ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, May 1, 2017

The meeting of the Economic Development and Finance Standing Committee was held on Monday, May 1, 2017, at 6:15 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walker, Townsend (via phone), Murguia, Walters, and BPU Board Member Alvey. The following officials were also in attendance: Doug Bach, County Administrator; Gordon Criswell, Assistant County Administrator; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Finance Director; Debbie Pack, County Treasurer; Lisa Nolan, Treasurer's Office; Reginald Lindsey, Budget Manager; Angela Harshbarger, Economic Development; Alan Howze, Chief Knowledge Officer; and Officer Bryan Rausch, Sergeant-At-Arms.

Chairman McKiernan called the meeting to order.

Roll call was taken and members were present as shown above.

Chairman McKiernan said just to make sure that everyone is aware we originally had a blue sheet and then a pink sheet. Some information has come out after this agenda was initially published. The first thing we had was an addition of Item No. 6 to our committee agenda which was a resolution to set the public hearing for the Argentine Fast Food Shops. We got some additional information regarding that item that came out at about five till five tonight.

There have been some additional items and those should be what were distributed to everyone here with the pink sheet. We should have now on the table, and I have on my computer, all the additions for the Argentine Fast Food Shops which is now Item No. 6. The other change to our agenda is that Item No. 4, the presentation by KC Digital Drive is going to be postponed. Unfortunately Mr. Deacon had a family matter that prevented him from being here tonight. He will get together with Mr. Howze, our Chief Knowledge Officer, and they will come up with a date when he can come back to present to us. As of right now, Item No. 4 has been struck from our agenda.

Commissioner Murguia asked does that mean the fast food deal is the only thing on the agenda. **Commissioner Walker** said no. **Chairman McKiernan** said no. It now moves from No. 6 up to No. 5. **Commissioner Murguia** said okay.

Approval of standing committee minutes from January 30, 2017. **On motion of Commissioner Walker, seconded by Commissioner Walters, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 171090…REPORT: BUDGET REVISIONS

Synopsis: Budget revisions greater than $50,000, submitted by Reginald Lindsey, Budget Manager.

Reginald Lindsey, Budget Manager, said financers reporting budget revisions that exceed $50,000 that are considered emergencies that have recently been completed. There were four budget revisions that were completed that were over $50,000. One was in the Election Office, one was in the Police Department, and two was in the Sherriff's Department. They total approximately $332,000. Are there any questions about any of the transactions?

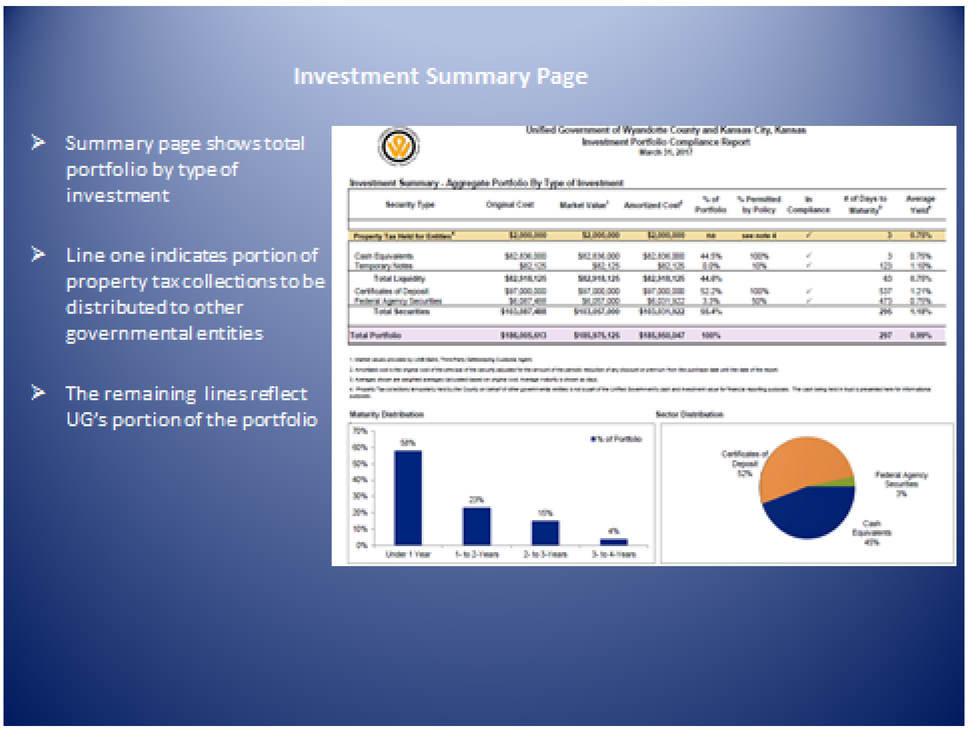
Chairman McKiernan asked these were all budget neutral, they were transfers within department? **Reginald Lindsey, Budget Manager**, said yes. **Commissioner Walker** asked do we approve this. **Chairman McKiernan** said no, this is for our information only. At last month's meeting we had asked that we get more timely notice of these budget revisions so that they don't get saved into a quarterly report, that we know about them early so just in case there are any questions that we have or direction that we might have for staff, we can give that earlier. At this point in time if there are no questions or comments, we thank you for bringing the information to us.

Action: Information only.

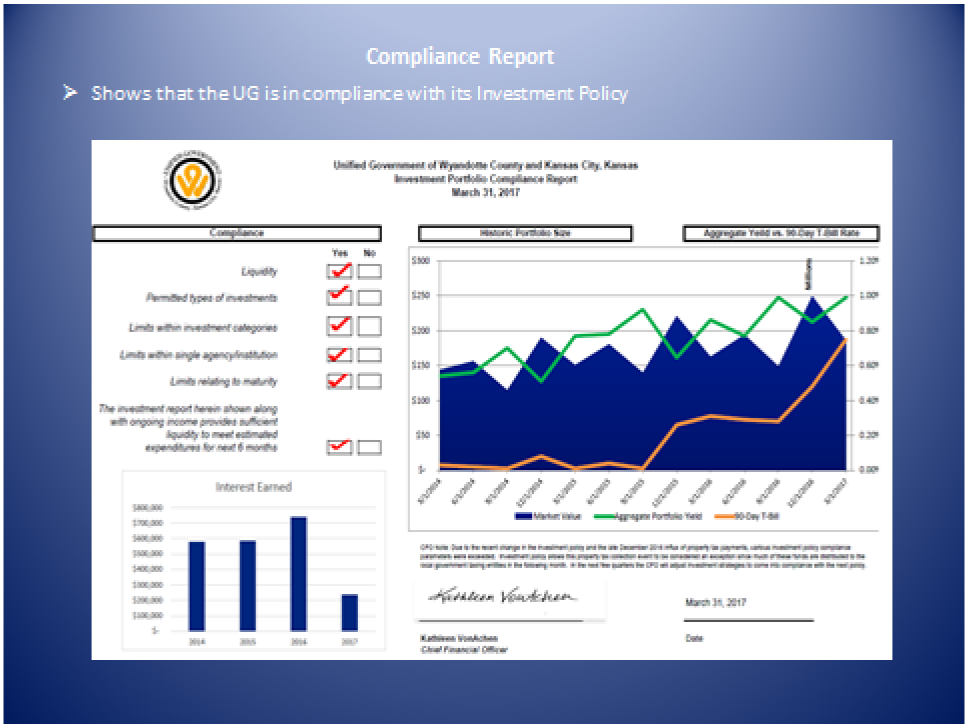
Item No. 2 – 171102…REPORT: QUARTERLY INVESTMENT REPORT

Synopsis: Summary of invested revenues for First Quarter 2017, submitted by Debbie Pack, Treasurer, and Lisa Nolan, Deputy Treasurer.

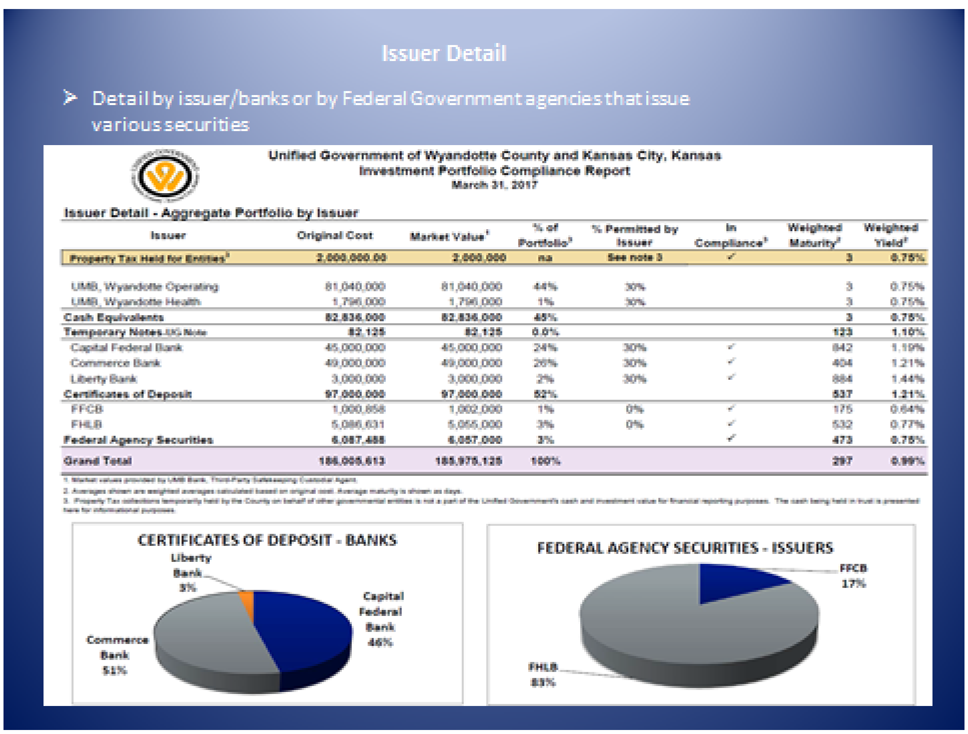
Lisa Nolan, Treasurer's Office, said I'll be giving a summary of the First Quarter 2017 Investment Report.



The first slide is just the investment summary page. It summarizes the total portfolio by type of investment. Line 1 where you see the $2M that is the property tax collections to be distributed to other entities. The remaining lines reflect the UG's portion of the portfolio.



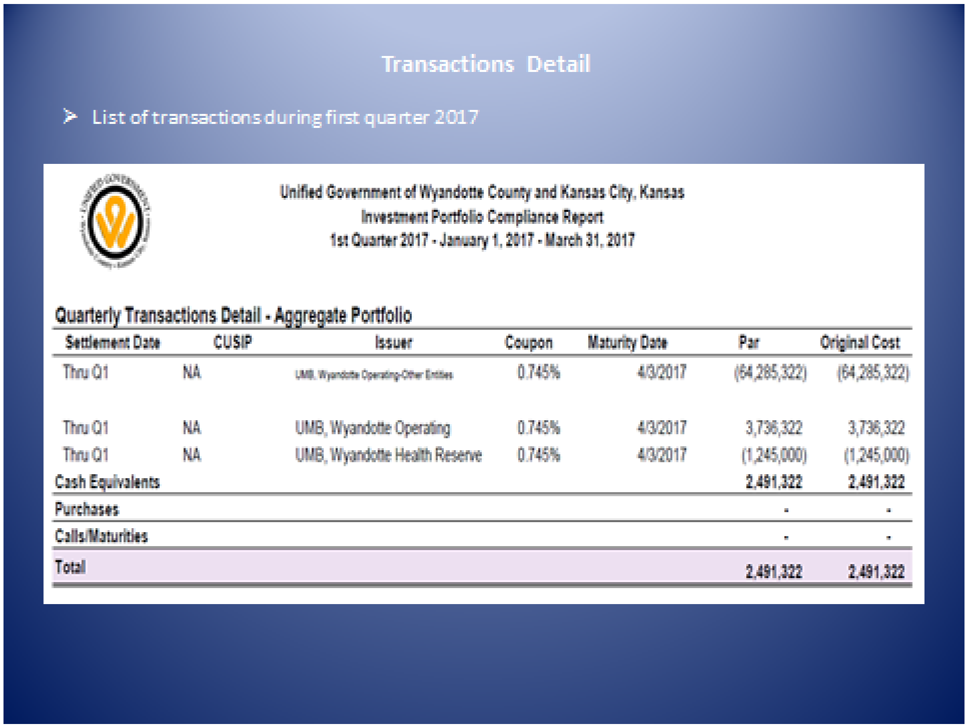
The next page is the Compliance Report that shows that we are in compliance with our investment policy.



Issuer	Original Cost	Market Value[1]	% of Portfolio[2]	% Permitted by Issuer	In Compliance[2]	Weighted Maturity[2]	Weighted Yield[2]
Property Tax Held for Entities[3]	2,000,000.00	2,000,000	na	See note 3	✓	3	0.75%
UMB, Wyandotte Operating	81,040,000	81,040,000	44%	30%		3	0.75%
UMB, Wyandotte Health	1,796,000	1,796,000	1%	30%		3	0.75%
Cash Equivalents	**82,836,000**	**82,836,000**	**45%**			**3**	**0.75%**
Temporary Notes UG Note	**82,125**	**82,125**	**0.0%**			**123**	**1.10%**
Capital Federal Bank	45,000,000	45,000,000	24%	30%	✓	842	1.19%
Commerce Bank	49,000,000	49,000,000	26%	30%	✓	404	1.21%
Liberty Bank	3,000,000	3,000,000	2%	30%	✓	884	1.44%
Certificates of Deposit	**97,000,000**	**97,000,000**	**52%**			**537**	**1.21%**
FFCB	1,000,858	1,002,000	1%	0%	✓	175	0.64%
FHLB	5,086,631	5,055,000	3%	0%	✓	532	0.77%
Federal Agency Securities	**6,087,488**	**6,057,000**	**3%**		✓	**473**	**0.75%**
Grand Total	**186,005,613**	**185,975,125**	**100%**			**297**	**0.99%**

1 Market values provided by UMB Bank, Third-Party Safekeeping Custodian Agent.
2. Averages shown are weighted averages calculated based on original cost. Average maturity is shown as days.
3. Property Tax collections temporarily held by the County on behalf of other governmental entities is not a part of the Unified Government's cash and investment value for financial reporting purposes. The cash being held in trust is presented here for informational purposes.

Page 3 is a detail by issuer or banks or by federal government agencies that issue the various securities.



Settlement Date	CUSIP	Issuer	Coupon	Maturity Date	Par	Original Cost
Thru Q1	NA	UMB, Wyandotte Operating-Other Entities	0.745%	4/3/2017	(64,285,322)	(64,285,322)
Thru Q1	NA	UMB, Wyandotte Operating	0.745%	4/3/2017	3,736,322	3,736,322
Thru Q1	NA	UMB, Wyandotte Health Reserve	0.745%	4/3/2017	(1,245,000)	(1,245,000)
Cash Equivalents					**2,491,322**	**2,491,322**
Purchases					-	-
Calls/Maturities					-	-
Total					**2,491,322**	**2,491,322**

Page 4 is a transaction details listing the transactions that occurred during the first quarter 2017. There were no new purchases or there were no calls or maturities either. There were the overnight investments is what you see on this page. Is there any question about the quarterly report at this point?

Commissioner Walker said I have a question. Maybe it's for Ms. VonAchen. What is the total of our Idle Funds at this point? **Kathleen VonAchen, Chief Financial Officer,** said the total of our what? **Commissioner Walker** said idle funds. **Ms. VonAchen** said so you would go three slides up. **Commissioner Walker** said what you call Idle Funds. **Ms. VonAchen** said I didn't hear the word Idle. The total is \$186M as of March 31st.

Commissioner Walker asked are these funds committed for expenditure. **Ms. VonAchen** said yes they are, either current expenditures or future or for reserves. **Commissioner Walker** asked would you and Mr. Lindsey arrange through my secretary a meeting with me. It doesn't have to be this week but over the next couple of weeks. I have a number of questions and I have some budget issues that I intend to raise. I'm receiving input regarding money and I want to get clear. **Ms. VonAchen** said okay. **Commissioner Walker** said whenever it is convenient for you and Mr. Lindsey.

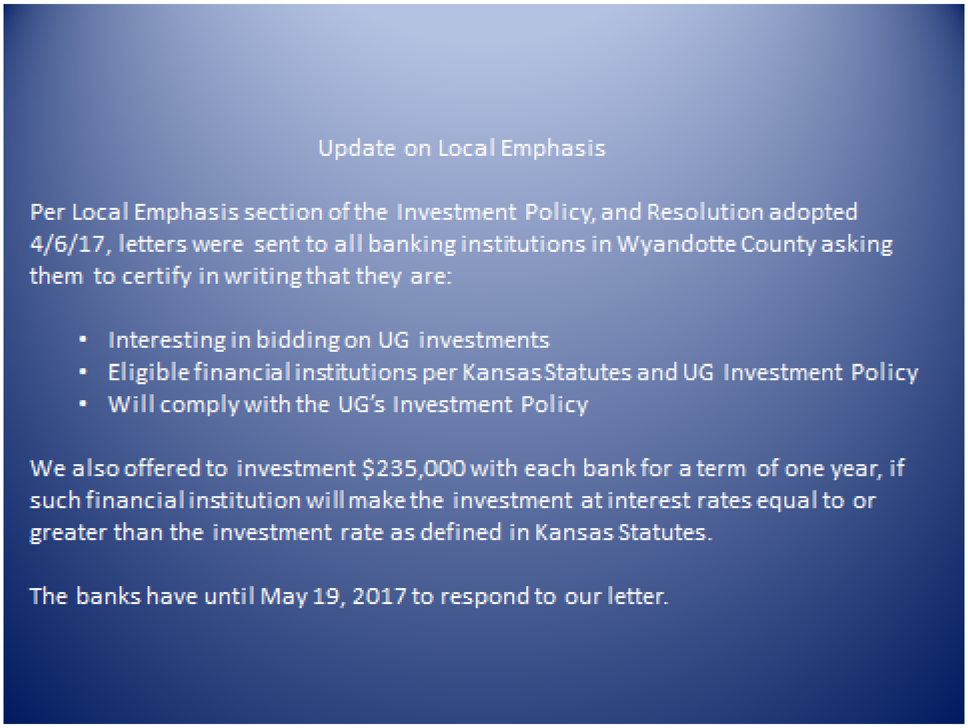
Chairman McKiernan said any other questions or comments regarding the investment report. I guess I would just ask, actually I have just two questions. The first one would be just thumb nail assessment. The reports are great, but what is you assessment of our investment position today compared to last month, same or better? **Ms. VonAchen** said overall we had a great deal of more money.

We are also in charge of holding the funds related to property tax that we collect on behalf of the other entities in our county. This past month that distribution went out so as a result the total cash level dropped by, if you look on the left slide, it dropped by about $64M. Those are the distributions that went out to the other entities like the school district, Community College, Bonner Springs and other cities.

Chairman McKiernan said my other question is, is this a treasury thing**? Debbie Pack, County Treasurer**, said yes it is. Today is a red day, the last day of the month or the first day of the month, as you know Motor Vehicle is a little bit busy, so this is an initiative in the Treasury office to motivate staff to kind of pull us all together as a team. The supervisor bought shirts for the staff that we can kind of encourage them to do things the way to do it.

Chairman McKiernan asked so it's part of an overall customer service improvement initiative? **Ms. Pack** said yes a motivation. **Chairman McKiernan** said I love it. **Ms. Noel** said employee motivation which of course turns into customer satisfaction. **Chairman McKiernan** said I love it.

Ms. Nolan said one last thing, I wanted to give an update on the Local Emphasis per the Local Emphasis section of the Investment Policy and the resolution adopted at the April 6th Commission Meeting.



Letters were sent to all banking institutions in Wyandotte County asking them to certify in writing that they are interested in bidding on UG investments; that they are eligible financial institutions per Kansas Statute and the UG Investment Policy; and that they will comply with our Investment Policy. We also offer to invest $235,000 with each bank for a term of one year if they will make the investment at an interest rate equal to or greater than the rate defined in Kansas Statutes. Those letters went out a couple of weeks ago. They have until May 19th to respond.

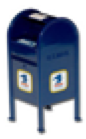
Commissioner Walker said I for one have been an advocate of the local banks, especially banks that are headquartered here and I'm glad to see this. I hope they take advantage of it, but I have no idea of how bankers think. **Ms. Nolan** said I've had a few responses but they've got a couple weeks still. **Commissioner Walker** said well at least they've had the opportunity.

Action: Information only.

Item No. 3 – 171091…BRIEFING PROPERTY TAX PAYMENT OPTIONS

Synopsis: Briefing on various options available to residents and businesses for paying property taxes, submitted by Debbie Pack, Treasurer.

Debbie Pack, County Treasurer, said I've had a lot of questions from you and from other people on what are the options for people to pay their taxes. We're trying to make this customer service more friendly, we're trying to keep our delinquencies down. I just want to present this. Give you an idea of what we have now and things that we're looking at because there are a lot of things going on right now.



Mail
- Current or delinquent
- Anytime
- Any amount
- Check or Money Order

In-Person (Downtown or Annex)
- Current or delinquent
- Mon-Fri 8:00am-5:00pm
- Any amount
- Cash, Check, Money Order or Credit Card
- Credit card fee is paid by taxpayer (2.5%)

www.wycokck.org
- Current or delinquent
- Anytime
- Lesser of amount due or $100
- Credit Card fees paid by UG

It's basically we want to give everybody an option; they can decide how they want to pay. Right now we have three options. They can pay by mail. The mail process, they can pay current or delinquent taxes. They can pay any amount any time by check or money order.

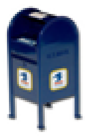
The second option they have is to come into the office, downtown or the Annex. There again they can pay current delinquent. They can pay anytime between 8am and 5pm any amount they want. They can pay check cash money order or credit card. The caveat of paying in the office is that there is a 2.5% fee on a credit card usage.

The third option right now is to pay online. You can pay anything current or delinquent online, you can pay anytime 24/7. We have set a limit on the online just for simplicity models. The lesser of the due amount or a $100 was the minimum they set many years ago. The credit card fees here, because these are all credit card payments now, are absorbed by the Unified Government.

LOOKING TO THE FUTURE

2017 Goal - implement Escrow functionality currently in the CIC Tax Administration Software

- Allow taxpayers to prepay taxes to be held for future tax bills
- Allow UG to print payment books



Timeline-

2Q-3Q17	Explore functionality Set up test accounts
4Q17	Implement to public Send notice of option with tax bills

The theory here was that we wanted to push people to the website. Looking into the future we like to call we love escrow. Our tax system actually has a functionality of escrow collection. Just like you would pay your mortgage company, we have the ability to set people up on monthly payments that would allow them to make monthly payments on their current or their future taxes. Again, in the escrow functionality they can pay by mail, they can pay in hand or we can do an ACH that will pull from their account as often as they want.

Right now the timeline for this is that we're looking into the functionality and doing some testing in the second and third quarter of 2017. We hope to implement this by the 4th quarter of 2017 which will be when the next tax roll comes out. We're hoping by that time we'll be able to send notice to the taxpayers in their bills giving them this option. We've had this request from a lot of people especially as they pay off their mortgage. It gives them the benefit that we can help them do that saving part for themselves and not have to come up with it in the tax time twice a year.

Payment App

- Exploratory stages
- Ability to pay taxes on a phone app
- Payment options same as any other app

The other thing we're looking at is a payment app on your cell phone. We're in exploratory stages right now. We've talked to a couple of different vendors. This will give ability for people just the same as anything else to pay on their phone. The payment options would be the same with any other app. Your credit card, your checking account or anything like that. We have a lot of opportunities for people and we do have a lot of technology coming out. Are there any questions about that?

Commissioner Walters asked do I understand correctly that when people are delinquent and they make payments it automatically goes against the oldest due bill? **Ms. Pack** said no. About two or three years ago this Commission, this body passed an ordinance that we collect delinquent tax on the most current delinquent year which eliminates people. The tie we were in people would pay their third year back taxes and then they would always have those two or three rolling years of taxes. When that ordinance was passed we flipped that calendar around and now if you're delinquent you have to pay the most current one. Let's say you owe '13, '14 and '15 taxes, when you come in the door to pay your taxes, your delinquent taxes, we'll take '15 first. So in order for you to get off a tax sale eligibility you would have to pay '15, '14 and '13 to get yourself out of that bind. **Commissioner Murguia** said that's brilliant. **Ms. Pack** said does that make sense. **Commissioner Walter** asked has that been effective. **Ms. Pack** said it has been very effective because people want to get out of the tax sale.

Chairman McKiernan said I will say I took advantage of the online payment over the weekend myself and it worked flawlessly. Just exceeded the limit I had already set on my debit card so I had to use my credit card. The process itself was really very seamless and very quick and the notification I got back in terms of my receipt was well done. Good job on the online.

Commissioner Walker asked are we looking at an app that the Unified Government develops and owns or are we looking for a commercial app that someone else is the owner of the software. **Ms. Pack** said the app that we're looking at, Technology is actually looking at it for us. It's a company outside of the Unified Government but we would own what was on that app. We could develop what was on there, they could pay court cost and taxes. The state of Kansas just signed a contract with a company to do this for the state and we're hoping that that contract will help us help our citizens be able to do everything in one place.

Commissioner Walker said I've not had all the seamless experiences that apparently Mr. McKiernan has with apps and telephone. **Chairman McKiernan** said I didn't use the app, I used the website. **Commissioner Walker** said oh, well. My point being that we need Legal or someone with–what you would call what's the word that I'm looking for, someone that does that type of legal work. We need to look very carefully at putting apps on phones that pay bills to us which could be misused. Who bares the responsibility for the misuse? For now, not too long ago my American Express card was hacked and all of a sudden there was like 40 Uber charges in New York City. I have no idea how they got it to use it, but they had to have gotten it because I've done something on the internet paying a bill. Fortunately for me American Express eats that liability. I don't want to be in the position of us eating the liability for misuse. Maybe I don't understand the concept correctly so maybe that's not even an issue. Somebody needs to sign off that we don't bear the responsibility for having to eat someone's taxes because somebody was able to use our app and hack it and extract money. **Ms. Pack** said I can answer that from the website perspective. Our website, the payment is processed through Bank of America. They are responsible for making sure that data is not–it goes through their system. We do not get credit card information into our system. We only get the last four digits. We have to be compliant with what they require us to do.

Commissioner Walker said the app will be the same kind of system. **Ms. Pack** said yes. It has to be PCI compliant which is just a technical term and that company would have to provide that. **Commissioner Walker** said it just concerns me. **Ms. Pack** said I understand. C**ommissioner Walker** said you've alleviated my concerns for now. I'll still probably pay mine by mail.

Action: Information only.

Item No. 4 – 17968… PRESENTATION: KC DIGITAL UPDATE

Synopsis: Update by Aaron Deacon, Executive Director of KC Digital Drive, on activities and objectives of KC Digital Drive and how they are working with and supporting the UG priorities, submitted by Alan Howze, Chief Knowledge Officer.

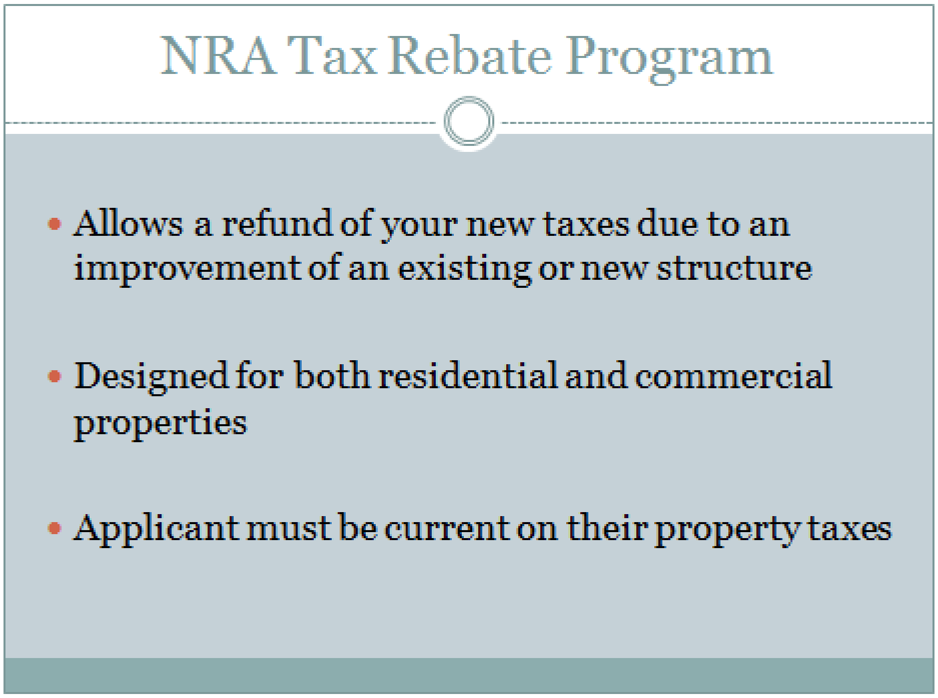
Action: Removed.

Chairman McKiernan said since Item No. 4 has been removed tonight, Item No. 5 moves up to the No. 4 slot. This is the first of two items on which there is a request for some action on our part.

Item No. 5 – 171098…PRESENTATION: PROPOSED 2018-2020 NEIGHBORHOOD REVITALIZAITON ACT TAX REBATE PROGRAM

Synopsis: Presentation of the proposed 2018-2020 Neighborhood Revitalization Act (NRA) tax rebate program plan, submitted by Angela Harshbarger, Economic Development.

Angela Harshbarger, Economic Development, said we're here to discuss the proposed changes for the 2018 to 2020 plan. Our current plan for 2015 to 2017 will expire on Dec 31st. We're targeting January 1, 2018 as our start date for the proposed plan if it's approved.



Before we begin, just a quick review of the NRA tax rebate program. It's a program that does allow owners to receive a rebate based on the incremental increase in taxes that is due to new construction or improvements of property. We do have both a residential and commercial component to the program and criteria for both. For an applicant to be eligible to participate in the NRA program, they do have to be current on all property taxes.

We have eight proposed changes for you this evening. The first being language regarding a filed contract for deed with the Register of Deeds office. Page 4 of the policy currently speaks about residential projects requires that they be owner occupied.

We would like to add language where those properties that a contract for deed has been filed with the registers office would also be eligible under this program. We've had some discussion with developers who have expressed interest in assisting individuals to become homeowners whether it's first time buyer or returning to homeownership and they just feel that this is a component that can be helpful with that.

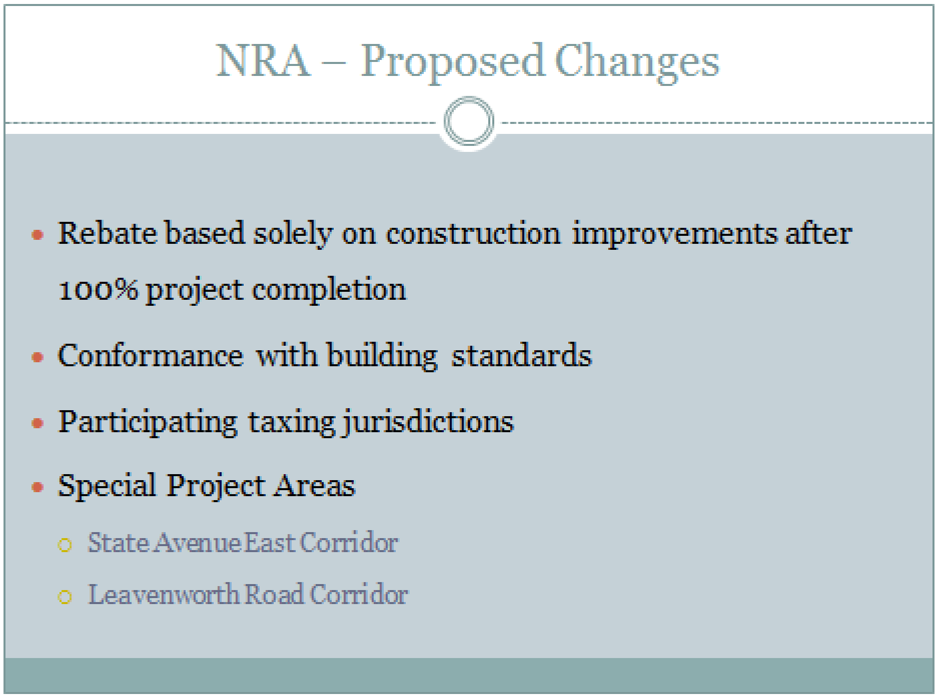
Next step is a language change with regard to based land values. Policy currently states base land value will be greater, the existing use or the proposed use. After discussion with the Appraiser's Office they had explained that the base land value is actually determined by the current use as of January 1. We just want to change the language to reflect the actual practice.

Our next change is inclusion of language regarding ineligible businesses for the NRA program. It has always been our practice not to include any liquor stores, bars or establishments that sell alcohol of less than 50% food sales. We would like to include that language now in policy just to make it consistent with our other economic development policies.

Also, we're proposing adding a project completion date within 24 months of application approval unless otherwise approved by staff should there be any issues or concerns that we would be able to visit that on case-by-case basis. We just want to ensure that those projects are being completed in a timely manner. **Commissioner Walker** asked what happens when a filed contract for deed that fails to fulfill the–the general assumption is that most contract for deeds in this county are subterfuge to avoid landlord registration? You have this contract for deed, now you're going to have it required to be filed and they become eligible for NRA. What happens when that contract for deed fails within the ten year period? **Ms. Harshbarger** said then they would no longer be eligible for the NRA program and be removed. **Commissioner Walker** said what happens when–because I have sold this property to Jim and he fails and he moves away and I get my property back, you only get one eligibility per property? What happens when I sell it to the next guy and it's still going to be an NRA eligible area? **Commissioner Murguia** said I actually know the answer to this I think. **Commissioner Walker** said good.

Commissioner Murguia said because this happened with the Dollar General Store in Argentine. They were going to make application for the NRA, the developer was, but then he intended to sell the property after it was built and up and running and after lengthy discussions it would have been worthless for him to do that because the minute the property was sold that NRA would have went away. You can't have an NRA and sell the property.

Doug Bach, County Administrator, said that's correct. It's non-transferable. The only exception to that is residential housing comes in, that then we allow the developer to start under a NRA program and then they can transfer that to the first homeowner that buys it. After that time period goes, if somebody gets it then five years down the road you don't sell it and sell the tax rebate program as well.

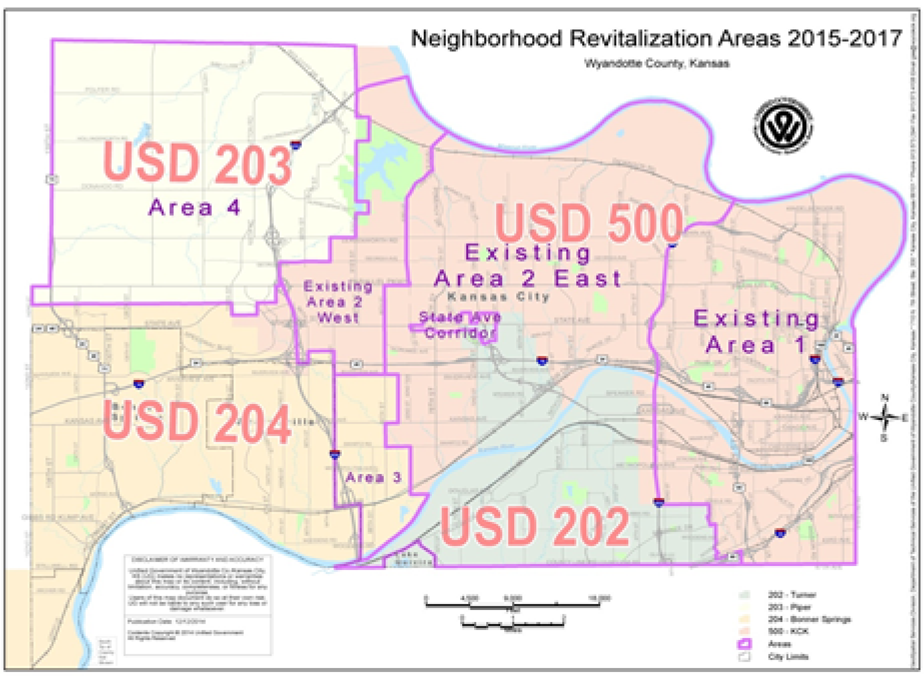


Ms. Harshbarger said just a few more proposed changes. We do want to clarify that the rebate is based solely on the construction or the improvement and the project has to be 100% completed to receive the rebate. For instance, if you had a property where it was purchased based on the sale value you have increased the appraised value of that property, well the threshold is 15% increase in assessed value. If the land sale has met that 15% under the current language it could be perceived that you would be rebate eligible. We want to clarify that you're rebate eligible based on the improvements or the construction.

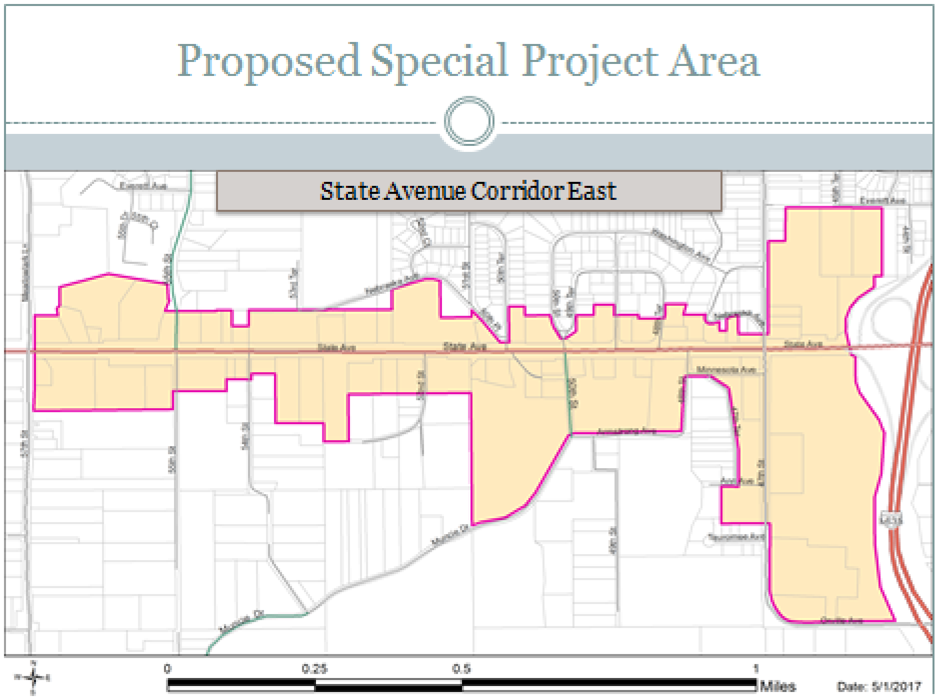
We also want to add some language regarding conformance with building standards. We do currently have language that speaks to compliance with codes, regulations and ordinances. We want to also just include now the language that states that there is conformance with the building standards that are in existence at the time of the construction project. We want to make sure that there is some consistency with things like fencing and landscaping to ensure that the projects are actually improving the property and keeping it consistent with the standards that we would like to see in an area.

Also, language regarding participating tax jurisdictions, there is an example that's provided in the policy of roughly how your tax rebate might look like, what that estimate might look like. We found that it's confusing people because when they sit down and try to follow that example and when they find their rebate doesn't match how that example works, then phone calls, can you explain this to me. We want folks to understand that the rebate is actually based on participation of the taxing jurisdictions. It will actually be the Treasurer's Office that determines the rebate amount. We just want to encourage folks to follow through and contact them if they do have questions regarding their rebate amount.

Then the last piece that we have for you, we're proposing two new special project areas. We do currently have two special project areas. One, existing Area A, is considered a special project area and then we have that State Avenue Corridor there in the middle. For those areas, if it is a product that is retail in nature; if there is a historic designation or if there is environmental contamination, that project may be eligible for a 75% to 85% tax rebate for a period of up to 20 years.

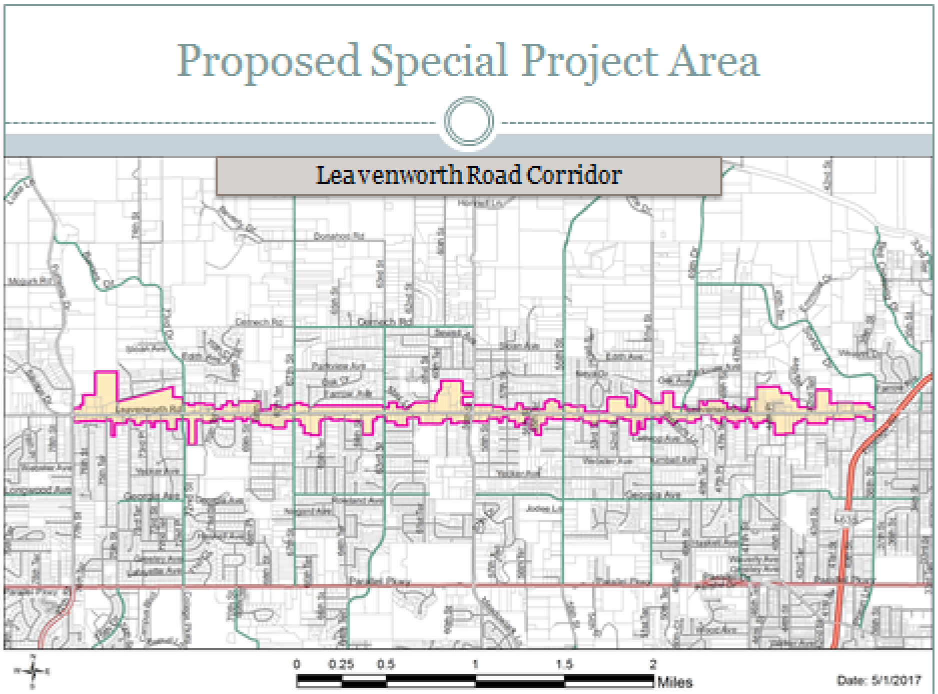


We would like to propose two other corridors that have the same terms to encourage commercial and retail development in those areas.



Our first is our State Avenue Corridor East. You saw that we did have a State Avenue Corridor up there. We're going to call that one west for our purposes this evening. What we're proposing is an area from 635 to approximately 57th St. and it's just those properties that actually have frontage on State Avenue other than you'll see all of Indian Springs is encompassed here.

David Alvey, BPU Board Member, asked how do we establish these areas as special project areas. Is this something that the commissioner would ask for who represents the area? Is it businesses who would come forward and say we want to be a special project area? **Ms. Harshbarger** said in this case it was a discussion amongst staff talking about a targeted approach to advancing development in certain areas.



Mr. Alvey said I'm looking at, for instance, west of 635 which would be the Highland Crest area, 3000 single-family homes, 2/3 of them are probably rental properties. What would precipitate that area being designated a special project area? **Ms. Harshbarger** said well these again are just for commercial development. So we're wanting to encourage retail growth.

Mr. Bach said I'll say that the reason we went after this is we're obviously working on the Indian Springs area. When we did the special project area out around the Wyandotte Plaza area, resulting impact was a $30M development that came into that sight. In trying to get that redevelopment through that area so we looked at this and thought we probably won't use the tool so much on Indian Springs, but the related property around it might make sense. Then of course we already have everything east of 635 as eligible. It's just kind of picking niche properties on the western side where the tool may come about. We don't have anything planned for this. Actually we are going to go through the whole redevelopment process or planning process for it. That's why we came about and said here's where we go with this and then the other one that you'll put up is where we are doing Leavenworth Road, so we're spending millions of dollars there. It's like if we're going to invest in it, maybe there's the opportunity much like State Avenue that we would pick off some areas. I wouldn't see it happening all up and down the area, but there would be some nodes within it that would make sense, since we're coming in with redevelopment dollars. That's the strategy of where staff came about these recommendations and we're open to any kind of input or thoughts you have.

Commissioner Walker said I'm going to give you some input. I don't like it one damn bit. I don't like the idea that you've picked out two corridors in the north part of the city when Strong Avenue in Argentine, except for what the commissioner has precipitated, you can't buy an ice cream cone. Why is Strong Avenue not there, why is the little corridor in the Turner area not even considered? I don't like this without a full-fledged Commission discussion over what should be. I'm not necessarily opposed to the entire length of Leavenworth Road or State Avenue, but my God we have put tons of money into State Ave., tons of money.

I'd like to see a fraction of that put into the Turner community and put into the Argentine area. You're too young and there's probably not a handful of people, maybe RJ and myself, that remember when Argentine, you could go down there and do everything you needed to do. Yes, you too, Jim Walters. Even Ann can't remember that. There's no reason that we can't give some kind of benefit to that area because that area used to service all of the southern, I will say below the river, south of the river as we call it, the forgotten waste land, where you can go to a grocery store, toy store, TG&Y, hardware stores and auto repair, everything you needed was there before the vast interstates allowed you to get over to the other area.

So I'm a little hot that this has not had any consideration or input from the Commission about any other area other than the two major thoroughfares that are in the north half of the city. **Mr. Bach** asked your referring to the area in Argentine from 635 over to 18th St.? **Commissioner Walker** said Strong Avenue actually ends from 42nd to 22nd, I believe. **Commissioner Murguia** said 24th. **Mr. Bach** said that entire area is in the special project area. **Commissioner Walker** said show me. **Mr. Bach** said everything east of 635.

Commissioner Walker said if I'm looking at that map, it looks like the whole damn county is in the special project area. **Ms. Harshbarger** said these are actually just our plan areas so we do have an Area 1, 2, 3 and 4. Area 1 itself has been designated as a special project area. **Commissioner Walker** said alright, well then I'm sorry. **Mr. Alvey** said I guess the question I was trying to get to is, what would it take? I know for instance Representative Frownfelter and Commissioner Markley had been looking at the Highland Crest area to see what could be done to raise the standard of that neighborhood.

Is this something that has to be led by a commissioner, is it something that's brought, I mean how do these things come about? **Mr. Bach** said you can just tell us what area you think it would work good to come into. The emphasis behind the special project area has been driven more by retail. That's where you really get the benefit from it more so than a residential area. We can go with that, we haven't done one for a residential area, to take it out 20 years. **Mr. Alvey** said probably if you said, let's say you would select out Highland Crest in that area and you would, since most of those are rental homes, single-family detached, you would not probably incentivize, we would not want to incentivize landlords, large land owners utilizing the program to upgrade their properties and then continue to rent them. That would not be a purpose of this, correct?

Ms. Harshbarger said currently we do not allow–**Commissioner Walker** asked well how is this different? I'm looking at a map that would suggest to me that Leavenworth Road is already in an existing area, both 1 and 2 and so is State Avenue. You're highlighting those narrow bands with something special called a special project. I don't see any special project areas south of the river. Where am I wrong on this? **Ms. Harshbarger** said no, you're correct Commissioner. These have just been some initial discussions that we have. Tonight is not a final plan that's being presented by any means. We're bringing it for discussion so that we can next take proposed changes out to the school districts. We actually will not plan on coming back for a final version of this until sometime in September and October and have lots of opportunities to explore some of those other corridors. **Commissioner Walker** said well you got my input tonight.

Mr. Bach said to be clear though, existing Area 1 includes authority to do a special project area within any area in Area 1. That's the key issue that you're not seeing outlined. It's because, if you go into Area 2, you can't do a special project area just anywhere. You can only do it in the little outlined area around State Avenue Corridor around Wyandotte Plaza. If you go into Area 1 we can pull out, we can come down around KU, we can do it around Strong Avenue, we can go up into the northeast area. We can designate that anywhere within that area. That's how our rules call out and say procedures allow for us to do that and designate it within any area. We've looked at it a few different times but it hadn't come out to be the right tool at that place. **Commissioner Walker** said Commissioner Alvey is still correct though that's in USD 202, Board Member Alvey, where the line zigzags or detours away from 635, that's Turner that's Shawnee.

I live in that little square between, no I live just west of 635, right at the County Line boarder. In that area for there to be a special project area we would have to designate like Gibbs Road or Metropolitan or one of the major thoroughfares through the southern part of the county. **Mr. Bach** said that is correct and I'd probably add to, you're talking more about residential. Probably the different thing you might want to consider rather than, because in Area 2, we only offer five years. In Area 1 we can do up to 10 years for residential. In Area 2 it's only a five year 95% so to add an added incentive in the Highland Crest area for homeownership, not rental, you would look at maybe carving out an area there and say we'd like to make this a ten year area rather than a five year area. In saying that, I'll also note and it's, things change, but previously the Turner School District was not receptive to that. In fact when we did this, and I probably go back a couple iterations of this plan, there was some resistance to it. The last couple times they've been very welcoming to it and found where it's been useful.

The school districts are not always jumping up and down about it because you realize when you do build it there and causes them infrastructure increases, then they got to go build something. If they are not getting tax dollars from those houses for ten years but they're getting new students then it's a different play on them immediately. That had not been the case in USD 500 where we've had existing facilities. Now they're seeing a growth. So far they've supportive of it still being that way.

Mr. Alvey said would it be possible, let's say going back to the Highland Crest neighborhood, if this were to be a special project area that you would then go to Gary Brown or Gary Smith is probably the largest property holder in that area has lots and lots of homes for rent. Could he or could they make use of this if the development agreement would require them to put it up for sale as a single-family dwelling? Can it be done to move it from rental housing to single-family? **Commissioner Murguia** said yes that's what I was going to clarify for you. Tell me if I'm right David, what you're trying to say is that the Highland Crest area has been a priority area for south side for a long time and in conjunction with what they're proposing here for commercial corridors you are potentially proposing an 80% property tax rebate on owner occupied residents that lie within the boundaries of Highland Crest. **Mr. Alvey** said and wondering whether this could be a way to–you could not have someone that is renting it out and then take advantage of this. **Commissioner Murguia** said right, it has to be owner occupied so the way to do that is simply with marketing as property come up for sale in Highland Crest or as renters approach their landlords about buying property, their incentive would be that if they bought they'd get an 80% property tax rebate if they took the initiative.

Also, what it does is empowers the people as opposed to organizations and bigger business. It's an incentive for the people, just the regular common Joe to go out there and buy property and move to that area. It's really just marketing and designating an area like what they are doing for the commercial areas. I agree with you. I think it's a beautiful situation for Highland Crest because I know Commissioner Markley really cares about that area. **Ms. Harshbarger** said since it is residential in that area it would be a 95% rebate.

Commissioner Murguia asked, Doug, has Turner School District been concerned about these kinds of districts or project areas in the past because that lies in the Turner district.

Mr. Bach said I'd probably go back two renewals ago. They expressed a fair amount of concern about the value of the program and whether or not the tax, if somebody was going to build whether this was truly incenting somebody to do something different. What you're talking about in Highland Crest would probably be more of reinvestment within the existing houses. To add in, if you get a couple of new ones built within it, that'd be great because that means somebody is really demoing out of it and then building a new house within it.

We can draw a box around the Highland Crest area and make it subject to the rules that are in existing Areas 1, which would then make it be able to participate for a 95% 10 year rebate program. The incentive there would be it does have to be homeowner occupied and you have to have–if it's an existing structure, you have to have 15% so the investment into it has to be 15% of the value of it. You only get it on the incremental increase but you can go in and make a substantial improvement to those homes or if you demo something and take it back down then you're getting a much more significant when you come into it.

Commissioner Murguia said for me that's really in the weeds. It's a great explanation; I deal with it so I'm very familiar with the program. If you don't deal with it, it can be very confusing. When the program was originally set up existing Area 1, which was east of 635, because of the significant amount of blight, code issues and income levels of the people that lived in those areas the program was set up with greater incentives.

Area 2 had a little less incentive and then Area 3 a little less in area for a little less than that and that way we weren't competing with one another. We're just basing it on what the current market was. I think what you and Hal are saying is that the Highland Crest area is more comparable, even though it's in Turner which is an Area 2, a higher income level but Highland Crest has such a deep concentration of poverty and the volume, the density is so great there that they could benefit from being designated in Area 1 which are all those benefits he's talking about for a special project area on State Avenue which I would say I think it's a good idea. If you're asking for feedback tonight and not any kind of action, I would absolutely support that. **Mr. Alvey** said I think I would defer to Commissioner Markley and actually to Representative Frownfelter who had been working on this issue in Highland Crest to see how this would fit into things they have been looking at over the years. I'm not suggesting that. I think that ultimately could play out that way. I'm not proposing that you add that right at this moment. I would like to see it as part of a larger effort to rehabilitate that area.

Chairman McKiernan said, Commissioner Murguia, did you have some other comments or discussions you wanted. **Commissioner Murguia** said my comments were just the same as Hal and it wasn't exclusive to just south of the river. It's just that I hope that we're taking a look at all of Wyandotte County and special areas and areas of opportunity. I don't disagree that State Avenue Corridor area is a good project area. I just think like Mr. Alvey and Commissioner Walker said, I think there might be other areas that could benefit from a special project area. That's all. **Mr. Bach** said I don't disagree.

Chairman McKiernan said there were eight items of change that you brought forward tonight in the NRA. **Ms. Harshbarger** said correct. **Chairman McKiernan** said I really do like the way instead of redlining and the strike out you just outlined current language and proposed language. It's actually easier to read than redline and strike outs so I do like that.

What I have heard so far is really no concern about seven of those eight items. The concern is the one that is No. 2 on your list, special project areas, and the clarification that everything in Area 1 is eligible for a special project area. **Ms. Harshbarger** said correct.

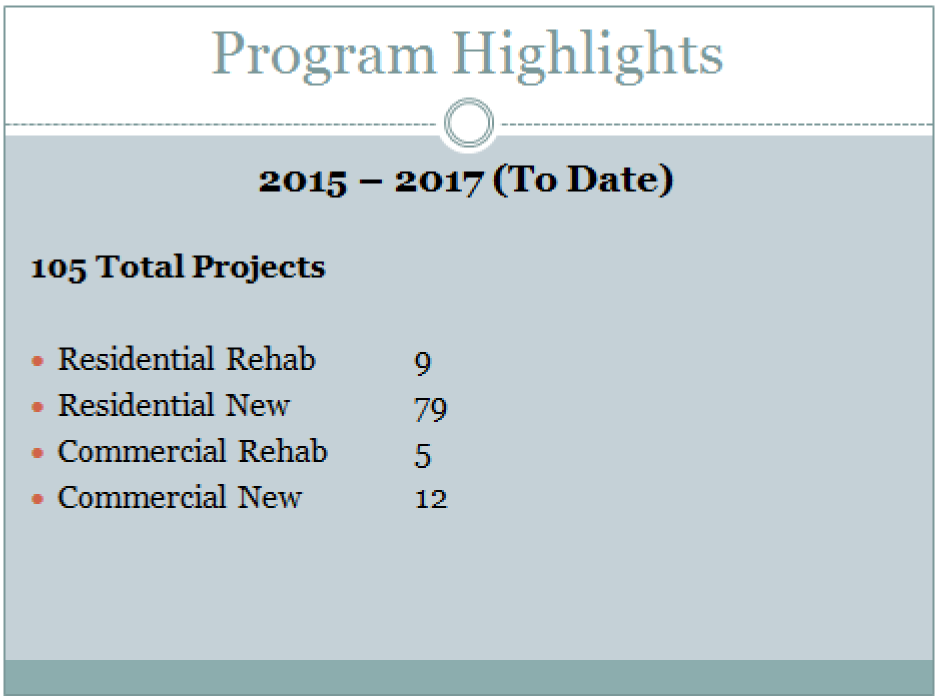
Chairman McKiernan said you're proposing in addition to State Avenue West, you're proposing State Avenue East and Leavenworth Road. Based on the discussion tonight we're going to investigate highland crest as a further specified special project area. **Ms. Harshbarger** said yes.

Chairman McKiernan said that now commissioners know that if there's any reason for them to ever think that a special project area would be a benefit to a geography of the city, that they can just simply come to staff, request that and make that happen or at least get it to be considered to make it happen. **Ms. Harshbarger** said please, we would welcome that feedback.

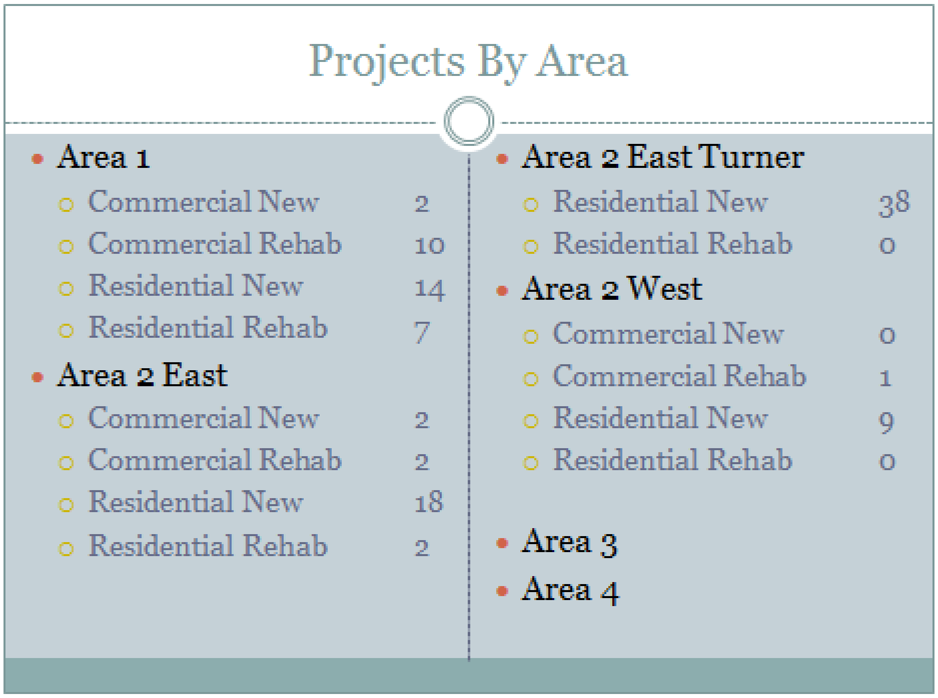
Commissioner Murguia said, Doug, can you make sure that this is just half of us, can you make sure that you touch base with the other half of the Commission to make sure that they are aware of this before its start of sprung on them. **Mr. Bach** said yes. **Commissioner Murguia** said it is startling at first when you hear the presentation until you get into the details.

Mr. Bach said one thing to remember to on all the special project areas, unlike NRA one of the things that developers and it works well with residential is that once you give us authority we can make it happen. It doesn't have to come back before you and I will say that makes it an extremely popular tool. Special project areas we have to come back before you. I can't just go out and award some 20 year deal based on what's said tonight. This just gives us authority to work it saying that's an area that can play into this. Then we can come back, essentially the other taxing jurisdictions have blessed it, but they're saying you all can make that decision if you determine this is an appropriate node within that certain area.

Commissioner Townsend said I just have one question about the proposed removal of the example. I think this is Item No. 8. What was the rational for wanting to remove that example? It seems like it would be in its present form more constituent friendly and easy for people to get a general example of how the increase is supposed to work and what the rebate is paid on. **Ms. Harshbarger** said the concern has been is that it's not a true representation of the tax rebate and how that it's calculated because it's dependent upon the participation of the taxing jurisdictions. If an individual were to try to apply that same example to their particular rebate, they would find the numbers may not match up so while it might be a rough estimate that could be provided we would rather refer the owner to the Treasurer so they can get a true representation of what their rebate is going to be. **Commissioner Townsend** said why don't we just say that in addition to the example that's there. I just found it simpler to understand what the difference is going to be paid on. Just add to the language instead of taking it out, that's just how I understood it. **Ms. Harshbarger** said we can certainly do that Commissioner. Are there any other questions regarding the proposed changes or comments? **Commissioner Murguia** asked is that your presentation? **Ms. Harshbarger** said just a couple more slides to give you. An idea of where we're at in term of our 2015/2017 plan to date.



We currently have had 105 total projects during this plan. You can see primarily it's being utilized for residential new construction.



We wanted to break that down for you further by area to see what type of use for what areas. You'll notice that we do have Area 1, Area 2 East. Area 2 East Turner, there is a different criteria for residential for that community and so that's why those numbers are separated out. You'll notice we do not have anything listed in Area 3 or Area 4, those areas were added as of this plan, however; we've not received any applications so far in those areas.

Mr. Alvey said could I ask, residential rehab in 7 on Area 1, 2 and Area 2 East, none in Area 2 East Turner, none in Area 2 West, is our folks aware of the availability of this? It would seem to me that if more people knew that this was available that they might, I've added on to my house twice. I've added on to my family five times. It seems to me that there would be an advantage if you knew about this and you could plan your rehabilitation, your addition, there might be more of this happening. **Ms. Harshbarger** said absolutely, that's a great question and that's one of the things that we're going to target this year. We want to come up with a marketing plan for the NRA program. We're finding right now word of mouth is helping as the appraisers have been out doing, their staff doing evaluations; they've been working with homeowners, business owners. We do want to have a more targeted effort to get this information out there.

Mr. Bach said I will comment that probably one of our best partners and Greg Kindle is here from WYEDC and they've probably been one of our best partners in getting the word out through the reality of that is WYEDC doesn't have a lot of interaction with the residential person doing rehab. You have a new developer doing new development so they can put that in to interact with them, or the commercial side of it. Getting to the average citizen outside of the material that we put out or what the media picks up and we do post it out at Building Inspection. When someone comes in for a permit, the argument there to us has been well if someone is coming in any way they're going to do it. We still have the information there so that may encourage them to do a little bit more, take it over, apply for it and take advantage of the program.

Commissioner Murguia said but it's still cash on the table, its free money. If there coming in to build, I mean that doesn't make any sense. If you're coming in to build a house and you're going to say no, don't give me 80% of my property tax back, I want to pay it to the Unified Government, that's not happening.

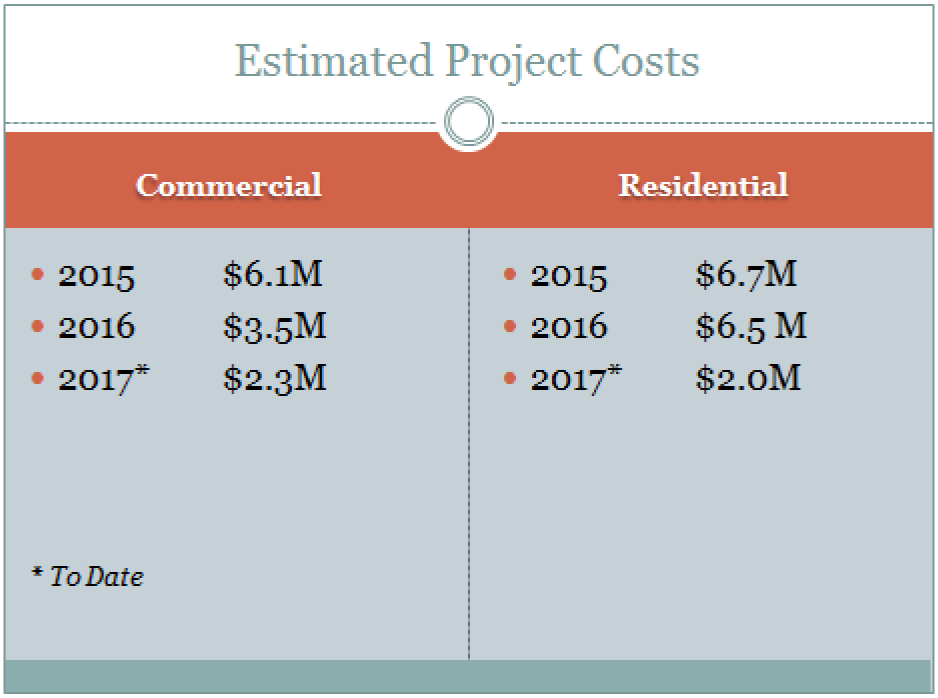
So clearly what I think is happening, which is more realistic, is that it's too good to be true. Is that the builder comes in to pull the permit and sees the thing and thinks there must be some fine print associated with that and that's really not what's happening. 80% property tax rebate is not possible. At first when I tell people about it and I promote it all the time, the first reaction I get is how much paper work do you have to fill out? What really, at the end of the day is your refund, is it really 80%? What do you mean by the improvements on the property?

I really think it's a fantastic program. You guys do a great job on staying up and keeping the pieces of it in really good order. I just think its marketing and its believability because it's such a great program. **Mr. Bach** said actually for us, when you say government; it's really one of the more simple programs to go through. We're pretty straightforward and it's 95% again on the residential in most areas. You keep saying 80%, but on that residential they can get the 95% so it's a really strong program that if somebody spends that additional money. Maybe in cases you got to look at what's your percentage of it. If you just go and spend $500 on your house, there's nothing that's going to come from that. You have to put an investment in that's equal to 15% or more of the current value of your home in order to get something back out of it. After that, it's where you are appraised at after that too. You become eligible once you spend the 15%.

Mr. Alvey said I'm just thinking an individual, he and his wife have a plumbing company and he has within two blocks of my house has purchased and renovated four properties. We would be outside that area; we're just west of 635. I think if he had been able to access this program, he would be looking for even more properties and he really did do much more than 15%. Two of these, one of them had been condemned, I'm almost certain of it. Generally he's pretty savvy about these things. I think he would have known about it, but again we're outside the area. I understand why we want to go back. **Commissioner Murguia** said no, David, you're not outside the area. You're outside of Area 1, but you have Area 2, you just have less of a benefit than Area 1 does. **Mr. Alvey** said I see. **Commissioner Murguia** said you still have a program and it's a good program in Area 2. **Mr. Alvey** said I don't know that he was aware of the program. He might have taken advantage of it. He might still be doing more, looking for other opportunities and there're other opportunities on 49th St. for sure. **Ms. Harshbarger** said if he is, please have him give me a call. **Mr. Alvey** said I will do that.

Mr. Bach said with our Land Bank and now that we're taking homeownership and obviously we're marketing strong there that's part of the bang for the buck, come in and you take over this dilapidated property, here's your value which is almost nothing at this point, maybe it's $10,000 or something and as they bring it up to a $100,000 home or something and then there getting 95% off that for five or ten years.

Ms. Harshbarger said just a couple more pieces of information for you here.



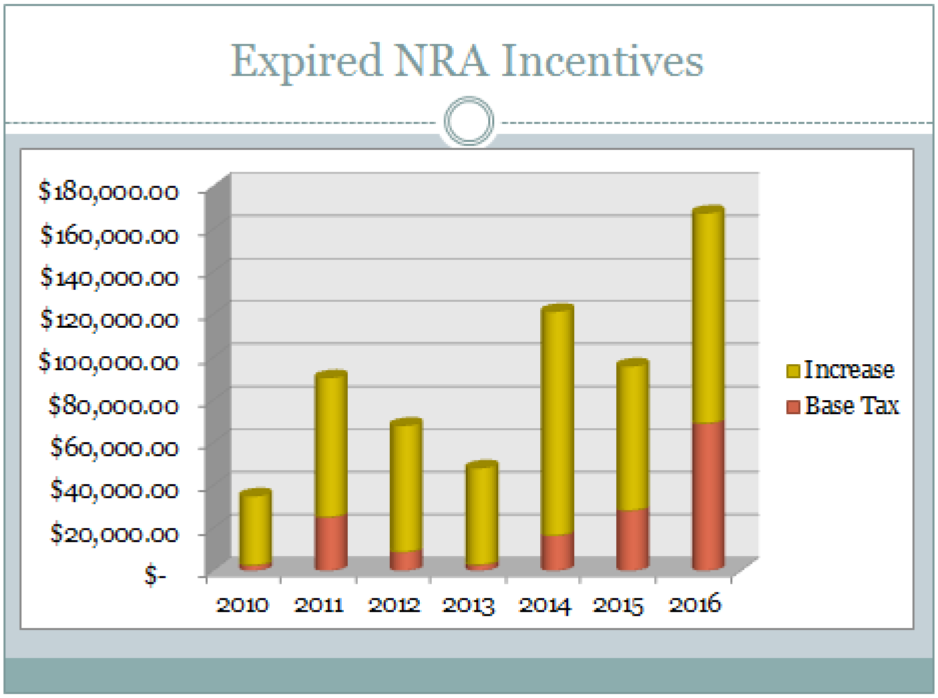
These are the estimated project costs at the time we receive the application. These are the amounts the developers are telling us that the construction will cost. We wanted to give you a rough estimate of what the program is looking like for 2015, 2016 and 2017 at least to date. So you can see for commercials it's an estimated $6.1M in construction and residential for 2015 is $6.7M. You'll notice a slight decrease, a little more than a slight decrease for 2016 for commercial but there is a difference.

We had seven commercial projects in 2015. We actually had eight in 2016. 2015 was all new construction whereas 2016 was all rehab and renovation. So that accounts for that difference. Then you can see where we are at in terms of 2017. Back in January Charles Brockman and Brittany Moore in our office provided an update on expired tax incentives, expired incentives.

Expired NRA Tax Incentives

FY	Base Value	FY Value	Base Tax	FY Tax	Parcels	Type
2010	$ 60,700.00	$ 833,900.00	$ 2,522.53	$ 34,970.64	1	1-C
2011	$ 846,570.00	$ 3,201,870.00	$ 25,065.11	$ 90,480.00	14	4-C/10-R
2012	$ 300,230.00	$ 2,378,380.00	$ 8,682.53	$ 68,089.24	16	2-C/14-R
2013	$ 136,820.00	$ 2,135,540.00	$ 2,734.91	$ 48,175.04	17	1-C/16-R
2014	$ 663,580.00	$ 5,337,340.00	$ 16,425.32	$ 121,355.90	40	1-C/39-R
2015	$ 1,300,560.00	$ 4,272,880.00	$ 28,197.11	$ 95,945.89	35	3-C/32-R
2016	$ 2,110,566.00	$ 6,006,510.00	$ 69,086.90	$ 167,509.42	38	5-C/33-R
TOTALS	$ 5,419,026.00	$ 24,166,420.00	$ 152,714.42	$ 626,526.13	161	12-C/111R
	Increase	$ 18,747,394.00	Increase	$ 473,811.71		"C" - Commercial
						"R" - Residential

The NRA program was part of that presentation. You've seen the figures fiscal year 2010 through 2015. We wanted to add 2016 and bring that back for you tonight just for your information. What you are seeing there, base value, fiscal year value on the left, that's actually the increase in the appraised values. Next to that you have the base taxes and the fiscal year taxes so the increase in taxes as well. These are between the base year of the project and when the tax incentive expired.



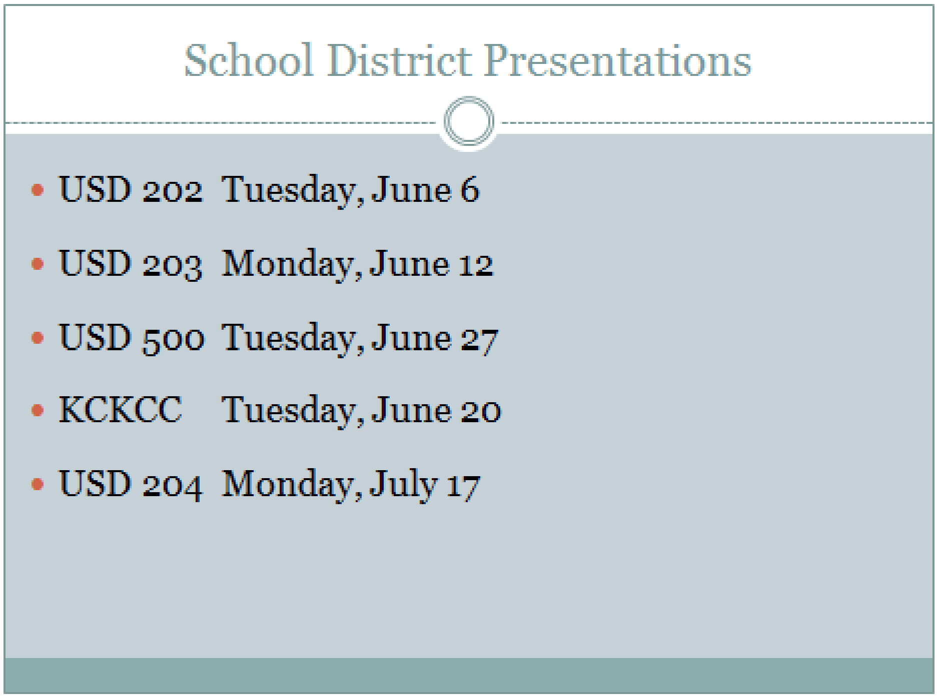
Chairman McKiernan said this is the piece that we sometimes forget about. We think about, I always think about this. It's the ten years I'm not getting that. I forget after ten years we really do get a substantial influx into especially our property taxes. That's a half million more every year. We always have to remember when those terminate. **Ms. Harshbarger** said just a graph with the same information for you.

We did want to share some of the success stories. We have some examples here of residential rehab, so the before and after, you've got before on top and after on the bottom there.

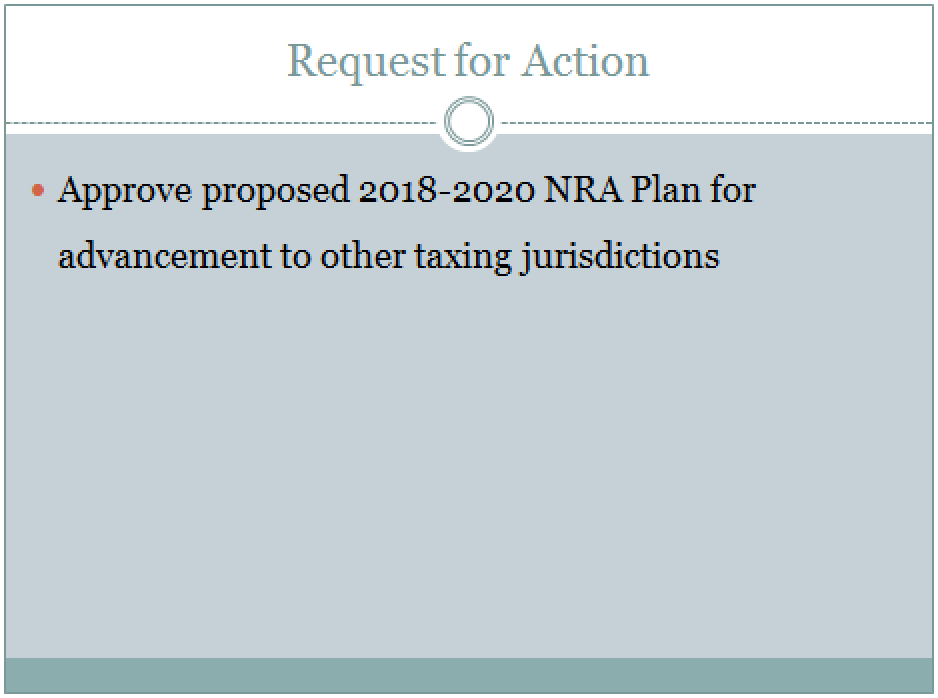
Residential new, we've gone from vacant lots to new homes.

Commercial Rehab, you have your before on the left and your after in the middle and to the right.

Then commercial new, again a vacant lot to a new commercial building.



We do have some tentative dates scheduled to take this presentation to the school districts. I have those listed here for you.



What we're asking is approval to now take the proposed 2018 to 2020 plan to those jurisdictions for consideration. **Chairman McKiernan** said so you are asking for approval of the eight changes to the NRA as you proposed it tonight, taking into consideration the discussion we've had on Item No. 2, special project areas? **Ms. Harshbarger** said yes. **Chairman McKiernan** asked so you're asking us if we would approve you taking this forward for discussion with the school district. Then you'll circle back to us after those discussions for final approval of changes to the NRA, did I get all that right? **Ms. Harshbarger** said that is correct.

Mr. Bach asked, Angela, when did you have the one with Turner School District? It's right away? **Ms. Harshbarger** said right. These are tentative; we can make changes if necessary. **Mr. Bach** asked if we are going to look at the Highland Crest area then I wouldn't want to go to that district without already having that built in is what we're coming to recommend. **Mr. Alvey** said, again, I'm not suggesting you recommend it. I think it has to be part of a larger effort in a more coherent plan. I think that could be done, but I think if you would lay it out as an example. If we were to, let's say, choose an area, let's say in the Turner School District, as a suggestion look at Highland Crest. Everybody is familiar with it and say this is the potential that we could realize with this. **Mr. Bach** said we could probably get to the other standing committee on the 22nd of May. We can take the same presentation to them and get their input.

I guess the question would be from this group, if there's more input to say, lets add it. Would you be good with that or then we could go to that other committee and get their input on it and see if they're there. Or would someone like Commissioner Markley be opposed to it. **Chairman McKiernan** said I'd be comfortable with taking all of our discussion here to the other standing committee, to the other five commissioners prior to taking it out to the school districts. **Ms. Harshbarger** said yes, okay.

Mr. Alvey said since it's going to another standing committee I think it can go through the process to put it on a standing committee. **Mr. Bach** said you're giving us direction. We're taking it to school districts. This is the plan we're working with obviously as we go through with all those districts, all these different taxing entities, we've got to come back with one approved. **Chairman McKiernan** said I just wanted to make sure that we didn't need to actually take action other than give direction. **Mr. Alvey** said just give direction to send it to the other standing committee, I think, like Doug said.

Action: Information only

Item No. 6 – 171125…RESOLUTION: SET PUBLIC HEARING FOR ARGENTINE FAST FOOD SHOPS

Synopsis: Resolution submitted setting the public hearing date of June 15, 2017, to consider the advisability of adding area to the Metropolitan Avenue Redevelopment District, submitted by Jon Stephens, Interim Economic Development Director.

Commissioner Murguia said I am recusing myself from this vote. I am the Executive Director of the Argentine Neighborhood Development Association. We are making a $1.2M donation to this project. It was a stipulation in order to be able to get it on the agenda for Commission review. I'm just going to sit back there, but I do know that there are people here. **Chairman McKiernan** said can't you still sit here and just stay out of the vote. **Commissioner Murguia** said I'd rather not. **Chairman McKiernan** said okay, fair enough. **Commissioner Murguia** said there are people here from the public that have stuff to say. **Mr. Bach** said we updated some things to the presentation. I was just giving you Jon's new update. It came out to you electronically**.** **Chairman McKiernan** said was that the one that came out that Rocki sent out right before. **Mr. Bach** said yes. **Chairman McKiernan** said there it is. I have it.

Mr. Stephens, welcome to our standing committee. We're ahead of schedule, usually we wouldn't get to you until later. **Mr. Stephens, Interim Economic Development Director,** said oh, wow, I feel honored, thank you. As Commissioner Murguia said I also want to recognize John Davis with Ferguson Properties who is the developer, as well as Kevin Lee with Polsinelli representing the client, Argentine Betterment Corporation. **Mr. Bach** said, Jon, they're welcome to come up. If you two want to come up and join Jon at the mic, that's fine. **Mr. Stephens** said what we are here for tonight is to discuss a resolution to set a public hearing for the expansion of the Metropolitan Avenue Redevelopment District and directing staff to negotiate development agreement terms that will be advanced into a development agreement. The expansion dubbed Project Area 3 will include two quick serve restaurant facilities.

The proposed site as you can see with the red star is on the southwest corner of 18^{th} & Metropolitan Ave. I will also point out between the Walmart Neighborhood Market and the Save-A-lot in the center there, there's some land clearance. You can see that is the South Patrol.

Here is another view of that site, once again, the southwest quadrant of 18 St. Expressway just south of the Save-A-lot and the Dollar General. Now I'd like to turn it over to the developer to give you an overview of the actual site plan.

Kevin Lee, Polsinelli Law Firm, said I'm here on behalf our client Argentine Betterment Corporation, the post owner of the project and also have Micah King from Argentine Betterment Corporation, and John Davis from Ferguson Properties, which would be the developer of the project.

What's the opportunity that we're talking about here tonight? What you see here is an early site plan of the project which consists of approximately 5,800 sq. ft. of quick serve restaurant uses. That's situated on two lots, comprising just about two acres in the aggregate. Two separate buildings which you've got to the north on the northern lot is the dual flag, quick serve restaurant. That's the Pizza Hut and Wendy's hybrid combination that you might be familiar with or other combos that you've seen elsewhere in the region. To the south you've got the approximately 1800 sq. ft., Dunkin Donuts quick serve restaurant. That's the project that we're talking about here this evening. On the left you've got some prototype concept elevations of what these might look like when they come to fruition. That's the project. I would think it's a great project and one that is very important to the neighborhood as evidence in part by the many folks who have now devoted several years to this project. I'll let John continue with the presentation and we're here to answer any questions that you guys have.

John Davis, Developer with Ferguson Properties, said really we're here to answer any questions that you may have, but as it was mentioned, we spent a lot of time and energy really working through this site, trying to figure out ways to maximize visibility, maximize access, the sorts of things that attract these sorts of retailers. At the same time strategically avoid existing utilities, minimize cost to make this thing possible. I stand ready to answer any questions you have.

Mr. Alvey said I know the site very well. It's right adjacent obviously to 18 St. Expressway. There are pad sites on La Plaza but this is preferable because of the visibility and the accessibility. **Mr. Stephens** said yes sir, that is correct. **Mr. Alvey** said driving one extra block is just enough to discourage some people from taking advantage of these businesses. **Mr. Stephens** said that's what we're heard. When we've gone to the retailers, they ultimately pick where they want to go. This is the site they expressed interest in. We are limited in pursuing the options that seem viable in the near term here and now as opposed to what may come on those pad sites later, but that is definitely what the market has told us. **Mr. Alvey** asked these would actually be visible form 18 St. whether traveling north or south? **Mr. Stephens** said correct. **Mr. Alvey** said whereas if it was a La Plaza on the pad sites, it may not be? **Mr. Stephens** said yes sir.

Action: **Commissioner Walker made a motion, seconded by Commissioner Walters, to approve the resolution for setting the public hearing.**

Chairman McKiernan said there is a motion and a second. Is there any further discussion or any other further presentation? **Mr. Bach** said we have the development deal we were going to explain to you. We were asked to come back, bring back the terms of the deal I think when we had or not before we came back. We have the terms of the deal we wanted to go through. **Commissioner Walker** asked is it any different from what you put out in this? **Mr. Stephens** said yes, it is what's in this. **Commissioner Walker** said if you feel a need, then go ahead. **Mr. Bach** said well only do what you need. **Commissioner Walker** said I want to make sure.

Mr. Stephens said I'll continue based on Commissioner McKiernan's affirmative.

Proposal Details

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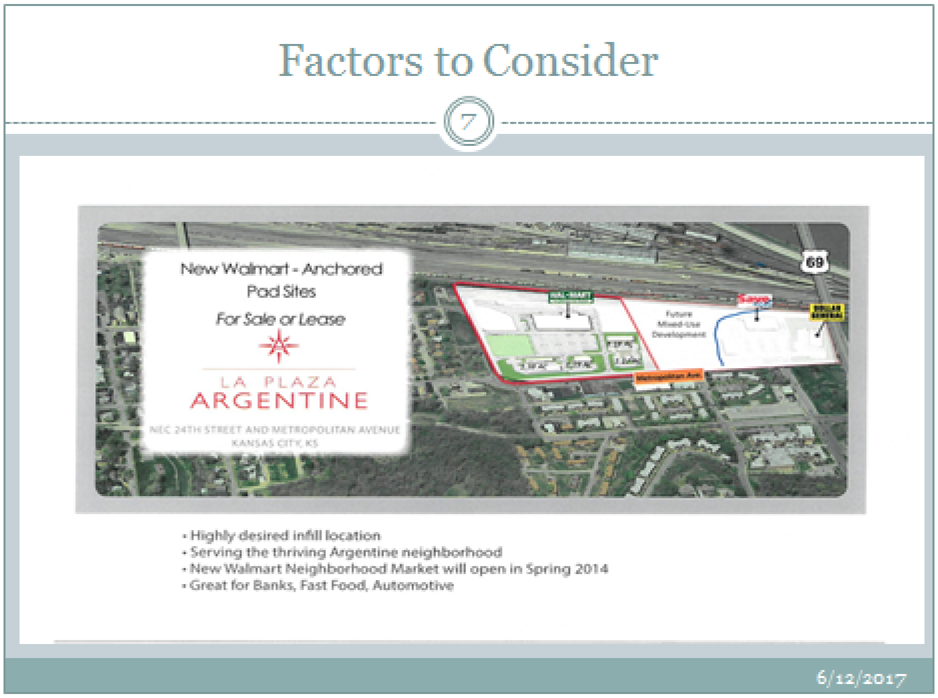
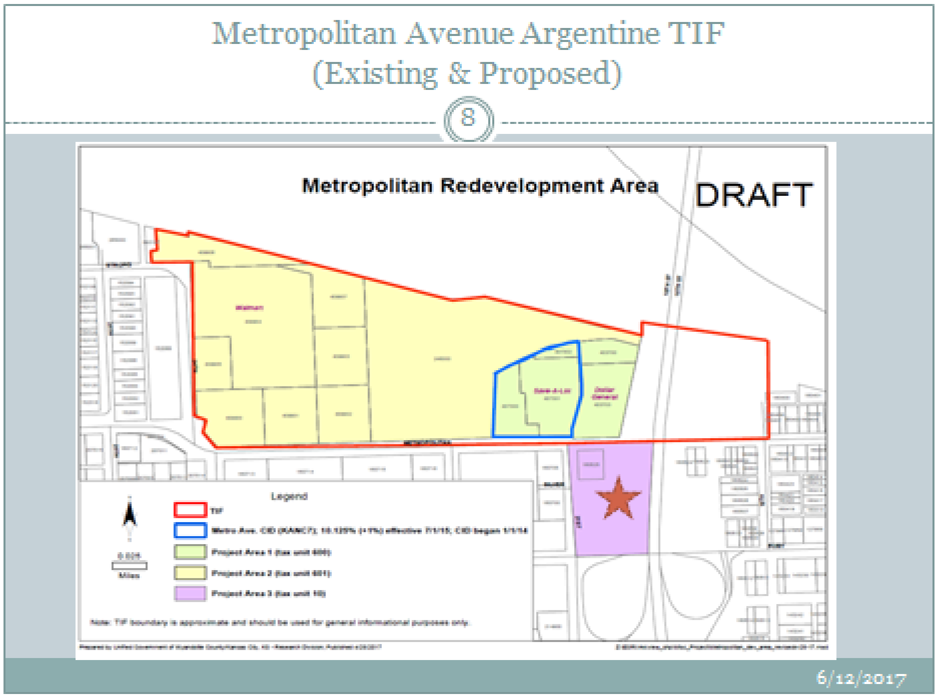
Category:		Amount:	Notes:
Site Acquisition Fees		$32,000	*Includes UG owned parcel and KDOT ROW donated*
Site Work		$970,000	*Approximately 30% of total project costs*
Building Shell		$1,230,000	*Includes both restaurant structures*
Soft Costs		$850,000	*Approximately 26% of total project costs*
Total Project Costs:		**$3.3M***	** Including contingency*

6/12/2017

To give you an idea on some of the proposal details, this includes the total project cost of $3.3M. That includes the UG owned parcel and the KDOT Right of Way being donated.



You can see factors to consider are related obviously to the Walmart Neighborhood Market and the Save-A-Lot grocery that opened in the Spring of 2014.



As the board member Mr. Alvey mentioned, you can see the parcels. Project Area 1 and Project Area 2 and this would be extending to accommodate Project Area 3. I will turn it over to Kathleen to cover some of the financials.

Existing TIF – Issued GO debt

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- Issued $1.6 M in G.O. bonds in 2013 for Save-A-Lot (Project Area #1):
  - Property Tax TIF - $650,000
  - Sales Tax agreement - $950,000
- Issued $3.7 M in G.O. bonds in 2014 (Project Area #2):
  - $1 million to UG for public infrastructure (road)
  - $2.7 million for grocery store
  - Undeveloped outlots exist within Project Area 2

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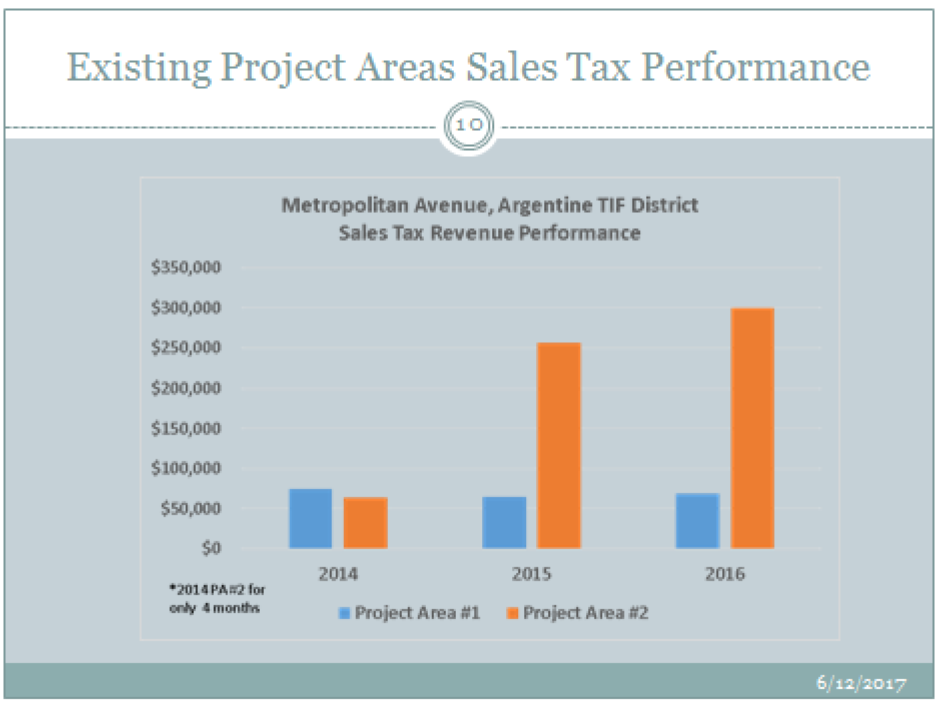
Kathleen VonAchen, Chief Financial Officer, said we felt that we needed to go over some of the financing of the Project Area 1 and 2. So Project Area 1 is the top bullet. We issued $1.6M in general obligations bonds in 2013 to assist in the financing of the development where the Save-A-Lot is right now. $650,000 of it was to be paid back by or paid the debt for service to be paid for by property tax TIF. The other $950,000 from the sales tax agreement.

The second project area, that development project cost $3.7M general obligation bond done a year later roughly. The issuance was done a year later and it comprised of a $1M in general obligation bond for a road improvement to that area and then $2.7 million for a grocery store. Finally there some undeveloped outlots that exist currently in Project Area 1 or 2, sorry. As you can tell these project areas are relatively new so we don't have a lot of data, but I know there was a lot of talk about the financial performance of these project areas. You know how much sales tax did we collect in that area?



The first year is 2014 and of course that's only for about four months. Then we have a full year of 2015 and a full year of 2016. The blue is Project Area 1 and then the orange is Project Area 2. You can see that the comparison between 2015 and 2016 was substantial so this is the amount of sales tax that we're collecting.

Revenue Performance– Project Area 1*

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	Debt Service	Revenue	Net
1. Property Tax TIF	$ 47,000	$ 100,000	$53,000
			x 15 years
Projected Excess			$735,000
Projected Years Until Payoff			2021 (in 5 years)
	Debt Service	Revenue	Net
2. Sales Tax Home Rule	$ 70,000	$ 68,000	($2,000)
			x 15 years
Projected Deficit			($30,000)

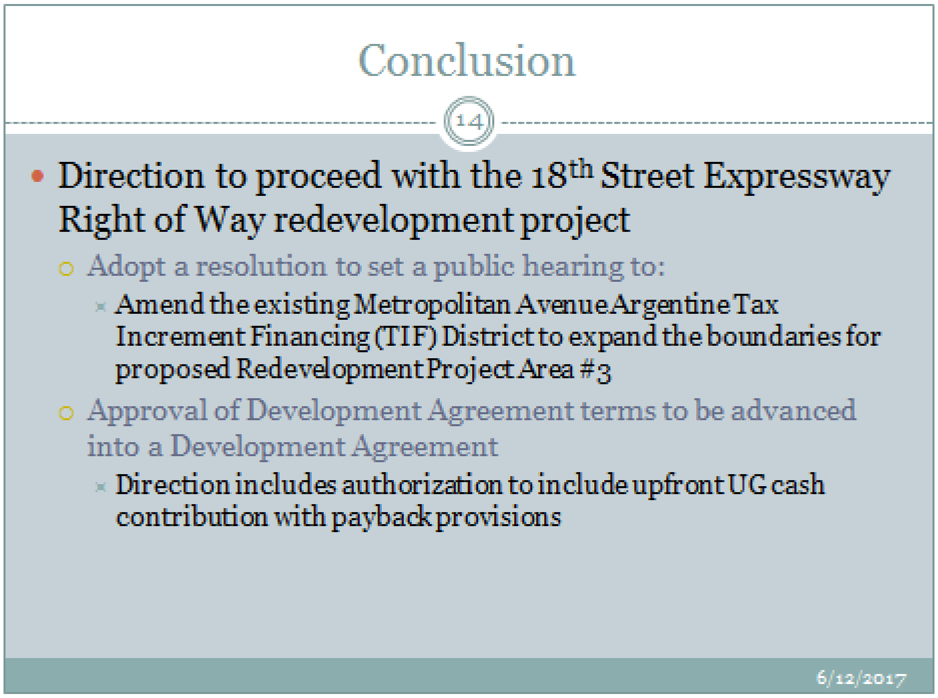
6/12/2017

There was some discussion about the revenue performance of these respective areas. Currently in Project Area 1 it has two revenue sources. I segregate them separately here. If you look at, for example, property tax and the sales tax, that's the level of debt service for those various general obligation bonds. The third column over is revenue. That's how much money has been collected. This is just in 2016 by the way.

You can do the math and you can see the net and if you multiply it by the number of years that are remaining on the bond issue, you come out with an amount of money that is in excess of the amount that is required in order to meet debt service. If you just do the math, you can see that roughly that this project area is expecting to be paid off relatively soon. This one is five years. This one it's in seven years, performing very well.

Mr. Stephens asked any questions related to that.

The requested incentives for this project include a CID 1% sales tax add-on, a TIF District, property tax and sales tax. The federal grants which you will notice are the grants awarded to ANDA with commitment of all proceeds of those contributed to this project. Then the Economic Development upfront cash contribution from the Unified Government up to $500,000. That includes payback financing structure with the UG recovering that investment.



In conclusion, we're seeking direction to proceed with a resolution that would set a public hearing to amend the existing Metropolitan Avenue TIF District, to expand the boundaries to include the affirmation Project Area 3. Then direction to advance the development agreement terms into a development agreement and direction on the proposed upfront contribution from the UG with associated payback provisions.

Action: **Commissioner Walker** said my motion includes both to adopt the resolution for the public hearing and to approve the terms or to advance the proposed terms into a final development agreement. **Commissioner Walters** said second.

Commissioner Townsend asked on the final presentation–or the page that was shown about the $500,000, would that zero out that fund? It seems like we had some discussion before about that, will that zero that out? Is that; are there more individual funds available? **Mr. Bach** said no, we still have money within that account. Probably going to take it and restructure as we come forward with our projected budget that we come forward with and move some of it into 2018. We originally had come out and put $1M into 2016 and $2M into 2017. We'll have the $500,000 here and then we'll probably push it. So it leaves some left in this year and then put more of it, probable move more of it into 2018 because projects like this as they come along take a while to get there so before we would actually need the funding. Now that's not all cash that's out there. That was more of a number that I came to you with and said why don't we go after this to go after projects and if we want to use it for GAP funding. It's not like there is $3M in cash just sitting there waiting to be expended.

We do have this structured that we're going to use. This is from a cash allocation that we will put forth here. We're not going to go issue the debt. It is important to note on this project that as Kathleen went through a performative with the developer, within the 20 year timeframe we get our $500,000 back. I think he calculated at a couple percent. Calculate it like we would if we issued bonds because that's otherwise where we would have the money come from.

Commissioner Walker said since we're going on with discussion after the motion and the second; let me ask a question that I have not been told the answer to. Do we have in this development agreement a continuous operation clause? I don't necessarily mean that it has to be the same people operating, but somebody has to continue to operate these businesses for the 20 year period. Say Dunkin Donuts wants to bail in 10 years, before they can bail on their obligation they have to find a purchaser who will step into their place. Do we have any kind of provision like that in this agreement? **Mr. Bach** said we don't have the development agreement negotiated through yet, but it is an excellent point commissioner and one that we've had some discussion on, but I don't know if we have it firm, if the developer wants to speak to that now.

Mr. Lee said I think it's certainly something that we can consider and discuss as we negotiate. **Commissioner Walker** said I'd like you all to discuss it very closely because if we're putting up this kind of tax incentives and the nature of the business is not necessarily one that I've heard of that gets tax incentives and public donations, I think the reciprocal obligation ought to be that someone fulfills the–you know if Dunkin Donuts doesn't work there, something else will work there. Put the burden on the ownership of the developer or the franchise to find the purchaser or fulfill the commitment until they do. I don't think that is an unreasonable point of discussion and I'll leave that to Doug and your team to hash that out. I think continuous operation on Economic Development where big incentives are should always be in an agreement. **Mr. Lee** said I understand the concern and opened options that Doug and them come up with. Can't quote the exact text that'll be right here, but definitely open to that conversation. **Commissioner Walker**

said I'm not saying they won't be. None of this works for us if seven years down the road one of these franchises goes out and we have an empty building or we have a mom and pop operation doing tenth of the business that the franchise will bring to the table. **Mr. Stephens** said we will put that in as a key point of discussion as we move to the development agreement.

Chairman McKiernan said I have a couple of things that I want to bring up and then I wanted to see if there were members of the public who did want to address the standing committee and offer that opportunity explicitly.

I will say that the first time that this came to us, and Mr. Stephens you weren't here then, it came in an unusual way. Here is a real deal but we're just going to have a policy discussion about it and that was not necessarily satisfying on any level to any of us. I had some concerns that night and one of them has been allayed in that when we initially discussed this gap fill it was a one-way investment. It was UG money going one way. Now you have amended it so it actually is a funding source that gets repaid. That to me is a beautiful way even if it is our money. That is a great way to fill a gap. Get something of value in the community and not necessarily have it be just a one-way on that. I really do appreciate the way you've worked this.

One of the discussions that we had early on, we decided we would just have a pilot project this first time around was for this UG contribution with payback, which is now what we're calling this option. Are there criteria? I would suggest that one the things you should think about as we move forward and as people see this and go wow that's a great option, I should take advantage of that, we should be able to say is it simply open season and any project that comes forward gets funded in this UG with payback or are there criteria. For example, is the UG funding limited to a certain percent of the total project cost? Does the total project have to cost over some sort of threshold? Are there other criteria that we would consider nonstarters for this type of investment with payback? If there are, I think we should be clear about those up front. If really there aren't and if we learn from this that you all as an economic development team can evaluate on a case-by-case basis and make this work, then so be it. If there are certain criteria, I think we should begin to formulate those to give directions to future projects that might want to take advantage of this money.

Commissioner Walker said as they say, location, location, location. I think the reason I find this acceptable and I'll say, well there are a number of reasons why, but what we have come to call out urban core which is generally considered 635 east, maybe the criteria is different. I would not approve this kind of project out west at the Legends obviously. **Chairman McKiernan** said so there's one of your criteria.

Commissioner Walker said how you define what part of the community merits this is part of what Doug's challenge is and your challenge is as the economic director. I would not agree to this in many areas of the community because there's not that incentive–there's not the poverty, there's not the need for the jobs or the people that would take advantage of the jobs. I'm not going to define the location, but I want some location criteria. **Mr. Stephens** said as far as part a larger discussion on this issue we will certainly bring that up and discuss that as a staff as to how we look at criterion.

Chairman McKiernan said we're moving this forward for it says a public hearing on changing the TIF. Does the CID also need a public hearing and will that be part of the TIF realignment discussion. **Mr. Stephens** said traditionally the CID does not move concurrent to the TIF hearing, so that would be an additional. **Mr. Bach** said they would actually have to file a petition to, which is kind of getting the whole project area in. They have to file a petition that comes forward to say everything within that property will be there. Then we could put it on line. We may be able to get it on track where we get it approved shortly or right behind this project.

We are agreeing within our development agreement that'll be a tournament that you still have to have a public hearing on a TIF. Then we will put that forward and advance it. Then that can still happen based on a public hearing for the CID but since they will be the owners of the developers of all the properties within it you'll have 100%, assume, sign on the petition to participate in it. **Mr. Lee** said the only thing I would add is that like Jon mentioned the TIF is really a two-step process where you come and you have the district creator in this case amended and then come back with a project plan and so it's very common to run the CID concurrently with the project and it will require a public hearing.

Chairman McKiernan asked what's the date we are targeting to move this? **Mr. Bach** said we're looking to come back to the Commission on May 11th to set the public hearing for June

15th. That'll change the TIF District then its moving forward with the plan. Then that will be, well probably have set another public hearing following that and then the TIF plan that will follow that. At that point we'll be approving the development agreement. They'll be plenty of time for this committee to get to see a final vetted out development agreement to come back before you while we're going through the TIF process that'll just keep moving consecutively along over the next couple of months. **Chairman McKiernan** said I just confirmed with Commissioner Walker, those were exactly the dates he had included in his original motion. **Commissioner Walker** said those are to be included in my motion.

Chairman McKiernan said did any member of the public who is here wish to make any comment to the committee before we bring this up for a vote.

R. J. Samuels, 3729 Metropolitan Ave., said as a person that has owned 17 restaurants I agree with Commissioner Walker that 7 or 10 years later you don't know what's going to happen in that building. However, I will tell you this, of the restaurants I owned none of them are empty to this day. I don't own any of them at this point. Somebody's in there, you can rent them out that's for sure. It is a concern especially if you are holding on to the property and if there is a gap in there. There is no gap when you are an owner that just went out of business or moving on.

Also, in this very room there was a study done by University of Kansas students, an exhaustive study about what was needed in Argentine. Hardware Store was a big one, fast food, any food and although we're not a food desert at this time because we do have Save-A-Lot, Walmart, which is fantastic and their doing fantastic business; we have one restaurant, Pepe's. They're open on Saturday and Sunday. I just want to thank you for your efforts here. I've lived in Argentine for 17 years. My grandparents have been going over there for 70 years now. I think this is going to be a great thing and I hope it pays off in spades for all of us especially the neighborhood and the 70 jobs that it's going to bring to our neighborhood, walking distance from your constituents.

Chairman McKiernan said there is a motion and a second before us to move forward as outlined in the resolution.

Roll call was taken on the motion and there were five "Ayes," Alvey, Walters, Townsend, Walker, McKiernan. Commissioner Murguia recused herself.

Adjourn

Chairman McKiernan adjourned the meeting at 6:40 p.m.

mbb