ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, January 30, 2017

The meeting of the Economic Development and Finance Standing Committee was held on Monday, January 30, 2017, at 5:24 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walker and Walters; and BPU Board Member Alvey. Commissioners Murguia and Townsend were absent. The following officials were also in attendance: Doug Bach, County Administrator; Kathleen VonAchen, Chief Financial Officer; Debbie Pack, County Treasurer; Marlon Goff, Urban Redevelopment Manager; George Brajkovic, Economic Development Director; Charles Brockman, Management Analyst, Economic Development; Brittany Moore, Economic Development; Patrick Waters, Senior Attorney; 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 since we had such a quick turnaround from our last meeting there are no minutes to be approved and there are no revisions to the Agenda.

Committee Agenda:

Item No. 1 – 17950…REPORT: FOURTH QUARTER 2016 CASH AND INVESTMENT

Synopsis: The Fourth Quarter Cash and Investment Report for the period October through December of 2016, presented by Kathleen VonAchen, Chief Financial Officer.

Kathleen VonAchen, Chief Financial Officer, said I'm happy to be here to present the Fourth Quarter Report. I would like to, first off, let you know that we have submitted a revised report which I just provided to you. The revisions handle the amount of property tax collections that take place at the end of fiscal year 2016, December 31.

Much of those property tax collections, because we are a county, we collect those amounts on behalf of our neighboring other governmental entities like the school district. After submitting this initial investment report to you, we were talking with our Investment Advisory Committee, and we felt that it was better to handle that different money separately.

What you have in front of you is a revised Fourth Quarter Cash and Investment Report. The top line, which is in yellow, is the portion that we've collected from property taxpayers and we were holding for about a month on behalf of our other governmental entities like the school district. That amount is $66M. The rest of the amounts reflected there are the portions that are truly the Unified Government's, both the City and the County side. That amounts to $183M.

Our portfolio typically goes up in December because property tax payments are due December 20. The last report I provided you around the end of September was around $150M.

We had an average yield of 93 basis points, or .93%. We haven't quite hit the 1% mark yet, but we're still working on it. Our average-yield-to-maturity is 350 days.

The first page is a summary page. It's categorized by investment type. The second page shows you how well we're in compliance.

As you know, we've changed the Investment Policy recently, so the limits per issuer were reduced from 60% to 30%. We haven't quite hit that because the Investment Policy only went into effect one month, well, the beginning of December. I have placed a CFO note stating that although we're not in compliance as of December 31, we are working towards that and we are not going to be selling any investments in order to get into compliance. We're hoping to achieve that gradually over time.

The third page is detailed by issuer, by the bank, or by the federal government agency that issues various securities.

The last page is a listing of the amounts or transactions that occurred during the quarter. As you can see, a great deal of money was collected and increased our cash balances. Then several of our CDs rolled over or we purchased them or they were called or matured.

Commissioner Walker said this may not be the whole picture where we have our money, but I raise this, I've raised this before. Whenever I see the financial reports, I never see the two banks that are headquartered in Wyandotte County as participating. I see Liberty Bank, which is not here, Commerce, Capital Federal; even UMB is not headquartered here.

It bothers me that we don't even have, as far as I can tell, $100,000 in each of these local banks that I think, because they are headquartered here, they employ at least in the banks that they have here, a lot of Wyandotte County people, that we should be doing business with. **Ms. VonAchen** said I'm very happy you asked that question. We have an answer for you.

The recent change in the policy increased the limit for banks, the limited amount that can be transacted with the UG, from roughly $100,000 to $250,000. It's actually about $235,000. That's in keeping with the FDIC limit.

Secondly, we changed the policy so that any given bank can't have any more than 30% of the portfolio. That actually helps the other banks because these banks that we already have that have already hit their cap, when we do the bidding process, these other banks will have a chance.

Debbie Pack, County Treasurer, said I will add to that also. We offer the minimum amount which used to be $95,000 and we changed that to $235,000 to every bank in Wyandotte County as long as they meet a minimum requirement. We don't compare it to anyone. Every bank has an opportunity to hold money with us.

In most cases, those small banks do not bid. When we go out for bid, the local banks typically do not bid. I don't know if their deposit ratios or whatever, they just don't have the capability, but we're not getting responses from those banks even though we're sending the information to them.

Commissioner Walker said Community is not a large bank, but certainly, if I had $235,000 to put in the bank, they would take it because I've asked them. I've asked them. I know Security's not a small bank. It may be the largest bank now.

It just bothers me. If they don't want to participate I can't make them, but it seems like we're doing business with nobody that's doing anything in this community. I don't know, I can't say that about UMB, but Liberty Bank.

Ms. VonAchen said at the end of next month, we'll be bringing forward a resolution to make some adjustments so our ordinance or our Municipal Code is in compliance with our new Investment Policy that you all adopted last month. Then, at that point, we can reach out to these banks. That's the plan. In March, we'll be reaching out to them as Debbie mentioned.

BPU Board Member Alvey said can I just clarify, what are FFCB and FHLB. **Ms. VonAchen** said those are federal instrumentalities. Those are agencies of the federal government. One of them is the Federal Home Loan Bank. FFCB, I'm not remembering offhand. I think it's Farm Commercial, maybe, I'm not sure. I can't remember offhand. **Commissioner Walker** said Farm Commodity, I believe.

Chairman McKiernan said I'm thrilled, actually, to see that our interest earned, after bottoming out, has started to go up again. Even though it's .93%, it's on the rise which is a positive thing. That's certainly something that looks good on these reports.

Action: Information only.

Item No. 2 – 17944…PRESENTATION/DISCUSSION: FY 2010-2015 EXPIRED TAX INCENTIVES RETURNING TO THE TAX ROLL

Synopsis: FY 2010 - 2015 expired tax incentives returning to the tax roll, submitted by Charles Brockman, Management Analyst, Economic Development.

George Brajkovic, Economic Development Director, said, of course, you guys know Mr. Brockman. I wanted to introduce Brittany Moore. She came on staff last May. I think her official title is Professional Programs Assistant, but I'm reasonably sure that she does a lot of things within that job description as well as been able to pick up and really function in kind of a junior project management positon for us. As you'll see with the report that they're going to do jointly tonight, she played a big part in putting this together.

In June we came back before this body and said, hey, the tax abatement policy's working great, but it's been a few year. It's probably time to reexamine and make sure it's still working the way we would like it to.

Some of the discussion that was spawned that evening, and I think maybe Commissioner Walters kind of led the charge on it a little bit, was well, we're open to discussing changes but what evaluation have we had that would suggest that the current policy, or even previous policies, were working well. As most ideas, it starts very innocently and then you actually go out and try to collect the data. You're like, okay, we've got an issue.

Charles and Brittany will detail that a little bit more tonight. I will say, in general, I want to express a lot of gratitude to the Appraiser's Office, various departments within Finance for helping us collect data because as you can imagine, we inherited a set of files from our predecessors in Economic Development as we're evaluating TIFs and IRBs and EDX. We're going back five years, ten years, twenty years. We had some incomplete files. Other departments have changed their software twice in the timeframe that we were looking to have a single data set point as far as a starting point. These two have worked tandemly with, I guess, their counterparts in other departments. I want to make sure we acknowledge that.

It did take some time. June, here we are here in January, to put it together, analyze it, some crazy discrepancies. You'll see through their presentation that before each incentive, there's probably what I'll call a disclaimer sheet so in case we couldn't shore up everything with 100% accuracy and we had to make an assumption about something, we wanted to go ahead and lay that out. I think you'll be pleased with the volume of the report. I think at the end, my personal opinion is, I think our incentives have been working rather well during that time period.

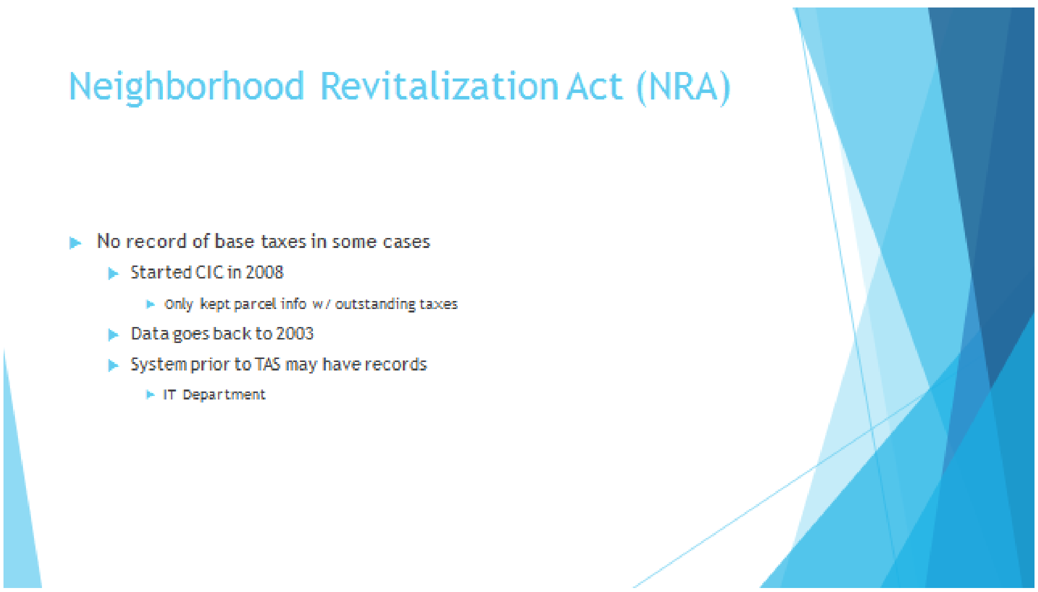
Brittany Moore, Economic Development, said I will go ahead and start and just an overview of what George said.

We did a value analysis of fiscal years 2010-2015. We looked at NRA, IRB/EDXs, TIFs. I guess our overall goal was to figure out what the amount of revenue generated was back to the tax roll once they expired. As George mentioned, there were quite a few discrepancies when we were trying to find this data.

One of the big things was the Appraiser's Office. Their records retention is five years. That goes back to why we only did years 2010 to 2015 because we could only go back five years. Again, these are the years that the tax incentives burned off and then were returned to the tax roll.

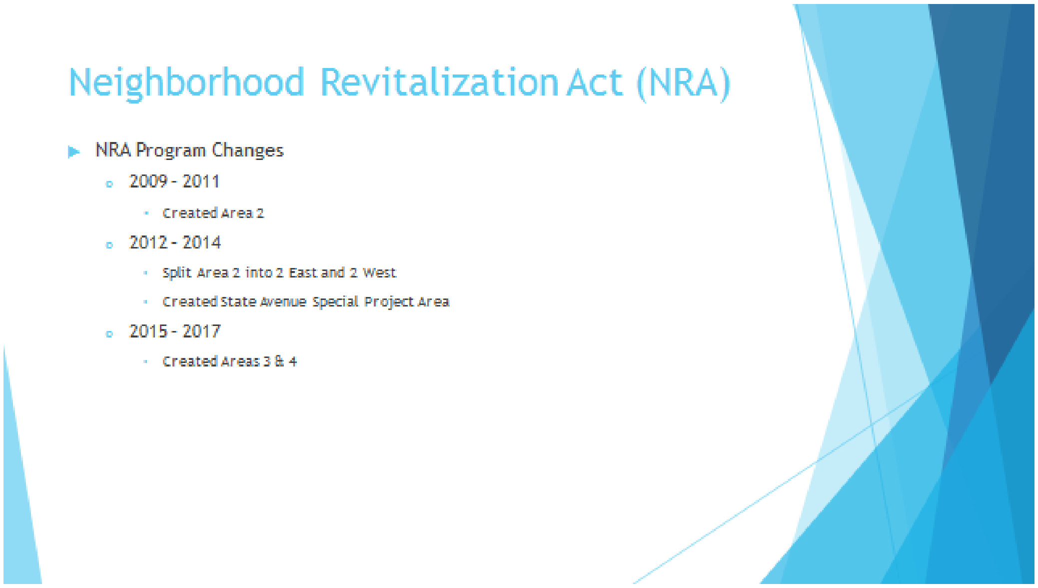
Some of the overall discrepancies for each of these incentives that we've come across, you know with the market collapsing in 2008, a lot of the values decreased because of that. The mill levy rate was another thing. A decrease in the rate caused an increase in values and a decrease in taxes. An increase in the rate caused a decrease in the values and an increase in the taxes.

There was some missing data along our journey. Depending on the tax incentive, we had problems finding base taxes. I know that was a problem with the NRA specifically. Taxable year taxes, the values, base assessed values, I know with the TIFs there were problems because some of the properties were tax exempt. Again, as George had mentioned, there were some software changes along the way.



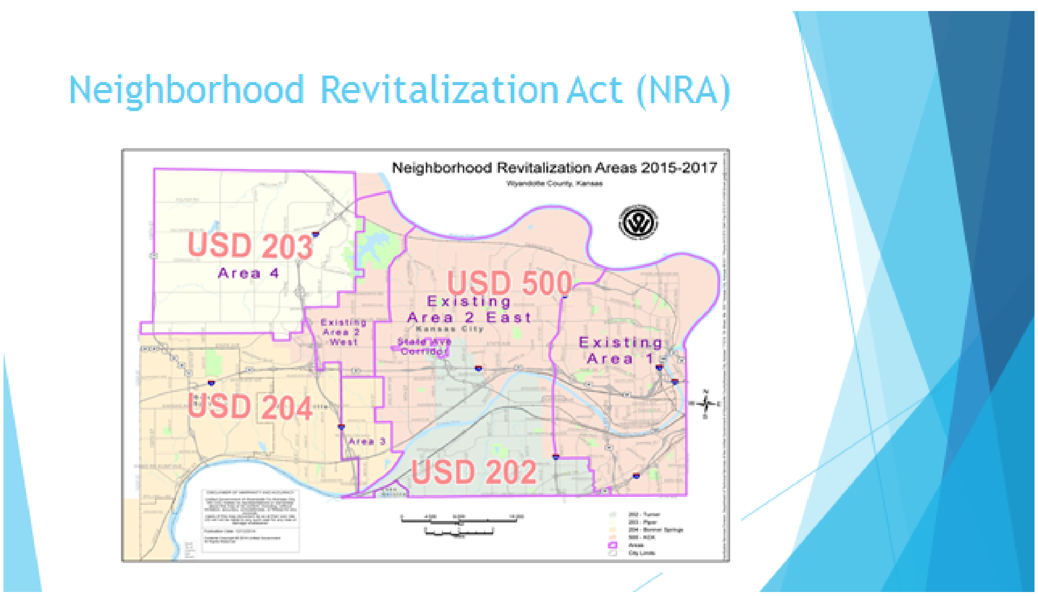
Starting with the Neighborhood Revitalization Act, again, there was really no record of base taxes. CIC, that software program that we use, started in 2008. It only kept certain information. It didn't keep all of the information so we had to go back to the previous system which we had to work with other departments for that. It was kind of crazy. There was just not specific data.

The system prior to TAS had some records. That's the system that we had to go back with the IT Department to try to work with them to see if we could find any kind of numbers that go back before those software changes.

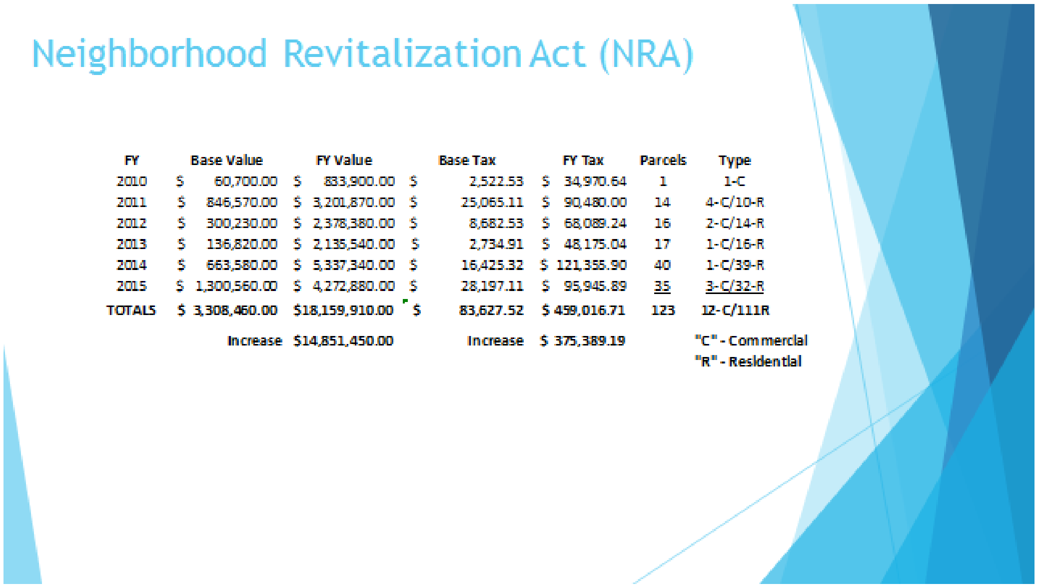


Charles Brockman, Management Analyst, Economic Development, said with the NRA, it has seen a lot of changes over the last nine years. The program, itself, we take back every three years to Commission. If you approve it, then we go through the schools to get approval and then on to the State for a new plan.

In 2009 to 2011, we created Area 2 which is basically I-635 and west that meanders 202 and District 500. Then in 2012 through 2014 plan, we split Area 2 into Area 2 East and Area 2 West. We created a State Avenue Special Projects Area. In 2015 through 2017, we created Areas 3 and 4.



Here we have the older area, then we added Area 2. Then we split. Then we added 3 and Area 4. So now, it pretty much encompasses all of our area, except for a little chunk over here.

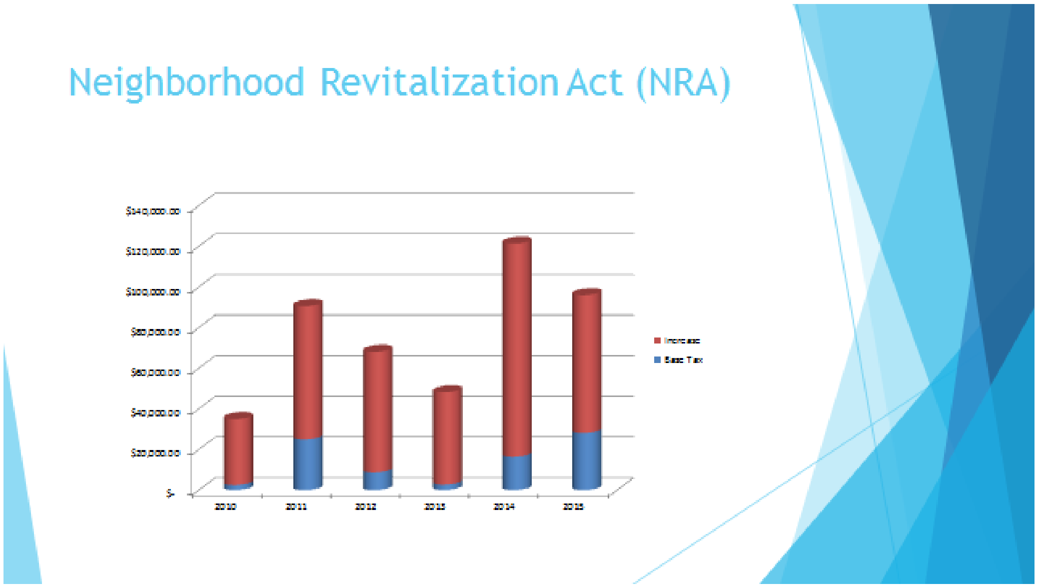


Neighborhood Revitalization Act (NRA)

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
TOTALS	$ 3,308,460.00	$18,159,910.00	$ 83,627.52	$ 459,016.71	123	12-C/111R
	Increase	$14,851,450.00	Increase	$ 375,389.19		"C" - Commercial
						"R" - Residential

Looking at base values and fiscal year values and what that actually pertains to. When we add up base values 2010 through 2015, that's $3M. The fiscal year value, when it came back on, is $18M which is an increase of $14M in value. So, you look at the base tax and the fiscal year tax, and that was an increase of $375,000 for those five years.

Then it talks about the different parcels, 123 captured there which were commercial and which were residential.



This depicts a chart that actually shows you where the increase is. There's our base values and there's our increases.

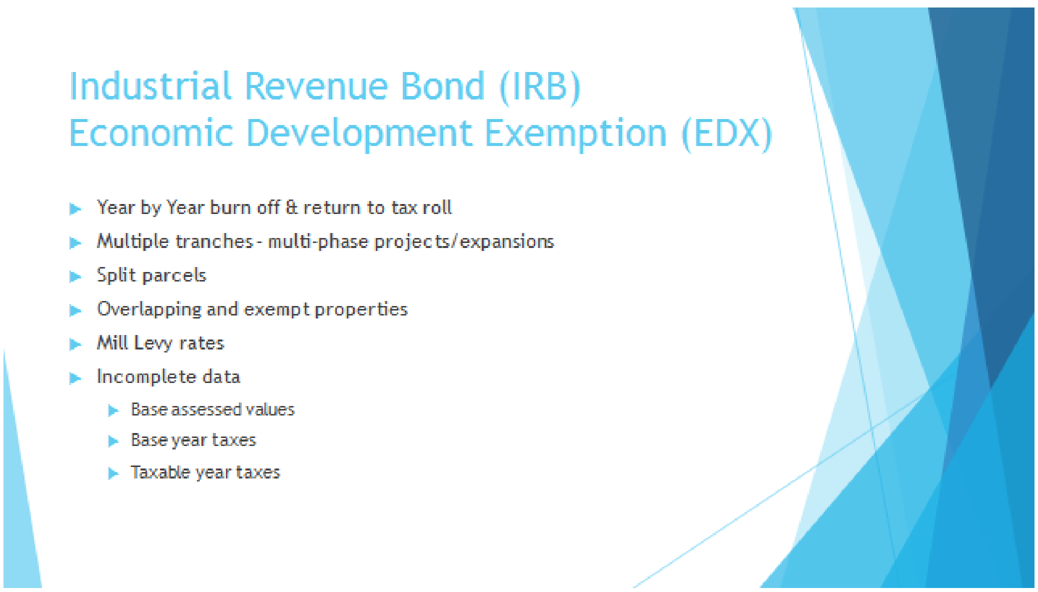
BPU Board Member Alvey asked, Charles, could you go back one slide. This is very helpful. Are there any parcels which, in fact, did not show improvement? Do we know – have any idea why that would have happened? **Mr. Brockman** said I don't believe that we ran across any of those.

Chairman McKiernan said I have a question on this – no go to the graph because it's just easier to see this. The red is the increase, but if this is on the NRA then have we yet realized that increase, or is that a potential? Is this an increase that is now – it's off NRA. It came off NRA. **Mr. Brockman** said correct. **Chairman McKiernan** said in your study period.

Mr. Brajkovic said correct. On that previous slide, the first year data set is 2010. Depending on whether that was a five-year or a ten-year NRA, some of those properties started in 2000, some of them started in 2005, but we said what came back on the tax roll just for 2010.

Essentially, as you go through each one of those year's change in value, that is an aggregate or rolling value. We thought it would be a little, belief it or not, more confusing if we just showed these overall aggregate totals and not kind of a year by year. Actually, with the changes, I think this graph in particular really illustrates the changes we made in the program along the way. I think you see, correspondingly, there are significant increases especially the commercial application. Charles mentioned adding new project areas which filled in the void where that program wasn't offered before. I think you'll see this moving forward in the next five or ten years as projects that are coming on today come back off. I think you should be seeing an even greater impact than what these numbers are.

Chairman McKiernan said in 2010, let's say it's a ten-year NRA, how much trouble did you have going back and finding the 2000 base value. Were there properties for which we couldn't determine base values in 2000? **Mr. Brockman** said well, we actually worked with the Appraiser. We ended up going back capturing the mill rate and working the math and getting to it. **Chairman McKiernan** said so we have a reasonably good estimate even when we didn't have data written down on a piece of paper or in a computer file. **Mr. Brockman** said correct. **Chairman McKiernan** said perfect.



Ms. Moore said moving on to Industrial Revenue Bond and Economic Development Exemption, again, this is a year-by-year burn off and the return to the tax roll. Some problems that we ran into were split parcels, multiple tranches, exempt properties, overlapping properties. Again, the same thing with the mill levy rates, again, incomplete data with base value, base taxes and the taxable year taxes.

Industrial Revenue Bond (IRB)
Economic Development Exemption (EDX)

2010	Assd Base Value	FY Assd Value	Base Tax	FY Tax	Type	Years	Increase In Value	Increase In Taxes
Conway	323,215.00	1,907,178.00	50,504.61	341,257.08	EDX	10	$ 1,583,963.00	$ 290,752.47
Kanika	55,790.00	56,326.00	9,336.29	10,078.58	EDX	10	$ 536.00	$ 742.29
P & G	2,215,139.00	3,317,416.00	346,726.85	601,026.22	EDX	10	$ 1,102,277.00	$ 254,299.37
TOTALS	2,594,144.00	5,280,920.00	406,567.75	952,361.88			$ 2,686,776.00	$ 545,794.13

2011	Assd Base Value	FY Assd Value	Base Tax	FY Tax	Type	Years	Increase In Value	Increase In Taxes
Big W	$ 27,737.00	$ 155,975.00	$ 4,200.10	$ 27,289.40	EDX	10	$ 128,238.00	$ 23,089.30
C & M Tire	$ 356,429.00	$ 611,628.00	$ 56,110.29	$ 115,090.04	EDX	10	$ 255,199.00	$ 58,979.75
Mid-Continent	$ 123,199.00	$ 187,026.00	$ 19,878.90	$ 35,144.62	EDX	10	$ 63,827.00	$ 15,265.72
Premier Inv.	$ 34,052.00	$ 779,951.00	$ 5,390.19	$ 146,763.88	IRB	10	$ 745,899.00	$ 141,373.69
Universal Lub.	$ 270.00	$ 328,126.00	$ 46.10	$ 61,426.84	EDX	10	$ 327,856.00	$ 61,380.74
TOTALS	$ 541,687.00	$ 2,062,706.00	$ 85,625.58	$ 385,714.78			$ 1,521,019.00	$ 300,089.20

2012	Assd Base Value	FY Assd Value	Base Tax	FY Tax	Type	Years	Increase In Value	Increase In Taxes
Hoovestol	$ 1,419.00	$ 218,463.00	$ 229.76	$ 38,239.22	IRB	10	$ 217,044.00	$ 38,009.46
TOTALS	$ 1,419.00	$ 218,463.00	$ 229.76	$ 38,239.22			$ 217,044.00	$ 38,009.46

2013	Assd Base Value	FY Assd Value	Base Tax	FY Tax	Type	Years	Increase In Value	Increase In Taxes
W.H. Warehouse	$ 14,636.00	$ 602,276.00	$ 2,476.89	$ 108,556.76	IRB	10	$ 587,640.00	$ 106,079.87
TOTALS	$ 14,636.00	$ 602,276.00	$ 2,476.89	$ 108,556.76			$ 587,640.00	$ 106,079.87

2014	Assd Base Value	FY Assd Value	Base Tax	FY Tax	Type	Years	Increase In Value	Increase In Taxes
Strako	$ 198,122.00	$ 252,400.00	$ 33,398.61	$ 46,055.68	EDX	10	$ 54,278.00	$ 12,657.07
TOTALS	$ 198,122.00	$ 252,400.00	$ 33,398.61	$ 46,055.68			$ 54,278.00	$ 12,657.07

2015	Assd Base Value	FY Assd Value	Base Tax	FY Tax	Type	Years	Increase In Value	Increase In Taxes
ABC	$ 382,250.00	$ 431,094.00	60,743.73	$ 74,069.20	EDX	10	$ 48,844.00	$ 13,325.47
Wagner	$ 310,017.00	$ 427,383.00	$ 51,628.48	$ 78,711.98	EDX	10	$ 117,366.00	$ 27,083.50
West Med	$ 153,752.00	$ 1,083,508.00	$ 23,184.42	$ 192,088.64	IRB	10	$ 929,756.00	$ 168,904.22
TOTALS	$ 846,019.00	$ 1,941,985.00	$ 135,556.63	$ 344,869.82			$ 1,095,966.00	$ 209,313.19
OVERALL FY TOTALS	$ 4,196,027.00	$ 10,358,750.00	$ 663,855.22	$ 1,875,798.14				
	Increase	$ 6,162,723.00	Increase	$ 1,211,942.92		Increase	$ 6,162,723.00	$ 1,211,942.92

This is a little bit harder to read. **Mr. Brajkovic** asked should we just go straight to the graph. **Mr. Brockman** said we wanted to put a lot of information on here for you.

Chairman McKiernan said this wasn't included with the original distribution of the agenda. Will we get a copy of this electronically? **Mr. Brajkovic** said yes.

Mr. Brockman said this shows the fiscal year that these individual projects came back online. These were showing EDX, IRBs ten-year period. When you look at this, the overall FY totals show an increase by $6M, then in taxes, an increase of $1.2M in taxes over the five years. Then, if you go across, it shows individually. This is aggregate. This is individually. These numbers all equal the same.

Doug Bach, County Administrator, said just clarifying. So, you're $1.2M that you put at the bottom is now what's coming out to be the aggregate of all of each of the years of these five-year periods. So now, annually, we're getting $1.2M more in tax dollars as a result of these projects than we were before any of them were done. **Mr. Brockman** said correct. **Mr. Bach** said so that's a go forward number which is important. Each year it's adding up. It went from $545,000 to $800,000 to $830,000 or whatever, as they go along, to be in that $1.2M every year going forward.

Mr. Brajkovic said if I could just throw one comment in because I don't want it to get lost in all of this data, and again, this is just the property tax reflection. As we were going back through some of those files, there's a story to all of these. Kind of reading through, hey, if we don't figure something out, we're going to close or there's a consolidation effort going on nationally. The Kansas City building or maintenance facility is on the list to close. I think the story we don't tell, but obviously is inherently part of this, is the jobs that are retained. It's important to keep the business here and have those opportunities, and certainly having the property tax and employees, it's nice to have that in place, but there are those other components to it that this doesn't always accurately reflect. It was something that I hadn't anticipated, really, making that big of an impact as we went through because it was just let's get the numbers and see what they reflect. Again, you can probably read some of those company names and some may be a little bit more familiar than others.

Commissioner Walker said you know how much I hate to rain on a parade. There is a piece of data that I doubt you have that would be very interesting to me. It would be across the board on tax incentives.

You know these developers are cagey individuals. I applaud them for it. How many of these that you're just showing us, because I certainly know of many in the Legends area that once the, not once, but how many of these once they come back onto the tax rolls and begin paying full taxes, turnaround and fight us in the Board of Tax Appeals or the appeals process because we're appraising their property too high? Do you have any inclination of that? Would I be wildly pessimistic to say that probably each and every one of those businesses appeals and tries to get their taxes reduced after taking advantage of a tax abatement.

Mr. Brajkovic said I know this probably doesn't answer your question directly. That is a right afforded to them. They can do that. That's why, at least since I've been in this position, we've made more of an effort to negotiate a fixed PILOT and whether that PILOT stays steady or not. Going back, and nothing against the folks that did it before us, but saying your business qualifies for a 50-year, 70% tax abatement, then they get their property value statement. They're like that's way off. Whether they pay those taxes under protest and then go fight at BOTA, maybe somebody that wants to argue that point with me would say, well, all you're doing is postponing that argument until year 11. Well, maybe so, but in the meantime, we've got ten years of established value via what a PILOT is.

I guess the flipside of that, Commissioner, is we actually found some instances where we ended up working with certain companies because the fixed PILOT they were on coming out of the recession, their fixed PILOT payment was higher than what their actual taxes would have been because of such the drastic drops in property values during that time period.

Commissioner Walker said I think the point is, I don't disagree with the PILOT, George. I think I've said to you and I've said to others, that I'm much more comfortable with making my own bed than letting somebody else decide it. That part of it's not the issue.

The issue for me is a bigger picture on the ideas of when we do these things, developers get a big break. That's why they, virtually all of them—I can't remember the last time somebody came in here and said we're going to build you a $40M business and we're going to pay full taxes. I don't remember it and I've been around for over 30 years. I don't remember anybody doing that.

What we don't get, number one, we don't get a guarantee on the level of taxation upon the expiration of the benefit. They virtually all appeal and fight us. Build a $120M business and say it's only worth $30M because nobody else would be dumb enough to build the building or buy it. We don't have developers guarantee at least some period of continuous operation. I don't care if they operate as long as they pay the taxes as if they were operating for a period of time after the expiration of the tax incentive.

The day that ten years is up, I guarantee you there are—I've known a couple of city managers, point of reference maybe for you, that go shopping, I'm serious, go shop other cities where the tax benefits are about to expire. There are certain businesses that will pick up and leave and run. Lenexa got burned by Applebee's on their deal. I'm sure it was more complicated than my simplistic explanation, but I can give you some other examples of businesses that picked up and moved, went to Edwardsville because the tax incentives they had at another location were about to expire in the next year or so. They were looking for a new home and less taxes and they had the kind of business that you could just pick up and move.

Those two issues, to me, in our tax policies are blind spots. I don't know exactly that I have the answer to heal them, but these guys that get these benefits and then turnaround and fight you at the end of the ten-year period and don't want to pay full taxes to the community, there's a word for it and we're getting it. That's my opinion. There's my rain on your parade.

Chairman McKiernan said that does bring up a couple of questions from me, and then I have a couple of comments that I want to make.

I certainly appreciate Commissioner Walker's concern about shopping at the end of an incentive period or an abatement period, either one. How different or how the same are we to surrounding communities when it comes to that? Do we give out more incentives, fewer incentives, or are we about on a par? Is this basically a metro-wide, every community problem and could we make a change without all the other communities making a similar change?

Mr. Brajkovic said I think those are good policy level discussions to be had and maybe to go out at a macro-level. I think that's what we hear about all the time with border war between Kansas and Missouri in that one state is offering incentives over to attract another. Without mentioning names, I know recent projects we've been involved with where it's portrayed that way in the media, but ultimately there are organizations that look as part of their expansion or growth model. They're looking at different regions within the United States. They may select Kansas City and they'll whittle it down to one spot, one location in Kansas City. You may be competing with a spot in Chicago.

If the Kansas City location wins out, but it's a firm that moved from Kansas to the Missouri side, the headlines will read it was poached from Kansas and moved over to Missouri. That doesn't happen in every case, but it is part of a policy examination. I think both Mayor James and Mayor Holland have had numerous discussions about that.

We do examine everyone's policies on a regular basis. That's what kind of we use as a measuring stick for where we are. Again, it's not always apples to apples because everybody's mill rates are different. We try to customize our tax abatement policy to offer incentive for the type of growth we were seeking. As you read through our Tax Abatement Policy, the way it was penned or the current one, it's heavy emphasis on certain industrial, depending on their NAICS Codes and office. Those were our targets because we thought those were high growth, high job creation type jobs.

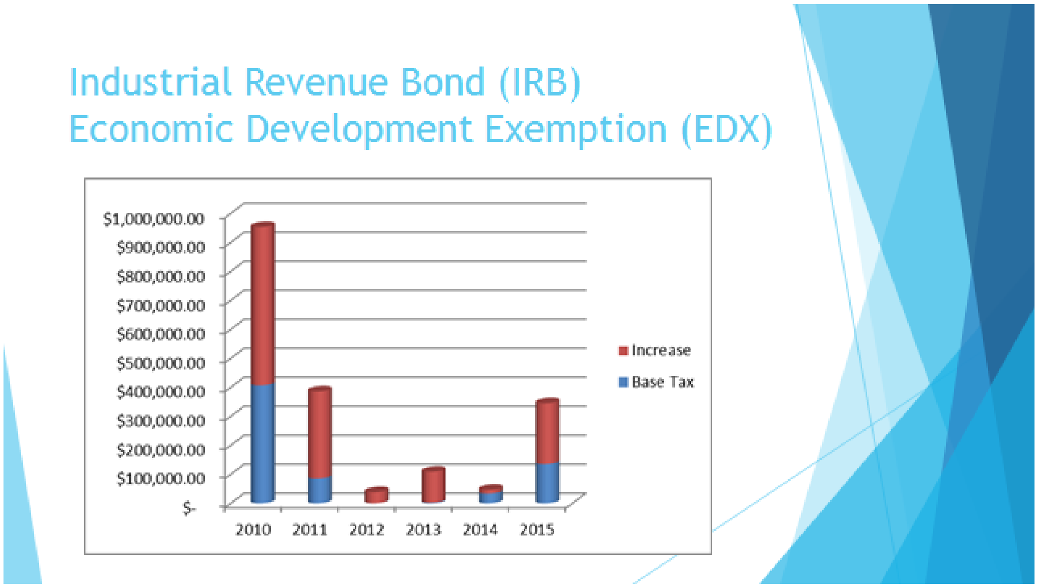
The other part of it kind of goes back to what Commissioner Walker was saying; it's kind of that philosophical debate. You use your Tax Abatement Policy to win a project. Then let's say you get 50% of those taxes because you won that project. Well, there's going to be some folks that argue golly, you gave away 50% of it. The other side says well thank God we have this because otherwise we would have had 100% of nothing during that timeframe if you didn't win that project. That's where crafting policy becomes very difficult.

If we go back to what our existing policy looks like, I think we have an okay policy. Our base is hey, we'll give you a 45% abatement. You can grow that to a ceiling of 75% if you do things that are important to our community: targeted location, targeted industry, L/M/W components. Prevailing wage at one time was tied into the level of capital investment. We've had to tweak that because of the change in state law.

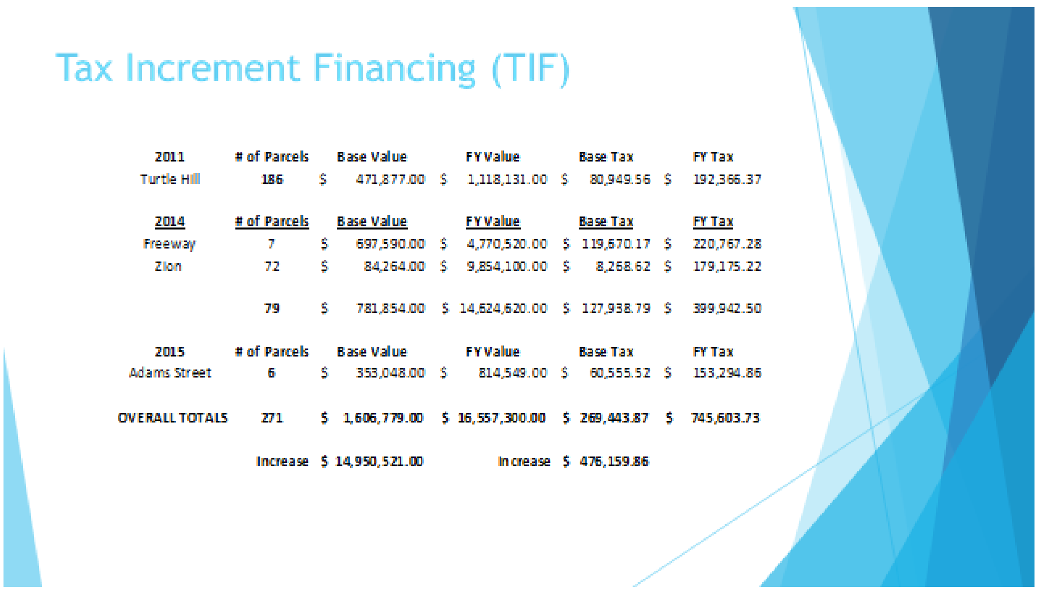
It is a slippery slope when it comes to tax incentives, but it's pretty obvious everybody's doing that. I think the smartest play is to craft a policy that puts you in the game, but ultimately gets some reward back to the community. You're trying to ensure that you're offering incentives for the type of growth you really want to see.

Chairman McKiernan said I want to commend Commissioner Walters for asking, so how we doing. I think this is really critical. I'm so glad you've put these numbers together. I'm hoping we can make this a routine analysis of how we're doing because it's so critical that we assess with hard data how are we doing to craft that next round of policy improvements. I think you've indicated the importance of data and the importance of breaking down silos so that we all have access to a common set of data and we can run these kinds of reports without spending more people hours than we absolutely should have to, to get these kinds of reports. We should get it to where the data is available. We can create these kinds of reports quickly and easily to bring back and say here's how we're doing.

Mr. Brajkovic said I think we just have a couple of more slides to get through. I do want to take that as an opportunity to commend these two for putting policies, departmental policies in place in Economic Development that would prevent these types of gaps in data from happening in the future. The department will now do a data grab of all the relevant information we need as establishing base values and not be so reliant upon others. Through this information sharing, we'll certainly make that available to everyone else as well.



Mr. Brockman said so to put this in perspective with a graph. We see growth throughout the years.

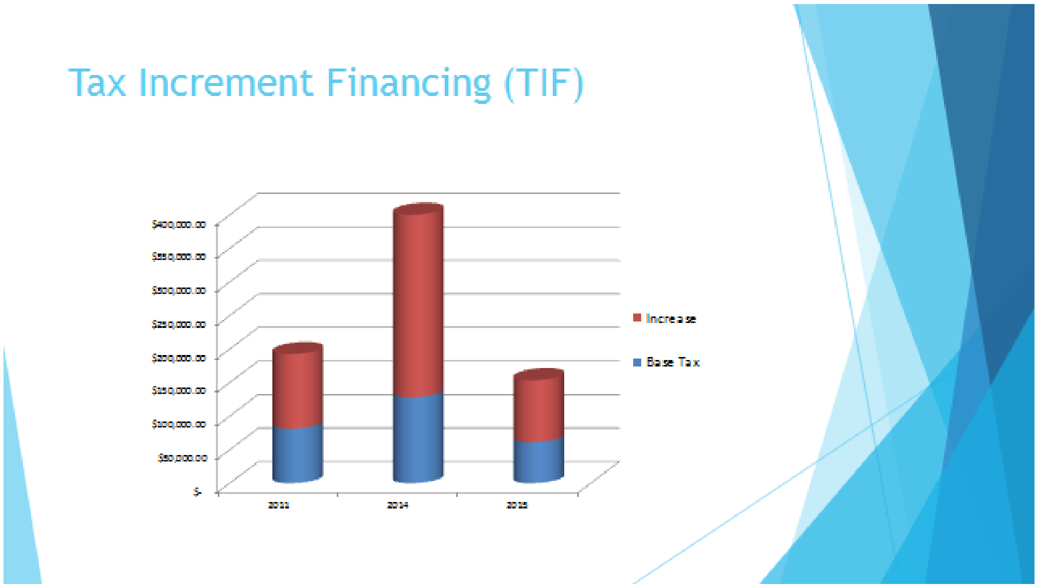


Tax Increment Financing (TIF)

2011	# of Parcels	Base Value	FY Value	Base Tax	FY Tax
Turtle Hill	186	$ 471,877.00	$ 1,118,131.00	$ 80,949.56	$ 192,366.37
2014	**# of Parcels**	**Base Value**	**FY Value**	**Base Tax**	**FY Tax**
Freeway	7	$ 697,590.00	$ 4,770,520.00	$ 119,670.17	$ 220,767.28
Zion	72	$ 84,264.00	$ 9,854,100.00	$ 8,268.62	$ 179,175.22
	79	$ 781,854.00	$ 14,624,620.00	$ 127,938.79	$ 399,942.50
2015	**# of Parcels**	**Base Value**	**FY Value**	**Base Tax**	**FY Tax**
Adams Street	6	$ 353,048.00	$ 814,549.00	$ 60,555.52	$ 153,294.86
OVERALL TOTALS	**271**	**$ 1,606,779.00**	**$ 16,557,300.00**	**$ 269,443.87**	**$ 745,603.73**
	Increase	**$ 14,950,521.00**	**Increase**	**$ 476,159.86**	

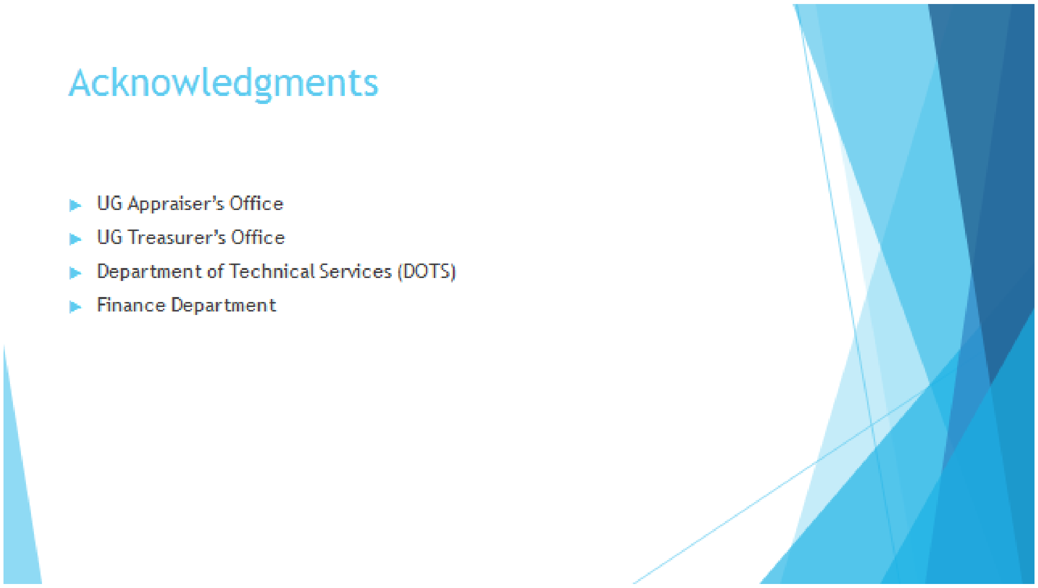
As we look at the Tax Increment Financing, as we move into that, we've seen an increase in the value by $14M and an increase in taxes by $476,000 through our TIFs that have come off: Turtle Hill, Freeway, Zion and Adams Street.

BPU Board Member Alvey said the other part of that, you're talking about the story behind the numbers, but look at all those spots and what it did for our neighborhoods in the private community. Those had to be done and this helped that happen. **Mr. Brajkovic** said absolutely. Those are about as urban core as our projects can get.



Mr. Brockman said this puts that into perspective there as an increase of the base.

Ms. Moore said just kind of an overall. The NRA, you can see the value increase was $14.8M. The tax increase was almost $400,000. Going to the IRB/EDX, the value increase was about $6M. The tax increase was about $1.2M. Going to the TIF, the value was about almost $15M and then the tax increase almost $500,000. Then you have your overall cumulative total down at the bottom for a value increase of almost $36M and a tax increase of about $2M. **Chairman McKiernan** asked that's an annual $2M. **Ms. Moore** said correct.



Then we just, again, want to give acknowledgements to the Appraiser's Office, the Treasurer's Office, the IT Department, and the Finance Department. They all helped out in recovering all of this data.

Mr. Bach said I just wanted to thank the staff and recognize Commissioner Walters who put this out there. Kind of getting our scorecard going forward really is an important thing for us to continue to work at and say this is how we achieved these results. It is important to note this when you see the numbers that are up there. We had so much hype talking about what was coming on from the Village West area. These didn't include any of those numbers. That $12M and any of the property tax and all that, those were all separately aligned.

These are really urban development projects. Most of our industrial areas are in our older urban areas. They're either down in Fairfax or along Kansas Avenue. All the NRA stuff is urban area. This is really several years of impact that have come in when we talked about how do we do more in urban areas. Sometimes some of this stuff, I don't want to say it sneaks up on us because we all see it and we worked hard on it as it goes along. There really are changes that have gone along that are making improvements. It's still a big focus how we can do more, but that's where most of this improvement has come from.

Commissioner Walker asked are we not upside down in any of those TIF districts. **Mr. Brajkovic** said I think we addressed the TIF issues prior to, and in fact on this, there were other TIF districts that actually showed a positive monetary change, or positive change in value. If the project under that TIF district never materialized, we didn't want to present it because we thought it would present some false data even though it would skew it in favor.

The TIFs that were upside down are either a) haven't expired yet. They haven't burned off. The one that comes to mind is Mission Cliffs. It's one of the ones that's upside down. Escalade Heights was another residential one, but we reintroduced a new residential project there that's kind of finished out the development of that between a mix of single-family and senior housing. **Commissioner Walker** asked Peregrine Falcon. **Mr. Brajkovic** said it's on there, but it's not expired yet. Remember the analysis we were looking at is when that incentive expired, what returned to the tax roll for that year.

Commissioner Walker said I think it would have been worth noting. We've got several others than the ones we've just mentioned. The one that was going to be next to the food pantry in Commissioner Townsend's district, I forget the name of that. It's not Peregrine Falcon.

We've got a number of them that even though they may not have expired, you've got to be pretty sure that they're as dead as can be. They're not going to recover so we're upside down in them. **Mr. Brajkovic** said we did do a report to this Committee when Mr. Levin was still here about TIFs in general because we had a big discussion. TIF is outside of the Tax Abatement Policy. We addressed that as a separate policy. You're right, a lot of the residential projects we had were underperforming, although we did replace one, Turner Woods, with the Amazon deal.

We can go back and look at that report and give an update to see where we are on the performance of those. Those data sets had already been established. We just need to update the numbers. We could probably do that with Finance rather easily.

Mr. Bach said that's probably a good one to look at periodically. I think one thing we did find, and that's part of where we're reaching our conclusions and our strategies when we set that from that last analysis, to say housing TIFs, as a rule, were not as productive as commercial. The only commercial one that was really upside down was that one we've done at Indian Springs. That's kind of a different perspective as we've gone about that. We're going to talk about that later tonight.

The housing ones have been ones that were less predictable because we were relying upon somebody to come in and build a whole bunch of houses right up front. In those cases where that could happen, they worked. In cases where somebody just started building over a ten or twenty-year time period, then they weren't necessarily paying off.

I think overall our TIFs were, when we consolidated everything together, commercial TIFs outweigh housing by so much. The overall was positive.

BPU Board Member Alvey said to follow up on that line of thought. If there's something identifiable about those housing residential TIFs that did not work, if there's some factor that identified it, then it would be something to guide decisions moving forward whether something would work or not work. Was it the lack of market research or did it just happen to be the timing and the economy, those kinds of things?

Mr. Bach said I think it's the lack of getting a commitment that you know you're going to get a whole bunch of stuff built in the early phase like if you do a building. If it's a $500,000 building, we will get a commitment from that developer they're going to build that. You don't get a commitment from them that they're going to go in and build 50 houses. They may commit that we can get so much.

To show a TIF that probably the difference comes to, maybe if you do a pay-as-you-go type structure. If you're willing to get them to reinvest back into it, then you'll give money back to it. Though with our NRA program, the cross analysis on that was one of NRA is a good tool to incent people to live in the urban areas, but if you do a TIF, then you lose the NRA because you're offering it back to that side. We've really moved to a position unless we see something different, single-family TIF is not the direction we look at for housing projects.

Chairman McKiernan said I just looked it up here. Our last TIF update was March of 2014. It probably would be a good time to go back and revisit that, both residential and commercial. **Commissioner Walker** said I'd like to see that within the next few months if that's possible. **Chairman McKiernan** said again, I think we brought it up in 2014, not only as information, but also just as direction and guidance for a policy on TIF assignment.

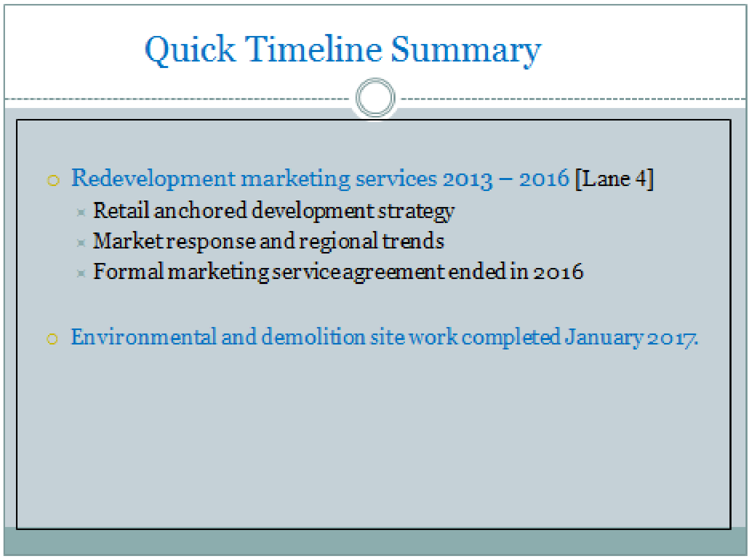
Action: Information only.

Item No. 3 – 17945…PRESENTATION/DISCUSSION: FORMER INDIAN SPRINGS MALL SITE

Synopsis: Presentation and discussion on the redevelopment and land use strategy for the former Indian Springs Mall site, submitted by Marlon Goff, Urban Redevelopment Manager.

Doug Bach, County Administrator, said next item up on our agenda, as Commissioner said, was really a discussion about Indian Springs and what we've done in that project area.

You're all very familiar with the site as we had just discussed. It was a former TIF site. When we went to this project area, we started looking at what are our different opportunities here. Our focus has been toward retail. That's really where we've driven the project.



We brought in Lane4 who has some members here that are interested in hearing what we have tonight.

We took that, said retail anchor strategy, what are we going to do, how do we make this work in the area, and had them work on this for the last few years. Unfortunately, as we all know, we've not been able to come up with success in that regard of how we make retail come into the project area. I know Lane4 has gone back and they've worked on various concepts of how maybe they could get smaller boxes into the units, different emphasis to that. It just really has not played out today.

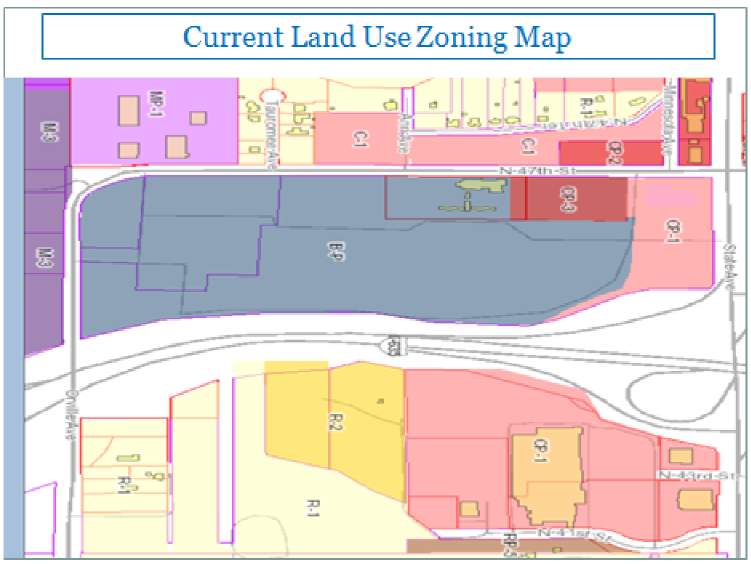
As we start to look forward to this, I'm going to kind of share this presentation with Marlon Goff from Economic Development who's been working on it.

We spread this out, looked at it. It seems like the trade area as, you know Marlon puts up here, it shows there seems to be a high need for it in the sense that you have to go a long ways out to get to a lot of different numbers. Though, as this says, we have the high population not as dense right around it. If you get in that three-mile radius, there are 65,000 people, but we still can't bring in a lot of the trade or get anyone to attract in the area. We've done lots of analysis around this area and haven't been successful with it.

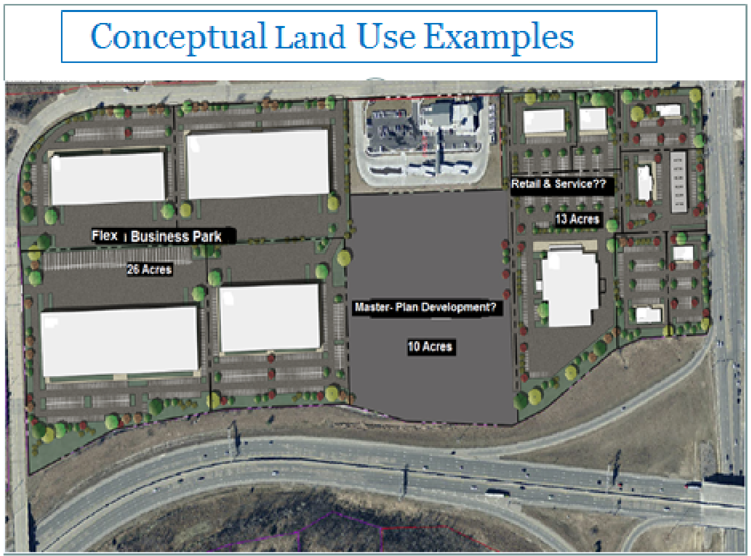
That led us to the next phase of discussion where we sat down with Lane4. They talked about is there a way for us to look at this and say, can we bring in some business park concept into the area and kind of share on the project site and make part of it work with that and part of it work to being a retail area.

We pushed with them to see how that could go. They came back to us and really said well, we think we can make the business part of it work, but we can't guarantee the retail. We think it'll put pressure to it to make retail come into play, but can't guarantee to say well, if we build this business park we know we'll be able to do that.

That's where we kind of had to step back from it and go, well, okay, then we need to maybe reevaluate it. I think the previous slide, I'm jumping around on you, Marlon, from the way you put this together.

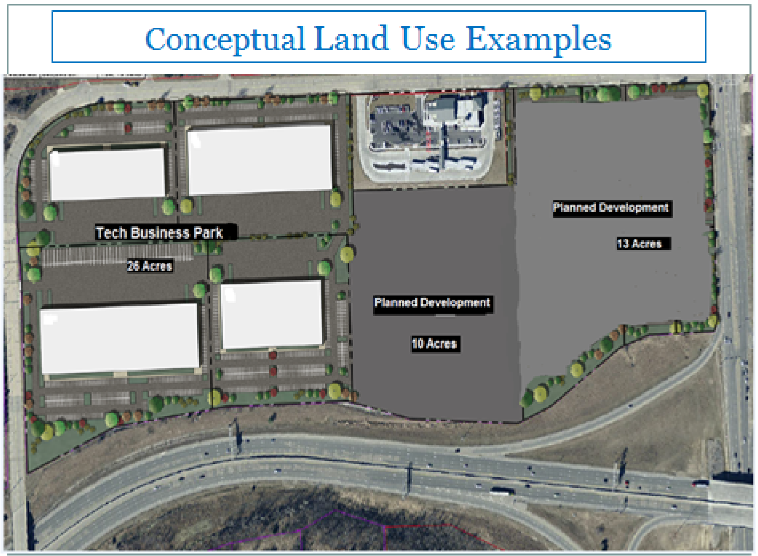


The area was zoned for a business park as it's laid out there. We never have changed that zoning that was put in place back years ago, actually, before we acquired the property. The question we wanted to tee up tonight is, is it a time to change the direction where we're going or do we want to keep it hard to go toward retail and say retail is where we want it to be and it has to be. Marlon, I'll let you kind of talk about kind of what's laid out by this type of plan. Our emphasis here is to kind of put this out here to stimulate this discussion and see if this is the direction that would be okay for us to go in this direction. If we go that way and we get people to propose on it, put together plans to make it all happen, then we want to know we're going to be able to advance it.



Marlon Goff, Urban Redevelopment Manager, said I think this illustration was intended to, I guess, solicit a reaction factoring in the response we've got from our development partners, Lane4 Property Group, from the private sector as they shopped this site as a retail anchor center. Interestingly enough, the sector of development that we've gotten the most solicitation or interest for reinvestment has been that light industrial/flex logistics business park.

If we look at this from that standpoint, how can we best leverage an initial investment, creation of jobs? It kind of makes sense from an access point with interstate highways and transit, and then use the value of the ground, for example, to then create some additional capital, whether that's from the sale of the real property to create a pool of, perhaps, gap funds, or additional revenue to help support maybe some undefined uses on this site. I guess, maybe, a lateral mixed-use for this 50 or 60-acre tract that represents the former footprint of the suburban mall.



Another example, again, if we were to explore, and again depending on the feedback from this body, how then could we go about flushing out what opportunities there are, whether it's retail, services, some unknown planned use that we haven't yet thought of.

With that, I guess we can open up the floor for initial discussion, response, questions, on any of the information we submitted up to this point. **Chairman McKiernan** said I'm going to certainly invite Commissioners Bynum, Johnson and Philbrook to participate in this discussion. I know they have a keen interest in the redevelopment of Indian Springs.

Commissioner Walker said Commissioners Johnson and Bynum may be well aware, but a little bit of history just so you have it. We acquired this property; the eminent domain statute was going to take effect in July of that year. We set some kind of record in acquiring that property about two weeks before it hit.

The concept they had at the time, and I think Mayor Joe Reardon was in office, was that we wanted this to do something to anchor if you want to go out certainly in Wyandotte County, at least the two miles around it, maybe further on the north side than the south because of the river. The idea has been that what we want to do is bring something that brings a stability, hope maybe is another word, for the people that live within that radius, whether it's one, two or three-mile radius. That has kind of driven, as I recall, the dialogue up to this point.

I'm not saying that we should or shouldn't still continue to want that to be the case, but Lane4 does a pretty job in my observation around the metropolitan area. I'm beginning to wonder if after this long a period of time if we do need to take a look at what our ultimate goal is for this. I drive by that so many times. I'm thinking back when I was a kid and a young adult, and even into college, how many times did I take that turn and go in there and spend money and shop, sometimes even go out there in later years and walk. They had a hell of a crowd everyday just walking in the mall, buying coffee or donuts or whatever.

Obviously those don't work. If they don't work at 95th and Metcalf, they don't work at I-635 and State Avenue. Clearly, I don't know which way to go is best for that. You three, it's your districts, maybe you have a better concept of what will fly there. I just can't, I don't want to give up on the idea of mixed-use, residential, retail, maybe some more traditional business not flex/industrial, but we've been at it quite a while.

We've had a number of proposals. As you recall, there was an attempt made when Dennis Hays was still here to do something. There's a long story there. The developer was dead and we were negotiating with some surrogate of his. We didn't even know he was dead for a couple of years, or a year maybe. We had no commitment to do anything but one 50,000 square foot building. It's not been just the last three years that Lane4 has had it. It's been quite a while that we have had our antenna out trying to lure something there. I'm going to say, depending on the will of the Commission, I'm ready to look at something because something happening there is better than what's not happening now.

BPU Board Member Alvey said I guess the question other than the lost tax revenue, of course no jobs there, no amenities, is there any other cost associated with this that the UG is responsible for each year. **Mr. Bach** said we have bonds out on this site. We're probably now told, we're probably close to $20M that we have in expenses out in this whole area. **BPU Board Member Alvey** said we need to get paid back. **Mr. Bach** said it'd be nice to get some revenue coming back on the site.

Kathleen, do you have any idea what our debt service is on that? Some if it we're just doing now with the bond issue. We're coming forward where we did on the demolition on the site which was around $2.5M or so. I mean, I'm adding all that into it collectively. We're not at that. We're under that number.

Commissioner Walker said I don't recall what the actual owner got. They did appeal the eminent domain award. **Mr. Bach** said it was about, I want to say, around $7.5M. **Commissioner Walker** said $7.5M for it. Believe me; it wasn't worth $7.5M at that time. **Mr. Bach** said and then we paid relocation expenses on top of that because we used eminent domain. Part of that was the school. There was money that they used for benefit. They put that toward their new business, their new office buildings that they put in. That's some reinvestment monies. You can look at that in different ways of how that worked into it. Our governing body's eyes were wide open when we did that knowing that part of that relocation was going to go toward a benefit. At the time, I think they'd hope we were going to come downtown with that, but they opted to end up going where they did. There were no strings on that so they could do what they thought was in their best interest, then a couple of other businesses.

There's still one. There's still the dental clinic that sits on the site. We collect rent from them and they also provide a good community service.

Commissioner Bynum said I just had a couple of questions and comments really. The original use with the developer that the UG was in negotiation with only made it to the level of one 50,000 square foot building. I'm only asking out of curiosity and background. **Commissioner Walker** said my recollection is that the only commitment was that. **Commissioner Bynum** said commitment, okay. **Commissioner Walker** said, of course, the plan; the hope was that they were going to do a lot of other. **Commissioner Bynum** said and retail. **Commissioner Walker**

said they weren't willing to actually put the money where it belonged. We had no idea what was going to go into the 50,000 square foot building either. **Mr. Bach** said my recollection is their final, the only thing they would commit to was if we turned over all the property to them and agreed to demo the whole site that they would then, in turn, agree to build a 40 or 50,000 square foot facility that would be similar to a flea market. That would be kind of their minimum standard to do within five years after we completed clearing the site. We would not advance that to the Commission because that was unacceptable.

Commissioner Bynum said just a couple of questions for me to understand better, flex use versus light industrial. Marlon, can you talk to us about the difference? **Mr. Goff** said it's probably more a product of, so I'll say this is an example of what they consider tilt-up construction, but the interior of the shell is really flexible. It could be modified to say you have a retail storefront where maybe you have a showroom. This is an example of a couple of common users where you've got the builders' grade efficiency windows and doors, granite countertops where he has a showroom, but then he's got X number of square feet in back of the house. Obviously, they're well planned and landscaped, etc.

Commissioner Bynum said I know the one thing that has been talked about a little bit with regard to this area is kind of a health use. Medical offices, medical doctors, things that would complement both State Avenue to the west where we have Cerner and that growth, and hopefully State Avenue to the east where we hope to complete a healthy campus. I just wondered about uses like that. Is there value in trying to provide that as a component of a development? I realize it's a very large area, but we already have the dental there. We have down on the other side of I-635 we have the Swope doctors. Just out of curiosity that's something that I think about, what benefits it brings to the Unified Government, specifically. I can't speak to that. Not really looking for an answer, just a comment.

Mr. Bach said that is kind of an open question a little bit, Commissioner. I guess I would answer that in the sense that if you mix some projects like that on the site that could help drive people to the area, then that probably adds to what could be done along State Avenue to still bring in retail. If you do too much of something like that then you don't allow for the right opportunity. I think that's kind of part of the thought that's in the business park. If you do that, you drive a few hundred employees to it and it's done, though it's a lower use type retail, but a few people come into the area, then you create more pressure that could allow you to bring some retail up on the State Avenue side. That was part of the philosophy there. That could be the same with the medical.

Commissioner Bynum said I still think, perhaps at the south end, the attractive building of flex or light industrial, as long it's attractive and something we don't mind looking at. I'm okay with that. I'd like to try to keep it on the south end of the site as much as possible to keep open the opportunities for retail and services for the people that live in that circle that has no services in it.

Chairman McKiernan said I had a couple of thoughts on this. Go back to the demographic circle. I've been a proponent of starting something on the south end of this site and, hopefully, it can spur some additional development on the north part of this site. I've been a proponent of that.

Just the other day I was reminded that if you stuck a pin where the old truck stop was on South 18^{th} Street, where Prescott Plaza is now, if you stuck a pin in that before Prescott Plaza was built and drew the demographics and income circle, it really wouldn't have supported Prescott Plaza either. Yet, there it is. It has no residential component to it, but it certainly has a robust commercial, retail, restaurant component to it. It's been successful. Now I'm kind of hedging what I originally thought which was get something started on that site and leverage it out.

I was counter-argued the other day, well, maybe it's not as bleak as you think. One of the things that came up to me, and I said this to Mr. Bach the other day, was to me this circle underlines the importance of the whole SOAR, Stabilization Occupation Initiative. That initiative is designed to put people in those houses, on those streets, in those circles that could then be customers of, or potentially residents of, this development.

Isn't Metro North being redeveloped right now, the former Metro North site, being redeveloped as mixed-use? **Mr. Goff** said right. This illustration really gives you a snapshot of how these national and regional franchises view a given market and evaluate the decision in where they make investments.

When you juxtapose the former Indian Springs mall site with the Metro North site with the Bannister Mall complex, and finally Metcalf South, and we look at the one and three-mile trade markets, it begins to paint a clear picture of trend lines. To your direct question, yes, there have been some redevelopment announcements at both the Metro North site as well as Metcalf South.

Chairman McKiernan said my follow-up question to that would be are there approaches, tools, strategies that they are using that we have not yet used and could use to be more successful on this site. **Mr. Goff** said for retail end use, an anchored center. **Chairman McKiernan** said correct. **Mr. Goff** said I think this is the starting point. It’s the question of whether those retailers feel like they’re already serving this trade area by simply allowing those consumers the opportunity to drive three miles or five miles from a given pin in the map. They do the compare and contrast.

The cost benefit of if this particular site has, let’s say they have 10,000 households in the one-mile trade area, and the average household income is $70,000, they’re weighing the pros and cons of an industry with small margins that’s continuing to get pressure put on it from the online component. When they look at bricks and mortar investment, they’re really scrutinizing the data and when and where they’ll make those capital investments. That’s the feedback we’ve been getting from the market. We just wanted to share that to solicit discussion and feedback to help guide staff on what next steps and how we evaluate what we do have an opportunity to pursue.

Chairman McKiernan said that, then, brings up one more question from me. I don’t want you necessarily to answer this, but it’s a question I have, which is how confident would we be that if we started with that flex on the south side that it would actually drive the mixed-use, retail, whatnot, on the north side? Could we do that with the intent that we’re going to get some retail out here and it doesn’t pan out.

Mr. Goff said I think one of the things that’s never captured when we just simply look at the trade market because, again, that’s analysis of the people who live there. When you start to now create a daytime population, let’s say this came with it, a couple of hundred or however many jobs, at this rate, now those retailers start to say, okay, there’s my daytime population. That’s the theory in thinking that, okay, maybe this use does put pressure on some of the northern sites.

You're right, we've got frontage along State Avenue that has existing former shells of retail, and a little bit to the east near the 38th Street intersection. That's actually where we do have some of the fast, casual pad sites, dry apparel, goods and services. They really stick to the numbers in their formulas. Again, this is one of the strategies we wanted to talk about and see if there is an opportunity for this use, for us to be able to pull out some real, I guess, capital from maybe a transaction or a land sale if we were able to generate support if this type of structure or use made sense. Now, in addition to some new daytime population, some jobs, maybe we'll also have a bit more cash or capital to contribute to further planning and development.

Commissioner Johnson said do we have any data that would suggest that this kind of model would work, maybe not just in the metropolitan area, but maybe in the region where we've seen something like this where it could actually work. I think it's a nice concept. I'd be curious as to have we seen something like this work, or can we do any research to determine whether or not this could work, or it has already been done. I don't know that we necessarily need to try to be market leaders in this kind of new conceptualized thing, but at the same time, I'd like to know there have been a few models in the region where something like this could work.

Secondly, this idea, the flex business park or light industrial, I've heard discussions that suggest that if we were to say we're ready to do something like that, that we have people ready to do that right now. Is that true? Do we really have people that are ready to come in and put in something like that, or is that just something that's kind of some bait that's kind of thrown out there so to speak? **Mr. Goff** said I would say it's fair to say that we've had some direct overtures on where staff or the governing body's interest would be for this particular type of usage.

Commissioner Johnson said back to my first question. Do we know any models that have been successful utilizing the flex business park as kind of a starter to then build more of a mixed industrial? **Mr. Goff** said again, I think the unique part about this site is, in total the former footprint of the mall site and those out parcels is just over 50 acres.

Typically in some other parts of communities where we see flex business parks usually along interstate highway frontage, I would say the park could probably be actually even larger than what we're illustrating here. Certainly, the shadow developments or support retail services, it may not lay out on an entire 60 acre contiguous parcel, but essentially within the surrounding, I guess, distance from that anchor site.

Certainly, I could think of a city, Lenexa would be a great example where they have a small handful of business parks. You see, let's say, Quick Trip, for example. Again, you've got daytime population employers there. Maybe they want to go out and grab a lunch or just want to pick something on the way to and from. You maybe see it probably even more spread out than just on a site that represents the former mall. That's probably the only difference.

Commissioner Johnson asked what is that Master Plan Development piece, that ten acres. What does that represent? **Mr. Goff** said again, this is just to show conceptually, maybe how we could achieve a couple of different uses for this large site.

If we had the flex business park footprint on the southern portion of the site, and then we'd open up the remaining 25 acres or so for future plan development. We look at the analysis or feasibility. You talk to developers, as Commissioner Bynum pointed out, who have that expertise in office or medical. Then we do another analysis of will this work at this. Can I get the achievable lease rates from my tenants? Those are types of things I would imagine would go into the analysis to determine, not just if that's the highest and best use, but if we can deliver a feasible project with capital investment who's also willing to participate in that public/private partnership. Those three legs of a stool are all necessary to pull something like this off.

Commissioner Johnson said I agree with what I heard. I heard comments from Commissioner McKiernan. I heard some comments from Commissioner Walker.

One, with Commissioner McKiernan, you need somebody that has some vision. Somebody with a vision came into the truck stop on 18th Street and I-70 and turned that into something that is doing very well. I've spent money down there regularly. You need somebody that can have a vision and the dexterity to be able to do something, nothing against the persons that are doing this right now, and not only that, but something that can spur something beyond just that site. Because to me, when I look at that site, I'm also thinking across the highway to the east. I'm also thinking all the way down, of course this is in Commissioner Philbrook's district, I'm also thinking how this trend line comes east down State Avenue into 38th Street. You can think beyond what might happen at Indian Springs, but also how that might translate to where the grocery store was, Tower Plaza, and also where the grocery store once was.

There's some emotional tie, and this is kind of what I'm tying back to Commissioner Walker, there's a real emotion tie, I think, from our constituency about what happens there. I think we need to be really, we need to make a move. They're saying do something, but I think we need to be wise, have some discernment about how we think beyond just this right here and how that can impact a greater 2, 3, 4 mile radius where it might cause further development.

I'm all for the flexed business park if it's something that we think we can get something rolling right now, but we can give a narrative that this is the starting point to something that is much more substantive down the road. I think I'll stop right there.

BPU Board Member Alvey said I echo those comments because really that is kind of a gateway spot of north, south, east, west, not just the freeways, but obviously State Avenue. I guess the question is how long can we sustain not paying off the bonds. It comes back to the debt service question. Can we assume that given one, two, three years that the right mix of retail will come in? If there's no evidence for that, then we're right back at what do we do?

I think you're really right. When I think of the flex business park, I think of the corner of I-435 heading off of I-35 south, I-35 south taking the turn to go I-435 or K-7 or K-10 west. That's where there's an appliance wholesaler. There are other things. They're not organic to the neighborhood. That's the only thing I see. They're really sterile kind of environments that are used during the day or while they're open then, they're empty at night. It's not really what we're talking about I think for that area. Again, it's a question of how long we can sustain not getting the income.

Commissioner Philbrook said thank you, everybody, for making my case. I appreciate, listen, there is an advantage to sitting back and listening because all of these points are excellent and it means that I didn't have to say it all. It also means that a lot of us are thinking along the same lines. I know you guys make fun of me for doing this, but hey, this poor little area has been a sore point in my behind for years. That was long before I was ever elected. Very exasperating for me because, of course, it was at it's heyday during my teenage and later years. To see it go to heck in a handbasket was not one of my favorite things to see.

Having said that, I also care very much about what it looks like once people drive north and south on I-635. I want that to be a place they look at and go, wow, something's really happening there because it's one of the only places that you have people going from Johnson County over to North Kansas City and back and forth. That's one of the major highways that people take to the airport. I want them to stop there.

Now, having saying that, I also think we need to get something going so we can get some kind of momentum happening. Having said that, I would like to have Hunter Harris come forward and talk to us a little bit about their thinking about this development. Would you come forward, Hunter? I know we gave you a really tough job.

Does this picture here look similar to the one that you've brought forward to us to take a look at? **Hunter Harris, Lane4 Properties,** said yes. This is the concept plan that we had put together. **Commissioner Philbrook** said talk to us about why you really think this would work to kick it off, and what kind of substantive information would make us feel more comfortable about doing this.

Mr. Harris said well, it's the past two and half years working on this project, watching the retail market, observing all of the other markets, bee bopping around the country to talk to major users such as Menards and other candidates that we were hopeful at one point in time. Going out and listening to a lot of other folks who have opinions about this project.

The writing became very clear late this summer. We did some on three sessions with many of the Commissioners to discuss what the data was pointing to and what some of the conversations we had with many of these users, particularly retail users, were saying about the site. It became very clear to us in speaking to some of these retailers that it lacked for some of the daytime population and the jobs located in this site in order to sustain many of those business models.

At that time when we typically enter into a new asset class that we're not known to you for, such as a business park development, we do a lot of research and we partner with best in class partners. We weren't hotel developers before the Holiday Inn at 39th and Rainbow and the Hilton Home2 Suites which is under construction now, but we went out and found great operators to partner with that help us guide those decisions that we made on the project and how to best develop them.

We began putting together the concept plans that you see here. There are far more advanced plans. This is fairly high level. Running the numbers for what the thesis for this new project was, Indian Springs in 2016 and 2017. What we found was getting activity on the site, getting a project going, getting the community excited about this area, was very important. It provided for the jobs that we needed, the daytime population that we needed for many of these retailers, and it helped put pressure on the front half of the site for what I told many of you this summer and feel very confident about, to go put together a grocery-anchored neighborhood retail shopping center.

It's not going to be a power center. It's not going to be a bunch of junior boxes lined up in a row. There aren't many of those being built in this market, or any market, across the country for lack of retailers that are willing to pay the rents, and just the sheer number of retailers that are doing deals and not actually decreasing the number of the stores that they're opening on an annual basis.

I think that's what you see with Prescott Plaza. That successful retail development, which I happen to think a lot of, is a grocery-anchored neighborhood retail shopping center. That's what you've seen us do with revitalization of some of the centers and also the work that we've done in Argentine and otherwise.

We think the uses are here and now for the back half of this site. We think it helps bring the jobs. We think it helps bring the positivity back to this site to get this going. We think it gives us the pressure that we need to have a grocery-anchored retail shopping center sooner, not later.

Commissioner Philbrook said I've got a couple of questions to follow up on this. About how many jobs do you think we would be creating because I know you had to throw that in the mix? **Mr. Harris** said well, for the types of uses that we'd like to attract here, I'll give you an example.

You talk about somebody that has a showroom up front that might actually produce some sales tax to the site as well, but also have storage in back. Those are likely a higher count of job, but I don't see these types of uses as being major production on this type of site. I just don't think that those types of uses are akin to wanting to neighbor up to what we hope to achieve on the front half of this site. I also don't think this is logistics and distribution either; although that's not to say that some percentage of X building there might be tenants that wanted to use it for that. We look at this as multi-tenant. I think the project that you're speaking of, College Crossing, which is another successful infill site. Some of the elevations that Marlon had on his PowerPoint slide tonight are very illustrative of the types of uses that we'd hope to attract here.

As to the question of is someone here ready and willing to do this, we are. **Commissioner Philbrook** asked you already have people in line that would jump on this and rent from you. **Mr. Harris** said yeah, the issue therein lies that without a use and a plan approved, it makes it very difficult to go prelease or bring these users because they make very quick decisions. If you have one project that's shovel ready or under construction, or it's being speculated, then that's a deal that's here and now and they have to make business decisions. This is floating around until we grab it, get our arms around it, and drag it down. **Commissioner Philbrook** said pie in the sky. **Mr. Harris** said we are willing to go speculate some construction on the site to make it happen.

Commissioner Philbrook said another question that goes along with that. If we should want to do, if the herd of us decide that we want to change the direction that we had asked you to go in and go with the flex business park type thing on the south end, we would not have to commit to the rest of it? **Mr. Harris** said no, our thought was to stay fluid just like the markets. Retail has changed a lot since we took this assignment over two years ago, two and one-half to be approximate. The number of stores that Walmart opens is volatile. I'll use them as an example.

Our thought was get going on the back. Get the pressure and activity going on site. It would still allow for flexibility for future uses in the middle of the site and give the better odds to attract a grocery and other retail tenants, including medical and other uses, up on the front half of the site.

Commissioner Philbrook said since it's my district, I'll speak up and say that I would like to see us start with something that's very attractive. Of course, I'm very picky about how that's going to look. I want it to look like we're driving past Zona Rosa but closer, or past any higher scale or upper scale location. I don't want it to look like we just put something in there. It has to be pretty. **Mr. Harris** said we agree. **Commissioner Walker** said like the buildings that NorthPoint have done over just across the river. They're attractive. **Commissioner Philbrook** said right, but you understand what I'm saying. **Commissioner Walker** said sure.

Commissioner Philbrook said I don't want to see the back of them. Like you have it set up there, the backs are toward the center so you're not going to see the back end of the buildings per se, hopefully. All you're going to see from the road is the prettier side of the building, not the delivery area.

Mr. Harris said we know it's going to have to be attractive. We know how important this site is for the community. We've been your partner in trying to market this site and bring together projects for a while now so we know the importance of how architecture needs to play to be a successful project here. **Commissioner Philbrook** said I appreciate that. I just have to say that for the people out there in TV land because they need to know that I'm pushing for it because I've been pushing for a long time. It's just, please. Thank you for coming forward.

Commissioner Walters said since we're just having a discussion, my thoughts, it's not in my district, but my thoughts are that it's a very important site for the community. It has been setting idle for a long time. I see the value and the benefit of having the industrial business flex portion of the development if there's a market for it and if we can be successful. I think that makes sense if it's a means to an end which is bigger than it could be without that.

I see nothing on the east side of this plan that is in any way interesting to me. It looks a lot like the 1960s development that is directly west which is underutilized and has struggled mightily over the last few decades. There's underutilized retail, as Commissioner Johnson mentioned, directly east of I-635, so there's nothing inspiring there. I hope we don't go that direction.

What would interest me is some people have mentioned having something there that catches people's eyes or is unique. I don't know that we can compete with Metcalf South or Metro North for more retail, but I think it would be great if we would build a neighborhood there to attract new residents who could live there, work there, dine there, have entertainment there, and make a real mixed-use residential neighborhood. That's much more difficult than parceling it up into development pads.

If we actually wanted to do that, we might have to be the developer rather than just contracting with a retail developer to develop that because that's unusual. In my perfect world, it would be some sort of combination of Zona Rosa, the Freight House District, something with a vibe that would attract young people to our community and it would be different than the options that they have now.

I hope we have high aspirations for this parcel. I don't think we need more pad development along State Avenue. We have plenty of that on both sides of the street for quite a ways west of this site, and east. I hope we look for something different, unique and a signature item for our community.

Commissioner Johnson said hadn't we talked about that in years past about there being some residential development there. This was many, many, many years ago. It seems to me that I've read in the paper somewhere that there was never okay. It seems to me that I thought I read somewhere that perhaps a true mixed-use development, which would include some residential.

Commissioner Walker said I was just going to mention we'd talked about a Mission Farms concept. It's easy for me to throw out these concepts because I don't really have that business acumen to know that that would work.

Every time certain family members are in town they want to go to this restaurant in Mission Farms. If you've been there, they have restaurants and entertainment. Of course they're right next to one of the longest bike paths anywhere around. You can go anywhere from there. I've never been able to be sure if it's all office on top or whether there's office and residential, maybe residential on the back side. You can't find a place to park there most nights, and we don't go on Fridays and Saturdays.

My ideal world, we'd have something like that on here, but something tells me that the people who do this for a living look at the numbers, it just isn't going to fly at that location.

Mr. Bach said to answer your question, when we initially did the vision plan for this, that's what we put out. You did see that advertised where we came out and said we went through quite a planning process and came back with the mixed-use plan. This was pre-recession time. We did this out and then that proposer that we moved forward with ultimately came in and said they had this whole mixed plan. Then as we sat down to try to get him to commit to it on paper, and of course we started to hit the recession at the time, that's where they went down to only committing to if we did everything, actually do what we've done to today, that they would go do a 40 or 50,000 square foot facility and that'd be it. We weren't able to get where we were trying to get to back then when the market wasn't so robust.

BPU Board Member Alvey said I'm going to echo Commissioner Philbrook and Commissioner Walters. If you drive down I-635 and you get to Metropolitan and you see the industrial park to the west, there is nothing that says this is distinctive, this is something attractive. It's very utilitarian. I think we have to, obviously you would build something that would be attractive. My concern would be, and I don't know the business either, but if you dedicate 26 acres to a tech business park, would that then forestall other possibilities because there would not be the site. Again, I understand the reasons why you would want to get something started.

The idea like the Prescott Center, that serves the neighborhood very effectively, a lot of traffic through there. It's producing a lot of tax. It's really something for the community.

We've, I think, kind of got locked into well, this was Indian Springs. It's meant so much to us. It was a regional draw. We think we have to replace it with the same, but in fact, that may be limiting what we can imagine.

Commissioner Philbrook said yes and yes. My other comment is I talked to Hunter a little bit about this, and we didn't talk during the three-on-threes, about the possibility of starting a walking path through this, and it doesn't show one. Creating some kind of a walking path through this development that would allow people to take that walk, if we get mixed-use, if we get some high-end apartments in with some other stuff. We don't have to assume that we can't have other amenities in here. Does that make sense, David? Okay. I think the basic thing is that we have a lot of options, a lot of options to go on the north 23.

Commissioner Walker asked what is our intent here tonight. Are we going to make a motion to forward this discussion, if he needs….. I don't know squat about how to develop a piece of ground. We've got Lane4. I don't hear any great dissatisfaction with them, per se, or that somebody else is just out there waiting for them to fail so they can come in and do the project. We need to give them something to move forward on.

I haven't heard anything I disagreed with. I love Jim's idea. If there's somebody that could come in and do it, I'm sure Lane4 will do it for them because they're in the game to make money. I think the problem is there isn't anybody going to do that.

Commissioner Philbrook said technically the question is where do we go from this to change our shift from what we had asked originally to this. **Mr. Bach** said that's why we came because we entered into a two-year contract with Lane4 to go work retail on the site. We pushed them on things to say okay, if you do the business park, can you guarantee you'll do the retail up front. They couldn't go that far, though Hunter, and as he said tonight, has said that he thinks it puts more pressure to allow the retail to come about. They're willing to move forward with the type of business park that we've designed up here and build out on the southern portion of the site.

I wanted to come back before you tonight and say okay, we're confident we can get a business park type concept started on this site, not the big come out here and let's pluck a big building down like we did for Amazon out in Turner Diagonal. That's not what we're talking about at all. We're talking about smaller, yet they're the tilt-up type buildings that come in, but they have a more attractive look to them. That would be on that southern side of it in an effort to put pressure to get other things to develop on the rest of the site.

That does limit what could come there. That doesn't mean that kind of that picturesque mixed-use site that we're thinking about that was proposed years ago, ten years ago, won't happen this same way. That changes that opportunity. It pushes us in a little bit different direction, but we think it gets us in a better position to move forward with it.

That's what I wanted to come forward with tonight and say, okay, are you good with us moving forward in that direction. We would be, I think a lot of Lane4 where they're at, but that's not what they proposed on to do initially. I'd probably go out talk to them, talk to some others, see if that's the best direction we would get out of it. We've only talked to them at this point and said we feel pretty good about it. But I would feel like I need to at least adventure a little bit in that direction. That's the direction I'm looking for.

Commissioner Walker asked well, I guess the question I have does Lane4 want to keep working on this with us. They've worked two years for us. I'm not wanting to throw them out the door. **Commissioner Philbrook** said and then move ahead in the same direction that they suggested. **Commissioner Walker** said yeah. Does Lane4 want to keep working this project? **Mr. Harris** said absolutely.

Commissioner Walker said my own attitude is they put us up a plan here. They think they can make it work. I want to see something built there and working there before I die.

Commissioner Philbrook said I have one more question for you and that is on 23 acres, there's a whole lot of stuff we could do on 23 acres as far as mixed-use and so on. I mean, 23 acres is a lot of area because I've seen some of the developments they've done over in Kansas City, Missouri, where they took two blocks one way and one block the other and it's just phenomenal. **Commissioner Walker** said 23 acres in Manhattan, you'd be the richest person on the island. **Mr. Bach** said we built the soccer stadium on 11. **Commissioner Philbrook** said that's what I'm saying, so there's a whole lot of stuff we can do with 23 acres. I don't want us to feel like we're losing the opportunity to do something really creative because we only have 23 acres left. That's all. I just wanted to make that statement.

Commissioner Johnson said I just want to know what's it going to take to get something started. I want to know what's it going to take. **Commissioner Walker** asked what do you need, Doug, tonight. Do you need us to say move forward with this plan? If you need to take this to the full commission and have a vote we stay with Lane4 or we look for others or what? What are you wanting? **Mr. Bach** said if you tell me that we can go out and get a business park concept on here, that'd be the next thing I'd bring back to your committee. If you say, I don't want to go through all this, take them down the path, we work all that out and get it all done, and come back and say what are you doing. That's not our vision for the site. Don't put it out here in front of us to do just a business park because we're expecting a retail concept.

If you say that's the direction, that's good. We want to see what you can come up with. Bring the best deal you can back here because, I think as Marlon said earlier, part of the concept was not only does it put pressure on the site to help people and activity going on there, but I'd also look to bring some of the revenue that's coming in from that site to help with incenting maybe some things that we haven't been able to do on the front half of the site and bring that to it.

In a way I'm kind of looking at the money we have invested in that site is, it's over here. We're paying for that now. Now we've got to put together a project for the future and what's going to happen. If in the future we do get enough revenue, and that starts helping over here, but it has to be how do we recreate the whole Indian Springs site to be successful. I would use revenue that comes from the south half to help with the north half and work from that perspective. That's what I'm looking for direction on.

If I come back with the business park project and say this is what we're doing, you may not like the deal structure I come back with, but I don't want to come back and you say why did you bring that kind of project back. You may say go bid a better deal or work it in a different way.

Chairman McKiernan said Mr. Alvey asked the ultimate question earlier. Do we want a bird in the hand, or do we want to wait. **BPU Board Member Alvey** said and the other thing I think that's an important piece that if you get something moving on the south side, then you could leverage that with other kinds of incentives for something else. That's a piece we hadn't even considered.

Commissioner Philbrook asked does that mean that we're asking Lane4 to come back with a definitive plan. **Mr. Goff** said I'll answer that. I think there's a procurement consideration that I kind of mentioned to Patrick that we want to make sure we understand.

We were under the previous solicitation for our partnership with Lane4 to market the site as a retail-anchored project. I guess the question could be made is are we still, will we need to reauthorize or renew that agreement which currently has expired? I guess from a procurement standpoint, does that prompt a question of whether or not we need to open this back up for other developers who too may be interested in presenting a project with this new use, this new conceptual land use?

Commissioner Philbrook said having spoken legalistically, you're still not sure which way you need to go is what it sounds like. **Commissioner Walker** said no, no, no. We extend professional service contracts all the time. We had the same bond counsel for ten years without a bid. We do it with other professional services. It comes down to an administration call.

I don't have any great inclination to rebid this. **Commissioner Philbrook** said I don't either. **Commissioner Walker** said, first of all, I'm not optimistic that there's anybody else that is going to want to bid on this with any kind of, that's my opinion. **Commissioner Philbrook** said and they did bring forward this concept to us. Then to kick them to the curb after they did the hard work to bring it forward, just seems disingenuous to me. **Commissioner Walker** said this is public record now. If I got the bid, I'd bring this plan right back to you.

Commissioner Walters said I thought our previous deal with Lane4 was that they were our agent and they were to find other people to develop it. **Commissioner Philbrook** said well, they will, and they do. **Commissioner Walters** said hear me out.

If they're going to develop it themselves, that is a fundamental change of the approach, is it not? **Mr. Bach** said I think our contract actually had it work both ways. They were going to be, they were able to go out and do brokerage work to bring back a developer for the site, but there was the option within it for them to be the actual developer if they found the right way to do it as well. **Commissioner Walters** asked will they be able to get other developers to participate in this. Do other developers know that Lane4 could also participate?

Mr. Harris said I'll attempt to address. I think you accurately answered that. There's some language in the agreement that if we have a project we could bring it forward. It's basically a right of first refusal is how I read it.

We are ready to move forward on the flex/tech park as the developer, but in concert with a partner who does the leasing and the management and has extensive background in those fields because it's not what I do on a daily basis. It's more of what we're considering doing on a daily basis, but it's just like the hotels we did on Rainbow. Then we would continue because I think the key here is finding the right balance between the front half of the site and the back half of the site and not letting one piece move in one direction without some concern and oversight for what the front half of it is. Since we're able vis-à-vis partnership to steer the entire ship, that was the thought.

Chairman McKiernan said I guess my question for you, Mr. Bach, is after all of this, do you have the direction that you need, at least if there seems to be….**Mr. Bach** said I think what I'm getting from here is we can put together a flex space business park type concept to bring back here. The big picture will show how we hope to build the rest of the site out, but it's not going to be one that comes in and shows the rest. Maybe things change in the time period that that happens, but right now, this is how we'll build this and this is what we hope to have—how this could influence the rest of the site. That's what we were after.

Commissioner Bynum said I just want to be clear. I just want to be very clear, yes, for the back half only. I'm not interested in that entire parcel being a business park, but I am interested in what we've all already said, some momentum, some pressure, some planning for what the north part of it could be, and frankly, even the west side of 47th Street going forward. I just want to make myself very clear, not the entire development area. **Mr. Bach** said that's understood.

Action: Information only.

Adjourn

Chairman McKiernan adjourned the meeting at 7:12 p.m.

mls