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.

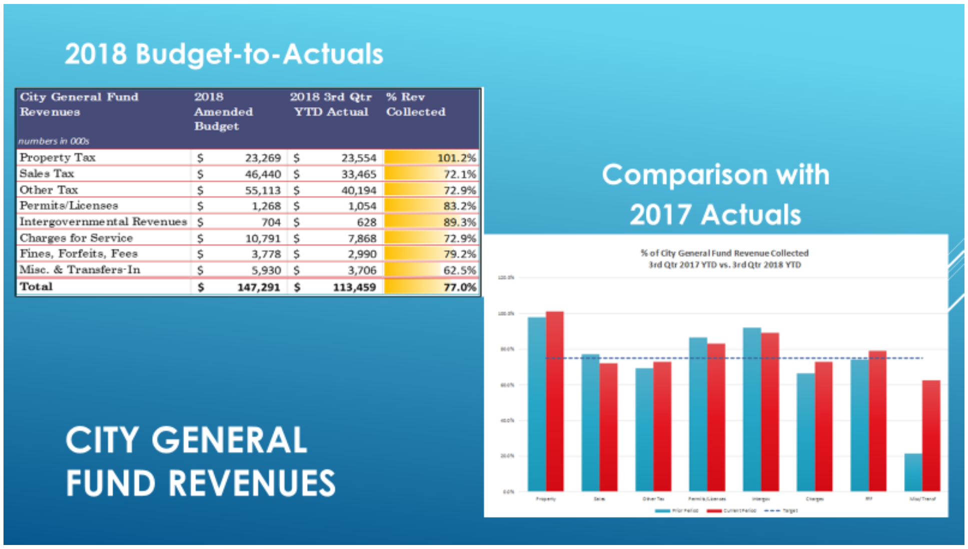
CONSOLIDATED GENERAL FUND	FY 2017			FY 2018		
		3rd Qtr YTD	% of		3rd Qtr YTD	% of
numbers in 000's	Budget	Actual	budget	Budget	Actual	budget
Revenues	$ 204,027	$ 162,723	79.8%	$ 212,445	$ 172,931	81.4%
Expenditures	$ 205,302	$ 141,060	68.7%	$ 213,229	$ 151,028	70.8%
Net Alloc & Transfers	$ 982	$ 736	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.

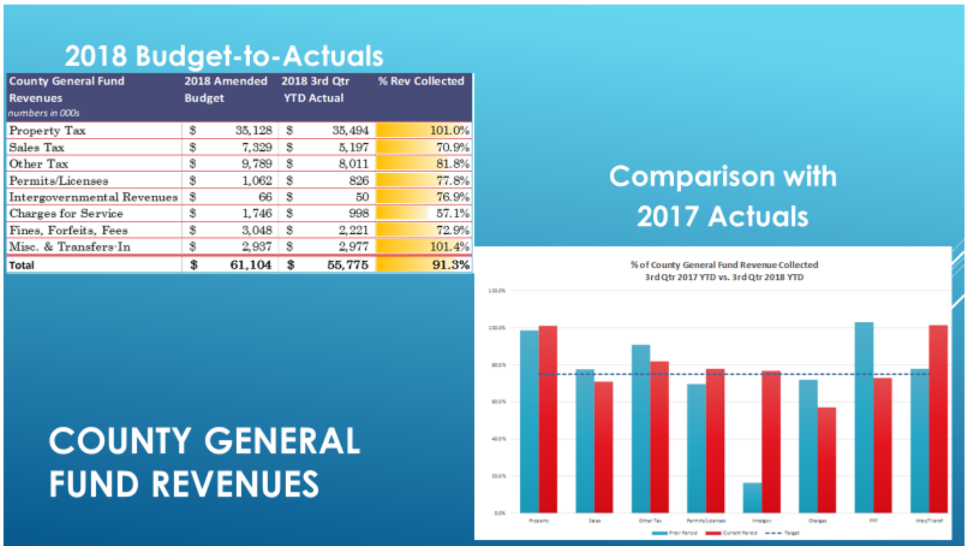
Expenditures totaled $213M. We have spent so far $151M, that comprises 70% to the total budget. That's a little lower than the 75% target at this point in the year. As a result, because we have higher revenues than anticipated and lower expenditures than anticipated our fund balance grows from 25.7M 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%**

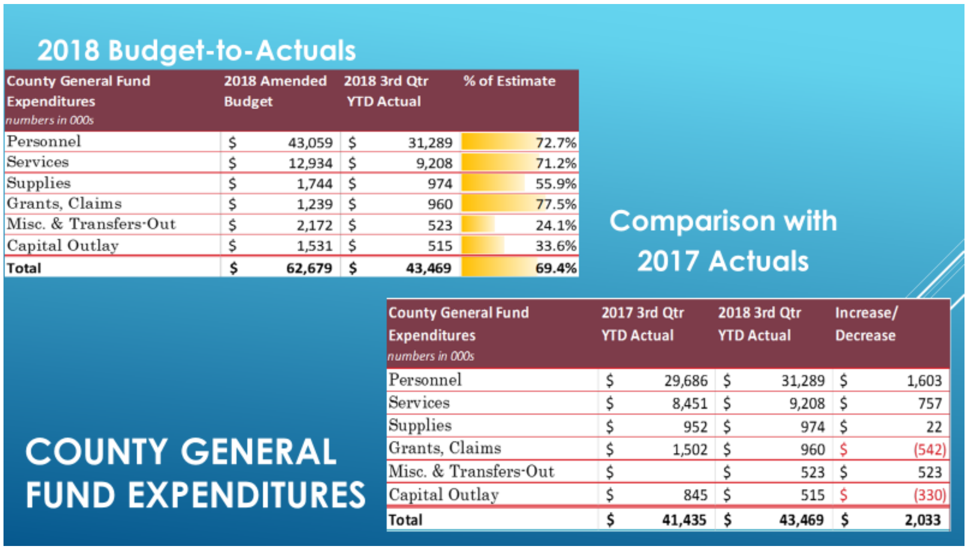
Now I'm going to provide you a little information on the revenues in more detail. I'm going to talk about the City General Fund and then the County General Fund revenues. As you can see, the property tax, sales tax, and other taxes are the largest revenue source for the City General Fund. City General 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.


2018 Budget-to-Actuals

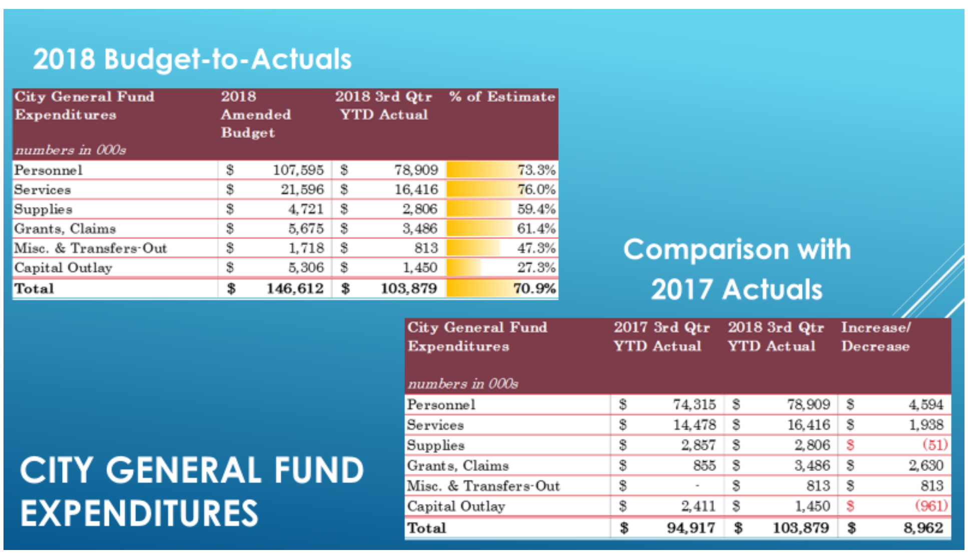
County General Fund Expenditures *numbers in 000s*	2018 Amended Budget	2018 3rd Qtr YTD Actual	% of Estimate
Personnel	$ 43,059	$ 31,289	72.7%
Services	$ 12,934	$ 9,208	71.2%
Supplies	$ 1,744	$ 974	55.9%
Grants, Claims	$ 1,239	$ 960	77.5%
Misc. & Transfers-Out	$ 2,172	$ 523	24.1%
Capital Outlay	$ 1,531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

Comparison with 2017 Actuals

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**

COUNTY GENERAL FUND EXPENDITURES

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.


2018 Budget-to-Actuals

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%**

Comparison with 2017 Actuals

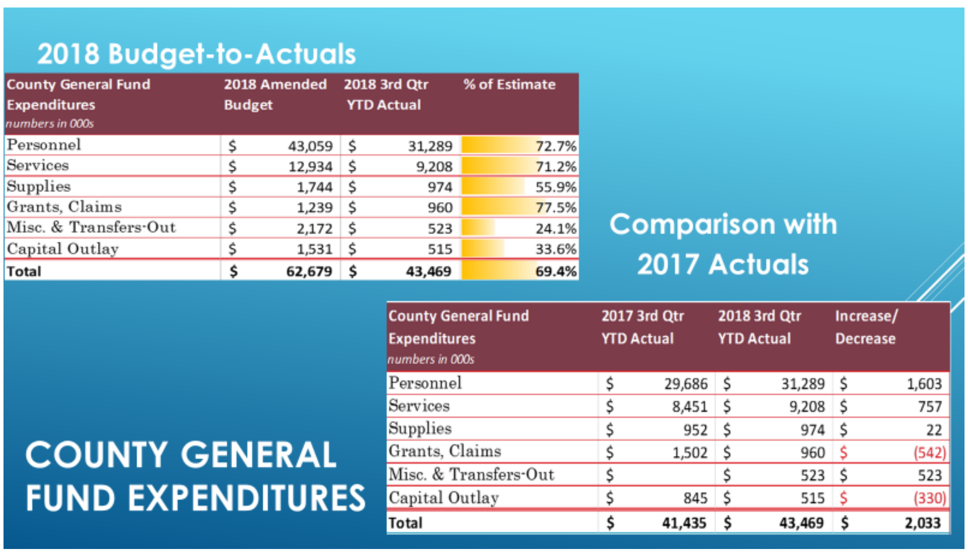
City General Fund Expenditures *numbers in 000s*	2017 3rd Qtr YTD Actual	2018 3rd Qtr YTD Actual	Increase/ Decrease
Personnel	$ 74,315	$ 78,909	$ 4,594
Services	$ 14,478	$ 16,416	$ 1,938
Supplies	$ 2,857	$ 2,806	$ (51)
Grants, Claims	$ 855	$ 3,486	$ 2,630
Misc. & Transfers-Out	$ -	$ 813	$ 813
Capital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

CITY GENERAL FUND EXPENDITURES

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.

	REVENUES *numbers in 000's*			EXPENDITURES *numbers in 000's*		
Tax Levy Funds	2018 Amended Budget	2018 YTD Actual	% of Budget	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.

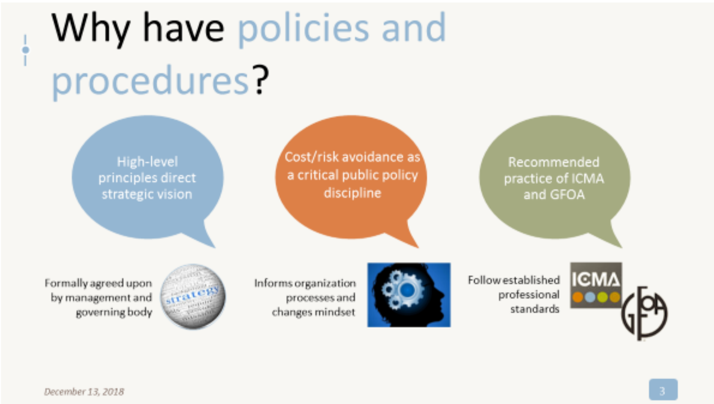
Action: Information only.

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.

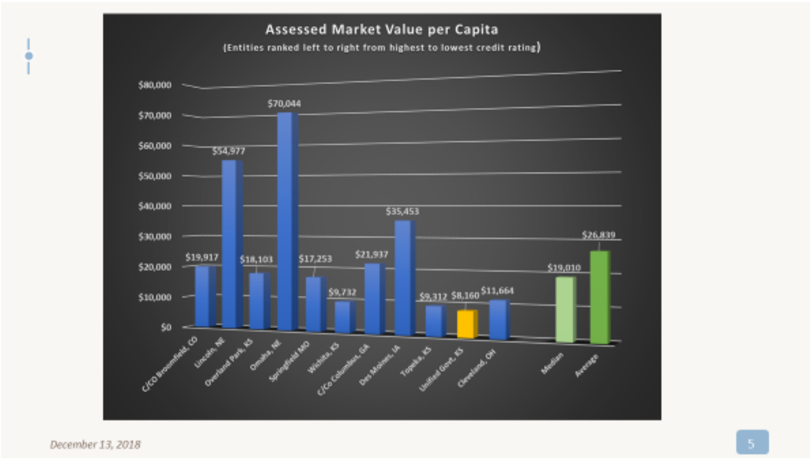
Population, we have 165,000 population in the county. The medium was 209, the average was 250, the lowest was city and county of Broomfield, CO with 66 and the highest was Omaha, NE with 466. I picked out three cities that are cities and counties in order to provide that element in our comparison.

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.

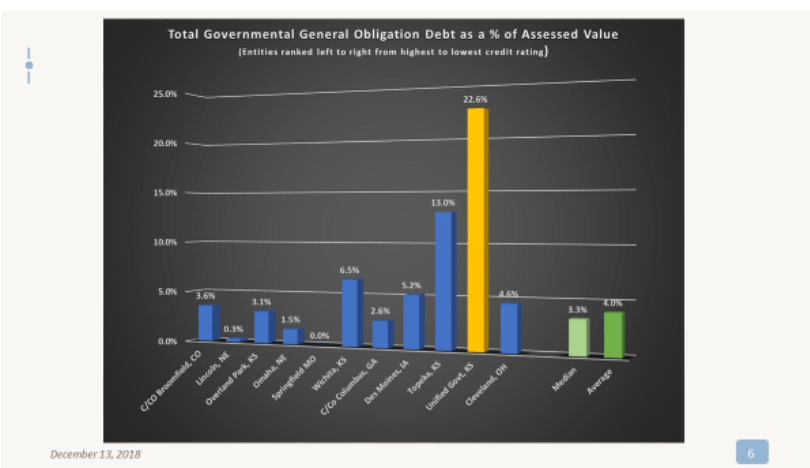
Governmental debt per capita at the Unified Government is 2,700 and the average for these entities is around 1,600. Overland Park has 540. Broomfield because of its smaller size has 4,000.

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.

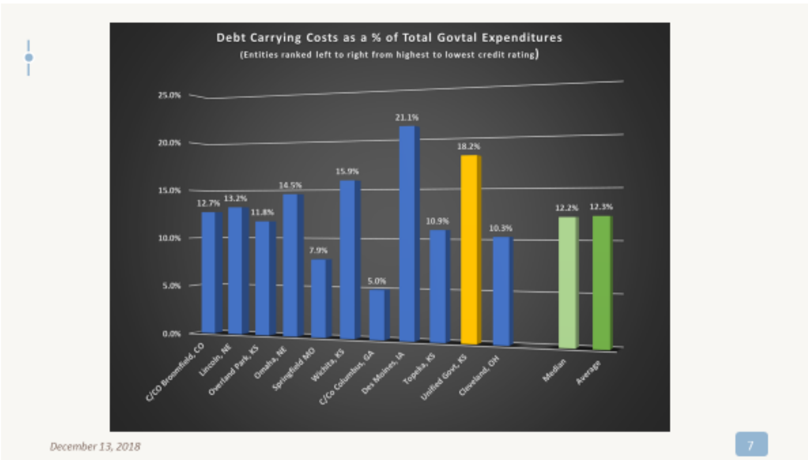
The last item is that our fund balance has a percentage of expenditures which is the General Fund Reserve. At the end of '17 we're at 21%. The new policy you adopted set us at 17% and the medium was 26% and the average is 34%. These metrics demonstrate that we have a little bit of work to do. It's very 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.



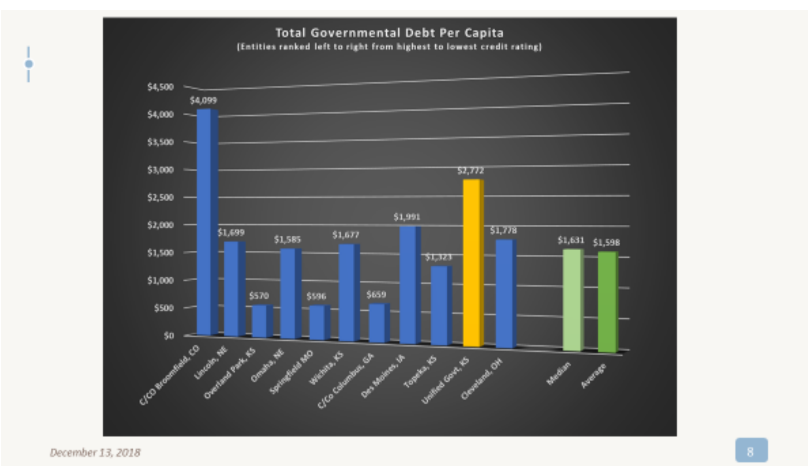
Here's some graphs demonstrating some of these metrics. Assessed value per capita. The UG is the yellow one. You'll notice that the other Kansas entities, Topeka is also around $9,000, we're at $8,000, Topeka is at $89,00, Wichita is at $9,700. We're comparable with other larger entities in our own state. 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.



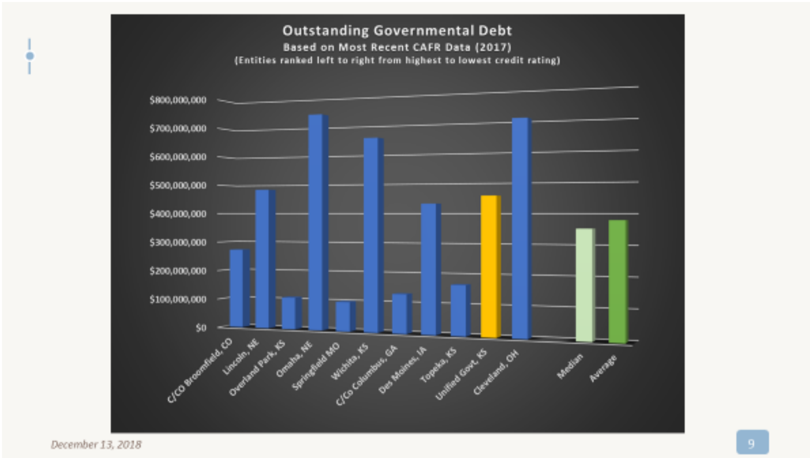
Here's the Total Governmental General Obligation Debt as a percentage of assessed value. We're at 22%, and there's the medium. Topeka is at 13%, Wichita is at 6.5%. All of these maps come from the CAFRs, most recent CAFR's.



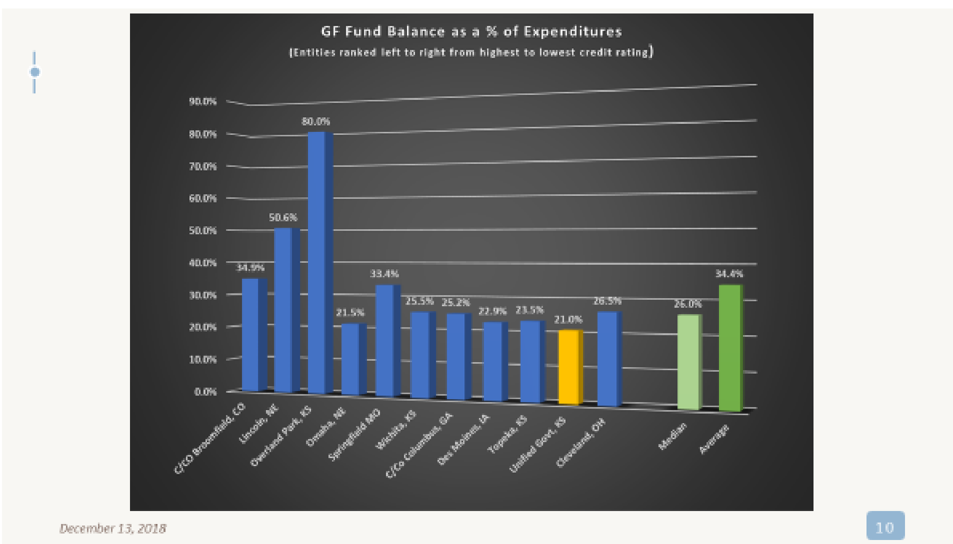
This is the Affordabiltiy table. You can see that we're at 18%, but for the most part everyone else is similar. We're a little higher. What percentage of our governmental debt—what is the percentage for our total governmental debt payments annually made each year compared with the total amount of expenditures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



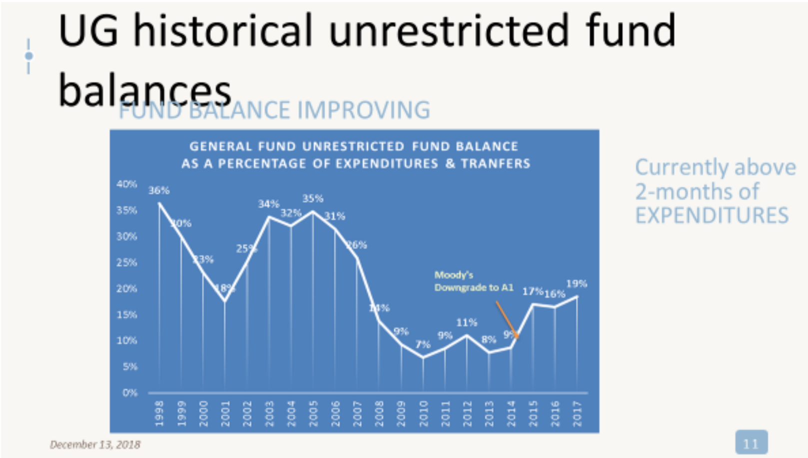
Here's Debt Per Captia. Topeka is at $1,300 and Wichita is at $1,677, but we're $277. Naturally, Wichita and Topeka are not counties, they're cities. You have to keep that in mind.



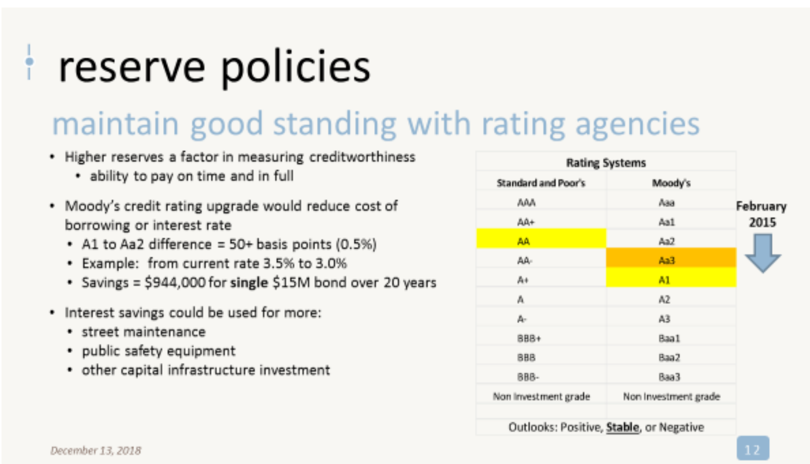
Here's Outstanding Governmental Debt. Of course some of these cities are quite a bit larger than we are. Omaha, NE is quite a bit larger than we are; Cleveland, OH as well as Wichita, KS.



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.

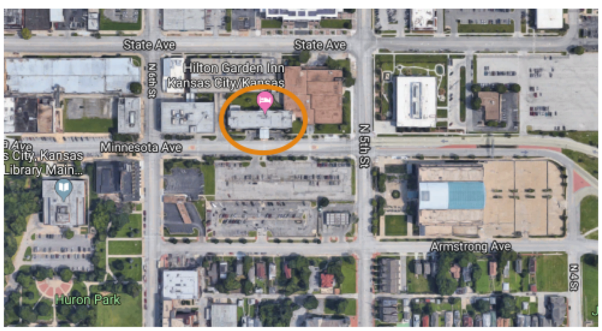
Hilton Garden Inn

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.

Hilton Garden Inn

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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.

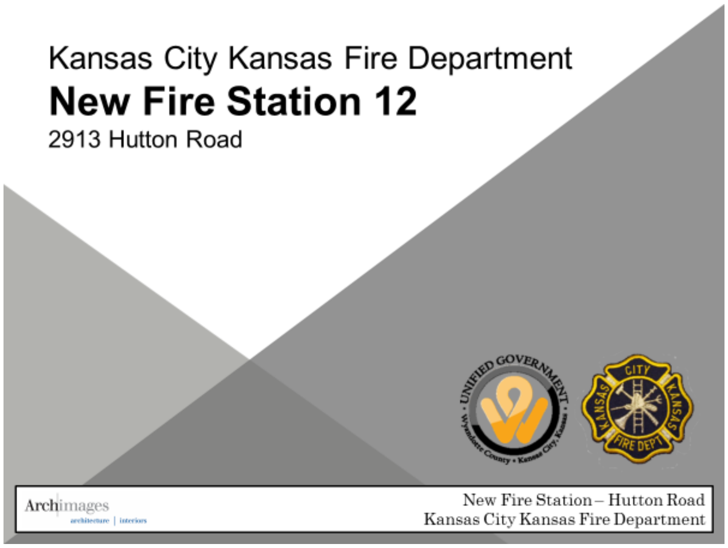
Commissioner Townsend was reconnected.

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.

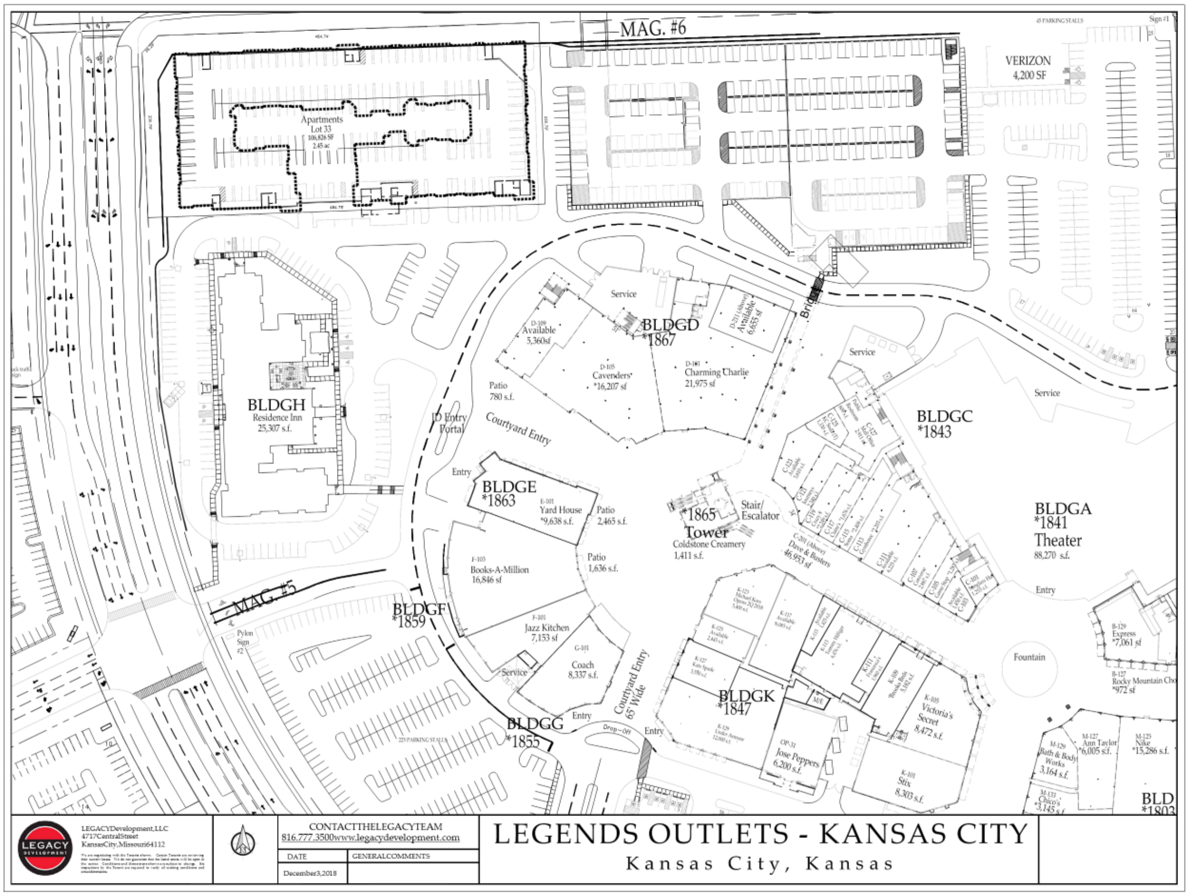
Mr. Morrison said I might also offer that a few years, it's been in relatively recent times that the concerns over cancer causing elements have been raised and I wasn't obviously part of that budgeting process, but I'm not sure that was really considered at the time so that adds both square footage and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

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