Economic Development and Finance Committee

Standing Committee Meeting Agenda

Monday, December 4, 2017
5:15 PM

Location:
Municipal Office Building
701 N 7th Street
Kansas City, Kansas 66101
5th Floor Conference Room (Suite 515)

Name	Absent
Commissioner Brian McKiernan, Chair	☐
Commissioner Hal Walker	☐
Commissioner Gayle E. Townsend	☐
Commissioner Ann Brandau-Murguia	☐
Commissioner James Walters	☐
David Alvey, BPU Member	☐

I. **Call to Order/Roll Call**

II. **Revisions to December 4, 2017 Agenda**

III. **Approval of standing committee minutes from October 2, 2017.**

IV. **Measurable Goals**

V. **Committee Agenda**

Item No. 1 - REPORT: THIRD QUARTER BUDGET REVISIONS
Synopsis: Third Quarter Budget Revision Report, submitted by Reginald Lindsey, Budget Manager.

For information only.
Tracking #: 171349

Item No. 2 - REPORT: THIRD QUARTER BUDGET TO ACTUAL
Synopsis: Third Quarter of Fiscal Year 2017 Budget to Actuals Report, submitted by Kathleen VonAchen, Chief Financial Officer; and Reginald Lindsey, Budget Manager.

For information only.
Tracking #: 171347

Item No. 3 - RESOLUTION: CASH MANAGEMENT AND INVESTMENT POLICY
Synopsis: Resolution adopting the Unified Government Cash Management & Investment

Policy as previously adopted with no recommended revisions, submitted by Kathleen VonAchen, Chief Financial Officer.
Tracking #: 171400

Item No. 4 - UPDATE/RESOLUTION: GAP FUND POLICY
Synopsis: Update on the Unified Government Urban Development Gap Fund Policy, and request adoption of a resolution approving said policy, submitted by Jon Stephens, Interim Economic Development Director.
Tracking #: 171416

<u>VI.</u> Public Agenda

<u>VII.</u> Adjourn

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, October 2, 2017

The meeting of the Economic Development and Finance Standing Committee was held on Monday, October 2, 2017, at 6:06 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walker, Murguia (via phone), Townsend (via phone), Walters; and BPU Board Member Alvey. The following officials were also in attendance: Gordon Criswell and Joe Connor, Assistant County Administrators; Patrick Waters, Senior Attorney; Kathleen VonAchen, Chief Financial Officer; and Jon Stephens, Interim Director of Economic Development.

Chairman McKiernan called the meeting to order.

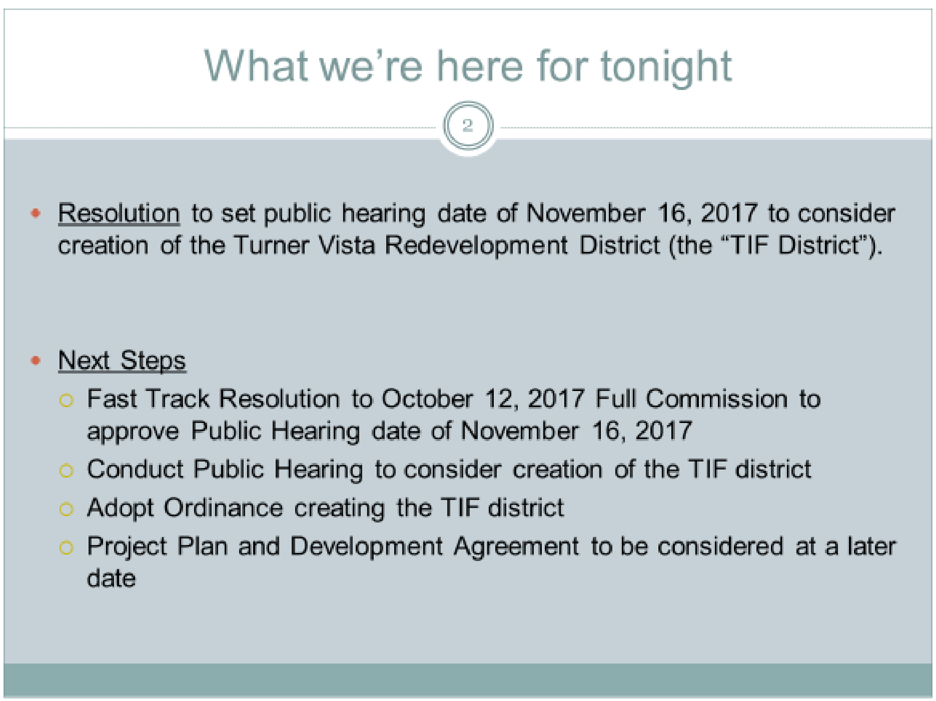
Roll call was taken and members were present as shown above.

Approval of standing committee minutes from August 14, 2017. **On motion of Commissioner Walker, seconded by BPU Board Member Alvey, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

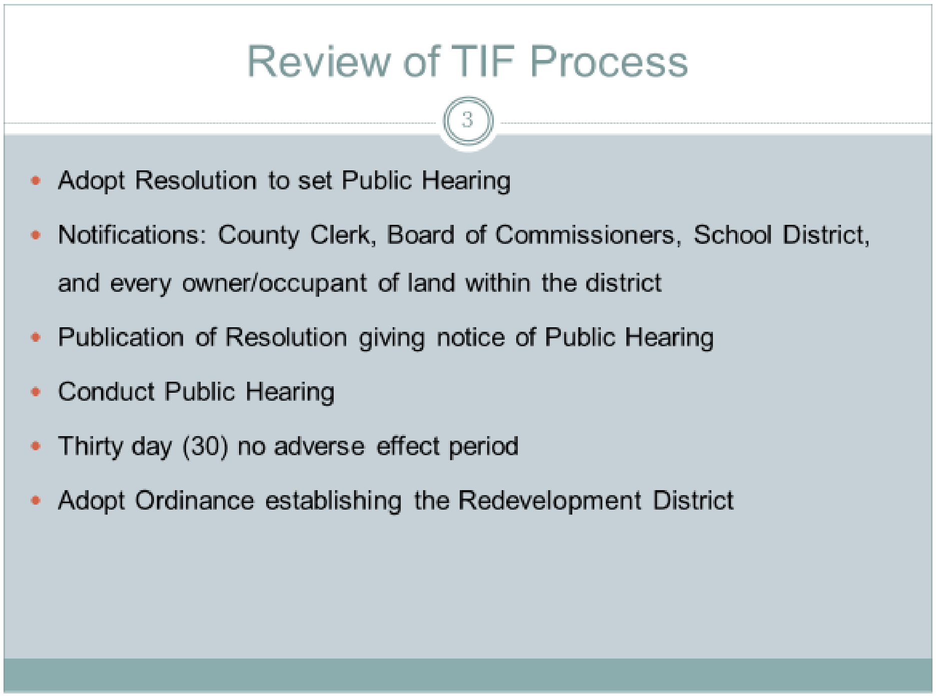
Item No. 1 – 171295…RESOLUTION: SET PUBLIC HEARING DATE TO CONSIDER CREATION OF TURNER VISTA REDEVELOPMENT TIF DISTRICT

Synopsis: Request to conduct a public hearing on November 16, 2017, to consider the establishment of the Turner Vista Redevelopment TIF District generally located on the southwest corner of State Avenue and College Parkway, submitted by Jon Stephens, Interim Director of Economic Development.



Jon Stephens, Interim Director of Economic Development, said as you said, Mr. Chair, the first issue before you tonight is the proposed Turner Vista Redevelopment. It is a resolution to set a public hearing date of November 16th. To be clear, the next steps would be on the October

12th full commission to approve the public hearing date. Should it advance, to conduct a public hearing to consider the creation of the TIF District, adopt the ordinance creating the TIF District, and any project plan and development agreement to be considered at a later date.



Just a review of the TIF process. As it states, the proper notifications to conduct the public hearing, the 30-day no adverse effect period, and then adopt the ordinance establishing the redevelopment district.

Proposed Project Site

4

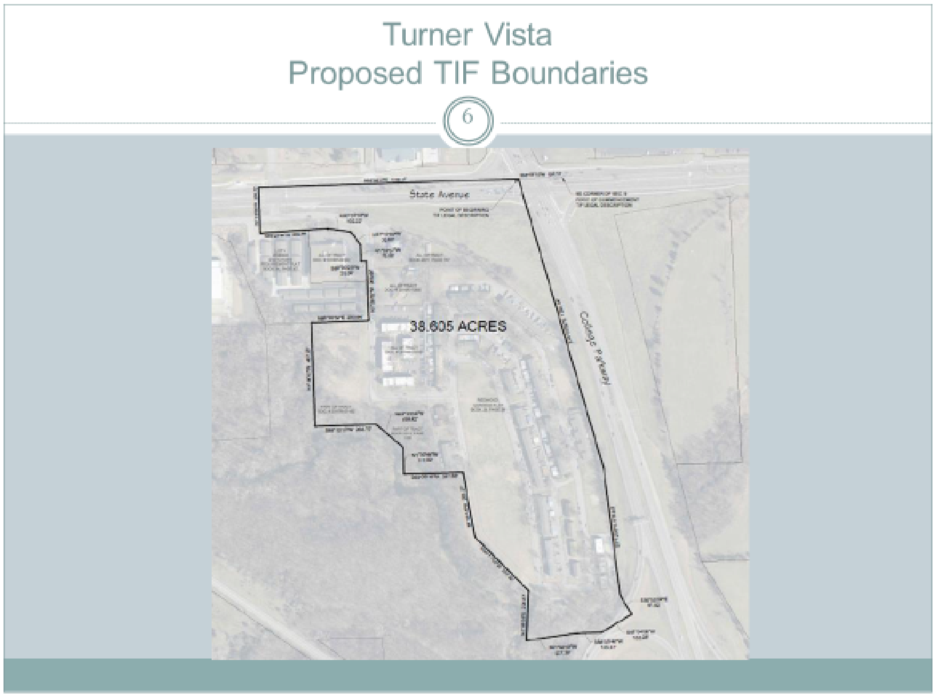
The proposed project site is on the southwest corner of State Avenue and College Parkway. You can see here it's directly south of the Kansas City Kansas Community College. It's north of the new Amazon facility, southwest of Lowe's.

Proposed Site

5

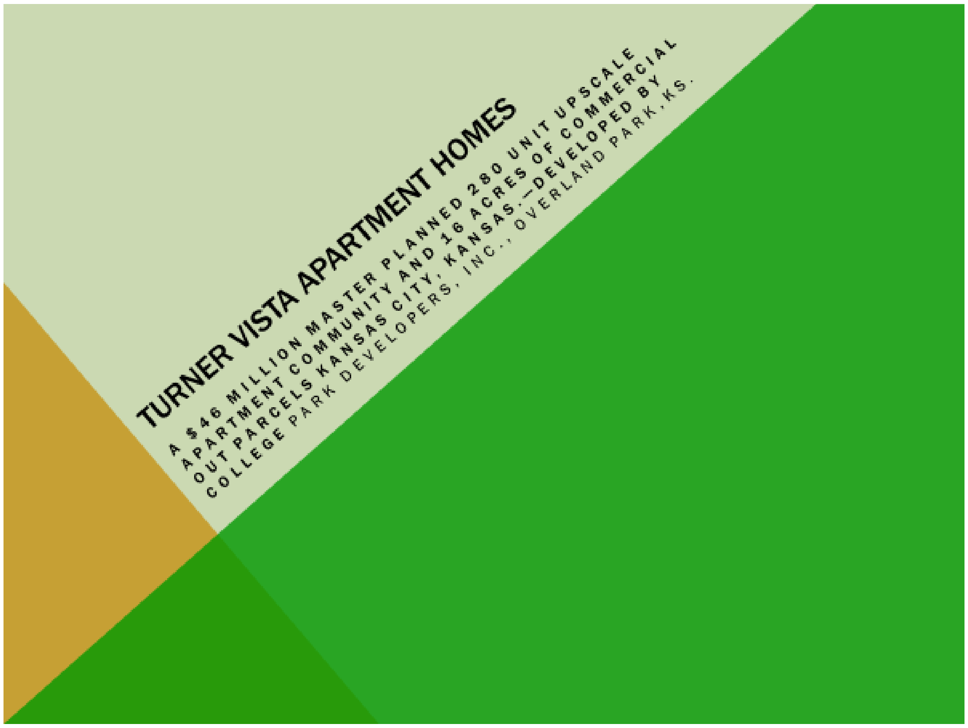
- 38.6 acre site – Includes roadways and State ROW
- Current site includes rental townhomes and single-family units. Site also includes commercial property.

The proposed site is approximately 38.6 acres. That includes roadways and the state right-of-way. Currently, the site includes rental townhomes, single-family units within the townhome configuration, as well as commercial property.

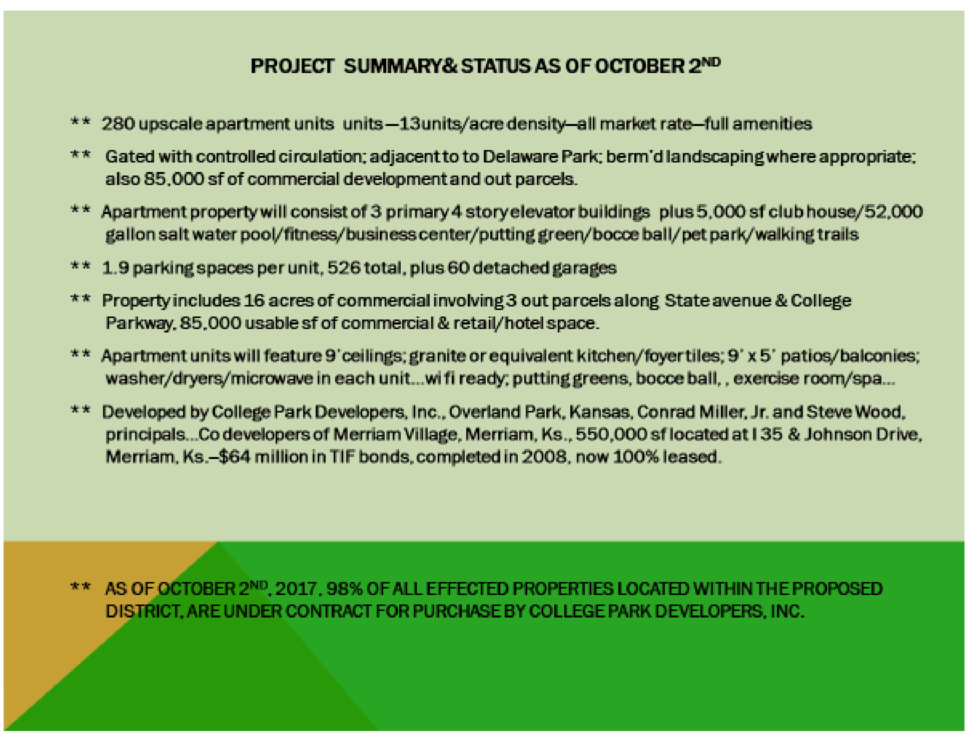


Here are the proposed TIF boundaries that generally correspond to what you saw in the aerial of the townhomes, some of the commercial property, etc.

At this point, this was a very brief introduction because we do have the developers here this evening: College Park Developers. Steve Wood and Conrad Miller, Jr., would like to take you through a brief overview of their proposed plan and then we would ask for committee action.



Conrad Miller, Wood Development Group, said I'll be brief because kickoff is in about an hour. This is the area, of course, we talked about is the old Redwood Gardens Townhomes at 72nd & State Avenue.



We're proposing on that site to construct 280 apartment units. These are market rate units. These are upscale. There's about 85,000 square foot of commercial development that we can also get into that 38 acres.

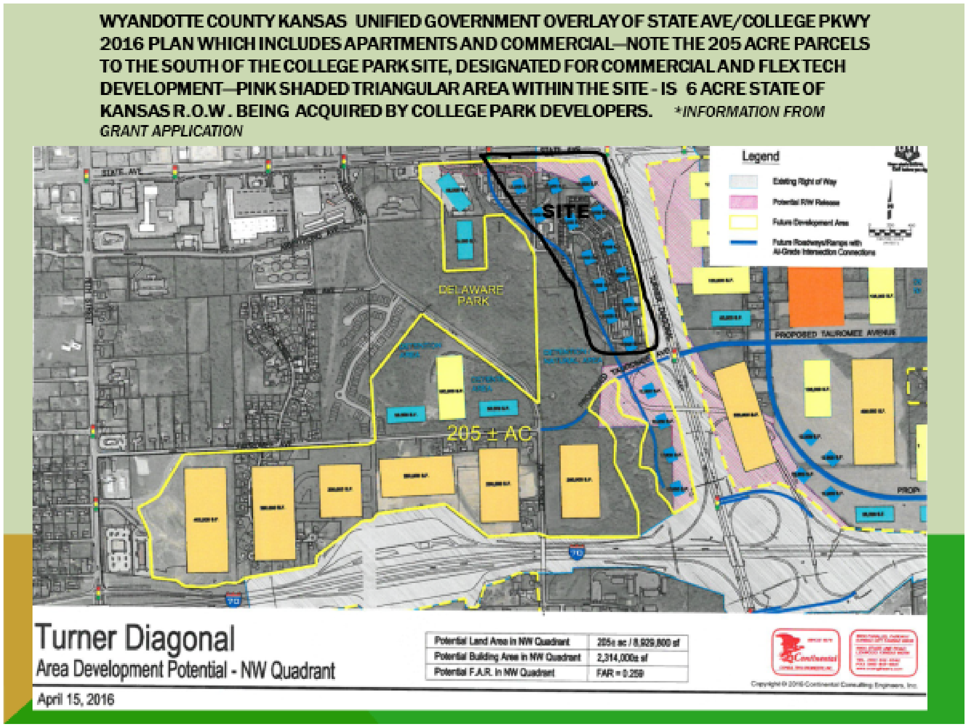
These are some of the apartments. These are the Heights at Delaware Ridge, which I'm sure the commissioners are familiar with. These were developed by Mr. Wood, who is doing the apartment portion of this and has extensive background in that, of course, obviously this, but he also has other development.

He and I acquired the ground which turned into Merriam Village mixed-use which is where IKEA is presently. I think there were 69 parcels and we assembled those parcels and DDR developed it and eventually it became the IKEA location.

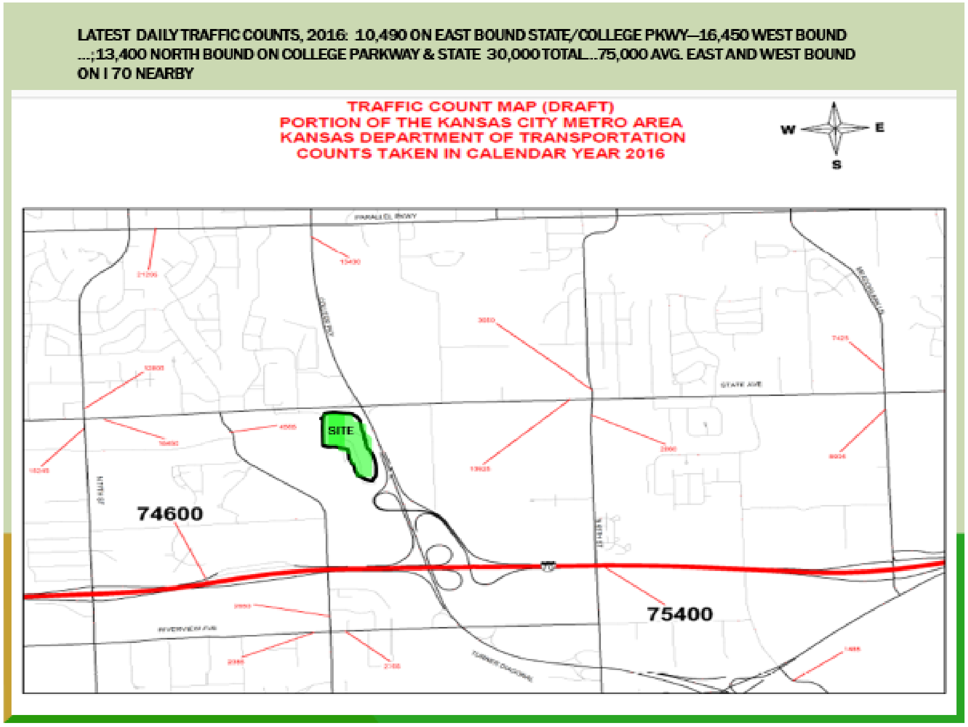
Mr. Wood is also developing the Metcalf Village, which is 167th approximately and Metcalf in Overland Park. This is the type of development we are looking at. This one, I think, is actually the same kind of scheme that he used in Knoxville, TN. He's also done several in Knoxville, he's done some in Hawaii; a considerable amount of apartment development.

Again, the area here is obviously across from Lowe's, up on 72^{nd} and State.

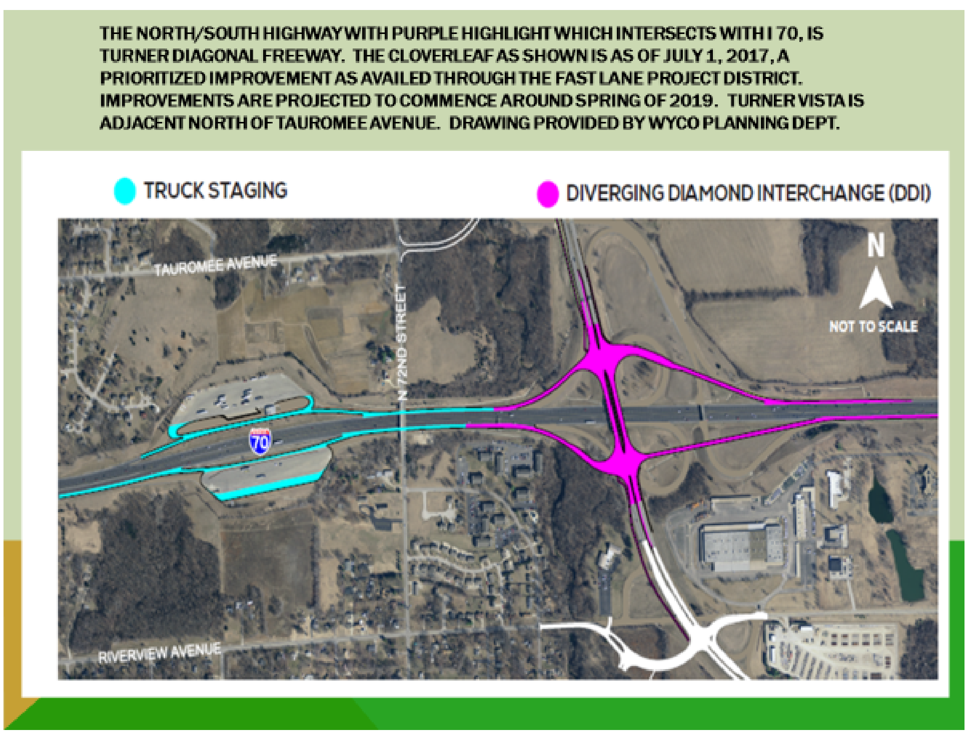
Again, really why we started this was—we actually started this prior to Amazon being announced. We started looking at this probably a year and a half ago and have done a considerable amount. This is an area that we think is between kind of the downtown and the suburbia. This is in the urban area and it's going to have great accessibility; good growth. That's kind of why we've identified it.



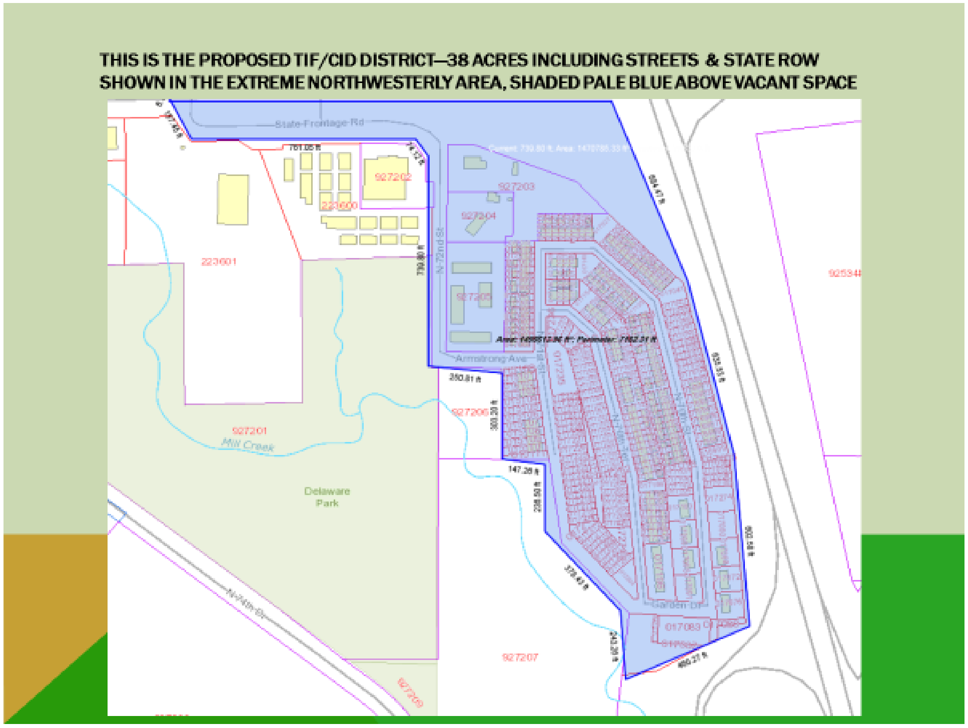
The other development that's going on out there that I'm sure you all are aware of, and it wasn't originally set for apartments, but we think after we've discussed with the city and with the staff that this is probably the best use to be made of that property right now.



Again, there is the site. We have some traffic counts; good traffic there. You can see that's the college park. The college is just to the north there. Lowe's is up to the northeast corner there.



Again, the reason why we think now is the time is the Turner Diagonal is going to fit in with all of the changes that are going to be made out there; the accessibility. You can see Tauromee being cut through giving access to the east side of College Parkway. That's going to be a real plus.



This is, again, just kind of a general of the area that we are looking at.

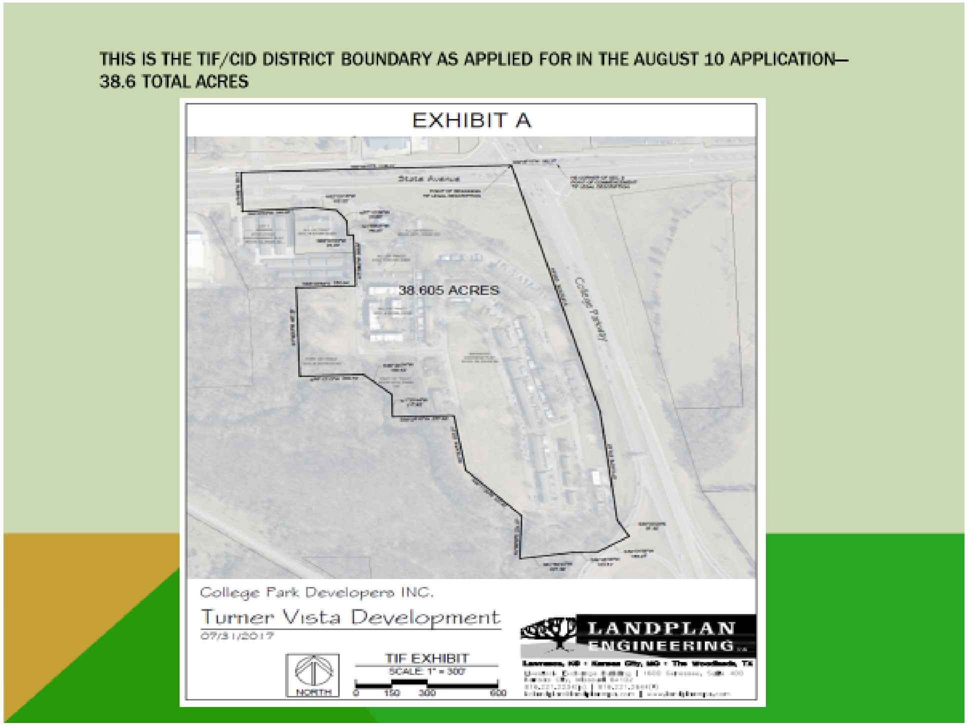
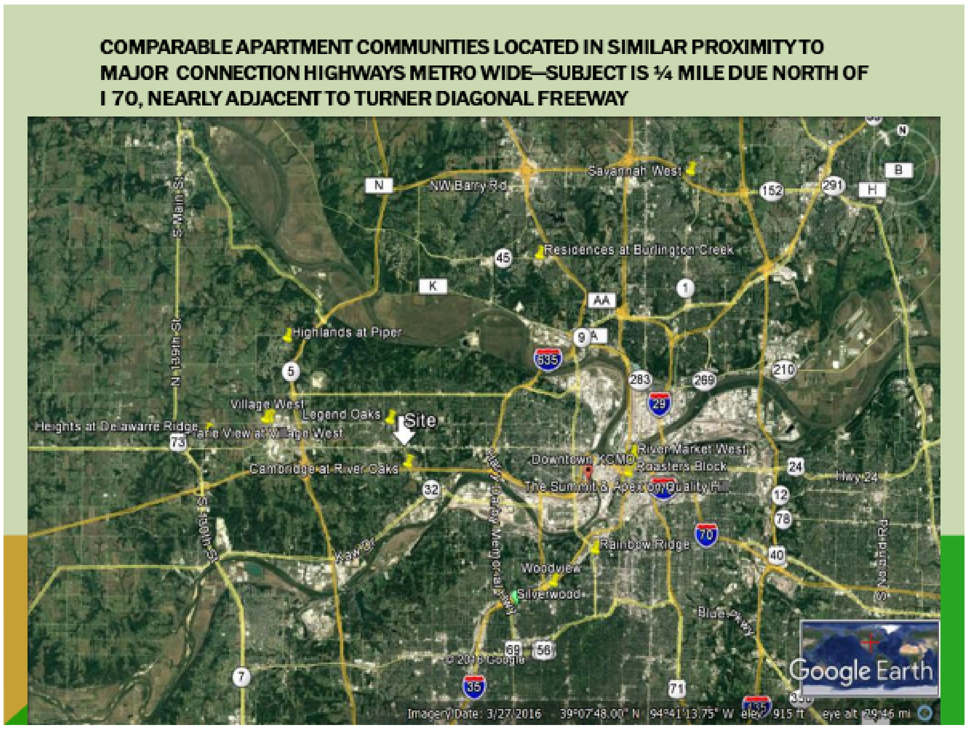


Exhibit A, this was the 38 acres that is going to be the TIF district.

This is the concept plan that we have. You can see the apartments are to the south with the commercial to the north. Obviously, that's going to change. The commercial aspect will change as we get users, but we anticipate it being kind of a community center where we have people who live there, they want to walk to their Starbucks and they want to walk to their stores. Those are the types of things we are going to attract there; a pharmacy, any kind of users like that, that will service those 280 units to the south.



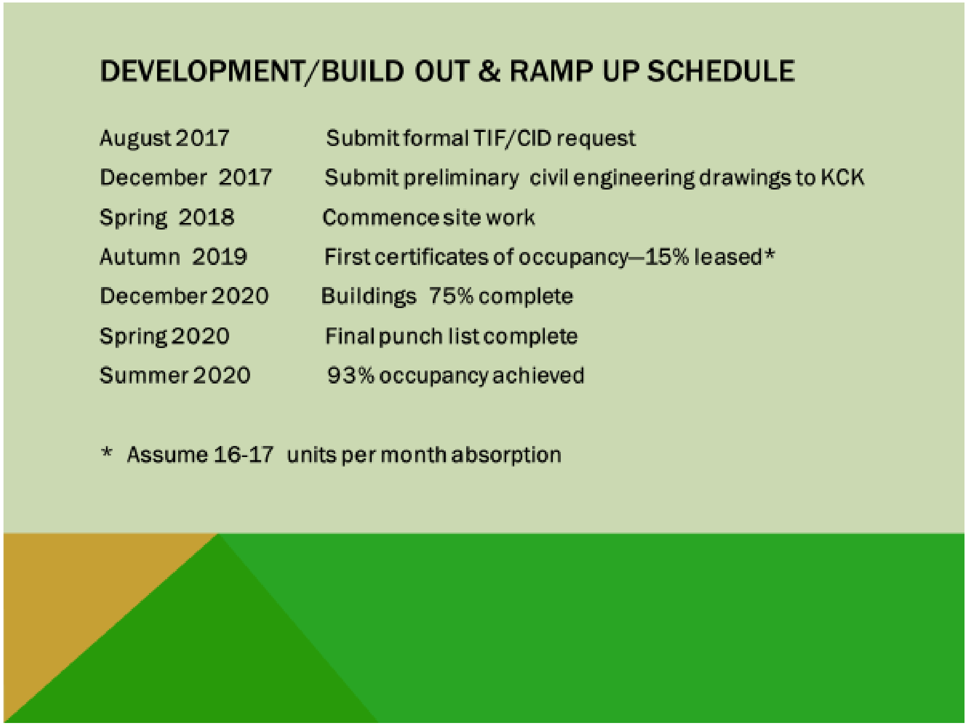
This is the site and what's around it.

APARTMENT PROPERTIES INCLUDED IN THE RENTAL SURVEY BELOW ARE DEEMED COMPARABLE TO TURNER VISTA IN TERMS OF PROXIMITY TO MAJOR URBAN CORRIDORS & INTERSTATE HIGHWAYS, BOTH IN KCMO & KCK—THE AVG. PSF RENT IN DOWNTOWN LOCATIONS IS MORE THAN $.20 PSF HIGHER THAN TURNER VISTA.

RENTAL SURVEY OF APARTMENT PROPERTIES IN KANSAS CITY METRO URBAN CORRIDOR LOCATIONS
TAKEN SEPT. 14, 15, 2017

PROPERTY	No. Units	Occ.%	(yrs) Age	1 BR nrs	Rent	PSF	2 br nrs	Rent	PSF
Savannah West Apartments Kansas City MO		97		810	$1,095	$1.35	1,143	$1,695	$1.48
Village West Apartments, Kansas City Kansas		95		996	$1,208	$1.21	1,128	$1,359	$1.20
Cambridge at River Oaks Apartments				621	$ 675	$1.09	865	$800	$0.92
Heights at Delaware Ridge Apartments KCK	228	98		873	$ 975	$1.12	1,171	$1,200	$1.02
Highlands at Piper townhomes							2,050	$1,500	$0.73
Woodview Apartments	320			843	$ 880	$1.04	1,180	$1,221	$1.03
Roasters Block Urban Apartments KCMO				865	$1,575	$1.82	1,323	$2,500	$1.89
Prairie View at Village West		94		950	$1,200	$1.26	1,320	$1,589	$1.20
Residences at Burlington Creek Apts. KCMO		96		828	$1,078	$1.30	1,212	$1,413	$1.17
Legend Oaks Gated Community				638	$ 690	$1.08	850	$850	$1.00
The Summit & Apex on Quality Hill Apartents Urban KCMO				1,026	$1,696	$1.65	1,334	$1,921	$1.44
River Market West Urban KCMO				756	$1,296	$1.71	1,200	$1,809	$1.51
Rainbow Ridge Apartments				680	$ 800	$1.06	953	$975	$1.02
Silverwood Apartments Mission Ks				886	$1,059	$1.20	1,180	$1,269	$1.08
Kinsley Forest Apartments	270	leaseup		875	$1,100	$1.26	985	$1,415	$1.44
AVERAGE				832	$1,095	$1.12	1,193	$1,434	$1.11
Tumer Vista Apartment Homes	280			850	$ 989	$1.16	1,234	$1,352	$1.10

This is the apartment survey that Mr. Wood's did. We think with the 280 units, we are very, very comfortable with the rents at $1.10 square foot. Again, market rate rents and that area will support that. These are our similar apartments, similar type of locations. We call those the urban corridor locations, five minutes/ten minutes from the Plaza; five/ten minutes from the racetrack.



Again, we submitted this in August, and we are looking to get this all under contract and all ready to be started in late 2018 and open up in 2019 and go from there.

We've got a blight study that we've looked at, and the blight study has found eight of the nine blight indications. The only one it didn't find was that there were title problems. Now that the title work's coming in, I think we can probably add the ninth onto there because there are several title issues that will be there.

There are 249 parcels of ground within that district that we are potentially going to develop. We have, I think, about 235 conveted or under contract. Out of the 249 parcels, there are actually 18 people that actually own their home or are owner occupied. There are lots of rental property and lots of big chunks of rental property that we've come to contract with. We want to make sure, however, that we make the people who are actually the owners that are occupying are taken care of. I think we're making every effort to do that. We're asking them to relocate, and we want to make sure that they are able to do that; relocate in the community.

I guess I would have to see if there are any questions. Mr. Wood is here who is the apartment guru as he likes to call himself. **Commissioner Walker** said he's shaking his head.

Chairman McKiernan said I'll open it up for comments or questions in just a moment but this is just something first for staff. We got additional documents emailed to us tonight at 4:40, and this is something that I have—I think we have made clear. We really would like to get documents like this—this PowerPoint we just looked at was in the documents that were sent to us tonight at 4:40. Because I have my electronic device here, I have them but everybody using paper doesn't have the benefit of those. So, one more time, we would really appreciate these in advance so that we can look them over and be somewhat familiar so that it's not entirely new, but we can really focus on the presentation.

Do you have a copy of, in what is in our packet as Exhibit B? It shows the overlay of where the actual TIF district will be. Do we have that? **Mr. Miller** said that's the actual exhibit; not the Legends. That's the actual exhibit.

Chairman McKiernan said I only have one question. In another place in this document it shows on the northeast corner of that there is right-of-way that needs to be acquired, lighter shaded. **Mr. Miller** said yes. **Chairman McKiernan** asked does the fact that this property needs to be acquired affect the public discussion, the public hearing on the TIF district at all. **Mr. Stephens** said no, not in our estimation. This right-of-way we reviewed it with Public Works, reviewed it with KDOT with their highway and engineering department. They determined that all of the associated area within this proposed TIF district is considered access right-of-way.

Commissioner Walker said I was going to make this statement to Mr. Miller. You would not believe how many years there have been discussion on the 9th Floor about dealing with the continued what seems to be observable deterioration of Redwood Gardens and to make full use of what we saw that corner having the potential to be. It pleases me to no end to be on the very beginning of this project.

If I'm not mistaken, Delaware Park is pretty much just a mountain, isn't it? I mean, we gave part of it—**Mr. Miller** said the park area down there, yes. **Commissioner Walker** said it's really never been a park. **Mr. Miller** said pretty much. **Commissioner Walker** said I was going to say if Mr. Miller wanted it, we can give it to him. We gave part of it away to Roger Smith Toyota some years ago. Probably the only part that would have ever had any potential. I don't have any idea of what political deal hatched that to where we got it, but as you well know, there was probably some politics involved way back when.

Thank you for this concept and idea. I am very much in favor of this project.

Commissioner Walters said I just have a brief question. On Exbibit B, what I saw up there was Exhibit A. I have Exhibit B. I don't know what the difference is, but I do see the very southeast tip of the district. Is it going over an onramp or is that showing the potential former location of the onramp or just what? **Mr. Miller** said the answer is yes, it does. As you can see, that's not any of our plans to utilize. I think that was part of the district because that is—part of that ramp, from my understanding, when they redo the—**Mr. Stephens** said we hope that goes away. **Mr. Miller** said it'll be gone, we hope, and Tauromee will be going through there or somewhere along there. That could potentially give the city some utilization of the TIF on that. Again, we don't have any intention of using it for anything, but it was in the district.

Mr. Stephens said if I might add very quickly back to Commissioner Walker's comment about this Delaware area. Staff actually discussed pretty extensively with the developer that this is a natural greenspace buffer between this future planned residential and any future development that you see within the larger sort of general plan over here which would allow variable use be it distribution, light industrial or some other use. So, that was discussed and considered in this plan with the developer.

Chairman McKiernan said Commissioners Murguia or Townsend, I want to give you an opportunity if you have questions or comments. **Commissioner Murguia** said I'm good. **Commissioner Townsend** said it seems like a good use for that property. I'm familiar with the Redwood Garden area. I think it was Commissioner Walker that mentioned the continuing decline or a facelift would be good, so this looks like a positive use of property.

Action: **Commissioner Walker made a motion, seconded by Commissioner Walters, to approve the resolution setting the public hearing for November 16, 2017, to consider the establishment of the Turner Vista Redevelopment TIF District.**

Chairman McKiernan said we have a motion and a second. Just to clarify, our action tonight is to move that decision forward to the October 12th full commission meeting at which that time the full commission will vote to set the public hearing date. **Mr. Stephens** said correct, Chairman. **Commissioner Walker** said wow, what a bureaucracy.

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

Chairman McKiernan said thank you. We will see you October 12th.

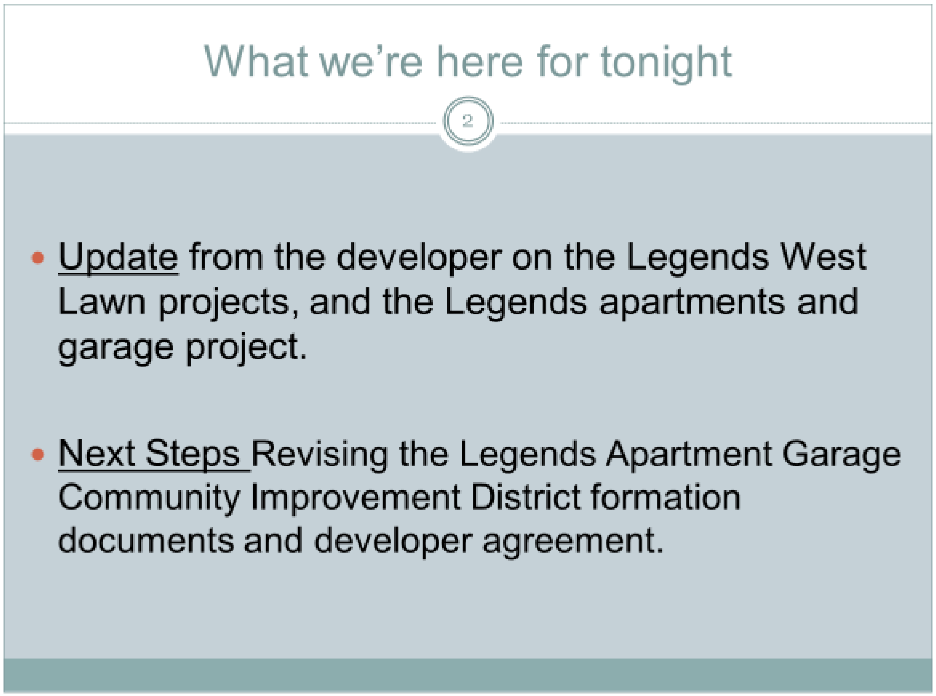
Mr. Wood said I would just like to make a quick comment about the staff and how good they've been in this matter. We've been pushing to have this pushed ahead so that was probably why things got in a little late because Jon has been very, very good on getting us everything. We want to keep the momentum moving on this because people's lives, again, are there. That's why I've been pushing, but I do appreciate everything the staff has done for us. **Chairman McKiernan** said thank you sir. That's great to hear.

Item No. 2 – 171104…REVISION: LEGEND'S APARTMENT AND GARAGE WEST END REDEVELOPMENT COMMUNITY IMPROVEMENT DISTRICT

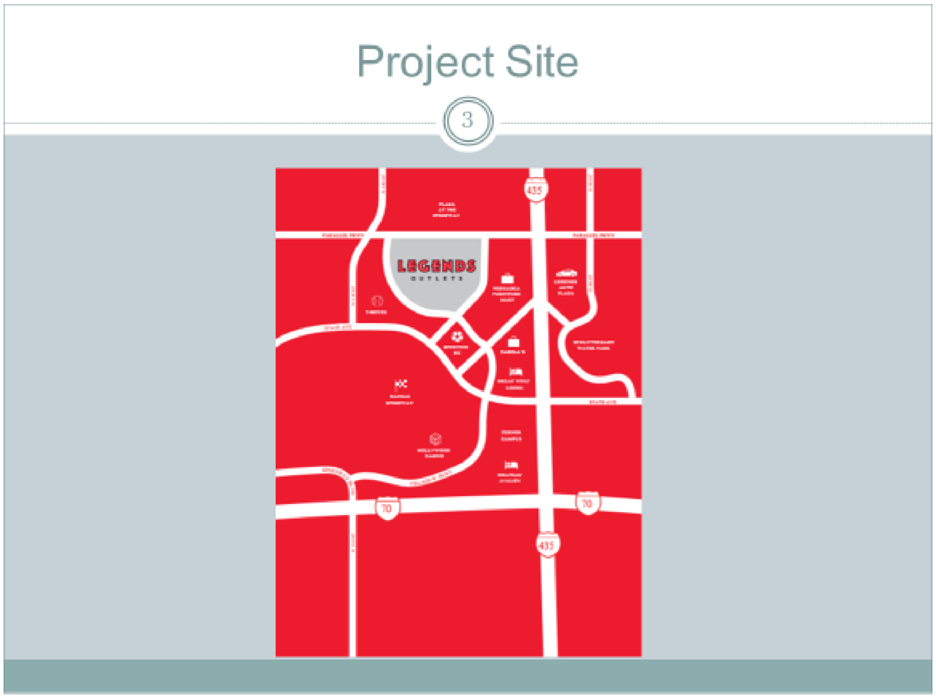
Synopsis: Revising the Legends Apartment and Garage West End Redevelopment Community Improvement District (CID) formation documents and developer agreement to authorize an increase in the project costs above the current cap of $14M, submitted by Jon Stephens, Interim Economic Development Director.

Jon Stephens, Interim Economic Development Director, this was the developer's presentation of Mr. Lowe. These were not necessarily conducive to an electric format so they brought hard copies so I'll bring those around. I think you have them as well. **Chairman McKiernan** said I was going to say, this was part of the documentation that was forwarded at 20 to 5:00 this evening. I'll just say the same thing, earlier is better especially when it's as meaty as this is. **Mr. Stephens** said absolutely.

The issue before you is an update. It's a status update on the Legends Apartment and Garage West End Redevelopment.



What we're here for tonight is an update from the developer on the Legends West Lawn projects, the Legend's apartment and garage project, and then the next steps after this update would be to revise the Legend's Apartment Garage Community Improvement District formation documents and the developer agreement. That will be brought back at a later date.



Tonight, the developer and their representatives are here to take you through an update on the status of their project and of the Legend's Shopping Center.

Obviously, I think everyone is very familiar with where the Legend's is located and the geography. The areas that will be updated for you tonight are the garage and apartment area that you see in red, as well as the west lawn improvement area that you see there on the obviously west end of the Legend's center.

Now, we have Mr. Dan Lowe and Mr. Keaton Knott to give you an update on what is the west lawn and the other projects. I believe they are also opening with some information concerning the CID as it corresponds to CID rates within comparative analysis within the Kansas City area as well as how this is viewed within the Legend's development.

Keaton Knott, Legacy Development, said a lot to kind of unpack here. I don't think this headline does it much justice in terms of the issues we should talk through and update the commissioners on as well as Mr. Alvey from BPU.

The first is, this is kind of—a quick apology on the tardiness of the packet. That's on our end. Commissioner McKiernan, I apologize for that but certainly digest it at your convenience and I'll be available for questions in the coming days.

The broad question is why are we here tonight. The short answer is there is an existing CID that is overlaid across the Legend's Outlets of Kansas City along with a couple of the parcels to the west that include JC Penney and Target. That CID is currently 0.6% and the developer ask to move that to 1%. The kind of meta question that will lead us into some of the discussion and will lead us into kind of the improvements and the rationale for increasing that CID.

The first big point and the newest project that the Commission will ultimately hear, and this subcommittee hears tonight, is the West Lawn. The West Lawn is really the culmination of a redevelopment effort and rebranding. The development team has come up for the west end of the Legend's Outlets of Kansas City. In layman's context, where T-Rex used to be, where retail has typically has been fairly soft down at the west end of the project near the tower and the common area where Cold Stone is today. Most of this redevelopment effort is premised on a couple of things. The first is there's new ownership here. Dan Lowe, obviously has been a part of this since day one, mid 2000s and still is.

In 2016, we partnered up with a new group: Walton Street Capital. Part of the ownership structure and strategy is we need to spend some dollars on this project in order to keep it relevant. We always hear retail is under pressure and this year especially considering the bankruptcies and just general pressure on our market and our industry. It's more true than ever. More locally, we're under intense pressure from Blue Hawk which is in south Johnson County. They're planning a Legend's S Project complete with an outlet center, along with sports, entertainment, along with traditional retail in a more affluent area in Kansas City. They are our direct competition in addition to general competition in the market that is kind of pressuring our industry. A lot of words there, but it all kind of leads to we need to do something to enhance the experience and enhance the shops in relevance of our project.

In a lot of ways, the physical point here that represents all that idea, the idea of becoming relevant, turning the page, it's been a decade, becoming fresh and new, is centered around this development we're rebranding as the West Lawn.

Dan Lowe, Legacy Development, said when we developed the project and opened it back in 2006 or so, if you recall, this west end did have a grassy area and it was a little more interactive and experiential. We partnered for a brief period of time with a group called KKR, the largest private equity firm in the country actually. Their goal was to maximize revenue from every square inch of the project in such the grassy area went away in hopes of completing or constructing an area where income producing kiosks would be placed.

In addition, you found dispersed throughout the common areas of the project pop machines, photography booths and things that in our opinion were not incredibly attractive and were certainly inconsistent with the quality and design philosophy we introduced when we originally constructed the Legends.

Our goal in redeveloping the west end is to bring that grassy area back; to remove the pop machines from the common area and to bring back the quality and the architectural integrity that we first introduced when the project was constructed.

I'm really excited about this west end because, again, it's more experiential and more interactive. It does what we need to do in this project and making it relevant. As Keaton said, it's these improvements that will keep shoppers at the project longer and encourage them to spend more money while they're here.

There have been a lot of kind of band-aid improvements to the concrete that you might see when you walk through the project. It seems like they chose a different color of patch every time they laid concrete. We're removing all that concrete and bringing back one consistent color, one nice set of pavers. All the rusts that you see that's come down off the metal walkway by Dave and Busters is being cleaned up. It's just an effort to clean up and make this area of the project sharper, which we hope will lead to new tenancy.

Mr. Knott said when you do get a second to leaf through this, there's a brief synopsis which we're looking at on this somewhat title slide. It's the third page in your packet. The unique part of this redevelopment is the emphasis on the common area and the publicly accessible parts of the project as opposed to improvements that might be internal or excluding the public. The bulk of the spend here on the west lawn is the public, you and I and any acquaintance can go touch it, see it, feel it and our hope is to experience it.

There are a few core tenants here just in terms of foundational ideas that we're really rebranding around. The most visible and what everyone will be talking about is the LED jumbo board that we're putting up on the tower. It's 45 feet. I think Kansas City Power & Light but with more of a family crowd, definitely not the boxed-in bar crowd. That's just not our vision here.

The video board, as Dan mentioned, new hardscape, landscape it's branded the lawn for a reason. It's meant for families to set lawn chairs out, have rolling hills and children play areas. I would at least toss the idea out about tonight's been educational for me, just learning maybe somewhat the beneficences in ADA. In here we say children's play area. I believe it's, what is it, accessible. We just heard about it in the last hour just in terms of kind of the open for disability, no disability. It's kind of open for everyone. I think if you're looking for candidates, at least for some component of that idea here in Wyandotte County, this might be a—we're certainly open to that idea.

The idea is to create a sense of place and a reason to stay at the project other than a big field of concrete that you just pass, or you buy a coke on. The broader idea is if we enhance the common area and create a stickiness to the project, it will bring tenants and it will bring viability to the project in the future. I think ultimately maybe the economic issue; this committee needs to consider is what does the project need to do to be financially relevant in the next decade. Our short answer to that is have viable tenants, and really the west lawn centers around creating a sense of place and creating an atmosphere which should bring tenants over to the west lawn. The long and short of it is that's kind of the pitch.

I think Dan is maybe more accustomed and knows the tenants a little better. They're laid out in page 3. If you want to Google some of the names that you haven't heard of, that certainly would be acceptable. They're mainly fashion-focused but for a few of them, Tumi & Bose might be the outliers but—**Mr. Lowe** said I do want to note that these are all tenants that are in negotiation. That's not for public consumption yet. Those aren't signed leases, but with the addition of Coach in the west end and the volumes that Coach is doing, we are getting attention from some of these brands.

What we're very proud of is you know the Plaza seems to be the iconic retail project in Kansas City. When you compare tenants that are on the Plaza and tenants that are at the Legends both, on average, the tenants at the Legends are doing about 30% more volume than the tenants on the Plaza. Because of that, Coach included, we are getting tenants from the Plaza to consider relocating to the Legends for that very reason, which is really exciting. Sitting here in 2000, I never would have thought that we would have been talking about taking tenants from the Plaza and bringing them out here to the project.

The other thing I will note too is this investment, we call the West End Investment, is not a minor investment at all. Between our partner and ourselves we're committed to spending approximately $30M of money to upgrade not only the west end but that also includes tenant improvement expenses that will incur by merchandising these new spaces we're creating. For example, by diving the T-Rex space up, by relocating Cavender's as you've seen and downsizing Charming Charlie's. There's a significant private investment being contemplated here in order to make this project happen.

Mr. Knott said just walking through this packet, the scope has somewhat been nailed down in this presentation. There's plenty of detail and more of the pretty pictures to give you the feel of—to pick out one of these renderings and you can kind of get a better sense and feel for what things will look like in the future. Obviously, the rendering sometimes can come off a little harder than what they will be in kind of actuality, but it at least kind of gives you the idea.

With that in terms of defining the scope of the west lawn, it might behoove us, considering this evening has dragged on for especially the commissioners who have been here, to maybe discuss some of the financing here, what is currently in place, and what are we asking for to close the gaps so that this can become a reality.

In 2016, the Commission approved a 0.6% CID that's currently in place and laid across the Legend's along with Penney's and Target. The ask, as I mentioned, is to make that one full penny. That brings two things. That brings the apartment project that the CID was originally put in place to do, to finance; and it also finances the west lawn improvements that we just discussed.

Chairman McKiernan asked can I ask you a question pertinent to that. Do we have a diagram that has the boundaries of that CID? **Mr. Stephens** said I can send that out. We did not bring the physicals—**Chairman McKiernan** said my recollection is that CID extends beyond the physical boundaries of—am I wrong? **Mr. Lowe** said generally, I can tell you it includes the shops at the Legend's minus the theatre. It includes everything by Target and Penney's. **Chairman McKiernan** said okay, so it includes Target and Penney's. **Mr. Stephens** said yes, it does.

Mr. Knott said as Dan mentioned, the bulk of the total spend for the Legend's project, I just wanted to make sure we're talking the same, talking apples to apples. I'll say Legend's apartments or Legend's project. The Legend's project spend is for the west lawn. That right now is currently contemplated at $26.5M. As scope increases, that certainly can rise to $30M. The private/public spend there in total currently is $26.5.

The 0.4% increase in the CID would finance what we're calling the Legend's projects, the west lawn. The 0.6% that's currently in place by and large goes untouched. That continues to finance the Legend's Apartments with one caveat. The developer's requesting to remove the cap on that 0.6% to eliminate the somewhat artificial cap at $14M and let the apartment project produce its full capacity up until $17.5M.

Mr. Lowe said it is important to note a discussion that we've had previously. The CID dollars being used for the apartment project are being spent on the parking structure and the land allocated to public spaces only. There are no CID dollars that would go to any of the vertical construction component of that apartment project.

Mr. Knott said a lot of the framework, I think, the detail might come out in a Q & A here unless we've missed big points. I think you guys might hit on where we've been unclear and ambiguous. We've talked about this internally for a year and a half. We've talked about it with you for 15 minutes. I'm certain we've left some details out that you'll want to unpackage a little more while you have us here.

Mr. Lowe said generally speaking, before we turn it over to Q & A, I just want to reiterate something that Keaton mentioned and that is the goal and the need for remaining relevant. The projects as they age become challenging to lease. Projects that age in a retail environment, similar to the one that we're in now, are even more difficult.

The improvements, for the most part, that we are making to the west lawn are unfortunately non-income producing improvements. It's the replacement of concrete, the upgrading of pavers, the removal of rusts stains things of that nature that are really critical to looking sharp and appealing to the tenant.

The Blue Hawk Project that's being proposed out south, they've asked us to get involved in that deal which we're not going to do, but we've sat and listened to the spin. It's a million square feet of directly competing retail that would really hamper our ability to grow and remain at least here. We think the investment in this west lawn, the upgrade of the tenant mix and the completion of the apartments do significant things to help us, again, remain relevant in the marketplace.

With that, we appreciate your attention and we'd be happy to answer any questions.

Chairman McKiernan said I appreciate that. Before I turn it over for other questions, I have several. First of all, I'd like to get a boundary map that shows that CID. Does this increase of 0.4 require an additional public hearing? **Mr. Knott** said I believe so. **Chairman McKiernan** said the request for action that came on this item was a little bit confusing to me because it talks about authorizing an increase in the project costs, authorizing the change of the CID, authorizing various extended deadlines. I want to be clear on what action we're being asked to take tonight.

Mr. Stephens said to be clear, this evening we wanted to get the developer before you to provide an update on their proposal and to have discussion as to that. Then we will bring it back, at the developer's request, for action. **Chairman McKiernan** said so the request for action talks about approving various items, but this is discussion and ground setting. Is that now what I'm understanding? **Mr. Stephens** said correct. **Chairman McKiernan** said excellent.

So all of these, the increase of proceeds from this CID increase would go to benefit the West Lawn Redevelopment, correct? **Mr. Lowe** said the increase would go to the west lawn and the initial 0.6% would be for the apartment garage. **Chairman McKiernan** said this CID district boundaries jumps Village West Parkway and goes to JC Penney and Target. Would they have an additional 0.4 as well? **Mr. Stephens and Mr. Lowe** said yes. **Chairman McKiernan** said hence my question, is there going to be another public hearing about this 0.4 increase. **Mr. Lowe** said yes, there will be a public hearing.

Chairman McKiernan said you talk about increasing the project costs above the current cap of $14M. To what and for what? **Mr. Lowe** said the current cap is purely for the apartment context. It's pulled out of the redevelopment agreement for the apartments. It was a cap that was put in place in the previous agreement. At the time, I think the best way to look at this issue is looking at the original Exhibit C in the development agreement which is also near the back of your packet. Really, what it comes down to is rising costs, rising unit count and the need to provide what we call Plaza quality apartments out here at the Legend's.

The original costs in Exhibit C was $49M and now we're at $64M. The current, at least what's the public participation in terms of a context of the overall project, originally it was 28.5% public dollars, so 14 on 49 and now the request is 17.5 on 64 which is now under that so it's 27.8%.

Chairman McKiernan said I can't speak for my fellow commissioners but what I'd really like to see is a delineation of what would the cap increase to, what are the changes in dollars, what dollars come out of this additional 0.4 are going to what specifically. **Mr. Lowe** said, again, Commissioner, I can tell you that 100% of the dollars going towards the apartments are solely for parking; the parking garage and the land allocated to those public spaces. **Chairman McKiernan** said I appreciate that.

What I'd like to see, with Mr. Stephens' help, you can come up with an executive summary of changes that we're going to be asked to approve. At this point, that's really all the questions I have.

Commissioner Townsend said, Mr. Chairman, I would agree with your recommendations. **Commissioner Walker** said I agree. Bring us back the information.

BPU Board Member Alvey said I can say what you brought up before, Commissioner McKiernan, the description is revising the Legend's Apartment Garage Community Improvement District formation documents and developer agreement to authorize an increase. It's not clear from that statement that this was simply a way to bring us onboard about where we are and where we need to move forward. I think along those lines, a clearer statement, what we're really being asked to do and what it will produce.

Chairman McKiernan said I think it's clear that there's a vision that you have here for a renovation of this area of the Legend's and certainly you've stated why that's necessary. I think what we'd like to see before we take a vote to approve any change in the original documents is how is it all going to lay out.

Kathleen VonAchen, Chief Financial Officer, said I was tracking this project for the last eight or nine months. This is an item that's been on our agenda—tentatively on our agenda for several months and it's been carried forward, forward and forward initially. As conversations have taken place, you know the plan and the scheme have evolved. Some of this language is carried from before, right?

It was decided in the past few weeks that today what we wanted to do was sit down and show you what was being contemplated and get your feedback on the 0.4% increase on the CID. That's the intent of the meeting today. It is not as the item description has here. This is not an action. These are just a description generally of what we're looking at. **Chairman McKiernan** said okay, because the agenda has a request for action which is approval. **BPU Board Member Alvey** said revising presumes an action to revise; not reviewing, revising. **Ms. VonAchen** asked where's that at. **BPU Board Member Alvey** said your description. **Ms. VonAchen** said there is no action. We're not providing you any documents that you would vote on. **BPU Board Member Alvey** said the action requested is to please approve. **Chairman McKiernan** said Mr. Alvey is looking exactly the same place I'm looking, action requested, please approve.

It's clear, we are not approving anything tonight. We have a presentation. I think points at—**Ms. VonAchen** said yes. The purpose for the meeting evolved since the time this came out two weeks ago. **Chairman McKiernan** said I appreciate that. This is an important reminder that this may have been a subject of discussion for many months in your offices, but not in ours. We need to get some time to be brought up to speed. This is great that we're doing that tonight but always remember, just because you've been talking about it for several months, does not mean that we've been talking about it nor that we've been apprised of what the details are so that we can make a thoughtful decision on that. **Ms. VonAchen** said that's right.

Chairman McKiernan said at this point, I really do think that with the documents that were originally provided plus what was provided to us right before the meeting, I think the combination of those really does lay out what you want to accomplish. I would just ask for some additional information that I think Mr. Stephens has already made note of. That will be really helpful then for us to come back and consider a decision and taking some action.

BPU Board Member Alvey said simply I think you were delivering to us the rationale for a revision in the agreement. If it had been stated that way, I think we would have looked at it that way and not been questioning what is this doing, where is it going, and how do we need to decide that.

Mr. Lowe said the confusion is probably ours or maybe laid out by us. We had requested sidebar meetings with each of the commissioners if you were able to meet with us and the majority were not, so we requested this meeting not be one of action but instead update and that's probably what's caused this. I accept the fault for that. Sorry about that. **Chairman McKiernan** said given that, we definitely appreciate the update; the vision. We'll look forward to coming back and discussing again when there's actually a request for action and we'll have a good discussion then. Thank you.

Commissioner Walters asked may I ask a question. I'm looking at your handout on page 4. It appears to be a tabulation of project costs that gets to about $26.5M. I think I heard you say the 0.4 increase would go to public space that was non-revenue producing. When I look at this cost estimate, I see about $2.2M for site work. I see $3.5M + $3.3M + $11M, so it's about $18M which is really building out new retail space for tenants. I'd like staff to review that and have us understand what sort of public, non-revenue producing, what's another category. I fully support the project that I saw.

Mr. Lowe said that's a real good point. There is a significant amount of improvements in the $26.5M to $30M that are for tenants specifically. The CID dollars would be spent on horizontal improvements for the most part, the upgrade of the concrete, all the pavers, there's several million dollars of that in the project as well. We anticipate that there's roughly, I would say, $7M - $9M of CID that would be invested in the west lawn on top of roughly—**Commissioner Walters** said okay, great. I think I'd just add to the request for some—**Mr. Lowe** said more detail. **Commissioner Walters** said more detail. **Mr. Lowe** said absolutely.

Mr. Stephens said I would just say with this committee's recommendation, we will continue our work with Finance and with the developer. I think probably the next best step would be to draft to your point, Mr. McKiernan, an executive summary that clearly states the differential, the 0.6 to the 0.1 and how all of that interlaces with the plan that you heard tonight. **Chairman McKiernan** said perfect, thank you. Gentleman, thank you very much.

Action: Information only.

Item No. 3 – 171308…GRANT: NATIONAL RESOURCE NETWORK MULTI-YEAR FINANCIAL PLANNING GRANT

Synopsis: Request for a grant application to the National Resource Network's (NRN) Direct Technical Assistance Grant Program for development of Local Government Multi-Year Financial Plans, submitted by Kathleen VonAchen, Chief Financial Officer.

Kathleen VonAchen, Chief Financial Officer, said this item is submitted to you to let you know that we have applied for a grant with the National Resource Network. It's a grant that they estimated would be around $100,000 of which the Unified Government would need to match 25%. It depends on the scope of the work. It could be less than $100,000. It would be to work with consultants who are specialized in long-term financial planning documents and would help facilitate the interaction between the Finance Department and other departments to determine what are the outyear needs and costs and revenues for our organization.

The action would be for your acceptance or approval to use funds from our contingency account to use as a match for the grant.

Commissioner Walker said well, first of all, isn't that what we pay you for. **Ms. VonAchen** said yes, it is and I have been working on a long-term financial plan, yes. **Commissioner Walker** said I have to say, this strikes me as peculiar. We pay the financial community. We have these annual audits constantly subjected to some kind of financial scrutiny and now we're going to, because there's $100,000 out there, we're going to spend $25,000. These people don't work cheap. How much is $125,000 going to buy us? I really, honestly—we're paying you for that. I don't see the point. I'm not going to vote for it. I mean it's not a big deal. It's not a lot of money, but I just don't see the point.

We've had great financial directors, in my opinion, you included. I can't anymore see—these people will not see five years out any better than you do or for that matter, probably most of us. I'm going to be a contrarian on this one. **Ms. VonAchen** said the Natural Resource Network approached us because we were a community that qualified. We, for a variety of metrics they decided that maybe our low-income or our narrow fund balances whatever, various reasons, demographic, and other they decided and they approached us. I thought it was an opportunity. Regardless, you will be receiving a long-term financial plan update from me in the early—probably February. It's just depending on the degree to which—you can always do lots more work and more analysis or less, depending on the resources you have.

BPU Board Member Alvey said I guess the question following up on Commissioner Walker, is there a value added to doing this. Is this something we would have sought out on our own that meets a specific need that we were not able to fulfil on our own? Obviously, if they're out looking for projects then they're looking for projects and so they're seeking out those that might be needing it.

Again, to Commissioner Walker's point, if this is not something that we identified a need for, is it just one more thing we're doing just because the money is available? **Ms. VonAchen** said some of the needs that we have are common to aging communities and they are particularly challenging. We have a significant pension liability. Our deferred maintenance is significant and it doesn't hurt to have more smart eyes looking at a problem. That would be my—I do have a staff of 60. Half of them are at the Motor Vehicle and Treasury collecting motor vehicle registration fees and property taxes. The other half is spent, for the most part, developing the budget, overseeing our thousands and thousands of financial transactions, working with the financial audit, processing payroll and overseeing all of our debt administrations. Our current resources are limited. It just depends on how much. We can always apply next year. It's up to you.

BPU Board Member Alvey said the other question I would have is anytime you bring someone additional on, do you have to commit enough staff, administrative oversight to that to make sure that it's integrated well with what you're already doing. We are making a commitment of staff to work with this group to try and accomplish what it's setting out to do. Is it going to be worth the effort? Is it something that we absolutely have to have? If it is something that we would not be able to achieve without it, is it still going to be worth the resources that we'll have to devote to make it work for us? **Ms. VonAchen** said I think it would be very beneficial to the Unified Government. I know right now the economy seems very bright and cheery, but the recession is just around the corner. What we want is to be prepared and to diminish the operational impacts of any future recessionary downturn. The only way we can do that is by truly embarking on and being committed to a long-term financial plan. Their assistance would benefit all of us in doing that.

Chairman McKiernan said I will say that I do think that there would be value in getting third party eyes and different perspectives contributing to our evolving processes here. I think we've done a lot of good improvement in the years I've been here, but certainly there's always room for additional improvement.

The request for action is to approve the local match of $25,000 for this grant from the National Resource Network.

Action: Commissioner Walters made a motion, seconded by Chairman McKiernan, to approve.

Commissioner Townsend said, Mr. Chairman, I would have to say I am of the opinion of Commissioner Walker. It seems like we've had crackerjack presentations. Our CAFRs are showing that we are getting clean audits. I'm not sure just from what I've read or heard today that this adds that much more value. I'd have to vote in the negative to this.

BPU Board Member Alvey asked will this forward this on to the whole commission or is this decided here. **Commissioner Walker** said it doesn't have the vote yet. **Chairman McKiernan** said it depends on how the vote goes. If there is a unanimous vote in the affirmative, then this would go on the Consent Agenda for the full commission. If there is a non-unanimous but passing vote, four votes in the affirmative, it would go on the Non-Consent Agenda to the full commission. If there weren't four votes, it would not move forward from the committee to the full commission.

Ms. VonAchen said I would like to add that part of the caveat of participating in this long-term financial planning process is that the Commission expresses a commitment to long-term financial planning and adopts policies to that effect. This is a commitment for all of us. We want to make sure everyone is on board and there's really no hurry. We can think about it over the next year or so. I already have the infrastructure in place to do a long-term financial plan. I appreciate what Commissioner Walker said about the efforts that we've been working on already. It's really an opportunity for our organization.

Commissioner Walker said call for the question.

Roll call was taken on the motion and there were four "Ayes," Alvey, Walters, Murguia, McKiernan; and two "Nos," Townsend, Walker.

Adjourn

Chairman McKiernan adjourned the meeting at 7:09 p.m.

tpl

Staff Request for Commission Action

Tracking No. 171349

Full Commission Meeting Date: NA
Committee: Economic Development & Finance

Date of Standing Committee Action: 12/4/17 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
10/17/2017	Reginald Lindsey	x5292	rlindsey@wycokck.org	Finance

Item Description:
Third Quarter Budget Revision Report is provided for informational purposes only. No action is required.

Action Requested:
For information only.

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
Third Quarter Budget Revisions

BUDGET REVISIONS $10,000 OR GREATER - THIRD QUARTER 2017 *(For information only)*

ENTRY	FUND	DEPARTMENT	CMIP/OPERATING	DESCRIPTION	FUNDING SOURCE	AMOUNT	DATE APPROVED
1	County General	District Court	Operating	Sexual Assault Exams	Outside Department	$30,000	August 31, 2017
				GRAND TOTAL		**$30,000**	

Staff Request for Commission Action

Tracking No. 171347

Full Commission Meeting Date: NA

Committee: Economic Development & Finance

Date of Standing Committee Action: 12/4/17 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
10/17/2017	Kathleen VonAchen, Reginald Lindsey	x5186, x5292	kvonachen@wycokck.org, rlindsey@wycokck.org	Finance

Item Description:
Third Quarter of Fiscal Year 2017 Budget to Actuals Report is provided for informational purposes only. No action is required.

Action Requested:
For information only.

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
Third Quarter Budget to Actual Report

QUARTERLY FINANCIAL REPORT

Third Quarter 2017 Budget to Actuals Trend Analysis

This document has been prepared by the Finance department.
Please direct any inquiries to the Budget Director, Reginald Lindsey at 913-573-5292

Contributing Staff

Kathleen VonAchen	CFO
Deborah Jonscher	Deputy CFO
Reginald Lindsey	Budget Director
Judi Her	Budget Analyst
Michael Peterson	Budget Analyst
Samuel Her	Budget Intern
Alyse Villarreal	Debt Coordinator

UNIFIED GOVERNMENT OF
WYANDOTTE COUNTY/KANSAS CITY, KANSAS

Quarterly Financial Report

Third Quarter of 2017

The Unified Government has completed the third quarter of the 2017 fiscal year which began in January 2017. This report summarizes the activities of the General Funds, and is not meant to be inclusive of all finance and accounting transactions. We hope this report provides the community with an overview of the Unified Government's financial performance.

The General Funds consist of the City General Fund, the County General Fund, and the Consolidated Parks Fund. They are the primary operating funds of the Unified Government and are used to account for a majority of operating activities. Other large funds, such as the Emergency Medical Services Fund, Dedicated Sales Tax Fund, Sewer Enterprise Fund and the Street & Highway Fund, account for a good portion of the remaining financial activities.

The total 2017 Amended Budget is $357.9M which consists of $216.1M for the General Funds, $43.9M for Other Tax Levy Supported Funds and $87.1M for Non-Tax Levy Supported Funds. The General Fund Budget does not include the annual appropriation for debt service contingency of $9.6M.

This report focuses on the General Funds. Financial performance of all other funds may be found on the last page.

CONSOLIDATED GENERAL FUND BALANCE

In measuring financial performance, it is recommended to review the collection and spending of resources through the current period and compare this information with the prior fiscal year for the same period. The following table is the financial overview of the Consolidated General Fund for the period of January through September of 2017. This data includes all three general funds.

CONSOLIDATED GENERAL FUND	FY 2016			FY 2017		
numbers in 000's	Budget	3rd Qtr YTD Actual	% of budget	Budget	3rd Qtr YTD Actual	% of budget
Revenues	$ 192,441	$ 153,420	79.7%	$ 204,028	$ 162,908	79.8%
Expeditures	$ 198,213	$ 140,881	71.1%	$ 205,767	$ 141,210	68.6%
Net Alloc & Transfers	$ (2,299)	$ (1,725)	75.0%	$ 982	$ 736	75.0%
Net Change	$ (8,072)	$ 10,815		$ (757)	$ 22,434	
Balance, Start of Year	$ 21,129	$ 21,129		$ 19,279	$ 19,279	
Balance Year-to -Date	$ 13,057	$ 31,944		$ 18,521	$ 41,713	

Table 1: Consolidated General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance

- Collected revenues are in excess of the 3rd quarter 75% target in both the prior and current fiscal years due to a majority of property tax collections is received in the first six months of the fiscal year.
- Expenditures are approximately 6.4% below the 3rd quarter 75% target in the current fiscal year compared to 3rd quarter of the prior fiscal year which was 5% below target.
- The beginning fund balances are on a cash basis. Year-To-Date fund balance is higher than budgeted fund balance because total revenues are being collected on target while spending is about 2% below the target.

CITY GENERAL FUND REVENUES

The City General Fund is the principal operating account of Kansas City, KS. Revenue is received from taxes, fees, intergovernmental revenue, charges for services, and other sources. The General Fund is used to support general operations, including Police, Fire, Municipal Court, Public Works, general services functions and administrative programs. General Fund revenues are also used to finance the purchase of equipment and capital projects not financed with debt.

City General Fund Revenues *numbers in 000s*	2017 Amended Budget	2017 3rd Qtr YTD Actual	% Rev Collected
Property Tax	$ 25,309	$ 24,815	98.0%
Sales Tax	$ 44,256	$ 34,200	77.3%
Other Tax	$ 49,765	$ 34,497	69.3%
Permits/Licenses	$ 1,225	$ 1,060	86.5%
Intergovernmental Revenues	$ 704	$ 648	92.0%
Charges for Service	$ 10,892	$ 7,233	66.4%
Fines, Forfeits, Fees	$ 3,913	$ 2,902	74.2%
Misc. & Transfers-In	$ 5,823	$ 1,257	21.6%
Total	**$ 141,886**	**$ 106,613**	**75.1%**

Table 2: City General Fund YTD Revenues as a % of Budget

Seventy Five percent (75%) of actual City General Fund revenue has been collected through September 30, 2017 and is on schedule with the 75% revenue target expected for the 3rd quarter. *Table 2* shows the actual collections by major revenue source category and the percent collected compared to the budget. *Table 3* shows that the revenues are trending $7.3M above the same period last year.

City General Fund Revenues *numbers in 000s*	2016 3rd Qtr YTD Actual	2017 3rd Qtr YTD Actual	Increase/ Decrease
Property Tax	$ 25,682	$ 24,815	$ (867)
Sales Tax	$ 25,854	$ 34,200	$ 8,346
Other Tax	$ 33,039	$ 34,497	$ 1,458
Permits/Licenses	$ 1,084	$ 1,060	$ (23)
Intergovernmental Revenues	$ 693	$ 648	$ (45)
Charges for Service	$ 7,619	$ 7,233	$ (386)
Fines, Forfeits, Fees	$ 3,426	$ 2,902	$ (524)
Misc. & Transfers-In	$ 1,845	$ 1,257	$ (588)
Total	**$ 99,242**	**$ 106,613**	**$ 7,371**

Table 3: City General Fund Revenues Year to Year Comparison

- **Tax Revenue** collections are at 78.3% of the original budget. Both of first and second half property tax installments have been received. There may still be additional smaller receipts for 2017. This amounts to $24.8 M, or 98% of projected property tax revenues. Sales & use tax revenues are at $34.2 M, or 77.3% of projections for the full year.

- **Licenses & Permits** collections include Landlord Rental Licenses and Right-of-Way Permits. Collections are 86.5% of the amended budget. The prior year collections were at 94.5% for the same period.

- **Charges for Service** include residential trash fees and building inspection fees and are below, the 75% revenue target for the 3rd quarter, coming in at 66.4%.

- **Fines, Forfeits, Fees** include Municipal Court revenue and are slightly below target with the, 75% revenue target for the 3rd quarter, coming in at 74.2%.
- **Misc. & Transfers-In** include reimbursements, sale of land, indirect charges.

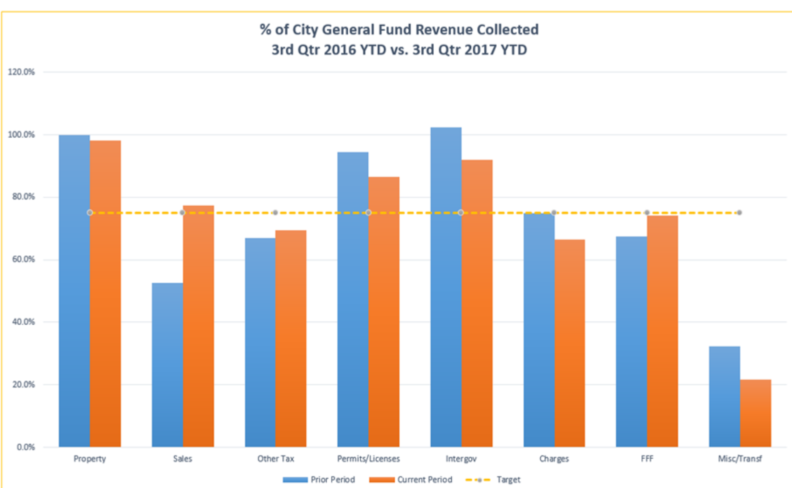


Figure 1: City General Fund Prior Year vs. Current Year

CITY GENERAL FUND EXPENDITURES

City General Fund Expenditures *numbers in 000s*	2017 Amended Budget	2017 3rd Qtr YTD Actual	% of Estimate
Personnel	$ 102,338	$ 74,315	72.6%
Services	$ 20,909	$ 14,478	69.2%
Supplies	$ 4,274	$ 2,857	66.9%
Grants, Claims	$ 5,714	$ 855	15.0%
Misc. & Transfers-Out	$ 2,091	$ -	0.0%
Capital Outlay	$ 5,403	$ 2,561	47.4%
Total	**$ 140,729**	**$ 95,067**	**67.6%**

Table 4: City General Fund YTD Expenditures as a % of Budget

- **Personnel** expenditure spend rate is 72.6% of the amended budget.
- **Services** expenditures are at 69.2%. Major expenses paid in this category are Transit Contract Fees, Software Maintenance, City Jail Expenses, and Trash Contract.
- **Supplies** are tracking with the budget at 66.9%, or $2.857 million.
- **Grants, Claims** are at 15% or 8.55 million. Most of these transactions do not take place until the end of year.
- **Misc. & Transfers-Out** are tracking below budget. A portion of the funding here are for reserves and contingencies.
- **Capital Outlay** spend rate is coming in below the 75% 3rd Quarter threshold. Capital equipment makes up 47.4% of the capital outlay budget. A portion of this budget is made up of new capital lease payments that do not start until the future year.

City General Fund Expenditures *numbers in 000s*	2016 3rd Qtr YTD Actual	2017 3rd Qtr YTD Actual	Increase/ Decrease
Personnel	$ 73,101	$ 74,315	$ 1,214
Services	$ 13,630	$ 14,478	$ 848
Supplies	$ 2,614	$ 2,857	$ 243
Grants, Claims	$ 3,257	$ 855	$ (2,402)
Misc. & Transfers-Out	$ 8	$ -	$ (8)
Capital Outlay	$ 1,529	$ 2,561	$ 1,033
Total	**$ 94,139**	**$ 95,067**	**$ 928**

Table 5: City General Fund Expenditures Year to Year Comparison

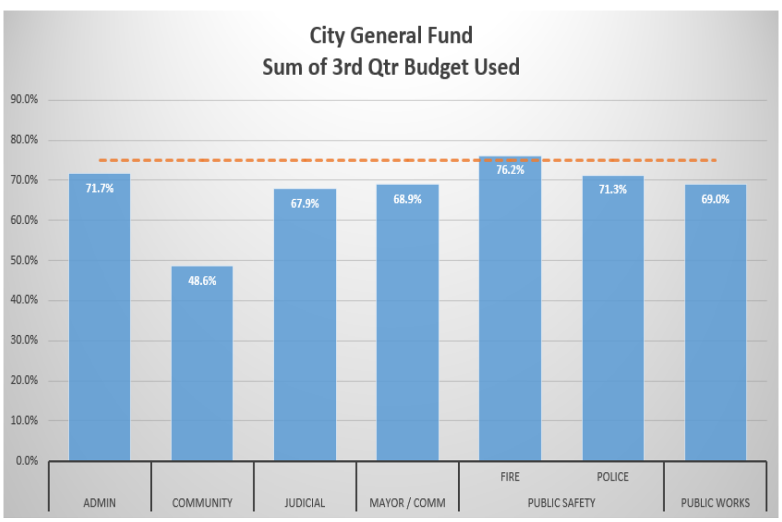


Figure 2: City General Fund Dept. Expenditures as a % of Budget

- **Debt Service Contingency** includes funding set aside for TDD Debt.

Departments are in line with spending targets for the year. Across the board, departments are below budget due to reduced commodity costs for fuel and lower energy utilization in the winter months. Departments are also in line with budget in personnel. Within services some departments have expended more because departments typically pay contracts at beginning of the year.

COUNTY GENERAL FUND REVENUES

The County General Fund is the principal operation account of Wyandotte County. Revenue is received from taxes, fees, intergovernmental revenue, charges for services, and other sources. The County General Fund is used to support general operations including Emergency Management, Sheriff, Emergency Dispatch, Court programs, Public Works, general services functions, and administrative programs. General Fund revenues are also used to finance the purchase of capital equipment and capital projects which are not debt financed.

County General Fund Revenues *numbers in 000s*	2017 Amended Budget	2017 3rd Qtr YTD Actual	% Rev Collected
Property Tax	$ 34,829	$ 34,300	98.5%
Sales Tax	$ 6,734	$ 5,227	77.6%
Other Tax	$ 9,173	$ 8,337	90.9%
Permits/Licenses	$ 1,130	$ 787	69.7%
Intergovernmental Revenues	$ 66	$ 11	16.4%
Charges for Service	$ 1,549	$ 1,114	71.9%
Fines, Forfeits, Fees	$ 2,135	$ 2,199	103.0%
Misc. & Transfers-In	$ 2,415	$ 1,882	77.9%
Total	**$ 58,029**	**$ 53,857**	**92.8%**

Table 6: County General Fund YTD Revenues as a % of Budget

Ninety eight percent (98.5%) of budgeted County General Fund revenue has been collected through September 30, 2017 compared to the 75% revenue target expected for 3rd quarter reporting. *Table 6* shows the actual collections by major revenue source category and the percent collected compared to the budget. *Table 7* shows that the revenues are trending along the same level as the same period last year.

- **Tax Revenue** collections are at 94% of the original budget. Both of first and second half property tax installments have been received. There may still be additional smaller receipts for 2017. This amounts to $34.3M, or 98.5% of projected property tax revenues. Sales & use tax revenues are at $5.2M, or 77.6% of projections for the full year.

County General Fund Revenues *numbers in 000s*	2016 3rd Qtr YTD Actual	2017 3rd Qtr YTD Actual	Increase/ Decrease
Property Tax	$ 32,948	$ 34,300	$ 1,353
Sales Tax	$ 4,021	$ 5,227	$ 1,205
Other Tax	$ 7,818	$ 8,337	$ 519
Permits/Licenses	$ 891	$ 787	$ (104)
Intergovernmental Revenues	$ 38	$ 11	$ (27)
Charges for Service	$ 907	$ 1,114	$ 207
Fines, Forfeits, Fees	$ 1,862	$ 2,199	$ 337
Other Financing Sources	$ 1,031	$ 1,882	$ 850
Total	**$ 49,517**	**$ 53,857**	**$ 4,340**

Table 7: County General Fund Revenues Year to Year Comparison

- **Permits & Licenses** include auto licenses and are slightly lower than the 75% revenue target for the 3rd quarter, at 69.7%.

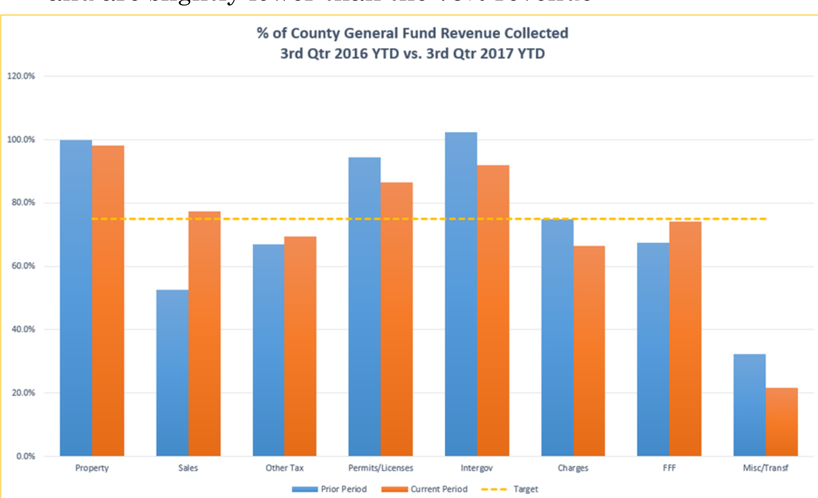


Figure 3: County General Fund Prior Year vs. Current Year

- **Charges for Service** has collected 71.9% of anticipated revenues.

- **Fines, Forfeits, Fees** includes officer fees, treasurer fees, and development agreement penalties and is above the 75% revenue target for the 3rd quarter at 103%.

- **Miscellaneous Revenue** is currently at 77.9% or 1.882M.

COUNTY GENERAL FUND EXPENDITURES

- **Personnel** expenditure spend rate is 74% of the amended budget.

County General Fund Expenditures *numbers in 000s*	2017 Amended Budget	2017 3rd Qtr YTD Actual	% of Estimate
Personnel	$ 40,110	$ 29,686	74.0%
Services	$ 12,886	$ 8,451	65.6%
Supplies	$ 1,464	$ 952	65.0%
Grants, Claims	$ 1,873	$ 1,502	80.2%
Misc. & Transfers-Out	$ 1,606	$	0.0%
Capital Outlay	$ 1,695	$ 845	49.9%
Total	**$ 59,635**	**$ 41,435**	**69.5%**

Table 9: County General Fund YTD Expenditures as a % of Budget

- **Services** expenditures are below the 75% 3rd Quarter budget target at, 65.6%. Major expenses paid in this category are Attorney and Lawyers, External Prisoner Housing, and Prisoner Medical Contracts.

- **Supplies** are tracking at budget at 65%. Major expenses paid in this category are Natural Gas, Fuel, and Auto Parts.

- **Grants, Claims** are tracking above budget at 80.2%. Most of these transactions do not take place until the end of year.

- **Misc. & Transfers-Out** are tracking below budgeted levels for 2017 on target. A portion of this funding are for reserves and contingencies.

County General Fund Expenditures *numbers in 000s*	2016 3rd Qtr YTD Actual	2017 3rd Qtr YTD Actual	Increase/ Decrease
Personnel	$ 29,283	$ 29,686	$ 403
Services	$ 10,675	$ 8,451	$ (2,224)
Supplies	$ 858	$ 952	$ 94
Grants, Claims	$ 637	$ 1,502	$ 865
Misc. & Transfers-Out	$ 288	$	$ (288)
Capital Outlay	$ 604	$ 845	$ 241
Total	**$ 42,345**	**$ 41,435**	**$ (909)**

Table 8: County General Fund Expenditures Year to Year Comparison

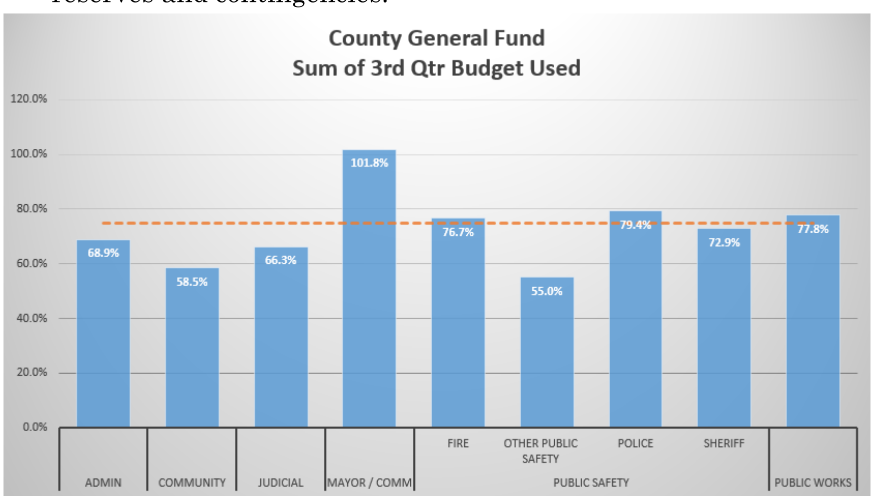


Figure 4: County General Fund Dept. Expenditures as a % of Budget

- **Capital Outlay** was below amended budget at 49.9%. Capital equipment makes up 60% of the capital outlay budget. A portion of this budget is made up of new capital lease payments that do not start until the future year.

Most Departments are in line with spending targets for the year. Mayor and Commission appears overspent on the county side but is under-spent on the city side.

CONSOLIDATED PARKS GENERAL FUND REVENUES

The Consolidated Parks General Fund combines the former City and County Park's Department budget into one operating fund. This fund is used for the operation of parks, parkways, recreational areas and facilities under the supervision of the Director of Parks and Recreation. The three divisions of this fund include: Administration, Parks, and Recreation.

All park and recreation user fees, rentals, contracts and lease revenues will be allocated to this fund. In addition, this fund receives an annual appropriation from the city general fund shown under Intergovernmental Revenues.

Parks General Fund Revenues *numbers in 000s*	2017 Amended Budget	2017 3rd Qtr YTD Actual	% Rev Collected
Property Tax	$ 1,553	$ 1,532	98.6%
Other Tax	$ 279	$ 271	97.0%
Permits/Licenses	$ -	$ -	0.0%
Intergovernmental Revenues	$ 3,700	$ -	0.0%
Charges for Service	$ 635	$ 463	72.8%
Fines, Forfeits & Fees	$ -	$ -	0.0%
Misc. & Transfers-In	$ 201	$ 173	85.8%
Total	**$ 6,369**	**$ 2,438**	**38.3%**

Table 10: Consolidated Parks General Fund YTD Revenues as a % of Budget

Thirty-eight percent (38.3%) of budgeted Consolidated Parks General Fund revenue has been collected through September 30, 2017 compared to the 75% revenue target expected for 3rd quarter reporting. *Table 10* shows the actual collections for the major revenue sources and the percent collected compared to the budget. *Table 11* shows that the revenues are trending along the same level as the same period last year.

- **Tax Revenue** collections are at 98.6% of the amended budget. Both of first and second half property tax installments have been received. There may still be additional smaller receipts for 2017. This amounts to $1.53M, or 98.6% of projected property tax revenues.

Parks General Fund Revenues *numbers in 000s*	2016 3rd Qtr YTD Actual	2017 3rd Qtr YTD Actual	Increase/ Decrease
Property Tax	$ 1,471	$ 1,532	$ 60
Other Tax	$ 236	$ 271	$ 35
Permits/Licenses	$ -	$ -	$ -
Intergovernmental Revenues	$ 2,400	$ -	$ (2,400)
Charges for Service	$ 453	$ 463	$ 9
Fines, Forfeits & Fees	$ -	$ -	$ -
Other Financing Sources	$ 100	$ 173	$ 72
Total	**$ 4,661**	**$ 2,438**	**$ (2,223)**

Table 11: Consolidated Parks Revenues Year to Year Comparison

- **Charges for Service** include Park Shelter and Field Rentals and is slightly below the 75% revenue target for the 3rd quarter at 72.8%.

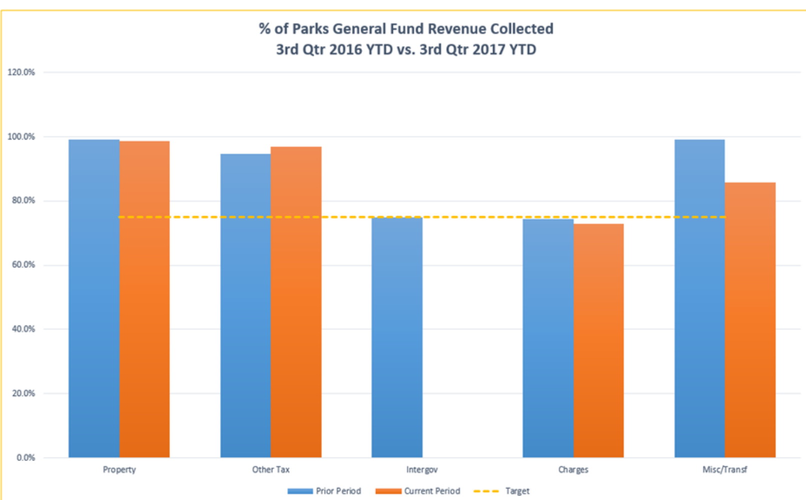


Figure 5: Consolidated Parks General Fund Prior vs. Current Year

- **Miscellaneous Revenue** is tracking above the 75% 3rd quarter revenue target, and is currently at 85.8% of budgeted collections.

CONS. PARKS GENERAL FUND EXPENDITURES

Parks General Fund Expenditures *numbers in 000s*	2017 Amended Budget		2017 3rd Qtr YTD Actual		% of Estimate
Personnel	$	4,000	$	3,069	76.7%
Services	$	1,118	$	987	88.2%
Supplies	$	625	$	440	70.4%
Grants, Claims	$	12	$	6	54.2%
Misc. & Transfers-Out	$	151	$	-	0.0%
Capital Outlay	$	772	$	206	26.6%
Total	**$**	**6,678**	**$**	**4,707**	**70.5%**

Table 12: Consolidated Parks General Fund YTD Expenditures as a % of Budget

- **Personnel** expenditure spend rate is 76.7% of the amended budget.
- **Services** are tracking above budget at 88.2%. Expenditures run higher in the summer months when Parks and Recreation operations are more active.
- **Supplies** are in line with budget at 70.4%, or $440 thousand.
- **Misc. & Transfers-Out** transactions are done at the end of the fiscal year.
- **Capital Outlay** is below amended budget at 26.6%. Capital equipment makes up 43%, or $292,000 of the capital outlay budget. Capital projects make up 57%, or $380,000 of the capital budget. A portion of the capital budget is made up of new capital lease payments that do not start until the future year.

Parks General Fund *numbers in 000s*	2016 3rd Qtr		2017 3rd Qtr		Increase / Decrease	
Personnel	$	2,789	$	3,069	$	279
Services	$	932	$	987	$	55
Supplies	$	380	$	440	$	59
Grants, Claims	$	-	$	6	$	6
Misc. & Transfers-Out	$	-	$	-	$	-
Capital Outlay	$	295	$	206	$	(90)
Total	**$**	**4,397**	**$**	**4,707**	**$**	**310**

Table 13: Consolidated Parks Expenditures Year to Year Comparison

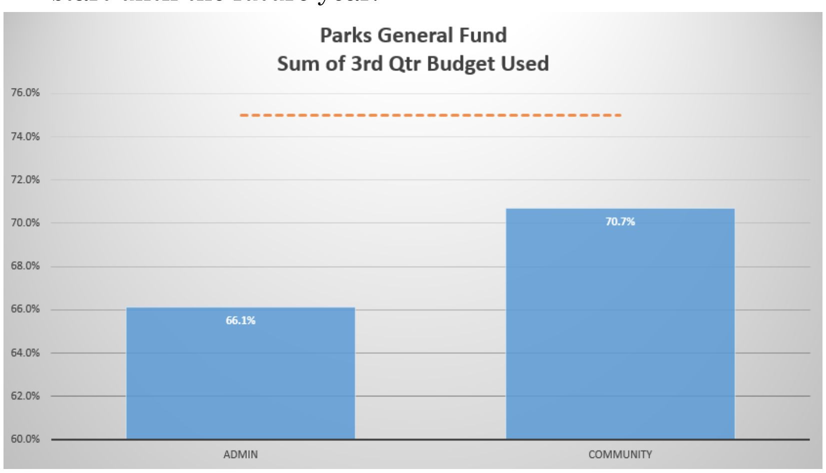


Figure 6: Parks General Fund Dept. Expenditures as a % of Budget

Parks and Recreation, or Community Services, is a majority of the Consolidated Parks Fund. Spending for Parks and Recreation is in line with spending targets for mid-year. Across all expenditure categories the department was in line with spending targets.

Budget to Actual through September 30th 2017
Third Quarter

	REVENUES *numbers in 000's*			EXPENDITURES *numbers in 000's*		
Tax Levy Funds	**2017 Amended Budget**	**2017 YTD Actual**	**% of Budget**	**2017 Amended Budget**	**2017 YTD Actual**	**% of Budget**
City General Fund	$ 151,525	$ 106,613	70.4%	$ 150,043	$ 94,917	63.3%
City Bond & Interest	$ 29,233	$ 20,931	71.6%	$ 33,549	$ 32,020	95.4%
County General Fund	$ 58,029	$ 53,857	92.8%	$ 59,535	$ 41,435	69.6%
Cons. Parks General Fund	$ 6,369	$ 2,438	38.3%	$ 6,578	$ 4,707	71.6%
County Bond & Interest	$ 3,387	$ 3,214	94.9%	$ 2,941	$ 1,976	67.2%
CIFI	$	$	12064.0%	$ 1	$ 1	99.6%
Aging	$ 1,582	$ 1,357	85.7%	$ 1,717	$ 1,251	72.9%
Developmental Disabilities	$ 459	$ 465	101.3%	$ 578	$ 226	39.0%
Elections	$ 1,162	$ 1,135	97.7%	$ 1,384	$ 808	58.4%
Health	$ 3,072	$ 2,543	82.8%	$ 3,188	$ 2,026	63.5%
Mental Health	$ 562	$ 551	98.0%	$ 580	$ 405	69.8%
Total UG Tax Levy Funds	**$ 255,379**	**$ 193,103**	**75.6%**	**$ 260,093**	**$ 179,772**	**69.1%**
Other Funds	**2017 Amended Budget**	**2017 YTD Actual**	**% of Budget**	**2017 Amended Budget**	**2017 YTD Actual**	**% of Budget**
Wyandotte County 911	$ 800	$ 603	75.4%	$ 851	$ 500	58.8%
Alcohol	$ 540	$ 364	67.3%	$ 724	$ 308	42.5%
Court Trustee	$ 420	$ 313	74.5%	$ 583	$ 300	51.5%
Dedicated Sales Tax	$ 9,988	$ 8,002	80.1%	$ 10,576	$ 4,722	44.6%
Emergency Medical Services	$ 11,370	$ 8,550	75.2%	$ 11,634	$ 6,573	56.5%
Environmental Trust	$ 1,067	$ 714	66.9%	$ 1,130	$ 401	35.5%
Jail Commissary	$ 29	$ 34	115.6%	$ 60	$ 12	19.4%
Parks & Recreation	$ 540	$ 364	67.3%	$ 640	$ 532	83.1%
Public Levee	$ 330	$ 251	75.9%	$ 451	$ 48	10.6%
Register of Deeds Technology	$ 155	$ 118	76.3%	$ 170	$ 68	40.2%
Clerk Technology	$ 42	$ 36	85.9%	$ 50		0.0%
Treasury Technology	$ 42	$ 36	85.9%	$ 15	$ 8	50.8%
Sewer System	$ 37,832	$ 26,704	70.6%	$ 41,395	$ 21,262	51.4%
Stormwater	$ 3,415	$ 2,303	67.4%	$ 4,231	$ 1,207	28.5%
Street & Highway	$ 6,930	$ 5,266	76.0%	$ 7,233	$ 4,807	66.5%
Sunflower Hills Golf Course	$ 780	$ 527	67.5%	$ 779	$ 519	66.6%
Travel & Tourism	$ 3,372	$ 2,400	71.2%	$ 2,543	$ 1,274	50.1%
Stadium	$ 356	$ 74	20.8%	$ 527	$ 302	57.3%
Special Assets	$ -	$ -		$ 750	$ -	0.0%
Total Other Funds	**$ 78,009**	**$ 56,657**	**72.6%**	**$ 84,340**	**$ 42,841**	**50.8%**
Total Funds	**$ 333,388**	**$ 249,760**	**74.9%**	**$ 344,434**	**$ 222,613**	**64.6%**
County Library	$ 2,681	$ 2,772	103.4%	$ 2,934	$ 2,653	90.4%
Total ALL Funds	**$ 336,069**	**$ 252,531**	**75.1%**	**$ 347,367**	**$ 225,267**	**64.8%**

Table 14: All Funds Revenues and Expenditures Budget vs. Actual

Staff Request for Commission Action

Tracking No. 171400

Full Commission Meeting Date:

Committee: Economic Development & Finance

Date of Standing Committee Action: 12/4/17 (If none, please explain):

Publication Required: Yes

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
11/20/2017	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description:

The Unified Government's Cash Management Committee is required to annually review the Cash Management and Investment Policy (the Policy) and recommend its adoption by the Board of Commissioners. The purpose of the Policy is to establish procedures to invest Unified Government funds in a manner that will meet daily cash flow demands while providing a reasonable rate of return with the maximum security in conformity with all Kansas statutes governing the investment of public funds.

On October 24th, the Cash Management Committee met to review the Policy. The Committee voted to let the current policy stand, as is, with no changes. Therefore, we ask that you hereby approve and adopt the Policy as set forth in Exhibit A.

Action Requested:

Please Approve

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:

VonAchen's Memo to Board Re-Investment Policy, Cash Management Policy, Resolution Adopting Cash Management Policy

Finance Department

Unified Government of Wyandotte County/Kansas City, Kansas

Kathleen VonAchen, CFO

701 North Seventh Street, 3rd Floor

Kansas City, Kansas 66101

(913) 573-5270 • FAX (913) 573-5003

MEMORANDUM

TO: Commissioner Brian McKiernan, Chairman, and
Members of the Economic Development & Finance Committee

DATE: November 21, 2017

SUBJECT: **INVESTMENT POLICY ANNUAL REVIEW**

The Unified Government's Cash Management Committee is required to annually review the Cash Management and Investment Policy (the Policy) and recommend its adoption by the Board of Commissioners. The purpose of the Policy is to establish procedures to invest Unified Government funds in a manner that will meet daily cash flow demands while providing a reasonable rate of return with the maximum security in conformity with all Kansas statutes governing the investment of public funds.

On October 24th, the Cash Management Committee met to review the Policy. The Committee voted to let the current policy stand, as is, with no changes. Therefore, we ask that you hereby approve and adopt the Policy as set forth in Exhibit A.

Thank you.

EXHIBIT A

UNIFIED GOVERNMENT

OF

WYANDOTTE COUNTY/KANSAS CITY, KANSAS

CASH MANAGEMENT AND INVESTMENT POLICY

Adopted

December 14, 2017

UNIFIED GOVERNMENT OF
WYANDOTTE COUNTY/KANSAS CITY, KANSAS

Cash Management and Investment Policy

Section 1. General Purpose Statement

The Board of Commissioners has authority to invest all funds held by or belonging to Wyandotte County/Kansas City, Kansas (“Unified Government” or “UG”). The purpose of this Cash Management and Investment Policy is to identify the policies and statements of the Unified Government regarding the safe and responsible management of the Unified Government funds~~,~~ and to authorize and establish procedures for the management and investment of Unified Government funds to achieve the Policy objectives.

Section 2. Legal Authority

The Unified Government Board of Commissioners is granted the authority to invest temporarily idle funds, i.e. those funds which are not immediately required for the purposes for which the moneys were collected or received and the investment of which is not subject to or regulated by any other statute, under K.S.A. 12-1675 and 12-1677b which also identifies the types of investments the Unified Government may purchase.

Section 3. Policy Statement

The policy of the Unified Government is to invest its funds in a manner which will provide a reasonable rate of return with the maximum security while meeting the daily cash flow demands of the Unified Government and conforming to all statutes governing the investment of such funds.

Section 4. Scope

This Cash Management and Investment Policy shall apply uniformly to all officials, employees, departments, agencies, representatives and authorized agents in the performance of their official duties and to the processing and management of all investment transactions of the Unified Government’s idle funds. All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials will conduct themselves as good stewards of public funds that will promote public confidence in the Unified Government’s ability to govern effectively.

This Cash Management and Investment Policy applies to the Unified Government’s cash management and investment activities primarily focused on idle funds and general obligation bond proceeds held by or under the control of the Unified Government. Debt service funds, reserve funds, and other financial assets held by various fiscal agents and trustees as provided under various bond ordinances are invested at the direction of the Unified Government, but are not held by the UG and under the direct control of the Director of Revenue.

Section 5. Adoption and Annual Review

This Cash Management and Investment Policy shall be adopted by resolution of the Board of Commissioners. The Policy shall be reviewed on an annual basis by the Cash Management Committee and shall be reviewed and approved annually by the Board of Commissioners. If it deems it necessary, the Cash Management Committee will recommend changes to this Policy to the Board of Commissioners. Any recommended modifications to the Policy must be reviewed and approved by the Board of Commissioners.

Section 6. Cash Management Committee; Delegation of Authority

A Cash Management Committee shall be established. The Cash Management Committee (CMC) shall consist of the Unified Government’s Chief Financial Officer, the Clerk, the Director of Revenue/Treasurer, the Chief Counsel or designee, the Legislative Auditor or designee as a non-voting member, and one non-voting member from the financial advisor of the Unified Government. The Chief Financial Officer shall serve as the Chairperson of the CMC.

Responsibility for the operation of the investment program is delegated to the CMC which shall establish procedures and internal controls for the operation of the investment program consistent with this Policy.

Daily and routine investments of Unified Government idle funds will be made by the Chief Financial Officer or designee, under the guidelines set forth in this Policy and as recommended by the CMC.

Section 7. Investment Procedures

This Policy is administered through a separate set of written Investment Procedures, which should be referred to in conjunction with this Policy. The Cash Management Committee is hereby authorized to adopt written Investment Procedures consistent with this Cash Management and Investment Policy. Such Procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the Procedures adopted by the Cash Management Committee. The Director of Revenue shall be responsible for all transactions undertaken and shall establish a system of internal controls to regulate the activities of subordinate officials.

In the development of the system of internal controls, consideration shall be given to documentation of strategies and transactions, techniques for avoiding collusion, separation of functions, delegation of authority, limitations of authority, and custodial safekeeping.

Section 8. Staff Qualifications

A. The Unified Government shall hire a Cash Manager or shall retain an outside manager to manage investments. The Cash Manager will have the necessary qualifications to perform investment duties as outlined in the Cash Management and Investment Policy and the Cash Management and Investment Procedures and will be supervised by the Chief Financial Officer or designee.

B. Duties of the Cash Manager position include the following:

   1. Management of the short-term and long-term investment portfolios in accordance with K.S.A. 12-1675 and 12-1677b and amendments thereto, with any other applicable statutes or ordinances or resolutions, and with this Cash Management and Investment Policy and the Cash Management and Investment Procedures and amendments thereto;

   2. Tracking investment transactions; ensuring accuracy and security of investments, monitoring record keeping of investments;

   3. Performing inspections on safekeeping receipts held as collateral to cover investments; alerting banks regarding insufficient collateral;

   4. Prepare cash flow forecasts;

   5. Generate investment performance statistics and activity reports; and

   6. Other duties as assigned by the Chief Financial Officer or the Director of Revenue/Treasurer.

C. Specific qualifications include a bachelor's degree in Finance, Accounting, Economics, Business, or Public Administration and two years of progressively responsible investing or accounting experience, or any equivalent combination of education and experience sufficient to successfully perform the essential duties of the job. If the individual appointed to the Cash Manager position does not possess the requisite investment experience, the individual will attend government investment training approved by the Chief Financial Officer within one year of appointment.

Section 9. Investment Advisor

The Chief Financial Officer, with the approval of the Cash Management Committee, may appoint an independent Investment Advisor registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940 and the rules adopted thereunder, or a "Municipal Advisor" as defined by Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, amending Section 15B of the Securities Exchange Act of 1934, and interpreted by the Securities and Exchange Commission in its final rules adopted September 10, 2013, to advise the Unified Government on investment activities. The Investment Advisor will be selected through a competitive process under the Unified Government's Procurement Code. The terms and conditions of such relationship shall be set out in a contract. The duties and responsibilities of the Investment Advisor at a minimum shall include the following.

1. Providing advice and analysis on the Unified Government's Investment Policy, portfolio management techniques, portfolio structures, and new investment securities and products;
2. Assistance in developing or improving and implementing cash flow modeling;
3. Providing advice on investment benchmarking and performance reporting;
4. Evaluation of the capabilities and usage of software utilized in management of and accounting for the investments;
5. Assisting in any investment related presentations to the Cash Management Committee or Board of Commissioners; and
6. Providing analysis, advice, and assistance on other investment-related matters, including investment of bond proceeds.

Section 10. Standards of Care

A. *Prudence*

The standard of prudence to be used by investment officials shall be the "prudent person standard" and shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering first the safety and liquidity of their capital and next the probable income to be derived. If outside investment professionals are retained, they shall be held to the "prudent expert standard," that is, they shall exercise the judgment, care, skill, prudence and diligence, under the circumstances then prevailing, which persons of prudence, discretion and intelligence acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments so as to minimize the risk of large losses, unless, under the circumstances, it is clearly prudent not to do so, and not in regard to speculation but in regard to the permanent disposition of similar funds, considering the probable income as well as the probable safety of their capital.

The Chief Financial Officer, other investment officials, and the members of the CMC, when acting in accordance with the written Investment Procedures and the Cash Management and Investment Policy, and when exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

B. *Ethics and Conflict of Interest*

Unified Government officers and employees authorized to perform investment duties shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial decisions. For purposes of this Policy, “officers and employees” means voting members of the Cash Management Committee and the Cash Manager; it shall not mean elected officials.

No officer or employee shall use his or her official position or office to obtain direct or indirect personal financial gain for himself or herself, his or her family, or any business in which the officer or employee has a financial interest. Officers and employees are governed by this Policy, the Unified Government Code of Ethics, and any applicable state laws.

Investment staff shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Unified Government.

Officers and employees shall disclose annually to the Legislative Auditor and to the Ethics Administrator any financial interest in financial institutions with which the Unified Government conducts business or any benefit which the officer or employee obtains from any Unified Government contract or from placement of an investment of Unified Government funds. For purposes of this Policy, “financial institution” means banks, savings banks, or savings and loan associations as defined in K.S.A. 12-1675a and amendments thereto. For purposes of this Policy, “financial interest” means (a) ownership or any interest or involvement in any relationship from which, or as a result of which, a person within the past year has received, or is presently or in the future entitled to receive, more than $5,000 per year, or its equivalent; (b) ownership of such interest in any property or any business as may be specified by the Ethics Commission; or (c) holding a position in a business such as an officer, director, trustee, partner, employee, or the like or holding any position of management. Financial interest does not include household operating accounts or a depository relationship with a financial institution.

Each financial institution in which the Unified Government deposits funds and each investment manager and each consultant retained by the Unified Government shall be notified of this section of the Policy and shall conform to its provisions and shall not participate in any violation of this section or in any effort to influence any officer or employee to breach the standards of ethical conduct set forth in this section.

Section 11. Objectives

The primary objectives of the Unified Government investment activities, in priority order, shall be:

A. ***Safety***. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

1. *Credit Risk*

Credit risk, the risk of loss due to the failure of the security issuer or backer, will be minimized by:

a. Limiting investment to the safest types of securities;
b. Pre-qualifying financial institutions, broker/dealers, intermediaries, and advisors with whom the UG will do business; and
c. Diversifying the investment portfolio so that potential loss on individual securities will be minimized.

2. *Interest Rate Risk*

Interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, will be minimized by:

a. Structuring the investment portfolio so that the securities mature to meet cash requirements of the general operating fund, thereby avoiding the need to sell securities prior to maturity; and
b. Investing general operating funds primarily in shorter-term securities.

B. *Diversification.*

1. In General

It is the policy of the Unified Government to diversify its investment portfolio so as to protect its funds from material losses due to issuer defaults, market price changes, technical complications leading to temporary lack of liquidity, or other risks resulting from an over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

2. By Institution

Investments will be diversified so that reliance on any one issuer or financial institution will not place an undue financial burden on the Unified Government in the event of default. Accordingly, no more than 30% of the total investment portfolio shall be with the same institution, unless it would be prudent to do so under prevailing circumstances. If the above limit is exceeded, the Chief Financial Officer will notify the CMC.

3. By Instrument Type

Market risk will be minimized by diversification among investment types. The following are maximum limits for the percentage of Unified Government investable funds to be invested in each investment type.

a.	Certificates of deposit	100%
b.	U. S. Treasury bills, notes or bonds	100%
c.	U. S. Government agency obligations	50%
d.	Kansas Municipal Investment Pool	50%
e.	Repurchase agreements	25/100%*
f.	Bank trust department municipal pools	25%
g.	Temporary notes or no-fund warrants	10%

Because of distortion created by deposit of proceeds from the sale of temporary notes issued by the Unified Government, measurement of the maximum limits on investments by institution and by instrument type for purposes of this subsection 11.B. shall occur at least one week after the deposit of such proceeds.

* NOTE: Investments in short term securities shall be limited to 10% of investable funds, and investments in repurchase agreements shall be limited to 25% of investable funds, except as set out below. While it is not the goal to invest 100% of investable funds in either short term securities or repurchase agreements, the ability to invest the maximum limit in these two investment types is recognized as an option in certain market circumstances when these investments offer higher returns than other investment types at minimal risk. The option to invest more than the 10% or 25% limit respectively will be used only when the Cash Manager determines, with the concurrence of the Chief Financial Officer and the Unified Government's Financial Advisor, that it is advantageous and prudent to do so.

C. *Liquidity.*

1. The Unified Government's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements that might be reasonably anticipated without incurring material losses by structuring the portfolio so that securities mature concurrent with anticipated cash needs. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

2. The Unified Government understands the importance of having sufficient funds invested in overnight sweep accounts to meet weekly payrolls, accounts payable, scheduled debt service, and extraordinary expenses that may occur, which may range from 3% to 10% of available investment funds.

3. It is important for a county government to have the necessary funds for the scheduled tax distributions to other governmental entities. In particular, liquidity is essential for the January and June tax distributions. Therefore it is critical to time the maturity of investments to meet this requirement.

D. ***Maturity.***

1. All investments shall be made to mature in accordance with cash needs identified in regularly prepared and updated cash flow forecasts. The Unified Government recognizes that the laddering of investments is a sound approach to mitigate short-term interest rate fluctuations. Additional considerations in the structuring of investments shall include:

    a. Review of economic and financial indicators, such as Federal Reserve monetary policy position statements and the U.S. Treasury yield curve; and

    b. Input from the Unified Government's financial advisor.

2. The Unified Government has adopted the following maturity target ranges for its core investment portfolio. Core investments exclude the investment of bond proceeds and the health care reserve funds.

a.	0 – 12 months	30% to 60%
b.	12 – 24 months	20% to 40%
c.	24 – 36 months	15% to 30%
d.	36 – 48 months	10% to 20%

    Notwithstanding the above maturity target ranges, cash flow requirements and existing interest rate markets may dictate the need to adjust the timing of investment maturities.

3. Extending the maturities in the investment portfolio is subject foremost to the cash flow requirements of the Unified Government. To extend the maturity of an investment for an additional12-month period a minimum gain in investment earnings of 10 basis points is required.

4. The sale of securities before maturity shall require the prior approval of the Chief Financial Officer based on the following reasons:

    a. A security with declining credit may be sold early to minimize loss of principal.
    b. Liquidity needs require a security to be sold.
    c. It is advantageous to the portfolio to sell such securities.
    d. Financial failure of the issuer is likely.

5. As long as this Policy continues to be approved by the State Pooled Money Investment Board, the maximum maturity for investments shall be four years. Otherwise the maximum maturity for investments shall be two years.

E. ***Return on Investment.*** The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the UG's investment risk constraints, state statutes, cash flow characteristics of the portfolio, and prudent investment principles. As a benchmark for risk-free investment transactions, the three-month constant maturity U.S. Treasury bill rate will be the minimum standard for the portfolio's rate of return. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Section 12. Performance Evaluation and Reporting

Investment performance shall be continually monitored and evaluated by the CMC. Investment performance statistics and activity reports will be generated by the Cash Manager. Summary investment reports will be provided quarterly to the Economic Development and Finance Standing Committee of the Unified Government Board of Commissioners, with copies to the County Administrator and to the Unified Government Commission, and to the Cash Management Committee.

Reports shall include but not be limited to information on interest received, interest earned, investment yield, types of investments, distribution by type of investments, , maturity schedule by month, weighted average term to maturity, evaluation of portfolio to selected benchmark, and any other information deemed necessary by the Chief Financial Officer or requested by the County Administrator or the Board of Commissioners.

Section 13: Eligible Financial Institutions

A. *Minimum Qualifications for Depositories*

1. In order to ensure the safety of principal, the Unified Government shall deposit funds, including those designated for investment purposes, only in eligible financial institutions which meet the minimum criteria set forth below. Financial institutions failing to meet the minimum criteria shall not be considered eligible.

2. Financial institutions must meet the following minimum qualifications:

    a. The deposits of the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC).

    b. The financial institution meets the criteria for eligibility under state law for active or idle funds as appropriate.

3. If a financial institution loses its eligibility under state law after Unified Government funds are deposited or invested, no additional funds shall be deposited in such institution. Funds shall be removed as quickly as is prudent under the circumstances, but funds invested with a prescribed time for maturity need not be withdrawn before such maturity.

B. *Depositories for Active Funds*

1. *Security Required.* If a financial institution is designated as an official depository for active funds, before any Unified Government funds are deposited, satisfactory security must be obtained for such deposits. Satisfactory security is as described in K.S.A. 9-1402, as amended, and this Policy.

2. *Selection Criteria.* In addition to the required criteria listed above, the Unified Government may also consider the following when selecting an institution as a depository for active funds:

   a. Full service capabilities
   b. Submission of financial statements and availability schedules
   c. Acceptable staff experience
   d. Statement of equal opportunity employment practices
   e. Extent of reinvestment of deposits in Wyandotte County.

3. *Competitive Selection.* The Chief Financial Officer shall solicit proposals prior to the designation of one or more depositories. The Unified Government's purchasing policies shall be followed when obtaining proposals on the Unified Government's depository specifications. Selection of the depositories shall be based on the capacity of an institution to perform the services required and on the most favorable terms and conditions for handling of Unified Government funds.

4. *Governing Body Designation.* K.S.A. 9-1401, as amended, requires the governing body of the Unified Government to designate by official action the financial institution or institutions, which shall serve as depositories of its active funds.

C. *Idle Funds*

1. *In General.* Idle funds shall be invested only in the manner set out in K.S.A. 12-1675 and 12-1677b, and amendments thereto, and in this Policy. Investment transactions shall only be conducted with:

   a. Qualified financial institutions which meet the minimum requirements contained in this Section 13 and the criteria for eligibility under state law; or

   b. Qualified primary government security dealers and broker/dealers as set out below.

2. *Certification.* In order to be qualified for investment of Unified Government idle funds, a financial institution, securities dealer, or broker/dealer must certify in writing that the person responsible for the investment has read and understood and agreed to comply with this Policy.

3. *Competitive Selection.* Investments of idle funds will be offered to all approved institutions and dealers who have requested to be on the list of interested bidders. Investments will be awarded through a competitive process involving solicitation of bids from qualified institutions and dealers.

   A list will be maintained of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved primary government security dealers and broker/dealers.

4. *Primary Government Securities Dealers and Broker/Dealers.*

   Investment transactions may be conducted with primary government securities dealers which report to the market report division of the Federal Reserve Bank of New York or any broker-dealer which is registered in compliance with the requirements of Section 15 or 15C of the Securities Exchange Act of 1934 and registered pursuant to K.S.A. 17-12a401, and amendments thereto.

   In order to be qualified to conduct investment transactions with the Unified Government, broker/dealers must meet the minimum requirements for credit worthiness established by the Kansas Pooled Money Investment Board, including minimum capital requirements and years of operation, and must be approved by the Cash Management Committee.

All broker/dealers who wish to become qualified for investment transactions must supply to the Chief Financial Officer on an annual basis the following items as appropriate:

a. A copy of the most recent audited annual financial statement;
b. If requested by the Unified Government, a copy of the most recent, unaudited annual financial statement;
c. Proof of Financial Industry Regulatory Authority (FINRA) certification;
d. Proof of state registration with the Kansas Securities Commission;
e. Completed broker/dealer questionnaire (non-primary dealers only);
f. Business resume of individual assigned to UG account; and
g. Notice of any regulatory action taken against the broker/dealer.

5. *Safekeeping and Custody*.

All security transactions, including collateral for repurchase agreements, shall occur on a delivery versus payment basis. This ensures that securities are deposited in the eligible financial institutions prior to the release of funds. Safekeeping and custody agreements will be maintained with third-party financial institutions. All securities, including those acquired by repurchase agreements, shall be perfected in the name of the Unified Government and shall be delivered to a third party custodian designated by the Unified Government and evidenced by safekeeping receipts.

Section 14. Authorized Investments

A. *Idle Funds*

The investments authorized for the idle funds (those funds not immediately required for the purposes for which the moneys were collected) under this Policy shall be in conformance with K.S.A. 12-1675, K.S.A. 12-1677b, and amendments thereto, and any other applicable statutes or ordinances or resolutions and amendments thereto. As long as this Policy continues to be approved by the Kansas Pooled Money Investment Board, the investments permitted by K.S.A. 12-1677b shall be authorized investments under this Policy. For purposes of this Policy, “investment rate” means a rate which is the equivalent yield for United States government securities having a maturity date as published in the Wall Street Journal, nearest the maturity date for equivalent maturities. The 0-90 day rate shall be computed on the average effective federal funds rate as published by the Federal Reserve system for the previous week.

If for any reason this Policy is not approved by the Kansas Pooled Money Investment Board, the investments permitted by K.S.A. 12-1675 shall be the only authorized investments under this Policy until such time as this Policy obtains the approval of the Kansas Pooled Money Investment Board.

As long as this policy continues to be approved by the Kansas Pooled Money Investment Board, the following are authorized investments, pursuant to K.S.A. 12-1675 and 12-1677b. The maximum maturity for investments under this subsection shall be four years.

1. *United States Treasury and Agency Securities.* Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations and securities of United States-sponsored enterprises which under federal law may be accepted as security for public funds, except that such investments shall not be in mortgage-backed securities. Investments under this paragraph shall be limited to securities which do not have any more interest rate risk than do direct United States government obligations of similar

maturities. For purposes of this subsection, "interest rate risk" means market value changes due to changes in current interest rates.

2. *Interest-bearing Time Deposits.* In any banks, savings and loan associations, and savings banks which have a main or branch office in Kansas.

3. *Repurchase Agreements.* With banks, savings and loan associations, and savings banks which have a main or branch office in Kansas or with a primary government securities dealer which reports to the market reports division of the Federal Reserve Bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof and obligations and securities of United States government-sponsored enterprises which under federal law may be accepted as security for public funds.

4. *Temporary Notes Issued by the Unified Government.*

5. *Municipal Investment Pool Fund.* The fund established in K.S.A. 12-1677a and amendments thereto and managed by the Kansas Pooled Money Investment Board.

6. *Multiple Municipal Client Investment Pools.* Managed by the trust departments of banks which have offices located in Wyandotte County or with trust companies incorporated under the laws of Kansas which have contracted to provide trust services under K.S.A. 9-2107, and amendments thereto. Moneys invested under this paragraph shall be secured as provided in K.S.A. 9-1402, and amendments thereto, and this Policy.

B. ***Local Emphasis***

1. Subject to the other requirements of this Policy, funds available for investment under this section will be offered first to eligible financial institutions with a main or branch office located in Wyandotte County. If such financial institutions cannot or will not make the investments available at interest rates equal to or greater than the investment rate as defined in K.S.A. 12-1675a, and amendments thereto, or if such financial institutions are limited from bidding on the investment by the diversification requirements of this Policy, then the funds may be offered to other eligible financial institutions or entities permitted under this Policy.

2. Notwithstanding any other requirements of this Policy, the Unified Government will offer $235,000 to every financial institution with a main or branch office located in Wyandotte County. If such financial institutions will make the investment at interest rates equal to or greater than the investment rate as defined in K.S.A. 12-1675a, and amendments thereto, the Unified Government will make such investment for a term selected by the Unified Government.

C. ***Investment of Bond Proceeds***

The Unified Government will invest proceeds of bonds (other than industrial revenue bonds for which the Unified Government is merely a conduit issuer) and temporary notes in conformance with K.S.A.10-131, and amendments thereto. The following lists the investments, which the Unified Government will consider and which shall be authorized for the investment of bond proceeds:

1. Investments authorized for idle funds by K.S.A. 12-1675 and this Policy.

2. The municipal investment pool established pursuant to K.S.A. 12-1677a.

3. Direct obligations of the United States government or any agency thereof;

4. Temporary notes issued by the Unified Government.

5. Interest-bearing time deposits in commercial banks located in Wyandotte County.

6. Obligations of the Federal National Mortgage Association, Federal Home Loan banks and Federal Home Loan Mortgage Corporation.

7. Repurchase agreements collateralized by direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks or the Federal Home Loan Mortgage Corporation.

8. Investment agreements with or other obligations of a financial institution, the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poor's Corporation;

9. Investments in shares of units of a money market fund or trust, the portfolio of which is comprised entirely of direct obligations of the U.S. government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks or Federal Home Loan Mortgage Corporation.

10. Receipts evidencing ownership interest in securities or portions thereof in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks or Federal Home Loan Mortgage Corporation.

11. Municipal bonds or other obligations issued by any municipality of the State of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which are general obligations of the municipality issuing the same.

12. Bonds of any municipality of the State of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks or Federal Home Loan Mortgage Corporation.

13. No moneys shall be invested in a derivative as that term is defined in K.S.A. 10-131, and amendments thereto.

D. *Arbitrage*

The Internal Revenue Code provides that on a periodic basis the Unified Government is required to compute rebate on each bond issue. Rebate is the calculated dollar amount representing the difference between what the issuer actually earned from the investment of certain funds related to the bond issue and the amount the issuer would have earned had those same funds been invested at an interest rate equal to the yield on the bond issue. Absent an exception to rebate, the Unified Government is required to pay or "rebate" to the United States the dollar amount representing these excess earnings.

For each bond issue, rebate must be calculated and paid at least once every five years and within 60 days after the last bond of the issue is paid. Payment of rebate is a condition to maintaining the tax-exempt status of each bond issue, and failure by the Unified Government to comply with the rebate requirements may cause the interest on an issue of bonds to become taxable, retroactive to their date of issuance.

The Unified Government's investment position is to pursue the maximum yield on investments without jeopardizing the tax-exempt status of the bonds. To the extent possible, the Unified Government will seek to comply with applicable exceptions to rebate and when necessary rebate any excess earnings to the United States. The potential rebate of excess earnings will not influence the Unified Government's investment policies.

Section 15. Collateral Requirements

A. ***Full Collateralization Required.*** All Unified Government deposits shall be fully insured or collateralized at all times.

B. ***Initial Placement.*** Moneys to be deposited in financial institutions shall not be released until the financial institution has executed and adopted a security agreement and required custodial agreements.

C. ***Allowable Collateral***. Acceptable collateral for Unified Government deposits, including idle fund investments, as permitted by K.S.A. 9-1402, and amendments thereto, shall be limited to:

1. Except as otherwise set out in this subsection C.1., the financial institution may pledge or assign securities owned directly or indirectly by it, the market value of which is equal to 105% of the total deposits at any given time. The following are allowable securities:

   a. Direct obligations of or obligations that are insured as to principal and interest by, the United States or any agency thereof.

   b. Obligations including letters of credit and securities of United States-sponsored corporations which under federal law may be accepted as security for public funds, subject to the following restrictions:

      (1) The letter of credit must be in the format acceptable to the Director of Revenue.

      (2) The Unified Government must be designated as the irrevocable and unconditional beneficiary of the letter of credit.

      (3) The issuer and the depository bank must notify the Director of Revenue by certified or registered mail at least 45 days prior to the cancellation or the non-renewal of a letter of credit.

      (4) The issuer may not provide letters of credit for any one depository bank in an amount which exceeds ten percent of the issuer's capital and surplus.

      (5) If a letter of credit issued by the Federal Home Loan Bank is to be pledged as collateral, the amount of the letter of credit shall be equal to 100% of the deposits to be collateralized plus the interest expected to be received by the Unified Government upon maturity of the investment.

2. The following securities may be used as collateral only if the financial institution pledges or assigns them in an amount, the market value of which is equal to 125% of the Unified Government deposits. Not more than 5% of the Unified Government's total idle funds portfolio may be collateralized by the following securities.

    a. Bonds of any Kansas municipality which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by the United States.

    b. Bonds of the State of Kansas.

    c. General obligation bonds of any Kansas municipality.

    d. Revenue bonds of any Kansas municipality if approved by the state bank (or savings and loan) commissioner and which are rated at least Aa by Moody's Investors Service or AA by Standard and Poor's Corporation Bonds secured by revenues of a utility which has been in operation for less than three years will not be accepted as collateral.

    e. Temporary notes of any Kansas municipality which are general obligations of the municipality issuing the same.

    f. Warrants of any Kansas municipality, the issuance of which is authorized by the State Court of Tax Appeals and which are payable from the proceeds of a mandatory tax levy.

    g. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized investment rating firm.

3. For overnight repurchase agreements in which the Unified Government is the buyer, the seller shall deliver the following securities to the custodian for the Unified Government in the amount of 102% of the market value of the securities on the purchase date:

    a. Direct obligations of or obligations that are insured as to principal and interest by the United States or any agency thereof, or

    b. Obligations and securities of U.S. government-sponsored corporations which under federal law may be accepted as security for public funds, subject to any restrictions contained in Section C.1.b. above.

D. ***Peak Period Agreements.*** Peak-period agreements permitted under K.S.A. 9-1403 are not permitted under this Policy.

E. ***Collateral Substitution.*** Collateralized investments often require substitution of collateral. Any financial institution requesting substitution must contact the Chief Financial Officer or the Director of Revenue and receive written approval of any collateral substitution. Substitution of collateral shall be required whenever, in the opinion of the Unified Government Chief Financial Officer, the collateral no longer satisfies or complies with the security requirements established under this Policy. Immediate written notice shall be given to the financial institution when the Chief Financial Officer makes such determination.

F. ***Valuation of Collateral.*** For purposes of compliance with this section, all collateral shall be priced on a market value basis no less then monthly. Collateral requirement is defined as the outstanding amount of UG funds deposited plus accrued interest thereon less federal deposit insurance coverage.

G. ***Collateral Compliance Report.*** Each financial institution with Unified Government deposits shall submit monthly to the Chief Financial Officer or the Director of Revenue, or more frequently if requested, a report documenting the institution's compliance with the collateral requirements of this Policy.

H. ***Custodial Agreement.*** Each depository bank depositing securities with a custodial bank shall enter into a written custodial agreement with the custodial bank and the Unified Government for the safekeeping of the securities.

I. ***Failure to Meet Collateral Requirements.*** If a depository bank fails to meet requirements established by this Policy, the depository bank shall be offered the following options:

1. Close the account and return to the Unified Government all principal and accrued interest without penalty; or

2. Convert the deposit to a repurchase agreement under terms acceptable to the Unified Government.

(Published in ***The Wyandotte Echo on ________________, 2017***)

RESOLUTION NO. R-______-17

A RESOLUTION ADOPTING THE UNIFIED GOVERNMENT'S CASH MANAGEMENT POLICY.

WHEREAS, the purpose of the Cash Management and Investment Policy (the "Policy") is to identify the policies and statements of the Unified Government regarding the safe and responsible management of Unified Government funds and to authorize and establish procedures for the management and investment of Unified Government funds to achieve the Policy objectives.

WHEREAS, the Policy shall be reviewed on an annual basis by the Cash Management Committee and shall be reviewed and approved annually by the Board of Commissioners. If it deems it necessary, the Cash Management Committee will recommend changes to the Policy to the Board of Commissioners. Any recommended modifications to the Policy must be reviewed and approved by the Board of Commissioners.

WHEREAS, the Cash Management Committee met on October 24, 2017, to review the Policy. The Committee voted to let the current Policy stand, as is, with no changes. The Policy is set forth in Exhibit A, attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT:

SECTION 1. Adoption of Cash Management and Investment Policy. The Board of Commissioners of the Unified Government hereby approves and adopts the Policy, as set forth in Exhibit A, attached hereto. The Board of Commissioners finds that the attached Policy sets forth procedures which will allow the Unified Government to invest funds in a manner that will meet daily cash flow demands while providing a reasonable rate of return with the maximum security in conformity with all Kansas statutes governing the investment of public funds.

SECTION 2. Effective Date. This Resolution shall be effective upon adoption by the Unified Government Board of Commissioners.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT THIS 14th DAY OF DECEMBER, 2017.

____

Mayor/CEO

____

Unified Government Clerk

Staff Request for Commission Action

Tracking No. 171416

Full Commission Meeting Date: 12/14/17

Committee: Economic Development & Finance

Date of Standing Committee Action: 12/4/17
(If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
11/22/2017	Jon Stephens	x5749	jstephens@wycokck.org	Economic Development

Item Description:
Update of the Urban Development Gap Fund Policy.

If recommended for approval by standing committee, request the policy be forwarded to the full commission for adoption of the Gap Fund Policy.

Action Requested:
Adopt resolution

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
Resolution, Gap Fund Policy, PowerPoint

RESOLUTION NO. ________________

WHEREAS, the Unified Government Urban Development Gap Fund was established by the Unified Government Board of Commissioners to assist with the financing and facilitation of renovations, and the revitalization and attraction of new business ventures in Kansas City, Kansas;
and

WHEREAS, the Gap Fund is intended as matching revenue to leverage more investment into the Kansas City, Kansas community; and

WHEREAS, by utilizing the Gap Fund program, the Unified Government seeks to bring needed projects to the community that meet citizen needs, improve the quality of life, and make the community a more desirable place to live and work; and

WHEREAS, the Unified Government, after discussion and review, has created a Unified Government Urban Development Gap Fund Policy, which sets forth the terms and conditions upon
which Gap Funds will be available.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

1. That the Unified Government Urban Development Gap Fund Policy, attached hereto, is hereby approved by the Board of Commissioners.
2. That the County Administrator, and the Unified Government's other officers, agents, and employees are hereby authorized and directed to take such further action and execute such other documents, certificates, and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

ADOPTED BY THE COMMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
THIS 4th DAY OF DECEMBER 2017.
\

____
Mark Holland, Mayor/CEO

ATTEST:

____
Unified Government Clerk

Urban Development Gap Fund Policy

Commission Standing Committee Draft 12.4.2017

Introduction

The Unified Government Urban Development Gap Fund was established by the UG Commission to assist with the financing and facilitation of renovations, revitalization and attraction of new business ventures in the City of KCK.
This funding is intended as matching revenue to leverage more investment into the community.

By utilizing the Gap Fund program, the UG seeks to bring needed projects to the community that meet citizen needs, improve quality of life, and make Wyandotte County more desirable place to live and work.

Fund Requirements:

- Gap Funding is a cash loan program.*
    - *Core capital outlay is provided to the project where private financing or normal public incentives will not leverage the funds required to advance the project.*
- Future project revenues should still demonstrate the ability of the project to pay the UG back for the project loan at a minimum of a 1-to-1 ratio for the term of the project and such will be demonstrated in an approved Development Agreement Schedule.*
- Proposed project must meet all UG standards for a development project.
- It must be determined that the project is not viable without Gap Funding.
- Traditional economic development tools are not enough to cover the financing gap
- Financing must be majority private (non-UG) equity
- Qualifying Loan Amounts:
    - $100,000 - $1,000,000
    - Must not exceed 10% of total project cost
    - Total public incentive not to exceed 50% of total project cost
- Unless otherwise noted, payback to UG:
    - Cause return in 5, 10, 15 or 20-year term
    - Payback is at a 0% interest rate
        - *Analysis shows that gap between current market rate interest and UG bond interest was not great enough to provide a viable Gap Fund.*
- Total Gap Fund Issuances are to be capped at $3,000,000
    - *Commission may waive cap*
- As payback is made, new issuances may be made.
    - *This caps total annual interest at approx. $96,000*.

- *With the exception of certain residential projects*

Project Requirements:

- Gap Funding Projects must adhere to the following requirements:
    - Soft costs must not exceed 30% of total project cost.
    - Changes of more than 10% to any cost line estimate must be approved by the County Administrator.

- L/M/W requirements must meet or exceed agreed upon UG standards.
- Gap Funds may not be used for operating expenses, equipment purchases or marketing purposes.
- Must meet a need/service in the community not currently satisfied by existing business in the area, or helps to significantly improve quality of life for residents.

<u>Project Requirements – Project Areas:</u>

- The target areas for Gap Funding use correspond with the Neighborhood Revitalization Areas.
- Qualifying areas include:
  - NRA Area 1
  - NRA Area 2 East
  - NRA Area 2 East - Turner

<u>Project Requirements – Types of Projects:</u>

Residential Projects

- Single-Family
  - Must be a minimum of 5 homes
  - Gap Funding cash advancement issued on a per home basis
  - Repayment will be scheduled on a per-home basis
  - Must be new construction
  - Single Family “For Sale” homes may be issued as a grant within the program, with zero repayment requirement to the UG
  - Preference given to non-profit, existing, local housing organizations. Though private for-profit developers are not to be excluded if project meets guidelines.
- Multi-Family
  - Must have a qualifying size minimum of 12 units
  - May be new or rehabilitation

Commercial Projects

- Must have a minimum total investment of $2,000,000
- May be a rehabilitation or new construction

Industrial Projects

- Do not qualify

URBAN DEVELOPMENT GAP FUND POLICY UPDATE

Commission Standing Committee

December 4th, 2017

What We Are Here For Tonight

- Review the Urban Development Gap Fund Policy Framework
- Provide feedback on structure
- Approve policy to guide staff

Overview

The Unified Government Urban Development Gap Fund was established by the UG Commission to assist with the financing and facilitation of renovations, revitalization and attraction of new business ventures in the City of KCK.

This funding is intended as matching revenue to leverage more investment into the community.

By utilizing the Gap Fund program, the UG seeks to bring needed projects to the community that meet citizen needs, improve quality of life, and make Wyandotte County more desirable place to live and work.

Fund Requirements

- Gap Funding is a <u>cash loan program</u>.*
  - Core capital outlay is provided to the project where private financing or normal public incentives will not leverage the funds required to advance the project.
- Future project revenues should still demonstrate the ability of the project to pay the UG back for the project loan at a <u>minimum of a 1-to-1 ratio</u> for the term of the project and such will be demonstrated in an approved Development Agreement Schedule.*
- Proposed project <u>must meet all UG standards</u> for a development project.
- It must be determined that the project is <u>not viable</u> without Gap Funding.
- Traditional economic development tools are not enough to cover the financing gap
- Financing must be <u>majority private</u> (non-UG) equity

** With exception of residential noted on page 8*

Fund Requirements

- Qualifying Loan Amounts:
  - **$100,000 - $1,000,000**
  - **Must not exceed 10% of total project cost**
  - **Total public incentive not to exceed 50% of total project cost**
- Unless otherwise noted, payback to UG:
  - Cause return in 5, 10, 15 or 20-year term
  - Payback is at a 0% interest rate
    - *Analysis shows that gap between current market rate interest and UG bond interest was not great enough to provide a viable Gap Fund.*
- Total Gap Fund Issuances are to be capped at $3,000,000

  (unless Commission waives cap)
- As payback is made, new issuances may be made.
- This caps total annual interest at approx. $96,000.

Fund Requirements

- Gap Funding Projects must adhere to the following requirements:
  - Soft costs must not exceed 30% of total project cost.
  - Changes of more than 10% to any cost line estimate must be approved by the County Administrator.
  - L/M/W requirements must meet or exceed agreed upon UG standards.
  - Gap Funds may not be used for operating expenses, equipment purchases or marketing purposes.
  - Must meet a need/service in the community not currently satisfied by existing business in the area, or helps to significantly improve quality of life for residents.

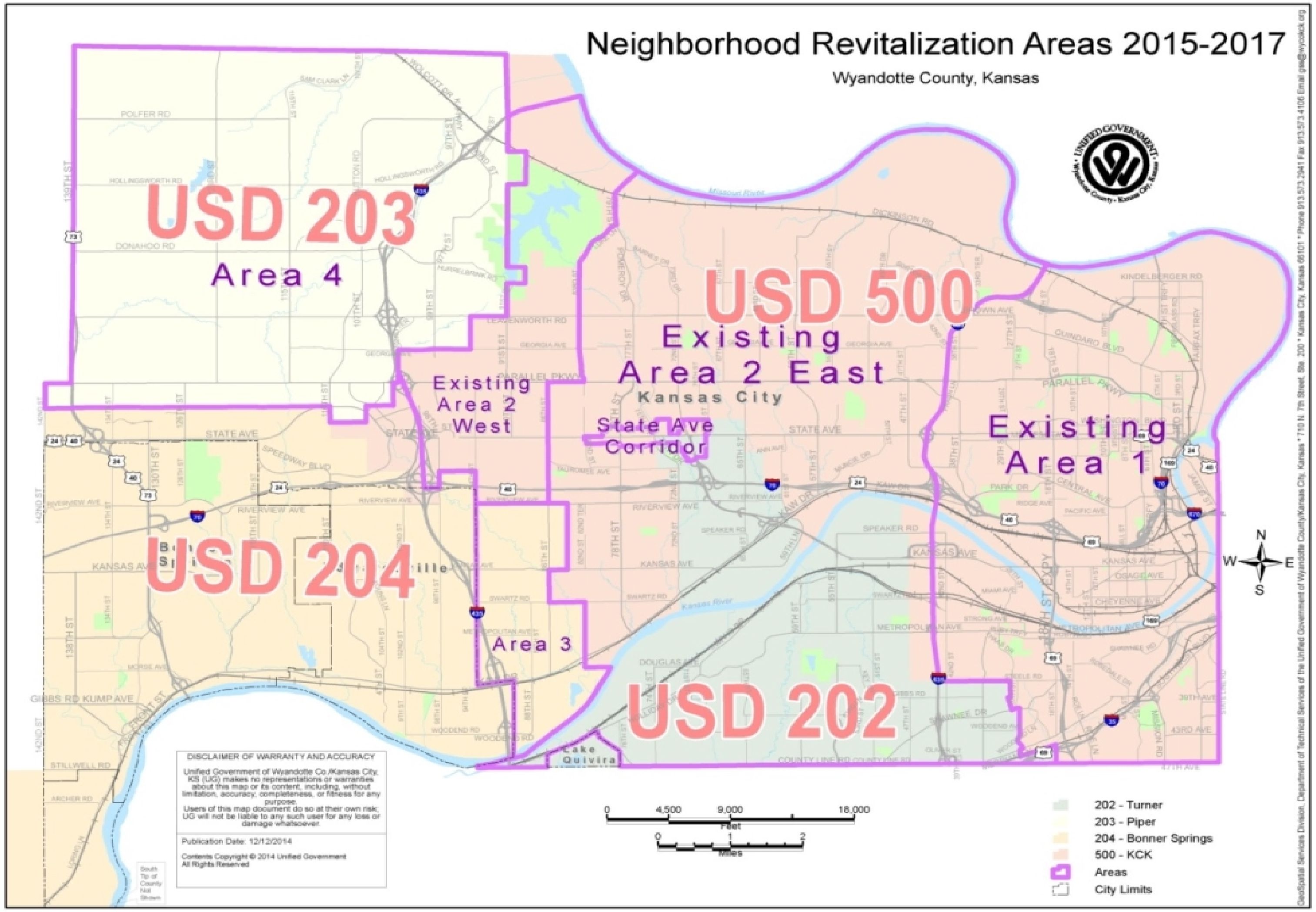
Comparable Programs

- **Gap Funds are not a common tool – Offer variable formats**
- **Detroit**
  - Offers a Gap Tool of up to $750,000.
  - Capped at 40% of project cost.
  - Zero interest.
- **North Dakota**
  - State gap fund offered to any private business (non-ag)
  - Variable terms
  - Must be located in a community with less than 8,000 residents
- **Denver**
  - Offers Gap Tool of up to $350,000.
  - Capped at 25% of project cost (30% for minority businesses)
  - Rate of return from 0% to market rate
- **Texas Chapter 380 Legislation**
  - New Braunfels/Ft. Worth & Others: Can loan any amount as long as net tax back exceeds amount. Total payback also forgivable

Fund Requirements: Project Areas

- The target areas for Gap Funding use correspond with the Neighborhood Revitalization Areas.

- Qualifying areas include:
  - NRA Area 1
  - NRA Area 2 East
  - NRA Area 2 East - Turner



Fund Requirements: Types of Projects

Residential Projects

- Single-Family
  - Must be a minimum of 5 homes
  - Gap Funding cash advancement issued on a per home basis
  - Single family, "for sale" homes may be issued as grants with zero repayment to the UG
  - Preference given to non-profit, existing, local housing organizations. *(However, private developers not excluded if project meets the guidelines and exhibits need.)*
  - Must be new construction

- Multi-Family
  - Must have a qualifying size minimum of 12 units
  - May be new or rehabilitation

Fund Requirements: Types of Projects

Commercial Projects

- Must have a minimum total investment of $2,000,000
- May be a rehabilitation or new construction

Industrial Projects

- Does not qualify

Questions

Thank You