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.

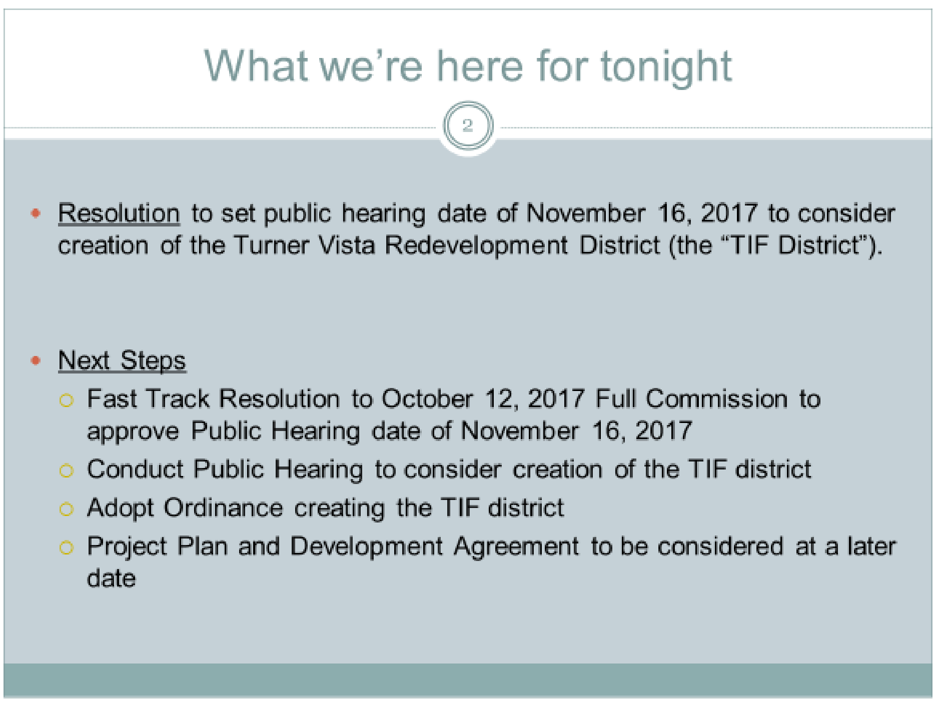
Roll call was taken and members were present as shown above.

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:

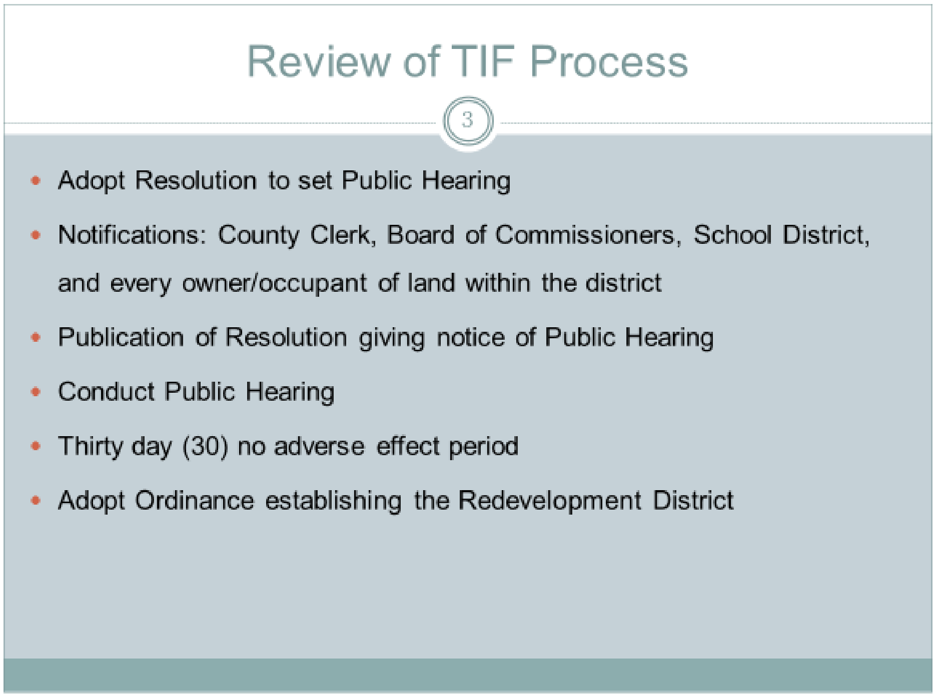
Item No. 1 – 171295…RESOLUTION: SET PUBLIC HEARING DATE TO CONSIDER CREATION OF TURNER VISTA REDEVELOPMENT TIF DISTRICT

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

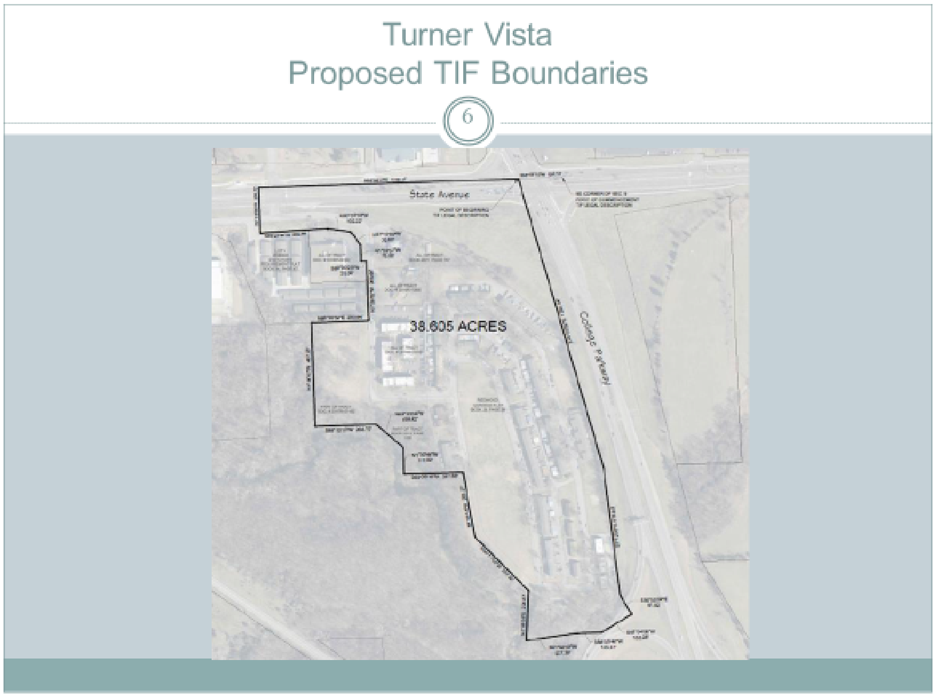
The proposed project site is on the southwest corner of State Avenue and College Parkway. You can see here it's directly south of the Kansas City Kansas Community College. It's north of the new Amazon facility, southwest of Lowe's.

Proposed Site

5

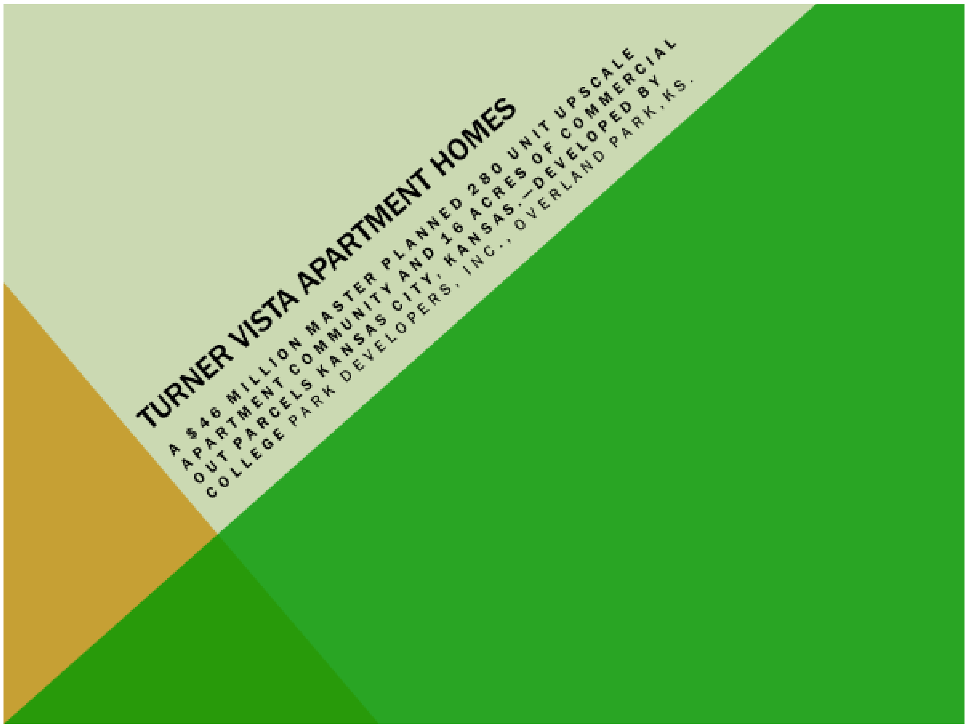
- 38.6 acre site – Includes roadways and State ROW
- Current site includes rental townhomes and single-family units. Site also includes commercial property.

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.

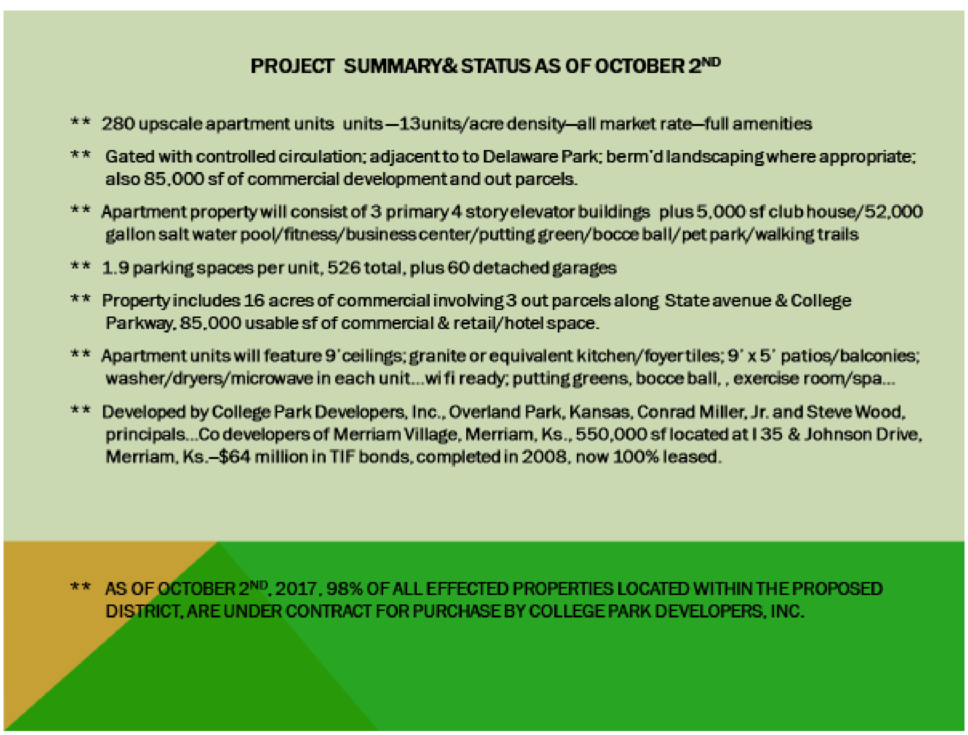


Here are the proposed TIF boundaries that generally correspond to what you saw in the aerial of the townhomes, some of the commercial property, etc.

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.

WHY THIS SITE? WHY NOW?

** APARTMENT SUPPLY IN THE IMMEDIATE VICINITY IS INADEQUATE BOTH IN TERMS OF AESTHETICS AND AMENITIES; AND ALSO CONTEMPORARY SUPPLY TO HANDLE THE BURGEONING NUMBERS OF TENANTS WHO ARE MIGRATING TO URBAN CORRIDORS AND DOWNTOWN KCMO. (SEE MARKET COMPARABLES MAP).

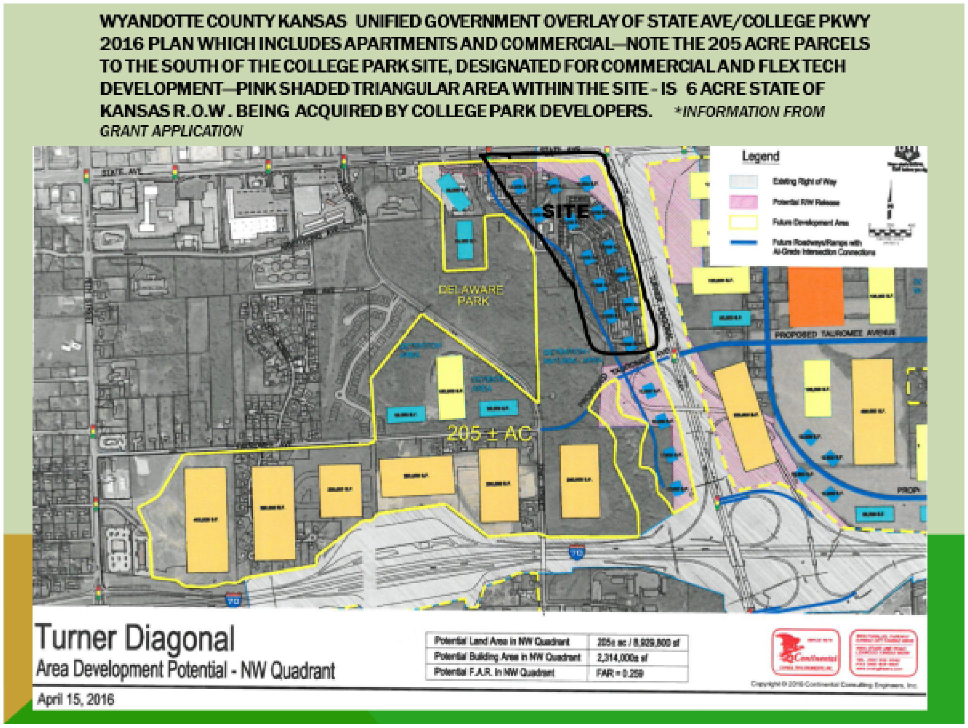
** THIS SOUTHWEST INTERSECTION OF STATE & COLLEGE PARKWAY, IS BECOMING A VERITABLE HUB OF NEW COMMERCIAL DEVELOPMENT, WITH THE ADVENT OF THE FAST LANE IMPROVEMENTS,NEW AMAZON FACILITY, AND THE 205 ACRE NORTHPOINTE DEVELOPMENT TO THE SOUTH OF THIS SITE WHICH WILL SPAWN NEARLY 2 MILLION SF OF FLEX TECH BUILDINGS...PLUS ADDITIONAL DEVELOPMENT TO THE IMMEDIATE WEST OF THE SITE ACROSS ON COLLEGE PARKWAY. WORKERS WILL NEED A NICE PLACE TO LIVE CLOSE BY.

** CONTINUED DYNAMIC GROWTH AT THE I 435 INTERCHANGE TO THE IMMEDIATE WEST OF THIS SITE--ONLY FIVE MINUTES DRIVE TIME...APARTMENT ABSORPTION THEREIN HAS BEEN IMPRESSIVE...MOST UPSCALE COMMUNITIES THERE ARE FETCHING RENTS NORTH OF $1.20 PNRSF AND WITH OCCUPANCIES ABOVE 90%...LIMITED SITES FOR DEVELOPMENT.

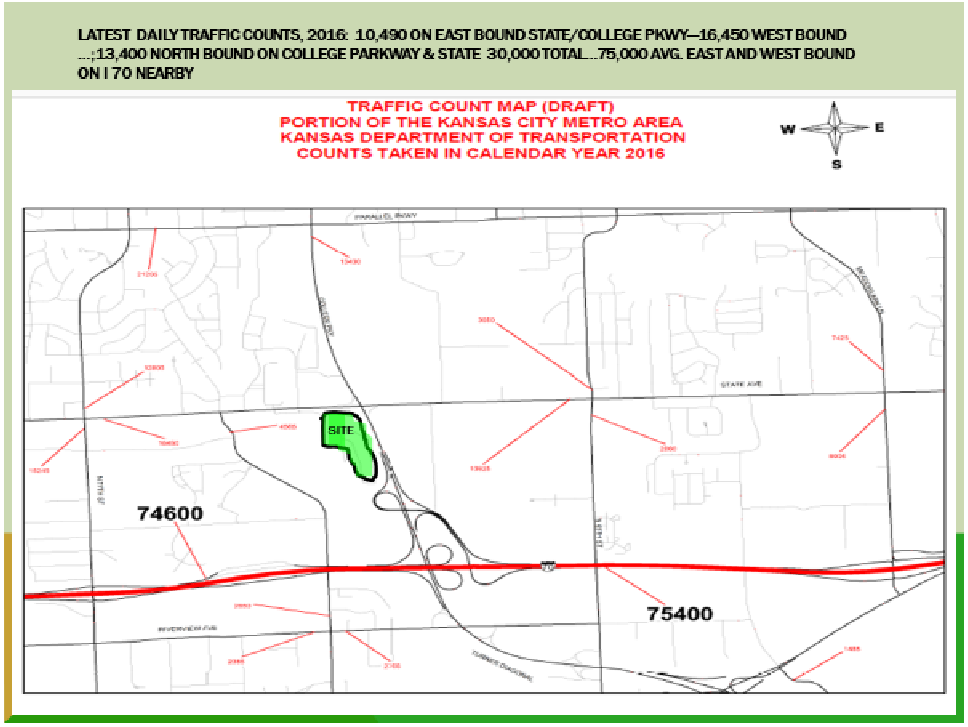
** HAVING MET WITH TOP OFFICIALS AT KANSAS CITY COMMUNINTY COLLEGE, THEIR CLEAR CONSENSUS IS THAT UPSCALE RENTAL HOUSING IS NEEDED FOR FACULTY, ADMINISTRATION, INTERNS, GRADUATE ASSISTANTS, AND STUDENTS...MANY INCLUDING TOP ADMIN STAFF, LIVE AT VILLAGE WEST PROPERTIES AND WOULD GLADLY MOVE TO THIS LOCATION IF UPSCALE UNITS WERE DEVELOPED.

** UNIFIED GOVERNMENT'S DEVELOPMENT REPORT PUBLISHED IN APRIL OF 2016 PROJECTS A VARIETY OF DEVELOPENT GROUPS FOR THIS SPECIFIC CORRIDOR, INCUDING APARTMENTS ON THIS SPECIFIC SITE.

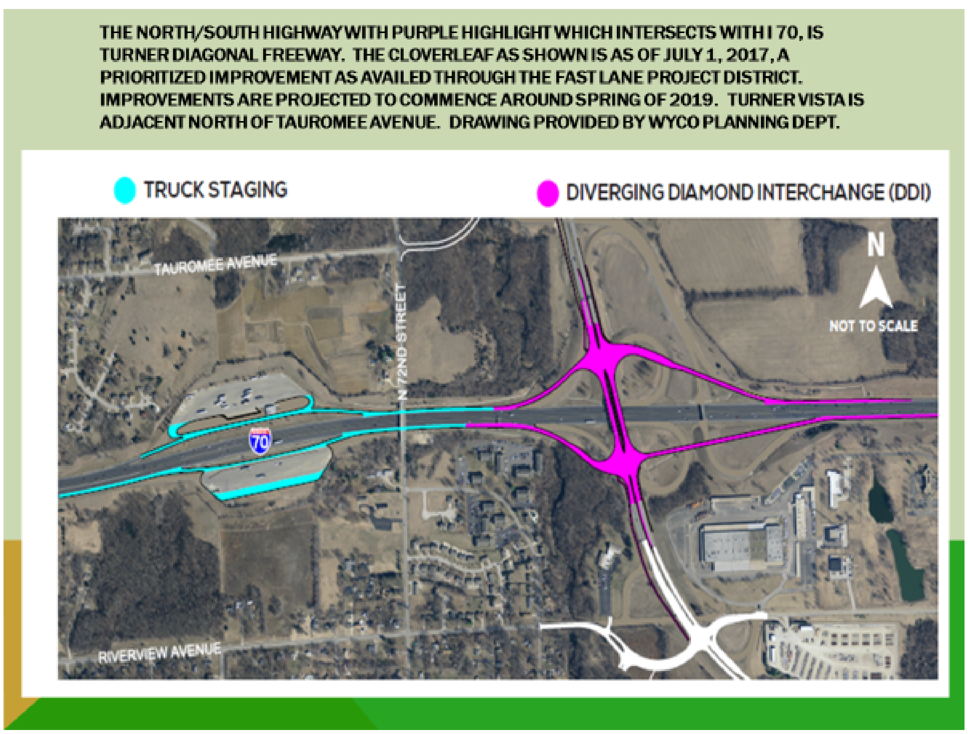
Again, really why we started this was—we actually started this prior to Amazon being announced. We started looking at this probably a year and a half ago and have done a considerable amount. This is an area that we think is between kind of the downtown and the suburbia. This is in the urban area and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



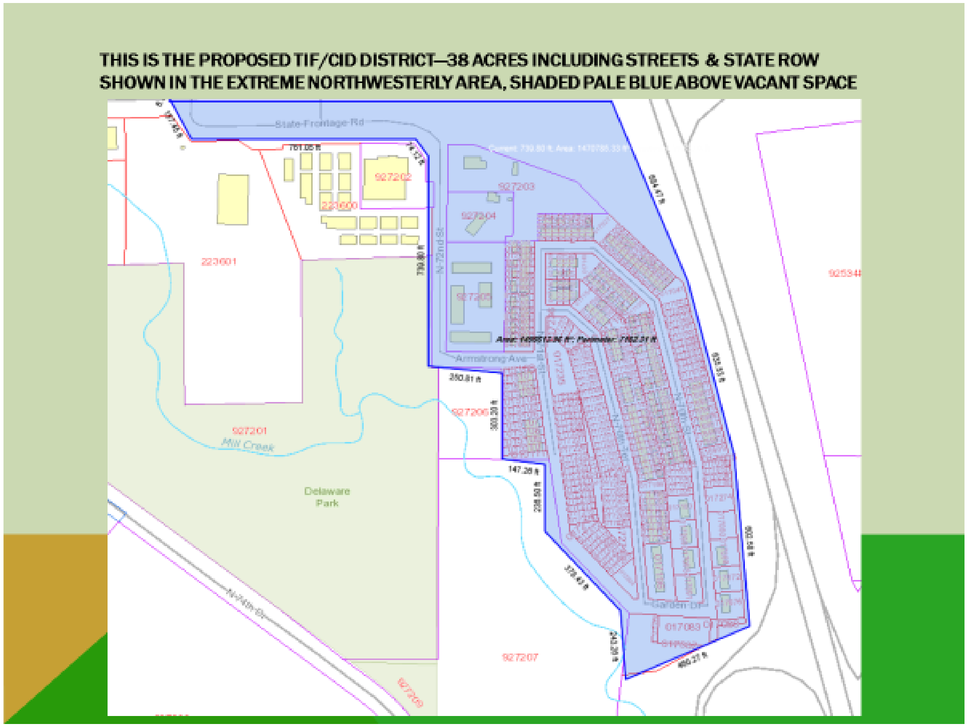
The other development that's going on out there that I'm sure you all are aware of, and it wasn't originally set for apartments, but we think after we've discussed with the city and with the staff that this is probably the best use to be made of that property right now.



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.

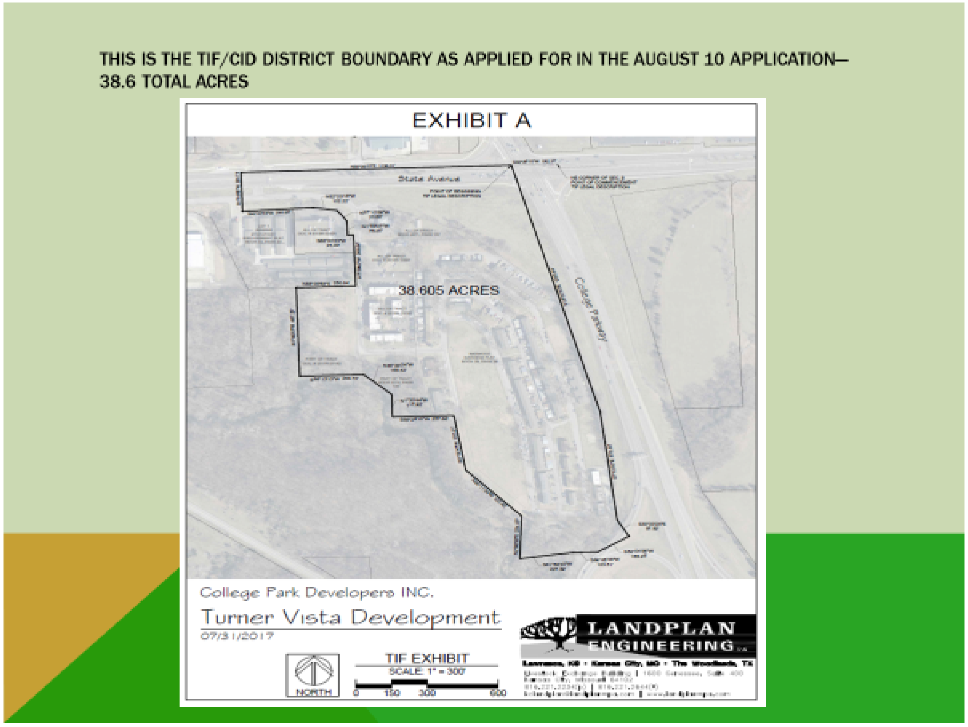
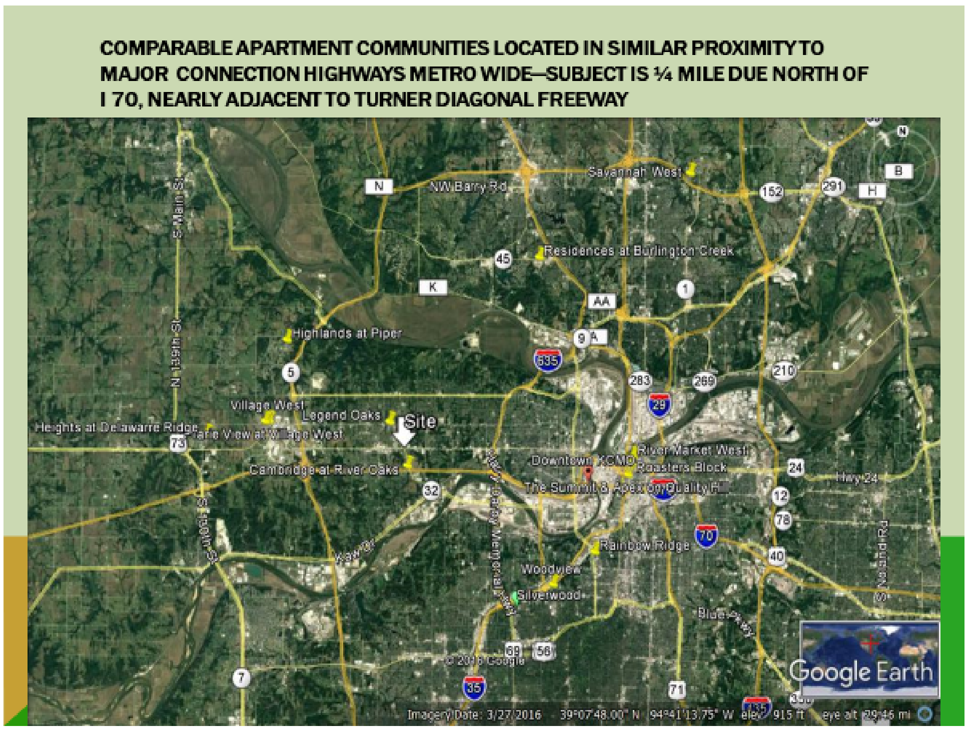


Exhibit A, this was the 38 acres that is going to be the TIF district.

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.



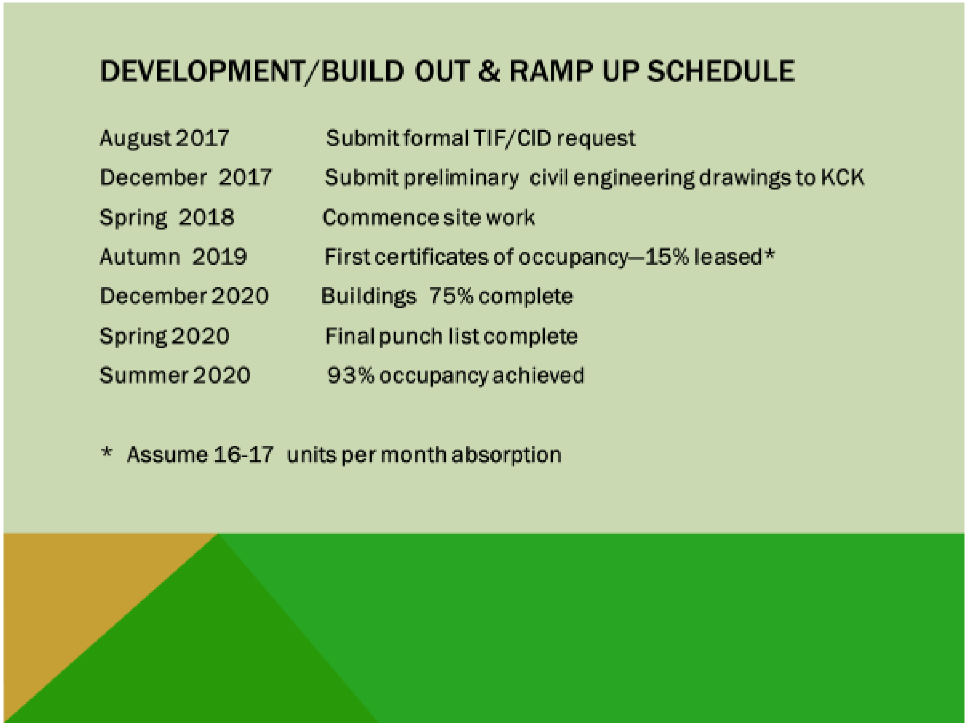
This is the site and what's around it.

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
Turner 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.

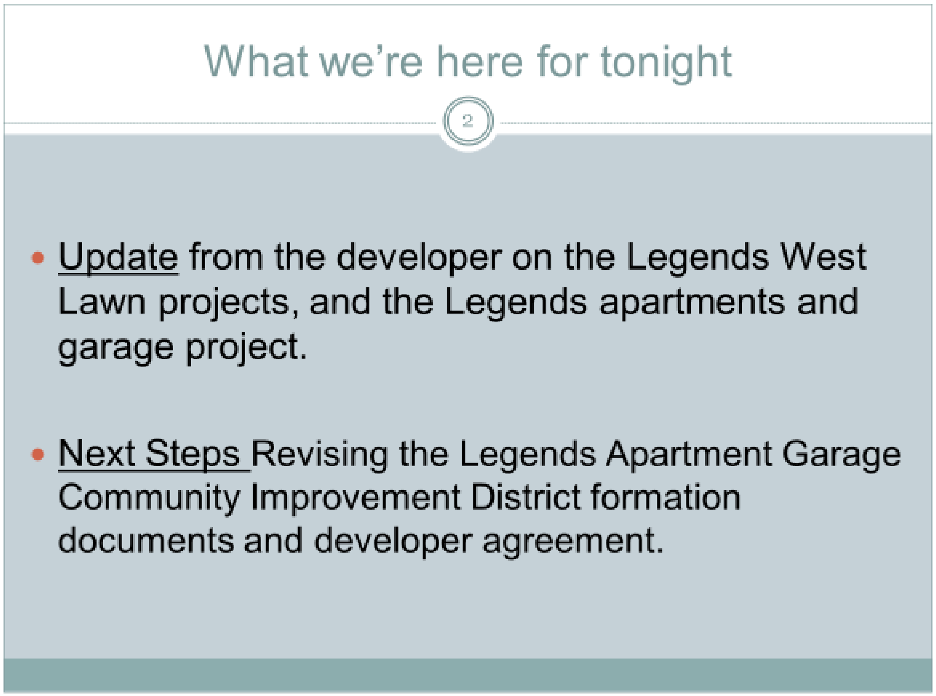
Mr. Wood said I would just like to make a quick comment about the staff and how good they've been in this matter. We've been pushing to have this pushed ahead so that was probably why things got in a little late because Jon has been very, very good on getting us everything. We want to keep the momentum 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

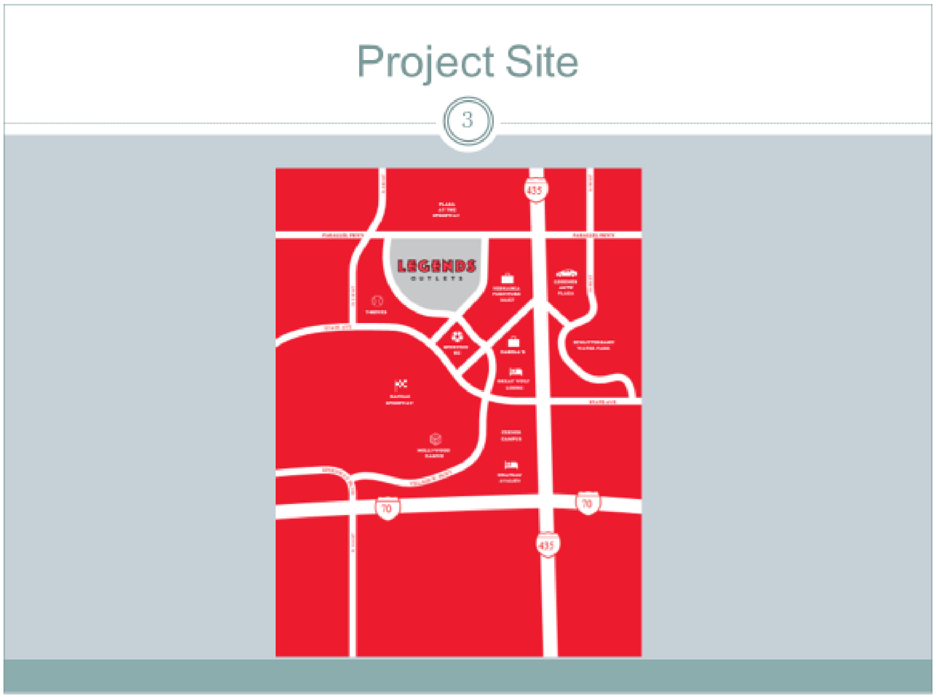
Synopsis: Revising the Legends Apartment and Garage West End Redevelopment Community Improvement District (CID) formation documents and developer agreement to authorize an increase in the project costs above the current cap of $14M, submitted by Jon Stephens, Interim Economic Development Director.

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