STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, THURSDAY, NOVEMBER 30, 2017**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, November 30, 2017, with eleven members present: Bynum, Commissioner At-Large First District; Walker, Commissioner At-large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Murguia, Commissioner Third District; Johnson, Commissioner Fourth District; Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District; and Holland, Mayor/CEO, presiding. The following officials were also in attendance: Doug Bach, County Administrator; Ken Moore, Chief Legal Counsel; Melissa Sieben and Gordon Criswell; Assistant County Administrators; Bridgette Cobbins, Unified Government Clerk; Patrick Waters, Senior Attorney; Kathleen VonAchen, Chief Financial Officer; Jon Stephens, Interim Economic Development Director; Lindsay Behgam – Executive Coordinator to the Mayor; and Officer Doug Bailey, Sergeant-at-Arms.

MAYOR HOLLAND called the meeting to order.

ROLL CALL: Walters, Philbrook, Bynum, Walker, Townsend, McKiernan, Murguia, Johnson, Kane, Markley, Holland.

NOTICE OF SPECIAL MEETING of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Thursday, November 30, 2017, at 5:00 p.m. in the 5th floor conference room of the Municipal Office Building regarding a Healthy Campus project. Immediately following, the Commission will recess to the 9th floor conference room for an executive session regarding labor negotiations and litigation update.

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

Mayor Holland said we have a Healthy Campus Project update. I'm going to turn it over to Doug Bach and to his team for presentation. It's kind of a long presentation and there is going to be a lot of detail in it. We have been working on this obviously for a long time, working on a grocery store and new community center, the largest investment in downtown in generations. We're coming to a point where we're ready to take action tonight at 7:00 p.m. The presentation will be lengthy so it's here at the 5:00 p.m. session because it looks like we have a pretty long Planning & Zoning meeting as well so by dividing the two up, I think it will make a better use of our time. After this presentation, we will have a motion to go into execution session.

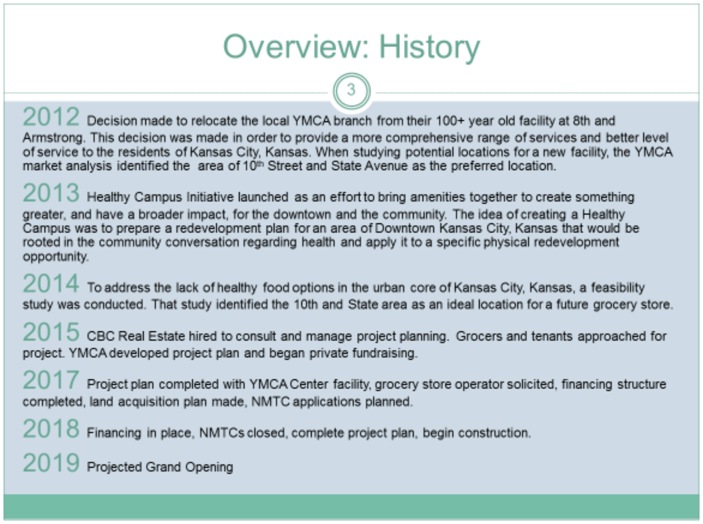
Doug Bach, County Administrator, said as the Mayor said, we're here to talk about the Healthy Campus Project which is a combination between a new community center and a grocery store project. Individually, they both date back some time. We've been working on a grocery store project for some time in the downtown area looking at various sites and then working on the community center project that came about. We had separate people working on it for different years, but then the two projects kind of collided to come together for the potential to bring them together and make the Healthy Campus about four or five years ago as we started working in that director.

A few things I will note and that we brought out maybe more information provided on this later, but one reason that we're coming forward tonight is because there is some special financing that comes about through New Market Tax Credits that we have to get everything in line which requires us to move forward on it now and take action. If we were to wait a couple of months before we were to do that, then we would miss the allocations that could come out for 2018 so we have to make a decision now whether we want to try to do that. It's a rather substantial portion of the financing. If we elect not to do that, then we would look for different ways to move around the New Market Tax Credits financing, but it is a big piece of the pie so that's also a reason why it's on our calendar now.

We put together a program that makes all the project work come together and I'm going to turn this over to the team that's working on things. Jon Stephens, Economic Development, will lead off with this phase of the presentation and introduce others as we move along.

Jon Stephens, Interim Economic Development Director; said as the Mayor mentioned, this is a relatively dense presentation this evening, but we will try to keep it moving and try to cover a lot of ground in relatively a few slides.

What we're going to cover tonight is a little bit of an overview of this project related to the history, the needs, the outcomes associated with the project outline, a schedule, timing as it stands currently, partners and many of them are in the room. I'm going to introduce the ones to my right here shortly as well, and then we're going to cover pretty in-depth the financials related to this project including contributions, overview, funding, ongoing operating expenses and then comparing contrast some community center examples. Finally, close with the next steps for later this evening.



A quick overview, and I won't read this all to you, but in 2012 the 8th & Armstrong YMCA decided that they wanted to provide a new location for the YMCA in the community and in downtown. A market analysis that the YMCA successfully performed resulted that 10th & State or approximate area of 10th & State would be an ideal location for a new YMCA, Community Center/Rec Center facility.

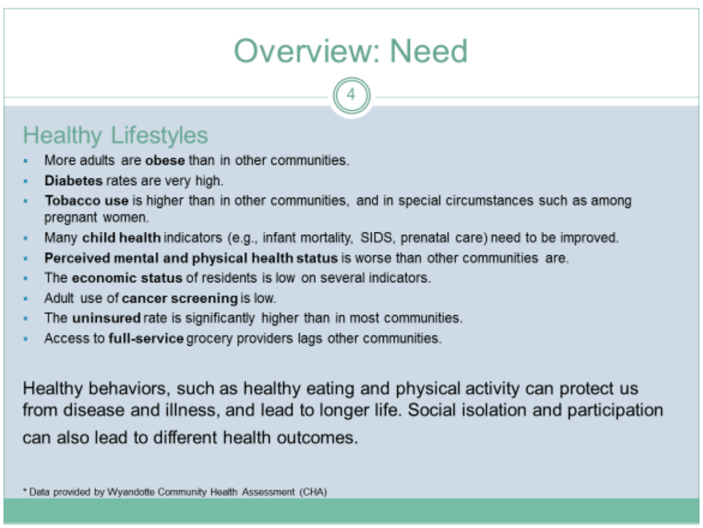
The next year in 2013 the Healthy Campus Initiative was launched with the idea of bringing the amenities together to create something greater, to have a broader impact within the community to fill a need downtown and throughout the neighborhoods to the north and the neighborhoods to the south. The idea was established to create a Healthy Campus that would guide redevelopment of this area and it would start with a community conversation regarding health and apply to the specific physical opportunity at that point; grocery, food, access food desserts were discussed in relation to this specific site.

In 2014 a feasibility study was conducted related to that. Once again, 10th & State or the general vicinity of 10th & State, was identified as an ideal location for a future grocery store within the downtown area.

In 2015 Bill Crandall and Peter Ho, the gentlemen to my right with CBC Real Estate were hired to consult and manage project planning related to this Healthy Campus Project. At that point, potential grocers that would be the full-service grocery store operators, were approached, other tenants were approached, other operators were approached and then the YMCA began developing their project plan and began looking at the private sources of funding related to building a YMCA facility at this site.

In 2017 when the general project plan with the YMCA was completed a grocery store operator was solicited and then financing structure was completed and the land acquisition plan was made so all of these pieces were coming together as we went through the summer and fall and into tonight. Then the New Market Tax Credit applications discussion came into the equation. We really started looking at that as a source of funding for this project.

Then where we go from here is we anticipate in 2018 we would put financing in place if we were to move forward. New Market Tax Credits, as Mr. Bach mentioned, would be solicited, the CDEs would apply those, we would close those, we would complete the project plan and begin construction with a late 2019 anticipated opening of the YMCA, grocery store, and the associated block project.



The need, and I'm not going to go into a lot of detail on this, but I do think it's important that we kind of reset the need for the public concerning healthy lifestyles, healthy outcomes for our citizens and so this is part of the Wyandotte Community Health Assessment. Really this is ongoing. There have some—there is the green, yellow and red assessments year over year. Many of them are yellow which means they've stayed static or not growing, but we are still even though we've made great progress, more adults are obese in Kansas City, Kansas than in other communities unfortunately. The diabetes rates are very high in the community. Tobacco use is higher than in other communities and in special circumstances such as among pregnant women they are exceptionally high over comparative communities. Many child health indicators including infant mortality and others need to be improved. Perceived mental and physical health status, citizens state the perception is worse than in other communities. The economic status of residents is low on several indicators which contributes to some lack of healthy outcomes. The adult use of cancer screening is low. The uninsured rate is significantly higher than in many other communities and access to full-service grocery providers lags versus other communities.

These are all based in the Community Health Assessment so this is data that was provided that we looked at and the healthy behaviors such as healthy eating and physical activity can certainly protect us from disease and illness that leads to a longer life and social isolation and participation can also lead to different health outcomes.

With that being said the unification of a community center and a grocery store into an accessible area starts to lay out why there is a need within the service.

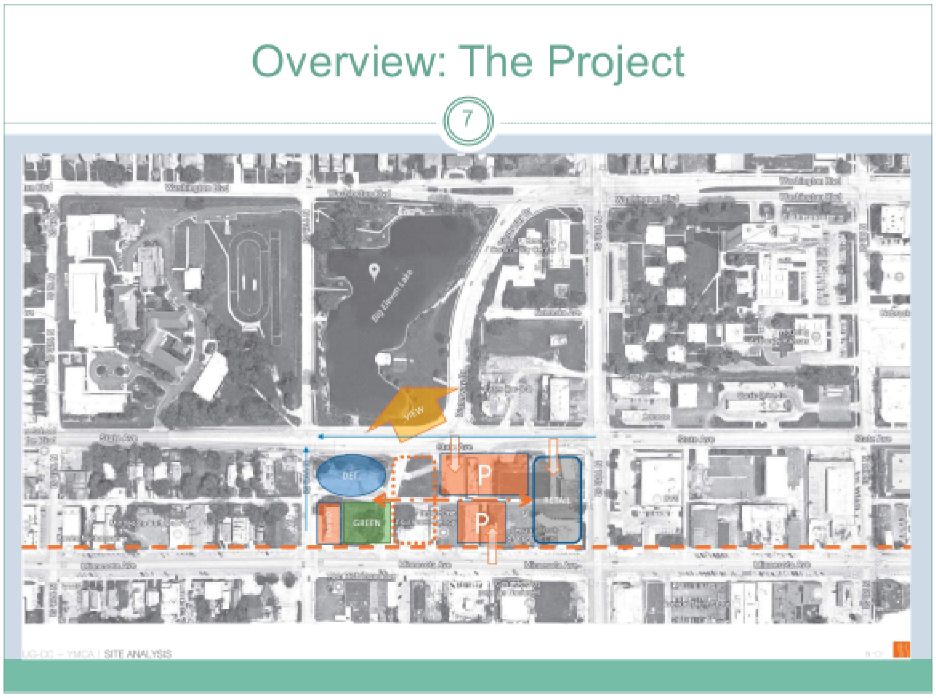
The Project; the project consists of healthy food which would be a high-quality, full-service grocer that's committed to more than simply selling food. They propose to strive to buy local, to offer healthy food programming, cooking programs and they also have indicated they would plan to partner with the YMCA on cooperative healthy outcome programming.

The YMCA, it probably goes without saying, they have been in the community for 150 plus years but they are a charitable organization committing to strengthening communities with the focus on youth development, healthy living and social responsibility.

Then the healthy outcomes placing both of them together, working together in a transit accessible location. The goal here would be to have quantifiable success in more healthy outcomes for the citizens of Wyandotte County.

I’m going to turn this over to CBC who have been working on this project for quite a while now.

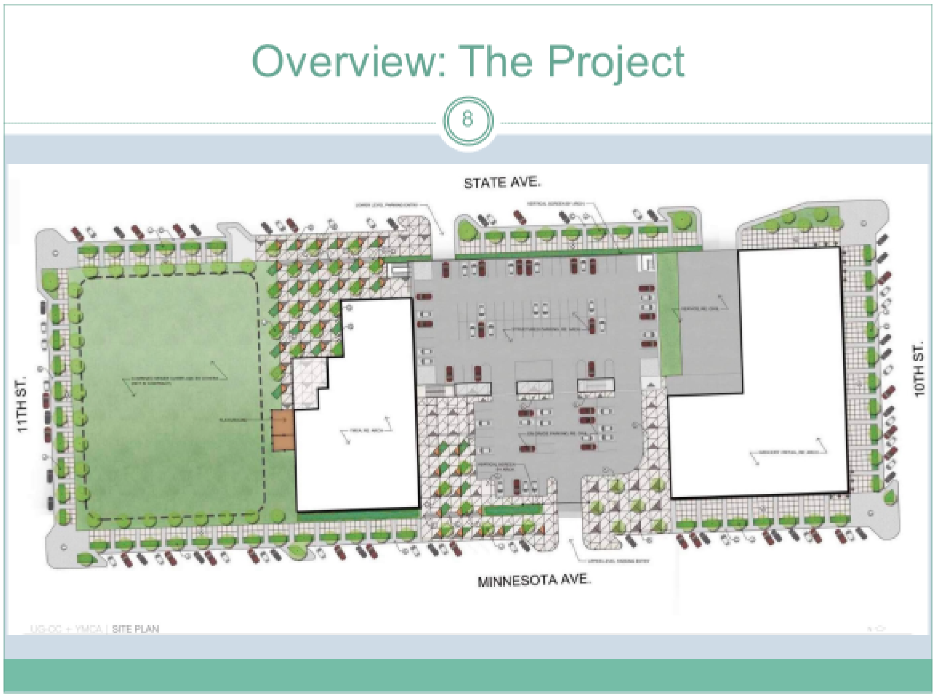
The basic overview is this is a $37.1M project that has a 35,000 square feet YMCA with aquatics. There would also be a health service provider within that YMCA, 32,000 square feet of retail with a minimum of 12,000 square foot full-service grocery and then a connective element of a 63,000 square foot parking and outdoor plaza. With that, I’m going to turn it over to Peter Ho to take you through a little more detail on the outline.



Peter Ho, CBC Real Estate, said thank you for allowing us to make a presentation tonight as part of the overview. I will go ahead and show some of the site planning on the Healthy Campus.

As you can see on the Healthy Campus, Big Eleven Lake is right there in the orientation. State Avenue, Minnesota and then 10th Street up on the right and then 11th Street on the left.

This is kind of an overview of the site. Right now, this is the retail corner currently where Security Bank is. Our parking plaza that Jon mentioned connecting the community center over here. This is the parking plaza and then this green, blue and orange is kind of a pending combined sewer overflow project so this is what we have defined as block #1.



On block #1, again, the proposed grocery store, retail anchoring the corner. Here's the parking plaza, the community center, and then this green space is the proposed CSO space.

These are some of the images that we have prepared to date. The design team has prepared these documents through the first week of November at what's called a skimmatic design phase and this is some of the possible renderings—these are the renderings of what could be the community center. This is that parking plaza and then again, the grocery store at the corner with the other retail behind. This image down here is a view, kind of a bird's eye view, looking at State & 10th. This is the future retail, the parking plaza and then the community center in the background.

I think this may be the last slide for this part. This is the street view, someone walking this is the community center and then we have our parking in the middle and then the grocery store along the right. This is Minnesota street view and then another bird's eye view showing the community center, parking, retail. A different bird's eye view from 10th & Minnesota; grocery, retail component, plaza and then the community center.

As Jon has indicated, the project components; the YMCA Community Center, healthcare partner, a full-service grocery store, and then the possible addition of retailers is how we had envisioned the site besides just a grocery store. There is potential for future retailers whether that could be restaurants or other service type tenants and then we have our parking facility and outdoor plaza.

Mr. Stephens said I will jump in and we will tag team on this part. As far as the schedule, as Mr. Bach mentioned, the reason we're before you tonight is because of the timing of the New

Market Tax Credit program. I would be happy to answer any questions concerning the New Market Tax Credit program, but it is a federal tax credit program through Community Development Entities that are allocated tax credits that they award to worthwhile projects that meets certain needs specifically in low-income communities and communities that are distressed. Downtown, KCK, it does classify that we are classified among the federal classification for that. One of the other things about this is that many of the CDEs when they allocate they are looking for projects that are "shovel ready" so at some level they have a high degree of probability that this project will advance, will be built so that then as they are reapplying for new allocations they have success stories to show versus projects that may have been allocated and then not come to fruition. That's a little bit of the timing around this and I will hand it back over to Peter to talk a little bit about the land assembly since that's part of the action tonight.

Mr. Ho said part of the process, so we're on these parallel paths to get to that New Market Tax Credit timeline, so we want to be shovel ready and shovel ready means that we have site control and then we also have a guaranteed maximum price for building the project so that means shovel ready. In order to get to a guaranteed maximum price, we need to prepare a set of construction drawings for the entire block. That would include the community center, the parking plaza, and the retail grocery store. All that has to happen and our timeline right now to be ready is May of 2018, that's our timeline. Where we are today, and I think depending the outcome of this meeting, is to hopefully begin to start the site acquisition process while we're paralleling our path on designing the buildings. We're kind of moving that in parallel because it takes a bit to design the building, complete the programming and then our schedule right now is to complete all of the construction drawings by the end of March of 2018, go out to bid so that by May of 2018 we have a guaranteed maximum price. Then based on our current timeline in the option contracts we would also close on the properties in May of 2018.

Mr. Stephens said I wanted to take a moment before we move into the financial side of this to just mention and acknowledge the partners. The YMCA has been a very active partner in the planning and creating the operational components of this. David Byrd, their President/CEO has been very active in this project. Healthy Communities Wyandotte with their President/CEO Cathy Harding who is in the audience tonight, she actually right before we started the Special Session, she handed copies of a letter on behalf of her board stating that April 24, 2014 they allocated a million dollars which you will see reflected in this budget. This is a letter that outlines and said their board still is fully supportive of any outcome to expend the rest of that million towards the successful completion of this project. I have copies here to provide to the Commission and to the Mayor. Then the grocery operator, the grocery operator has been very active but during this process, during moving this process forward the grocery operator and the healthcare provider we've been in a lot of discussions with them; however, neither of them at this point during their MOU phase wanted to go public necessarily with their trade names, their operational names related to that. I can tell you we've been working with them.

Financials: Sources & Uses

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	Community Center	Parking Plaza/ Sitework/ Utility Relocate/ Streetscaping	Grocery / Retail	Totals
SOURCES				
UG Community Center Commitment (GO Bond Proceeds)	$ 6,000,000	$ -	$ -	$ 6,000,000
Additional UG GO Bonds for Community Center	1,390,000	-	-	1,390,000
UG GO Bond Proceeds for parking plaza, utility relocation and streetscaping	-	7,950,000	-	7,950,000
YMCA Capital Campaign Contributions	6,825,000	-	-	6,825,000
Health Foundation Grant	1,000,000	-	-	1,000,000
New Market Tax Credits (NMTC)	2,355,787	-	7,054,213	9,410,000
TIF Sales Tax Special Obligation Bond Proceeds (revenue @ 1.938%)	-	-	2,153,193	2,153,193
CID Sales Tax Special Obligation Bond Proceeds (revenue @ 2%)	-	-	2,416,110	2,416,110
TOTAL SOURCES:	$ 17,570,787	$ 7,950,000	$ 11,623,516	$ 37,144,303
USES				
Land Acquisition	530,343	427,433	2,608,442	3,566,217
Construction Costs	12,375,959	6,365,000	4,310,094	23,051,053
Professional Services	1,625,094	618,750	830,462	3,074,306
Fixtures, Furnishings and Equipment	740,000	180,000	1,500,000	2,420,000
Contingency	737,053	358,817	332,028	1,427,898
NMTC Closing and Interim Financing Costs	812,338	-	2,042,491	2,854,829
Community Center Start-Up Costs	750,000	-	-	750,000
				-
TOTAL USES:	$ 17,570,787	$ 7,950,000	$ 11,623,516	$ 37,144,303

Now we will move into a little bit of the bifocal side of this and that's the financial. The first is the sources and uses. As this is outlined, and I want to be clear, we've broken this out into community center, the plaza parking site work, utilities, streetscaping basically all of the other because this is a one full city block, all of the other costs associated, and then the grocery and retail building. As Mr. Ho outlined there are really two fundamental buildings, but then there are really three primary construction components in this project. The sources of funding are the $6M that the Unified Government that this body previously voiced support of advancing into GO Bond proceeds towards a Community Center/Healthy Campus Project. Additional GO Bonds are envisioned to be issued in the amount of $1.39M for the community center. The YMCA has set their current goal of $6.8M in current received, pledged and projected asks return right now of $6.8M in private/capital contribution. As I mentioned, the Wyandotte Health Foundation Grant of $1M and then the New Market Tax Credits are anticipated with allocations of providing $2.355M for the community center.

On the parking and plaza and site work that would be again GO Bonds in the amount of $7.95M that would provide all the utility relocations, streetscaping, retention, all of the various aspects of clearing a site, also, I might mention has quite a grade coming from Minnesota Avenue down to State and to clear and do water retention, utilities, and all that; that's where that lays then. In the grocery and retail side this would again be the remainder of the New Market

Tax Credit allocation would be divided into that component and then through a TIF Sales Tax and a CID on the site that would generate the remainder of the $11.6M for the grocery and associated retail components.

The uses, as outlined here, would be land acquisition and those are broken out, but generally it's $3.5M that includes the acquiring, gaining full control of the block and all the associated work associated with that. Then the construction costs of $12.3, based construction cost for the YMCA, $6.3 for the garage because in being clear when people pull into the grocery store and retail off Minnesota Avenue, they would pull in as if it's a surface parking lot. If they come into the community center off State, they would pull in as if it's at-grade, but then there would be some that would be covered because there would be a slight stacking of parking on the plaza for the lower level. So, that would be the construction cost there and then $4.3M for the retail component and then we have the rest of the costs; professional services, FF&E the fixtures, furnishing, contingency budgets, and then the thing I must mention with the New Market Tax Credits, while it's a great vehicle, there is quite a bit of financing costs associated with that so those are reflected here. We've allocated $750K in start-up costs for the new YMCA to get operating at the site.

Financials: Bond Issuance

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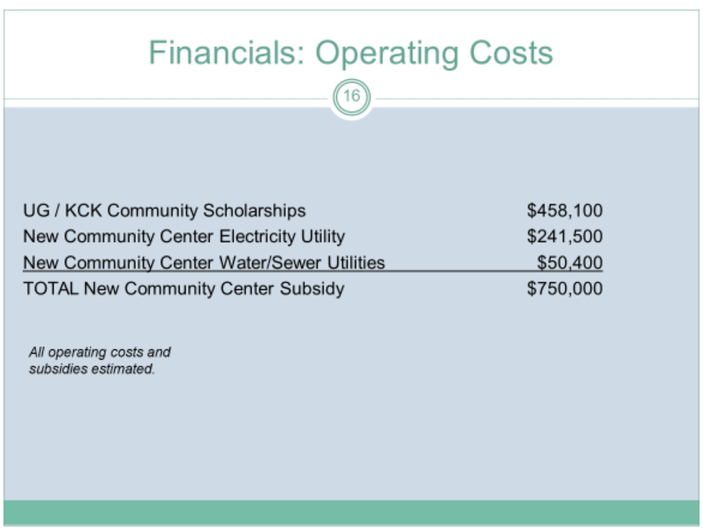
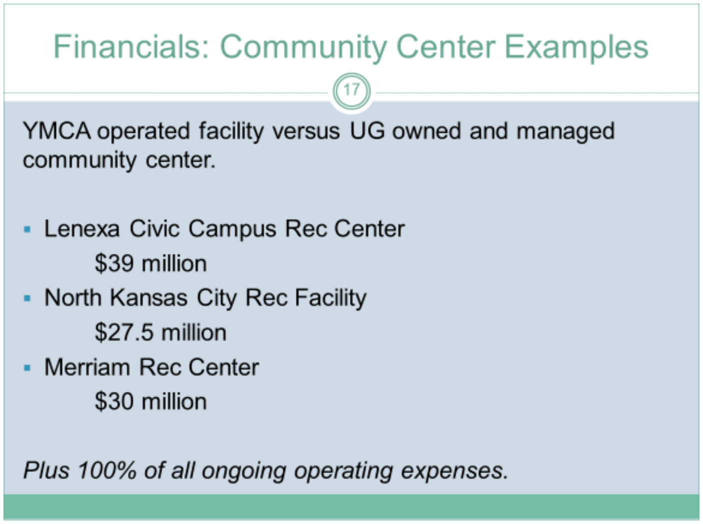
Bond Issuances (March/April Closing Date)	Assumptions	Par Value	Average Annual Debt Service
UG GO Bond Proceeds for Community Center Commitment	Avg Rate of 3.8% for 20 year	$ 6,000,000	$ 438,044
Additional UG GO Bonds for Community Center	Avg Rate of 3.8% for 20 year	$ 1,390,000	$ 100,476
UG General Obligation Bond Proceeds for parking plaza, utility relocation and streetscaping	Avg Rate of 3.8% for 20 year	$ 7,950,000	$ 574,662
SUBTOTAL - UG GENERAL FUND COMMITMENT:		**$ 15,340,000**	**$ 1,113,182**
UG Temporary Note - YMCA Contributions Bridge Loan	Avg Rate of 1.5% for 4 years *YMCA to Pay-Back in Year 5	$ 6,825,000	$ 64,461
TIF Sales Tax Special Obligation Bond (GF Backed)	Avg Rate of 3.8% for 20 year	$ 2,153,193	$ 139,294
CID Sales Tax Special Obligation Bond (GF Backed)	Avg Rate of 3.8% for 22 year	$ 2,416,110	$ 146,783

We will move on to the bond issuance and certainly if Kathleen, our CFO, would weigh in, but I will just cover it in the base here. The bond issuance we anticipate March/April closing dates and you see the par value of $6M, the $1.3M for the additional and then the $7.9 that's currently stated for the utilities, parking and streetscaping. Here is the annualized debt service of $1.113 for a total of 15.34 which would be the UG bond issuance commitment within the average annual debt service so that's one piece. Then I just wanted to show a few other things here related to the way the YMCA would work with their contributions; pledges versus committed and pay versus cash-on-hand so we anticipate having some level of a temporary note for a period of time to cover those donations until all of those annualized multiyear donations and various things come in so we can have everything ready to go on time and on schedule without having to wait for private contributions to come in so that's 6.825. Then we're just showing you the TIF and CID, but those are standard TIF and CID rates.



We've taken a little bit of an overview because of the YMCA. The YMCA serves—they strive to serve all so they price their membership and their programming differently based on need, based on income. Based on that we anticipate having some coverage. They have stated they will cover what they can through private donations, grants, and other things of subsidizing users who would be in need and could not pay the full membership value so we anticipate an operating cost here in covering that for the users because we do anticipate a relative high percentage of users that are unable to pay the full membership rates so that's $458K. Then utilities, water, sewer assisting in covering some of those costs for a total of a $750K annualized operating expense and subsidy on the YMCA.



I wanted to give a little more context and this is somewhat a term I would use would be a little bit apples to oranges slightly because every rec enter is different. Everyone has different programming, different style, but ultimately, I think it's important to look at the difference between a YMCA operated community center versus if this body were to approve building a UG owned and managed community center.

These are three facilities that have recently been approved in the metropolitan area by their legislative bodies so a $39M rec center at the Lenexa Civic Center, North Kansas City Rec facility of 27.5 cost to build theirs and then the Merriam Rec Center $30M. Those are, as I say, they all have different programming, different components, but generally those are fitness and aquatics and do not include grocery or any of this other retail or ancillary components. That's the upfront construction cost and then we do not have all of their annualized operating expenses, but all three of those bodies are anticipating covering 100% of their ongoing operating expenses and that would include everything that was outlined in this previous plus any other cost or subsidy's or staffing overruns.

The next step related to later tonight at the full commission is a resolution authorizing the County Administrator to exercise options, as Mr. Ho said, necessary to build the Healthy Campus Project and to enter into contracts. You saw the renderings, some of the massing studies, the site planning, engineering; so, this would be up to a $2M allocation that the County Administrator would determine is needed as we move this process along for preconstruction, architecture, engineering and the options on that block of land.

That concludes the base presentation.

Mayor Holland said there will be a very abbreviated version of this at 7:00 p.m. and open for public discussion, but I do want to take the time tonight and that's why we set-aside the 5:00 p.m. for questions.

Commissioner Kane said I was just told this a little while ago and I want to make sure, we have a signed letter from the grocery people; yes, no, maybe. **Mr. Bach** said when you say a signed letter, we do not have a signed contract with them. **Mr. Stephens** said there is a Memorandum of Understanding. There's not a lease. **Mr. Bach** said right. **Commissioner Kane** asked is the current Y going to stay open while we're going through this process. **Mr. Stephens** said I would have to refer that to Mr. Byrd, but I believe so. **Mr. Bach** said David Byrd with the YMCA is here if you would like for him to answer that question.

David Byrd, President and Chief Executive Officer of the YMCA, said we envision keeping it open fulltime until (inaudible, not speaking into mic). **Mr. Stephens** said for the microphone, Mr. Byrd, President/CEO of the YMCA said that he would keep the current facility open during the duration of construction until the new facility is open.

Commissioner Markley said I really feel like we need to talk about how this fits into our long-term budget because, correct me if I'm wrong, but what I saw is that for at least 20 years and then part of it for the foreseeable future thereafter, we're adding $2M to our budget. The debt service plus $750K annually. I mean there goes our mill if we want to reduce the tax rate by $2M a year every year for 20 years plus the 750 after that. I just feel like we ought to see how that makes our budget look. We need our little fancy spreadsheet to see what that looks like because we've been talking about how we can't add more debt service and how that's going to put us up over the little hump we didn't want to be over in her fancy graph. I don't see any way we're not going up over that hump if we're issuing $15M in bonds. **Mayor Holland** said I think this is an important policy question that I think this Commission needs to have because you're absolutely right Commissioner Markley. There is long-term commitment on this and it is above what we had originally hoped for when we made the commitment. We had committed about $500K a year in the original $6M commitment so this is more. The original $6M commitment that was made by this Commission in 2013 did not include the grocery store also. One of the things that's real is if we were at 78th & State, that grocery store pencils with its own income and expenses and if we were at 90th & Parallel, that YMCA is fully functioning without any subsidy. The challenge we're running into is at 10th & State in our downtown with a median household income of $18K a year, getting a grocery store to pencil requires public subsidy. We know that. We also know that helping the community center—if we were to build and operate a community center on our own we would be carrying that full load as well.

The policy question is, this is more than we had originally anticipated. It's also worst-case scenario. I can tell you that Doug Bach's job is to make it look as dire as it possibly could because that's what we're on the hook for and we're not going to sugarcoat it and we're not going to put up more optimistic numbers. I do believe this is a game changing investment in downtown. The YMCA could very well outperform what their worst-case scenario is, but this is a worst-case scenario for the community center and we would anticipate that it would outperform that which would reduce the UG cost. Does this include sales from other retail outlets or just the grocery store? **Bill Crandall, CBC Real Estate,** said it's just based on the grocery store. **Mayor Holland** said just the grocery store so there are other retail outlets that we're working on that—CBC is working on bringing that won't come without a grocery store. We saw what happened at 18th & I-70. Once the Sun Fresh came in, all kinds of retail came along. That strip mall and even the pad sites out front developed. It only anticipates the revenue from the grocery store. Is that accurate or are you going to correct me?

Kathleen VonAchen, Chief Financial Officer, said the sales tax revenue that's projected as part of this budget includes any sales tax generated within that block so there is retail plus the grocery store, but perhaps you're talking about spillover—you know retail activity in other blocks. **Mayor Holland** said I am thinking about this block specifically, but it is the worst-case scenario that we need to—the policy decision that we're making tonight is, are we prepared to invest $2M in the urban area on an annualized basis to bring the kind of amenities that could transform the downtown. I think that is part of our long-term strategy, but we had committed to a half million four years ago, four and a half years ago, and it is more than that but it is also a larger project that brings a grocery store as well.

Commissioner Townsend said I just wanted to go back to some of the numbers that Commissioner Markley mentioned so I'm getting a better and clearer understanding. On page 8 of the handout it's titled the Financial Operating Costs, that's the screen, I guess it's #16. The $750K represents what? Is that what would have to come from our budget every year to support the—**Mr. Bach** said yes it would and I will say this is what we're looking at when we look at the pro forma of the scholarships, probably on the high side to make that go through and then get the rates for the YMCA so you hope the pro forma comes to show it down. As the Mayor said, I put it on here in the scenario that it would probably come in at the higher case scenario for us. Then we've had conversations with the Board of Public Utilities about maybe some discounts or lowering or helping on the utility rates. This assumes the full cost and that would be the community cost that comes into that so they're all included here so the answer to your question is, yes, I have project this is where we would be as an annualized subsidy until things could be formed up in a different fashion.

Commissioner Townsend said on the slide, I think this is what Commissioner Markley was referring to, the Financials that showed bond issuance—Commissioner, help me out here, you mentioned I thought a $2M number where we could—**Commissioner Markley** said so the annual debt service is $1,113,000 plus the $750,000. We're going to pay essentially $2M a year total to pay back the bonds and to pay the subsidy to the YMCA. **Mr. Bach** said about $1,863,000. **Commissioner Townsend** asked what part of that relates to the grocery store. **Mr. Bach** said, Kathleen, can you break that out? **Ms. VonAchen** said the grocery store is that third column here, see the grocery store and retail, use this and then the cost. It's $11.6M total project cost and $7M of it is funded from the New Markets Tax Credits and then $2.15M for TIF Sales Tax and then $2.4 for the CID Sales Tax over the 20 years. **Commissioner Townsend** said okay, I'm sorry—**Mr**. **Bach** said I think I understand your question Commissioner. **Commissioner Townsend** asked can we go through that again. **Mr**. **Bach** said I think you were asking from the previous slide what part our annual debt service obligation is attributed to the grocery store. **Commissioner Townsend** said right, is any of it? **Ms**. **VonAchen** said I was going to get to that. If you go to the next page, you will see that down below the subtotal line you will see that the two sales tax Special Obligation Bonds which are GO are General Fund backed—**Commissioner Townsend** said show me a number so I can follow you. **Ms. VonAchen** said it's $139M and $146M. **Commissioner Townsend** asked what are you telling me about those numbers. **Ms. VonAchen** said those are the debt service on Special Obligation Bonds and they're funded by sales tax revenue. **Commissioner Townsend** asked how does that relate to the grocery store. **Ms. VonAchen** said the sales tax revenue from the taxable sales of the grocery store and the retail facilities would generate a sufficient amount to make that debt service payment.

Mr. Bach said I think this is probably—you're looking at what the Unified Government—these are coming from the project, the numbers down below. You are seeking what we are paying from the General Fund back toward to the grocery store, right? **Commissioner Townsend** said I'm not sure. **Mr. Bach** said I can break that out from this number because grocery stores really annual contribution goes to—if you come to the last number, the line above, as we build up to the 15.34; the two top numbers are directly related to the community center. The line in the middle is the $7.9M, that's a blended project cost between site work that goes over the entire block, comes back in to build the parking and everything associated with it so if you just split that out and attribute it—I don't know if that's a fair way to do it, but in order to make the whole project work, but if you just split it out between the two projects so you have $574K annual debt service and so you would be about $280K-$290K a year that would go toward the debt service for capital costs from the General Fund for the grocery store. **Commissioner Townsend** asked what was that number again. **Mr. Bach** said a little less than $300K. **Commissioner Townsend** said $300K of the—**Mr**. **Bach** said 574. **Mayor Holland** said slide 15, the top of the page you were on. **Commissioner Townsend** said I'm trying to relate the number that Administrator Bach just gave to the numbers that we were talking about earlier with the question raised by Commissioner Markley. **Mr. Bach** said will you point to it up there. See that 574. A little less than $300K from that number would go toward the $1.8M that Commissioner Markley was referring to. (Commissioner Markley made a statement but was inaudible.)

Mayor Holland said look at the top of this page. The two numbers on the right 438 and 104.76; those top two numbers on the righthand column are directly for the community center. It's about a half million dollars a year, a little more than a half million dollars a year for the community center. Then you have the parking plaza, utilities, streetscaping, all the rest of the costs associated with the grocery store, the parking—you can't have a grocery store without parking. It's hard to have a community center without parking so that $574K, the other half of that—of the $1.1M in bond half is directly for the community center and the other half is for the grocery store and the parking. The whole project is 1.1, but the community center itself while it has gone up in cost, the obligation from the UG has not gone up significantly but it's the rest of the project that rounds out the other half of it. Half is for the community center; the other half is for the grocery store and the supporting infrastructure. Does that make sense Commissioner? **Commissioner Townsend** said I'm hearing it, I'm pondering it. The parking facility is going to be a shared facility with the store, the Y, and whatever other retail may come. **Mr. Stephens** said that's correct and that's why when Mr. Bach was breaking that out that's why it's not—it's hard to do an exact 50/50 split because that's a shared, plaza shared parking. All the other associated streetscaping, utilities and infrastructure that if you bifurcate these, these two projects they don't split out exactly because you need parking for both. You need infrastructure for both but it's not necessarily cutting half of the price if you were to look at it that way.

Commissioner Townsend said my last question for right now, we talked about the timing and the New Market Tax Credits. If you would, explain to me again what that is and why we need it and the timing, why that's critical and that impact on the grocery store. **Mr. Stephens** said I will start on slide 14. From a financial perspective, the New Market Tax Credits are necessary in order to provide the additional capital, the additional sources of funding to build this facility. **Commissioner Townsend** asked who do those go to. **Mr. Stephens** said those are sold to private investors. They are federal tax credit allocations. They're allocated to Community Development Entities locally and nationally. We could probably have a separate session just on New Market Tax Credits, but they are allocated to CDEs and then applications are made to those CDEs and they will allocate their shares of their federal tax allocation and then private investors buy those for federal tax credits so then that is where the capital flow comes. The allocations are not Unified Government, it's not, that's where sometimes there is confusion. This is not a Unified Government tax event, it's a federal tax event. **Commissioner Townsend** asked so how are we able to attach a number to it. What allows us in since this is not something that we're doing to attach a specific number to it?

Mayor Holland said I can answer that. It's a complicated and convoluted process for applying for New Market Tax Credits. They are based on the total size of the project so because we have a $37M project we can apply for X number of dollars of allocation through the federal program. The federal program gives allocations to third parties, to Community Development groups across the country. Those Community Development groups then pick projects that they want to put their allocation towards so we would need to get $37M in allocations which would net us because if you look on the far right-hand column on New Markets, $9.4M in New Markets. The benefit of the New Market Tax Credits and why they're so popular is because the lawyers make out like bandits. If you drop down below, we're going to pay $2.8M of that out to the attorneys so attorneys like it, banks like it and we get $6M of free federal money to apply to our project. We believe that this project—we know this project qualifies because in the last year we've been talking to the Community Development groups across the country who give the allocations and they're very excited about the combined project of a community center and a grocery store in a food dessert and a challenged urban area. We believe we will get the $37M in allocations and that will net at least $6M in cash for the project so it's a very complicated, very convoluted piece and apparently there are only six lawyers in America who understand it and they get paid well for the privilege. It is free money to the project for us. It's $6M of revenue that if we don't get the New Markets, if we're not on cycle to get the New Markets, we would have to come up with from somewhere else.

Mr. Stephens said if I may, Mayor, I would just add that the YMCA since a component of the New Market Tax Credits are related to the Y, the YMCA has been at the table. They have utilized New Market Tax Credits with some of their other YMCA facilities; just for information. **Mayor Holland** said we've brought in a lot of expertise for people who know how to do this. **Commissioner Townsend** said that's all I have at this time.

Commissioner Kane said I want both of these projects. The community deserves them. My fear is if we don't have something in writing from a grocery store, what do we do when we're out there and we're breaking ground and we're doing all this and then they come up and say no; where are we at then? **Mr. Bach** said that's a fair question Commissioner. It's been a due diligence process we've been through on a couple different operators for a while. This was has gone further with us, have got to the point that they believe the site will work. They have sized their grocery store up to what they think would work on the site, but we still have that level of risk with them that we don't have a development agreement to put out here to you tonight and say this is what we're getting for sure and this is how it will work. That is still a point that's at-risk in this project.

Mayor Holland said I can answer this as well. I've been active in the recruiting process for the grocery store, very active, and CBC has been active. We've been working as a team to bring in a grocer. The CBC and the Healthy Campus team did meet with Mayor-Elect Alvey to brief him on this project, to give him a heads up on how this is looking. We wanted to assure him that we weren't trying to setup this timing just ahead of him coming into office, but in fact the timing is necessary because of the New Market Tax Credits and that $6M potential that we really need for this project. He has been briefed on the project. The grocer has said to us they want to meet with the new Mayor before they sign just to make sure they have the Mayor's support. I mean I think that's valid. They don't want to come to a community where they're not welcome and because I've been so active in the recruiting process and they know I'm supportive, they want to make sure the new Mayor is as well and I think that's a fair request. They are sitting up that meeting now and we will give that the proper due diligence. It's a little clunky with an administration change in terms of a project of this size and importance, but I do think we have a product that will move forward. I just have to believe those conversations—once both sides understand where the other is coming from I think we're going to be able to continue to move it forward. The key is we need to move forward with the property acquisition. The good news is the property we're acquiring is Dozier Realty and would be better it being anything else than it is right now. We would be improving downtown just by subtracting much of what's there.

In terms of the commitment of finances we're making today, the property acquisition moving forward with the community center, it could be built independent of the grocery store in which case these costs would go down if the grocery store weren't a part of the project. It's just a much better project with the grocery store associated with it and I think the economy of scale with the parking and the infrastructure costs it's just a better project with a grocery store.

Commissioner Walker said I want to be clear here, I have a degree of discomfort in tying—I mean I'm 100% for this project. Every one of you know I've voted for every time it has come up. Is the grocery store where I want it in the northeast, no. Did I want a YMCA to stay and have a presence in the downtown urban core, yes. Did I want a grocery store, yes. This may well be the only option to have it, but I have to confess that with my imminent departure from this esteem group, I'm a little uncomfortable voting on this type of obligation or what I sense. Say the new Mayor comes in and after a period of time and my successor, the new At-Large Commissioner, and they don't like this deal at all; is what we're doing tonight irrevocable? I mean does this lock this thing in so that they have no options to have a different point of view? There is an annual lug that's going to come on here and I've gotten my share of phone calls about the annual lug we just mailed out to people from the Treasurer's Office, the Appraiser's Office, and I'm a little uncomfortable even though I have been behind every vote on this project unless the new Mayor and my successor have an option. I mean if we don't have a grocery store—even our hometown grocer won't build a grocery store there. That troubles me. If anybody ought to be able to want to build one there, it ought to be Ball's. That's who ought to be down there. This is their home turf. I guess the simple question is, is what we're doing tonight going to lock us in to the point where the new Mayor wants to lead in a new direction and he's got enough commissioners that he can do so? **Mr. Bach** said it would not lock us in for this full amount of money. You would lock us in for about that $2M. That's a number that I'm going to have to go out and start spending because I'm going to exercise and put options down that I'm going to pay for, lock them in. We will go through a lot of preconstruction, architectural and engineering costs and that starts shelling out a lot of money quick. **Commissioner Walker** said the new Mayor takes office in a little more than a month. I mean, how much of that are you going to spend in the next month? **Mr. Bach** said well true. We may not get to the full $2M. I may only spend—this number gets me to about March and that's where we came in with the estimate that by that point we would be coming back looking for bond money so that's why we said let's get a number on the table that gets us into that timeframe. That's the only way—if we want to go for the New Market Tax Credits, I have to make that kind of investment. The New Market Tax Credits may not even come through in that regard and that stops the project at least at that point because then I have to come back and fill that $6M or $7M nut some other way as well. **Mayor Holland** said this may be the last year for New Market Tax Credits depending on what the Senate is voting on right now.

Commissioner Walker said let me ask you, why is it that we're just voting—did this New Market Tax Credit just popup out of the air? Did somebody just discover it or why are we doing it now? **Mayor Holland** said we have worked—it's a cycle. You have to apply in December and January every year for an allocation. That's a cycle that's been going on forever. We've been working the New Markets from day one. The issue is the cycle is due now and so that's why we're doing it now because this is the cycle and if we wait another year, there may not be New Market Tax Credits. **Commissioner Walker** said we could have done this in October. We could have authorized Doug to go ahead on this New Market, right? **Mr. Bach** said you could have. **Commissioner Walker** said I get it. **Mr**. **Bach** said it could have been an option. You could have come back at that point. I would say probably the difference is we didn't have the grocery operator near as far as we have right now. **Commissioner Walker** said I'm not hearing that we've got it now. Okay, Doug, I've heard it.

Mr. Crandall said if I may, Commissioner, as you can appreciate having been on staff and understand the parallel tracks that go along with development there are several things that have been happening and we could not make a creditable New Market Tax application until we had several things. We have to get land control. We just probably in the last 30 to 45 days gotten all the land to the point where we feel like we can get it under control, specifically the pricing and the terms of acquisition. We have got a—the YMCA agreement is advanced and so until you have that management agreement you really don't have anything to go design around. There are several things that have come along that have to mature at the right level before you can make a credible application and before we can spend money and specifically I think it's the land control and the management agreement, you have to have both of those before we can credibly come in and ask for even another dollar to put the land under control.

I think you make a good point that if on January 7th or 8th when the new Mayor actually takes office, if at that point he determines and if it's the collective will of the Commission, that they don't want to proceed with this project, we can shut it off right then. So, you're going to spend you know a third of those dollars or 25% of those dollars, but we have to begin—we have been spending some money already with the design team. In order to make an application by April we can't lose the four to six weeks that we're talking about right now because we won't have the documents ready to make the application.

Commissioner Bynum said I would like to go back to the $750K and then the $1.3M in the debt if I could and we may have been through this. Just to rehash it one more time, $750K I'm viewing that as the cost to operate a community center, an annual operating cost of a community center. Would that be a fair thing to say? **Mr. Stephens** said yes. It's a projection of the operating costs based with our partner with the YMCA, yes. **Commissioner Bynum** said it is a UG owned and YMCA operated building. **Mr. Stephens** said the YMCA would manage. **Commissioner Bynum** said it's our building and so we have utility service at all of our buildings whether we actually pay utilities I'm not clear on so I don't know about that part, but there are costs associated with operating every community center in this county and I don't know what the average cost of operating any of our other community centers is and I don't know if anybody here knows that. The second part of that question is that's not necessarily debt, is it? Wouldn't that just be general operating money so it wouldn't be debt. **Mr. Bach** said that would be general operating. **Commissioner Bynum** said then the debt comes to the 1.3 or the 1.2. **Mr. Stephens** said 1.113. **Commissioner Bynum** said so the $1.1M that debt service is going to partially be paid by the combination of the TIF and the CID dollars that are generated. Is that correct? **Mr. Bach** said no. **Mr. Stephens** said that is separate. Those three totals, the top line that you see are General Obligation Bond commitments. **Commissioner Bynum** said those are the pieces of the debt. **Mr. Stephens** said that is correct. **Commissioner Bynum** said so the TIF and the sales tax dollars that are generated from the grocery store are not going into the debt. Okay.

Ms. VonAchen said the debt service to pay for the TIF and the CID reflected in the last two lines—**Commissioner Bynum** said I'm saying it backwards, aren't I? **Ms. VonAchen** said the last two lines; sales tax revenue every year that we collect will pay for this $139K and the $146K and those two are reflected in a separate fund, it's an Economic Development fund, TIF it has nothing to do with the General Fund. **Mr. Stephens** said generally the TIF and CID here would function as other TIF and CID vehicles. **Ms. VonAchen** said we do plan to—how it's financed currently we are providing a General Fund backing in order to achieve the lowest borrowing cost. We fully believe that sales tax revenue generated from this project will support that debt service. **Commissioner Bynum** said thank you, I needed that to be clarified. I think you said it once and I needed to hear it again.

The other question I have is I appreciate the comparisons that you put forward on another slide from other communities and I think what you're showing us is, for example, in Lenexa for $39M they got a community center. **Mr. Stephens** said that's their construction cost, but they're community-owned. **Commissioner Bynum** said Merriam for $30M, they got a community center. **Mr. Stephens** said right and I just noted because these are not all—they don't have stabilized operating costs yet so I just noted that 100% of all ongoing operating expenses are covered by those entities. **Commissioner Bynum** said, for example, in our community we don't really have a similar setup like this that we could look at for any kind of comparison, but we know that we've successfully done urban development east of 635 that's performed and done well and we can point to two or three places where that has happened. We provided incentives, subsidies, CIDs, TIFs, and everything else we had available at our disposal to bring those to fruition. What I like about this comparison and what I just said about all of the incentives and items that we had at our disposal to bring those to reality is we're getting both when we do this project. We're getting a new community center in a similar dollar amount as cities around us and we're getting a much needed grocery store for this area of town. I'm saying all of this by way of coming around to say that I obviously support this project and the proposals that you're bringing us. I don't really have any more questions. I think it's more just commenting and making comparisons. We don't really have a local comparison we can make, but we can cobble together several comparisons and see that we're going to get as good as or better as what's been done in other places; just my opinion.

Commissioner Murguia said everyone keeps saying tonight we have a grocery store. Do we have a grocery store? **Mr. Stephens** said from my side of it until there is a lease signed, I would not say that we have a grocery store from a legal perspective. We have a grocery store that has been engaged and I would say—**Commissioner Murguia** asked do we have a grocery store. There is always this roundabout talking and this fancy talk and this fancy incentive language and all kinds of stuff. Either we have a grocery store or not. I personally as Commissioner of the Third District have been intimately involved with building two of them. There is no way this Commission would have voted for the incentives that they voted for those grocery stores if I had not had a signed legal document that said that grocery store was coming and no question. So, do you have a grocery store that when the Unified Government spends millions of dollars of taxpayer money to build a building for a grocery store, do you have a grocery store? **Mayor Holland** said, Commissioner, we wouldn't build the building for the grocery store without an operator because the operator helps design the building. **Commissioner Murguia** said that's my point, do we have a grocery store?

Mr. Crandall said let me try to answer. I think it deserves a little bit of history. We talked with the local major grocery operator here in Kansas City, Kansas and I think because they're basically—their motive is different, they are a for-profit operator which is admirable, but they could never make the numbers work here in Kansas City, Kansas and that was a 35,000 sq. ft. store. We found another operator that has a store that's about 12,000 sq. ft. that's a cooperative that has different motivations and so do we have a signed letter development agreement, no, we do not have that. That's a direct answer. **Commissioner Murguia** said so you don't have a grocery store. You have someone that says they're interested. **Mr. Crandall** said we have a lot more than that. **Mayor Holland** said way past that. **Mr. Crandall** said we have an entity that is now the third person we've talked to that is the right size, that is the right type of operator that has taken their time to negotiate, while it's not signed, we've had advanced discussions about the rent cost, the sharing of infrastructure cost, the sharing of capital investment; they've taken it to their Board, we've had two feasibility studies complete for their operation and you know really subject to the continued support by this Commission, they will sign a Letter of Intent. Once we get that, we will go into negotiations with the development agreement. If the answer to your question has to be a black and white, the answer is no.

If you can allow me the latitude of saying that these are very mature discussions as is the case with any retailer and we are as far down the road with anybody that has been credible as we could have possibly been.

Commissioner Murguia said I hear what you're saying. I'm just saying I've been up here a long time and I've heard a lot of economic development deals and while I've been on the Commission I haven't seen the Commission move forward with acquiring property and building a project without tenants. I have not seen that. Even at Village West when the Commission purchased the additional 400 acres, they purchased it after the Speedway was in place and there was some logic around that. We have some very interested grocery providers, but we have nothing that says yes if you build this building, we'll come. The only reason I asked is because I understand the vote tonight to say we want to spend taxpayer money to buy up land to do a deal that we don't have a locked down contract with the tenant of the building we're going to build. I understand what you're saying, but the reality is there currently is no deal with a grocery yet and I wanted to be corrected if I was wrong more importantly.

According to the financials it says that we're going to subsidize, I believe it's the community center run by the Y, to the tune of about $750K annually forever. Is that accurate? **Mr. Stephens** said that is the projected, yes. **Commissioner Murguia** said that is the projected, so it could be more or it could be less. **Mr**. **Stephens** said it could be more or it could be less. **Mayor Holland** said this is a very conservative estimate. I mean in terms of this is the worse-case scenario we believe.

Commissioner Murguia said okay, so it could be more or it could be less. We're not really sure and that doesn't count the money that we currently—I assume we are not closing the JFK Community Center. I'm sorry, the Beatrice L. Lee Community Center, I assume we're not closing that, correct? **Mr. Bach** said at this point the Commission has given no direction to do so. **Commissioner Murguia** said and we have additional taxpayer money going into that building to subsidize it because we own it and we operate it so we are also incurring costs on that building as well. **Mr. Stephens** said there are operating expenses.

Commissioner Murguia said then all of this is based on the fact that, for example, the CID and the sales tax is based on the performance of the retailers and grocers and what they're able to sell, correct? **Mr. Stephens** said correct. **Commissioner Murguia** said retailers and grocers we don't have yet, right? **Mr. Stephens** said for the CID and the TIF, yes, correct. **Mr. Bach** said, but understand though we wouldn't move forward with the building of the other one until we had them. **Commissioner Murguia** said I understand that, but you're asking to spend—what are we going to do with this land that we're buying; what are we going to do with it if there is no grocery store and no community center on it? What are we going to do with it? **Mayor Holland** said there is no reason we wouldn't build the community center. **Commissioner Murguia** said my understanding from the original Community Center Agreement is, and again, it's been as you showed if you go back to your first slide when you give the history of this project, I mean I have a pretty good memory but we do a lot of work up here. If you look back to 2012, I mean how many years ago is that? I thought the Commissions original vote on that, and I was here when that took place, was that the Commission would contribute $6M to a community center if there was $6M fund raised in charitable money to match that and that was for a community center. It was not, in my understanding, for the way it's being laid out today. I'm not saying I'm opposed to that. I'm just saying that's not what the agreement was when the vote was first cast so I have concerns about that and there hasn't been up until today this level of detail provided to the commissioners about the campus. It's sort of been out there. I get asked questions all the time and I would really just tell people I don't know.

I do have a question regarding New Market Tax Credits and I am familiar with them. Is the Unified Government applying for their own application of New Market Tax Credits? **Mr. Bach** said, Kathleen, do you want to speak to it. **Ms. VonAchen** said yes, that's right. **Commissioner Murguia** said so you're not—for example, there are entities within the region that have their own allocation of New Market Tax Credits—**Mayor Holland** said no, we will be using third parties. **Mr. Stephens** said yes, CDE, it will not be a direct. **Commissioner Murguia** asked what third party are you working with for this allocation. **Mr. Stephens** said we've been working with the YMCA and their CDE consultant. **Mayor Holland** said they received New Markets on their Atchison project and their Linwood so they have a lot of expertise in the New Market Tax Credits area. **Commissioner Murguia** said currently the YMCA has no allocation of tax credits. **Mr. Bach** said correct. You have to apply to the agency and we work with financial agencies that they've worked with before. Through the YMCA we would apply to them and that's where all this comes into mind. We have to have everything in line. That application goes into them, they have their allocations that come out, they're awarded at the first of the year and then they make award on those in about April to May of this next year. **Commissioner Murguia** asked how many times has the YMCA applied for New Market Tax Credits. **Mr**. **Stephens** said I am not aware of how many times. **Mr**. **Bach** said, Mr. Byrd, can you—twice. **Commissioner Murguia** said you've only made application twice. How many times have you received New Market Tax Credits and have you received the full amount that you asked for? (Response was inaudible). **Commissioner Murguia** said I think that's all I have for right now.

Commissioner Kane said once again I want both of these things, but is this $1.8M more than what we thought about in the first place? **Mr. Bach** said about $1.3M more—when we initially went through it we didn't have any feel for where we would be on ongoing operational cost and then cost of the project over the time and as we've went through it, it has come in higher than where we initially anticipated. **Commissioner Kane** said we normally had three on's and then we get a feel for what's going on and then I bounce it off the folks that I represent and then we come back and if I've got questions, I ask those questions. What I'm uncomfortable with is seeing this tonight and now we're going to go downstairs at 7:00 and vote on something that we haven't had time to bounce around. I think Hal is right that this is going to affect the two new people and $1.3M that eats up what we wanted to do with our tax for next year or a large portion of it. I've got some serious concerns here.

Mayor Holland said I do want to highlight we do need an Executive Session tonight, but we can do that after our Planning & Zoning if necessary, but I do want—anyway, just a heads up.

Commissioner Johnson said after you said that I turned my light off. I just wanted to get a little clearer answer on what needs to be provided in order to apply for the New Market Tax Credits. I heard we were progressing along. What documentation do they need to receive from us definitively that will help them to make a decision? **Mr. Stephens** said traditionally in what we've been told from multiple people and in discussions what they need—obviously there are various definitions of shovel-ready. They need a clear understanding that the land is "under control." That it is ready to move, that there will not be extensive delays in land acquisition, any of that. They need to be prepared for land clearance and they need to have enough confidence in the engineering/architecture, planning, square footage, all of those components and then additionally I would say I think one of the most important pieces is the YMCA and their roll within this within the community center of having a qualified operator with their charitable contribution commitment with the Wyandotte Health Foundation commitment. That all comes together as far as the application in rating and scoring the application. **Commissioner Johnson** said we have the commitment, I'm assuming we have something in place with regard to YMCA as the operator. It seems to me the only thing that we don't have is the ability at this point to provide clear understanding on land clearance and control. **Mr. Stephens** said I would say generally that's correct. I think we do need to advance the pre-engineering and architecture as well as exercise within the vote tonight the options on the land.

Commissioner McKiernan said let me just make sure I'm clear. Tonight, you're asking us to vote on $2M for all of this work in preparation for the New Market Tax Credits and what you're saying is that if things didn't look like they were going to play out or if this Commission were to decide differently, that we could make a decision on that after the first of the year and there might be as little as $250K expended which theoretically could come out of Cash Reserves and it would not need to be bonded. Am I correct or incorrect? **Ms. VonAchen** said I just want to point out that as John referred to earlier, Wyandotte Health Foundation provided us a grant of $1M of which we spent some of that portion. This $2M we're talking about, the remainder that's left from the million and what we've spent so far which is around $250K so there is about $750K left on that grant. That would help with funding the $2M that we're talking about. **Commissioner McKiernan** said so bottom line is theoretically we could spend that out of cash and we wouldn't need to bond any of that and before we would ever spend or obligate ourselves to any of the other money that were on those slides, we would have a fully flushed out, fully itemized development agreement that we would all agree to before we take a step beyond that. **Ms. VonAchen** said that's correct. **Mr. Stephens** said the only action being requested tonight is to authorize the County Administrator to spend up to $2M for these options. **Commissioner McKiernan** said, again, that $2M does not have to be bonded depending on how deep it gets spent. **Mr. Stephens** said correct. It is not a spend. It is not a direct spend. It is authorization to expend up to so these would be rolling out over the next 90 plus days as the people that are working on this complete different phases.

Commissioner Murguia said on the New Market Tax Credits and the land acquisition having control, do the New Market Tax Credits specify they have to own on the property or control, can you just have it under contract. **Mr. Stephens** said it does not specify that you have to own the property. **Commissioner Murguia** said we could not spend any money and we could just put this land—direct staff to put the land under contract pending the approval of the New Market Tax Credits. **Mr. Stephens** said yes, but we would have to have an option. We would have— **Mr. Bach** said that is really essentially what we're doing. **Mr. Stephens** said this is not purchasing it tonight. **Mr. Bach** said you have to pay some money on those options for the property and then we have to spend a fair amount of money going through the preconstruction drawings and designs. That's a large portion of what we would be expending over the coming months. **Commissioner Murguia** said are the preconstruction drawings part of the New Market Tax Credits requirement? **Mr. Bach** said yes, well, it has to hit that shovel ready requirement. **Commissioner Murguia** said the grant money that we've received won't cover those costs without our investment. **Mr. Bach** said we can use the grant money toward that to my understanding, but I believe we will exceed that as we're moving forward.

Commissioner Kane said we can give Doug approval for $2M, nothing more, and then we can reevaluate as we're in a position to know more. **Mayor Holland** said yes.

Mayor Holland said I'm afraid to ask for any more questions because we have to get upstairs for an Executive Session. I'm going to ask for a motion. (The Special Session concluded at 6:20 p.m.)

Executive Session:

Commissioner McKiernan made a motion, seconded by Commissioner Kane, for the Commission to go into Executive Session until 7:00 p.m. to discuss confidential matters relating to pending claims and litigation under the attorney/client privilege, and matters regarding employer/employee negotiations as permitted under the Kansas Open Meetings Act; and that staff designated by the County Administrator be present to participate in the discussion and to reconvene in open session at 7:00 p.m. in the Commission Chambers located on the 1st floor.

Mayor Holland said I would just like to clarify, when you say employee negotiations, you mean labor negotiations. Is that accurate for your motion? **Commissioner McKiernan** said yes. **Mayor Holland** asked is there a second. **Commissioner Markley** said second. Motion carried unanimously.

Present for the Executive Session: Bynum, Walker, Townsend, McKiernan, Murguia, Johnson, Kane, Markley, Walters, Philbrook, and Holland. **Staff present:** Doug Bach, County Administrator; Ken Moore, Chief Legal Counsel; Misty Brown, Deputy Chief Counsel; Maureen Mahoney, Asst. to Mayor/Chief of Staff; Melissa Sieben, Assistant County Administrator; Renee Ramirez, Director of Human Services; Shakeva Christian, Human Resources; and Kathleen VonAchen, Chief Financial Officer.

MAYOR HOLLAND ADJOURNED
THE MEETING AT 6:20 p.m.

Bridgette D. Cobbins
Unified Government Clerk

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