CONSENT AGENDA ITEM NO. ____

STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL MEETING, THURSDAY, APRIL 3, 2025**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Meeting, Thursday, April 3, 2025, with ten members present: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Burns, Commissioner Second District; Ramirez, Commissioner Third District; Hill, Commissioner Fourth District; Kane, Commissioner Fifth District; Lopez, Commissioner Sixth District; Stites, Commissioner Seventh District (left meeting at 6:25 p.m.); Davis, Commissioner Eighth District; and Garner, Mayor/CEO presiding. Townsend, Commissioner First District; was absent. The following officials were also in attendance: David Johnston, County Administrator; Angela Lawson, Interim Chief Counsel; Shelley Kneuvean, Chief Financial Officer; Reginald Lindsey, Budget Director; and Monica L. Sparks, Unified Government Clerk.

Mayor Garner said before I call the meeting to order I want to announce that we have individuals attending remotely as well as on-site. All participants joining by phone should mute their phones when not speaking to avoid background noise. During the meeting, please make sure you announce yourself by name and title every time you speak so the public that is participating knows who is speaking. This is critical given the number of remote participants and is current guidance from the Kansas Attorney General Office. Please be sure to speak directly into the microphone to ensure your comments are heard and an accurate record can be made of this meeting.

Mayor Garner called the meeting to order.

NOTICE OF SPECIAL MEETING of the Unified Government of Wyandotte County/Kansas City, Kansas, is scheduled to be conducted in a hybrid format on Thursday, April 3, 2025, at 5:00 p.m. for a Budget Workshop related to Debt Strategy in the Commissioner Chambers of the Municipal Office Building. Roll call was taken and there were ten "Ayes," Lopez, Stites, Davis, Bynum, Burroughs, Burns, Ramirez, Hill, Kane, Garner.

CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and for the purpose therein stated.

Mayor Garner said tonight we're scheduled for another installment of our ongoing 2026 Budget Workshops and meetings and that consists of presentations and information as well as comments from staff and Unified Government commissioners who are going to be making some decisions for the 2026 Budget. I'll now turn this meeting over to County Administrator, David Johnston, and he will lead the meeting from here.

David Johnston, County Administrator, said our second session is going to be led by Dr. Kneuvean, our CFO, and tonight's focus is going to be on Debt Strategy.

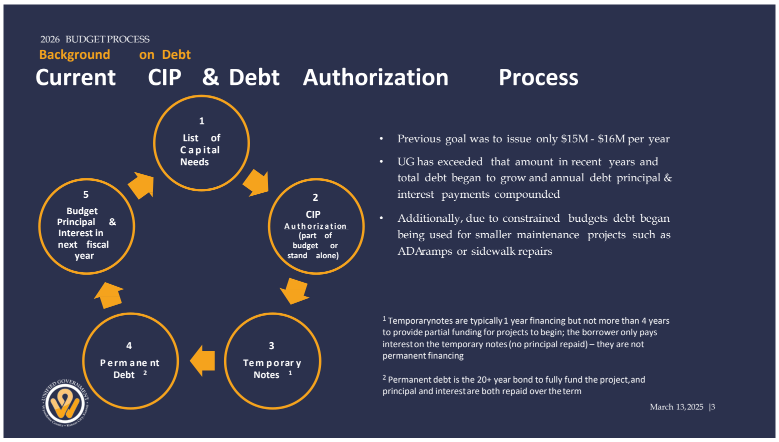
Shelley Kneuvean, Chief Financial Officer, said thank you for the opportunity to bring forward some detailed data for you. This information may prompt additional questions. We are spending some time updating information because with debt things are always in flux. You're paying off debt, you're having new debt and so we're going to confirm the dollars, but for purposes of the presentation, the numbers in this presentation do illustrate the high level conversation we want to have with you all.

The purpose of the presentation is to discuss our current debt financing approach, so we're going to spend some time talking about the process. We're going to look at the outstanding debt portfolio, the existing debt that we have that we're still paying on, the overview of an impact it has on the Annual Budget for the principal and interest payments and then discuss proposed strategy for both the city and county and Enterprise Funds that might assist the Unified Government in getting our debt to be more manageable.

Before I jump into that, I wanted to just backup for a quick minute and remind you of some terms. So, Capital Projects, what we're talking about is Capital Improvements that typically have a life cycle of 20 years or more, so Capital Improvement is more of a permanent improvement. It's things like roads, sewer lines, buildings, and maintenance items really are not ideal for being a Capital Project. Those are really Capital Maintenance and we'll talk some about the strategy that we've had to use in order to help meet some of those needs and how we can unwind that a little bit going forward.

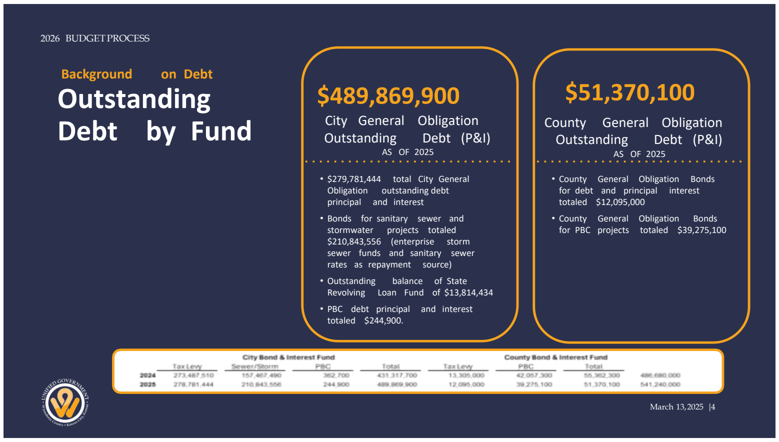
The Capital Improvements Plan is a 5-year plan. It is part of our budget process, but I do want to highlight that we have a policy that was actually adopted by the Commission that shows that only the first year of the CIP is actually adopted and those funds are appropriated. It's a plan, it gives you an idea of the overall direction that we're going, but those funds are not actually appropriated, which I know we've had some discussions even most recently about Fire Station 20, for example, in terms of that first year is what's actually appropriated and available.

We also have funds that are funding Capital Projects that are cash funding. That's in the budget in the CIP. We have lease financing that's typically shown as Capital Equipment, which some of that is done through lease financing and some of it is budgeted within the departmental operational budget. Then, we have GO Debt, which is typically repaid over 20 years, which is again the life cycle of that Capital Improvement, but we're going to spend a little bit of time talking more about General Obligation Debt tonight, not so much on the Capital, cash funding and the lease financing. Those will be topics we bring back as part of the budget proposal.



Currently we follow this process. We have really five steps to it. We have the departments identify the list of the needs, the Capital needs that the UG has. We have a CIP, like I talked about, that gives authorization and then we have Temporary Notes, which is something that we've used traditionally here at the Unified Government, which are typically not the full amount of the needed projects, but it's a portion of that amount and it is one-year financing typically. It can go up to as many as four, but you're not making any progress on the principal. You're just paying interest on those funds and it allows the project to get underway.

The next step is typically a year later, then we bring back permanent debt for authorization so we refinance the temporary notes into permanent debt as well as any additional funds on those projects that had been spent through the authorizations, which means in essence we are cash flowing that difference. Then, the next year is when the principal and interest starts showing up in the budget and so this is just to illustrate to you that it's a full process that we go through in terms of Capital Improvement needs and funding at least under the current plan and process.

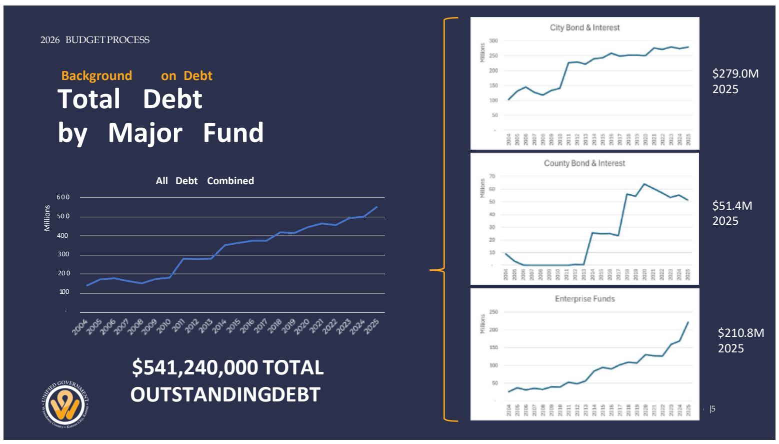


In terms of what this strategy has brought us to is Outstanding Debt by Fund. On the city side in the City Bond & Interest Fund you would see there's a variety of things included in there. The storm and sanitary sewer, projects are in there, the General Obligation projects are in there that are repaid with the tax levy, the Public Building Corporation funds are in there, which is also paid with the tax levy, so you have a total list there.

On the county side we have some county funds, but there's a statute that limits how much General Obligation County Debt you can issue. We use a mechanism, the PBC, the Public Building Corporation on the county side more often because it provides more latitude and more capacity. For illustration purposes, when you add that together, that gives us about $541M of outstanding debt right now. That's debt that we're still paying on and it's a substantial amount, and like I said, we are in the process of updating that to make sure that we've conveyed the information completely.

There's some other kinds of debt such as Tax Increment Financing, for example, which is paid with property tax that is diverted from the County or City General Fund and it is put into another fund to then payoff a project that we issue bonds for. That's not illustrated here, but there's all sorts of bonds. There's also STAR Bonds as a point of reference. This is just a component of the bigger picture and when you add all of that up, and again, this is off of what we are currently paying down you really do get to a point where you're upwards of almost a billion dollars in terms of debt. When you start looking at all of those and go back to the bonds that we're paying on still and you go back to the original issuance and you add that up what the total is and that's a number that we'll be getting out to all as we confirm it. We just want to make sure we're picking up the right numbers.

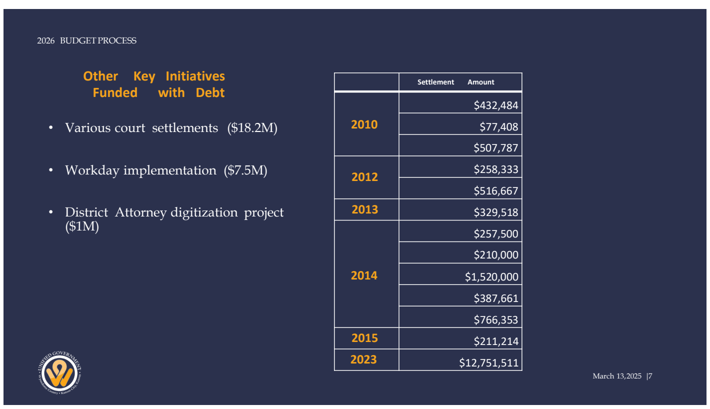
For the city side, it totals up to $489M on the city side for '24. It goes up to—I'm sorry, the reference is incorrect at the top. That should say, no it's correct, I'm sorry, so for '25. That's for '25, so it's $489,869,900 and then on the county side, the total, again, bonds that we're still paying on is about $51.4M.



This next slide is just an illustration to just really graphically represent the same information. It's intended to show you that over the last 20 years the use of debt, the issuance of debt has dramatically grown and it's been a process over time and it's not something that can be immediately addressed because it took time to get to the point where we are now, but we do have some ideas about how we could make that more manageable.

The other thing that is important is that we've listed off a number of projects that these funds have been used for. This is not an exhaustive list. This is just an illustration and I do think it's important to note that it's not that the Unified Government was doing something wrong. It is that we have a lot of Capital needs. We have a lot of needs, we're trying to address them and that's resulted in a lot of debt being issued and we are looking at ways of how can we may be able to slow that down some and how can we make it more manageable over time, but these dollars went for real things. They went for things that we can see all around us. It paid for two fire stations, it paid for the plaza work that's going on still today on the City Hall Stabilization Project, Leavenworth Road Improvements, so you can read the list, but there are a number of projects here that clearly show that they were needed projects. This was the way that we were addressing some of our needs.

On the Sanitary Sewer and Stormwater, you all are very familiar that we have a consent decree and so we have been able to complete some of those projects on the consent decree. The way that we have financed those projects has been through debt. We also, for example, recently completed and opened the Wolcott Treatment Plant and that was a $65M project. These are necessary things, but they're also very expensive, they're completely appropriate for debt, but again, it comes down to what can you afford.



Other things that we have funded with debt that aren't really a traditional Capital Improvement, we have had a situation where we've had a variety of settlements, legal settlements that we have done debt financing for. In every case those were approved by the Commission as that was the mechanism for us to pay, but this is also a good reminder why those fund balances are so important because a legal settlement may not be anticipated and you may need to look to use your fund balance if you have it available to meet that need.

We purchased a new financial management system, Workday, which was purchased and implemented over the last couple of years. In '23 most of the system went live, but in '24 all of payroll was moved over, so it's really since '24 that we are completely implemented in terms of what's called Workday, which is a financial management system. It also manages like the positions, payroll, accounts payable, it's the whole system, it's our enterprise system.

Then, we had the District Attorney Digitization Project, which became a need and was brought forward to the Commission for consideration and we did issue debt for that as well. That's just an illustration of the types of things that this debt has been issued for. All worthy and important things.

Year	City General Fund	City Sanitary Sewer	City Storm Sewer	County General Fund
2015	$24,644,808	$4,857,009	$809,725	$2,306,962
2016	23,309,101	5,110,270	1,103,125	3,162,791
2017	25,968,479	6,828,760	1,101,933	2,941,388
2018	25,351,042	6,979,073	1,249,230	3,323,002
2019	28,123,720	6,970,434	1,718,790	5,370,945
2020	31,109,204	7,097,959	1,729,588	7,576,822
2021	25,770,671	7,576,752	1,720,332	5,982,330
2022	29,986,365	8,851,319	1,884,482	5,800,639
2023	31,386,111	11,093,291	1,964,722	6,112,177
2024	32,876,880	12,060,764	1,944,728	6,149,624
2025	33,973,196	13,431,128	2,048,794	6,944,548
2026 Estimate	35,173,196	16,729,880	2,064,493	6,944,548
Net Change 2015 -2025	$9,950,012	$8,574,119	$1,239,699	$4,637,586
% Increase	39%	176%	153%	202%

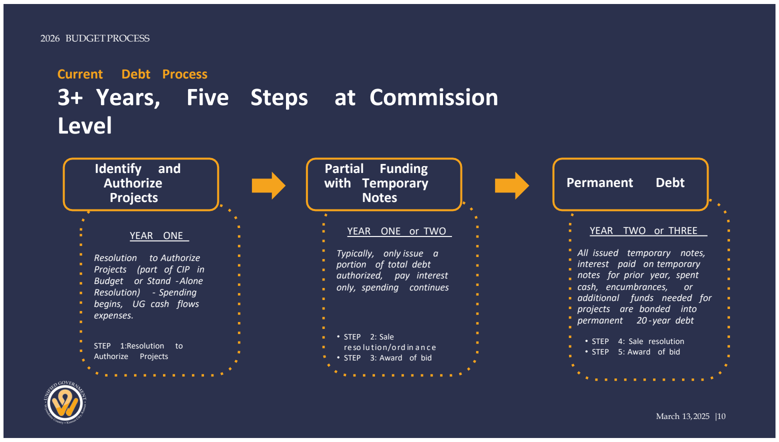
What's happened is that over time as we've issued more and more debt the impact that it has had on the fund for the operating cost has been pretty substantial. A way to think about it is every dollar that goes to debt is a dollar that cannot go for operating costs, property tax reduction, cash projects, new positions, so forth. For every dollar that's going to pay debt, we've made these commitments that are binding commitments that we have to pay these debt commitments, but it went from, for example, in 2015 the City General Fund was about $24.6M and that was the annual—just principal and interest payment, that's not the total outstanding debt, but that's just the annual payment.

If you look at where we are and at what we're estimating where we'll be at in 2026, we will be at $35.2M, so you can see that has grown—through '24 its grown almost $10M. That's an annual payment so you can see how it started compounding and impacting really all of these funds. For Sanitary Sewer we were at $4.8M, we're now at 16 or soon to be at $16M. The '24 number was the $12M, which was an $8.6M growth. You can see the change. The reason, you know, things keep evolving and so we just closed on the bonds that were approved by the Commission recently. We've got an estimate for the principal and interest on those bonds built out here, but in terms of what really has happened—in terms of 2015 to 2025, the 10-year change is why I thought it would be better to make that comparison because that's in the current year budget.

We already know for next year's budget we're going to have some increases. In terms of the debt payments you can see them here and we've got some strategies about that. We shared at the time that we would use some of the fund balance only in the Bond & Interest Fund to help pay some of that principal and interest during the next year, not all of it, but a portion of it and I'll explain that a little bit more here in a few minutes.

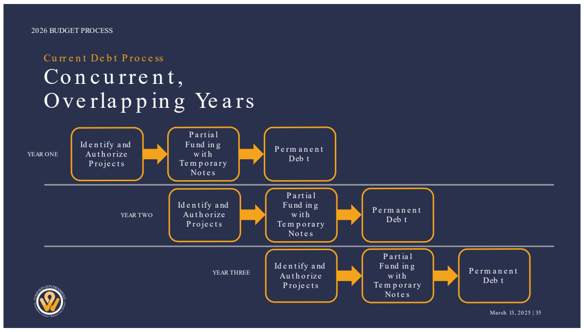
You can see that the Storm Sewer has also grown. It's more than doubled from $800K up to a little more than $2M. You've got the County General Fund, which is a smaller amount of money in terms of total principal and interest, but it's also grown pretty significantly from $2.3M up to $6.9M. That's a pretty steep increase in terms of the impact that's having on the County General Fund on the operating side because these dollars are having to go over on the debt side.

This is just really meant to show you an illustration just like the total debt that's outstanding was increasing rapidly, this is an illustration of those annual Bond & Interest—Principal & Interest payments. They were also increasing at a pretty rapid rate, so it's intended to just illustrate that for you over the last 10 years.

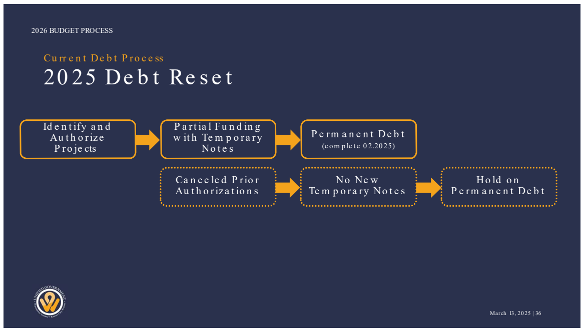


Shifting gears a little bit, with that current process that we have where we have a CIP and then we have authorizations, we do Temporary Notes, Permanent Debt, and then we have our Principle & Interest that gets built into the budget. This is illustrating the things that the Commission has to do in that current process. In the very first year, sometimes it's been part of our CIP, but sometimes it's been standalone, the Commission would authorize projects to begin spending. The key about that is that there's no real money with that, so it's authorized, but there's not actually cash, which means if we start spending it, we're cash flowing it. We're cash flowing that project. When we brought that project back before you before, and I think I've got a slide coming up on the $88.3M. A portion of that, a significant portion about $27M was authorized money, but we did not have temporary note cash, so it's risky to do it that way because you're spending money that you haven't issued yet and that's also something that's happening in year one.

With the second step of the process, you typically will then do partial funding with temporary notes. That's our current process and the Commission does two things. They do a sale resolution and ordinance, which is what is required by statute and then they do an award of the bid, typically 30 days once we are closing on the bid. That is not a required step, but that's what we've been doing and then it's not until year two or three that you start actually—we go and we do the permanent debt from the temporary notes and the cash that was spent. We roll that into permanent debt and that's when we start paying on principal and interest and then it's not till year four that you'll see the bond interest payment—principal and interest payment show up in the budget. It's a lengthy process and it's very easy to kind of lose sight of or we have new people that have come into positions and so it's this evolution of decisions over a period of a fairly long time and then it overlaps.

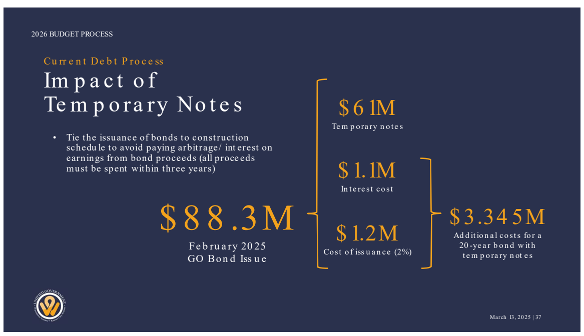


On this slide it's just intended to show how it compounds because each budget year we're doing all of these steps. It's just each year is at a different step of the process, so you get to a point where you're doing temporary notes, permanent debt, and authorizing new projects and when that happens, you know, it starts adding up in terms of future commitments. A different way to think about it is its decisions that you're making now in year one or two that you're making that will affect 20 years and making sure that we equip you with information as to what that looks like over the longer term.



In terms of where we are right now, as part of the debt discussion and a part of the budget last year we decided to do a debt reset, which was to just take a pause to try and figure out what our strategy should be, what's going to be financially affordable, what's going to be more manageable. So, we have identified and authorized projects through the CIP that did occur, but we did pause prior authorizations. Again, that means authorized, approved, but no cash. There's no money in the bank to pay for that. Partial funding with temporary notes, that's something that we just completed the last step of that long process, multi-year process, for the final outstanding item that we had with the permanent notes that we came forward with. What we propose is that we're not doing any temporary notes, in particular this year, but probably not going to be using that strategy going forward.

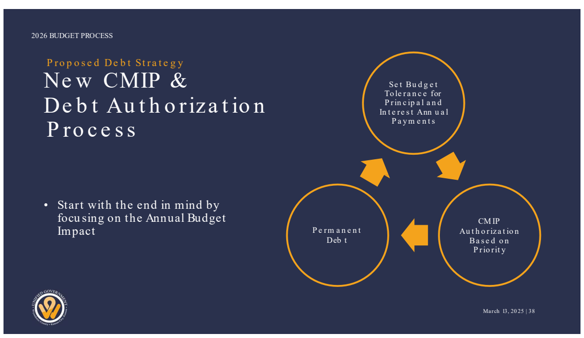
Then, we've held on any additional permanent debt so we can have this discussion and we can make sure that it's affordable over the long haul and you understand the decisions that you're making in terms of every dollar that's going to debt is a dollar that's not going somewhere else. We just want to make sure that you're making informed decisions.



I mentioned that we likely won't be doing temporary notes in the future. This is not unique to the UG. There are other communities that use this, but not really to the extent that we were using it and even for our own appetite over the years the amount we were issuing in temporary notes kept growing and growing and the idea was that you were trying to time your construction with the temporary notes so that you're doing the initial design, land acquisition, that kind of thing. Then the permanent financing would be once the construction, the final construction of the Capital Project has started. You've got a firm cost estimate, so it's a strategy that has some sense to it, but the downsize is that it costs you more to do it this way.

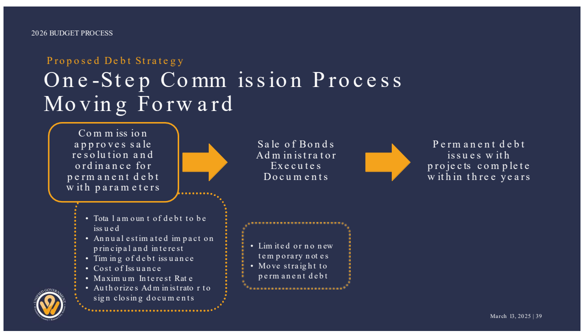
The last issue that we did, the $88.3M, as a reminder we had City GO projects in there and we had Sanitary Sewer projects in there, but in total we had issued $61M in temporary notes the year before. You can see $88.3M is more than 61, which means the difference is how much that we had actually had departments spending on those projects because our process authorizes them to. They're not doing anything wrong, but there's a risk with that in terms of you're going to have to come up with that money because it’s not budgeted per se because it’s intended to go into the permanent debt.

The other thing is that—two things roll into the permanent debt that come from only the temporary notes, which is temporary notes are interest only payment, so you’re making no progress on your principal and in this case the interest costs were about $1.1M. The other thing is that you pay cost of issuance on temporary notes, which is generally 2%. When you roll over to your permanent debt, you’re actually going to be paying interest on interest and you’re going to pay cost of issuance again, so we’re doubling up on some of our costs to use this mechanism and in this case it’s at least $3.3M more on a 20-year note one bond issuance. It’s a structure that, as I said, others use but it’s at the magnitude that we’re using it, it becomes not necessarily the best financial decision for the UG when our dollars are so constrained and we’re incurring cost on these projects that otherwise we would not incur. We could go straight to permanent debt.



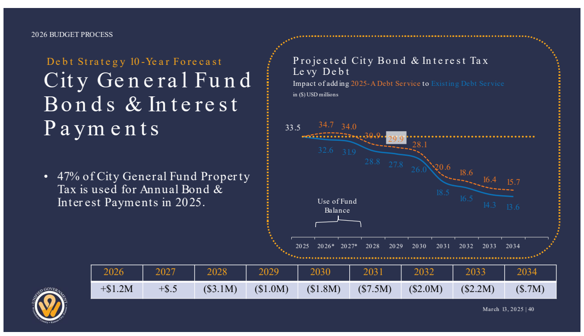
We’re looking at a simplified process, which is really a couple of things in terms of communication, managing expectations, being clear with what projects are being funded and where they are in the process and understanding the impact it will have on the Operating Budget the next year for principal and interest. A way to think about it, and I’m sure you’ve heard this, but start with the end in mind. In other words, instead of saying we’re going to look at all our Capital needs and we’re going to pick out the ones that we feel we need to do next year because they are all very needed. It’s not that they’re not needed. We’re going to start with the end in mind and say, okay, depending on the strategy that we use here’s how much money in the budget we have available for additional debt based on principal and interest. So, using that strategy kind of sizes or constrains the amount of debt we would issue. It helps us manage it and it's another part of the strategy that will also help us bring the debt down overall over time. We would set the budget tolerance, we're starting that discussion now, how much money do we have to issue new debt to meet our Capital needs. We would have the CIP that would be incorporated in the budget document, but we would not give spending authority as part of that, which you may or may not know you were doing, but that is how it was working.

Then, we would move straight to permanent debt so that we don't pay that extra interest and cost of issuance, so it's going to stretch our dollars a little further.



What does this mean? In terms of the Commission we've been talking with Bond Counsel and our own Legal Department about how we could simplify this process and the Commission has two things by statute they have to do, they're required to do if you're in agreement that we're going to issue some debt. You do a project resolution and that approves a list of projects to be funded and the dollar amount to be spent and you do a sale resolution and ordinance because we're a city and a county that will authorize us with proceeding with the debt sale. Those are the two required steps. In the past we were doing one of those in one year and we weren't doing the other one until the next year and it's just easy to kind of lose sight of what's being approved, what's really happening, what's being constructed.

So, putting this all together in one action, well actually two actions, but one night would give you the full picture of what you are authorizing and what you're authorizing be included in the bond sale for permanent debt. We would have the sale of the bonds within 60 days. The Mayor executes those documents post sale. You're not required actually to vote on them. If you wanted to, you could but it would still be within a short amount of time. We would certainly be advising you here's how the sale went, here's how much we think we saved or what the market was doing and then we have three years to complete those projects and we have three years because there's something called Arbitrage, which basically says you can't issue debt to make money on that money. We do get to during the three years invest those dollars and make interest on them and we do, but we can't go beyond that or we pay a penalty. We have to pay it back basically and it doesn't read well to the bond community. We've got to streamline our internal process a little bit so that we're getting those projects done within three years, so that's some changes within the departments that administer these project would have to be made to streamline that process.



2026	2027	2028	2029	2030	2031	2032	2033	2034
+$1.2M	+$.5	($3.1M)	($1.0M)	($1.8M)	($7.5M)	($2.0M)	($2.2M)	($.7M)

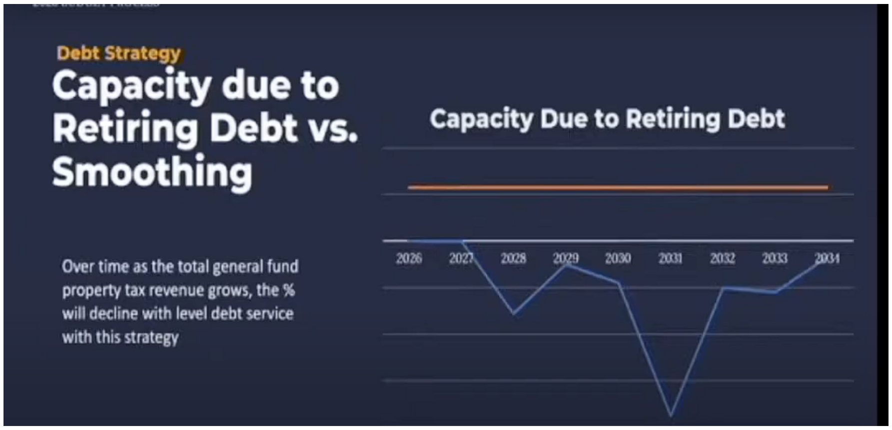
In terms of how much money begin with the end in mind, how much money do we have. We've got under the City General Fund bond, principal and interest payments. As you all know, we pay 44% of our mill levy, property tax mill levy towards annual bond and interest payments, so that's where that 44% has come from. If you were to look at the total city mill levy and you look at how much is going into the City's General Fund Operating versus the Debt Fund, it's 44% that's going into the Debt Fund. We've talked about our desire to try to bring that number down over time, so debt will be retiring in 2028 and we can talk about what opportunities that presents here in a moment.

I also want to thank the Commission. The Mayor, the County Administrator brought forward some ordinances for you all to consider that as economic development issuance expire, that those dollars would be considered as ways to bring down debt which could be used for either property tax reduction, meeting operational needs. Whatever direction you end up going, but you've already taken some actions that will help us manage our debt differently and help bring this number down.

The second one was the new growth. The portion of new growth that you would like to see considered going towards debt reduction or property tax reduction. You know there's a variety of things that could happen and to put that in perspective for you, in 2024 for new growth only, so not reassessment, not remodeling, just true new growth, it would be something that was built and completed within that year, that's when it comes on the tax rolls. So on the city side I worked with the Appraiser's Office, we had \$39.7M of new growth, which that's appraised, which results in \$5.7M assessed value. We can calculate out the math. I just ran out of time, but to say how much is that. That'll be part of our budget presentation. We'll tell you the number, we'll tell you what the 10% would be, which is what the ordinance says for that one. The other one is 50% and then the County Administrator will make a recommendation and then it's up to the Commission to do what you see appropriate.

On the county side we had \$44M worth of appraised value new growth, new growth only, and that was \$6.4M in assessed value. There is new growth that's happening and the Assessor's Office can separate that out for us so that we can see how we could calculate that to give you good information to make decisions on. The other part of it is that we will start retiring debt. We've been retiring debt over the last number of years. We really on the city side don't have a lot of latitude because we just approved that \$88M that had been approved three years ago had really been spent so we know that principal and interest payment is hitting in '25 and '26. You can see it on the chart, so the blue line is how much was existing debt on the city side only, General Property Tax Fund. The orange line is with that new debt added on, so you can see that we're using that capacity over the next couple of years and that was even using the strategy I mentioned in terms of using some of the fund balance to pay for that principal and interest because in that particular fund we have a little bit more fund balance than we really need and that money is specifically earmarked for Bond & Interest payments.

You can see in '28 is when we start getting a little bit of free board. You've got the straight line that's on there and then you can start seeing we're going to start retiring some debt and we can calculate that each year based on the debt schedule and that is opportunity.



When you look at our capacity, which is only because of the retiring debt, you're not looking at these other mechanisms that you all have asked us to take into consideration with economic development agreements that are expiring, with the new growth in property taxes. This is just for the capacity due to retiring debt and you can see out in 2031 there's a really significant payoff. We have a lot of our debt, which is going to be repaid and you go back in time and figure out why we issued so much debt then and it had to do with being right after the 2008 housing bust, the recession, and the feds were offering incentives to issue debt. They were doing what they could to support the economy. It was extremely low interest money and we took full advantage of it, which the beauty of that is now when we're in a tight time if we can do some things over the next couple of years, tighten our belt, we're going to have opportunity here in the next few years that provide a lot of choices and we'll talk about some of those in a moment.

When we started thinking about—we're going to be retiring debt and if we just start on the premise of what if we flatline—okay, our current—with the debt we just issued roughly our current principal and interest on the city side, just the property tax, not the stormwater, not the sanitary sewer, not the county side is about $34M in terms of principal and interest and that's going to be true for the next couple of years, but then in those next year's we start seeing some capacity. So when you're evaluating what could we do in those years, there's lots of choices, so one choice is we could have additional debt to meet some of our project needs and we would set-aside the money to pay that principal and interest.

Another is we could say no we're going to not issue more debt, we're going to take advantage of that paying off that free board and we're going to be more aggressive about reducing the amount of property taxes that's going to repay these because the more you payoff and you don't issue, you're paying each year less and less and less.

You could also—that frees up capacity to do property tax relief. Another thing it can do is help move some projects from the Capital Debt Projects to Capital Cash Projects and I'll pause here. I haven't mentioned that yet, but one of the issues that we've identified is that we are funding some maintenance type operations—not operations, but projects out of the debt that really don't belong there. They don't have a life of 20 years. An example would be ADA ramps. Those are very important, but they should be in the Operating Budget. They shouldn't be in debt where you're going to end up paying almost twice for the same thing and on this last issue we had several smaller projects that were on there, $100K that we need to move away from that. That's not the best strategy, it's costing us more for very little return and for Capital Projects that probably don't have a 20-year life. So, just rethinking our strategy, but in all honesty, this was a strategy to meet the needs that we did not have cash for, so it's not that it wasn't understood, it's just that there's a lot of needs and we were trying to be creative and find ways to meet those needs.

The other thing we could do is have less property tax going for debt and more going for operations to add positions. You've heard presentation from the Fire Master Plan, for example, and the need for future additional positions, which may or may not be something you advocate, but it's like, you know, just from a general sense we know that there's going to be areas that we need additional positions. This gives you flexibility to consider all of those things and then make the best decision and it can be a combination of these, the best decision that can be made.

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual P&I Payment Including 2025 Debt	$32.6M +$2.1M ======= $34.7M	$31.9M $2.1M ====== $34.0M	$30.9M	$29.9M	$28.1M	$20.6M	$18.6M	$16.4M	$15.7M
Net Change Due to New Debt or Debt Retiring	$0	$0	($3.1M) ======= $34M	($1.0M) ======= $34M	($1.8M) ======= $34M	($7.5M) ======= $34M	($2.0M) ======= $34M	($2.2M) ======= $34M	($0.7M) ======= $34M
Maximum Project Amounts for New Debt ($13M : $1M)	$0	$0	$40M	$13M	$23.4M	$97.5M	$26M	$28.6M	$9.1M

When you put numbers to that thought, this chart is intended to look at what our current annual principal and interest is and what it will be over the next number of years through 2034. The top line shows you that roughly 34M, okay, it's a little more in '26, but 34M and then it drops down to 30.9. Again, these are principal and interest payments, which means we have about $3.1M worth of debt that's being paid off, which means we won't have to pay $3.1M in principal and interest. Well, there's choices to be made there. If you were to issue more debt, it's kind of a 13 to 1 ratio based on the debt we just issued. For every million dollars you have in principal and interest you can do $13M worth of projects, so just a good rule of thumb, but that is 100% market driven. The market right now is very volatile, but this was a good estimate and we would update it each year as part of the budget process, here's what we're retiring, here based on current market conditions are what we believe could be done.

If the decision was to flatline for the next number of years at 34M, don't have more principal and interest, you might be issuing debt but you wouldn't go above the 34 roughly, that gives you capacity to do a lot of Capital Improvements. It also requires discipline, especially in the next two years, just throwing that out there.

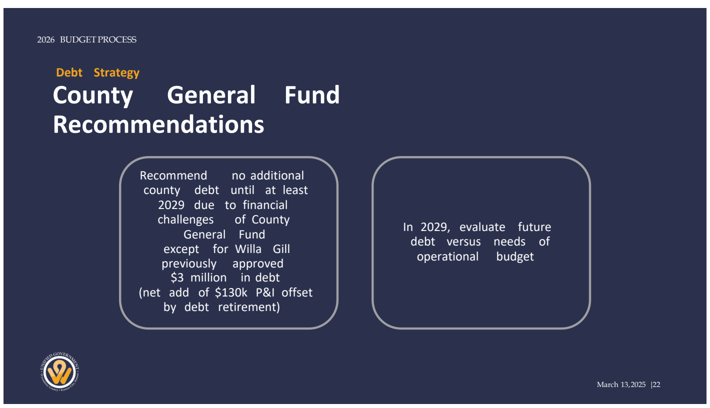
Another idea is that we take that '28 opportunity, which is $40M and we spread it out and we do $10M next year, no more than $10M new debt, and $10M the next year and then $20M and then we can go from there. Then we start getting into those years where we're having a lot of debt retire and that just provides a lot of opportunity for the Commission to consider and understanding that we have a lot of Capital needs, understanding it didn't feel very feasible, you know, one process would be don't do any more debt for the next two years. Another would be spread that third year, 2028, calculated savings out over the next couple of years and we can afford to do some projects and there might be only one or two depending on what was approved, but we could keep moving forward on some of these plans. So, this is another option for you to consider. I will caveat that if we go revenue neutral, that would be a different ballgame because we're incurring additional cost. It's $770K a year roughly that we would have in additional principal and interest, so we would be in a different position because we wouldn't have the revenue growth to cover that and we'd have to come up with calculations and additional scenarios for you to consider, so that's an idea of how we could manage our debt.

Something I haven't said, but I should say, is that as our overall assessed valuation goes up and let's just say it only goes up 2%, super conservative, so 2% and we're keeping our debt steady. Over time, just naturally, it's going to be less percentage of our tax levy—our mill levy, so it's 44% now, but because the assessed value will go up but the amount of money we're setting aside for debt stays flat and then that percentage is going to go down. It's a strategy to try and help think about how do we tackle that issue because again it didn't happen overnight, it happened over time and it would be something that would be unwound over time, but it would accomplish that.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual P&I Payment Including 2025 Debt	$6,383,544	$6,282,154	$6,201,263	$6,213,394	$5,092,044	$3,942,438	$3,937,544	$3,938,569	$3,944,456	$3,938,869
Net Change Due to New Debt or Debt Retiring	$0	$137,000	$0	$0	($1,121,350)	($1,149,606)	$0	$0	$0	$0
Maximum Project Amounts for New Debt ($13M : $1M)	$0	$3,000,000	$0	$0	$14.3M	$14.9M	$0	$0	$0	$0

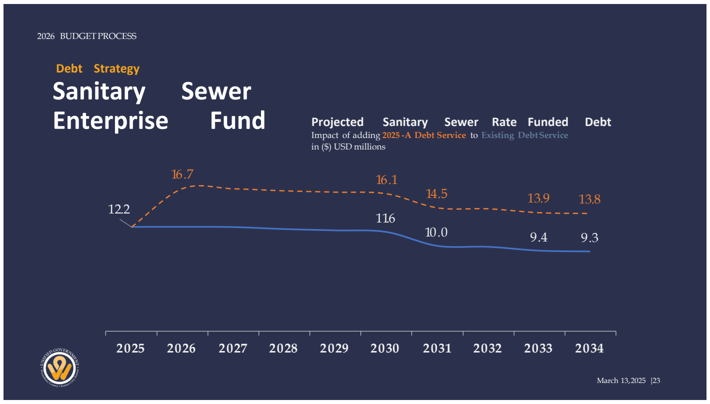
So, the same concept applies on the County General Fund side. We really don't have a lot of opportunity in the next few years because there's not—honestly there's not a lot of debt issues that we've done on the county side. We've done some very big projects. The Juvenile Jail, for example, the Emergency Management radios, so some high, high dollar value, but in terms of the number of projects, there's not nearly as many. You can see a lot of those years you're not going to really be paying off any debt. The only caveat I would say is you see from '25 to '26 that it goes from 6.38 to 6.28, so that's about a $100K savings. What we would recommend is that we proceed with the match money that has been previously authorized. We would bring that back to be reauthorized and issue the permanent debt for 3M for the Willa Gill Replacement. We have Cerner money for that, we have some cash money for that, and then we had the 3M that was identified for debt funding, and so if we going to proceed with that and be able to afford to build something, we would recommend we go ahead and do that. That would be the one project previously authorized that we bring forward. We would have you reauthorize it as part of that permanent debt and the net difference because we're talking about $3M, the net difference in the annual principal and interest with that little bit of retirement and the 3M more in debt would be about $137K. Now, that is not a lot of money in the bigger scheme of things, but it is a fund that is struggling. The County General Fund does not have a lot of money capacity and we know that the fund balance is down and we know that the financial forecast that the Budget team shows the Commission as part of the budget every year that the fund is struggling. What makes it even more challenging is that the fund is paying for critical Criminal Justice functions that aren't really discretionary. It's paying for your jail, it's paying for your court system, it's paying for your District Attorney, and the Sheriff's Office, so these are major consumers, if you will, of the County General Fund, so there's not a lot of latitude in terms of what could we reduce, what could we cut out of that fund to meet those minimum requirements because the bulk of the fund are those truly Criminal Justice System related core functions.

There is opportunity using the same thought, the same strategy. In 2029 you can see that we start retiring some debt and so that would free up about $1.121M in terms of annual principal and interest payments that would go down because we paid off debt and an idea would be that you could issue $14.3M in terms of new debt. If additional projects are identified that gives us some opportunity without increasing the current amount of principal and interest that we're paying, so we're basically just taking advantage of that differential, which could be used for debt or it could be used for cash projects, then you're not paying interest on them or it could be used for property tax relief or operations. There's a lot of options here. This is 100% property tax in terms of the money that goes to fund the debt on the county side and we do talk about on the city side that is 44%. On the county side it is 6%, so it's a lot lower percentage of the mill levy that's going to debt. We have a lot less debt in total, but it's in a fund that is struggling because it has core mission critical functions and that fund just simply isn't keeping up with the spend in particular for the jail. That was something that the Sheriff had shared during the budget process and it's a concern to be able to manage that system because you just receive what you receive from the courts and it's not like you can necessarily—well, without the court you can't let anybody out on like supervised release. You have to keep them in jail and so it's kind of a cost that the Sheriff really can't control. It's just food for thought in terms of this fund, while a lot smaller dollars, also is a fund that has a lot more challenges financially overall.

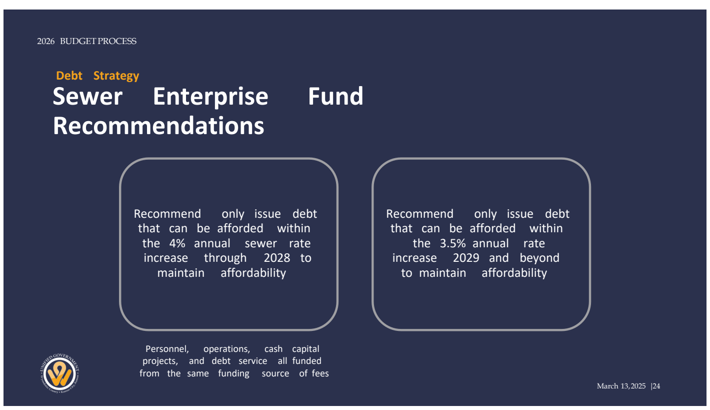


Another point is that the last time we actually issued debt for the county was in 2021 and that was doing some improvements to the Adult Jail and then in 2020 we did the Juvenile Jail. We haven't really done any county bond issues in a number of years, so it's not like there's a whole bunch lined up that we're going to have to cancel or put on pause really for a period of years. They're just different needs. There's not as many facilities Capital projects. They don't pay for the roads, for example, and doesn't come from the county side, so it's just a different nature of a fund.

We would recommend that we don't do any additional debt particularly knowing the situation with that fund except for the Willa Gill for the $3M to help get us across the finish line on that project that the Commission has given support to. Then, we would start evaluating the future needs in 2029 when we start seeing additional debt reduction, so that would be our suggestion on the County General side, which again, can only be used for County Capital Improvements. Most of our debt, most of our Capital Projects are on the city side.



In terms of the Sanitary Sewer Fund, so with the project or the permanent that we just did, you can see we went from 12.2M and that was our existing debt, to 16.7M and that's principal and interest payments. A lot of that bond issue—it was roughly say 55M was Sanitary Sewer Projects. They had calculated in the rate analysis that additional 4.5M to start going towards debt over the next number of years.



It's built into the rate model, it's something they can afford with the constraints that the Commission has put on them, which is we're not going to do anything more than the 4% over the current rates through 2028 and then that drops down to 3.5%. That was all calculated, as I understand it, in terms of the consent decree and these required projects to get us through meeting those legal obligations that we had. They're working on that model continuously because the sewer rates pay not only for the debt payments for Capital Projects, but any Capital Maintenance that's paid for from the operations as well as the operational cost.

All the operations related to running the pump stations, the sewer treatment plant, all of that is all funded from sewer rates, so they've got to look at more than just debt variable. They're looking at all of those variables and making sure that they can stay within that 4% annual sewer rate and I will tell you that is challenging because the cost of construction has gone up significantly since COVID and, frankly, for all kinds of construction. There's been this rapid increase more than just normal inflation on the Capital side. They're looking at that, they're updating the cost assessments of the projects, they're trying to balance that out, but for what was just approved that had been built into the model. So, anything that we bring forward, that will be part of our conversation is this in the model, does it fit within the 4% annual sewer rate increases or what are the other options. They could slow down the projects. I guess they could ask for higher increases. I don't know that that would be received very well, but they're trying to balance that out because we do have some legal requirements we've got to meet.

We are suggesting that we tie our debt to the rate model and we try to limit our debt somewhat to the amount that we have currently so it doesn't start taking on more of that operating cost like we have going on the City General Fund side.

That's a lot of information and I hope it gives you some food for thought. We're responding to the idea that the Commission has advocated that we need to come up with a better strategy on debt to manage—to make it more manageable. We've come up with ideas of how could we do that in terms of issuing debt, holding off, putting some caps on what we issue over the next few years and then that gives you more opportunity to make decisions. It really does require—and it is hard because these Capital needs are very important, but it may be that we have to slow them down for a couple of years until we get better opportunity in the out years because we don't have enough money to keep pulling for more debt, so we're trying to keep the money that's in the Operating Fund there and not pull more towards debt and yet also balance with meeting our Capital Needs. To me the light at the end of the tunnel is that we are going to be retiring a lot of debt over the next 10 years and that provides an enormous amount of opportunity, but we're just not there yet.

Every year we look at what can be paid off early and we have actually a policy that has been adopted by the Commission. We look at any debt that has been in place for 10 years or more. You can't do a call, you can't refinance or payoff until you hit 10 years. That's general practice, GO Bonds, because the people who buy these bonds—because these are real people that buy these bonds, they are expecting a return on their investment, so they're guaranteed they'll get 10 years, but at that point we reevaluate should we refinance, is there better interest rates, could we payoff early with some of the strategies that we've identified. We look at that every year and so that will be things that as those opportunities come up we will bring those forward for the Commission to consider because the whole strategy here is how do we reduce our debt because that provides our flexibility to be able to meet so many of our needs including tax reduction, tax relief, and Capital needs and not paying interest on small little bitty projects.

I mean there's so many things that we're trying to tackle all at the same time, but we feel like this is feasible. This is something that we could do with the Commission's support, so you all have already started the process, the journey with some of the ordinances that you've approved and we do appreciate that because that gives us some direction of things to consider to bring forward that help to round out this process. We've got debt retirement, we've got these two ordinances, so all of that can be considered. It's the Commission's budget at the end of the day. You may say Shelley, I don't care, we need to have more Capital Projects so we're going to issue more debt and we understand we're going to pull more of the mill levy to pay for that debt. That will be an intentional decision, but part of the reason why we're recommending a more simplified process is so that you're making that decision all at once. You're not making decisions over four years where you're authorizing temporary notes, permanent debt, principal and interest. You're making it all at once. You're saying okay, authorize the permanent debt, as part of the budget we'll have a plan, but we'll have you authorize and do the permanent debt, which once again, is part of the strategy because we won't be paying interest on interest and cost of issuance twice, so it'll cost us less. It stretches our dollar and so it will all be at one time and we'll be able to convey after the sale based on the interest rates we get what's going to be the—we can estimate it, but what will be our principal and interest that starts coming due when we start paying the bonds back, which is in the next year so we know what the commitment is.

You authorize debt, but you also know—you pre-decided how some dollars are going to be used in the next year, not four years down the road because there's just too many moving parts to keep track of, but it's very succinct and it helps us be able to convey to the citizens, to the public exactly what it is that we're doing, when it will start and when it will be getting done.

With that, I'm glad to answer questions. Debbie Jonscher is here and Reggie is here as well. We've had lots of discussions about debt. They're very knowledgeable. You may have more questions, we may be able to answer them or we may want to say we'll get back to you, but we did want to take a few minutes to go through this and it's just a situation that happened over time. You know when you start adding in some of the economic development bonds you do start getting somewhere close to almost a billion dollars in total debt at the issuance, which there's different funding sources that repay those, but it is a huge amount of money especially for a community that has 169K people. That's not a huge population. We do have a very healthy business community which also helps, so it's just thinking through the strategy and trying to give you some options, ourselves trying to brainstorm some options. We welcome all ideas or good ideas are worth exploring, so I'll pause and take questions.

Mayor Garner said thank you Administrator and thank you to our CFO for educating the Commission and our community on where we stand with our accumulated debt. I think it was valuable.

Commissioner Kane said, Shelley, you said a minute ago if we thought that you need to be corrected or whatever, we could do that, right? **Ms. Kneuvean** said yes, of course. **Commissioner Kane** said I voted on $2M for the Willa Gill Center. I'm not sure where $5M came from, which is 2.5 times what we talked about in the first place, so in my mind we need to be closer to $2M than $5M and I don't ever remember voting on the $5M. **Ms. Kneuvean** said I understand and this is—Commissioner, if I can, this is one of the reasons why I want to condense the process and I don't know that people necessarily had a full breath of understanding. If you go backwards in time to the CIP, $3M was authorized for debt. There was other money. There's Cerner money and other money, but it was authorized for debt. There's ARPA money too. So, authorized in our past system because I don't want to do this anymore, allow people to start spending. They haven't dipped into this $3M, but it was authorized by the Commission, but now time forward, now you're three or four years that are down the road and you don't remember that or you maybe didn't even think about what does that really mean and we had additional money that became available through ARPA. So you know circumstances change and it evolves, but that's part of why I really want to try and make this a very succinct process so that when things are being brought to the Commission you know right then and there exactly what's included, exactly how much will be authorized. We'll disclose—there's also these other funding sources, so you're making a holistic decision.

As far as the money that was in the previous authorization, which I can get to you, but if you'll trust me that it was in there, we would bring that back to you to authorize, so you all can have more discussion and what would be the implications of that. That's why that number was used. It was previously authorized as debt.

Commissioner Kane said I'm not sure that came out right, we would come back to you and see if you would authorize it or maybe I took it wrong. I'm still saying and I don't care what your documentation says, conversation I remember was $2M.

Reginald Lindsey, Budget Director, said where you might be thinking about the $2M is we put funding in the budget over two years and the first year was $1M and then the second year was $2M, so maybe that's what you're thinking about with the $2M for a total of $3M. **Commissioner Kane** said yes. I know at the end of the day it was a total of $3M, but now it's 2 more million. **Mr. Lindsey** said well no, it's not 3 more. **Commissioner Kane** said did you say at one point it was $5M? **Ms. Kneuvean** said there's $2M set-aside for the Willa Gill replacement, that is from the Cerner settlement, there is $2M that is set-aside from ARPA money that was approved by the Commission—or $1M. It's a total of 5—no, I'm sorry it's 6, a total of 6, I misspoke. So, it's $2M ARPA—**Commissioner Kane** said wait, stop. I'm saying we need to be as close to $2M. I don't care where the rest of the money comes. If it was $3M, Reggie, that's great. I think $5M is ridiculous, all my point. We went through a whole bunch of stuff in the last several months trying to figure all this out. I mean we should never gave the community college everything we gave them. In fact, we ought to use one of their buildings instead of us having to build our own, but in my mind, somewhere, somehow, I don't believe we should get to the $5M. It should be closer to $3M. That's all I'm trying to say.

Mr. Johnston said we'll give you a re-accounting of that. That's the Cerner money, but we do know we have $2M of certain Cerner money that we're working with now. After that we'll give you the accounting of that and all that. I mean we're not building a Taj Mahal or anything on that regard, but right now it's the $2M that we're working on to build that and once we get a final estimate from the architect who's presently designing it, that's when we'll get a final dollar amount and we'll be reporting that once we get that from you, but right now I understand where your urgency is coming from. We're here to keep it as low a dollar amount as possible and that has always been our goal, so don't be so alarmed on the $3 amount under debt. I don't think that's always been—**Commissioner Kane** said one other thing I want to remind is we better build this pretty fast for all these tariff starts kicking our butt. **Mr. Johnston** said okay, so it's our intent to have a very reasonable, affordable building on James Street to meet the needs of our community.

Commissioner Stites said how much money has been voted on and allocated by the Commission for Willa Gill? **Ms. Kneuvean** said we'll bring back a full accounting and then how much has been spent because we bought some land for example, but I believe and I misspoke at first, it's $2M from Cerner, plus $2M from ARPA, plus $3M authorized but not issued and not yet spent in debt. **Commissioner Stites** said so now it's 7. **Mr. Johnston** said we never intended to go that high to any means of the imagination. We'll get you that accounting tomorrow email wise.

Commissioner Stites said I was asking a simple question. Can anybody, if not, just tell me if you can't, at this time can anybody say what amount has been voted on and approved and I know that there's other money that, you know, has been—hey, we could use this for this, but what has been voted on and approved for this project? **Ms. Kneuvean** said technically all of it, but let me clarify. The Cerner money has been approved by the Commission. It was an agreement that we entered into that you all approved. The ARPA money, the Commission approved how to use that money. It's been voted on and approved by the Commission and then with our old debt strategy we do these things called authorization, which is voted on as part of the budget or standalone. They've done it both ways historically, but that actually is voted on by the Commission.

The challenge is and why I'm suggesting a different process is exactly things like this. There's new money that comes into the picture, there's changing circumstances, changing desires or believe that this was what we agreed to, but whatever the numbers are because I could be misremembering, so give me the grace of that. But all of those would have been voted on by the Commission. None of those are done administratively, but we'll get you the real numbers on what was approved. The positive is that with the $3M that was in debt, okay, we've taken that away in terms of not authorizing any spend of that money to preserve your choice on debt because we're doing a whole debt strategy and we want you to be engaged around—if that's the decision you want to make. It's not being spent, not being tapped into and that's why we would bring it back to you when we go to that permanent debt. Whatever the direction ends up being if we're going to issue some debt for that project, we would have you reauthorize whatever the decision is, so we have some variables there.

Commissioner Stites said so it's possible that we could say we are not interested in issuing any more debt towards that project and build it for the money that we have allocated towards that project. Is that right, which sounds like it could be—sounds like $4M or $5M, somewhere in that ballpark. Am I correct in saying that? **Ms. Kneuvean** said by the time we walk out of here I will have the numbers. I'll go upstairs and get them, but I apologize. There's so many numbers in my head right now, but yes it is possible that the decision of the Commission would be no more money and we'd have to build it with the money that we have. Others would have to speak to what can we build for that amount of money. **Commissioner Stites** said yeah and I think that when—probably when that money was, hey, we'll issue debt towards that, that things have changed. Other money has come in that we're saying could go towards that. The Cerner settlement came in probably subsequent to that authorization. There's been some things that have changed since then. We've realized now from presentations the need for fire stations, police stations, so I just want to make sure that we're looking at addressing all of those and how when we're issuing debt that it is spread out equally.

Mr. Johnston said, Commissioner, I would have to agree with you. I think that $3M that you're talking about authorization, when you looked at the budget that was passed for FY23, there was no authorization, so all authorizations are off the table, so all that's gone and so there is no authorization spent, so there is no—that's gone. The only thing that was there is the $2M on Cerner and if there was any approved ARPA and we'll get that verified to all of you in due course, very quickly, no later than tomorrow. Again, our intention was not to build a Taj Mahal. We're going to have a very suitable building to meet the needs of our community.

Commissioner Lopez said tell me why we got all that money wrapped up over there and we only need—we only have for $3M and then we could put the rest of it back in General Fund and you wouldn't have to pull all the money from other departments and put back into the General Fund. Am I correct? **Ms. Kneuvean** said somewhat. The $3M is the total principal. So, like if you buy your house, you pay—**Commissioner Lopez** said no, no I got you. **Ms. Kneuvean** said it's only $137K more or $100K savings based on a little bit of tiny debt that's going to be paying down. That money would go back to the General Fund to the Operating Budget, not the whole $3M because that's repaid over 20 years, so your project cost, the total debt is over a long period of time. The annual budget impact is that principal and interest, which is why I'm focusing on that in this presentation. Both are important because you have your whole debt portfolio, which affects things like our bond rating and then you also have that annual impact because now you're paying a mortgage payment on the debt, so it's the same concept.

Commissioner Lopez said so what about the other monies like from the Election Office and the Aging Disability Department and other departments that's already been allocated by statute and put back in the General Fund. What's going on there? I mean if we've got the money tied up in way more money than we need in Willa Gill, why do all that and then—**Ms. Kneuvean** said yeah, so an alternative would be if you identified a Capital need in another place that you did want to issue $3M for in debt, it would allow you to meet that without going over what we're recommending for annual principal and interest. As you get some savings because things are paying off, then your principal and interest payment goes down and so you have a choice, are you going to use that savings that's going to happen the next year for new debt, which is what was on the presentation or are you going to not incur additional debt. So, then you have the debt payment savings that goes over to the Operating account, and just as a point of clarification, we do budget a number of things in their own fund, but a lot of counties in Kansas don't do it that way. We do it as a legacy practice from when we were a separate county, but I want you to make sure that you understand there's no statutory requirement to have a separate fund with a separate dollar amount dedicated to that group. That's just how we do it. Now, we are required to have an Election Board. We are required to offer mental health services, so the needs are one thing, the funds are different, but regardless if they're in their own fund or if they're in the Operating General Fund—County General Fund, if there was a Capital need that was identified like election equipment—I know the

Election Board has raised that question, then that could be something we debt finance over time. A strategy because there's lots of combinations, could be to use some of the Operating money—**Commissioner Lopez** said right, but we have the money already. It's just in somewhere else. That somewhere we don't need all that sitting over there. Some other departments actually need it. **Ms. Kneuvean** said I understand. You would have to authorize it for whatever else. **Commissioner Lopez** said according to our State Treasury that's a good—you know he's kind of contradicting that, so okay, but anyway I just don't want us to get clipped or anything.

Commissioner Burns said once the Willa Gill facility is up and running, who's going to maintain it? Nobody seems to be able to answer that question for me. **Ms. Kneuvean** said so the current facility—**Commissioner Burns** said are we getting it over to that—**Ms. Kneuvean** said I don't believe so—**Commissioner Burns** said group or what?

Mr. Johnston said we pay for the operating cost of the current Willa Gill. It's going to be our responsibility going forward. It's already in our cost model. **Commissioner Burns** said how much money is that right now. **Ms. Kneuvean** said we do have some Operating money and we have some grant money that goes to fund that. We can get you the details. It's several hundred thousand dollars, mostly grant funding and that's—so there currently is two non-profits that operate that facility. There's Mt. Carmel and there's Hot Lunches Inc., which is a collection of Catholic churches. Hot Lunches Inc. is not subsidized at all. That is all privately funded, so the meals that are served, we're not paying for. That's all done by the churches and the volunteers. Mt. Carmel is providing a lot of—kind of surrounding services, so workforce training, how to get housing, providing some of those support services and that's what they are charged to do and we pay for that through a contract. **Commissioner Burns** said so who's going to own the building? **Ms. Kneuvean** said I believe we are. **Mr. Johnston** said we are. We own it now. The model isn't changing.

Commissioner Stites said this is the last thing I'll kind of say on that deal. I think this goes back to when we were talking about the community college coming down and purchasing that block of property and that it was voted on and we sold it for $10 knowing that we were going to have to put $3M to $7M—right now is what is floating around into it knowing that we were going to have continuing costs. I think that there should have been a better negotiation with the community college saying we expect some sort of help since you're displacing Willa Gill. Why does that burden fall solely on the taxpayers of Wyandotte County to build a new Willa Gill Center when we already had one. We already had a location and then for the community college—I think that there should have been some shouldering from the community college to help us financially with the Willa Gill.

Commissioner Davis said, Dr. Kneuvean, thank you so much for the informative presentation. I just want to go through kind of a list of different things. I want to start with the consent decree projects, you kind of mentioned a little bit of that earlier. How does—kind of what's listed and what's mandated in the consent decree interact with our proposed new debt strategy. **Ms. Kneuvean** said I don't have a definitive answer right now because of the infrastructure cost accelerating in cost. When that was negotiated it was on certain costs. Those costs have escalated, so they're reworking the model, which may necessitate spreading out the projects over time, which would require a renegotiation of the consent decree, which is not guaranteed that they would agree. There's a schedule of XYZ projects have to be done by this time period and so we know what was just done in the model was anticipated, but now that we see the costs have gone up so much and you've got to factor in your operational cost, all of their contractual cost, supplies, all of that has gone up, so they're reworking that. That'll be part of what we bring back forward through the budget process. No decisions have been made about that.

Commissioner Davis said that would be great and if there's been any changes to that process, that would be great as well. I do remember there was a presentation regarding the consent decree pretty recently and one of the things that was made very clear there's risk in not doing some of these things, so I think we have to really weigh kind of all the pros and cons even with this particular debt strategy particularly when we're discussing something like that.

For the CMIP, when will we see the CMIP for—I think we're on a five-year schedule would be what '26 to '31. **Ms. Kneuvean** said you see that every year as part of the annual budget process because you're only authorizing year one, but you would see an updated—**Commissioner Davis** said yes, that's what I mean. Do we have a—it will just be with the general—**Mr. Lindsey** said we will have a CIP Budget Workshop. I think it'll be one of the budget workshops in June, maybe like June 12th or so. **Commissioner Davis** said that will be very helpful because I know that's going to have a huge impact on the current conversation we're having on debt right now.

Some of the projects, Dr. Kneuvean, that you mentioned were funded, and at least I may be misremembering, by grants. Am I missing something? **Ms. Kneuvean** said there could have been grants that assisted, but what's on this list were the bond proceeds. **Commissioner Davis** said okay, so just kind of the bond portion of that project, okay. I was not sure on that amount.

I obviously think we have to get our own house in order like any other budget and make sure that whatever debt we take on is something that we can manage. I like the idea or some combination of Options C and D meaning we would free up some dollars for property tax relief and by relief we're really talking a mill levy or property tax rate reduction. I just want to make that very clear, but I also like the idea of saving the taxpayers some money on interest and instead of paying whoever lended us those dollars, putting those dollars back into our community and so that's the feedback I would have regarding those particular options.

Our credit rating, the last time we had spoken about this we had a decent credit rating. I think it was A1. Is that still the options, what's the S&P and Moody's status for us? **Ms. Kneuvean** said it's AA1 and as part of the presentation on the financial history we've got a chart that shows what it's been over the years. There was a point in time where our bond rating was barely investment grade, that's how they calculate it and most cities for General Obligation Bonds use S&P, Standards & Poor's, and they use Moody. There's also Fitch, but most communities are using the other two, so we've got ratings from both of those. They reaffirmed our rating and I asked the question what would we have to do to get a bond rating increase and some of that's within our control, which is reduce your debt profile. **Commissioner Davis** said the AA1 is from who? **Ms. Kneuvean** said I believe Moody. **Commissioner Davis** said and then do you have the S&P. **Ms. Kneuvean** said that's S&P AA1 and it's A1. On Moody's we're three steps from the best rating and on S&P we're like five steps. **Commissioner Davis** said I know we are talking very somewhat high level here for folks, so let's just break it down. The equivalent—let's just say to somebody's personal finance here, so a AA1, what would that be equivalent to a credit score for an individual? What would that be. We're talking of 50, 75, where would you—**Ms. Kneuvean** said let me think on that and I'm glad to follow up on that as we have more conversations to try and equate it, but at least like an apples to apples comparison, that's a good fair comparison that people can understand why a credit rating is important. And the better your credit rating, which means your lower risk borrower means you get a better interest rate, so there is a savings from it, very important, but I also have some data, so when I do the historical information, I'll bring that answer back to kind of give a perspective of that. **Commissioner Davis** said that would be great especially, again, there's been a lot of conversations on us going bankrupt and all these other things and so having kind of a more updated conversation on our financial health and ability to borrow is really important.

We did have some conversations about grants in the Administration & Human Services Standing Committee and with that there was a request for an ARPA update. I would just reiterate that request because we definitely need that information particularly as we look at our grant situation as well.

I will also say and will keep bringing this up, I would love for us to keep talking about revenue neutral and what the impact it has had not only in the 2025 Budget, but what's on the horizon for 2026. What is the impact if we were to go revenue neutral again, what are the implications on our debt ability as well as our services and on personnel and projects.

Commissioner Burroughs said, Shelley, this was very informative. I'm looking at the principal and interest payments. It might be about the fifth slide in, something like that. I think those are the telling numbers for me. I marked mine all up when I initially looked it over when you sent it to me. There was a few slides in here that really hit home for me and I think shared the picture. On the principal debt and interest payments we see that our bonded indebtedness has grown just shy of $2M a year over the last 10 years. That may not sound like a lot one year, but when you add 10-15 years, it adds up to a considerable amount of money and that's just on the county and city side. When you talk about the growth in the Sewer Fund and the Water Fund I know that's identified money that has its own payment source, but that's $1.35M growth a year and that's serious money. We just talked about $5M for a food kitchen and we already spent that in debt in the first two years we had a discussion, so anything we can do to reduce our debt.

I really appreciated the other slide that showed the $3M that was spent initially on going out getting the bonds, how if we carry those temporary notes we have to pay that 3% as we move forward at $3M. That's pretty eye-opening especially when we went through last budget. I know there were some that I brought forward bonding for 75K for 20 years. When I see those kinds of numbers, those are pretty startling to me. I would like to see those kind of numbers be paid in cash. I would like to see us as a body be able to do just that, look at—see our Capital Projects and state if this project costs us 500K, we don't have to bond it, we can pay cash and get it on and get it over with and I believe we will get there, but the discipline has to be demonstrated.

I can share with you that in the last six months I have a little more confidence in us being able to attain that. I think the pressure has been put on us to do the deep dives that we've been committed to doing and this whole revenue neutral as well as looking at our budget costs and where we can be more efficient and effective and how we go about financing our debt and doing business is going to come—it's going to be a bigger, better picture for us moving forward.

Ms. Kneuvean said one of the things that I didn't say, but I think is an important point particularly if people from the public are listening, we're trying to flip the narrative from here's all of our Capital needs, how do we fund them to—that's like saying I want to buy a house but I'm just going to look at every house out there and find the one I like. We first say what kind of house can we afford, what kind of mortgage payment can we afford and that's what we're trying to do is flip that conversation to achieve all of these competing goals, how can we start with the end in mind, how much can we afford each year and that will end up being a Commission decision and then tells us how much money we have to work with and you'll have the full list of the projects, all the needs that are there and give direction. We'll give you recommendations, but you'll give direction on this is the mortgage payment we can afford, so let's do this house and that house, so it just kind of switches the conversation and condenses it so that you're making a well-informed decision all at once.

All the information has been shared through all of these steps previously, so I don't mean to intend that the information wasn't shared, but when you're talking about dozens of projects and the information is being shared over three or four years, that's challenging particularly for a Commission to keep track of. So, if we can get that condensed, save money by not doing the temporary notes, define how much money we're going to spend on principal and interest, what do we feel like we can afford, that will help guide the decisions and frankly, Mayor, you all have taken the step with some of the ideas that you brought forward, the Commission supported, but also just the debt pause. Just doing a, hey, let's take a minute to look at this and interrupt the flow so that we can think about what we can afford, so that's what we did in the budget was a pause. It's not to say that these projects won't move forward, it's we need to have a good plan of how they move forward in a way that we can afford and also meet all of these other competing needs. These are competing needs, Property Tax Relief, fund all your Capital Projects, that's a competition of resources. So, giving you guys the time to make those decisions and balance that was the intent of all of this, to just take the time to figure out what direction we want to go.

Commissioner Bynum said a question you may not know the answer to right this minute, but I would appreciate it for a future budget conversation, the current estimate to repair or replace the failed rock wall on the west side of Wyandotte County Lake because I think it's going to be part of our budget conversation in terms of—I'm guessing that—**Ms. Kneuvean** said what I know is that we've got about 1.2M already approved in previous budgets for that project. I don't know the current cost estimate, so we'll get an update on that. **Commissioner Bynum** said yeah and then like strategies on—**Ms. Kneuvean** said how to pay for it. **Commissioner Bynum** said right.

Mayor Garner said I've talked to our Parks Director and that is moving. I think they're looking at RFPs and things of that nature, so that is moving along with the Veterans Memorial out at the lake as well if you didn't see that. So both of those projects are moving forward and that's really the great work of our Administration and our Parks Director working with our Budget, CFO and you all approve those funds. We're excited about that.

Thank you Doctor and to our Budget team. A great presentation on our debt. Tonight, hopefully, both the Commission and the community got something of value from this. I know I did. Really if you back up a few years, when I came in as Mayor I really advocated hard and strong on behalf of the community for us to take a hard look at the financials here at the Unified Government. What came out of that was a report, an independent outside unaffiliated audit from Robert Vaught group that really raised some alarms for us to take into consideration. I can say that this Commission has listened community for those of you have watched. There's been a lot of spirited debates here that you've seen over the years, but what I can tell you is that this Commission is listening, they're paying attention along with our staff and what I'm taking just from the conversation tonight is that you have a Commission that's committed and dedicated to finding real solutions to some of the financial challenges that we have here at the Unified Government.

This Commission has taken the steps necessary to put a pressure point on some of the financial challenges that we've addressed. For one, revenue neutral. Even though I know some commissioners it was a hard choice to make, they did it. Our CFO just mentioned that was a pause that we could take to look at how we could streamline this government, operate more efficiently, find savings and just work really hard on behalf of our residents to bring about a more efficient and effective Unified Government.

What came of that, and I really want to applaud the Commission, here recently if you've been watching—if you haven't paid attention, two resolutions came forward and thank you Commissioner Ramirez because myself and the Administrator brought forward 25% to go towards incentive programs that drop-off and now that's 50% to go towards debt. I know our CFO just talked about the value of us retiring the debt, unanimous support for that from this Commission. Also, unanimous support for future development projects, 10% will go towards retiring the debt. That frees up additional money as our CFO talked about to hopefully do things such as property tax reduction, work on BPU Pilot Relief or critical infrastructure needs that we know this community needs, the staff needs to be able to provide the essential services that this community has come to not only demand, but expect and that they deserve.

So, I really want to applaud this Commission to start moving in a direction of fiscal responsibility because we know what came out of the Robert Vaught Report from that soft audit was that we were looking at a financial cliff in 2026-2028. We had the leadership of our current Administrator came in and working with staff, our new CFO, and our Budget Director that put a stop to that. It's been pushed out to about 2030, but I'm confident that if we don't add any more unnecessary additional debt, that the 2030 challenge can be avoided as well. So, I just ask that this Commission and future Commissions and Mayors continue to work to that end to be strategic and intentional about identifying what the essential services for our residents should be. Really being intentional about what type of debt and to the extent of what type of debted in bondedness that we have and make sure that we continue our commitments to those mandates that we have that we are obligated to pay and that we always continue to put the interest of our community first. Residents, those of you you're watching, I can tell you that's exactly what this Commission is doing and if you pay attention as we go through the budget process, you're hearing a different direction from our staff on how we budget, on how we look at things financially, from the direction of our Administrator. You're seeing your commissioners really buy into the necessity that we cannot continue to do business as usual here at the Unified Government and we are moving away from business as usual. We're doing things that I'm confident as your Mayor that is really going to put us in a good fiscal position moving forward including the hiring because some of this is predicated on expanding our tax base. We've got a new Economic Development Director in place working with WYEDC and our Administrator. They're looking at hopefully some very lucrative development prospects that can expand our tax base, bring in jobs, bring in the type of dollars to really improve the dynamic here the Unified Government and Wyandotte County and Kansas City, Kansas for the years and decades to come, so I'm excited about that.

I just want to say thank you to this Commission for your support of a lot of the recommendations that have come forward and thank you community for letting your voice be heard because it is pushing this Unified Government a direction that I believe is going to bring about the value that you've come to expect, demand and I know you deserve.

Commissioner Davis said I'll be very quick. The construction's actually looking really good out there for City Hall. Do we have a projected completion date? I know we had mentioned it. I just want to follow up with that for that construction. **Commissioner Burns** said I spoke with John Kelly about that this last week and he said July 4th. **Commissioner Davis** said 2025 of this year. Hey, you can't just throw out the month and the day. You've got to throw in the year as well. Cool. **Commissioner Burns** said it better be on or before. **Commissioner Davis** said it looks really good and I'm really excited for us to be able to use that especially with the summer coming. **Mayor Garner** said thank you Commissioner. I like Independence Day, sounds good.

Mayor Garner said I'll end this with this John Kelly who is our Buildings & Logistics Director, he will be bringing forth options for you all commissioners, I know I haven't talked to all of you, to look at the updates on the Willa Gill as well as option considerations that I know you all are going to need to make regarding the Reardon Convention Center opportunity that's still there.

Commissioner Hill said I would just like to say thank you to our fellow commissioners and the staff for the work that's already been done in regards to the Willa Gill Center and them moving. In my mind, it's part of an economic development piece that we as a community are looking into. We have had many of our commissioners and our residents complain about the unhoused population in our community and by moving the Willa Gill Center on James Street that will help a little bit in moving them from the site of downtown hopefully. Usually those residents here in our community hang out where they can receive services and so I appreciate each and every one of our commissioners and our Mayor and our staff for the work that you are doing and plan to do to help that population.

I'm looking forward to a new narrative in downtown KCK. That new narrative being we have a beautiful place where the old Reardon Center is now, where the Brotherhood Bank is now, we have a new building being built or rehabbed there. The new library, I'm just looking for a brand new narrative downtown. We won't have folks laying around on the ground in the downtown area hopefully, so I appreciate each and every one of you for the work that you're doing and plan to do here in our community. I still say it all the time, together we can do great things.

Mayor Garner said I want to thank you for co-chairing the Homeless and Neighbors In Need Task Force. It really worked hard with a lot of our stakeholders to bring about good recommendations that really helped with the Willa Gill project and I agree with you, moving that facility down there to hopefully enhance the services in a new location will have great value to our city center as well as the other opportunities that you talked about. And for all those that are serving on task force, I know Commissioners Stites and Burroughs are also looking, working with our Administration and staff when you talk about economic development how to remove some of the red tape and the bureaucracy that's involved here at the Unified Government to just be able to get good projects done. So, I'm really excited about the work that they're doing and I'm confident working with our Administrator that process will be streamlined, so a lot of you developers out there that have constantly been knocking on my door saying, Mayor, it's really hard to do business here, I can tell you that with this Commission and the commitment from our staff and Administrator I believe that help is on the way and great things are going to come as a result of just improving the policies and the systems and the dynamic here at the government.

Thank you again for the presentation.

Action: **Commissioner Kane made a motion, seconded by Commissioner Ramirez, to adjourn.** Roll call was taken and there were eight "Ayes," Lopez, Davis, Bynum, Burroughs, Burns, Ramirez, Hill, Kane.

MAYOR GARNER ADJOURNED
THE MEETING AT 6:40 p.m.

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Monica L. Sparks
Unified Government Clerk

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