Oligbo

Board member
Greater Kansas City Local Initiatives
Support Corporation (LISC)

Vice President/Community
Relationship Manager
M&I Bank

John A. Wood

Senior Program Officer
Greater Kansas City Local Initiatives Support
Corporation (LISC)

KCMO CDE PARTNERS

City of Kansas City, MO
Controlling Entity

Baker Tilly
Financial Advisors

Clayborn & Associates
CDE Legal Counsel

Leverage Law Group
NMTC Transactional Counsel

Novogradac & Company
Auditors

Welch & Associates
Accountants

US Bancorp
Community Development Corporation
Tax Credit Investor

Pictured: Construction at the new
Reeves-Wiedeman Co. headquarters

Design: Design Ranch design-ranch.com
Photography: Forester Michael



KANSAS CITY, MO COMMUNITY
DEVELOPMENT CDE