Economic Development and Finance Committee
Standing Committee Meeting Agenda
Monday, February 4, 2019
Immediately upon adjournment of earlier committee.

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

Name	Absent
Commissioner Tom Burroughs, Chair	☐
Commissioner Brian McKiernan	☐
Commissioner Gayle E. Townsend	☐
Commissioner Ann Brandau-Murguia	☐
Commissioner James Walters	☐
Jeff Bryant, BPU Member	☐

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

II. **Revisions to February 4, 2019 Agenda.**

III. **Approval of standing committee minutes from December 3, 2018.**

IV. **Committee Agenda**

Item No. 1 - REPORT: 4TH QUARTER 2018 CASH AND INVESTMENT
Synopsis: The 4th Quarter Cash and Investment Report for the period of October through December 2018, submitted by Kathleen VonAchen, Chief Financial Officer.

For information only.
Tracking #: 199

Item No. 2 - PRESENTATION: PAYIT PERFORMANCE FOR 2018 TAX SEASON
Synopsis: Presentation by Andrea Parra, Deputy Treasurer, on the performance of the PayIt

property tax collection process for tax season 2018, submitted by Kathleen VonAchen, Chief Financial Officer.

For information only.
Tracking #: 1910

Item No. 3 – DISCUSSION/RESOLUTION: DEBT POLICY REVISIONS
Synopsis: Discussion and approval of a resolution adopting debt policy revisions, submitted by Kathleen VonAchen, Chief Financial Officer.
Tracking #: 19559

Item No. 4 - RESOLUTION: SET PUBLIC HEARING DATE FOR DOWNTOWN GROCERY REDEVELOPMENT DISTRICT - PROJECT AREA 1
Synopsis: A resolution setting a public hearing date of March 28, 2019, to consider the adoption of a redevelopment project plan in the Downtown Grocery Redevelopment District - Project Area 1, submitted by Katherine Carttar, Interim Director of Economic Development.

On January 14, 2019, the ***Economic Development and Finance Standing Committee****, chaired by Commissioner Burroughs, voted unanimously to hold this item over until the February meeting.*
Tracking #: 19562

V. **Public Agenda**

VI. **Adjourn**

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, December 3, 2018

The meeting of the Neighborhood and Community Development Standing Committee was held on Monday, December 3, 2018 at 5:25 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners Walters, Murguia (via phone), Townsend (via phone), McKiernan and BPU Board Member Bryant. The following officials were also in attendance: Joe Connor and Melissa Sieben, Assistant County Administrators; Patrick Waters; Senior Attorney; Katherine Carttar, Interim Director of Economic Development; Kathleen VonAchen, Chief Financial Officer; Reginald Lindsey, Budget Manager; Rick Mikesic, Director of Revenue/County Treasurer; Andrea Parra, Deputy Director of Revenue/County Treasurer; John Kelly Director of Buildings and Logistics; and Chief Michael Callahan, Fire Dept.; Jack Andrade, First Deputy Fire Chief; and Jay Doleshal, Sergeant-At-Arms.

Chairman Burroughs called the meeting to order. Roll call was taken and all members were present as shown above.

Chairman Burroughs said we do have one revision on tonight's agenda. Item No. 7 is a resolution adopting the first amendment to the Legends West Lawn Development Agreement.

Approval of standing committee minutes from October 1, 2018**. On motion of Commissioner McKiernan, seconded by BPU Board Member Bryant, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

ITEM NO. 1 – 18546…REPORT: THIRD QUARTER BUDGET REVISIONS

Synopsis: Third Quarter Budget Revision Report, submitted by Reginald Lindsey, Budget Manager.

Reginald Lindsey, Budget Manager, said what we have today is the 3rd Quarter Budget Revision Report. We have one budget revision from the Police Department for stun guns. Basically, what we usually do if we have departments and they want to shift $10,000 or more or request $10,000 from contingency, we send a request to the County Administrator's Office to sign off on it before we shift the funds. In this case, the Police Department requested to shift funds within their department to purchase stun guns for $14,000.

Action: Information only.

ITEM NO. 2 – 18547…REPORT: THIRD QUARTER BUDGET TO ACTUAL

Synopsis: Third Quarter of Fiscal Year 2018 Budget to Actuals, submitted by Kathleen VonAchen, Chief Financial Officer; and Reginald Lindsey, Budget Manager.

Kathleen VonAchen, Chief Financial Officer, said I'm going to talk about revenues and the Budget Director, Reginald Lindsey, is going to talk about the expenditures.

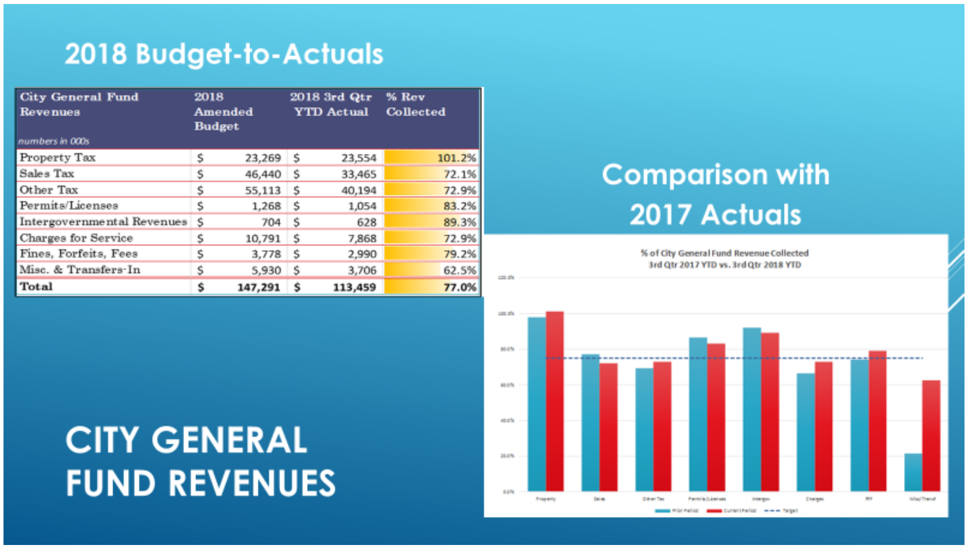
CONSOLIDATED GENERAL FUND	FY 2017			FY 2018		
		3rd Qtr YTD	% of		3rd Qtr YTD	% of
numbers in 000's	Budget	Actual	budget	Budget	Actual	budget
Revenues	$ 204,027	$ 162,723	79.8%	$ 212,445	$ 172,931	81.4%
Expenditures	$ 205,302	$ 141,060	68.7%	$ 213,229	$ 151,028	70.8%
Net Alloc & Transfers	$ 982	$ 736	75.0%	$ (354)	$ (266)	75.0%
Net Change	$ (293)	$ 22,400		$ (1,139)	$ 21,638	
Balance, Start of Year	$ 19,279	$ 19,279		$ 26,925	$ 26,925	
Balance Year-to -Date	$ 18,986	$ 41,678		$ 25,787	$ 48,563	

CONSOLIDATED GENERAL FUND OVERVIEW

Overall, the Consolidated General Fund includes the City and the County and the Parks General Funds together. This evening the presentation is to discuss the budgetary performance through the 3rd Quarter of 2018 which takes us through September 30th. What you have here is a budget column for last year as a comparison and then this current fiscal year 2018. You can see that we budgeted revenues of $212M in the Consolidated General Fund and so far this year we've collected $173M which comprises 81% of the total budget.

The 3rd Quarter denotes that basically if revenues were collected evenly throughout the year that we would only have 75%. It looks like we have more revenues coming in then we anticipated. That's not necessarily the case because you have to keep in mind that property tax payments are for the most part paid—about 98% of all property tax payments are already collected through the 3rd Quarter. There aren't any property tax payments collected in the 4th Quarter. In other words, the revenues aren't necessarily coming in on an even stream. There is some seasonality to that.

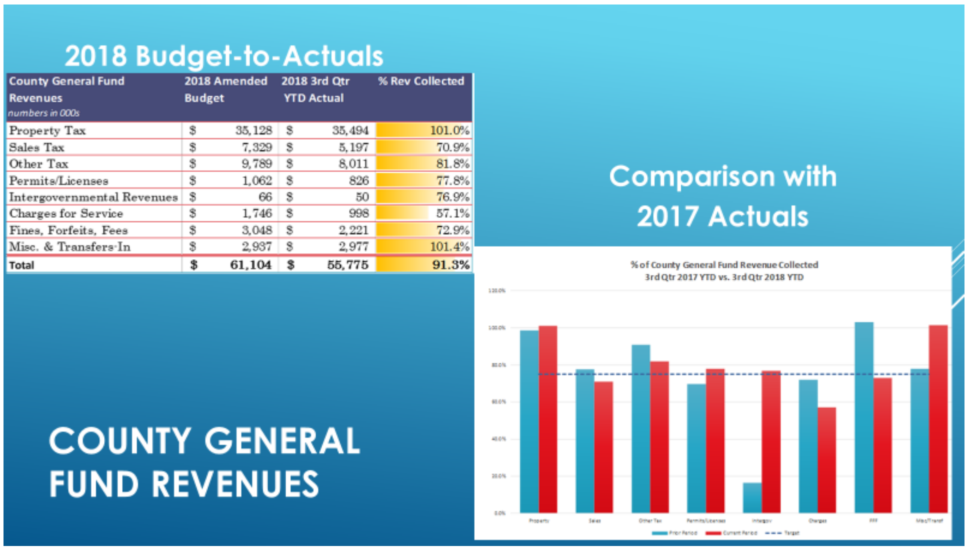
Expenditures totaled $213M. We have spent so far $151M, that comprises 70% to the total budget. That's a little lower than the 75% target at this point in the year. As a result, because we have higher revenues than anticipated and lower expenditures than anticipated our fund balance grows from 25.7M to 48.5 and that's through the 3rd Quarter. When we get to the 2nd Quarter is where a lot of these revenues—well, there is a little bit more spending that happens at year end and not to mention the fact that we've pretty much have captured all of the property tax revenues we're going to be collecting. Of course, sales tax will continue to flow in at the same rate as what we collected in the prior year for this period. Overall, things are looking pretty good.



City General Fund Revenues *numbers in 000s*	2018 Amended Budget	2018 3rd Qtr YTD Actual	% Rev Collected
Property Tax	$ 23,269	$ 23,554	101.2%
Sales Tax	$ 46,440	$ 33,465	72.1%
Other Tax	$ 55,113	$ 40,194	72.9%
Permits/Licenses	$ 1,268	$ 1,054	83.2%
Intergovernmental Revenues	$ 704	$ 628	89.3%
Charges for Service	$ 10,791	$ 7,868	72.9%
Fines, Forfeits, Fees	$ 3,778	$ 2,990	79.2%
Misc. & Transfers-In	$ 5,930	$ 3,706	62.5%
Total	**$ 147,291**	**$ 113,459**	**77.0%**

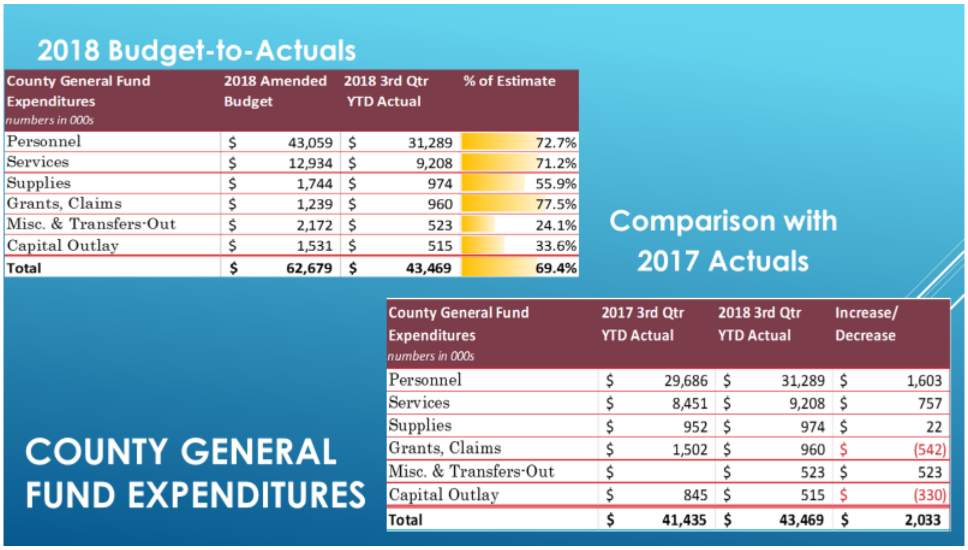
Now I'm going to provide you a little information on the revenues in more detail. I'm going to talk about the City General Fund and then the County General Fund revenues. As you can see, the property tax, sales tax, and other taxes are the largest revenue source for the City General Fund. City General Fund revenues or totaling—are budgeted to total \$147M. Of those amounts, 101.2% of the property tax has been collected thus far. What that denotes is that basically the assumption that I had made for delinquency may be a little bit too conservative because if it were dead on, it would be 100% right now. We'll see how the end of the year looks, but it's very positive news. Sales tax is at 72%. If we were through 3rd Quarter, you would expect that number to be at least 75%. I've looked at prior years and basically sales tax collections tend to be greater in the 4th Quarter of the year because of Christmas, well not school, getting you back to school, but for the most part Christmas. It's looking pretty good. We're at 77% on the city revenue side and the chart actually shows the prior year, compared which is the blue, compared with the current period, so you can see how most of the revenue—property tax is above the amount collected last year, but all of the other revenues, many of the other revenues are a little bit below. For example, sales tax is a little bit below, permits are a little bit below the amount we collected last year.

Chairman Burroughs asked, Kathleen, would you explain what the Other Tax is that you show up there, the third item down. What is that Other Tax category? **Ms. VonAchen** it's a number of taxes, but for the most part the largest one is the franchise tax which is collected, and also the payment in lieu of tax from the BPU or the BPU PILOT. The franchise taxes are not just electric and water, it's also sewer and cable, and several other, gas, there's quite a few of others.



County General Fund Revenues *numbers in 000s*	2018 Amended Budget		2018 3rd Qtr YTD Actual		% Rev Collected
Property Tax	$	35,128	$	35,494	101.0%
Sales Tax	$	7,329	$	5,197	70.9%
Other Tax	$	9,789	$	8,011	81.8%
Permits/Licenses	$	1,062	$	826	77.8%
Intergovernmental Revenues	$	66	$	50	76.9%
Charges for Service	$	1,746	$	998	57.1%
Fines, Forfeits, Fees	$	3,048	$	2,221	72.9%
Misc. & Transfers-In	$	2,937	$	2,977	101.4%
Total	**$**	**61,104**	**$**	**55,775**	**91.3%**

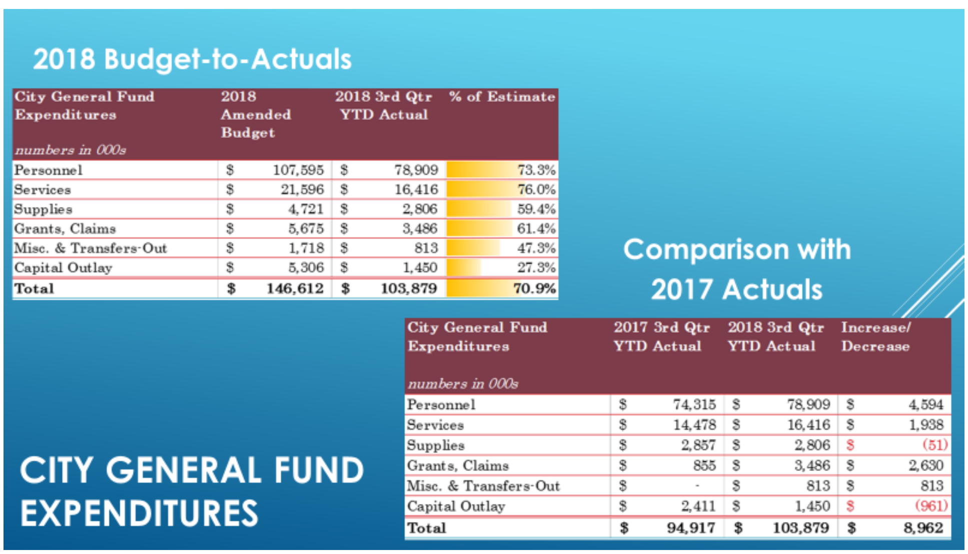
On the county side, again, we've got that property tax revenue number that's above 100% for the same reasons I mention on the city side. For the most part the percentages look similar. $61M is collected in revenues for the County General Fund. So far, we've collected 55% and that constitutes 91% of the total revenues we expect to receive in this fund. This side is more reliant on property taxes because it doesn't have as diverse of a revenue—the revenue streams are not as diversified on the city side.



County General Fund Expenditures *numbers in 000s*	2018 Amended Budget	2018 3rd Qtr YTD Actual	% of Estimate
Personnel	$ 43,059	$ 31,289	72.7%
Services	$ 12,934	$ 9,208	71.2%
Supplies	$ 1,744	$ 974	55.9%
Grants, Claims	$ 1,239	$ 960	77.5%
Misc. & Transfers-Out	$ 2,172	$ 523	24.1%
Capital Outlay	$ 1,531	$ 515	33.6%
Total	**$ 62,679**	**$ 43,469**	**69.4%**

County General Fund Expenditures *numbers in 000s*	2017 3rd Qtr YTD Actual	2018 3rd Qtr YTD Actual	Increase/ Decrease
Personnel	$ 29,686	$ 31,289	$ 1,603
Services	$ 8,451	$ 9,208	$ 757
Supplies	$ 952	$ 974	$ 22
Grants, Claims	$ 1,502	$ 960	$ (542)
Misc. & Transfers-Out	$	$ 523	$ 523
Capital Outlay	$ 845	$ 515	$ (330)
Total	**$ 41,435**	**$ 43,469**	**$ 2,033**

Reginald Lindsey, Budget Manager, said so here with the expenditures we have two different views on the screen. We have Budget-to-Actuals and then we also have the Year-Over-Year actual comparison which is the bottom chart on the screen. One of the things, as Kathleen said, rule of the thumb here is we should have like 75% of the expenditures spent up.



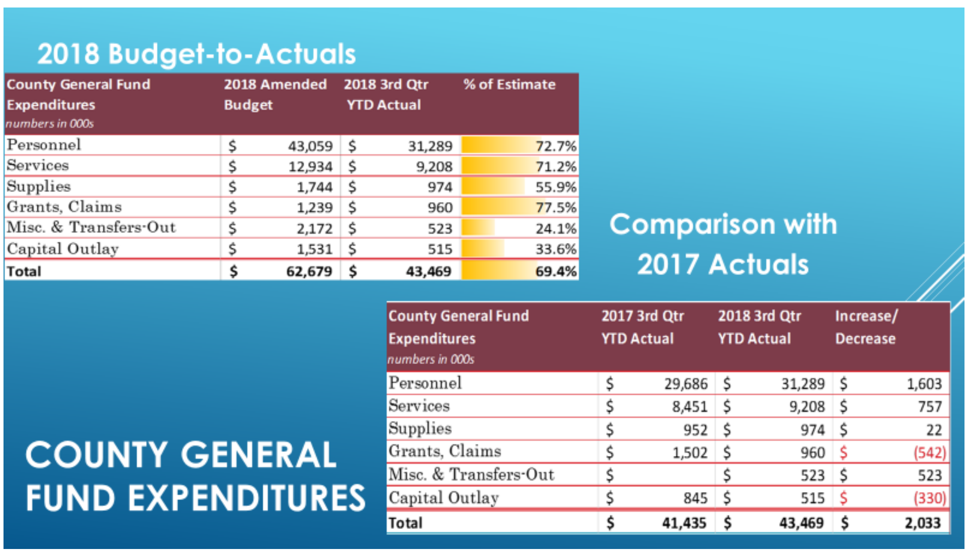
City General Fund Expenditures *numbers in 000s*	2018 Amended Budget	2018 3rd Qtr YTD Actual	% of Estimate
Personnel	$ 107,595	$ 78,909	73.3%
Services	$ 21,596	$ 16,416	76.0%
Supplies	$ 4,721	$ 2,806	59.4%
Grants, Claims	$ 5,675	$ 3,486	61.4%
Misc. & Transfers-Out	$ 1,718	$ 813	47.3%
Capital Outlay	$ 5,306	$ 1,450	27.3%
Total	**$ 146,612**	**$ 103,879**	**70.9%**

City General Fund Expenditures *numbers in 000s*	2017 3rd Qtr YTD Actual	2018 3rd Qtr YTD Actual	Increase/ Decrease
Personnel	$ 74,315	$ 78,909	$ 4,594
Services	$ 14,478	$ 16,416	$ 1,938
Supplies	$ 2,857	$ 2,806	$ (51)
Grants, Claims	$ 855	$ 3,486	$ 2,630
Misc. & Transfers-Out	$ -	$ 813	$ 813
Capital Outlay	$ 2,411	$ 1,450	$ (961)
Total	**$ 94,917**	**$ 103,879**	**$ 8,962**

We can move to the City General Fund. We can see with Personnel we've got 73% of the budget left. We're like 1.7% under what we should have spent which is a good thing. That equates to like $1.7M that we're under budget leading up to the 3rd Quarter.

In the first line with Personnel, some of the things that are paid from there are the salaries, benefits, and worker's comp, so right now we're trending below there. Under there are there we have Services. Some of the things we have to pay from there are transit, trash contract, and we're running like 1% above the 75%. Then Supplies we're like at 59%, so we're definitely above where we should be. One of the reasons there is because this is where fuel is paid from. The fuel, it was over what we had anticipated. We did have some contingency set-aide for it, but it was the price went up so it was over what we had anticipated in the budget. Also, we pay parks, parks we spent a little bit more money on also this year.

This is what we have going on there with Budget-to-Actuals with our City General Fund. If you compared to 2017, we can kind of see some of the categories are up. Capital Outlay is down out of the categories there compared to the 2017 Actuals. The one reason is because the budget for Capital was a little larger in 2017 than it was 2018, so that would kind of make up a little difference here. In 2017, our Personnel was lower. What you see there, we have an increase in Personnel for 2018 of what we spent compared to last year about $4.5M.



County General Fund Expenditures *numbers in 000s*	2018 Amended Budget	2018 3rd Qtr YTD Actual	% of Estimate
Personnel	$ 43,059	$ 31,289	72.7%
Services	$ 12,934	$ 9,208	71.2%
Supplies	$ 1,744	$ 974	55.9%
Grants, Claims	$ 1,239	$ 960	77.5%
Misc. & Transfers-Out	$ 2,172	$ 523	24.1%
Capital Outlay	$ 1,531	$ 515	33.6%
Total	**$ 62,679**	**$ 43,469**	**69.4%**

County General Fund Expenditures *numbers in 000s*	2017 3rd Qtr YTD Actual	2018 3rd Qtr YTD Actual	Increase/ Decrease
Personnel	$ 29,686	$ 31,289	$ 1,603
Services	$ 8,451	$ 9,208	$ 757
Supplies	$ 952	$ 974	$ 22
Grants, Claims	$ 1,502	$ 960	$ (542)
Misc. & Transfers-Out	$	$ 523	$ 523
Capital Outlay	$ 845	$ 515	$ (330)
Total	**$ 41,435**	**$ 43,469**	**$ 2,033**

I'm going to move over to the County General Fund. This is where we pay for all our county functions. As on the city side, we have the same two views. We have a Budget-to-Actuals comparison at the top of the screen and then at the bottom of the screen we have a comparison between the 3rd Quarter of last year 2017 and 2018 this year and same rule of thumb applies where we should have spent 75% of the budget. Personnel, we're below budget which is a good thing. Again, this is where salaries are paid for, workers comp, and overtime are paid from here. Services, we're below, 71%. On the county side from the services, we have some big contracts over there are paid from the Sheriff's Department, prisoner inmate housing and prisoner inmate medical. When I come back for the 4th Quarter, they'll be a little bit up just to let you all know.

Right now, they were down when we were reporting for the 3rd Quarter. Also, supplies as it was in the City General Fund is trending above. We spent a little more than 75%, this is due to the fuel again. Where we budget for fuel—we had contingencies for the fuel, but just based on what we budgeted for the fuel and cost and the price of gas is up.

If we look at the lower grid chart where we're comparing 2017's 3rd Quarter to 2018's 3rd Quarter, we can kind of see where compared to last year in Services we are up $757M and basically that category there is where our inmate medical is and our inmate housing. This is where the Sheriff pays, and we can kind of see that it's trending above what it was last year so that's what that category tells us. Then again, as in Capital, Capital we spent a little less this year then what we spent last year and the budget was also a little less last year.

Commissioner Walters spoke but was inaudible due to microphone not being on. **Mr. Lindsay** said so a big bulk of it is the personnel. A big bulk of it is the personnel and then the grants and claims and what one thing also in the Grants and Claims, this is where we pay out other—we give a grant to the Parks Fund. So last year, at this point and time, we did not do it throughout the year. This year we're doing it throughout the year where last year we waited until the end of the year to do it, but this year we tried to trend it. **Ms. VonAchen** said annually there is a $3.7M transfer from the City General Fund to the Parks Consolidated Fund. So, like Reggie said, in some years we just did it all at the end of the year, $3.7M., but now we're changing our accounting practices and doing it throughout.

Tax Levy Funds	REVENUES *numbers in 000's* 2018 Amended Budget	2018 YTD Actual	% of Budget	EXPENDITURES *numbers in 000's* 2018 Amended Budget	2018 YTD Actual	% of Budget
City General Fund	$ 156,962	$ 113,624	72.4%	$ 156,282	$ 103,879	66.5%
City Bond & Interest	$ 32,197	$ 31,115	96.6%	$ 33,200	$ 31,992	96.4%
County General Fund	$ 61,104	$ 55,775	91.3%	$ 62,679	$ 43,469	69.4%
Cons. Parks General Fund	$ 6,306	$ 5,224	82.9%	$ 6,549	$ 4,848	74.0%
County Bond & Interest	$ 4,909	$ 3,349	68.2%	$ 3,323	$ 2,943	88.6%
CIFI	$ -	$		$ -	$ -	
Aging	$ 1,783	$ 1,389	77.9%	$ 1,932	$ 1,430	74.0%
Developmental Disabilities	$ 494	$ 484	97.9%	$ 592	$ 205	34.6%
Elections	$ 1,237	$ 1,176	95.0%	$ 1,478	$ 923	62.5%
Health	$ 3,140	$ 2,507	79.8%	$ 3,368	$ 2,443	72.5%
Mental Health	$ 576	$ 566	98.2%	$ 580	$ 405	69.8%
Total UG Tax Levy Funds	**$ 268,708**	**$ 215,209**	**80.1%**	**$ 269,984**	**$ 192,536**	**71.3%**

ALL UNIFIED GOVERNMENT TAX LEVY FUNDS

Mr. Lindsey said this slide right here is a view of all the other Tax Levy Funds. On one side you have the revenues and then on one side the expenditures on the right side. The funds we didn't cover as far the—we covered the City General and the County General Fund, these are all other Tax Levy Funds and there are nine of them that we cover here.

ALL OTHER & TOTAL UG FUNDS

Other Funds	Budget	YTD Actual	% of Budget	Budget	YTD Actual	% of Budget
Wyandotte County 911	$ 815	$ 640	78.5%	$ 954	$ 798	83.6%
Alcohol	$ 515	$ 387	75.2%	$ 777	$ 204	26.3%
Court Trustee	$ 410	$ 327	79.8%	$ 580	$ 325	56.0%
Dedicated Sales Tax	$ 10,200	$ 7,098	69.6%	$ 10,943	$ 7,130	65.2%
Emergency Medical Services	$ 11,158	$ 8,276	74.2%	$ 11,539	$ 8,771	76.0%
Environmental Trust	$ 1,078	$ 817	75.8%	$ 1,130	$ 708	62.7%
Jail Commissary	$ 25	$ 28	112.6%	$ 60	$ 3	4.8%
Parks & Recreation	$ 515	$ 388	75.3%	$ 574	$ 418	72.9%
Public Levee	$ 335	$ 230	68.7%	$ 387	$ 304	78.6%
Register of Deeds Technology	$ 160	$ 126	78.6%	$ 130	$ 110	84.8%
Clerk Technology	$ 45	$ 30	67.6%	$ 50	$ 5	10.8%
Treasury Technology	$ 45	$ 30	67.6%	$ 39	$ 4	11.1%
Sewer System	$ 40,816	$ 25,980	63.7%	$ 45,356	$ 28,510	62.9%
Stormwater	$ 3,515	$ 2,643	75.2%	$ 4,235	$ 2,660	62.8%
Street & Highway	$ 7,030	$ 5,845	83.1%	$ 7,563	$ 5,196	68.7%
Sunflower Hills Golf Course	$ 875	$ 624	71.3%	$ 840	$ 540	64.3%
Travel & Tourism	$ 3,714	$ 2,488	67.0%	$ 4,348	$ 1,325	30.5%
Stadium	$ 443	$ 391	88.4%	$ 661	$ 454	68.7%
Special Assets	$ -	$ -		$ 4,250	$ 356	8.4%
Total Other Funds	**$ 81,694**	**$ 56,348**	**69.0%**	**$ 94,416**	**$ 57,821**	**61.2%**
Total Funds	**$ 350,402**	**$ 271,557**	**77.5%**	**$ 364,400**	**$ 250,357**	**68.7%**
County Library	$ 2,956	$ 2,914	98.6%	$ 3,124	$ 2,785	89.2%
Total ALL Funds	**$ 353,358**	**$ 274,471**	**77.7%**	**$ 367,524**	**$ 253,142**	**68.9%**

Also, in the information that you all have outside of Tax Levy Funds, there's 20 of them and they're covered here and, again, we have the revenues on the left-hand side and expenditures on the right-hand side. It's kind of rule of thumb everything should be, on the expenditure side, we should be at like 75% on the revenue side. It's nice if you're over 75%, but not nice if we're 75% over on the budget side or the expenditures.

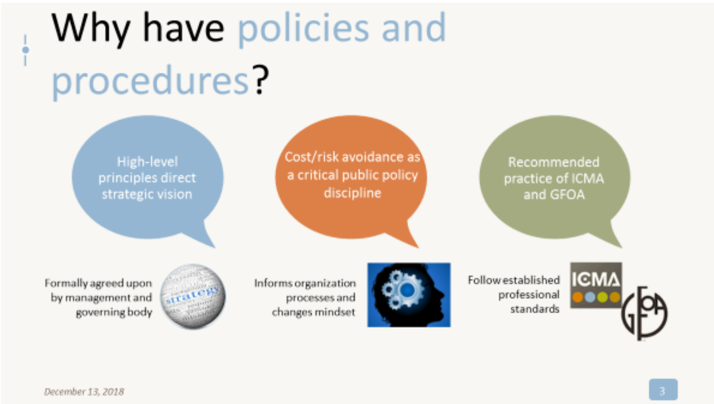
Action: Information only.

ITEM NO. 3 – 18544…DEBT POLICY REVISIONS

Synopsis: A presentation of possible revisions to the Unified Government debt financial policy, submitted by Kathleen VonAchen, Chief Financial Officer. Presentation by Kathleen VonAchen. For information only.

Kathleen VonAchen, Chief Financial Officer, said I did want to remind all of you and the viewers that these Quarterly Financial Reports, both the Investment Report and this Budgetary Performance Report are on our Finance Department website under Financial Reports. All of them are up there from the past to the present.

Tonight, I wanted to briefly talk about our debt portfolio that are debt and how that relates to the debt policy. Right now, we have a debt policy—a real simple debt policy about four pages long. We also have two other procedures which we include in the budget document related to the debt policy. One of the procedures talks about how we issue debt and how we decide to proceed with issuing debt and then the second procedure has to do with the requirement, how do we fulfill the requirements that's set-aside by the Municipal Securities Rule Making Board and the Securities and Exchange Commission.



Overall, we have three policies and what I would like to do is to really make our debt policy, the Core Debt Policy a little bit more specific and then also fold in the procedures with it so it's all one package. Tonight, what I'm going to talk with you about is the ratio analysis from a white paper that I recently wrote so that you can see how our debt compares with other communities. What I'm seeking from you tonight actually is rather than really talking about the debt policy and board scything, the various edits, what I want to get is general strategic direction from you as to what kind of debt metrics you're looking for us to include. In the coming month we will come back in January with an actual policy that is redlined with revisions for you to review and talk about further. Just generally speaking, tonight we're talking once again about our policies, so I just wanted to revisit that. The financial policies have a lot to do with our Capital Improvement Plan and then with our long-range financial forecast. They all play a part. They cause us to answer questions, to spur discussion, but to also adopt resolutions for revising our policies. When we're looking at policies, we want to keep it at a high level with principals directed at strategic vision of the organization.

We're also looking to avoid cost as a critical public policy discipline and then also we would like to follow the recommendations of ICMA and GFOA. Those are my general views on policies and procedures.

We have done a wonderful job, thanks to all of you, for updating the rest of our financial policies. This is the last policy that I'm looking to update.

Data Point	Unified Government (Current)	Unified Government (Policy Goal)	Comparable Entity Median	Comparable Entity Average	Comparable Entity Minimum	Comparable Entity Maximum
S&P Credit Rating (GO)	AA	Have a AA from both S&P and Moody's	AAA (3); AA+ (3)	AA (3)	A+ (lowest)	AAA (highest)
Population	165,288	--	209,050	250,891	66,529 City/Co of Broomfield, CO	466,893 Omaha, NE
Assessed Market Value per Capita	$8,160	--	$19,010	$26,839	$8,160 Unified Govt	$70,044 Omaha, NE
Govtal General Obligation Debt as % of Assessed Market Value	22.6%	--	3.3%	4.0%	0% Springfield, MO	22.6% Unified Govt
Debt Carrying Costs as a % of Total Govtal Expenditures	18.2%	10%-12% of total governmental expenditures	12.2%	12.3%	5.0% City/Co of Columbus, GA	21.1% Des Moines, IA
Govtal Debt Per Capita	$2,772	--	$1,631	$1,598	$570 Overland Park, KS	$4,099 C/Co Broomfield, CO
Govtal Debt Outstanding	$458,240,064	Statutory applicable debt below 30% of assessed value	$352,848,828	$379,809,245	$99,778,000 Springfield, MO	$739,906,000 Omaha, NE
GF Fund Balance as a % of Expenditures	21.0%	17.0%	26.0%	34.4%	21% Unified Govt	80% Overland Park, KS

NOTE: Two of the ten comparable municipalites are city/county consolidated forms of government (Broomfield, CO and Columbus, GA). The three AAA rated municipalities are Broomfield, CO, Lincoln, NE and Overland Park, KS.The lowest rating at A+ is Cleveland, OH. The Unified Government is the lowest in the assessed market value per capita, the highest in the governmental general obligation debt as a % of assessed market value categories and the lowest General Fund balances as a percentage of total expenditures.

December 13, 2018 4

Several weeks ago, I presented some information at the request of Commissioner Johnson and also Commissioner Walters about—and maybe Commissioner McKiernan as well. There was a general consensus for how does our debt portfolio compare with other cities. It's difficult to really match or to determine what the comparative cities are because each city is so unique, but generally speaking what I did having reviewed all of the various cities was I picked about 10 different cities that seem to have a similar makeup as ourselves. This table here summarizes that information. The reason I'm bringing this up as part of the debt policy discussion is because these are generally the type of metrics that are used to judge whether a debt policy, whether your debt portfolio, how well you're performing. They're really affordability metrics. I'm going to go over this real carefully and then I'm going to show you a graph for each of these metrics and how we compare.

This first column is the Unified Government and then this is generally what our current policy goals are, not the goals that we hope to form as part of our future discussion. This is the medium and this is the average of the 10 entities that I collected, which you'll see in which entities they are in the next slide. This is picking up which entity got the minimum and which got the maximum. Some of these metrics the minimum is good, and the maximum is bad, but in others the maximum is good and the minimum is bad, so you'll see.

Generally speaking S&P credit rating GO, we have an AA from S&P. In our policy, we generally want to maintain our AA rating. There's not really a medium here, but for the most part out of the 10 three have AAA and three have AA+. On average, everyone has AA. There's a AA, there's three AA's and three AA+'s so on average everyone has a AA in this scenario. The lowest was a A+ and the highest a AA.

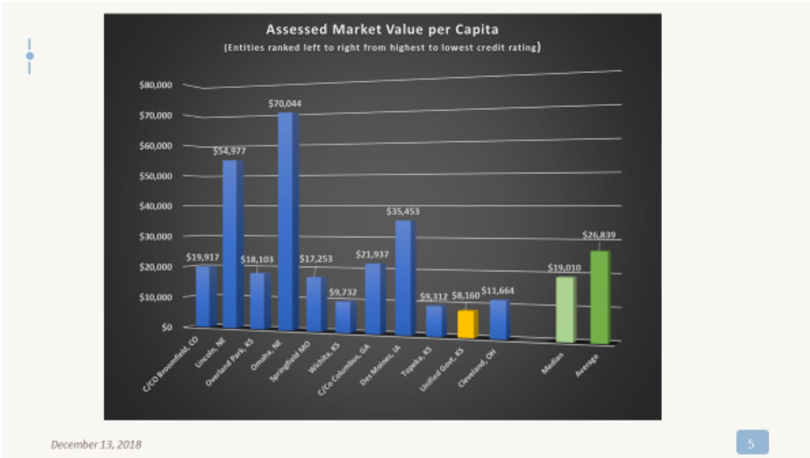
Population, we have 165,000 population in the county. The medium was 209, the average was 250, the lowest was city and county of Broomfield, CO with 66 and the highest was Omaha, NE with 466. I picked out three cities that are cities and counties in order to provide that element in our comparison.

Assessed value per capita is $8,160, the medium is $19,000, and the average is $26,000. We are the lowest amongst these 10 comparables and Omaha, NE has the highest at $70,000. The general obligation debt as the percentage of assessed value, we're at 22% and the average is around 3 and 4%. Debt carrying costs is a percentage of total governmental expenditures is basically whether we can afford our debt. Ours is at 18% and S&P has us between—well they recommend between 10 and 12% and that's what these other entities are averaging.

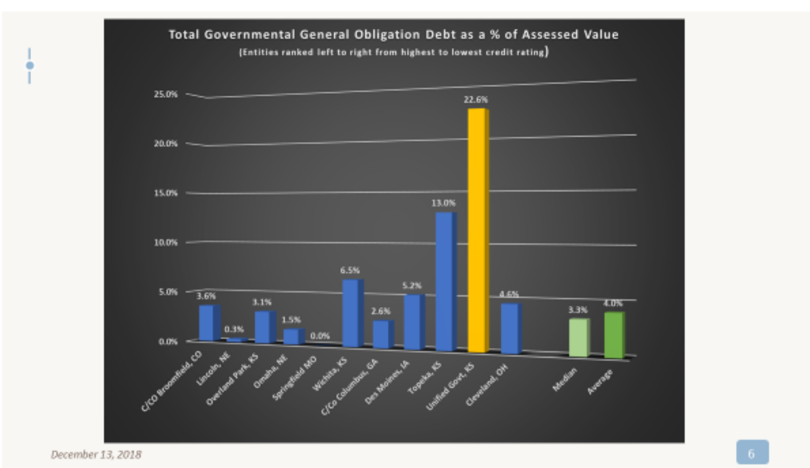
Governmental debt per capita at the Unified Government is 2,700 and the average for these entities is around 1,600. Overland Park has 540. Broomfield because of its smaller size has 4,000.

This is not really a metric per se, but just to give you a little context I've listed the governmental debt outstanding. Generally, we have $458M in general obligation debt outstanding. The policy is that we keep that amount below 30% of the assessed value. That's the policy direction set in statute. The other entities averaged $352M or the medium was $352M and the average was $379M. Omaha is the largest with $739M, but they're quite a bit larger than we are in terms of population.

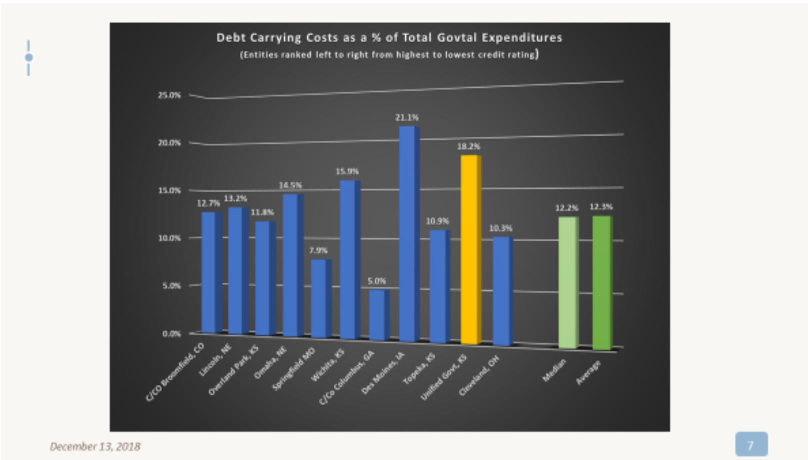
The last item is that our fund balance has a percentage of expenditures which is the General Fund Reserve. At the end of '17 we're at 21%. The new policy you adopted set us at 17% and the medium was 26% and the average is 34%. These metrics demonstrate that we have a little bit of work to do. It's very difficult to adjust to these metrics in the short-term. This is a long-term strategy because we—previous counsels have committed to certain debt levels that we have to continue to maintain. Secondly, because it's increasing our assessed value, or the value of our property is something that it takes years and years of investment and effort on the part of our Economic Development Department and other entities of the Unified of Government.



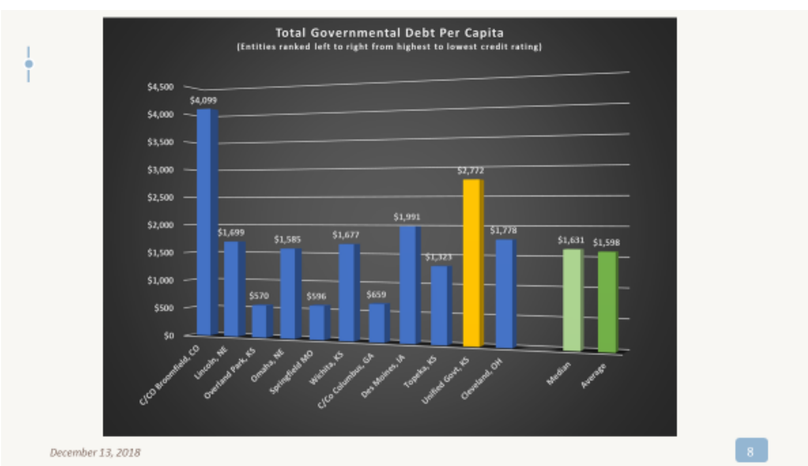
Here's some graphs demonstrating some of these metrics. Assessed value per capita. The UG is the yellow one. You'll notice that the other Kansas entities, Topeka is also around $9,000, we're at $8,000, Topeka is at $89,00, Wichita is at $9,700. We're comparable with other larger entities in our own state. One thing to consider when you're looking at these graphs is that every state has a different assessed value percentage. This is not appraised value. Right now, we're assessing residential property in Kansas at 11.5% and commercial property at 25%. Those percentages are not necessarily what these other cities and other states are doing. That's why it's a little, it's a little difficult to make comparisons with other cities because of those nuances, but on the other hand the debt that is being paid—the revenue generated from this assessed value is what's being pledged for the debt repayment. It makes since to use assessed value better than appraised value.



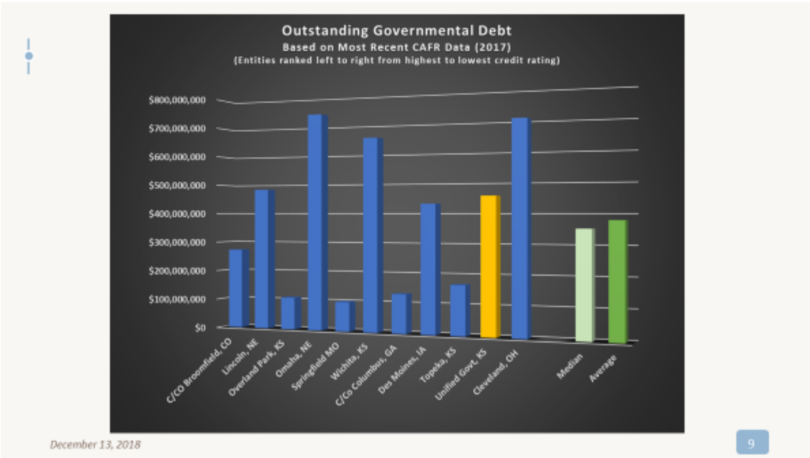
Here's the Total Governmental General Obligation Debt as a percentage of assessed value. We're at 22%, and there's the medium. Topeka is at 13%, Wichita is at 6.5%. All of these maps come from the CAFRs, most recent CAFR's.



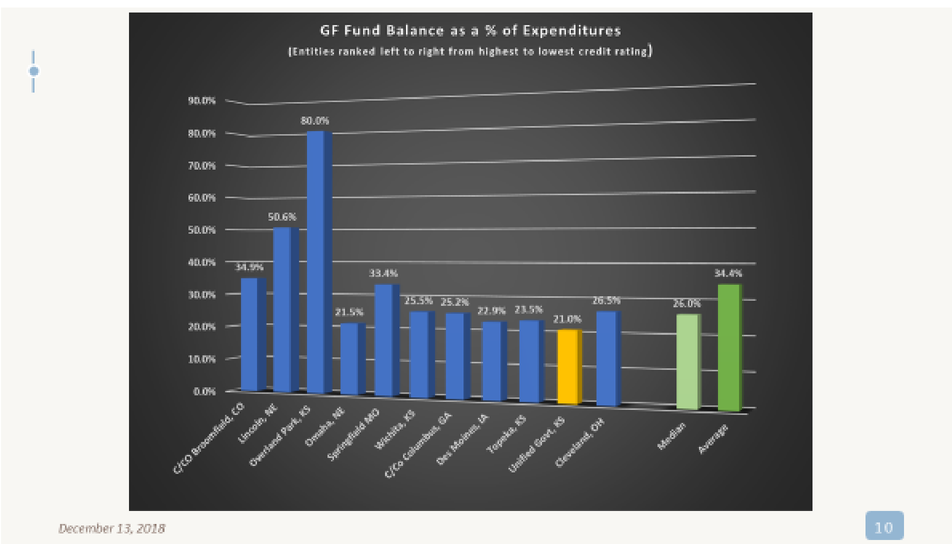
This is the Affordabiltiy table. You can see that we're at 18%, but for the most part everyone else is similar. We're a little higher. What percentage of our governmental debt—what is the percentage for our total governmental debt payments annually made each year compared with the total amount of expenditures we have.



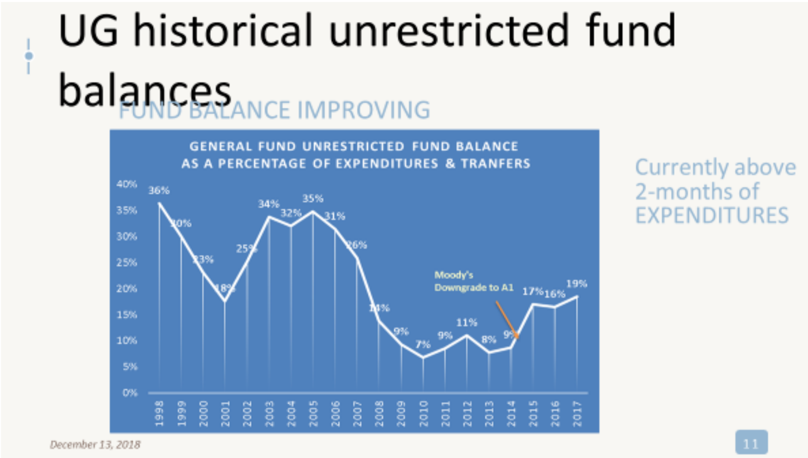
Here's Debt Per Captia. Topeka is at $1,300 and Wichita is at $1,677, but we're $277. Naturally, Wichita and Topeka are not counties, they're cities. You have to keep that in mind.



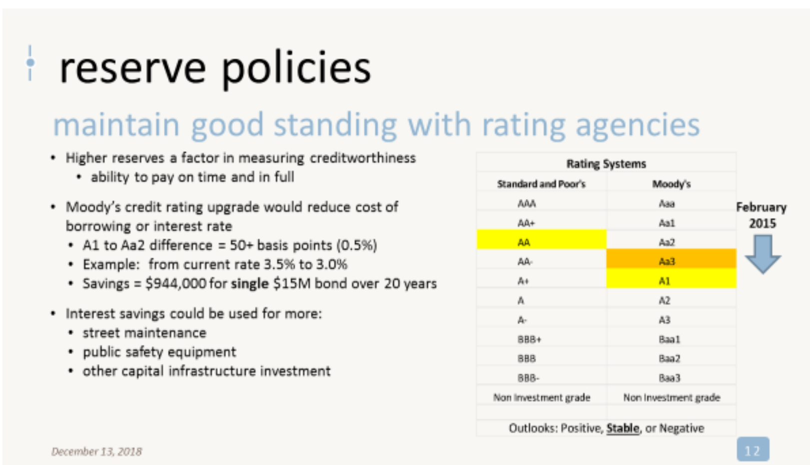
Here's Outstanding Governmental Debt. Of course some of these cities are quite a bit larger than we are. Omaha, NE is quite a bit larger than we are; Cleveland, OH as well as Wichita, KS.



We're doing pretty well here. Our reserve is at 21% and the other cities in Kansas. We're pretty consistent with this set of cities here.



You've seen this graph before, but I just wanted to remind you historically that this is our unrestricted fund balance.



Back in February 2013, Moody's downgraded us from AA3 to A1. We've now been, for three years, in a stable position at the A1 level whereas Standard and Poor's has consistently kept us at the AA level. Of course, if we maintain our reserve policies and we don't get downgraded, that's something we want to avoid getting downgraded. If we were to have to be upgraded by Moody's, we would save about $1M for every $15M 20-year General Obligation Bond debt. We would save a million in interest.

What I'm looking from you is, I'm here to answer any questions you might have, but I also want to get some feedback from you on what kind of metric would you like to set for this column here for the UG going forward to include in our policy

Commissioner Murguia said my question, Kathleen, is more what do you think we need to do? The presentation, you did a great job, but it doesn't really look great for our county and I am concerned, as all the other Commissioners have expressed, about our debt load. As much as I would like to know how we got here in more detail, I don't' think that's going to solve anything. I'd like to hear at some point after everybody else's questions are in, what do you think needs to happen to begin to turn this around and improve our debt load. **Ms. VonAchen** said that's a difficult question because there's two things. Mainly, the main issue is that because our community is aging, it's over 100 years-old. The streets are needing repair. There's a lot of different investments that need to take place. I'm sure all of you are aware of that, of course, because you hear from your own residents every day. We need to make investments in our infrastructure and in order to do that we don't have sufficient cash-on-hand to make those significant investments. That's where that debt, issuing debt, is a tool for us to proceed with that. This city—the Unified Government is in the habit of issuing debt, GO debt every year. I think, personally, I don't think this is going to be very popular, but I think we need to issue GO debt every other year and we need to keep it at the $15 or $20M mark every other year. That's where you're going to make some progress in keeping your debt load low, but still investing in the infrastructure needs that the community needs. That's what I would recommend.

Commissioner Murguia said have I have a follow-up question to that. I hear what you're saying and I understand that, but at the end of the day if I'm accurate—I remember former County Administrator Dennis Hays saying we have got to continue to grow our county in the way of growing our tax base through business and residential economic development in order to bring in the revenue that we need to cover the costs like road repair and the things that you're referencing. **Ms. VonAchen** said I agree. **Commissioner Murguia** said every time something comes up that involves growing our county whether it be Nebraska Furniture or a Speedway or something as simple as a fast food in Argentine, there's a lot of controversy because of the level of incentives that we give. Honestly, I've been around a long time and what I've never really understood, and I would like someone like you to tell me, is there information out there or when is the length of an incentive not growing the community anymore or how do you suggest we deal with that. Until we figure out how we're going to grow our community, and obviously it doesn't matter in Wyandotte County if you're out west or in the city, because we're giving incentives on both ends. How much incentives—have you looked at our incentive packages and do they seem reasonable and moving us in the right direction to grow our community and grow our tax base or are our incentives all messed up and do we need to redo those? I hear what you're saying, but to me it's not helpful if you're just saying, hey, don't put this road on your credit card anymore, well it has to be fixed. In the long run, if we're not doing it this year or next year, then in the long run how are we going to do that? I'm assuming you're going to agree with me that's through economic development, but then all we hear back is complaints that our incentives last too long or some people have even said give away the farm.

Ms. VonAchen said so the Economic Development Department has three economic development policies, or two, one is the Tax Abatement Policy; the other one is the Economic Development Policy. I know that our Interim Economic Development Director, Katherine, is going to be bringing forth some proposed revisions in the coming six months or so for you all to consider.

Another thing that's happening in the future six month is in April my staff and I are going to be presenting updates to the Tax Increment Financing Report. We prepare a presentation, a PowerPoint Presentation, that we gave to all of you as part of a Special Session last year. We're going to provide you an update on that. It's going to analyze every TIF district that we have and how well it's performing based on five different metrics, which I can't remember offhand what they were, but we've provided that information in the past. We're also going to roll in the Community Improvement Districts, which are CIDS, and the STAR districts so that you can have a comprehensive view of how every one of these districts are performing. All of our districts are meeting debt service or are close to and are doing very well. The residential TIFs aren't doing so good, but they're older than 10 years so we're looking to—generally speaking, they're doing rather well. Generally, any kind of incentives or tax abatements, property tax abatements is what I think you're referring to, they last between 10 and 20 years depending on each deal. To talk about them in global terms is a little difficult because every deal is different. That whole discussion, I understand you might think it's very related to this, but because the assessed value is one of the denominator's in this scenario, it is somewhat related, but not as closely as you would think. What we really need to think about is prioritize what capital investments are of the highest value to our Unified Government and what is the lowest way to pay for them and to lower the cost. There is a benefit doing debt financing because it spreads the costs of the improvements or the benefit that we're providing by different investment in our infrastructure. It spreads it's to future taxpayer's, so it's not burdening entirely our current taxpayers, so there is a very careful mix that you need to do when you decide how much debt to undertake every year. What' I'm saying is because we have so many needs, it would make more sense, in my view, to proceed with issuing GO's once every other year and that gives our Public Works Department time to fully complete the projects before we proceed with the next. It's a little bit of the staging. It's also has to do with the level of debt. Minimizing the annual amount of debt that we add and then making sure we can accomplish all of the projects that we complete.

Commissioner Murguia said I still have a final comment and then I'll stop. Kathleen, I hear what you're saying. There are a lot of ways to manage debt and I think you're doing a good job and trying to be as creative as possible. I will say, that as costs go up, we have to grow our community in order to be able to pay for those costs. It's pretty simple and at a Commission level, I don't know how much into the weeds we're really supposed to be with how we manage that debt. I just know that in growing our community I would like to see you, our CFO, more involved in helping us set good policies around economic development for our community and that coupled with what our community wants to see in the way of economic development. I'm not sure that that's happening or maybe I'm just not seeing it. I don't want to judge that because I don't always see what goes on up there, but I do think that that's very important that we can manage and get more creative about how we're managing our debt. If we're not growing our community, at some point we're not going to be able to pay what we need to pay for. I just want to make sure that when the commissioners or when others are out there trying to bring business to Wyandotte County that when we're looking at those deals that we're looking at them not just in the short-run, but in the long-run and what's in the best interest of our county.

Chairman Burroughs asked, Commissioner Townsend, do you have any comments.

Commissioner Townsend said I don't at this time, but I reserve the right to ask something later. The presentation wasn't in the packet, so when I get a chance to review, then I may have some comments that I'll forward directly to Ms. VonAchen.

Commissioner Walters said I think you asked, Kathleen, if we had any thoughts about which of these metrics are important. The one that kind of stands out to me is the one in the middle that says 10 to 12% of total governmental expenditures and we're at more than that. It says up above policy goal. Is that our current policy goal? **Ms. VonAchen** said yes, it is. **Commissioner Walters** said, well, we are not doing so well on that one it doesn't sound like. I don't remember in any of the budget presentations anybody from staff pointing out that if we approve this budget, we're not going to be in compliance with our goal. That would be one that would be important to me. I would certainly like to hear what is important to you too. It sounds like you are suggesting that we need to cut our borrowing substantially, by 50% or so. I've heard this $15M number, what does that pertain to, is that the Consolidated General Fund, is it City Fund, or what? **Ms. VonAchen** said we issue a lot of different debt. **Commissioner Walters** said yes, we do. **Ms. VonAchen** said when I talk with you, I'm really focusing on the General Obligation Bonded debt. **Commissioner Walters** said, city? **Ms. VonAchen** said city and a little bit of county as well. **Commissioner Walters** said a little bit of county. **Ms. VonAchen** said, but mainly city alright. **Commissioner Walters** said one of the challenges I have—**Ms. VonAchen** said I'm actually not referring to the Special Obligation Bonds or the STAR Bonds or the CID Bonds. Those are all economic development type bonds and the revenue from the individual project is paying for that debt service. We don't typically include any of that in these discussions. What we're talking about tonight is just the bonds that are secured by the property tax levy of the City & Bond Interest Fund and the County Bond & Interest Fund.

The City Bond & Interest Fund has 16+ mill rate and the County Bond & Interest Fund has a 2+ mill rate. The combined is around 19 mills in total. **Commissioner Walters** said that is one of the challenges I find is when we talk about debt so many people have different numbers and could vary by hundreds of millions of dollars when somebody says what's the debt of the county or the city or the UG, or whatever. It would be good—there's also the debt that we issue for our Sewer Wastewater Enterprise Fund and stormwater which is paid for from— **Commissioner Walters** said from taxpayers. **Ms. VonAchen** said it's paid from ratepayers or people who benefit from the service, it's a charge for service. **Commissioner Walters** said most of the debt does eventually get paid off by the residents of Wyandotte County in one way or another. That would be one thing that I would find helpful is when we talk about debt, we be specific as to what we are talking about and if it's $15M, what that pertains to. I hear you saying maybe we should cut that in half by doing it only every other year. **Ms. VonAchen** said I was thinking maybe $20 - $25M every other year, just governmental general obligation debt.

Commissioner Walters said my request is could we get a plan, could you if put together a plan for us as to how we could get to 10% of governmental expenditures within some period of time, if it's 10 years or 5 years, or whatever; so that we could least have a magnitude in mind of what that would actually do to us as commissioners when approve and review the budget? **Ms. VonAchen** said actually S&P recommends it would be around 12 so how about 12, would that work, or do you want 10? **Commissioner Walters** said if you want 12, we'll defer it to you. I guess those are two things first, a confirmation of just what we are talking about when we're talking about debt, and then secondly, a recovery plan to get to 12% of expenditures. In going back to what I think Commissioner Murguia was saying, it certainly would help if we could grow the tax base, that would help us get to that 12%. **Ms. VonAchen** said absolutely. **Commissioner Walters** said well, but we have been growing the tax base and it hasn't helped us on the debt so far, it appears to me anyway. I think maybe some corrective action might be in order.

BPU Board Member Bryant said I'm going to kind of take a different angle, but dovetail on the last thing that was talked about which would be the comments was talking about out how to grow tax base, which is the only way you're going to continue to maintain and fix the infrastructure. We have the same issue at BPU. How do you grow your revenue when you have limited streams? There was talk about the tax abatement and a lot of people don't realize that most of the places where a tax abatement is given, it's going to be a business, a larger business that will still be paying the PILOT fee, which the PILOT fee is a significant amount and is based on their utility usage, so it's a larger business and probably going to have a larger portion of their PILOT that they'll be paying. There's still revenue coming in from this even though they have that tax abatement for awhile and I think a lot of people forget about that revenue stream. **Ms. VonAchen** said that PILOT supports public safety expenditures reflected in the City and County General Fund. **Board Member Bryant** said I would hope that it represents a lot. I mean it's significant—I think this year it will be a little over $32M. It's a significant revenue stream for the UG. I don't dis the UG for having that. I understand the purpose of it and it's a fee that in lieu of a property tax, which some businesses especially have mitigated their costs of property tax for a period of time, the PILOT is paid by all, so it's more of a fair share from all based on their usage. **Ms. VonAchen** said I don't remember that percentage, but a good percentage of the total PILOT revenues come from commercial. **Board BPU Board Member Bryant** said it's a significant—residential is the smallest I believe. Mine would be instead of the policy which you guys are more into policy, mine would be more of just suggesting kind of an idea that when you think about it, it's going to be growing your revenue base. There's a couple weird ideas that I'll save, but one of them I would say is thinking about what is going to bring you the biggest bang for your buck. You're basically—your investment versus return. Who brings in the largest portion of your revenue to you. Is it going to be industrial businesses, commercial businesses, or residential and perhaps you target those as your growth areas? I know that at times it's hard to come up with a plan and you're trying to grow everything at once. If you know that, for instance, commercial and I don't know whether it is or not, but say commercial, businesses between a certain amount, size, are your largest revenue source per investment cost by the UG, then you target those areas and you say okay, this is going to be our number one goal, let's try to draw more of these businesses because it's going to give us our largest revenue boost with our lowest expenditures. It's just at times you have to sit down and just think about the simplest terms and you're going to have your plans to grow the residential and everything else, but you just have to figure out what it is that's going to give you your biggest bang and go after that and just see how it works. **Ms. VonAchen** said I'm going to incorporate some language on encouraging efforts and action steps towards improving our revenue base or the value of our property in the policy.

Chairman Burroughs said the Mayor has stated specifically to grow our revenue base we have to continue to have economic development in our community.

Commissioner McKiernan said just one comment I've made before is to talk about our total valuation is misleading and this goes back to what Commissioner Murguia was talking about. If we don't acknowledge that a certain portion of our valuation is not at any given time paying taxes because of the incentives given, so I think we need two figures, total valuation and total valuation that is paying tax.

Chairman Burroughs stated very well stated Commissioner, very well stated. Well, there's been a number of ideas and suggestions floating around this evening, grow our revenue base, tax abatements. I would just state that tax abatements are really appropriations of dollars set we are giving away in hopes of future income. We need to be mindful of that, but one thing I can state that this committee is really adamant about is reducing debt. We have studied our ways to do that and I appreciate the ideas tonight and I look forward to your TIF presentation in April. I believe there is something to be learned from that. Your idea about issuing GO debt every other year $15 to $20M of debt every other year, that basically cuts our debt reduction in half right off the bat by looking at that policy. **Ms. VonAchen** said $20 to $25M every other year.

Commissioner Walters said one more request. You know your financial policy that you brought forward a few months ago, it had four actions that we could take if we had a surplus and one of them was reducing debt. Walk me through how that would work. We know the surplus in January or February in round numbers at least, but we will only know that after the fiscal year is completed. Do you recommend or do you foresee having it in the future years budget to reduce that debt as sort of a line item recognizing that we had the surplus in the previous year and we will now catch up by—if we choose to reduce debt by including it in the future years budget, just walk us through what that process would be. **Ms. VonAchen** said in the policy that you adopted there were—there was a reference to five items that you can or possible proposed options for utilizing any excess, which the excess is amounts at yearend that exceed the minimum benchmark of 17%. Those words would pay down outstanding long-term liabilities such as deficit positions in our Workers Comp Fund or the Health Benefits Fund or to pay down our pension liability or to save for pension payouts. That's one of the things. The second one was to reduce our debt. The third one was to make an investment in some new program or for some specific cash funded capital project, and then the third one was just let it go to fund balance and build your fund balance so that we end up at 25%, not the 17% we're at or where the policy was. **Commissioner Walters** said there was also one cutting taxes. **Ms. VonAchen** said that's right, that's right. One was to reduce the mill rate, or you could reduce the sales tax rate too or the PILOT. **Commissioner Walters** said I guess I'm just focused on debt. **Ms. VonAchen** said the debt, what we're going to do, I'm thinking more the end of February we'll be able to get a good feel for how we're looking at the end of the fiscal year because it takes us a couple months to close the books. So, early March I'm foreseeing us having a presentation, probably a Special Session, or perhaps this committee to talk about how our fiscal year-end looks and then at that point we'll be providing you with a list of alternatives or suggestions for what we want to do. You're wondering which fiscal year would we hit? I'm thinking we would probably apply that difference to—it's really up to you whether we'd apply it as part of the amended current year budget or for the future year budgets, it's really up to you.

Chairman Burroughs said, again, just a reminder this is for information purposes only. I believe that information was well received this evening. Thank you, Kathleen. Is there any comment from the audience this evening? No one stepped forward.

Action: Information only.

ITEM NO. 4 – 18539…RESOLUTION: ISSUANCE OF IRB'S FOR PHVIF KANSAS CITY, LLC

Synopsis: Resolution of Intent to issue IRB's in an amount not to exceed $4,000,000 for the benefit of PHVIF. An IRB application was submitted by PHVIF for sales tax exemption for construction materials and furniture, fixtures and equipment for renovations to the entire Hilton Garden Inn property located at 520 Minnesota Avenue, submitted by Katherine Carttar, Interim Economic Development Director.

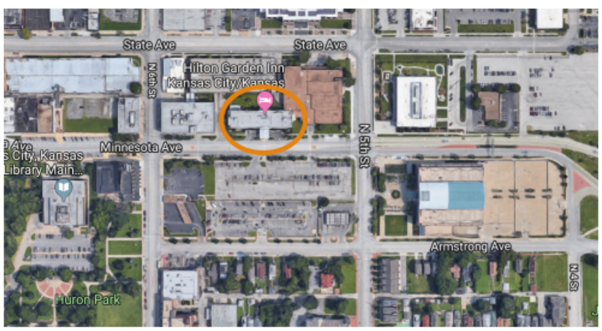
Hilton Garden Inn

A resolution of Intent to issue Industrial Revenue Bonds for sales tax exemption for construction materials and furniture, fixtures and equipment for renovations to the entire Hilton Garden Inn property.

- IRBs in an amount not to exceed $4,000 for the benefit of PHVIF Kansas City, LLC (Peachtree Hotel Group)
- Requested Action: Adopt resolution of intent and advance to Full Commission for approval on December 13, 2018

2

Hilton Garden Inn



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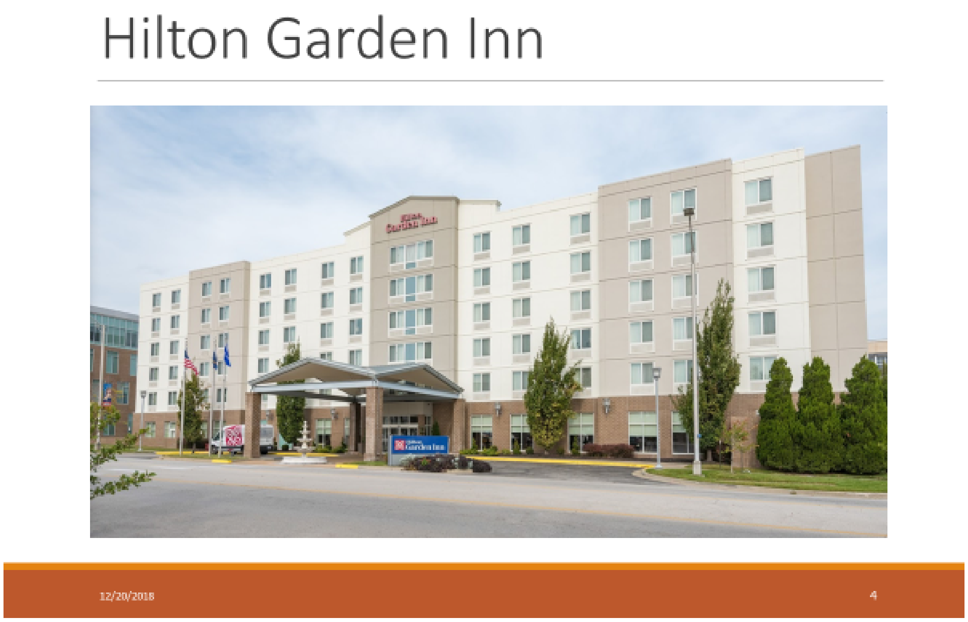
Katherine Carttar, Interim Economic Development Director, said the Hilton Garden Inn, they are here with a Resolution of Intent to issue industrial revenue bonds for sales tax exemption for construction materials and FF&E. The industrial revenue bonds are in an amount not to exceed $4M for the benefit of PHVIF Kansas City, which is really just Peachtree Group for the folks that purchased the Hilton Garden Inn back earlier this year. The requested action for tonight is to adopt the Resolution of Intent and advance it to full Commission on December 13.

Just kind of a quick reminder of where this is. This is the Hilton Garden Inn downtown at 540 Minnesota. Were in support especially of the renovations and things that they're kind of investment putting into this hotel because they think it's going to do particularly well considering the benefits and the other things that we're working on in the vicinity of this hotel. So, of course, the grocery store is directly across the street or will be directly across the street. Also KU who could potentially have folks coming in and needing a place to stay and they should be opening their new building, the Strawberry Hill Campus, in August 2019, so all of this could come together nicely for that purpose.



This is what it looks like today.

Hilton Garden Inn

- Peachtree Hotel Group acquired Hilton Garden Inn Kansas City on May 10, 2018
- Plans to implement a $4 million comprehensive renovation of the entire property, including:
  - Public spaces
  - Rooms and bathrooms
  - Food and beverage spaces
  - Restaurant
  - Exterior
- Currently in the planning stage of the renovation
- Expect to start construction in the first quarter of 2019

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As I mentioned, the Peachtree Hotel Group acquired the Hilton Garden Inn back in May of 2018. They immediately talked to us about their plans to invest in the entire property so that includes public spaces, rooms and bathrooms, food and beverage spaces, restaurants, and the exterior. As they're working through this incentive process, they are currently in the planning stages of the renovation and they're hope is that they would start first quarter of 2019 so pretty quick, which is excellent.

Again, the requested action is to adopt the Resolution of Intent and advance. I'm here also with Katie Logan from Lathrop and Gage, representing the applicant if you all have any questions.

Commissioner Walters said in our packet there was a document that is titled Notice of Intent to enter into a Lease Agreement. Can you explain what that is? It's says the Unified Government in connection with the proposed issuance of Taxable Industrial Revenue Bonds hereby gives notice of it's intent to enter into a Lease Agreement with PHVIF Kansas City. **Ms. Carttar** said basically what happens with Industrial Revenue Bonds is for a short period of time we're kind of giving them our sales tax exemption for a period of time that they're doing the renovations. In effect, we are becoming the owner of the property for that time and then kind of leasing back.

Katie Logan, Lathrop & Gage, said under Kansas law for Economic Development Incentive Bonds, that's what these are, this one does not require a property tax abatement. It is asking only for the sales tax exemption, but in order to obtain that the structure of the transactions—these were prepared by Gilmore & Bell, your bond counsel. The structure of the transaction requires the property to be conveyed to the issuer, here in the Unified Government, and then leased back to the company that is going to do the improvements and when it's a sales tax exemption usually that period of time the company buys its own bonds. These are not full faith and credit General Obligation Bonds. During that period of time the company owns the bonds, the city owns the property, leases it back to the company typically for not more than a two-year period because the city only needs to have title to the property for purposes of the sales tax exemption for the period of time it takes to do the improvements. Typically, it's a very short-term structure and of course all the costs relating to that are paid for by the company, not by the Unified Government.

Commissioner Murguia said how much sales tax are we foregoing? **Ms. Logan** said I'm sorry, I didn't hear the question. **Chairman Burroughs** said what's the total amount of sales tax. **Ms. Logan** said I understand that the amount of the sales tax savings that is being estimated on this project is somewhere between $250,000 and $300,000 because remember, the sales tax is only chargeable on the hard costs, and not all of those sales taxes would necessarily be coming to the Unified Government otherwise in any case.

Commissioner Walters said can I finish my question. I would like to ask Chief Legal Counsel to walk me through that. We're taking ownership of the Hilton Garden Inn? **Patrick Waters, Senior Attorney,** said it is kind of a legal technicality that is required by the statute since this is what happens with all IRBs for that period of time while the bonds are outstanding. Its kind of a strange structure, but that's how all of the IRBs are done. The municipality technically does this lease, leaseback provision with the—**Commissioner Walters** said well, you're fully informed on all of this and give it your nod of approval. So, we will own the Hilton Garden Inn again for a short period of time. **Mr. Waters** said technically, on paper, yes. **Commissioner Walters** said, well how else do you own staff? **Mr. Waters** said obviously, it is not contemplated as a long-term ownership in anyway.

Chairman Burroughs said point of clarification. I want to make sure I heard correctly. We won't own the hotel, we'll own the furniture and the properties that are being purchased through tax exemption or are we going to own the entire entity during rehab? **Mr. Waters** said it is the property. **Chairman Burroughs** said it's the entire entity and I would assume that as our attorney that we will ensure that the place is fully insured to cover our investment should a tragedy or an incident happen at the facility. **Mr. Waters** said yes, we will.

Commissioner Murguia said on this $250,000 to $300,000 that someone said was a savings in sales tax, who gets that savings? Are you talking about the business or the Unified Government? **Ms. Logan** said what happens is the city which has its own sales tax exemption certificate as a public entity then issues—the company gets to use the benefit of the city sales tax exemption certificate. Sales taxes that the company would otherwise have to pay without the sales tax exemption certificate are simply not collected. **Commissioner Murguia** said the Unified Government is giving away $250,000 to $300,000 in sales tax revenue to the hotel? **Ms. Carttar** said effectively; however, the nice thing about this sales tax exemption is a lot of the sales tax we will not be collecting because in reality, with these type of large projects, the vast majority of the items are not actually being purchased in Wyandotte County, KCK, so wherever they are purchasing these items, it's that sales tax that we are able to exempt and so whether they're at different states, different city. I'm sure some portion of that would have been purchased and will be purchased in Wyandotte County, but the likelihood is the vast majority will come from other jurisdictions. **Commissioner Murguia** said so, you have no idea how much sales tax we could potentially be losing in Wyandotte County on this? **Ms. Carttar** said at this time we don't. We certainly get that in the long run and see where they purchase everything, but no, we do not at this one.

Commissioner Murguia said and then I just want to follow-up on Commissioner Walters question about the lease and owning the property for a while. I'd like to hear from someone about the worst-case scenario. What is the worst-case scenario of us taking ownership of this property that could happen? **Mr. Waters** said I'm not sure that there would be a worst-case scenario because really all of the incentive is on the hotel to make good on its promises and pay off the bonds. **Commissioner Murguia** said what if the don't, what if they don't, what happens? **Mr. Waters** said I would think that we would have the ability to control the property until they do sale. **Commissioner Murguia** said then we'd own the property indefinitely, correct? **Mr. Waters** said indefinitely or until the bonds are paid off.

Ms. Logan said, again, this is structured this way because the Kansas statutes require it to be structured this way in order to have the benefit of the city sales tax exemption. The UG will require the company to buy its own bonds so in essence, the company is both its own lender and borrower, it owes itself the money. The company has no incentive to have the property remain in the UG's title, remain in the UG any longer than is necessary to obtain the sales tax exemption. **Commissioner Murguia** asked what is the UG getting out of this in the end? What is the Unified Government getting? **Ms. Carttar** said we are getting a much nicer hotel downtown and more investment in the downtown KCK that will hopefully bring more people to stay there eventually and ideally shop more and try to get more people coming downtown and spending money. **Ms. VonAchen** said essentially more Transient Guest Tax. **Ms. Carttar** said yes, that as well.

Commissioner Townsend said I do have a question along the lines of what I've been listening to with the lease agreement. What is the length of time or what is the occurrence of the event that will conclude our status as owner of the hotel? **Ms. Logan** said you will be working with the city's bond counsel in drafting these documents. Typically, the term of the lease, the term of the whole transaction is a bit longer, building some cushion in then the estimated construction period for the project. This isn't a new building or an addition to an existing building. This is cosmetic improvements and significant, but cosmetic improvements to the inside of the hotel. I did not ask my client what the construction term is. I figure about six months. My guess is, and I've worked with Gilmore & Bell a lot in other situations, my guess is, if it's a six-month estimated construction period, then the period of time that the city would hold title and the bonds would be outstanding wouldn't be longer than a year. Once the project is done, they can always be terminated early. This would be a very short period of time. **Commissioner Townsend** said okay, six-months to a year based on the completion of the construction.

Commissioner McKiernan said don't I understand that this is the exact same legal arrangement that we have used in every single IRB we've issued over my entire time here. This is nothing new that we're doing It's the first time that I've guess we've noticed. This is not some deviation from past practice, correct? **Mr. Waters** said this is standard procedure. **Commissioner McKiernan** said every IRB we've issued for every project, everywhere in this city, has gone through this same arrangement. **Ms. Logan** said correct. **Commissioner McKiernan** said I want to just confirm one other thing, in section 6 of the resolution actually, just to confirm you said this out loud, I just want to confirm this that the issuance of these bonds shall not directly, indirectly, or contingently obligate the issuer, the state, or any other political subdivision thereof. Basically, we are not backstopping these in anyway. **Ms. Logan** said we're not, no. **Commissioner McKiernan** said and that is also consistent with the issuance of previous IRB's, correct, never backstop an IRB.

Commissioner Walters asked while we own this building will it be tax-exempt from property taxes? **Mr. Waters** said due to the short length of issuance I don't think—**Ms. Carttar** said no, this is purely for sales tax exemption, construction materials.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Townsend, to approve.** Roll call was taken and there were five Bryant, Walters, Townsend, McKiernan, Burroughs. Commissioner Murguia voted no.

ITEM NO. 5 – 18496…UPDATE: CASH AND INVESTMENT POLICY

Synopsis: A presentation of the proposed revisions to the Unified Government's Cash and Investments Policy, submitted by Rick Mikesic, Director of Revenue/County Treasurer. This annual review and adoption is required by State stature.

Rick Mikesic, Director of Revenue/County Treasurer, said actually Kathleen was going to lead the presentation of the slides this evening, but we are certainly here for questions.

Kathleen VonAchen, Chief Financial Officer, said we worked with our Cash and Investment Advisory Committee on some revisions to the Cash and Investment Policy. This policy is required to be updated or reviewed annually by state statute. We've identified some minor adjustments to the policy. The next two slides just briefly reference some of these adjustments.

SUMMARY OF REVISIONS

- Adjusted references to the County Treasurer title
- Updated references to the Municipal Advisory firm
- Reduced the amount that any given issuer can hold in the UG's total investment portfolio from 30% to 25%.
- Provides clarifying language regarding the importance to retain as liquid assets property tax distributions to other entities.

SUMMARY OF REVISIONS (CONTINUED)

- Clarified the core investment portfolio definition to exclude debt related reserves and bond proceeds per state law. Included the health reserve fund balance to match current practice.
- Deleted clause regarding extension of maturities of investments.
- Changed the investment portfolio benchmark from 90-day T-Bill rate to the T-Bill rate of the average weighted maturity of the UG portfolio.
- Clarified language concerning notification of collateral substitutions.

In the packet Rick and I have included and Andrea, the three of us have included both a clean copy and a redline version. The revisions that we've included are to update the reference to our County Treasurer, Director of Revenue and County Treasurer. It wasn't quite correct in the policy. We also updated the reference to our Municipal Advisory Firm, it was referred to previously as the Financial Advisory Firm and that terminology was changed due to Dodd-Frank federal legislation. We are proposing to reduce the amount that any given insurer holds of the total portfolio from 30% to 25% and the reason for that is that Michael is to more—to diversify the portfolio even more so than it currently is. Right now, we're still having difficulty getting that percentage down to even the 30% level mainly because we need to encourage more of our banks who have branches and locations here in Wyandotte County to take a more active part in our investment portfolio bidding process. Right now, we kind of get the same two or three banks bidding. We need to get more of our other banks to be more involved in our portfolio. **Chairman Burroughs** said with that, Kathleen, I do know we have one insurer that has over our statutory limit already. If we reduce this to 25%, will that put any others in violation of—**Ms. VonAchen** said no. **Chairman Burroughs** said so we're well under the 25% with the other entities? **Ms. VonAchen** said yes.

Rick Mikesic, Director of Revenue/County Treasurer, said I did want to mention that we have been looking at that one institution and I believe off the top of my head that we probably will be in compliance again, definitely next year. I don't remember if it was a 2nd Quarter, does that sound about—we just have a four-year period where those items mature and they're laddered out four years and we are simply not investing any additional funds with that institution until—and as time passes investments come off that will bring that down and then we will be in compliance with the policy again. **Chairman Burroughs** said when you say within a year, that's 2019 I'm assuming. **Mr. Mikesic** said correct.

BPU Board Member Bryant said and that would just get to the 30%, though right? **Mr. Mikesic** said will I believe we will reach 25% fairly quickly as well. I don't anticipate this change making a substantial change to when that happens.

Ms. VonAchen said we're also including some clarifying language on the importance of retaining the assets as liquid for those funds or idle funds that we're collecting on behalf of the other governmental entities as a result of the fact that we administer the property tax and we do, it was just kind of rewording the phrase in the policy.

SUMMARY OF REVISIONS (CONTINUED)

- Clarified the core investment portfolio definition to exclude debt related reserves and bond proceeds per state law. Included the health reserve fund balance to match current practice.
- Deleted clause regarding extension of maturities of investments.
- Changed the investment portfolio benchmark from 90-day T-Bill rate to the T-Bill rate of the average weighted maturity of the UG portfolio.
- Clarified language concerning notification of collateral substitutions.

We better defined our core investment portfolio so that it specially excludes debt related reserves and bond proceeds as is the case in state statute. We also included the Health Reserve Fund which in the policy had it excluded, but in practice we were always including it. That balance is only, it's not very much money so we just decided to make it more clearer. We deleted the clause related to the extension of maturities on investments. We changed the investment portfolio benchmark, this is a big one, right now the benchmark was 90-day T-Bill rate regardless of how long our current holdings average maturity was, we were still comparing it with a 90-day rate. What we're recommending is that we make our benchmark whatever the number of days our current portfolio is right now. For example, if our portfolio has an average daily maturity of say 400 days, then our benchmark should be what the T-Bill rate is for 400 days for example or 365 days for example, so that the maturities are matching between the benchmark and what the T-Bill rate is. **Chairman Burroughs** said you will be able to get that number how? **Ms. VonAchen** said we get it from the Wall Street Journal index. We'll round it to the nearest quarter. **BPU Board Member Bryant** said most of the time the average waited longer than 90 days? **Ms. VonAchen** said yes, we've been averaging around above 365 days for a number of years.

Lastly, just to kind of clarify the language related to notification of collateral substitution, so kind of just a technical change.

Commissioner Townsend was disconnected.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Walters, to approve**. Roll call was taken and there were five "Ayes," Bryant, Walters, Murguia, McKiernan, Burroughs.

Ms. VonAchen said thank you. I'd like to thank my staff for their work on this policy and for all that they do with the investment portfolio.

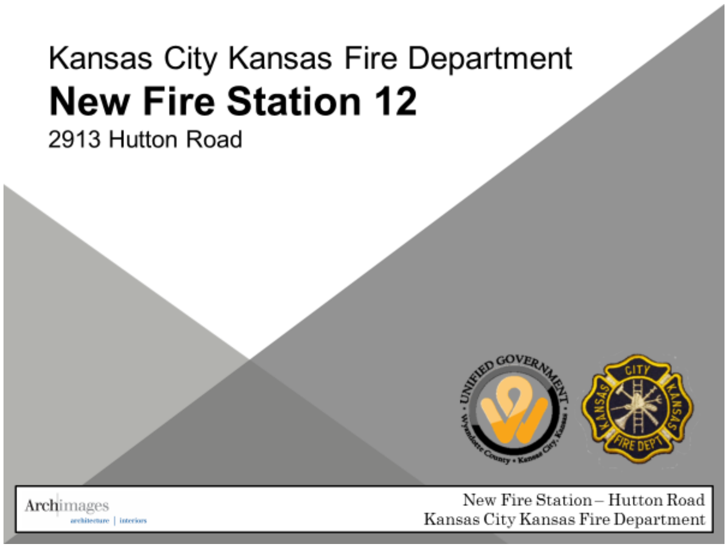
Commissioner Townsend was reconnected.

Commissioner Townsend said I want to apologize. Right in the midst of the call for that vote I had some technical difficulties regarding the Cash Investment Policy, which you needed approval on. I'd like the record to reflect that I was in favor of that action. **Chairman Burroughs** said we've made note.

ITEM NO. 6 – 18545…BUDGET REVISIONS: FIRE STATION PROJECT

Synopsis: In accordance with the financial policies, a request is being submitted to increase the project budget by $1,000,000 for the new fire station. The funds will come from anticipated unexpended 2018 capital projects, submitted by John Kelly, Director of Buildings and Logistics.

John Kelly, Director of Building and Logistics, said I want to tell everybody we have Kyle Morrison with Archimages here tonight and they'll show us a few slides. We have Chief Callahan and Chief Andrade. Tonight, we're here requesting to do a budget revision up to $1M. We are working with the Finance and Budget Department to help find unexpended 2018 CMIP dollars. These additional funds will ensure the basic features and the services that the design committee has been working on up to this point. Also, our CMR, bids will be coming in February of 2019 so with those anticipated numbers is really the reason that we are requesting this budget revision at this time. I'll let Kyle through the slides and if you guys have any questions, we'll be able to answer them.



Kyle Morrison, Archimages, said we've been working with the committee to identify the needs of the fire station and prepare design and a do some costing. The location is just south of Leavenworth Road on Hutton Road on the east side. This is our site, north is up on this site. We're planning a drive through station where trucks will return this way and come in here. I'll show you a floor plan in just a minute. Most of the parking is in the back. There is some public parking and a public entrance in the front. The 4.5 acres site, we're using just the north part of it. The balance of the site is reserved for a future city park. That park is not part of this project, not a part of what we're talking about this evening.

The floor plan, the areas in red are apparatus, these areas in the orange are support areas for the apparatus. The decontamination area is down here near storage. We have a small mezzanine area with mechanical and some storage. The two bays to the left will be a truck and engine initially, probably just the pumper engine, and the truck will be somewhere in the future. This small bay is for an ambulance. The blue in the back is the bunkrooms and a laundry and a study room. The green areas are the more living spaces. That public entrance that I mentioned is right here and so having the living and day room spaces over here and then a fitness area.

This is what the outside of the station is planned to look like. We've worked towards a long-lasting design that trendy with low maintenance materials that will serve for a long time trying to minimize operational costs and maintenance expense.

Again, we've really worked hard to identify needs and meet those needs and have worked with the construction manager on what the costs are.

Commissioner Walters asked did I understand that you don't have these funds identified yet. **Mr. Kelly** said that is correct Commissioner. We are working with Budget and Finance to look at unexpended 2018 dollars coming in this last year to see what weren't spent to put towards this project.

Kathleen VonAchen, Chief Financial Officer, said we know that there is significant, as you saw in the earlier presentation, there is significant underspending in the City General Fund cash funded Capital Projects. We anticipate that these funds will be coming from those line items, but we can't tell you specifically which projects are going to end the year with underspending that's sufficient, but a pretty significant difference. **Commissioner Walters** said that was my question, is what projects we have approved that are not going to get done if we go forward with this. I guess we don't know the answer to that at this time. **Ms. VonAchen** said not at this time, no.

Commissioner Walters said just a quick question. Is that wood and concrete block what I'm seeing on that rendering. **Mr. Morrison** said it's a combination of bricks, stucco, and stone. There' s no wood on the outside. **Commissioner Walters** asked what is the brown material? **Mr. Morrison** said with the horizontal lines, that's stucco.

Commissioner Murguia said I cannot remember, what's the total budget for this building? **Mr. Kelly** said the current budget that we have is $4M.

Chairman Burroughs asked do you have a timeline for getting this project finished? **Mr. Morriso**n said we're currently in the design process. We anticipate being finished with that and out to bid in February and a 10 – 12-month construction time depending on weather. We'll actually start, we have an early site package going out, well it's out right now, so site grading will start in January. **Chairman Burroughs** said so we can see the project completed in 2019? **Mr. Morrison** said late 2019. **Chairman Burroughs** said late 2019. **Mr. Morrison** said yes, that's our hopes. **Chairman Burroughs** said and the hopes of one of our fellow commissioners.

Commissioner Murguia said I have one last question. Does anyone there happen to remember the cost of the new police station in Argentine? **Mr. Kelly** said I'm sorry not off hand I don't, but I can get number for you. **Commissioner Murguia** said okay, let me know.

Chairman Burroughs said it would also be more appropriate the cost of the one off on State Avenue. The one out by the Schlitterbahn project. **Mr. Kelly** said the fire station your referring to, we could probably get that number as well. **Chairman Burroughs** said I think that's pretty close to comparable size of what we're looking at here, it may be just a little bit bigger. **Mr.**

Kelly said size was, square footage probably, but like I said the time of Schlitterbahn versus the South Patrol area are years apart. We can get both of those numbers and square footage for those facilities. **Chairman Burroughs** asked, Commissioner Murguia, would that be of benefit. **Commissioner Murguia** said, Tom, I'm not sure I know when that fire station was built. I think it was over a decade ago, wasn't it or am I thinking of a different station? **Chairman Burroughs** said your correct, Commissioner. **Mr. Kelly** said it was 2000. **Commissioner Murguia** said the more comparable, I think, it was in 2000, that is 18 years ago, so the more comparable I think would be the police station in Argentine which opened I think two years ago.

Commissioner Walters said my recollection is when we first started talking about fire stations we were told that a fire station costs roughly $3M. Then when it got into the CMIP it was $4M, now it's $5M so we might have to think about our long-term investment fires stations because I think we we're talking about $3M would be the costs of a fire station roughly, but that's clearly not going to be the case.

Commissioner Murguia said along with Commissioner Walters said, I believe the police station, the new police station from a couple of years ago was $2.5M. Unless there's a big difference between a fire station and a police station and the need there, I was just curious why—there's a $4M discrepancy.

Fire Chief Callahan said in addition to square footage there's a lot of considerations that go into a fire station that don't go into a police station such as decontamination. The way the air, the negative and positive pressurization in the rooms because the bunker gear needs to be separate and there needs to be negative pressure in the room the bunkered gear is stored in because of the cancer hazard. Typically, police stations also don't have living quarters in them where they spend the night and kitchens. **Commissioner Murguia** said thank you very much, Chief, that's very helpful because the question I will get, as a Commissioner, is why are we spending $2.5M on public safety in the inner-city and we're spending $4M out west. I am totally in favor of this fire station, couldn't be a bigger advocate, but I just want to have an answer for my constituents and that answered it.

Commissioner Townsend said this money is for the station, we're not talking about the addition of equipment, rolling equipment. This is just the edifice itself and what it needs to be nice and safe for our firemen, correct? **Mr. Kelly** said that is correct. It is strictly for construction of the station. **Commissioner Townsend** said do we anticipate finding capital projects where there will be a $1M—where $1M will be available to roll to this project? I was just trying to understand that again. I think I heard from Commissioner Walters question that these projects have not been identified yet. **Chairman Burroughs** said I don't believe that was the comment. I believe it was identification of where the funds would be coming from**.** **Commissioner Townsend** said well, that's what I mean. It says here the funds will come from anticipated unexpended 2018 Capital Projects. **Chairman Burroughs** said Kathleen VonAchen will answer that question. **Ms. VonAchen** said that's right, well some of it, not all of it, but we're looking for various areas in the City General Fund Budget where we can identify that underspending in various areas, not just Capital Projects, that's probably where most of it will come from. If you look at page 2 of the budget report, you'll see that the City General Fund cash funded Capital Projects total $2.4M and so far we've only spent $1.4M. **Chairman Burroughs** said so this is not new bonded money. This will be a cash investment. **Ms. VonAchen** said I'm sorry. I need to make a correction to what I just said. I looked at the wrong table. The total Amended 2018 Budget for Capital Outlay is $5.3M and we've only spent $1.4M so far. I looked at the wrong table sorry.

BPU Board Member Bryant said so the packet that I received really didn't have much detail. How could we be off by 25% on what our expectations were? **Ms. VonAchen** said we've asked the departments to go through—**BPU Board Member Bryant** we just need to know whether its 20% just curious how we could be so far off? **Mr. Kelly** said with that being said the number of $4M was given a few years back and I just think that maybe at that time not knowing as the committee was moving forward with knowing where the fire station was going, knowing this one's out in Piper, and the needs out there, maybe the square footage of that facility for the needs that we need or maybe a little and then also with the market now, we're finding a lot of projects that are trending upward just with a lot of different costs going up.

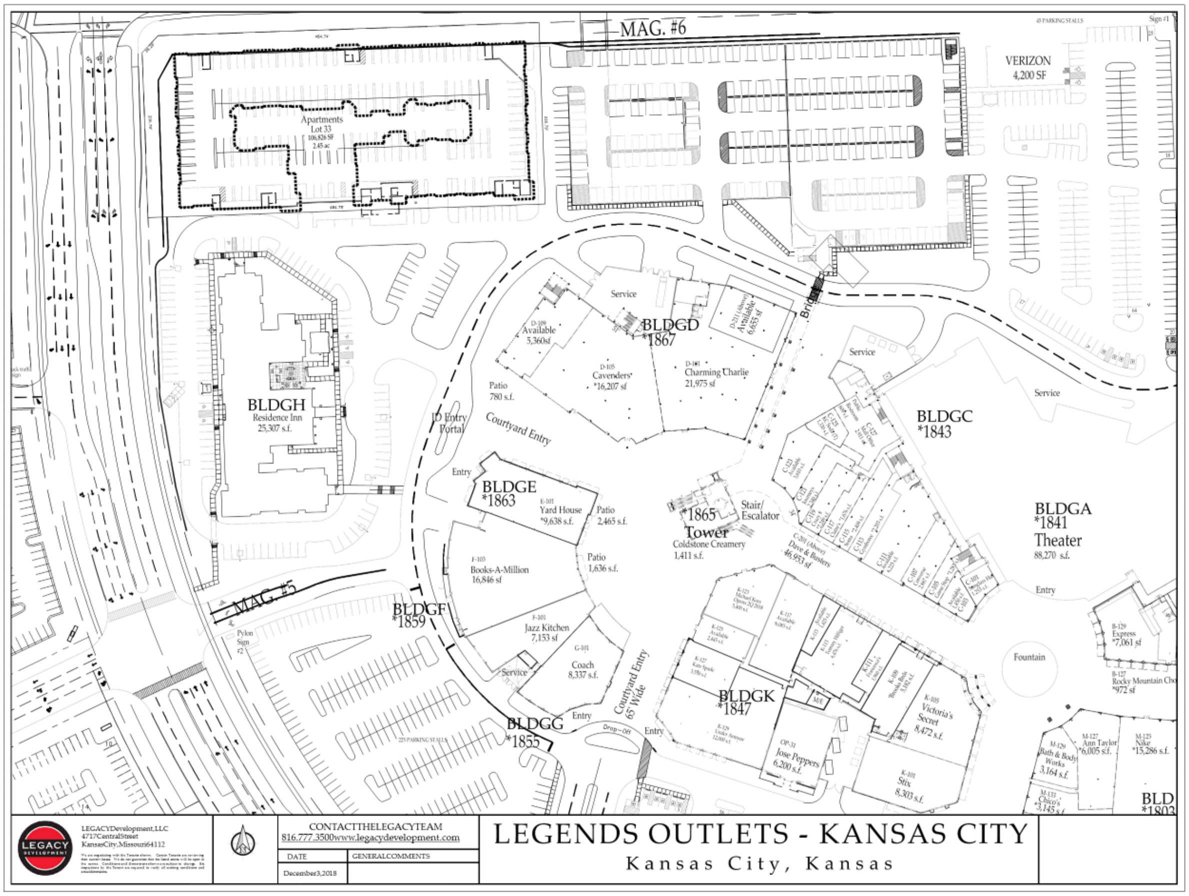
Mr. Morrison said I might also offer that a few years, it's been in relatively recent times that the concerns over cancer causing elements have been raised and I wasn't obviously part of that budgeting process, but I'm not sure that was really considered at the time so that adds both square footage and equipment to the building to address those in a way we're addressing them today.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Walters, to approve.** Roll call was taken and there were six "Ayes," Bryant, Walters, Murguia, Townsend, McKiernan, Burroughs.

ITEM NO. 7 – 18556…RESOLUTION: FIRST AMENDMENT TO LEGENDS WEST LAWN DEVELOPMENT AGREEMENT:

Synopsis: A resolution adopting the First Amendment to Legends West Lawn Development Agreement, submitted by Katherine Carttar, Interim Economic Development Director.

Patrick Waters, Senior Attorney, said on this item I would just note that earlier this year the Commission approved a Community Improvement District and a development Agreement with WLD Legends, owner, which provided that certain improvements to the West Lawn area would be completed by December 31, 2018. The developer has been working on those improvements but has requested a brief extension of time for that deadline from us and that's why this item is before you tonight. I believe the developer has a representative to discuss those improvements and then the timetable.



Heather Trower, Legacy Development, said our current completion date per the development agreement is December 31, 2018. When we started working on these documents over a year ago that date was put in as our completion date; however, it took several months longer than we had thought to actually get everything completed as far as getting our documents wrapped up and a bond issue. Therefore, the schedule just became very tight. With the Thanksgiving holiday we didn't want to shutdown access to the public to the various stores. We just really think that extra three months would be needed.

Chairman Burroughs said that's one month or a six-week period through the holiday season and your asking for a three-month extension. **Ms. Trower** said correct, because like I said, when that original completion date was put in those documents, which we worked with the UG, we thought the work would be done by December 31st, but we had been working on those documents over a year ago before we actually finalized the bond issuance and closed on everything. It just took a little longer than we thought.

Commissioner McKiernan said if I read the request for action correctly, it's only a two-month extension, it says March 1. It's not three months, correct? **Ms. Trower** said I'm sorry, March 1. **Commissioner McKiernan** said thank you for the clarification.

Chairman Burroughs asked does your organization own the vacant stores that are presently in the Village West Development. **Ms. Trower** said we do. Legacy Development is a member of the ownership entity that's mentioned. **Chairman Burroughs** asked to your knowledge are there commitments to fill those vacated premises in your organization. **Ms. Trower** said we are working with several tenants right now. My leasing agent and myself were out at the property today showing to future tenants and I'll be meeting with another tenant tomorrow at 10:30, so we do have a lot of interest for the remaining vacancies. **Chairman Burroughs** said the development that is occurring there now, those vacated areas, will be visible to those that want to use the new area. I would hope that we would be able to find occupants for those vacated facilities. One of them has been vacated for quite a while and that's revenue that we're missing out on sales tax having just passed the 3.8 cents sales issue. Those are dollars that are very important to our community and future development of the Legends as it sits today. **Ms. Trower** said you bet, and it's definitely our goal for the center to be full. We truly believe with all of the improvements that we are making in the West Lawn area that it's going to attract even better tenants to our center, tenants that typically like to be co-tenants with the likes of Kate Spade and Coach, and Michael Kors. We feel that once those improvements are complete, it will show even better and it will bring in those new tenants.

Commissioner McKiernan said as I recall, we didn't have a site plan in here to remind me about the initial dispersal of where all of the developments were taking place, but they were kind of scattered. You had the West Lawn where the new TV is but weren't part of this in other areas of the center at the east end. **Mr. Trower** said no, it's mainly—**Commissioner McKiernan** said all by where the TV is. **Ms. Trowers** said it's mainly by the TV. **Commissioner McKiernan** asked what's left, what percent of the project, what's left to be done? **Ms. Trower** said we have to do the escalator work. We're going to have a structure that will enclose it so that it's protected from the various weather conditions. **Commissioner McKiernan** said that work can reasonably be done in January and February. **Ms. Trower** said weather permitting, we are told yes, that it can be. **Commissioner McKiernan** said I guess what I'm getting at is 60 days a reasonable timeframe for outdoor construction in the Midwest. **Mr. Waters** said I believe this is what the developer agreed to and indicated would be sufficient. We can revisit it if there's an issue later on, that was the developer's agreement.

Commissioner Walters said getting back to Brian's question, what does remain other than the escalator enclosure? **Mr. Trower** said we are currently doing concrete work in the West Lawn area. Like I said the escalator. We're doing some restroom updates. It's mainly the concreate and then we have artificial turf going down and some amenities. **Chairman Burroughs** said I believe there was environmental iron work to be done to replace some of the deteriorating iron work that is to go in with the new development. **Ms. Trower** said correct, and there's the rest.

Commissioner McKiernan said so we got some concrete work to be done. **Ms. Trower** said it's currently being done. **Commissioner McKiernan** said and you have artificial turf hence the lawn part of West Lawn and we can put down artificial turf in January? What's the chances we'll be back here in two months extending this again?

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Walters, to approve.** Roll call was taken and there were six "Ayes," Bryant, Walters, Murguia, Townsend, McKiernan, Burroughs.

Chairman Burroughs adjourned the meeting at 7:00 p.m.

tk

Staff Request for Commission Action

Tracking No. 199

Full Commission Meeting Date: NA

Committee: Economic Development & Finance

Date of Standing Committee Action: 2/4/19
(If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
01/07/2019	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Treasurer

Item Description:
The 4th Quarter Cash and Investment Report for the period of October thru December 2018.

Action Requested:
N/A

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

Attachments List:
2018 Q4 Invstmt Report Presentation

Key Metrics

- Avg Yield – 2.20%
- DTM – 360 days

Portfolio Components

- Cash – 40%
- Invested – 60%

Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
December 31, 2018

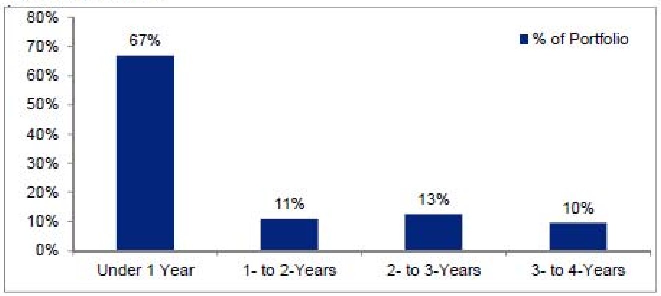
Investment Summary - Aggregate Portfolio By Type of Investment

Security Type	Original Cost	Market Value[1]	Amortized Cost[2]	% of Portfolio	% Permitted by Policy	In Compliance	Weighted Days to Maturity[3]	Weighted Average Yield[3]
Property Tax Held for Entities[4]	**$65,065,374**	**$65,065,374**	**$65,065,374**	**na**	**see note 4**	✓	-	**2.35%**
Cash Equivalents	$110,716,626	$110,716,626	$110,716,626	40%	100%	✓	-	2.35%
Total Liquidity	**$110,716,626**	**$110,716,626**	**$110,716,626**	**40%**			-	**2.35%**
Certificates of Deposit	$139,940,000	$139,940,000	$139,940,000	50%	100%	✓	592	1.99%
Federal Agency Securities	$27,788,276	$27,860,809	$27,831,317	10%	50%	✓	630	2.69%
Total Securities	**$167,728,276**	**$167,800,809**	**$167,771,317**	**60%**			**1,221**	**4.68%**
Total Portfolio	**$278,444,902**	**$278,517,434**	**$278,487,943**	**100%**			**360**	**2.20%**

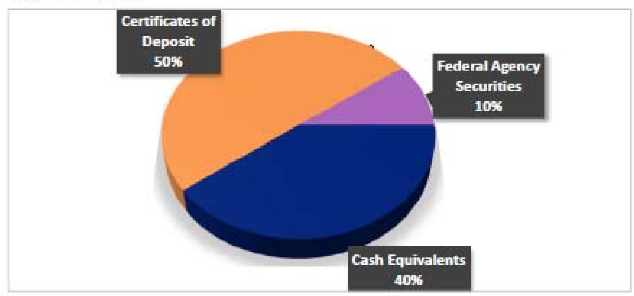
1. Market values provided by UMB Bank, Third-Party Safekeeping Custodial Agent. Recorded at time of settlement to reflect holding investments to maturity.
2. Amortized cost is the original cost of the principal of the security adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report.
3. Averages shown are weighted averages calculated based on original cost. Average maturity is shown as days.

4. Property Tax collections temporarily held by the County on behalf of other governmental entities is not a part of the Unified Government's cash and investment value. The cash being held in trust is presented here for informational purposes.

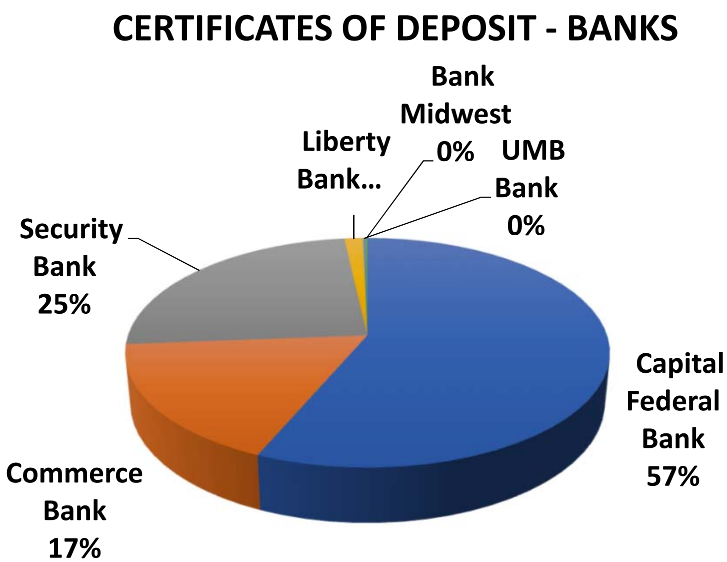
Maturity Distribution



Sector Distribution

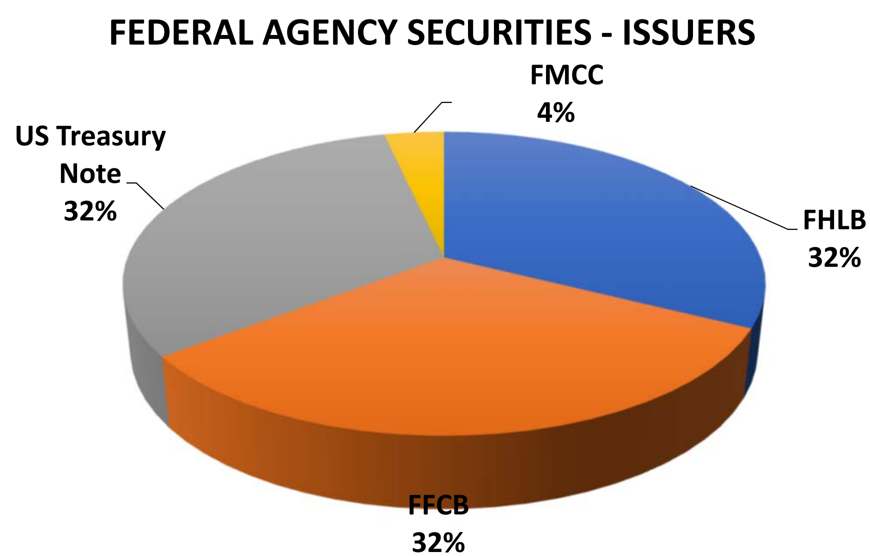


Types of securities in our investment portfolio?



Of the $278 M total, $139 M or 50% are in CDs fully collateralized per investment policy and State statue.

Of the $278 M total, $28 M or 10% are in US agencies securities backed by the full faith and credit of the US federal government.



Key Metrics

- Avg Yield – 2.20%
- Below our target benchmark due to holding older investments purchased prior to the Fed rate increases

Issuer Compliance

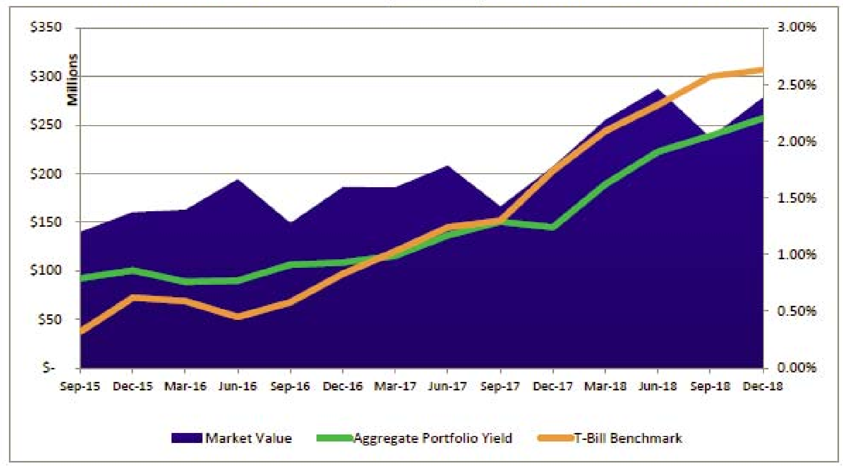
- All categories are in compliance

Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
December 31, 2018

Compliance

	Yes	No
Liquidity	✓	
Permitted types of investments	✓	
Limits within investment categories	✓	
Limits within single agency/institution	✓	
Limits relating to maturity	✓	
The investment report herein shown along with ongoing income provides sufficient liquidity to meet estimated expenditures for next 6 months	✓	

Historic Portfolio Size | **Aggregate Yield vs. US T-Bill Benchmark**



Kathleen VonAchen

Kathleen VonAchen
Chief Financial Officer

December 31, 2018

Date

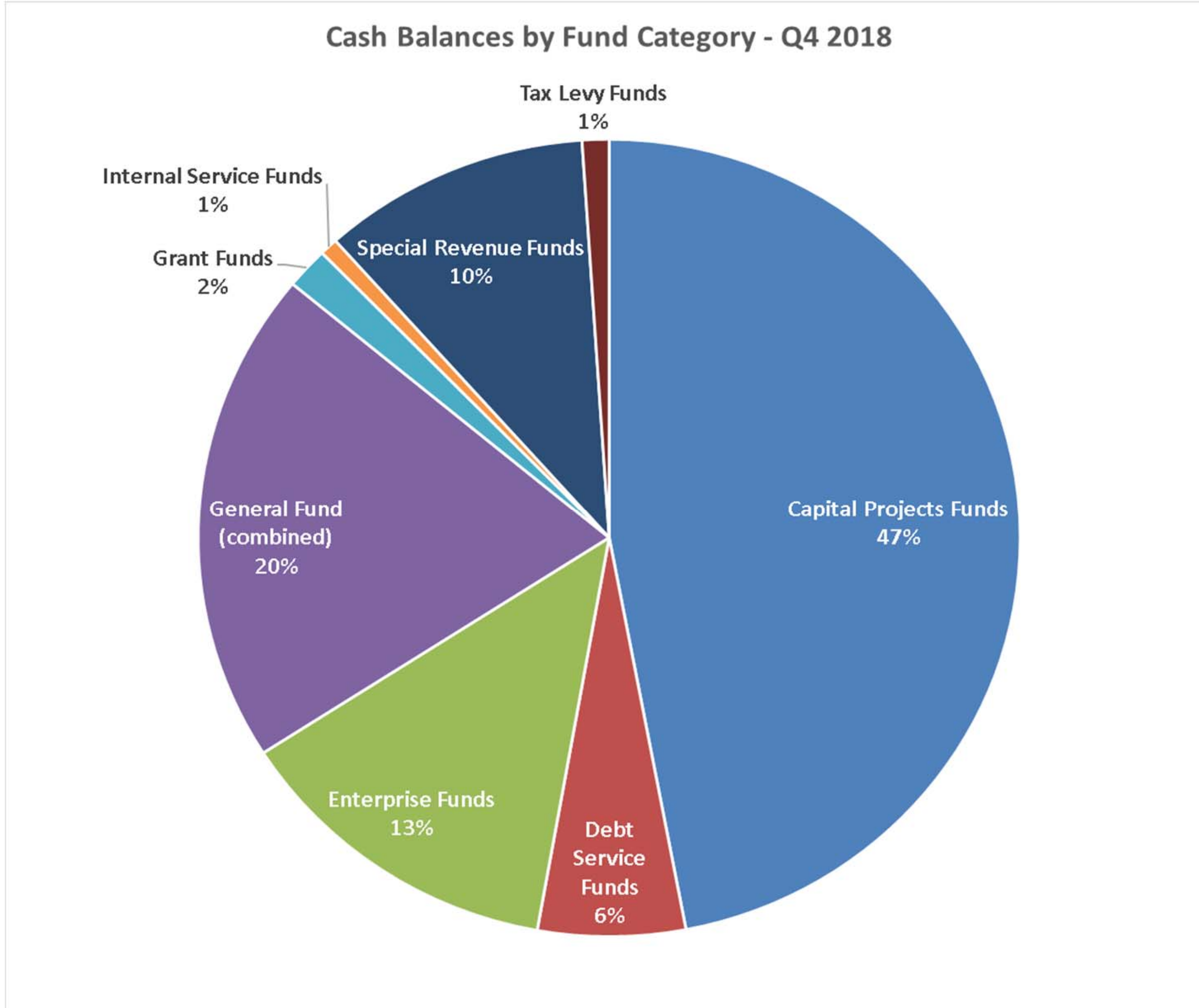
What transactions occurred in Q4?

Quarterly Transactions Detail - Aggregate Portfolio

Settlement Date	CUSIP	Issuer	Coupon	Maturity Date	Par	Original Cost
Thru Q4	NA	UMB, Wyandotte Operating	2.349%	1/2/2019	60,125,640	60,125,640
Thru Q4	NA	UMB, Wyandotte Health Reserve	2.349%	1/2/2019	149,000	149,000
Cash Equivalents					**60,274,640**	**60,274,640**
Purchases					-	-
12/11/2014	70122999	Capitol Federal Bank	1.340%	10/25/2018	(3,000,000)	(3,000,000)
5/11/2018	70167423	Capitol Federal Bank	2.060%	11/13/2018	(5,000,000)	(5,000,000)
5/25/2017	70155741	Capitol Federal Bank	1.440%	11/26/2018	(5,000,000)	(5,000,000)
3/26/2015	70127694	Capitol Federal Bank	1.240%	12/3/2018	(4,000,000)	(4,000,000)
Calls/Maturities					**(17,000,000)**	**(17,000,000)**
Total					**43,274,640**	**43,274,640**

UG Fund Category Cash Balances

- Of the total cash balances:
  - 47% is restricted by bond documents and/or appropriated for Capital Projects
  - 20% is General Fund (combined) reserves to meet operating liquidity needs and contingencies for emergencies and/or budgetary and economic uncertainty
  - 13% is for operations and capital projects of the Enterprise Funds
  - 13% is restricted by State statute for their specific function of the Special Revenue, Grant, Tax Levy and Internal Service funds
  - 6% for semi-annual Debt Service payments



Staff Request for Commission Action

Tracking No. 1910

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

Date of Standing Committee Action: 2/4/19
(If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
01/07/2019	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Treasurer

Item Description:
PayIt Property Tax collection process performance-Tax season 2018. PayIt usage increased dramatically this year.

For information only.

Action Requested:
For information only

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

Attachments List:
myWyco 2018 Tax Cycle Update - Feb 4 2019

myWyco App Update

Presented by: Andrea Parra

Deputy Treasurer

Marketing Efforts

- Added features to 2018 UG Real Estate Tax Statement
- Heavy emphasis on all UG Social Media Sites
- Updated ad's placed on Front and Back of tax statement envelopes
- 6 ft' tall Stand Alone banners at both offices

Pay Your Taxes Online - Simply, Securely, and Conveniently

myWyco powered by payit

Download Today!

Available on the App Store | GET IT ON Google Play

myWyco powered by payit

Pay Your Taxes Online - Simply, Securely and Conveniently. Go to mywyco.wycokck.org or **Download the App Today!**

Download on the App Store | GET IT ON Google Play

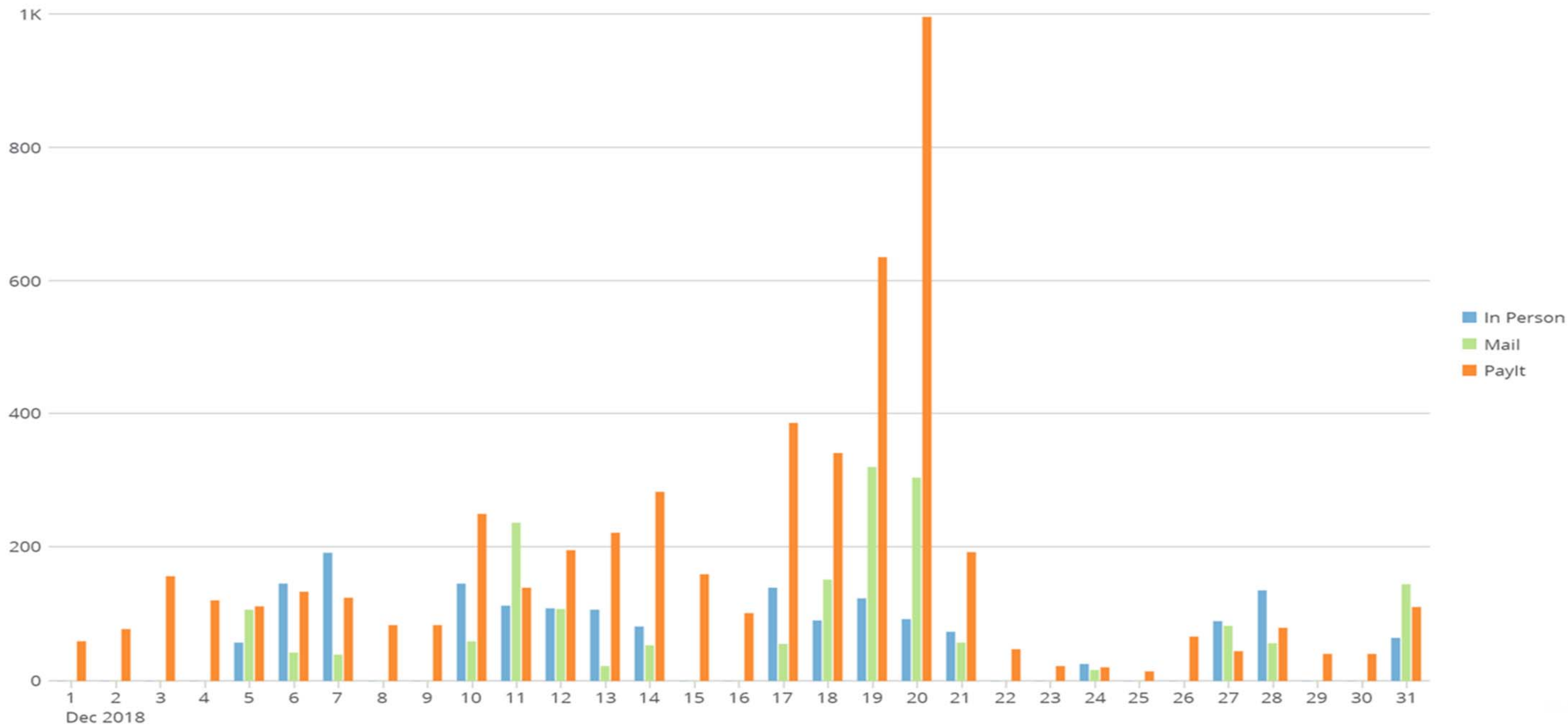
Tax Day (12/20) Results

- 996 payments on the myWyco App
  - Total Online Taxes collected $2,618,597.79

- 92 walk in payments processed at the Treasurer's Office
  - Total Taxes collected $500,436.53
- 304 mail in payments processed at the Treasurer's Office
  - Total Taxes collected $2,613,312.47

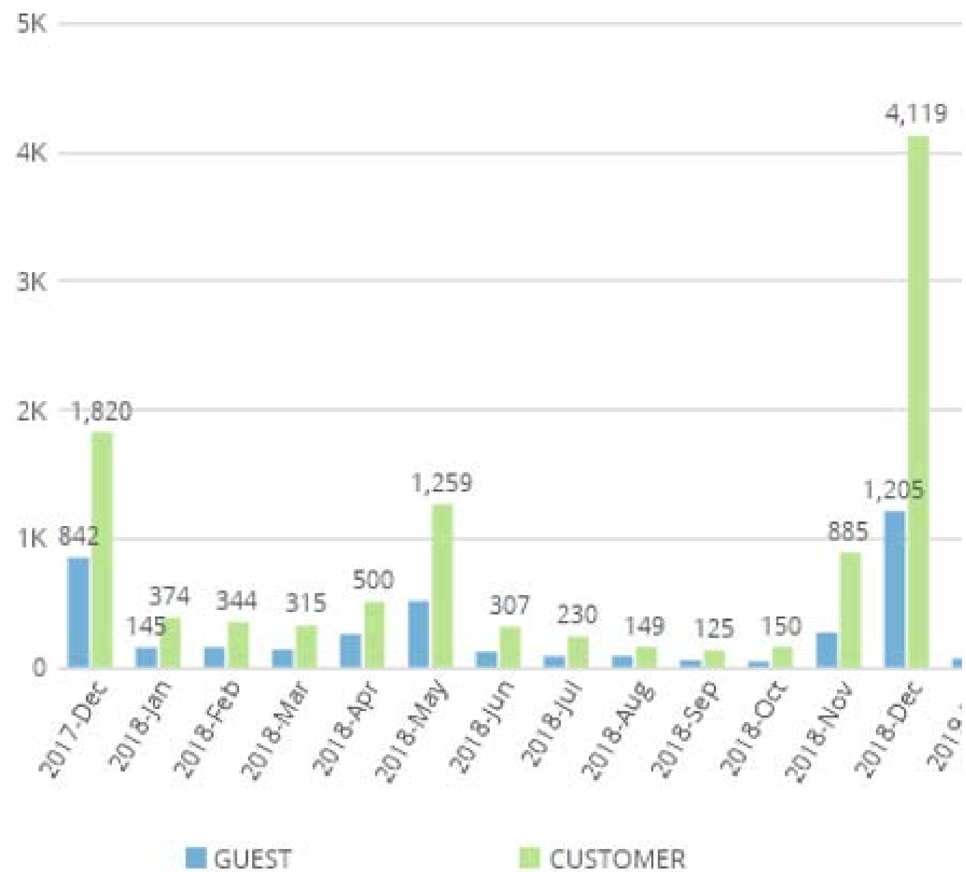
WYCO Payment Type 2018

December 1, 2018 – December 31, 2018: By Day



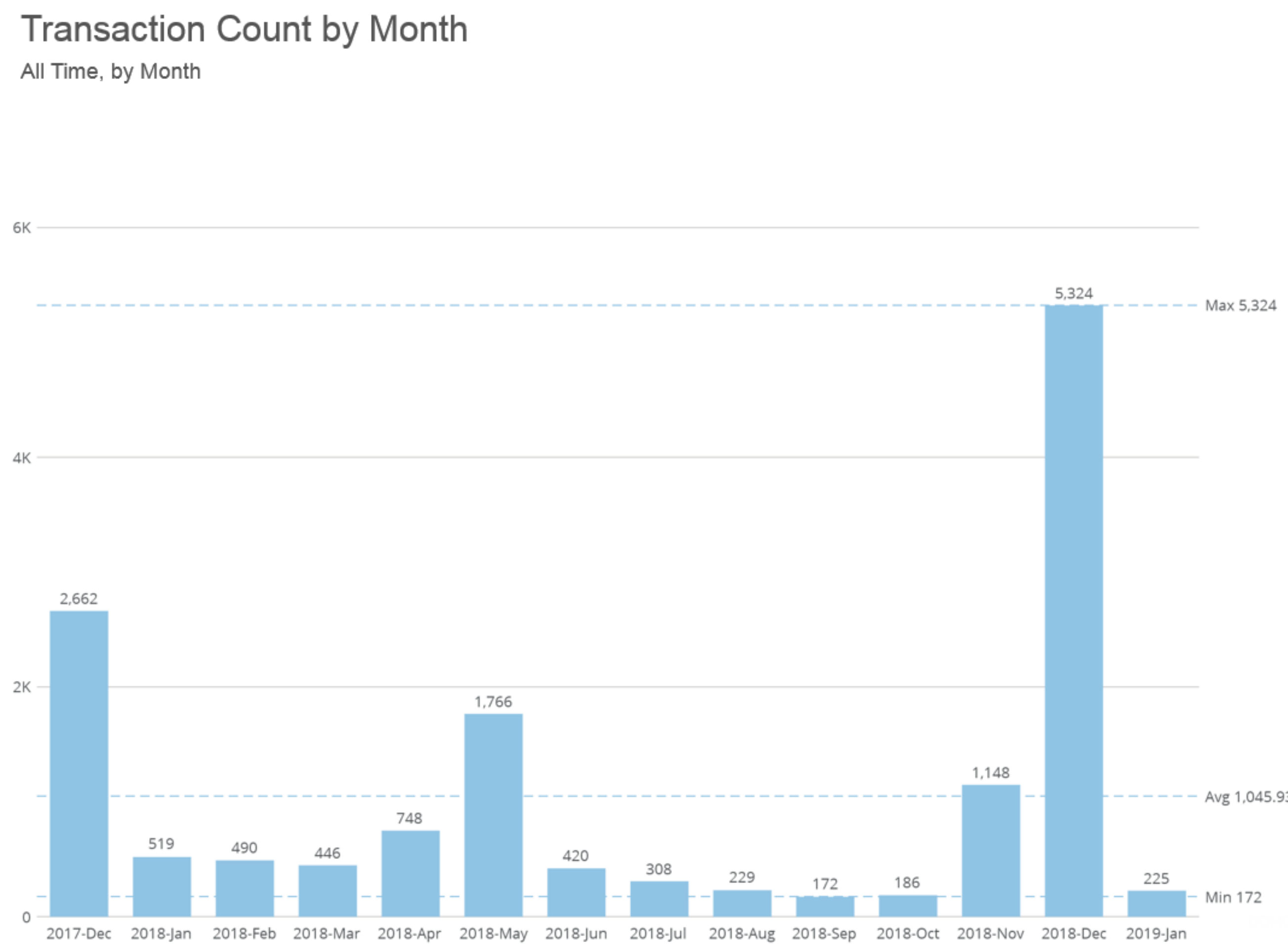
New User Data

- December 2017 – myWyco app captured 1,820 new users
- December 2018 – myWyco app captured 4,119 new users

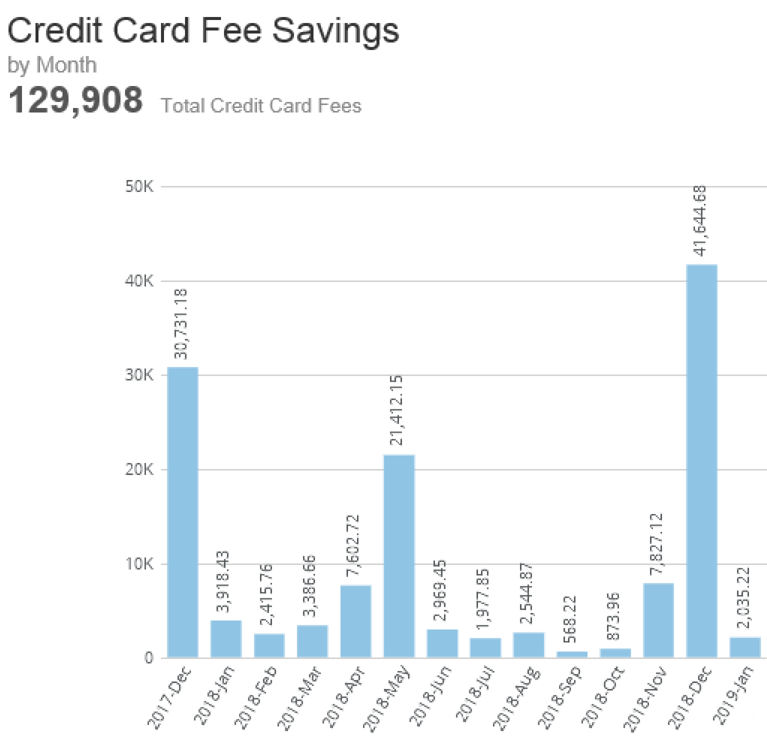


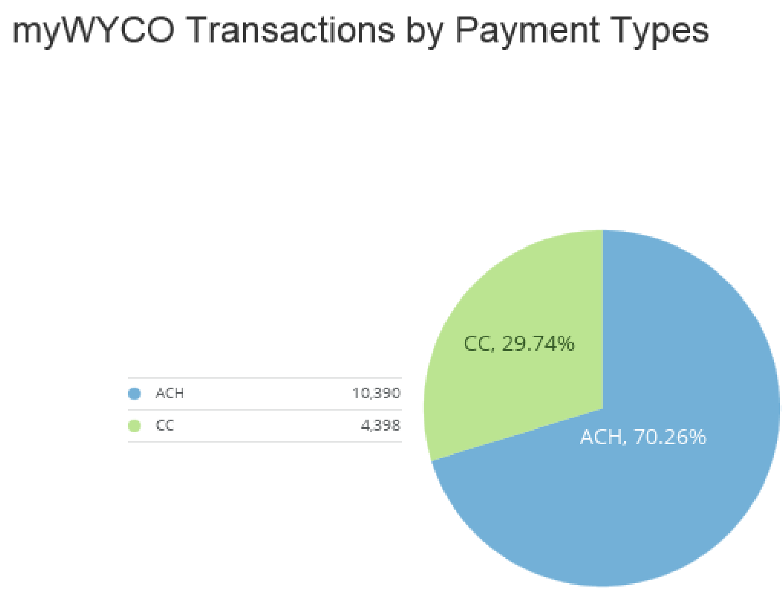
Transaction Count Comparison 2017 - 2018

- December 2017 1st Half Taxes Due – 2,662 transactions captured
  - May 2018 2nd Half Taxes – 1,766 transactions captured
- December 2018 1st Half Taxes Due – 5,324 transactions captured

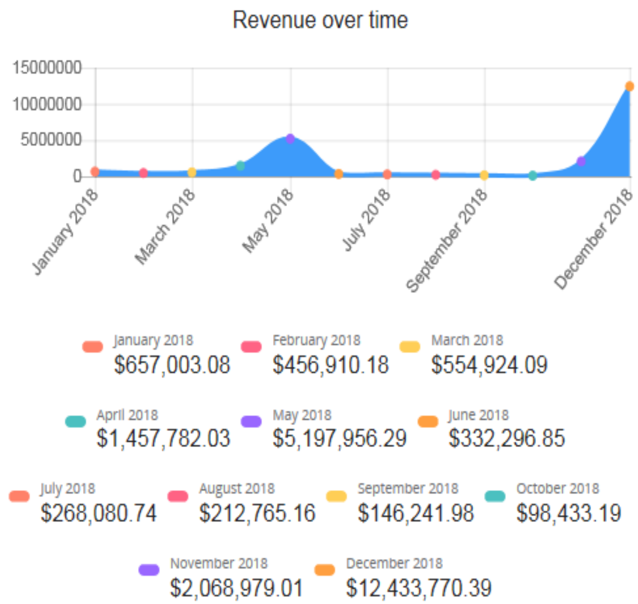


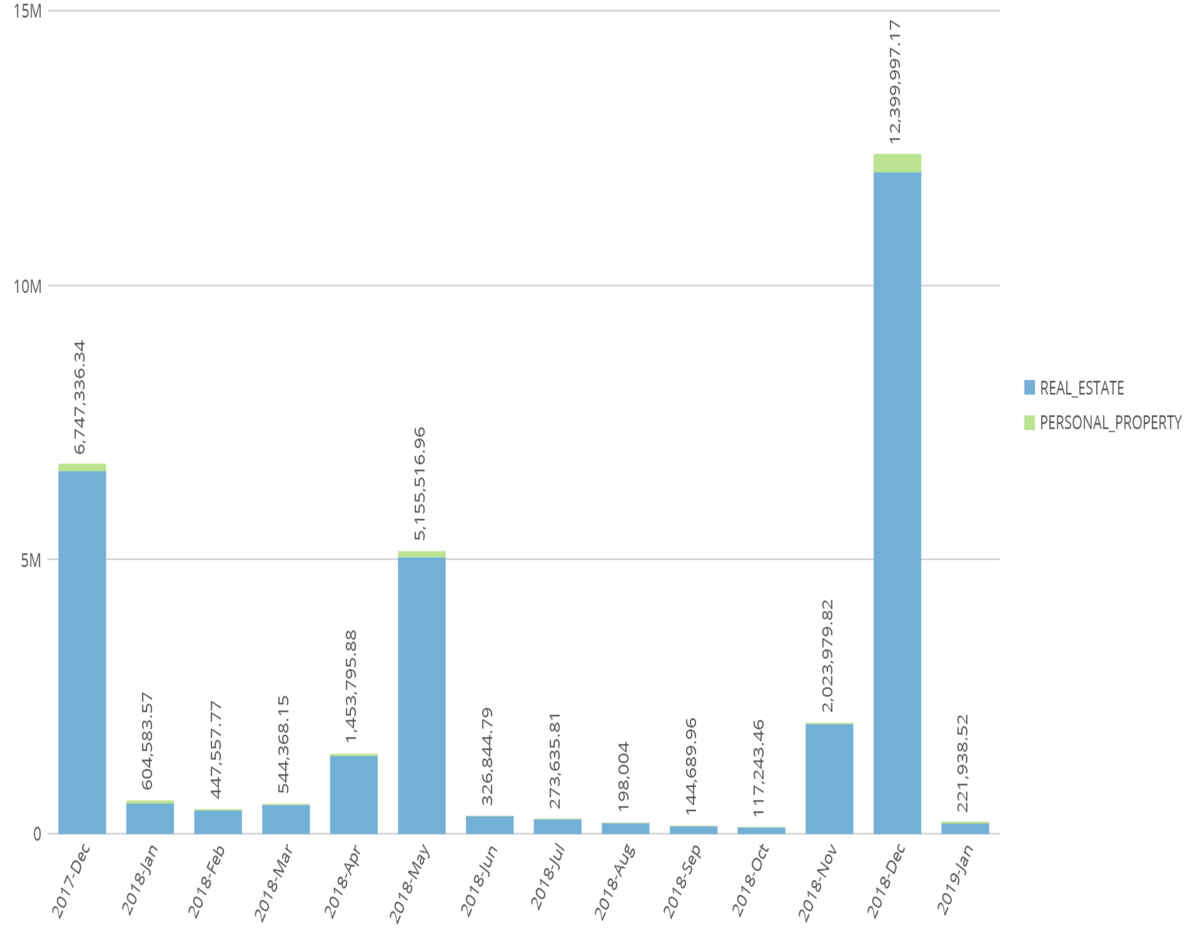
Payments by Payment Type





Revenue over time





Any Questions?

Staff Request for Commission Action

Tracking No. 19559

Full Commission Meeting Date: 2/14/19

Committee: Economic Development & Finance

Date of Standing Committee Action: 2/4/19 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
01/22/2019	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description:
Proposed debt policy revisions as submitted by Kathleen VonAchen, Chief Financial Officer.

Action Requested:
Adopt resolution

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

Attachments List:
Debt Policies Resolution-2.04.2019, Debt Policy-Revision-2.04.2019-v1

Published ________________

RESOLUTION NO. R-_______________

WHEREAS, budgetary and financial policies contain high-level principles and requirements that an organization must follow, as formally agreed upon by management and a governing body, in order to the direct the strategic vision of an organization;

WHEREAS, budgetary and financial policies inform organizational processes by providing insight into standard functions and key risk and control points needing monitoring and take into consideration risk assessments, mitigations and audit efforts to achieve operational efficiencies; And, that policies help to shape strategic direction, so an organization can move to a mindset that recognizes cost/risk avoidance as a critical public policy discipline.

WHEREAS, formal adoption of budgetary and financial policies by a governmental organization is a recommended practice of the International City Management Association (ICMA) and the Government Finance Officers Association (GFOA).

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

Section 1. That the Unified Government Board of Commissioners hereby adopts the debt policy included in Exhibit A:

Section 2. That the County Administrator is hereby authorized to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas, any and all documents and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution. And that all other Unified Government staff is further authorized to take such actions as are necessary and proper to effectuate the purposes and intent of this Resolution.

ADOPTED BY THE BOARD OF COMMISSIONERS OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, THIS 14th DAY OF FEBRUARY 2019.

____

Unified Government Clerk

Unified Government of Wyandotte County and Kansas City, Kansas

Debt Policy

Commission Resolution:
R-35-18
Adopted: 07/26/2018
Update: xx/xx/xxxx

I. Authority and Introduction:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG) and the Public Building Commission (PBC). Further, the Unified Government issues debt on behalf of the Board of Public Utilities (BPU), which is an administrative agency of the UG. The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and Public Building Commission and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer.

The Unified Government, through the County Administrator and Chief Financial Officer, executes debt instruments, administers debt proceeds, manages ongoing disclosure and debt compliance, and makes debt service payments, acting with prudence and diligence and with attention to prevailing economic conditions. The UG believes that debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities.

The debt policy primarily addresses debt instruments/securities issued by the UG in public or private bond markets. This is consistent with examples of debt policies of other comparable municipalities, Government Finance Officers Association (GFOA) guidelines, and rating agency guidelines. The debt policies pertain to debt that is typically incurred when capital is raised in the public or private markets, including borrowings from sophisticated qualified institutional buyers, to meet the UG's funding needs (the purpose and need for financings is discussed as in Section 1). Such debt constitutes obligations whereby a third-party has provided funds, which is evidenced by the formal execution of a bond or certificate (or a similar instrument) and is held by the third-party until it is repaid.

The policy does not cover other obligations like contracts payable, notes payable, loans payable (e.g., HUD section 108 loans), arbitrage liability, and net pension obligation (NPO) and/or pension Unfunded Actuarial Liability (UAL) and Other Post-Employment Benefits (OPEB). The UG's Comprehensive Annual Financial Reports (CAFRs) provide a complete list of the outstanding long term liabilities. The sections in the CAFR listing the long term liabilities are: Governmental Activities Long-Term Liabilities and Business Type Activities Long-Term Liabilities. Consistent with Governmental Accounting Standards Board (GASB) standards, the net pension obligation (NPO) and OPEB obligation is reflected in the Governmental Activities Note to the Financial Statements of the CAFR as a long term liability.

The policy documents the UG's procedures and goals for the use of debt to finance UG needs. A regularly updated debt policy, in conjunction with the Five-Year Capital and Maintenance Improvement Program (CMIP), UG's Capital Improvements Plan, the Five-Year Long Term Financial ~~Plan~~Forecast, the Cash and Investment Policy, and the Reserve Policies, serves as an important tool that supports the use of the UG's resources to meet its financial commitments and to maintain sound financial management practices. This policy is enacted in an effort to standardize and plan the issuance and management of debt by the UG. While the Debt Policy serves as a guideline for general use, it allows for exceptions in extraordinary conditions.

II.

II.

II. Purpose of the Debt Policy:

The primary objectives of this debt policy are to establish guidelines for the use of various categories of debt; create procedures and policies that minimize the UG's debt service and issuance costs; retain the highest practical credit ratings; and to provide full and complete financial disclosure and reporting. ~~The UG Debt Policy sets forth comprehensive guidelines for the issuance and repayment of long-term debt. Debt financing serves as a tool to finance large capital investments that cannot be funded on a pay-as-you-go basis.~~

The UG's Debt Policy is also designed to:

- Establish parameters for issuing and managing debt;
- Provide guidance to decision makers related to debt affordability standards;
- Provides information to the public on the use of debt and to industry participants on the standards of the UG
- Document the pre- and post-issuance objectives to be achieved by staff;
- Promote objectivity in the debt approval decision making process; and
- Facilitate the actual financing process by establishing important policy decisions in advance.

~~the policy establishes criteria for the issuance of debt obligations so that acceptable levels of indebtedness are maintained;~~

~~debt policies transmit the message to investors and rating agencies that the jurisdiction is committed to sound financial management; and~~

~~debt policies can provide consistency and continuity to public policy development when appointed officials work from guidelines that govern the planning and execution of transactions and projects.~~

A biennial review of the Debt Policy will be performed and any changes to the Debt Policy will be brought forward for UG Commission consideration and approval. Further, in the event there are any deviations or exceptions from the Debt Policy when a certain bond issue is structured, those exceptions will be discussed in the staff reports when the bond issue is docketed for Commission consideration. ~~The debt financing policy statement sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that (1) the Unified Government obtain financing only when necessary; (2) the process for identifying the timing and amount of debt or other financing be as efficient as possible; (3) the most favorable interest rate and other related costs be obtained, and (4) when appropriate, future financial flexibility be maintained.~~

III. Applicability and Scope:

This policy shall apply to all Funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners. Further, the Unified Government issues debt on behalf of the Board of Public Utilities (BPU), which is an administrative agency of the UG, and as a result this Policy is applicable to the BPU.

IV. Policy:

Section 1 – Purpose and Need for Financing

1.1 Purpose of Financing

The UG borrows money primarily to fund long-term capital improvement projects, essential equipment and vehicle needs, and to refinance existing debt. The issuance of debt to fund operating deficits is not permitted. Debt will be used to finance eligible projects only if it is the most cost-effective means available to the UG.

While the “pay-go” means of using current revenues to pay for capital projects is often considered the preferred means of financing because it avoids interest payments, it may not be entirely equitable. The “pay- go” funding option requires current citizens to pay taxes over long periods of time in order to accumulate reserves sufficient to pay for capital projects. The UG would be able to undertake capital projects under this method only if sufficient cash accumulates. Prudent use of debt financing rather than pay-go funding of capital projects can facilitate better allocation of resources and increased financial flexibility. [Refer to the Capital Asset and Equipment Investment and Management Policy for criteria for “pay-go” funding.]

The four primary borrowing purposes for which bond proceeds may be used are summarized below:

A. Long-Term Capital Improvements: The UG prepares a multi-year Capital and Maintenance Improvements Program (CMIP) budget working with asset managing departments in accordance with Commission approved Capital Asset and Equipment Investment and Management Policy. The CMIP budget includes projections for upcoming fiscal years and is updated during each Annual Budget process or if there are significant changes to the scope and/or cost of projects. In accordance with the Capital Asset Policy, future operations and maintenance costs associated with capital improvement projects are developed and identified prior to submission of the project for approval. The Financial Department works with the Public Works Department to ensure that accurate and complete budgeting of the CMIP is prepared as part of the Annual Budget process.

   Since the aggregate cost of desired capital projects generally exceeds available funds, the capital planning process prioritizes projects and identifies the funding needs. The UG will initially rely on internally-generated funds and/or grants and contributions from other governments to finance its capital needs. Debt is issued for a capital project only when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries and if a secure revenue source is identified to repay the debt.

The Finance Department, working with UG departments within the context of the Capital and Maintenance Improvements Program and the UG's Five-Year Long Term Financial ~~Plan~~Forecast, oversees and coordinates the timing, processing, and marketing of the UG's borrowing and capital funding activities. Close coordination of capital planning and debt planning ensures that the maximum benefit is achieved with the limited capital funds. The debt management process determines the availability of funds which can be raised through debt based upon the debt capacity/affordability analysis.

B. Essential Vehicle and Equipment Needs: In addition to capital projects, the UG regularly finances certain essential equipment and vehicles. These assets range from public safety vehicles to information technology systems. The underlying asset must have a minimum useful life of three years. Short-term financings, including loans and capital lease purchase agreements, are executed to meet such needs.

C. Economic Development Needs: The Unified Government strives to foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism grows, and businesses locate in the community. To achieve these objectives, The UG regularly finances certain land acquitision, site preparation and infrastructure improvements related to economic development projects as a means of incentiving private sector firms to invest in the community.

D. Refinancings/Refunding of Existing Debt: The Chief Financial Officer working with the Municipal Advisor periodically evaluates the UG's existing debt and executes refinancings to achieve one or more of three objectives: reduce future interest costs, restructure debt to reflect changing debt service revenues, and to redefine bond-related legal requirements~~when economically beneficial~~. A refinancing may include the issuance of bonds to refund existing bonds or the issuance of bonds in order to refund other obligations~~, such as pension obligations~~.

1.2 Financing Priorities

All borrowing requests or debt refunding proposals shall be reviewed by the Chief Financial Officer. The Finance Department shall be responsible for analyzing the proposal to determine if it is beneficial to the UG and complies with the UG's long-term financial planning objectives. Borrowing requests include any debt or refunding proposals made to the UG involving a pledge or other extension of the UG's credit through the sale of securities, execution of loans or leases, or making of guarantees or otherwise involving directly or indirectly the lending or pledging of the UG's credit.

For each financing proposal related to a new capital improvement project, the Finance Department will work with the department or other client ~~department~~ parties to assess the feasibility and the impact of debt to fund the project based on the following assessments:

A. Nature of Project and Use of Funds: Each proposal is evaluated by comparing the nature of the project and use of funds with competing proposals on the basis of the benefits derived and how it furthers the UG's policy objectives as laid out in the UG's

Annual Budget, Five-Year Long Term Financial Forecast, Capital and Maintenance Improvement Program.

a. ~~The benefits of a proposed project must be defined and, where appropriate, quantified in monetary terms. The funding sources are identified and estimated. Where revenues are part of the benefits, all assumptions made in deriving the revenues are documented. The validity of the assumptions and the risk associated with the revenue streams are assessed.~~
b. ~~The costs of the project are estimated, with the basis documented and the risk associated with the estimates assessed. The uses of funds are identified and estimated.~~
c. ~~Identify whether the project will increase or reduce ongoing operation and maintenance expenses.~~

B. Cost-Benefit Analysis of Project: A cost-benefit analysis is required for each project:
   a. The benefits of a proposed project must be defined and, where appropriate, quantified in monetary terms. The funding sources are identified and estimated. Where revenues are part of the benefits, all assumptions made in deriving the revenues are documented. The validity of the assumptions and the risk associated with the revenue streams are assessed.
   b. The costs of the project are estimated, with the basis documented and the risk associated with the estimates assessed. The uses of funds are identified and estimated.
   Identify whether the project will increase or reduce ongoing operation and maintenance expenses.

C. Expenditure Plan: A detailed plan for the expenditure of funds is developed for each project. The underlying assumptions of the project cost expenditure plan are documented and the risk associated with these projections are analyzed.
D. Revenue for Debt Service Payment: A detailed plan for the debt repayment is developed for each project. The underlying assumptions of revenue cash flow estimates are documented and the risk associated with these revenue streams is analyzed. Where general fund or bond and Interest funds' revenues are proposed to service debt, the impact upon budgets is assessed. For all bonds an impact analysis on the repayment sources over time will be completed.
E. Compliance with statutory provisions and bond covenants. Each issue will be evaluated for its impact on statutory debt limits, and in the case of revenue-only secured obligations existing bond covenants.

All requests are prioritized based upon this evaluation. If the Chief Financial Officer recommends the financing proposal and the County Administrator is in concurrence, the Debt Management Division will prepare the financing proposal for the Commission's authorization.

1.3 Asset Life

Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good condition and to maximize a capital asset's useful life, the UG makes every effort to set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal. Generally, no debt will be issued for periods exceeding the useful life or average useful lives of projects to be financed.

The UG will consider short or long-term financing for the acquisition, maintenance, replacement, or expansion of capital assets, including land. For short-term financing, the capital asset and/or rolling stock must have a minimum useful life of three years; for long-term financing, the physical asset must have a minimum useful life of ten years.

Section 2 – Credit Ratings

2.1 Credit Ratings
The UG seeks to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising the UG's policy objectives. Ratings are a reflection of the general fiscal soundness of the UG, the local economy and other regional economic factors, and the capabilities of UG management. By maintaining the highest possible credit ratings, the UG can issue its debt at a lower interest cost, hence lowing the demands on repayment revenue sources such as the property taxes and user fees. To enhance creditworthiness, the UG is committed to prudent financial management, systematic capital planning, interdepartmental cooperation and coordination, and long-term financial planning.

Rating agencies consider various factors in issuing a credit rating; these typically include:

- UG's fiscal status
- Socio-economic and demographic profile of the revenue base
- UG's financial and general management capabilities
- Economic conditions that may impact the stability and reliability of debt repayment sources
- UG's general reserve levels
- UG's debt history and current debt structure
- The capital improvement project(s) ~~that is~~ being funded
- Covenants and conditions in the governing legal documents

The UG recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Each proposal for additional debt will be analyzed for its impact upon the UG's debt rating on outstanding debt. There are no predetermined credit rating formulas available from the rating agencies, although recent updates to rating methodologies from certain rating agencies have added transparency to their credit evaluation processes. This information provides a better understanding of how key quantitative and qualitative factors and risk factors are likely to affect rating outcomes. The UG Finance Department will monitor rating agency guidelines and methodologies regularly to stay informed of changes to the rating metrics and processes.

The Chief Financial Officer is responsible for managing the rating reviews associated with the UG's various debt obligations. This effort includes providing periodic updates, both formal and informal, on the UG's general financial condition and coordinating meetings and presentations in conjunction with a new debt issuance when determined necessary.

The Chief Financial Officer, working with the Debt Management Division and, if applicable, a Municipal Advisor, shall be responsible for determining whether a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

The UG recognizes the need to maintain ongoing communications with the rating agencies in order to provide information and demonstrate management engagement in the debt management system.

Section 3 – Types of Financing Instruments

There are many different types of financing instruments available to the UG; long term financing debt obligations like General Obligation Bonds, Lease Revenue Bonds and Revenue Bonds would typically constitute direct debt of the UG. The UG issues various types of debt for economic development projects. The UG issues conduit financings to benefit third parties where public benefit can be achieved. The following are brief summaries of different types of long- and short-term financing instruments that the UG may consider.

Direct Debt Obligations

3.1 General Obligation Bonds

General Obligation (GO) Bonds are secured either by a pledge of full faith and credit of an issuer or by a promise to levy taxes in an unlimited amount as necessary to pay debt service, or both. GO Bonds usually achieve lower rates of interest than other financing instruments since they are considered to be a lower risk. Such bonds are issued pursuant to K.S.A. 10-101 et seq., K.S.A. 10-620 et seq., and Article 12, Section 5 of the Constitution of the State of Kansas, all as amended and supplemented, for the purpose of paying a portion of the cost of certain street, sewer, public utility, and other public improvement projects. Adoption of a bond resolution by the UG commission is required for the issuance of general obligation bonds.

While typically general obligation bond debt repayment is reliant on property tax revenues, the UG also relies on charges for services deriving from the wastewater and stormwater enterprise utilities as the revenue source for repayment for such projects financed with general obligation bonds. As a result, these business-type activities general obligation debt outstanding is separately reporting in the UG's financial statements and reports.

3.2 ~~Certificates of Participation/~~ Lease Revenue Bonds

~~Certificates of Participation (COPs) and~~ Lease Revenue Bonds (LRBs) are lease obligations secured by an installment sale or by a lease-back arrangement between the UG and another public entity (such as the Public Building Commission (PBC)), where the general operating revenues of the UG are used to make lease payments, which are, in turn, used to pay debt service on the bonds ~~or Certificates of Participation~~. Lease Revenue Bonds of the PBC are authorized by the Constitution and statutes of the State of Kansas, including K.S.A. 12-1757 et seq.,

Payments to be made under valid leases are payable only in the year in which use, and occupancy of the leased property is available, and lease payments may not be accelerated.

Lease financing requires the annual fair market rental value of the leased property to be equal to or greater than the lease payment. The governmental lessee is obligated to place in its Annual Budget the payments that are due and payable during each fiscal year that the lessee has use of the leased property.

3.3 Revenue Bonds

A. Revenue Bonds are obligations payable from revenues generated by an enterprise, such as water, wastewater and stormwater utilities, electric utility, public golf courses, levee or parking facilities. Because the debt service is directly paid by the facility, such debt is considered self-liquidating and generally does not constitute a debt obligation of the issuer under the State of Kansas' debt limit criteria.

The UG's utility Revenue Bonds are payable solely from the UG's and BPU's Utility Enterprise Funds and are not secured by any pledge of ad valorem taxes or general fund revenues of the UG. In accordance with the agreed upon bond covenants, the revenues generated by these Enterprise Funds must be sufficient to maintain required coverage levels, or the rates of the enterprise have to be raised to maintain the revenue coverages. Revenue Bonds are issued under the authority and pursuant to the Constitution and laws of the State of Kansas, including the provisions of K.S.A. 10-1201 et seq., Article 12, Section 5 of the Constitution.

B. Revenue Bonds issued to provide incentives for economic development and repaid by revenues generated by the development project or from the adjacent area. Typically, these bonds are less secure as the repayment is linked to the performance of a private development over time. The UG will exercise significant diligence in determining the need and amount of the public financial participation, the probability of the forecasted revenues to actually occur, and include provisions in the bond structuring and security to minimize the risk of default.

3.4 Temporary Notes and Draw Bonds

Temporary Notes and Draw Bonds are short-term interest-bearing bonds issued in the anticipation of long-term future bond issuances. The UG may choose to issue temporary notes or draw bonds as a source of interim financing when it is considered by the Chief Financial Officer to be prudent and advantageous to the UG. Such bonds are issued pursuant to K.S.A. 10-101 et seq., K.S.A. 10-620 et seq., and Article 12, Section 5 of the Constitution of the State of Kansas, all as amended and supplemented, for the purpose of paying a portion of the cost of certain street, sewer, public utility, and other public improvement projects. Adoption of a bond resolution by the UG commission is required for the issuance of temporary notes and draw bonds. While the UG practice is to renew temporary notes on an annual basis, State statute limits the interim financing period for individual capital projects financed with the note proceeds to four years.

3.5 Lines of Credit/ Direct Bank Loan

A Line of Credit / Direct Bank Loan is a contract between the issuer and a bank that provides a source of borrowed monies to the issuer in the event that monies available to pay debt service or to purchase a demand bond are insufficient for that purpose. Direct Bank loans are an important tool in a government's financing toolkit. The term bank loans include fixed-rate loans with defined maturities and loans or lines of credit that have variable interest rates and flexible payment provisions..

In entering into a direct bank loan, the UG in consultation with the Municipal Advisor will become knowledgeable as to how the bank loan is characterized for legal and accounting purposes, including how they are treated in the financial statements, and what types of disclosures should be made about these loans. State and local laws should be reviewed to ensure these financings are within legal limits and the financing is characterized appropriately. In the event that a Line of Credit is under consideration as an interim financing mechanism for a long-term capital need, before entering into any such agreements, takeout financing for such lines of credit must be planned for and determined to be feasible by the Chief Financial Officer.

When it is considered by the Chief Financial Officer to be prudent and advantageous to the UG, the ~~C~~UG may enter into agreements with commercial banks or other financial entities for purposes of acquiring a Line of Credit or Direct Bank Loan.

3.6 Lease Purchase Financings

The UG's e~~E~~quipment and v~~V~~ehicle f~~F~~inancing p~~P~~rogram provides a mechanism for the short-term financing of essential equipment through a lease-purchase mechanism. The lease purchase terms are typically three to ten years. Under this program, the UG enters into a master lease agreement with a lessor to finance the lease purchase of essential equipment up to a certain amount. Equipment is funded on an as needed basis under this master lease agreement. The UG may enter into other standalone operating leases and lease purchase agreements on an as-needed basis.

3.7 State and Federal Loans

State and federal loan proceeds are an important source of funds for capital projects in addition to the bond proceeds. State Revolving Funds (SRFs) and the Water Infrastructure Finance and Innovation Act (WIFIA) program make low cost loans available to local agencies to fund certain public infrastructure projects. Through these programs, various state and federal agencies offer local agencies loans to fund qualifying public infrastructure projects. Benefiting departments within the UG will evaluate such programs in conjunction with Debt Management on a case by case basis. Commission approval is required to apply for these loans.

3.8 HUD Section 108 Loan Guarantee Program

The U. S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program allows municipalities to use their annual Community Development Block Grant (CDBG) entitlement grants to apply for federally guaranteed loans large enough to finance major community development and economic development projects. In order to utilize the Program, the UG must include the use of Section 108 Loans in its Consolidated Plan for HUD Programs.

The Finance Department currently oversees the fiduciary and reporting requirements of the UG~~City~~'s current HUD Section 108 loans.

Economic Development Debt Obligations

3.9 Special Districts Financing

The UG's special districts primarily consist of Community Improvement Districts (CID), Transportation Development Districts (TDD), Tax Increment Financing (TIF) and Sales Tax and Revenue Districts (STAR). Special Districts are typically developer initiated, whereby a developer seeks a public financing mechanism to fund public infrastructure required by the UG in connection with development permits or agreements, and/or tentative subdivision maps. Special District formation may also be initiated by an established community. Subject to approvals dictated by State statute, once a district is formed special taxes or assessments may be levied upon properties within the district to pay for facilities and services directly, or to repay bonds issued to finance public improvements.

The UG will consider requests for Special District formation and debt issuance when such requests address a public need or provide a public benefit. Each application will be considered on a case by case basis, and the Chief Financial Officer may not recommend a financing if it is determined that the financing could be detrimental to the debt position or the best interests of the UG.

Conduit Debt

3.10 Industrial Revenue Bonds

Industrial Revenue Bonds (IRBs) are tax-exempt private activity bonds that provide manufacturing and processing companies financing for capital expenditures. Industrial Revenue Bonds are not an obligation of the UG and are considered conduit debt. While the authorization to issue IRBs is provided by ~~a state statute~~K.S.A. 12-1740 et seq, the tax-exempt status of these bonds is derived from federal law (Internal Revenue Code Section 103(b) (2)). Under state law, IRBs are issued by a local government agency, which can be a city, county, economic development authority, or a joint powers authority. Since IRBs are tax-exempt municipal bonds, interest rates are substantially lower than commercial financing rates. The bonds also allow long-term amortization periods up to 30 years (depending on the useful life of the assets financed), so a growing company will also devote less cash-flow to service loan principal repayment. The UG typically issues IRBs in order to exempt industries from paying property taxes or sales and use tax on building materials. IRB's require a governmental entity (the Unified Government) to act as the "Issuer" of the bonds, who will hold an ownership interest in the property for as long as the IRBs are outstanding.

Section 4 – Debt Ratio Guidelines

Given the significant restrictions on local agency revenue sources, the UG is aware of the need to gauge the effect of ongoing debt service and other fixed obligations on its budgets and fiscal priorities over time. To provide a debt affordability plan and keep debt levels within acceptable ranges, the UG will consider generally accepted debt affordability standards in evaluating when, why, and how much debt should be incurred. Debt ratio guidelines discussed in sections 4.1 and 4.2 below pertain only to the City's long-term general fund debt supported by tax levy or General Funds, and coverage ratios in section 4.3 pertain to revenue bonds such as those issued by the UG's and BPU's Electric, Water, Wastewater and Stormwater utilities, as well as levee and golf course enterprises.

4.1 General Obligation Bonds

As discussed in Section 3.1, General Obligation Bonds are secured either by a pledge of full faith and credit of an issuer or by a promise to levy taxes in an unlimited amount as necessary to pay debt service, or both. Generally accepted measures of assessing the impact of general obligation bonds include:

- Debt per capita: This is the outstanding principal as a percentage of population.
- Debt as a percent of assessed valuation: This is the outstanding principal as a percentage of assessed valuation.

This measure excludes general obligation bonds issued for wastewater, ~~and~~ stormwater, levee or golf course enterprise funds capital projects. Included in the "debt" classification will be the estimated portion of temporary notes. The UG shall monitor and strive to achieve and/or maintain these debt statistics at a low to moderate classification, as generally viewed by the municipal bond market.

4.2 General Fund-Supported Debt

An important ratio used in analyzing the UG's debt position with respect to General Fund supported debt securities (including lease revenue obligations~~, certifications of participation~~ and annual appropriation clauses for certain economic development financings) is the required annual debt service/lease payment as a percentage of total ~~available~~ general fund expenditures ("Debt Ratio"). The rating agencies treat lease obligations in the same manner as general obligation debt. This analysis includes the annual debt service/lease payment for all long- term fixed obligations of the UG backed by the UG General Fund. The UG shall strive to maintain this Debt Ratio below 10% of total General Fund expenditures.

It is a strong financial management practice and an important planning tool to also evaluate the effects of other significant long-term fixed costs, such as pension and retiree health care (OPEB) costs, on the UG's General Fund. Pension and OPEB costs and the UG's annual contributions to meet these obligations are not controlled by this Debt Policy. However, these contributions need to be taken into account in calculating the UG's overall debt burden. To that end, the ratio of the Actuarially Determined Contribution (ADC) to the pension system and retiree health care (OPEB) annual contributions as a percentage of ~~available~~ general ~~revenues or~~fund expenditures ("Pension/OPEB Ratio") shall also be taken into consideration for sound financial planning. Taken together, the UG will strive to maintain the combined Debt Ratio and Pension/OPEB Ratio below 25%.

Capacity analysis as determined by these measures will be undertaken when new General Fund- supported debt is issued or new Pension/OPEB benefits are examined. Further, the availability of sufficient suitable UG properties to serve as lease properties if required for a lease revenue bond measure will also be evaluated (see Section 3.2 for annual fair rental value requirement). Whenever authorization is sought for a lease revenue bond, the UG Commission will be provided with an estimate of the amount of unpledged and suitable UG properties that are expected to be available to support additional lease revenue borrowings.

4.3 Overlapping Debt

In addition to the UG's direct debt (General Obligation bonds and other General Fund Supported debt), debt levels of underlying and overlapping entities such as school districts~~,~~ and special districts add to a communities'~~UG's~~ overall debt burden. The UG's proportional share of the debt of other local governmental units which either overlap it or underlie it is called overlapping debt. Overlapping debt is generally apportioned based upon relative assessed value. While the UG does not control debt issuance by other entities, it recognizes that its taxpayers share the overall debt burden. The UG will continue to work with other jurisdictions in coordinating capital projects to lessen the overall debt burden. The UG shall include a statement of overlapping debt in its initial and continuing disclosure and/or annual financial statements.

4.4 Coverage Ratios for Revenue Bonds and Economic Development Financings
Long-term obligations payable solely from specific pledged sources are not subject to a debt limitation. Examples of such long-term obligations include those which achieve the financing or refinancing of projects provided by the issuance of debt instruments that are payable from restricted revenues, charges for services or user fees (enterprise funds) and revenues generated from a project. Also see Section 3.3, Revenue Bonds, and Section 3.9, Special District Financings.

The coverage ratio, which is the ratio of available annual revenues to annual debt service, is one of the primary indicators of the ability of an enterprise to meet its annual operating expenses and debt service payments. Generally, legal covenants requiring a minimum coverage ratio are set forth in the revenue bond documents and are based on the level of security provided to the bondholders (of the senior or subordinate debt obligations). General obligation bonds issued by the UG on behalf of its wastewater and stormwater utilities also are required to meet establish minimum debt coverage ratios. Rate covenants for the bonds and loans will require a rate increase if coverage ratios are expected to fall below the legal coverage levels.

State and Federal loans may also have certain coverage ratio requirements for enterprise funds which are pledged as revenue sources for repayment of the loan. These coverage ratio requirements are set forth in the financing agreements which are executed between the UG and state or federal agency for each project.

The UG will also evaluate appropriate affordable target coverage levels (i.e., financial coverage ratios), for the outstanding bonds and new debt issue planning when conducting cost of service studies, which are undertaken periodically for the enterprises.

Section 5 – Structure and Term of UG Indebtedness

5.1 Term of Debt
Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future beneficiaries or users. Borrowings by the UG should be of a duration that does not exceed the useful life of the improvement that it finances and where feasible, should be shorter than the projected economic life. The standard term of long-term borrowing is typically 15-30 years.

5.2 Rapidity of Debt Repayment

In structuring a bond issuance, the Finance Department will manage the amortization of debt, and to the extent possible, match its cash flow to the anticipated debt service payments.

The UG will seek to structure debt with aggregate level principal and interest payments over the life of the borrowing. "Backloading" of debt service will be considered only when one or more of the following occur:

- Natural disasters or extraordinary or unanticipated external factors make payments on the debt in early years prohibitive;
- The benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present;
- Such structuring is beneficial to the UG's aggregate overall debt payment schedule
- Such structuring will allow debt service to more closely match project revenues during the early years of the project's operation, especially for economic development financed project and enterprise revenue bonds.

5.3 Serial Bonds, Term Bonds, and Capital Appreciation Bonds
Serial bonds are bonds maturing annually (or serially) in specified amounts comprising all or a portion of a bond issue.

Term bonds are those where all bonds, or a portion of the issue equal to that which would mature over a period of two or more years in a bond issuance, mature at a single time. Term bonds can be structured so that a portion of term maturity is mandated to be called or retired each year (called "sinking funds") to mirror a serial bond structure. The funds paid into the sinking fund each year may be used at that time to retire a portion of the term bonds ahead of their scheduled redemption. Sinking funds are preferred by investors since these funds provide the security of knowing that the issuer appropriately budgets and accounts for its expected future payments. The sinking fund also ensures that the payment of funds at maturity does not overtax the issuer's resources at that time. The decision to use term or serial bonds is typically driven by market conditions when bonds are issued.

Capital Appreciation Bonds (CABs), also known as Zero Coupon Bonds or Turbo Bonds, do not pay periodic interest payments but are issued as deep discounted bonds that pay investors the principal amount invested plus the interest, compounded semi-annually at the original interest rate, of the bond at maturity. CABs can be utilized in certain cases to better match a project's cash flow to the bond's debt service but typically carry significantly higher interest rates than bonds that pay semi-annual or periodic interest payments.

For each issuance, the UG Finance Department will select serial bonds or term bonds, or both. On the occasions where circumstances warrant, CABs may be used.

5.4 Interest Rates
The UG currently issues securities on a fixed interest rate basis only, although it is not precluded to enter into a variable rate structure is the Chief Financial Officer under the advice of the municipal Advisor deems the structure would have an economic advantage to the UG. Fixed rate securities ensure budget certainty through the life of the securities and can be advantageous in a low interest rate environment. Variable interest rate structures

may be undertaken if such a structure for a given revenue-generating project or capital asset or facility is recommended by the ~~Finance Department~~Chief Financial Officer.

5.5 Debt Instrument Rating

The Chief Financial Officer, with a Municipal Advisor if appropriate, will assess whether a credit rating should be obtained for an issuance and make a recommendation to the County Administrator. If it is determined that a credit rating is desirable, the probable rating of the proposed debt issuance is assessed before its issuance, and necessary steps are taken in structuring the debt issuance to ensure that the best possible rating is achieved.

5.6 Credit Enhancements

Credit enhancement may be used to improve or establish a credit rating on a UG debt obligation. Types of credit enhancement include Letters of Credit, bond insurance or surety policies. The Chief Financial Officer will recommend the use of credit enhancement if it reduces the overall cost of the proposed financing or if, in the opinion of the Chief Financial Officer, the use of such credit enhancement furthers the UG's overall financial objectives.

A Letter of Credit is an arrangement with a bank that provides supplemental security, or in some cases, direct security that money will be available to pay debt service on an issue in the event insufficient funds are available to meet a debt service obligation. Bond Insurance is an unconditional pledge by an insurance company to make principal and interest payments on the UG's debt in the event insufficient funds are available to meet a debt service obligation. Bond insurance may be obtained from an insurance company and is a potential means of enhancing the debt's rating.

5.7 Debt Service Reserve / Surety Policy

Debt service reserve funds, if established for a bond series, are held by and are available to the bond Trustees to make principal and interest payments to bondholders in the event that pledged revenues are insufficient to do so.

The Chief Financial Officer will make a determination whether one will be included and, if so, the size of the debt service reserve fund on a case-by-case basis at the time of a new bond issuance. Factors that are taken into consideration are cost of setting a debt service reserve fund over the life of the bond issue compared to interest earnings, bond pricing or credit rating impacts, conditions in the bond documents, if applicable, and other market conditions.

The maximum size of the reserve fund is governed by tax law, which permits the lesser of: 1) 10% of par; 2) 125% of average annual debt service; and 3) 100% of maximum annual debt service. The UG may issue bonds with a debt service reserve fund that is sized at a lower level or without a reserve fund.

The reserve fund requirement may also be satisfied by a surety policy, a form of insurance provided by a bond insurer to satisfy a reserve fund requirement for a bond issuance. Under this arrangement, instead of depositing cash in a reserve fund, the issuer buys a surety policy by paying a one-time premium equal to a percentage of the face amount of the policy. The UG may use a surety policy instead of a debt service reserve fund when economically feasible.

The UG will not rely on any uncollateralized credit instruments for any reserve requirement unless justified by significant financial advantage. If a surety policy is used in lieu of a debt service reserve fund, a provider distinct from the bond insurer shall be used.

5.8 Capitalized Interest

Generally, interest shall be capitalized for the construction period of a revenue producing project so that debt service expense does not begin until the project is expected to be operational and producing revenues. In addition, for lease back arrangements, such as those used for lease revenue bond transactions,~~;~~ interest may be capitalized for the construction period~~,~~ until the asset is operational. When warranted, interest may be capitalized for a period longer than the construction period.

5.9 Call Options/Redemption Provisions

The Chief Financial Officer, upon the advice of the Municipal Advisor, will recommend the use of a call option, if any, and call protection period for each issuance. A call option, or optional redemption provision, gives the UG the right to prepay or retire debt prior to its stated maturity. This option may permit the UG to achieve interest savings in the future through refunding of the bonds with lower interest rates. Often the UG must pay a higher interest rate as compensation to the buyer for the risk of having the bond called in the future. In addition, if a bond is called, the holder may be entitled to a premium payment ("call premium"). Because the cost of call options can vary widely, depending largely on market conditions, an evaluation of factors such as the following will be conducted in connection with each issuance:

- Interest rate premium for adding call provision
- The call premium paid to the bond holder
- Level of rates relative to historical standards
- The time until the bonds may be called at a premium or at par
- Interest rate volatility

Generally, 20-year or 30-year tax-exempt municipal borrowings are structured with a 10-year call at no premium. From time to time, market conditions may facilitate shorter call options (6-9 years) with no premium.

Section 6 – Method of Issuance and Sale

Under the direction of the Chief Financial Officer, Debt Management will coordinate the issuance of all debt, including issuance size, debt structure, cash flow analysis, and method of sale. The selection of the financing team and the role of the various consultants are discussed in Section 7.

6.1 Method of Sale

Debt issuances are sold by a single underwriter or to an underwriting/bank syndicate through either a public offering or a private offering. The selected method of sale will be that which is the most advantageous to the UG in the judgment of the Chief Financial Officer, in terms of lowest net interest rate, most favorable terms in the financial structure used, and market conditions.

Public Offerings – Public offerings can be executed through either a competitive sale or a negotiated sale. Method of sale for each bond offering is based on the recommendation of the Chief Financial Officer with advice from the ~~UG's~~ Municipal Advisor.

Competitive Sale – In a competitive sale multiple underwriters or banks bid on the issue, with the purchaser selected offering the most favorable interest rate at the time of sale. In a competitive sale, bids will be awarded on a true interest cost basis (TIC), providing other bidding requirements are satisfied. In such instances where the UG deems the bids received unsatisfactory, it may, at the discretion of the Chief Financial Officer, enter into negotiation for sale of the securities or reject all bids. In general, the Competitive Sale method is recommended for "plain vanilla" financings with a strong underlying credit rating, such as general obligation bond issuances, if the bond is not expected to be treated as a "story bond" by the investors and generally stable and strong market conditions exist. In a Competitive Sale, the bidder's role is limited to its review of the offering circular released by the UG, making a credit assessment based on the facts presented in the offering circular, and offering its bid per the bidding parameters established by the UG.

Negotiated Sale – In a Negotiated Sale, the underwriter or the underwriting syndicate for the bonds is identified upfront through a competitive selection process along with other professionals for the transaction. The negotiated sale process provides the UG control over the financing structure and the issuance timing and provides flexibility of distribution. Negotiated sales may be executed when competitive sales are not suitable or not a viable option. Examples of such circumstances include unusual financing terms, market volatility, and weaker credit quality. Special District bonds, which are often non-rated, are typically issued through a negotiated sale process. Due to their financial complexity, revenue bonds for enterprise utilities are also typically issued through a negotiated sale process. ~~In a Negotiated Sale, the underwriter or the underwriting syndicate for the bonds is identified upfront through a competitive selection process along with other professionals for the transaction.~~ The underwriter will actively assist the UG, in consultation with the Municipal Advisor, in structuring the financing and marketing the bonds including providing assistance in preparing the bond offering circular.

Private Offerings – When determined appropriate by the Chief Financial Officer, the UG will negotiate financing terms with banks and financial institutions for specific borrowings on a private offering basis. These issuances are also referred to a "private placements". Typically, private offerings are carried out by the UG when extraneous circumstances preclude public offerings, as an interim financing, or to avoid the costs of a public offering for smaller issuances.

6.2 Bidding Parameters

In a Competitive Sale, the Notice Inviting Bids will be carefully constructed so as to ensure the best possible bid for the UG, in light of existing market conditions and other prevailing factors. Parameters to be examined include:

- Limits between lowest and highest coupons
- Discount or premium coupons
- Use of bond insurance
- Call provisions

The Chief Financial Officer will publish the Notice Inviting Bids among prospective bidders for the proposed bond issuance.

6.3 Initial Disclosure Requirements

Debt Management, together with the Chief Legal Counsel, Municipal Advisor, Bond Counsel and Disclosure Counsel, coordinates all the necessary documents for disclosure, with input from various other City departments (as applicable for a particular bond issuance) and outside consultants. Each publicly offered debt issuance will meet the disclosure requirements of the Securities and Exchange Commission (SEC) and other government agencies before and after the bond sale takes place. The disclosure documents, particularly the Official Statement, will provide the potential investor with full and accurate information necessary to make prudent investment decisions.

All primary disclosure documents, which are a part of the bond offering documents (e.g., Official Statement), will be approved by the State ~~Attorney's Office~~of Kansas before being taken to the Commission for approval (see Section 6.4). The UG will also provide ongoing disclosure, in accordance with the Continuing Disclosure Agreements executed when the financing is authorized, as required by SEC Rule 15c2-12. Ongoing disclosure will also be approved by the Chief Financial Officer before it is disseminated to the markets.

6.4 Approval Process

In coordinating the bond issuance process, Chief Financial Officer will work with the Chief Legal Counsel, Bond Counsel, other responsible City departments, and outside consultants to compile all bond related documents (see ~~Chapter~~ Section ~~VII~~ 7 for the role of various outside consultants). The Chief Legal Counsel, working with Bond Counsel, will assess any legal issues that may arise with respect to the issuance of the bonds. In circumstances where there may be legal uncertainty about some aspect of a proposed bond transaction, the UG may pursue an active validation action to obtain judicial approval before the bonds are issued. If a bond transaction is controversial and gives rise to a reverse validation action, the UG may find itself a party to that litigation. All proposed debt financings shall be authorized by the UG Commission.

Section 7 – Financing Team Roles and Selection Process

The Chief Financial Officer, working with the Chief Legal Counsel and the UG's Purchasing Department, shall be responsible for establishing a solicitation and selection process for securing professional services that are required to develop and implement a debt issuance. Goals of the solicitation and selection process shall include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices.

Section 7.1 Selection and Compensation

The identification of ~~financial~~ municipal advisors, trustees, and paying agents is accomplished through a selection process conducted by Debt Management and may also be based upon recommendations from advisors that are specifically skilled in the type of bond issuance being proposed.

Selection of consultants will be made from either an as-needed pool, which is assembled via a Request for Qualifications (RFQ) process, or a separate RFP issued for a specific bond issuance. Once the selection of a Municipal Advisor has occurred, the Municipal Advisor will assist the UG in the selection of other service providers, including broker-dealers/ underwriters, trustees, escrow agents, credit enhancers, verification agents, title and insurance companies, and printers.

Compensation for Bond Counsel, Disclosure Counsel, Municipal Advisors, and other consultants will be as low as possible, given desired qualification levels, and consistent with industry standards.

The UG may encumber and advance the fees associated with municipal advisory services, which are later reimbursed from the bond proceeds, or may enter into contracts on a contingent basis.

Compensation for the other service providers listed above is typically included in the cost of issuance and paid from the bond proceeds. The ongoing trustee fee, semiannually or annually, for a bond issuance is budgeted under administration costs and appropriated in respective bond payment accounts.

The Chief Legal Counsel will take the lead in selecting the Bond Counsel and the Disclosure Counsel. Generally, Bond and Disclosure Counsel compensation is contingent on the issuance of bonds and is either paid or reimbursed from bond proceeds. This practice is generally consistent with industry standards.

Eligible UG staff costs related to issuance of long-term bonds may also be reimbursed from bond proceeds. As the UG often dedicates substantial time for special revenue bonds for economic development, the UG will seek either up-front payments from developers to cover such internal and external costs for events wherein the transaction does not proceed to conclusions; and/or recover from bond proceeds the internal and external costs incurred for the issuance. In the event of an up-front developer payment for a project that does proceed to financing, the developer will be reimbursed from bond proceeds.

7.2 Financing Team: Outside Consultants

Contracts with Municipal Advisors, Bond Counsel, and Disclosure Counsel will be processed in accordance with UG administrative procedures.

A. Municipal Advisors

As needed, the Chief Financial Officer will identify an independent Municipal Advisor. The primary responsibilities of the Municipal Advisor are to advise and assist on bond document negotiations, transaction structuring including advising on pricing and call provision options and timing of issuance, running debt service cash flow numbers, obtaining ratings on the proposed issuance, and generally acting as an independent financial consultant and economic and bond market expert.

The Municipal Advisor will also serve the UG as a Municipal Advisor, as defined by and in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act. The

Municipal Advisor has a fiduciary duty to the UG. Fiduciary duty is generally understood to encompass a duty of loyalty and a duty of care to the public agency.

B. Bond Counsel

The UG will retain external Bond Counsel for all debt issuances. As part of its responsibility in the debt issuance process, the UG's Chief Legal Counsel will coordinate the selection of Bond Counsel. Bond Counsel will prepare the necessary authorizing resolutions, ordinances, agreements, and other legal documents necessary to execute the financing. All debt issued by the UG will include a customary approving legal opinion of Bond Counsel.

C. Disclosure Counsel

The UG may retain Disclosure Counsel for public issuances that entail UG disclosure, in which such services may be provided by the Municipal Advisory firm, underwriter's counsel and Bond Counsel. Disclosure Counsel shall be required to deliver a customary 10(b)-5 opinion on UG offering documents. The UG's Chief Legal Counsel and the Chief Financial Officer shall oversee the selection of Disclosure Counsel. The Disclosure Counsel will work with UG staff to draft all disclosure documents for a bond financing.

The UG's Chief Legal Counsel may engage separate firms in the capacity of Bond and Disclosure Counsel or one single firm to perform bond and disclosure counsel functions.

The UG also retains services contracts with bond counsel and the municipal advisory firm to review the UG materials that are to reach investors or the securities markets.

D. Broker-Dealer/ Underwriters

For a competitive sale, the criteria used to select a broker-dealer/underwriter shall be the bid providing the lowest true interest cost to the UG.

For a negotiated sale debt issuance, the Chief Financial Officer, working with the Municipal Advisor, will identify broker-dealers/underwriters. The Chief Financial Officer will recommend to the County Administrator the selected broker-dealer/underwriter or a syndicate of underwriters. Broker-dealers/Underwriters will be required to demonstrate sufficient capitalization and experience related to the debt issuance being proposed, among other criteria determined for each issuance. The Chief Financial Officer will consider the following criteria in selecting a broker- dealer/underwriter and/or a syndicate:

- Experience with the particular type of financing, and size of the financing
- Overall experience
- Familiarity with UG issues
- Marketing expertise
- Distribution capability
- Previous experience as managing or co-managing broker-dealer/underwriter
- Financial strength, as evidenced by the firm's current financial statements
- Experience of the public finance team assigned to the financing
- Resources to complete the financing
- Compensation

- Community Reinvestment

E. Trustee / Paying or Fiscal Agent
A Trustee or Paying/Fiscal Agent is the institution – usually a commercial bank or trust company – appointed in the indenture or bond resolution to act as the agent of the issuer to pay principal and interest from monies provided by or on behalf of the issuer.

Paying or Fiscal Agent duties are typically limited to receiving money from the issuer and paying principal and interest to bondholders on behalf of the issuer. A Trustee, in addition to performing the duties of a Paying Agent, is responsible for establishing and holding the funds and accounts relating to the bond issuance, including accounts for bond proceeds and revenues, determining that the conditions for disbursement of proceeds and revenues have been met, and, in some cases, collecting revenues, and executing investments.

The Trustee/ Paying Agent solicitation and selection is typically coordinated by the Municipal Advisor in consultation with the Chief Financial Officer for a new bond issuance. The Debt Management Division will monitor the ongoing performance of a Trustee/Paying Agent. The Chief Financial Officer may periodically solicit for trustees or paying agent services from qualified commercial and trustee banks.

F. Other Service Providers
Other professionals may be selected, at the discretion of the Chief Financial Officer, on an as-needed basis. These include the services of revenue or market feasibility study, credit rating agencies, escrow agents, bond insurance providers, credit and liquidity banks, verification agents, title insurance companies, arbitrage rebate calculation consultant and services related to printing.

Section 8 – Refunding of City Indebtedness
The UG will consider refunding its existing debt when benefits of the refunding outweigh the costs and risks.

8.1 Types of Refunding

A. Current Refunding
A current refunding is one in which the refunding bonds are issued less than 90 days before the date upon which the refunded bonds will be redeemed.

B. Advance Refunding
The Federal Tax Act of 2017 eliminated an issuer's ability to advance refund a tax-exempt issue with tax-exempt bonds. An entity can issue taxable bonds to advance refund tax-exempt bonds, which would normally lead to interest cost increases. The municipal bond industry has come up with a short selection of bond products, synthetic refundings, forwards, etc., to advance refund issues. If a condition exists wherein the UG needs to advance refund an issue it will conduct an extensive analysis to the overall costs and benefits of the proposed transaction before proceeding. ~~An advance refunding is one in which the refunding bonds are issued more than 90 days prior to the date upon which the refunded bonds will be redeemed. Advance refundings are used to refinance outstanding debt before the date the outstanding debt becomes due or callable. Proceeds of the~~

~~advance refunding bonds are placed into an escrow account with a fiduciary and used to pay interest and principal on the refunded bonds and then used to redeem the refunded bonds at their maturity or call date. Internal Revenue Code §149(d)(3) provides that governmental bonds issued after 1985 may only be advanced refunded once over the life of a bond issuance. Due to the 2017 new tax law, advanced refundings are no longer allowed for municipalities.~~

8.2 Refunding Considerations

Refundings may be undertaken to:

- Take advantage of lower interest rates and achieve debt service cost savings
- Eliminate restrictive or burdensome bond covenants
- Restructure debt to either shorten/lengthen the duration of debt or free up reserve funds
- Refund outstanding indebtedness when existing financial structures impinge on prudent and sound financial management

Generally, the UG will consider a refunding only when there is a net economic benefit; i.e., when there is an aggregate net present value savings, expressed as a percentage of the par amount of the refunded bonds, at 3% and above for a current refunding. In addition, in the case of an advance refunding which is not allowed under current tax law, consideration is to be given to the impact of inefficient investment yields in the refunding escrow account (i.e., yield on the escrow investment is less than the yield on the refunding bonds. This inefficiency is also known as negative arbitrage.) Aggregate net present value savings should be greater than the aggregate amount of negative arbitrage to achieve an economic benefit. These savings requirements for a refunding may be waived by the Chief Financial Officer upon a finding that such a restructuring is in the UG's overall best financial interest.

8.3 Refunding Escrow Investment

The UG will seek to purchase State and Local Government Securities (SLGS) to fund its refunding escrows. However, at the discretion of the Chief Financial Officer, the UG may choose to fund an escrow through purchase of treasury securities on the open market when market conditions make such an option financially preferred or necessary.

Section 9 – Post Issuance Compliance and Administration

The following discuss administrative functions related to debt not discussed in the Tax-Exempt Financing Compliance Policy and Procedure or the Securities and Continuing Disclosure Matters Compliance Procedure.

9.1 Investment of Bond Proceeds

The proceeds of the bond sales will be invested until used for the intended project in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of safety. The UG~~g~~ Cash and Investment Policy and the bond indentures govern objectives and criteria for investment of bond proceeds. The Chief Financial Officer, or the bond trustees under the direction of the Chief Financial Officer, will invest the bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.

9.2 Arbitrage Compliance

The Chief Financial Officer shall establish and maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements as required by the federal tax code. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the UG's outstanding debt issuances.

Additionally, general financial reporting and other tax certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are in compliance. The ongoing compliance verification function will be coordinated by the Debt Management Division.

9.3 Ongoing Disclosure

The UG will meet secondary disclosure requirements in a timely and comprehensive manner, as stipulated by the SEC Rule 15c2-12. The Chief Financial Officer (CFO) shall be responsible for providing ongoing disclosure information to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) system, the central depository designated by the SEC for ongoing disclosures by municipal issuers. The CFO is responsible for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies, including the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The UG may also employ the services of firms that improve the availability of or supplement the UG's EMMA filings.

The UG will provide full and complete financial disclosure to rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, and accurate financial information using the appropriate channels/policies/procedures.

9.4 Compliance with Other Bond Covenants

In addition to financial disclosure and arbitrage compliance, once the bonds are issued, the UG is responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments
- Taxes/fees are levied and collected where applicable
- Timely transfer of debt service/rental payments to the trustee or paying agent
- Compliance with insurance requirements
- Compliance with rate covenants where applicable
- Recordkeeping and continued public use of financed asset
- Compliance with tax covenants including the timely spend-down of project fund proceeds
- Compliance with all other bond covenants

The Debt Management Division will coordinate verification of covenant compliance and will work with the Chief Legal Counsel and all other responsible departments to monitor compliance with the aforementioned compliance requirements.

9.5 Compliance with State and Federal Reporting Requirements

The UG will meet required State and Federal reporting requirements related to bond and loan obligations.

~~The UG should not issue long-term debt to finance current operations. The UG is committed to systematic capital planning and intergovernmental cooperation and coordination. Debt issuance should be consistent with the government's financial plan.~~

~~Debt financing may include general obligation, special assessment, and revenue bonds; temporary notes; lease/purchase agreements, and other permitted obligations. Debt will be issued in accordance with all applicable federal and state laws. Additionally, the Unified Government will maintain full and complete financial disclosure and reporting.~~

~~**Financial Limitations** established by the UG include:~~

- ~~Annual debt service payments, excluding Enterprise Funds, are targeted at 10% - 12% of total budget authority of tax levied funds.~~
- ~~The Unified Government will follow Kansas Statutes setting financial debt limitations. The amount of outstanding debt cannot exceed 30% of the County's assessed valuation.~~
- ~~The Unified Government will examine and consider other indicators, such as per capita and net direct debt as measures of the community's ability to support debt.~~

~~**Debt Issuance** factors the UG will consider are:~~

- ~~The target for general obligation support for new debt is established during the budget process. Historically the level of support has been $10-$20 million.~~
- ~~The Unified Government recognizes the importance of maintaining strong credit ratings.~~
- ~~Financing terms should not exceed the asset's useful life.~~
- ~~Enterprise Funds, including Sewer, Stormwater, Emergency Medical Services, Golf Course and the Public Levee should support debt issued for projects related to these activities.~~
- ~~General obligation backing should be used for essential government services or projects with an asset life of 5-years or greater.~~
- ~~Economic development and Tax Increment Financing (TIF) should be supported by project revenues, unless otherwise approved by the Commission.~~
- ~~The Unified Government will determine if the debt should be issued on city/county basis.~~

~~**Debt Restrictions** for long-term financing include:~~

- ~~The Unified Government should not issue debt to finance current operations.~~
- ~~Debt should not be used for annual capital expenditures unless deemed a high priority by the Unified Government Commission.~~
- ~~The Unified Government will use temporary note financing to complete projects prior to permanent financing, unless final project costs and timelines have been determined.~~

~~**Pay-As-You-Go versus Long Term Debt Financing**~~

~~The Unified Government will use the following criteria to evaluate pay-as-you-go versus long-term debt financing.~~

~~*Factors favoring pay-as-you-go financing* for projects include:~~

- ~~The project can be funded using available revenues within the project timeline.~~
- ~~Government debt levels are negatively impacting the credit rating.~~
- ~~Unstable market conditions exist.~~

~~*Factors supporting long-term debt financing* for projects include:~~

- ~~Interest rates and debt financing demand are favorable for the UG.~~
- ~~Sufficient funding is not available for mandated federal and state projects or emergencies.~~
- ~~Project life is 5-years or longer.~~

~~**Debt Structuring** will consider various factors, including the financial forecast, property tax requirements and the objective to retire principal in a timely manner. Specifically:~~

- ~~Debt schedules will in most instances be structured for a 20-year term or less.~~
- ~~General obligation bonds will typically be amortized with level principal/interest payments.~~
- ~~Revenue bonds will be structured to align with available or projected pledged revenues.~~
- ~~Enterprise funds will budget a transfer payment to the debt service fund to cover the scheduled debt payments for their specific projects financed under general obligation bond authority.~~
- ~~The UG may include call options in the financing structure to achieve future interest savings by the early refunding of the debt obligation.~~
- ~~Credit enhancements may be used to reduce borrowing costs, if the project has clear public benefit.~~
- ~~Capitalization of interest is acceptable to allow interim financing for a project or development that is projected to generate revenue in future years.~~

~~**Debt issuance Process** will comply with all federal and state requirements. The Unified Government's Board of Commissioners must authorize the debt issuance. Guidelines include the following:~~

- ~~The UG shall seek to issue its general or revenue bond obligations in a competitive sale, unless the government's Chief Financial Officer and/or financial advisor recommend an alternative approach.~~
- ~~If competitive bids are evaluated to be unsatisfactory, alternative approaches may be considered.~~
- ~~When a negotiated sale process is determined to be the most efficient financing alternative, the UG will use a competitive process for selection of the investment banking team. Considerations for a negotiated sale include: interest rates, special obligation financing and the project time schedule.~~

~~The Unified Government will use professionals to assist in authorizing and structuring the financing sale. The outside professionals may include the government's financial advisor,~~

~~bond counsel, underwriter, bank trustee, or paying agent. Selection of professional services will be done in accordance with the government's procurement process.~~

~~Debt issued by the Unified Government will be managed and monitored by the Chief Financial Officer.~~

~~The investment of bond proceeds will adhere to the Government's bond indenture documents and Kansas State statute. Also, the Government has adopted and implemented a tax-exempt compliance policy, applicable after debt issuance.~~

~~**Bond Refunding** - The Unified Government will consider refunding to achieve interest cost savings, targeted at a minimum of 3% net present value savings; to restructure debt to align with the Government's financial forecast; or to modify the credit backing of a debt obligation.~~

~~**Market and Investor Relations** – An official statement will be completed for competitive financing and the UG will comply with ongoing disclosure requirements. The Unified Government's Comprehensive Annual Financial Report and information about the socio-economic trends will be reported to credit agencies on an annual basis.~~

~~**Credit Rating Goal** – The Unified Government's goal for its general obligation bond financing is to achieve the highest rating from all credit rating agencies. If a specific financing does not have government backing or credit enhancement, then the debt may be issued without a credit rating.~~

~~**Credit Risk** - The Unified Government recognizes the importance of limiting interest, credit or budget risk. The Unified Government will not consider the issuance of derivatives. Variable rate debt will not be used in the issuance of General Obligation debt but may be considered for development projects backed by project revenue.~~

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed bi-~~at least~~ annually and updated on an as-needed basis. In the event there are proposed exceptions from the Debt Policy when a certain bond issue is structured, those exceptions will be discussed in the applicable staff reports when the bond issue is docketed for UG Commission consideration. Any exception will also be stated in the financing resolution or ordinance to be approved by Commission for the corresponding bond offering.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

Arbitrage - With respect to municipal bonds, arbitrage is the profit made from investing the proceeds of tax- exempt bonds in higher-yielding securities.
Backloading - Debt repayment is scheduled towards the back-end.

Broker-Dealer/ Underwriter - An investment banking firm which, singly or as a member of an underwriting group or syndicate, agrees to purchase a new issue of bonds from an issuer for resale and distribution to investors. The broker-dealer/underwriter acquires the bonds either by negotiation with the issuer or by award on the basis of competitive sale.

Community Improvement District (CID) - Under Kansas Statute KSA 12-6a29 cities may create districts that help to fund community improvement. The Unified Government has done so through Community Improvement Districts (CID). A CID is an area within which businesses pay an additional sales tax (typically 1% or less) or a special assessment that fund improvements within that district.

Conduit Financing - A financing in which the proceeds of the issue are loaned to a nongovernmental borrower who then applies the proceeds for a project financing or, if permitted by federal tax law for a qualified 501(c)(3) bond, for working capital purposes.

Continuing Disclosure - The ongoing disclosure provided by an issuer or obligated person pursuant to an undertaking entered into to allow the broker-dealer/underwriter to comply with SEC Rule 15c2-12.

Debt Service - The total interest, principal and mandatory sinking fund payments due at any one time.

Debt Service Reserve Fund - An account from which monies may be drawn to pay debt service on an issue of bonds if pledged revenues and other amounts available to pay debt service are insufficient. The size of the debt service reserve fund and investment of monies in the fund/account are subject to restrictions contained in Federal Tax law for tax-exempt bonds.

Electronic Municipal Market Access (EMMA) System - The EMMA system created by the MSRB is a comprehensive, centralized online source for market transparency data, educational material about the municipal securities market, and free access to municipal disclosures. Effective July 1, 2009, EMMA became the single, official repository for continuing disclosure documents as a result of changes mandated by the SEC in December 2008.

Escrow Agent - With respect to an advance refunding, the commercial bank or trust company retained to hold the investments purchased with the proceeds of the refunding and, customarily, to use the amounts received as payments on such investments to pay debt service on the refunded bonds.

Generally Accepted Accounting Principles (GAAP) - A widely accepted set of rules, conventions, standards and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Government Accounting Standards Board (GASB) - A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

Municipal Standards Rulemaking Board (MSRB) - An independent self-regulatory organization established by the Securities Acts Amendments of 1975, which is charged with primary rulemaking authority over dealers, dealer banks, and brokers in municipal securities.

Nationally Recognized Municipal Securities Information Repository (NRMSIR) - NRMSIR is an acronym for Nationally Recognized Municipal Securities Information Repository. NRMSIRs are the repositories for all annual reports and event notices filed under SEC Rule 15c2-12.
Public Building Commission (PBC) - The PBC is a municipal corporation duly created in accordance with the Act. The PBC is organized and operated under the Act for the benefit of the Unified Government and its residents, including the planning, development, construction, furnishing and equipping of public buildings for the benefit and use of governmental agencies. The PBC is governed by a five-member board, consisting of the Mayor/CEO of the Unified Government, the Unified Government Commissioner who serves a chairperson of the Economic Development and Finance Standing Committee, the County Administrator, the Chief Financial Officer of the Unified Government and the Chief Counsel of the Unified Government.

Sales Tax and Revenue Bonds (STAR Bonds) - Sales Tax Revenue (STAR) Bonds allow the Unified Government to issue bonds to finance certain authorized expenditures (primarily land acquisition and infrastructure) for the development of major commercial, entertainment and tourism areas and use the sales and transient guest tax revenues generated by the development towards debt service. The issuance of STAR Bonds requires approval by the Kansas Department of Commerce and represents a partnership with the State, as both local and state revenues may be pledged for the development project.

SEC Rule 15c2-12 - A rule promulgated by the SEC under the Securities Exchange Act of 1934 concerning disclosure and continuing disclosure requirements for municipal securities.

Securities and Exchange Commission (SEC) - A federal agency which oversees and regulates stock, bond, and other financial markets.

Special Tax - A financial charge that is calculated via some type of special tax formula (or Rate and Method of Apportionment~~, in the case of a Community Facilities District~~), and is levied annually on property for a defined period of years.

State and Local Government Series (SLGS) - SLGS is an acronym (pronounced “slugs”) for a type of U.S. Treasury obligation, the complete name of which is United States Treasury Securities – State and Local Government Series. SLGS are special United States Government securities sold by the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

Tax Increment Financing (TIF) - A Tax Increment Financing (TIF) District allows the Unified Government to work with private developers to authorize redevelopment projects in blighted areas in accordance with State statutory requirements as set forth in K.S.A 12-1770a. TIF financing allows for a development project to access the incremental property and/or sales tax revenues generated by the project. TIF Districts may exist for up to twenty (20) years per project. In accordance with Kansas Laws, these funds may only be used for TIF-eligible expenses, which include but are not limited to: Land Acquisition & Relocation (of families), Public Improvements (curb, sidewalks, streets, lighting), Site Preparation (demolition), Utilities, and Sanitary and Storm Sewers.

Transportation Development District (TDD) - A Transportation Development District (TDD) is a special taxing district whereby a petitioner of 100% of the landowners in an area request either the levy of special assessments or the imposition of a sales tax of up to 1% on goods and services sold within a given area. Upon creation of a TDD by a municipality, the revenue generated by TDD special assessments or sales tax under Kansas law may pay the costs of transportation infrastructure improvements in and around the new development.

True Interest Cost (TIC) - A method of calculating bids for new issues of municipal securities that takes into consideration certain costs of issuance and the time value of money.

Underwriter Syndicate - A group of underwriters formed to purchase (underwrite) a new issue of municipal securities from the issuer and offer it for resale to the general public. The syndicate is organized for the purpose of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase an issue and for broader distribution of the issue to the investing public. One of the underwriting firms will be designated as the syndicate manager or lead manager to administer the operations of the syndicate.

Verification Agent - A certified public accountant who verifies that sufficient funds are deposited into an escrow to implement the objectives of the refunding or financing plan.

VIII. Related Documents and References:

A. Tax-Exempt Financing Compliance Policy and Procedure
B. Securities and Continuing Disclosure Matters Compliance Procedure
C. Capital Asset and Equipment Investment and Management Policy
D. Local Economic Development Policy
E. Tax Abatement Policy
F. Long-Term Financial Planning Policy
G. County Administrator policies as applicable

Staff Request for Commission Action

Tracking No. 19562

Full Commission Meeting Date: 2/14/19
Committee: Economic Development & Finance

Date of Standing Committee Action: 2/4/19 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
01/23/2019	Katherine Carttar	x5176	kcarttar@wycokck.org	Economic Development

Item Description: Resolution calling for notice of a public hearing to consider the adoption of a redevelopment project plan in the Downtown Grocery Redevelopment District - Project Area 1.
Action Requested: Adopt resolution
Budget Impact: (if applicable) Amount: Source: Included In Budget: Other (explain):
Attachments List: Downtown Grocery - Resolution setting public hearing for Project Plan Project Area 1, Exhibit A - Legal Description, Exhibit B, Exhibit C

(Published in ***The Wyandotte Echo on* _______________, 2019**)

RESOLUTION NO. R-____-19

A RESOLUTION CALLING AND PROVIDING FOR NOTICE OF A PUBLIC HEARING CONCERNING THE CONSIDERATION OF ADOPTING A REDEVELOPMENT PROJECT PLAN FOR PROJECT AREA 1 IN THE DOWNTOWN GROCERY REDEVELOPMENT DISTRICT

WHEREAS, K.S.A. 12-1770 *et seq.,* as amended (the "Act") provides for the creation of redevelopment districts and the approval of redevelopment plans, and permits the issuance of tax increment financing bonds in accordance with the terms of the Act; and

WHEREAS, the Board of Commissioners of the Unified Government of Wyandotte County/Kansas City, Kansas (the "Unified Government") previously adopted Ordinance O-41-18 (the "TIF District Ordinance"), establishing the Downtown Grocery Redevelopment District and approved the district plan set forth in the TIF District Ordinance (the "District Plan"), in accordance with the Act on October 11, 2018; and

WHEREAS, the Unified Government is considering the adoption of a redevelopment project plan entitled Redevelopment Project Plan – Project Area 1 and dated February 8, 2019 (the "Project Plan") which provides for the redevelopment of Project Area 1 within the Redevelopment District; and

WHEREAS, a copy of the Project Plan for Project Area 1 has been delivered to the Board of Commissioners of Wyandotte County, Kansas, and to the Board of Education of Unified School District 500, Kansas City, Kansas, all in accordance with the TIF Act; and

WHEREAS, the Planning Commission of the Unified Government reviewed the Project Plan for Project Area 1 on February 11, 2019 and found and determined that the Project Plan is consistent with the intent of the comprehensive plan for development of the Unified Government.

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

Section 1. Public Hearing. The Unified Government is considering the adoption of the Project Plan for Project Area 1 pursuant to the Act. It is hereby authorized, ordered, and directed that the Board of Commissioners shall hold a public hearing on **March 28, 2019, at 7:00 PM** or as soon thereafter as the matter can be heard in the Commission Chambers, lobby level of the Municipal Office Building located at 701 North 7th Street, Kansas City, Kansas to hear comments and consider the adoption of the Project Plan for Project Area 1 pursuant to the Act.

Section 2. Redevelopment District. The Board of Commissioners of the Unified Government previously adopted Ordinance O-41-18 establishing the Downtown Grocery Redevelopment District and approved the District Plan set forth in the TIF District Ordinance on

October 11, 2018, in accordance with the Act. The Redevelopment District consists of an area legally described on the attached **Exhibit A** and generally delineated on the map attached as **Exhibit B** attached hereto and incorporated by reference herein.

Section 3. Project Area 1. Project Area 1 of the Redevelopment District is legally described on **Exhibit C** and generally depicted on **Exhibit B** attached hereto and incorporated by reference herein.

Section 4. Project Plan. The Project Plan for Project Area 1, including a summary of the feasibility study, relocation assistance plan and a description and map of the Redevelopment District and Project Area 1 is available for public inspection during regular office hours in the office of the Unified Government Clerk, Municipal Office Building, 701 N. 7th Street, Kansas City, Kansas.

Section 5. Bonds. The Unified Government may issue its full faith and credit tax increment bonds to finance the costs of implementing the proposed Project Plan, unless within 60 days following the date of the public hearing on the Project Plan a protest petition signed by 3% of the qualified voters of the Unified Government is filed with the Unified Government Clerk in accordance with the provisions of K.S.A. 25-3601 *et seq.*, and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the Unified Government from issuing special obligation bonds in accordance with the Act.

Section 6. Notices. The Unified Government Clerk is hereby authorized and directed to publish this Resolution once in the official city newspaper not less than one (1) week or more than two (2) weeks preceding **March 28, 2019**, the date set for the public hearing. The Clerk or any other employee or officer of the Unified Government are authorized and directed to mail a copy of this Resolution via certified mail, return receipt requested to the Unified Government Board of Commissioners; the Kansas City, Kansas Unified School District #500 Board of Education as the school district levying taxes on property within Project Area 1; and to each owner and occupant of land within Project Area 1 not more than ten (10) days following the date of the adoption of this Resolution.

Section 7. Further Action. The Mayor/CEO, County Administrator, and other officers, agents, and employees of the Unified Government are hereby further authorized and directed to take such further action as may be appropriate or desirable to accomplish the purpose of this Resolution.

Section 8. Effective Date. This Resolution shall be effective upon its adoption by the Unified Government Board of Commissioners.

ADOPTED BY THE UNIFIED GOVERNMENT BOARD OF COMMISSIONERS THIS 14th DAY OF FEBRUARY, 2019.

Mayor/CEO

Attest:

Unified Government Clerk

(Seal)

<u>EXHIBIT A</u>

All the original block 131 of Wyandotte City and the north vacated 4 feet of right of way along Armstrong Avenue from 5th to 6th street, along with half of the dedicated right of way adjacent to 5th street, 6th street, Minnesota Avenue and Armstrong Avenue, in the City of Kansas City, Wyandotte County, Kansas, being described as follows.

Beginning at a point that is 40 feet west and 40 feet south of the original southwest corner of Voss Subdivision, a resurvey of the original Lots 25, 26, 27, Block 131 of Wyandotte City, a subdivision of land in Kansas City, Wyandotte County, Kansas, also being 36 feet south of the north 4 feet of vacated right of way along Armstrong Avenue, said point being at the intersection of 6th street and Armstrong Avenue centerlines as said roads now exists.

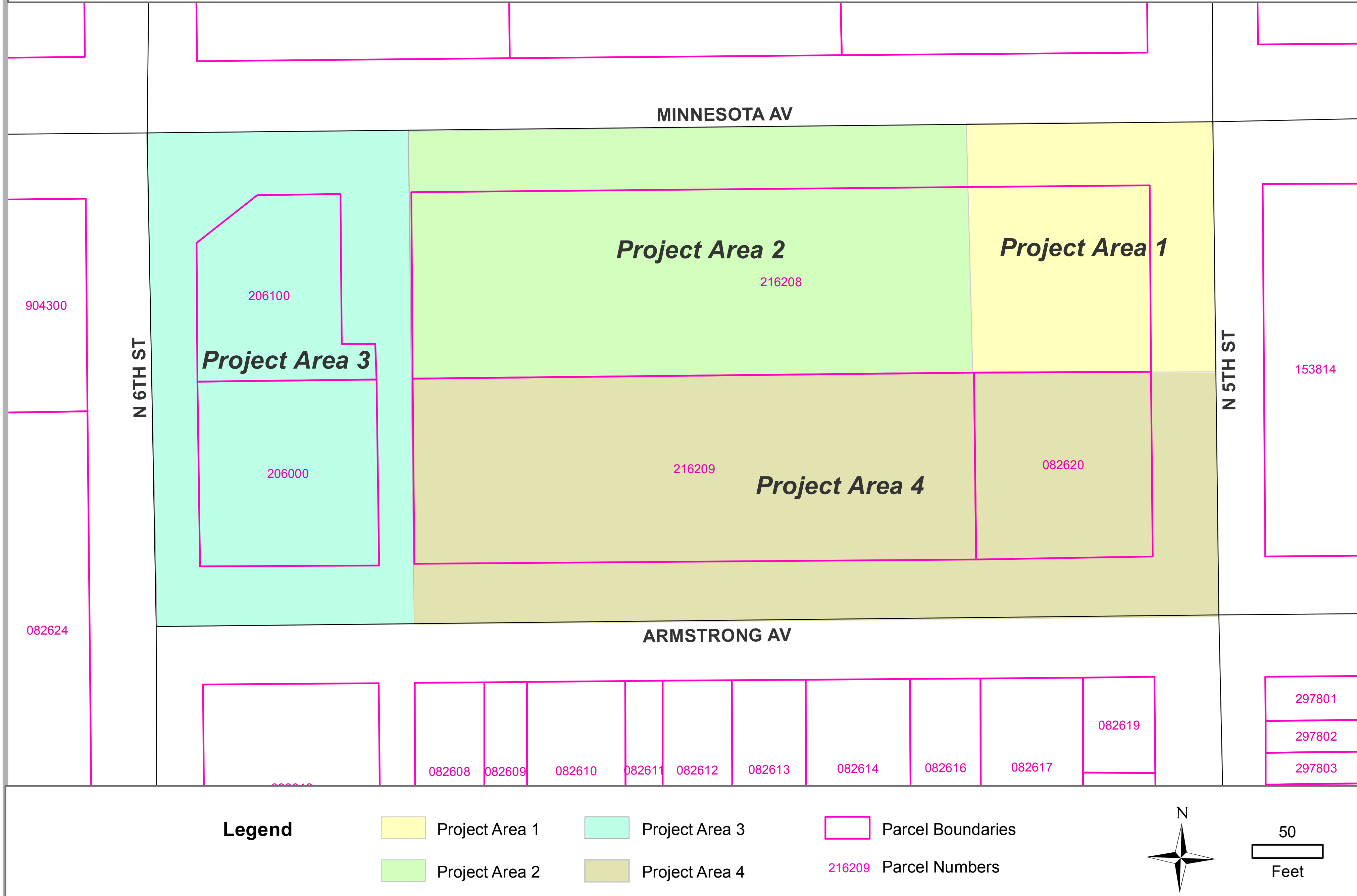
Thence north along the centerline of said 6th street being 40 feet distant and parallel to the west line of said subdivision and the east right of way line of said 6th street, to the point of intersection with the east-west centerline of Minnesota Ave, as said road now exists, said point being 40 feet west and 50 north of the northwest corner of said Voss subdivision.

Thence east along said east-west centerline 50 feet distant and parallel to the south right of way line of Minnesota Ave said line also being the north line of Voss subdivision and Lot 2, Center City, a partial replat of blocks 95, 96, 97, 109, 110, 115 and 131 of Wyandotte City, a subdivision of land in Kansas City, Wyandotte County, Kansas, to a point of intersection with the north-south centerline of 5th street as said road now exists, said point being 50 feet north and 40 feet east of the northeast corner of said Lot 2, Center City.

Thence south along the north-south centerline 40 feet distant and parallel to the west right of way line of 5th street said line also being the east line of Lot 2 Center City and Lot 48, Block 131 of Wyandotte City, to the point of intersection with the east-west centerline of Armstrong Avenue, said point being 40 feet east and 40 feet south of the original southeast corner of Lot 48 Block 131, Wyandotte City, also being 36 feet south of the north 4 feet of vacated right-of-way along Armstrong Avenue.

Thence west along said east-west centerline 36 feet distant and parallel to the north right of way line of Armstrong Avenue, said line being 4 feet south of the original south line of Block 131, Wyandotte City, to the Point of Beginning of the herein described tract of land.

Exhibit B
Downtown Grocery Redevelopment District - Depiction of Project Areas



Note: This map and its contents are for general informational purposes only.

Prepared by Unified Government of Wyandotte County/Kansas City, KS - Research Division; Published 10/4/2018.

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EXHIBIT C
PROJECT AREA 1

BOUNDARY DESCRIPTION

A Tract of land being a part of Lot 2, CENTER CITY, a subdivision of land recorded May 26, 1978 in Plat Book 33 at Page 56 in Kansas City, Wyandotte County, Kansas, and a portion of the adjacent street Right-of-Way's for 5th Street and Minnesota Avenue, said Tract being more particularly described by Steven C. Shafer, PLS 852 of BHC RHODES, CLS 175, by metes and bounds as follows:

(Note: For Course Orientation the bearings in this description are based on the platted bearings for the plat of CENTER CITY.)

BEGINNING at the Southeast corner of said Lot 2;

Thence South 87° 49' 09" West, 335.22 feet, on the South line of said Lot 2;

Thence North 2° 10' 51" West, 132.02 feet, to a point on the North line of said Lot 2 and the South Right-of-Way line of Minnesota Avenue as now established;

Thence North 2° 10' 51" West, 18.00 feet, to a point;

Thence North 87° 48' 09" East, 305.18 feet, on a line 18.00 feet North of and parallel with the North line of said Lot 2;

Thence North 2° 11' 51" West, 8.00 feet, to a point;

Thence North 87° 48' 09" East, 46.04 feet, on a line 26.00 feet North of and parallel with the North line of said Lot 2;

Thence South 2° 10' 50" East, 158.12 feet, on a line 16.00 feet East of and parallel with the East line of said Lot 2 and the West right of way line of 5th Street;

Thence South 87° 49' 09" West, 16.00 feet, to the POINT OF BEGINNING of the Tract herein described, said Tract containing 53,075 square feet or 1.2184 acres more or less.

STEVEN C. SHAFER
LICENSED
LS-852
1/4/19
KANSAS
LAND SURVEYOR

Sheet:	Drawn By:	Project No:	Field Date:	Issue Date:	Project:	Client:	
2 OF 2	BAS	026900	2018/11/30	2019/01/04	EXHIBIT C PROJECT AREA 1	UNIFIED GOVERNMENT OF WYCO AND KANSAS CITY, KANSAS 701 N. 7TH STREET, SUITE 712 KANSAS CITY, KANSAS 66101	BHC RHODES Civil Engineering • Surveying • Utilities 712 State Avenue Kansas City, KS 66101 p. (913) 371-5300 f. (913) 371-2677 BHCRHODES is a trademark of Brungardt Honomichl & Company, P.A.